

To: All Members of the Council

Fiona Cameron, Democratic Services Manager  
& Deputy Monitoring Officer

**Policy and Governance**

E-mail: [fiona.cameron@waverley.gov.uk](mailto:fiona.cameron@waverley.gov.uk)

Direct line: 01483 523226

Calls may be recorded for training or monitoring

Date: 7 February 2020

Dear Councillor

**COUNCIL MEETING - TUESDAY, 18 FEBRUARY 2020**

A MEETING of the WAVERLEY BOROUGH COUNCIL will be held in the COUNCIL CHAMBER, COUNCIL OFFICES, THE BURYS, GODALMING on **TUESDAY, 18 FEBRUARY 2020** at **7.00 pm** and you are hereby summoned to attend this meeting.

The Agenda for the Meeting is set out below.

Yours sincerely

ROBIN TAYLOR

Head of Policy and Governance

Agendas are available to download from Waverley's website ([www.waverley.gov.uk/committees](http://www.waverley.gov.uk/committees)), where you can also subscribe to updates to receive information via email regarding arrangements for particular committee meetings.

Alternatively, agendas may be downloaded to a mobile device via the free Modern.Gov app, available for iPad, Android, Windows and Kindle Fire.

Most of our publications can be provided in alternative formats. For an audio version, large print, text only or a translated copy of this publication, please contact [committees@waverley.gov.uk](mailto:committees@waverley.gov.uk) or call 01483 523351.

The meeting will be webcast and can be viewed by visiting  
[www.waverley.gov.uk/committees](http://www.waverley.gov.uk/committees)

## **AGENDA**

1. **MINUTES** (Pages 9 - 22)

To confirm the Minutes of the Council meeting held on 10 December 2019 (herewith).

2. **APOLOGIES FOR ABSENCE**

The Mayor to report apologies for absence.

3. **DECLARATIONS OF INTEREST**

To receive from Members, declarations of interest in relation to any items included on the agenda for this meeting in accordance with the Waverley Code of Local Government Conduct.

4. **MAYOR'S ANNOUNCEMENTS**

To receive any communications or announcements from the Mayor.

5. **LEADER'S ANNOUNCEMENTS**

To receive any communications or announcements from the Leader.

6. **QUESTIONS FROM MEMBERS OF THE PUBLIC**

To respond to questions from members of the public, received in accordance with Procedure Rule 10.

The deadline for receipt of questions is 5pm on Tuesday 11 February 2020.

7. **QUESTIONS FROM MEMBERS OF THE COUNCIL**

To respond to any questions received from Members of the Council in accordance with Procedure Rule 11.2.

The deadline for receipt of questions is 5pm on Tuesday 11 February 2020.

8. **MOTIONS**

To receive any motions submitted in accordance with Procedure Rule 12.1.

The deadline for receipt of motions was 5pm on Thursday 6 February 2020.

9. **MEDIUM TERM FINANCIAL PLAN 2020/21 - 2023/24 AND GENERAL FUND REVENUE BUDGET 2020/21 [EXE 60/19]** (Pages 23 - 84)

This report outlines the latest Medium Term Financial Plan and the draft General Fund Budget for 2020/21. The Financial Plan sets out the key work streams for the Council to focus on which, collectively, aim to address the

significant shortfall in annual budget projected over the medium term which is estimated to grow to £5.4million per annum or 40% of the total net service cost by 2023/24.

This report contains the following Annexes:

- Annexe 1 – draft Medium Term Financial Plan
- Annexe 2 - draft General Fund Budget Summary 2020/21
- Annexe 3 – statement of key variations from 2019/20 budget
- Annexe 4 – draft Fees & Charges for 2020/21
- Annexe 5 – schedule of projected reserves and balances
- Annexe 6 – draft Capital Programme

### **Recommendation**

The Executive makes the following recommendations to Council, to:

1. agree a 1.9% increase in Waverley's element of the Council Tax Charge for 2020/21, equivalent to around 7p a week on a Band D property;
2. agree to make no change to the Council's existing Council Tax Support Scheme;
3. agree the proposed Fees and Charges as shown at Annexe 4;
4. approve the General Fund Budget for 2020/21 as described in this report, and in Annexes 2 and 3; and
5. approve the General Fund Capital Programme as shown at Annexe 6.

*In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, a recorded vote will be taken on this item.*

10. CAPITAL STRATEGY 2020/21, INCORPORATING TREASURY MANAGEMENT STRATEGY AND PROPERTY INVESTMENT STRATEGY [EXE61/19] (Pages 85 - 134)

It is a statutory requirement for local authorities to produce an annual Capital Strategy. The Capital Strategy brings together the Council's detailed policies, procedures and plans relating to cash investments and property assets. It incorporates the Treasury Management Framework, Prudential Indicators and Property Investment Strategy for 2020/2021.

### **Recommendation**

The Executive recommends to Council that the Capital Strategy for 2020/2021, incorporating the Treasury Management Strategy, Prudential Indicators and Property Investment Strategy, is approved.

11. HOUSING REVENUE ACCOUNT BUSINESS PLAN, REVENUE BUDGET AND CAPITAL PROGRAMME 2020/21 [EXE 62/19] (Pages 135 - 154)

This report advises Members of the latest position regarding the Housing Revenue Account (HRA) for 2020/21, the updated 30-year Business Plan and seeks approval of the 2020/21 budget.

The report contains the following Annexes:

- Annexe 1 – Revised HRA Business Plan - 2020/21 to 2023/24
- Annexe 2 – Housing Fees and Charges
- Annexe 3 – Capital Programme comprising
  - Housing Core Programme
  - New Affordable Homes Programme
  - Stock Remodelling Programme
- Annexe 4 – HRA Reserves Summary

**Recommendation**

The Executive makes the following recommendations to the Council, that:

1. the rent level of Council dwellings be increased by 2.7% from the 2019/20 level with effect from 1 April 2020 in accordance with The Government's permitted guidelines;
2. the weekly charge for garages rented by both Council and non-Council tenants be increased by 25 pence per week excluding VAT from 1 April 2020;
3. the service charge in sheltered accommodation be increased by 50 pence per week from 1 April 2020 to £19.50;
4. the recharge for energy costs in sheltered accommodation (as appropriate) be increased by 50 pence per week from 1 April 2020;
5. the revised HRA Business Plan for 2020/21 to 2023/24 as set out at Annexe 1 be approved;
6. note the approval change for the fees and charges as set out in Annexe 2;
7. the Housing Revenue Account Capital Programmes as shown at Annexe 3 be approved;
8. the proposed use of the Working Balance Reserve and Contingency Reserves to fund Capital Programmes be approved; and,
9. the financing of the capital programmes be approved in line with the resources shown in Annexe 4.

*In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, a recorded vote will be taken on this item.*

12. ANNUAL PAY POLICY STATEMENT 2020/21 [EXE 63/19] (Pages 155 - 162)

The Localism Act 2011 (Section 39) requires all public authorities to publish an Annual Pay Policy Statement. The Council is required to adopt the Annual Pay Policy Statement each year and the Council is not legally permitted to depart from the policies set out in that statement when it considers actual decisions in relation to individuals' remuneration, including redundancy and/or severance.

The Annual Pay Policy Statement for the 2020/21 financial year is attached at Annexe 1. It has been updated in line with the requirements of the Localism Act 2011, resulting in minimal adjustments from last year which are shown as tracked changes.

**Recommendation**

The Executive recommends to Council that the Pay Policy Statement for the 2020/21 financial year, attached at Annexe 1, be approved.

13. MINUTES OF THE EXECUTIVE (Pages 163 - 174)

To receive the Minutes of the Executive meeting held on 7 January and 4 February 2020. Part I matters are set out in the Council agenda above.

*Members of the Council wishing to speak on any Part II Matters of Report must give notice to the Democratic Services Team by midday on Tuesday 18 February 2020.*

14. COUNCIL TAX SETTING (REPORT TO FOLLOW)

Waverley, as a billing authority for the purposes of Council Tax, is required to set its Council Tax before 11 March in the financial year preceding that for which the Council Tax is set, based on the aggregation of budget decisions taken by all relevant precepting authorities (Waverley Borough Council, Surrey County Council, Surrey Police Authority, and Town and Parish Councils).

The report, setting out all of the individual levels of Council Tax for approval by the Council, will be circulated following notification by all precepting authorities of their budget decisions for 2020/21.

15. CONTRACT PROCUREMENT RULES - PROPOSED REVISIONS [AUD34/19] (Pages 175 - 206)

The Contract Procurement Rules (CPRs) were reviewed by the Audit Committee at its meeting on 26 November 2019 (Minute AUD 34/19). The CPRs were last updated and approved by full Council in October 2018. While the CPRs are still fit for purpose there are a small number of revisions required to reflect new/current legislation as well as the Council's newly adopted Corporate Strategy.

The Audit Committee asked officers to consult with the Climate Change Advisory Group regarding the new section on Carbon Neutrality before bringing the revised CPRs to Council for approval.

## **Recommendation**

The Audit Committee recommends to Council that the proposed revisions to the Contract Procurement Rules be approved and incorporated into the Council's Constitution.

16. MINUTES OF THE LICENSING AND REGULATORY COMMITTEE (Pages 207 - 212)

To receive the Minutes of the Licensing & Regulatory Committee meeting held on 13 January 2020, and to consider the report and recommendations at agenda item 17, below.

*Members of the Council wishing to speak on any Part II Matters of Report must give notice to the Democratic Services Team by midday on Tuesday 18 February 2020.*

17. TAXI AND PRIVATE HIRE ENFORCEMENT - DELEGATIONS FOR SURREY JOINT WARRANTING [LIC 33/19] (Pages 213 - 218)

Waverley Borough Council is the licensing authority for the purposes of regulating taxi and private hire services in the Borough. This report seeks approval for making arrangements between Surrey Licensing Authorities to introduce joint warranting for Licensing Officers. This will enable improved enforcement of the taxi and private hire trade across the County and improve safety within the licensed hackney carriage and private hire vehicle service operating in Surrey.

## **Recommendation**

The Licensing & Regulatory Committee recommends to Full Council that:

- (a) the Council's Taxi and Private Hire enforcement functions under the legislation set out in Appendix A are delegated to the Surrey local licensing authorities (also set out in Appendix A), in addition to retaining those functions within the Borough and to similarly receive the delegated Taxi and Private Hire enforcement functions (as set out in Appendix A) of those local authorities; and,
- (b) the responsibility for relevant Hackney Carriage and Private Hire licensing legislation in accordance with 2.1 of the Council's Constitution which confirms an existing delegated power to the Head of Environmental & Regulatory Services at Part I.3 of the Council's Scheme of Delegation (authorisation to enforce all relevant Hackney Carriage and Private Hire licensing legislation) be extended to include the authorisation of officers of other Surrey authorities participating in a Joint Warranting Scheme.

18. MINUTES OF THE STANDARDS COMMITTEE (Pages 219 - 222)

To receive the Minutes of the Standards Committee meeting held on 13 January 2020.

*There are no Part I recommendations to Council.*

*Members of the Council wishing to speak on any Part II Matters of Report must give notice to the Democratic Services Team by midday on Tuesday 18 February 2020.*

19. EXCLUSION OF PRESS AND PUBLIC

If necessary, to consider the following motion, to be moved by the Mayor:

That, pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of any matter on this agenda on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s), there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in the appropriate paragraph(s) of the revised Part I of Schedule 12A of the Local Government Act 1972 (to be identified at the meeting).

This page is intentionally left blank



# Agenda Item 1.

1

MINUTES of the WAVERLEY  
BOROUGH COUNCIL held in  
the Council Chamber, Council  
Offices, The Burys, Godalming  
on 10 December 2019 at 7.00  
pm

---

- \* Cllr Mary Forsyszewski (Mayor)
- \* Cllr Penny Marriott (Deputy Mayor)

- |                          |                           |
|--------------------------|---------------------------|
| * Cllr Brian Adams       | * Cllr Peter Isherwood    |
| * Cllr Christine Baker   | * Cllr Jacquie Keen       |
| * Cllr David Beaman      | * Cllr Robert Knowles     |
| * Cllr Roger Blishen     | * Cllr Anna James         |
| * Cllr Peter Clark       | * Cllr Andy MacLeod       |
| * Cllr Carole Cockburn   | * Cllr Peter Marriott     |
| * Cllr Richard Cole      | Cllr Michaela Martin      |
| * Cllr Steve Cosser      | * Cllr Peter Martin       |
| * Cllr Martin D'Arcy     | * Cllr Mark Merryweather  |
| * Cllr Jerome Davidson   | Cllr Kika Mirylees        |
| * Cllr Kevin Deanus      | * Cllr Stephen Mulliner   |
| * Cllr Simon Dear        | * Cllr John Neale         |
| Cllr Sally Dickson       | * Cllr Peter Nicholson    |
| * Cllr Brian Edmonds     | Cllr Nick Palmer          |
| * Cllr Patricia Ellis    | * Cllr Julia Potts        |
| * Cllr David Else        | * Cllr Ruth Reed          |
| * Cllr Jenny Else        | * Cllr Paul Rivers        |
| Cllr Jan Floyd-Douglass  | * Cllr Penny Rivers       |
| * Cllr Paul Follows      | * Cllr John Robini        |
| * Cllr Michael Goodridge | * Cllr Anne-Marie Rosoman |
| * Cllr John Gray         | * Cllr Trevor Sadler      |
| Cllr Michaela Gray       | * Cllr Richard Seaborne   |
| * Cllr Joan Heagin       | Cllr Liz Townsend         |
| * Cllr Val Henry         | * Cllr John Ward          |
| Cllr George Hesse        | * Cllr Steve Williams     |
| * Cllr Chris Howard      | * Cllr George Wilson      |
| * Cllr Daniel Hunt       | Cllr Vacancy              |
| * Cllr Jerry Hyman       |                           |

\*Present

## Apologies

Cllr Sally Dickson, Cllr Jan Floyd-Douglass, Cllr George Hesse, Cllr Michaela Martin, Cllr Nick Palmer and Cllr Liz Townsend

Prior to the commencement of the meeting, prayers were led by  
the Reverend Ian Maslin.

The Mayor opened the Council meeting by asking Members and Officers to remain standing for a minute's silence to remember Cllr Jack Lee, who had passed away on 19 November.

CNL36. MINUTES (Agenda item 1.)

The Minutes of the Meeting of the Council held on 22 October 2019 were confirmed, subject to the correction of the heading on Minute CNL 29, and would then be signed.

CNL37. APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence were received from Cllrs Sally Dickson, Jan Floyd-Douglass, George Hesse, Michaela Martin, Nick Palmer, and Liz Townsend.

CNL38. DECLARATIONS OF INTEREST (Agenda item 3.)

There were no interests declared in relation to items on the agenda.

CNL39. MAYOR'S ANNOUNCEMENTS (Agenda item 4.)

39.1 The Mayor began by announcing that following the Council meeting she would draw the raffle for the Christmas cake that had been made and decorated by Cllr Peter Isherwood. All proceeds would go to the Mayor's charity, Mane Chance.

39.2 The Mayor had enjoyed many attending many events, including the reception for Waverley volunteers at Charterhouse; the Remembrance Sunday service in Cranleigh where she had had the honour of leading the procession; and the Waverley staff long-service awards. This had been a great event celebrating the contribution of long-standing members of staff:

For 40 years of service	Diane Hale
For 30 years of service	Ailsa Woodruff, Lorraine Wilson, David Ridley, Tracey Langdon, and Carole Sharpe
For 20 years of service	Jackie Hammick, Michelle Newman, Gisella de Gennaro, Jo Dawes, Julie Jones and Debourah Holland

The Mayor also thanked Tania Cadman for her work in organising the event and the certificates of long-service.

39.3 The Mayor reported that she felt an important part of her role was networking and bringing people together to find common ground. Recently, together with the High Sherriff, the International Rotarians from Cranleigh, and other dignitaries from across Waverley, the Mayor had met with His Holiness Mirza Masroor Ahmad at Islamabad in Tilford. This was a unique experience, and as a result of the meeting it was hoped that the Ahmadiyya Muslim Community would fund the building of a hospital in Africa, and the Rotarians would fund the running of the hospital as a joint project.

39.4 The Mayor's Christmas Fayre had been well attended, and the Mayor thanked Cllr Jackie Keen and Cllr Peter Isherwood for making Christmas

cakes for the raffle, and also John Sandy and Alison Burrows for their help in the arrangements.

CNL40. LEADER'S ANNOUNCEMENTS (Agenda item 5.)

40.1 The Leader advised Members that he had come to an agreement with the Leader of the Principal Opposition Group on the seating plan for Council, which he hoped that all Members were happy with. He went on to wish all Members and Officers a very happy Christmas.

CNL41. QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 6.)

41.1 The following question was received from Mrs Thoreya Swage, of Farnham, in accordance with Procedure Rule 10:

“What plans (and commitment) does the council have to double tree cover in the area?”

**Response from the Portfolio Holder for Environment and Sustainability, Cllr Steve Williams:**

“I fully endorse the sentiments of the campaign to double tree cover as part of a nationwide response to the Climate Emergency and Waverley is committed to tree planting within the Borough as part of our own response to the Climate Emergency and commitment to net zero carbon by 2030.

To ensure appropriate planting the Council is creating a tree planting policy for the Borough over the coming year, this will allow the identification and consideration of sites and species of trees. It is sensible that this works in line with our Climate Emergency Action Plan and Surrey County Council’s commitment to planting 1.2m trees. It would also be advisable before committing to planting figures that we have the facts on our actual carbon footprint. It is also worth noting that we are already a heavily wooded borough on average in England tree cover sits around 13% Waverley is already around 33%.”

Mrs Swage was not present at the Council meeting, and Cllr Williams advised that a written copy of the response would be sent to her.

CNL42. QUESTIONS FROM MEMBERS OF THE COUNCIL (Agenda item 7.)

42.1 The following question was received from Cllr John Gray:

“I submit this question as a member (and the owner of an EV) under Procedure rule 11.2.

Would the Council explain why the EV charging point in Cranleigh is from a tied company scheme requiring membership rather than allowing payment to be made by credit card at time of use. The charges for the use is 30p per KW and an additional charge of £1 each time it is used. Could the council explain what other charge structures were considered and do they consider this is a cost effective supply to residents in line with the comments made to the O&S Environment Committee on 25th November page 82 para 3.5.

John Gray”

**Response from the Portfolio Holder for Environment and Sustainability, Cllr Steve Williams:**

“The system operating on our EV charging points is not one that requires a membership. It is a pay as you go system, there is no joining fee and you do not need to pay any monthly subscription. Customers are asked to load money onto an app via a credit or debit card (the user can choose to save the card details in the app if they wish, it is not a requirement to do so). The pre-loaded money is then debited following a charge session, any monies can be refunded at any time, via a simple request on the app.

The tariff is broken into two elements to help with usage. By asking a connection fee, the company can reduce the cost per KW. This encourages the user to take a longer charge and often ensures the charger is free for those who need it. A connection fee is a standard practice in this market, especially when it comes to rapid chargers.

To help show this calculation, shown below are companies who do not charge a connection fee. On average there is a KW take of circa 21KW per vehicle. By using the connection fee (rather than a higher KW cost) our supplier can ensure a cost effective charge for users.

21KW take:

Geniepoint total cost: £7.30 (30p per KW, £1 connection fee)

Ecotricity: £8.19 (39p per KW, no connection fee)

Shell recharge: £8.19 (39p per KW, no connection fee)

Instavolt: £7.35 (35p per KW, no connection fee)

This shows that our tariff (Geniepoint) becomes a far more cost effective way of charging a user. As battery sizes increase and charges become longer, this cost gap will only increase in favour of our customers. The machines also have tri-headed rapid chargers (AC & DC connections) unlike some of the companies mentioned above. This ensures ANYONE, hybrid or EV, can take a charge from our chargers.

In terms of contactless payment, this is something the company are currently looking into and they are planning to roll this out across our network in the spring/summer of 2020.”

- 42.2 Cllr Gray responded to make a point of personal explanation, and thanked Cllr Williams for his detailed response and hoped there would be further dialogue. He continued to say that with GeniePoint, there was a £9 charge for an RFID card to use the service. And, according to the Zap-Map comparison site the Ecotricity charge was 30p/kW, not 39p; and Shell Recharge was 25p/kW, not 39p. The charge for GeniePoint came to the same rate as Instavolt when the £1 connection fee was added, which showed that great care was needed in making comparisons of charges.

CNL43. MOTIONS ON NOTICE (Agenda item 8.)

- 43.1 Cllr Jerry Hyman proposed the following motion, in accordance with Council Procedure Rule 12:

“That the Council instructs Officers to

- (i) reinstate the moratorium on the granting of consents to new housing within the visitor catchment zones of the Thames Basin and Wealden Heath SPAs (which was implemented temporarily from May last year), with immediate effect, and to
- (ii) suspend the Waverley Avoidance Strategy, (and to advise relevant developers and other interested parties as appropriate), until such time as the requisite evidence and appropriate assessments have been produced in accordance with all relevant legislation;

and in order to enable limited development to be lawfully consented through the ‘exceptions tests’ of ‘Habitats’ Art.6(4) and Reg.64, that the Council further instructs Officers to write to Natural England requesting that they provide the information necessary for Waverley to conduct complete appropriate assessments of the Local Plan, Avoidance Strategy and relevant planning applications, to specifically include all currently available and relevant information evidence in respect of

- (iii) the robustness of the current (2009) TBHSPA Delivery Framework strategy and SANG Standards,
- (iv) population data and dynamics (historic to date, and trends) for the 3 relevant bird species, for the Thames Basin and Wealden Heath SPAs,
- (v) the current Conservation Status, and the necessary specific Favourable Status Conservation Objectives for the habitats and species of those SPAs,

- (vi) the measured effectiveness of On-site, Local and Strategic SANGs in displacing visitor pressure and disturbance from the SPAs to SANGs,
- (vii) the extent to which SANG provision and promotion encourages dog ownership in the area over time, and
- (viii) the measured effectiveness of the SAMM Strategy,

and if any of that requested information is not currently available, that Officers request that Natural England advises when that information is likely to become available.”

The Leader had confirmed that the motion would be dealt with at the Council meeting.

- 43.2 The Mayor invited Cllr Hyman to explain the purpose of his Motion. Cllr Hyman explained that the purpose was a simple, process matter that would show how the council’s responsibilities to endangered species could be met. It followed on from his questions to the Executive and Council in October, and the Climate Emergency motion passed by the Council in September. The Officer report on the Climate Emergency had referred to the Intergovernmental Science – Policy Platform on Biodiversity and Ecosystem Services report highlighting nature’s dangerous decline and unprecedented rates of species extinction. The Council had accepted its responsibility in respect of endangered species, and the purpose of the Motion was to show that it was serious about that. National Planning Policy Guidance on Appropriate Assessments was issued in the summer, and the Council had accepted that it had to carry out Appropriate Assessments of mitigation measures in respect of endangered habitats. The Motion was simply a matter of whether the Council had an Appropriate Assessment: if it didn’t, councillors would be expected to vote in favour of the Motion; if it did have an Appropriate Assessment that was complete, councillors would all vote against.
- 43.3 Cllr Hyman explained that he had written to the Chief Executive earlier in the day asking for a statement on whether the Council had an Appropriate Assessment, because there would be no need for a seconder or a debate if that was the case. He had found the responses to his questions to the Executive and Council in October to be contradictory on this point, and he had asked for clarification from the Chief Executive. Cllr Hyman confirmed that he had not sought a seconder to his motion, as he was seeking the clarification requested from the Chief Executive so as to know whether his motion was required.
- 43.4 The Mayor noted that Cllr Hyman did not have a seconder, and suggested that he follow the matter up off-line. The email to the Chief Executive had come

too late in the day to allow time for it to be considered fully. However, the Mayor invited the Borough Solicitor, Daniel Bainbridge to comment.

43.5 Mr Bainbridge summarised the advice the Council had received over the last 12 months from Counsel – Wayne Beglan, Cornerstone Chambers – and more recently in the presentation to all Members from Stephen Whale. The headline points from Wayne Beglan’s advice were:

- The provision of adequate SANGs or SAMMs has become an orthodox response to forms of development which would otherwise cause an adverse effect on a European site such as the Thames Basin Heaths SPA.
- The Council does have convincing objective evidence that the Farnham Park SANG and SAMM strategy are effective and the Council’s adopted policy approach is legally compliant with the requirements of the Habitats Regulations.

The headline points from Stephen Whale’s presentation on 6 November 2019, were:

- The government regards SANGs as being mitigation measures in that “their primary purpose is to draw recreational pressure away from sites and so prevent an adverse effect from occurring”.
- The efficacy of SANG is not up for debate by Waverley in the determination of planning applications because our local plan, which itself has been found sound, includes policies endorsing the provision of SANG. The efficacy of SANG may only be up for debate in an academic sense, but that is an entirely separate point.

43.6 Mr Bainbridge concluded that the Council has received advice on this a number of times; Members had received presentations on this; the Appropriate Assessment in the Local Plan has been found sound, and the Local Plan itself had been found sound and was beyond challenge.

43.7 In the light of what had been said, and that he had not had a response to his question, Cllr Hyman asked Members if there was a seconder of his Motion. There was not a seconder. The Mayor thanked Cllr Hyman, and closed the matter.

#### CNL44. MINUTES OF THE EXECUTIVE (Agenda item 9.)

44.1 It was moved by the Leader of the Council, Cllr John Ward, duly seconded by the Deputy Leader, Cllr Paul Follows, and

RESOLVED that the Minutes of the meetings of the Executive held on 5 November and 26 November 2019 be received and noted.

There were two Part 1 items for Council's consideration.

CNL45. EXE 35/19 COMMUNICATIONS AND ENGAGEMENT STRATEGY 2019-2023  
(Agenda item 9.1)

- 45.1 Cllr Paul Follows, as Portfolio Holder for Communications and Engagement, introduced the proposed Communications and Engagement Strategy 2019-2023, which would replace the previous Communications and Public Relations Strategy 2015-2019. The Strategy elaborated on the communications themes of the Corporate Strategy, and sought to improve and modernise the communications function with a more ethical and scientific approach, and bringing engagement explicitly into the strategy. Cllr Follows commended the Communications and Engagement Strategy 2019-2023 to Council for approval.
- 45.2 Councillors had a number of comments on the proposed Strategy:
- Cllr Goodridge was broadly content with the proposed approach and pleased to see that traditional communication channels were still seen as important. He asked that communications between councillors be open and transparent and that questions asked of the Leadership receive a prompt response. He also asked about the financial implications of implementing the new approach. Cllr Deanus and Cllr Cosser also emphasised the need to prioritise communications between the Executive Members and back-bench Members.
  - Cllr Cockburn made a number of points about the potential for harm to be caused by what she felt had been uncontrolled communications from some Members in relation to the Farnham Neighbourhood Plan review. She was broadly supportive of the Strategy, although personally questioned whether communication was not more of an art and skill rather than a science; and reiterated comments that communication needed to be two-way, and not just broadcast information.
  - Cllr Hyman and Cllr Gray also expressed support. Cllr Hyman asked that performance be evaluated against the Strategy via Overview and Scrutiny and the Executive.
- 45.3 Cllr Follows responded to the points raised by Members in their comments and explained that the Strategy would be implemented with existing resources, and the aim was to make the production of Your Waverley cost-neutral by selling space for appropriate advertisements. He committed to working to make communications with councillors as high a priority as communication with residents.
- 45.4 The Leader summed up and responded to specific comments made regarding the review of Local Plan Part 1, and the change of date of the Council meeting, and commended the Communications and Engagement Strategy 2019-2023 to Council for approval.
- 45.5 The Mayor moved the recommendation that the Communications and Engagement Strategy 2019-2023 be approved. As previously agreed, a recorded vote was taken using the electronic voting:



For: 46

Cllrs Brian Adams, Christine Baker, David Beaman, Roger Blishen, Peter Clark, Carole Cockburn, Richard Cole, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Brian Edmonds, Patricia Ellis, David Else, Jenny Else, Paul Follows, Michael Goodridge, John Gray, Joan Heagin, Val Henry, Chris Howard, Dan Hunt, Jerry Hyman, Peter Isherwood, Jacquie Keen, Robert Knowles, Anna James, Andy MacLeod, Peter Marriott, Peter Martin, Mark Merryweather, Stephen Mulliner, John Neale, Peter Nicholson, Julia Potts, Ruth Reed, Paul Rivers, Penny Rivers, John Robini, Anne-Marie Rosoman, Trevor Sadler, Richard Seaborne, John Ward, Steve Williams, George Wilson.

Against: None

Abstentions: 2

Cllrs Mary Foryszewski and Penny Marriott.

The motion was carried.

**RESOLVED that the Communications and Engagement Strategy 2019-2023 be approved.**

CNL46. EXE 36/19 PUBLIC SPACE PROTECTION ORDER (PSPO) - DOG CONTROL  
(Agenda item 9.2)

46.1 The Leader introduced the proposed Public Space Protection Order (PSPO) in relation to dog control. He reminded Members that the Council had already made a PSPO in relation to dog-fouling. Following extensive consultation, the Executive was now recommending that a second PSPO be made in relation to dog controls including dogs on lead by direction, dogs on leads, and dog exclusion zones.

46.2 In order to future-proof the PSPO and address an issue already identified relating to an area in Alfold that was not included in the Schedule to the Order, the Leader proposed the following additional recommendation:

*“That Council delegates authority to the Head of Environmental & Regulatory Services in consultation with the Portfolio Holder and relevant Ward Members to vary, extend or delete the specific areas affected by the PSPO as listed within the Schedule of Land. Any such amendments will be subject to consultation and publicity/notification requirements (in accordance with regulations made by the Secretary of State).*

46.3 The addition of the recommendation was seconded by Cllr Follows. Cllr Deanus thanked the Leader for the additional recommendation, which he felt was a sensible approach, and would address a specific need in Alfold. There were no other speakers on the amendment, which the Mayor put to the vote:

For: 46

Cllrs Brian Adams, Christine Baker, David Beaman, Roger Blishen, Peter Clark, Carole Cockburn, Richard Cole, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Brian Edmonds, Patricia Ellis, David

Else, Jenny Else, Paul Follows, Michael Goodridge, John Gray, Joan Heagin, Val Henry, Chris Howard, Dan Hunt, Jerry Hyman, Peter Isherwood, Jacquie Keen, Robert Knowles, Anna James, Andy MacLeod, Peter Marriott, Peter Martin, Mark Merryweather, Stephen Mulliner, John Neale, Peter Nicholson, Julia Potts, Ruth Reed, Paul Rivers, Penny Rivers, John Robini, Anne-Marie Rosoman, Trevor Sadler, Richard Seaborne, John Ward, Steve Williams, George Wilson.

Against: None

Abstentions: 2

Cllrs Mary Forszewska and Penny Marriott.

The amendment was carried.

46.4 Turning to the PSPO itself Members were broadly supportive, although a number had specific queries regarding the impact within their own wards. Councillor Wilson asked if professional dog-walkers could be required to have public liability insurance. The Leader agreed that professional dog-walkers could be a problem, but insurance matters were not within Waverley's control.

46.5 The Mayor put the recommendation, that the PSPO be approved, including the delegation to enable amendments to the Schedule.

For: 46

Cllrs Brian Adams, Christine Baker, David Beaman, Roger Blishen, Peter Clark, Carole Cockburn, Richard Cole, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Brian Edmonds, Patricia Ellis, David Else, Jenny Else, Paul Follows, Michael Goodridge, John Gray, Joan Heagin, Val Henry, Chris Howard, Dan Hunt, Jerry Hyman, Peter Isherwood, Jacquie Keen, Robert Knowles, Anna James, Andy MacLeod, Peter Marriott, Peter Martin, Mark Merryweather, Stephen Mulliner, John Neale, Peter Nicholson, Julia Potts, Ruth Reed, Paul Rivers, Penny Rivers, John Robini, Anne-Marie Rosoman, Trevor Sadler, Richard Seaborne, John Ward, Steve Williams, George Wilson.

Against: None

Abstentions: 2

Cllrs Mary Forszewska and Penny Marriott.

The recommendation was carried.

**RESOLVED that a PSPO in relation to dog control is made, and delegated authority is given to the Head of Environmental & Regulatory Services in consultation with the Portfolio Holder and relevant Ward Members to vary, extend or delete the specific areas affected by the PSPO as listed within the Schedule of Land. Any such amendments will be subject to consultation and publicity/notification requirements (in accordance with regulations made by the Secretary of State).**

CNL47. MINUTES OF THE AUDIT COMMITTEE (Agenda item 10.)

47.1 It was moved by Cllr Peter Marriott, Chairman of the Audit Committee, duly seconded by the Cllr Jerome Davidson, Vice-Chairman, and

RESOLVED that the Minutes of the meetings of the Audit Committee held on 26 November 2019 be received and noted.

There was one Part 1 item for Council's consideration.

CNL48. AUD 33/19 FINANCIAL REGULATIONS UPDATE (Agenda item 10.1)

48.1 Cllr Peter Marriott outlined the proposed amendments to the Financial Regulations, which were shown as tracked changes in the document attached to the agenda. The Audit Committee had reviewed the proposed changes robustly and were satisfied they struck an appropriate balance between control and improved efficiency. The Audit Committee recommended that Council approved the revised Financial Regulations.

48.2 There were no speakers on the revised Financial Regulations, and the Mayor put the recommendation that Council approve the revised Financial Regulations.

For: 46

Cllrs Brian Adams, Christine Baker, David Beaman, Roger Blishen, Peter Clark, Carole Cockburn, Richard Cole, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Brian Edmonds, Patricia Ellis, David Else, Jenny Else, Paul Follows, Michael Goodridge, John Gray, Joan Heagin, Val Henry, Chris Howard, Dan Hunt, Jerry Hyman, Peter Isherwood, Jacquie Keen, Robert Knowles, Anna James, Andy MacLeod, Peter Marriott, Peter Martin, Mark Merryweather, Stephen Mulliner, John Neale, Peter Nicholson, Julia Potts, Ruth Reed, Paul Rivers, Penny Rivers, John Robini, Anne-Marie Rosoman, Trevor Sadler, Richard Seaborne, John Ward, Steve Williams, George Wilson.

Against: None

Abstentions: 2

Cllrs Mary Foryszewski and Penny Marriott.

The recommendation was carried.

**RESOLVED that the revised Financial Regulations be approved.**

CNL49. AUDIT COMMITTEE MINUTES - PART II MATTERS OF REPORT (Agenda item )

49.1 Cllr Richard Seaborne and Cllr Simon Dear both commented on the discussion that had taken place at the Audit Committee on the revisions to the Contract Procurement Rules with regard to the role of procurement in encouraging contractors to consider the carbon impact of their services, and helping Waverley to reduce its own carbon footprint. The Audit Committee had asked officers to consult with the Climate Change Advisory Group to

ensure that the Contract Procurement Rules supported fully the Council's climate emergency action plan.

CNL50. COMPULSORY POLLING DISTRICT AND POLLING PLACE REVIEW (Agenda item 11.)

- 50.1 Tom Horwood, Chief Executive and Electoral Returning Officer, introduced the report on the Compulsory Polling District and Polling Place Review. This was the outcome of the compulsory five-yearly review, which followed a formal process including publication of notices of the review, which took place in August 2019, and consideration of representations received. No changes were proposed to Waverley's Polling Districts. Mr Horwood emphasised that none of the proposed changes to Polling Places would be implemented before the General Election on Thursday 12 December.
- 50.2 Mr Horwood thanked Waverley Councillors, Town and Parish councillors, and others for their engagement with the review, and confirmed that further changes to Polling Places could be made in between the compulsory five-yearly reviews.
- 50.3 The Leader moved the recommendation, which was seconded by the Deputy Leader, that the Council note the conclusion of the compulsory review of Polling Districts and Polling Places, and approve the list of future Polling Places as detailed in Appendix B of the report. Cllr Cosser spoke to thank Charterhouse School and officers for identifying an alternative Polling Place to the Scout Hut for the Charterhouse ward. Charterhouse School was the obvious location for a Polling Place and this was a very welcome improvement to polling arrangements.
- 50.4 The Mayor put the recommendation to the vote:

For: 45

Cllrs Brian Adams, Christine Baker, David Beaman, Roger Blishen, Peter Clark, Carole Cockburn, Richard Cole, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Brian Edmonds, Patricia Ellis, David Else, Jenny Else, Paul Follows, Michael Goodridge, John Gray, Joan Heagin, Val Henry, Chris Howard, Dan Hunt, Jerry Hyman, Peter Isherwood, Jacquie Keen, Robert Knowles, Anna James, Andy MacLeod, Peter Marriott, Peter Martin, Mark Merryweather, Stephen Mulliner, John Neale, Peter Nicholson, Julia Potts, Paul Rivers, Penny Rivers, John Robini, Anne-Marie Rosoman, Trevor Sadler, Richard Seaborne, John Ward, Steve Williams, George Wilson.

Against: None

Abstentions: 3

Cllrs Mary Foryszewski, Penny Marriott and Ruth Reed.

The recommendation was carried.

**RESOLVED that Council noted the conclusion of the compulsory review of Polling Districts and Polling Places, and approved the list of future Polling Places as detailed in Appendix B of the report.**

CNL51. PROPORTIONALITY ON COMMITTEES AND ALLOCATION OF SEATS (Agenda item 12.)

51.1 The Mayor introduced the reporting setting out the revised proportionality of seats on committees and allocation of committee seats following Cllr Jack Lee's death and the resignation of Cllr Townsend from the Conservative Group to become an Independent councillor. The details were set out in the report, including adjustments to the committee memberships which had been agreed with the relevant Group Leaders, which the Mayor invited Council to note.

51.2 **Council RESOLVED *nem con* to note:**

- 1. the proportional allocation of seats on the Principal Committees, Area Planning Committees and SCC Local Committee in accordance with the political proportionality of the Council; and,**
- 2. the Group Leaders' nominations to the Principal Committees, as detailed in Annexe 1 of the report.**

The meeting concluded at 8.30 pm

Mayor

This page is intentionally left blank

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**MEDIUM TERM FINANCIAL PLAN 2020/21 – 2023/24**  
**GENERAL FUND BUDGET 2020/21**

---

**Portfolio Holder:** Cllr Mark Merryweather , Portfolio Holder for Finance, Assets & Commercial Services

**Head of Service:** Peter Vickers, Head of Finance and Property

**Key decision:** Yes

**Access:** Public

---

**1. Purpose and summary**

1.1 This report outlines the latest Medium Term Financial Plan and the draft General Fund Budget for 2020/21. The Financial Plan sets out the key work streams for the Council to focus on which, collectively, aim to address the significant shortfall in annual budget projected over the medium term which is estimated to grow to £5.4million per annum or 40% of the total net service cost by 2023/24.

1.2 This report contains the following Annexes:

- Annexe 1 – draft Medium Term Financial Plan
- Annexe 2 - draft General Fund Budget Summary 2020/21
- Annexe 3 – statement of key variations from 2019/20 budget
- Annexe 4 – draft Fees & Charges for 2020/21
- Annexe 5 – schedule of projected reserves and balances
- Annexe 6 – draft Capital Programme

**2. Recommendations from Executive to Council**

The Executive makes the following recommendations to Council, to:

1. agree a 1.9% increase in Waverley's element of the Council Tax Charge for 2020/21, equivalent to around 7p a week on a Band D property;
2. agree to make no change to the Council's existing Council Tax Support Scheme;
3. agree the proposed Fees and Charges as shown at Annexe 4;

4. approve the General Fund Budget for 2020/21 as described in this report, and in Annexes 2 and 3; and
5. approve the General Fund Capital Programme as shown at Annexe 6.

### 3. **Reason for the recommendation(s)**

The Budget is a major decision for the Council and setting a balanced budget is a statutory requirement. Scrutiny of the financial plan and budget proposals demonstrate transparency and good governance

### 4. **Background**

#### **Waverley's draft Medium Term Financial Plan (MTFP) document**

4.1 The Council's MTFP is at Annexe 1 which has been updated to include the latest General Fund projections, emerging pressures, spending priorities, risks and opportunities. The Plan also sets out Waverley's strategy for addressing the projected budget shortfall over the next four years and for putting the council in a strong, sustainable financial position. The plan builds on the overview presented to all councillors in November.

#### 4.2 **Budget Projection Summary**

The following table shows the main budget pressures projected over the MTFP period

	Previous Estimate	Latest Estimate			
	2020/2021	2020/2021	2021/22	2022/23	2023/24
<b>Anticipated Major Budget Variations</b>	Change from 2019/2020 Base	<b>Change from 2019/2020 Base</b>	Change from 2020/2021 Base	Change from 2021/2022 Base	Change from 2022/2023 Base
	£000	<b>£000</b>	£000	£000	£000
Inflation - including pay	550	<b>590</b>	550	550	550
Waste funding SCC reduction	290	<b>468</b>			
Housing benefit admin grant	20	<b>10</b>	20	30	30
Business Rate Retained Income	200	<b>150</b>	700	700	400
Planning Income Pressure	300	<b>200</b>			
Other Major Budget Variations		<b>457</b>			
<b>Budget Shortfall</b>	<b>1,360</b>	<b>1,875</b>	<b>1,270</b>	<b>1,280</b>	<b>980</b>

Cumulative projected shortfall over MTFP period £5.4m



### 4.3 Budget Strategy

Waverley’s strategy for addressing the budget shortfall is illustrated below. The themes in squares relate to ongoing actions, the four ovals indicate the principal workstreams identified in the strategy.

## General Fund Budget Strategy



4.4 The indicative targets for each work stream in the budget strategy for the 4-year MTFP period, to be reviewed following the budget setting for 2020/21, are:

	Original Savings Target in MTFP £000	Included in Draft 2020/21 Budget £000	Target for 2021/22 to 2023/24 £000
Business Transformation	1,000	102	898
Commercial Strategy	700	231	469
Property Strategy	1,200	300	900
Procurement	200	43	157
Cost review	1,000	699	301
Council Tax increase – assuming 2%	790	194	610
Other		306	195
<b>Total</b>	<b>4,890</b>	<b>1,875</b>	<b>3,530</b>

### Budget Setting 2020/21

#### 4.5 Budget Review and scrutiny

At its September 2017 meeting the Value for Money and Customer Services Overview & Scrutiny Committee expressed the view that a radical re-think of how

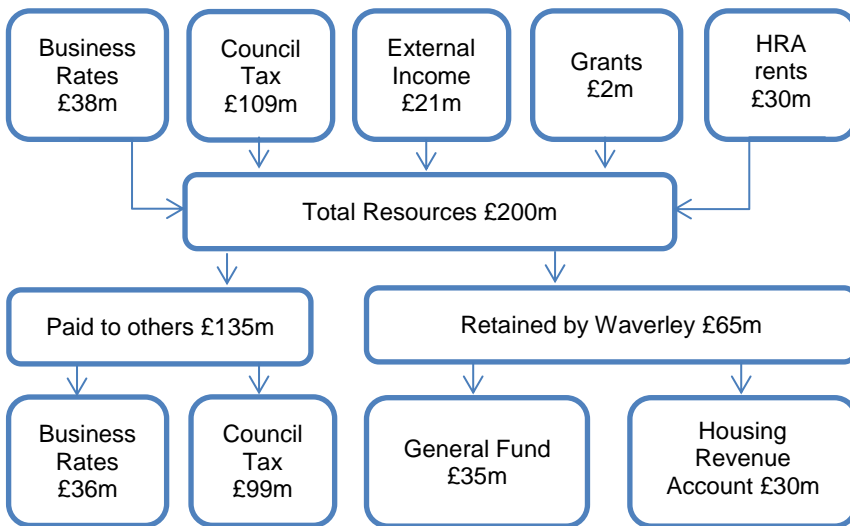
services, front line and support, are delivered was needed to meet the anticipated long term financial challenges facing the Council. Following this, a Budget Strategy Working Group (BSWG) was agreed by the Overview & Scrutiny Co-ordinating Board in September 2017 and established in March 2018. The Group comprises representatives for each of the scrutiny committees. It is chaired by Councillor Mulliner.

- 4.6 The BSWG has both a strategic and a scrutiny role. Strategically, analysing and understanding Waverley's longer-term General Fund financial position to 2023/24 given expected future deficits caused by reductions in revenue forecasted in the MTFP and consider what realistic actions may be taken in terms of increasing income and reducing costs to close the expected gap.
- 4.7 The working group met all Heads of Service and gained a detailed understanding of the range of General Fund services provided, service delivery costs and any associated income streams. All income streams were reviewed in terms of level of inherent risk and potential for future change in either direction.
- 4.8 The working group acknowledges that the Financial Plan projection over the review period to 2023/24 will require significant reductions in net service costs to be achieved if the Council is to be able to adhere to a balanced budget and still provide quality local public services. This is in the light of the expected loss of retained business rates revenue over the Plan period, the potential impact of Surrey County Council's budget position and the likely excess of service cost inflation over permitted Council Tax increases.
- 4.9 The Working Group has identified the 'structural deficit' in Waverley's budget arising from service cost inflation, equating to £0.6m per year, compared to additional income from council tax which is limited by Government controls. Before external cost pressures are accounted for, the Council is not able to stand still financially due to the government's restriction on Council Tax increases. In 2020/21 this is £5 per Band D equivalent equating to a maximum of £277k additional council tax income. As government funding has fallen away, the Council has become increasingly reliant upon Council Tax funding which is only a third of the overall cost base. In light of this, the view of the Budget Strategy Working Group is that increases in car park charges, which haven't changed for 3 years, and council tax will be necessary over the MTFP period.

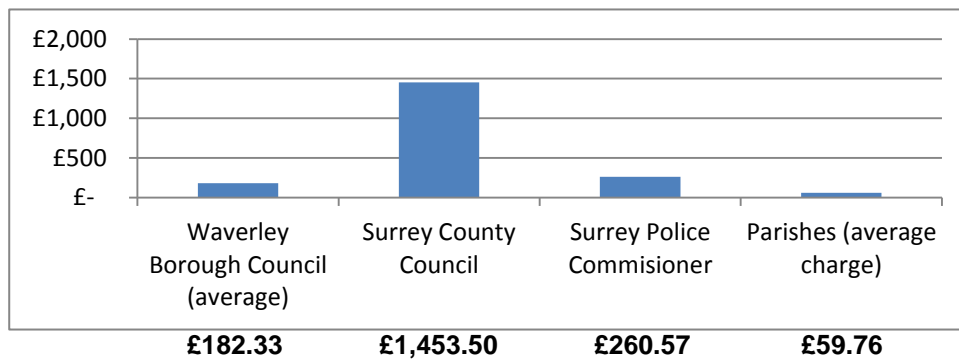
### **Funding for Waverley's Services**

- 4.10 As well as collecting council tax to support its own budget, by law Waverley has to collect council tax for Surrey County Council, Surrey Police and all town and parish councils in the Borough and this money is paid over to those organisations. Waverley keeps 10pence from every pound of council tax collected to pay for its services. The government restricts the amount that council tax can be increased each year and this is explained in more detail later in this report. In addition, Waverley collects business rates from all non-domestic premises in the Borough. Most of this money is paid to the Government with a relatively small amount being retained by Waverley, 5pence from every pound collected. The Government set the rateable value and rates chargeable for all business premises.

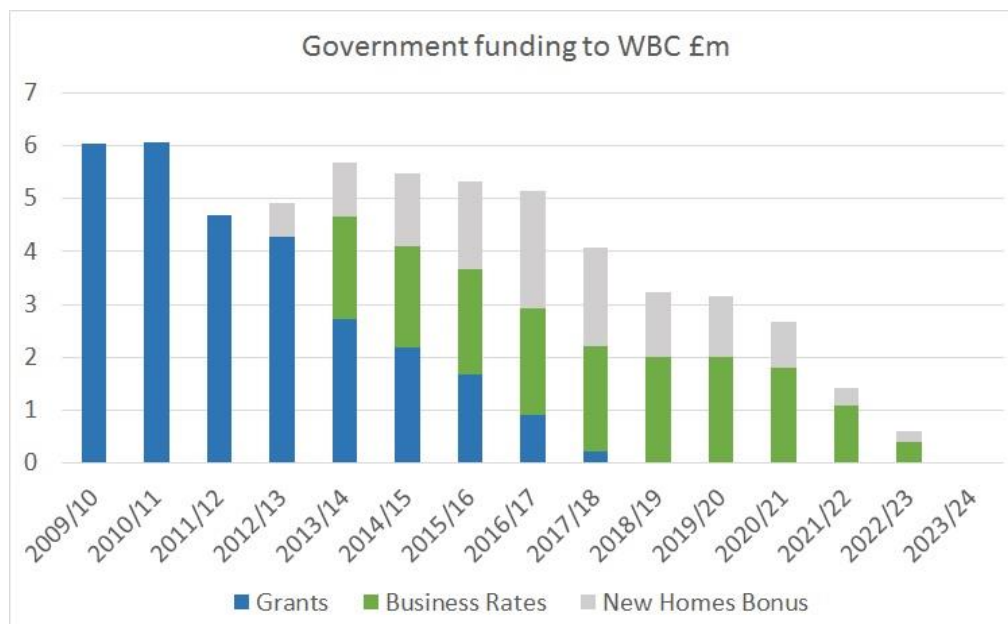
Gross total income by the Council and where it goes (before costs, 2019/20 Budget)



4.11 The total band D council tax charge in 2019/20 is £1,956 split as follows:



4.12 Waverley’s Revenue Support Grant from the government is now zero. There has been a dramatic reduction over the last 6 years from £6m in 2010/11.



- 4.13 Waverley currently retains £2m of the £38m business rates collected as its core funding for general fund services. This main element of this amount, approximately £1.8m, is derived from a Government formula which determines each Council's safety net position against its 'baseline need' for funding. The second element, approximately £0.2m, is related to the total Rateable Value (RV) of business premises in the borough which is affected by physical properties and the RV assessed by the Government's Valuation Office. This can also fluctuate according to appeals from rate payers. The Government announced in the autumn that it was delaying to 2021/22, its review of business rate funding for local authorities and its 'relative needs' calculation. Waverley's MTFP forecasts significant reductions in Government funding over the next four years. Officers have taken a cautious view of the impact of these reviews on Waverley's budget given previous past experience of redistribution formula and this is reflected in the MTFP projections shown earlier. District and borough councils across southern England would tell a similar tale, and further lobbying is being undertaken with local Members of Parliament and the Local Government Association on this issue, as the Government prepares its 'Fair Funding Review' and its proposed new policies on devolution.
- 4.14 In 2016/17, the Government informed a number of councils, including Waverley, that they would have grant clawed back to address the Government's overall funding shortfall. This became known as 'negative RSG' and for Waverley this would have been £800k per year. Since this announcement, the Government has decided each year to fund this shortfall itself rather than impose it on the named councils. However the threat still exists and it is expected that this will be addressed as part of the main review of business rate funding in 2021/22.
- 4.15 The Government announced the 2020/21 local government finance settlement for consultation late on 20th December 2019. The headlines are as follows:
- No negative grant in the coming year
  - Retained business rates for Waverley at same safety net level of £1.8m
  - New Homes Bonus £861k as expected in the MTFP projection but still £300k less than current year
  - Council Tax increase limit for WBC £5 band D or up to 2%, whichever is the higher
  - no limit on council tax increases for town and parish councils
  - SCC council tax increase limit up to 2% plus up to a further 2% for adult social care costs.

### **New Homes Bonus**

- 4.16 The Government has announced that it will pay NHB in 2020/21 and continue to honour the legacy payments for the previous four years. However, the future of NHB is under review as it is funded nationally from business rate revenues. In the consultation finance settlement, the Government has confirmed that Waverley's NHB will be £861k in 2020/21, down from £1,164k in 2019/20. The Council does not currently rely on New Homes Bonus to support ongoing service provision and, instead, has used this funding to pay for income-generating capital spend. This position has been reviewed and the draft budget proposes to split the 2020/21 NHB across property investment, strengthening the property void provision in the light of the future increase in investment over the MTFP period, and also to pump prime the climate change action plan fund to respond to the new Corporate Strategy priority.

## Council Tax

- 4.17 Waverley retains approximately 10% of the council tax collected in the Borough with the balance being split as per the chart in 4.11. Each year the Government sets a limit for year-on-year council tax increases, beyond which a council would have to hold a referendum. Last year Waverley increased its council tax by the maximum allowed amount of 2.99%. The consultation finance settlement confirms that borough councils will be able to have a council tax increase of up to 2% or £5 at band D, whichever is the higher. In Waverley's case, £5 is higher and would equate to an increase of 2.75%. In terms of additional council tax income, 2% would generate £204k pa and £5 would raise £277k pa. The draft budget set out in this report proposes a 1.9% increase in 2020/21 which equates to an additional £3.46 per year for an average Band D property, or 7pence per week. The draft budget also includes additional council tax revenue of £184k arising from property growth in the Borough (approx. £150k) and the decision taken by the Council in 2019 to scale back council tax discounts on empty properties (approx. £34k).

## Fees and Charges

- 4.18 Fees and charges have been reviewed as part of the budget process. Some fees and charges are statutory but for those determined by Waverley some inflationary increases are proposed for 2020/21 where appropriate. Many charges have been increased in line with estimated cost-of-living inflation. Details of the proposed changes to fees and charges from 1 April 2020 are included at [Annexe 4](#). A further review of fees and charges will be undertaken in 2020 both in the light of feedback from the recent budget consultation and also to reflect councillors' desire to consider opportunities to distinguish between for-profit and not-for-profit customers in the charges.
- 4.19 Car park charges have not increased in three years, four years in some cases. There is an increase in car park yield included in the draft budget which generates an additional £145k of income, 2.9% of total car parking income. This income will not be generated from a blanket increase in all car park charges. Some charges will rise and some may reduce to increase usage and improve the environmental impact. The Council will take a strategic approach to charges in the light of the independent review recently commissioned, the outcome of which is expected to be considered by members early in 2020 and to take effect in 2020/21 although still in progress during this 2020/21 budget setting process. Of the additional income generated, some £100k, is earmarked to pay for the ongoing costs of delivering Waverley's climate change emergency action plan.
- 4.20 The commercial strategy highlights the need to review existing income sources to generate additional revenue. One area that is being considered is planning pre-application and performance agreement income. The draft budget includes an additional target of £40k to reflect a proposed revision to the charging structure and approach that will be developed early in 2020 and implemented early in the 2020/21 financial year.
- 4.21 Members of the Executive considered increasing Green Waste subscription charges by £5 to make the total charge £70 which would generate an additional £70k per year. Whilst past increases have not led to a reduction in the number of subscribers, the Executive considers that such an increase would not be in the spirit of the

Council's recent climate change emergency declaration. Therefore, the draft budget assumes the charge is frozen at £65 for 2020/21.

- 4.22 Proposed licensing fees & charges are included in Annexe 4, of which some are increased by inflation and some are unchanged. All of these fees are subject to consideration by the licensing regulatory committee of the consultation responses.

### **Inflation**

- 4.23 The Council's main contracts are indexed to the Consumer Price Index (CPI). An inflationary amount has been assumed for all General Fund budgets where it is unavoidable with projections being in line with the Government's longer term assumptions. In terms of the staff pay award for 2020/21, which is also applied to Councillors' allowances, the Joint Negotiating Committee agreed to recommend a 2.5% cost-of-living pay award. This took into account national cost-of-living inflation, current market and salary data, and other councils' pay awards which have been a little higher than Waverley's in recent years. The total cost of £470,000 falls approximately £350,000 on the General Fund budget and £120,000 on the HRA budget. These figures, as well as other inflation commitments, are incorporated within the draft balanced budget. Therefore, in recommending to Council the draft Budget, the Executive would be approving the pay award (Constitution Part 3: 3(o)).

### **Revenue Contribution to Capital**

- 4.24 The core funding for the General Fund Capital Programme is from Revenue Contributions via the Revenue Reserve Fund. The Budget proposals include a Contribution to Capital from the revenue budget of £1.05m. The draft capital programme is attached at Annexe 6 and this is covered later in the report.

### **2020/21 Draft Revenue Budget**

- 4.25 The General Fund Summary showing a balanced budget for 2020/21 is included at Annexe 2. A breakdown of the main changes in the 2020/21 draft budget compared to 2019/20 budget which totals £0.25m is included at Annexe 3. Heads of Service and spending officers have examined operational and staffing budgets in detail to respond to the 5% target set by Management Board. This exercise has identified nearly £700k of recurring savings which are detailed at Annexe 3. There are no proposed cuts to services or reductions in funding for community organisations included in the draft 2020/21 General Fund budget.
- 4.26 The table below summarises how the total projected budget pressures, as set out in the table in paragraph 4.2 of this report totalling £1.875m, have been addressed within the draft 2020/21 budget.

	£000
Additional investment property income target	-300
Council tax income – increase of 1.9%	-194
Council tax income – growth in base	-184
Car park income from increased charges	-145
Green waste subscription – increased take-up	-116
Heads of Service savings schedules (annexe 3)	-699
Income from fees and charges increases (annexe 4)	- 86
Procurement savings	-43
Business transformation savings	-102
Climate change costs – from car park income	+100
Business transformation – implementation costs	+130
Other minor changes – net saving	-111
Reduced contributions to reserves	- 125
<b>Total</b>	<b>£-1,875</b>

4.27 The Medium Term Financial Plan identifies a range of key risks and assumptions, including the risks associated with increasing Waverley's investment property income through new acquisitions. Waverley's revised property strategy is included elsewhere on this agenda for consideration. In addition, budget monitoring during the year continues to identify pressure in some statutory income areas including planning and building control. Budgets have been adjusted in 2020/21 but close monitoring will need to continue.

### **Local Government Act 2003 – Financial**

4.28 The Local Government Act 2003 formally introduced a number of specific matters that the S151 Officer must comment on in the budget setting report. These are:

- **Budget calculations: report on robustness of estimates;**
- **Adequacy of reserves; and**
- **Budget monitoring**

4.29 The sections were introduced to ensure sound financial management across all local authorities. Waverley's budget has always complied with good financial management practice. Prudent allowance is made for risk and uncertainties in budgets. Budgets are monitored by officers and reported to Members on a monthly basis supplemented by monthly exception reports. Waverley's financial management continues to receive favourable comments from its external auditors. Officers are aware of the two new packages of support for local authorities published by CIPFA in 2019, the Financial Management Code and the Financial Resilience Index, and once the full guidance is available these will be used to support these financial management statements in future budget reports to Members.

## **The Robustness of the Estimates**

- 4.30 Account has been taken of potential costs and adequate provision has been made. A prudent assessment of income has been undertaken and generally only income that has a high level of certainty of being received is included within Waverley's budgets. However, Waverley's Financial Plan, together with information presented to members at the November briefings and subsequent reports, demonstrates the financial challenges to Waverley in the future including the risks associated with increasing reliance on investment property income.
- 4.31 The key Financial Plan issues for the General Fund include:
- Increased risk from changes in business rate income due to declining rateable value, increased appeal risk and the Government's review of business rate funding due in 2021 – impact on annual budget mitigated by the business rate equalisation reserve. This reserve has been assessed against the risks and a reduction in contribution has been made in 2020/21. Further adjustments may be possible in future years but the outcome of the Government's business rate review will need to be assessed first, particularly in relation to Waverley's exposure to appeal risk.
  - Keeping the dependency on current and new income from investment property in proportion to the overall budget and providing sufficiently for void periods and costs.
  - Future of government funding including new homes bonus
  - Rising inflation and low interest rates.
  - Impact of Surrey County Council's financial challenges on Waverley
- 4.32 In addition to the detailed scrutiny of the Budget by officers, Councillors have taken the opportunity through the Overview and Scrutiny process, including the Budget Strategy Working Group, to critically examine detailed budgets.
- 4.33 In view of the level of awareness amongst Members and the action taken to produce Waverley's draft Budget for 2020/21, the Section 151 Officer is satisfied with the robustness of the estimates presented. The Section 151 Officer is confident that overall the Budget is prudent especially in view of the track record of achievement of substantial budgeted savings over the past years but the risks noted in this report must be acknowledged and increased monitoring during the year will be implemented. The MTFP sets out a multi-pronged strategy to address the financial challenges and these workstreams are progressing well with confidence in their delivery of savings.

## **Adequacy of Reserves**

- 4.34 The General Fund balance supports fluctuations in normal business, e.g. unexpected changes in inflation or interest rates, higher than anticipated expenditure or loss of income, and spending on unforeseen events. The Revenue Reserve is used to finance capital expenditure and one-off costs and the property fund is to finance property investment opportunities. It is essential that adequate balances are available to meet these and unforeseen costs.



- 4.35 Projections for the General Fund Working Balance and other reserves for the four year period are shown on Annexe 5. It is the view of the Strategic Director/Section 151 Officer that a level of £3.2m on the General Fund Working Balance, which is effectively just over 10% of the gross General Fund Budget or equivalent to just over one month's service spending, satisfies the adequacy requirements of the Local Government Act 2003.
- 4.36 The main risks to reserves in 2020/21 are commercial property voids and meeting the costs of defending the Council in any planning appeals or Judicial Review proceedings. The latter is the subject of a separate report to Environment O&S and the Executive. In the event that these costs exceed the available funding, the Council will need to divert some of the funding from the Property Investment Fund. Contributions to the property reserve and the business rates reserve have been assessed in the light of the estimated risk and adjusted accordingly.
- 4.37 In the light of the identified future significant pressures, the levels of combined balances as detailed in this report are considered prudent.

### **Budget monitoring**

- 4.38 It is the view of Waverley's Section 151 Officer that the arrangements for budget monitoring, referred to above, satisfy the requirements of the Local Government Act 2003. Budget Monitoring in 2019/20 shows that the Council has mostly delivered the savings assumed in the Budget which currently looks to be achieved by year end, with major expenditure items including pay and contract spend being on track. The latest quarter 3 monitoring summary statement will be reported to the O & S committees in March as part of the performance management report. Overall the arrangements in place are sound but, with the significant level and range of savings being put forward by Heads of Service in the draft budget for 2020/21 and the increasing reliance on achieving income targets, close monitoring will be essential to head off any potential adverse budget variations.

### **Council Tax Support Scheme**

- 4.39 The Council Tax Support Scheme, which replaced council tax benefit on 1st April 2013, is reviewed annually. A range of assistance was introduced by Waverley to assist claimants and these schemes are actively promoted. A hardship fund was created to support claimants and the qualifying criteria revised to encourage take up. Discretionary Housing Payments are also available, and Waverley officers are proactively supporting households that are most affected by welfare reforms. Experience shows that the current Council Tax Support Scheme remains successful as evidenced by the gradual reduction in the number of claimants and the consistently low take up of discretionary support. It is, therefore, recommended that the current scheme remains unchanged for 2020/21.

### **General Fund Capital**

- 4.40 Each year, the Council reviews its three-year Capital Programme and agrees the budgets to be included within the Budget for the year ahead and how they will be funded. The overall parameters for the Capital Programme are set out within the Council's Financial Plan.

- 4.41 The draft 2020/21 Capital Programme at annexe 6 shows Waverley BC projects totalling £2.6million as shown at Annexe 6 to this report of which £1m is funded from the revenue contribution referred to earlier. The programme does not include the £1.6m of slippage from previous years or potential CIL bids and, whilst these are not subject to approval as part of this report, it should be noted that for the majority of the brought forward amounts spend is on track and, with the exception of the Frensham scheme and the Weyhill project, further slippage to 2020/21 is not expected. These projects will be reviewed in the coming year.
- 4.42 In the light of the level of underspend and rescheduling of General Fund capital schemes in recent years, and following a major review led by Value for Money Overview & Scrutiny Committee, a new and more rigorous bidding and monitoring process for General Fund capital schemes has been implemented. Including:
- A bidding process throughout the year, including a requirement for delivery milestones and cash flow projections.
  - Terminating or postponing schemes that are not delivering to agreed timescales in the year and reallocating resources to new or reserve schemes.
  - The ability to bid for additional funding for capital spend if a return or cost saving is achieved that meets the Property Strategy criteria.

## **5. Relationship to the Corporate Strategy and Service Plan(s)**

- 5.1 Having a robust, sustainable budget is essential to deliver all aspects of the Corporate Plan

## **6. Implications of decision(s)**

### **6.1 Resource (Finance, procurement, staffing, IT)**

All decisions made with regard to the budget will impact on Waverley's resources

### **6.2 Risk management**

There are no risks directly arising from the recommendation above, however the budget strategy does carry significant risks and these are set out in the MTFP

### **6.3 Legal**

It is the annual responsibility of the Full Council to approve the Budget and set the Council Tax (Constitution Part 3:B6-7. P.40)

### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. An equality impact assessment of the detailed budget proposals has been completed to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

### **6.5 Climate emergency declaration**

There are no direct implications arising from this report but reference is made to the need for the main budget proposals to address the resource requirement for the emerging climate change action plan.

## **7. Consultation and engagement**

- 7.1 The Value for Money and Customer Services O&S Committee and the Budget Strategy Working Group have considered the detailed budget proposals. In addition, the Council recently undertook a public consultation exercise to gauge residents' views about the relative spending priorities. This exercise was to help inform the development of the Medium Term Financial Plan.
- 7.2 The Committee was broadly in support of the 5 recommendations being put forward to the Executive (and onto Council). They considered the proposed 1.9% increase in Waverley's element of the Council Tax charge for 2020/21. There were discussions whether this should be higher or a lower rate that was inline with inflation.
- 7.3 A majority agreed to go with the proposal of 1.9%. There was support for no change to the Council's existing Council Tax Support Scheme. In relation to fees and charges, although a majority were in support, there were concerns in relation to any increase in car parking charges and the effect this might have. There was a report being prepared on Car Parking and this would be circulated in due course. Members expressed their disappointment that the outcome of this report would not be available before the council is asked to approve the budget.
- 7.4 The Committee noted the General Fund Budget for 2020/21 as summarised in Annexe 2 to the agenda report, incorporating the major variations included at Annexe 3. There were concerns expressed for the ability of savings in not retaining any business rates in the future and if the climate change budget was sufficient. Committee members questioned how realistic the property targets were.
- 7.5 They also felt the £699k target for Heads of Service was very ambitious but officers reassured the Committee about the deliverability of these amounts. A final comment was in relation to the subscription to recycling of garden waste and committee members were pleased that it was proposed that this stay the same.

## **8. Other options considered**

- 8.1 Options considered are set out in the report.

## **9. Governance journey**

- 8.1 The detailed budget proposals and revised MTFP was reported to the Value for Money and Customer Services O&S Committee in January ahead of consideration by Executive on 4 February and Council on 18 February.

---

## **Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

---

CONTACT OFFICERS:

Name: Graeme Clark  
Position: Strategic Director  
Telephone: 01483 523099  
Email: Graeme.clark@waverley.gov.uk

Name: Peter Vickers  
Position: Head of Finance and Property  
Telephone: 01483 523539  
Email: peter.vickers@waverley.gov.uk

Agreed and signed off by: Graeme Clark and Councillor Merryweather  
Legal Services: n/a  
Head of Finance: 24/01/2020  
Strategic Director: 24/01/2020  
Portfolio Holder: 24/01/2020



# **DRAFT MEDIUM TERM FINANCIAL PLAN**

2020 - 2024

<i>Owned by:</i>	<i>Graeme Clark</i>
<i>Council Approval date:</i>	<i>February 2020</i>
<i>Date for review:</i>	<i>February 2021</i>

# FINANCIAL PLAN 2020 – 2024 WAVERLEY BOROUGH COUNCIL

## Introduction

The Medium Term Financial Plan (MTFP) is Waverley's key financial planning document which takes account of all the various factors and influences that may impact on Waverley for the next few years. These factors include economic conditions, Government restrictions, current expenditure patterns, inflation, planned changes to service delivery, changing demand for services, sources of income etc. It also includes an assessment of the risks faced by Waverley.

The MTFP includes a forward look over the next four years to anticipate the spending pressures faced by Waverley. Planning now to meet known changes in the future provides greater opportunity to mitigate the impact. Good preparation will mean that Waverley has sufficient funds to meet unexpected costs and that limited financial resources are targeted to Waverley's residents' highest priorities.

## Purpose

The purpose of this Medium Term Financial Plan is to:

- Provide a framework for managing resources in medium term to deliver the corporate plan.
- Demonstrate that sufficient resources will be available to meet Waverley's objectives and priorities, particularly in the delivery of value for money.
- Look ahead to the longer term to protect and help plan sustainable services within an extremely challenging external economic and funding environment.
- Strengthen Waverley's financial resilience and manage volatility and risk, including maintaining an adequate level of reserves.
- Anticipate financial pressures and identify potential ways to balance Waverley's budget including through efficiency measures.

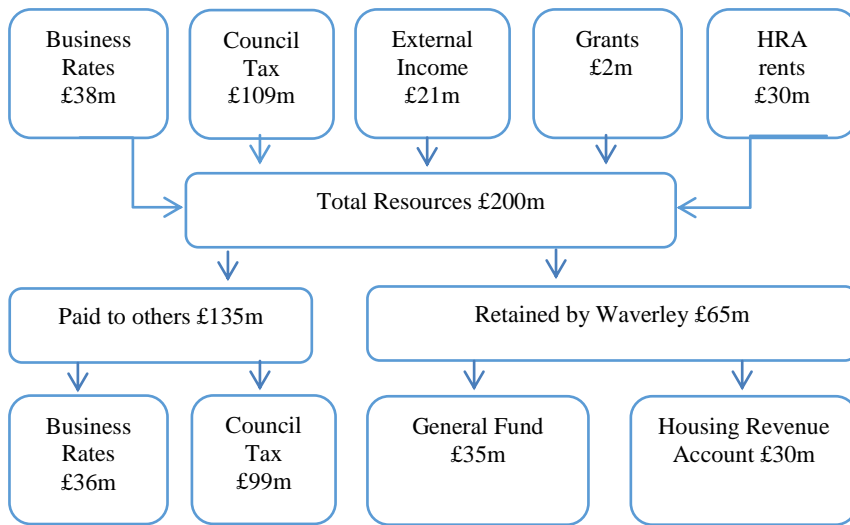
## Delivering The Council's Priorities

Waverley will promote and sustain a financially sound council, with infrastructure and services fit for the future.

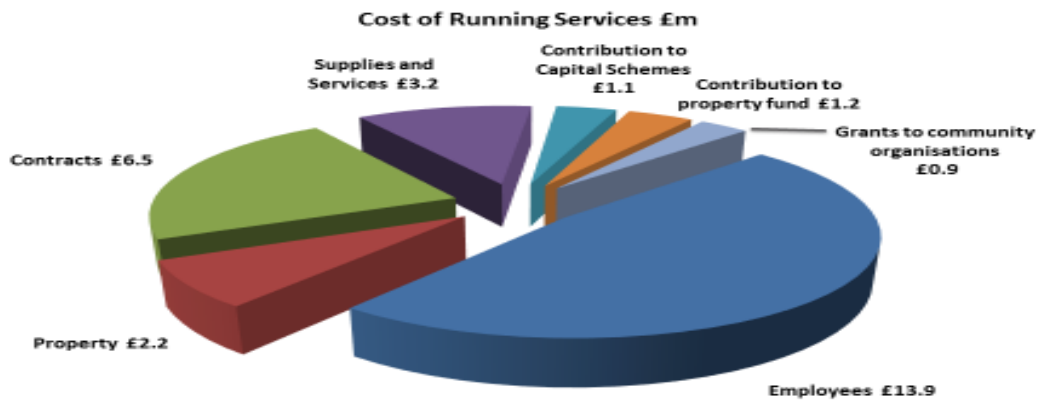
Waverley's Corporate Strategy sets out the following priorities for the next four years:

- develop a more open, inclusive approach to communications and decision-making;
- protect, support and empower Waverley's communities by changing the way that the council is organised and operates, seeking the delivery or devolution of responsibilities from Surrey County Council to Waverley and to Waverley's towns and parishes;
- encourage the development of small businesses and support for local employment;
- review charging policies to ensure that they are consistent with our vision;
- encourage affordable access to sports and leisure facilities and the arts for all, improving services across the borough, focusing on health inequalities ensuring that no area is disadvantaged;
- ensure local residents have access to local countryside and are not excluded through high parking charges;
- improve facilities for young people;
- work to maximise the availability of housing that meets the needs of local people at all income levels, as well as reviewing arrangements for preventing homelessness and providing accommodation for vulnerable people, such as those experiencing domestic abuse;
- take steps towards our aim of becoming a net zero-carbon council by 2030 encouraging carbon reduction and carbon offsetting and the promotion of biodiversity and sustainable homes, businesses and transport;
- promote reduction and re-use as well as recycling;
- work with partners to promote a pedestrian-friendly and cycle-friendly road system taking action on air quality especially those caused by vehicle emissions, and encouraging an improved "clean" bus service;
- tighten planning guidance so that it is consistent with meeting local needs and protecting the Green Belt, engaging with government to promote rebalancing the planning system in favour of localism; implement the Community Infrastructure Levy fully and allocate funds fairly and transparently;
- engage with all stakeholders to better control crime and anti-social behaviour;
- Press the government for appropriate funding to meet local needs as reflected in our vision for Waverley, and reverse cuts to local government funding to enable us to intelligently deal with the looming budget shortfall.

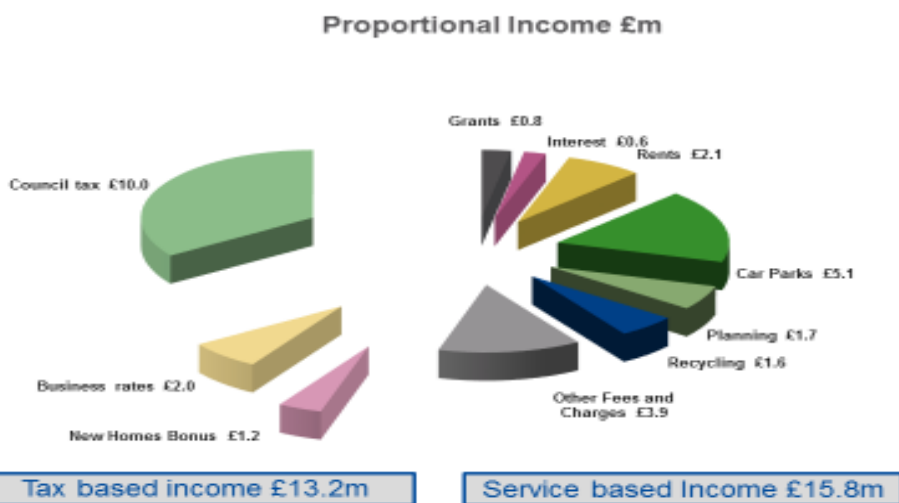
## Waverley's budgets 2019/2020



### General Fund budget

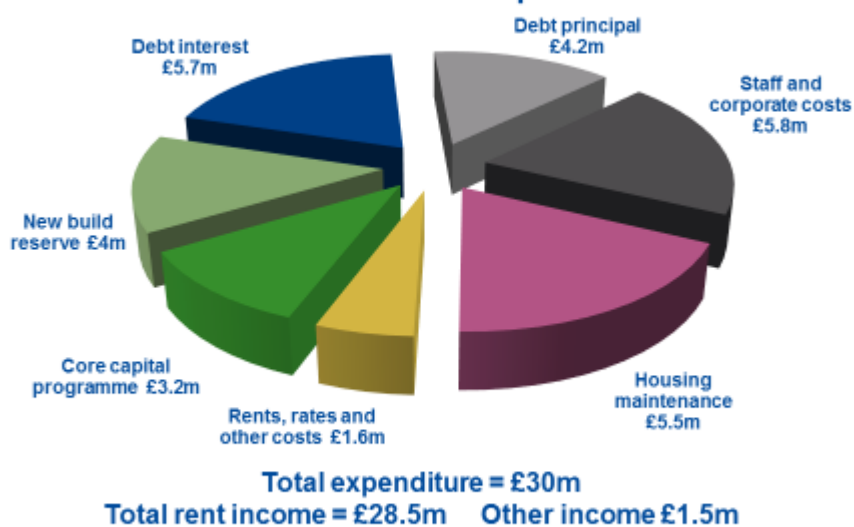


### General Fund budget





## HRA Business Plan – Annual Expenditure



### Key Risks

- Achieving savings targets:
  - Significant investment in commercial property needed, to be funded from borrowing
  - Major change programmes underway including transformation of customer services across the council.
- We don't have significant non earmarked reserves:
  - Limited ability to fund change in the Corporate plan, zero carbon, structural deficit
  - One off adverse impacts such as planning appeals, judicial reviews
- Adequacy of provisions:
  - Business rates – under the current retention system we carry some of the cost of appeals, impact of 100% retention, plus reducing total rateable value in the Borough
  - Impact of Government's business rate funding review and Fair Funding review is likely to reduced retained business rates and increase risk
  - Housing benefit overpayment recovery – will be limited in future due to Universal Credit
  - Investment property voids – this is an increasingly important revenue stream
- Negative government grant:
  - Still on the agenda – decision deferred to 2021 Finance Settlement
- Further constraints on income:
  - Reliance on Council Tax increase, Planning and Building Control income – affected by government policy, economy and local political decision making
- The unknown economic impact of Brexit on inflation and interest rates, mitigated by scenario planning as the transition is implemented

## General Fund Budget Strategy



The indicative targets for each work stream in the budget strategy for the 4-year MTFP period, to be reviewed following the budget setting for 2020/21, are:

	Original Savings Target in MTFP £000	Included in Draft 2020/21 Budget £000	Target for 2021/22 to 2023/24 £000
Business Transformation	1,000	102	898
Commercial Strategy	700	231	469
Property Strategy	1,200	300	900
Procurement	200	43	157
Cost review	1,000	699	301
Council Tax increase – assuming 2%	790	194	610
Other		306	195
<b>Total</b>	<b>4,890</b>	<b>1,875</b>	<b>3,530</b>

### Commercial Strategy

- Car park review
- Other new/increased income
- Use of existing assets including leisure centres
- Waverley Training Services

### Cost Review

- Housing keeping on service budgets
- Review service expenditure e.g. Community Organisations

### Business Transformation Strategy

- Customer services project
- Planning and building control process review
- Office accommodation project
- Staff travel and remote working

## Financial Projection – General Fund

The following table shows the main budget pressures projected over the MTFP period

	Latest Estimate			
	2020/2021	2021/22	2022/23	2023/24
<b>Anticipated Major Budget Variations</b>	<b>Change from 2019/2020 Base</b>	Change from 2020/2021 Base	Change from 2021/2022 Base	Change from 2022/2023 Base
	<b>£000</b>	£000	£000	£000
Inflation - including pay	<b>590</b>	550	550	550
Waste funding SCC reduction	<b>468</b>			
Housing benefit admin grant	<b>10</b>	20	30	30
Business Rate Retained Income	<b>150</b>	700	700	400
Planning Income Pressure	<b>200</b>			
Other Major Budget Variations	<b>457</b>			
<b>Budget Shortfall</b>	<b>1,875</b>	<b>1,270</b>	<b>1,280</b>	<b>980</b>

£5.4m of recurring savings needed over MTFP period

## National Context

- Comprehensive Spending Review delayed
- Fair Funding review put back to 2021/22
- Business rates funding review put back to 2021/21
- 'Negative grant' delayed by a year to 2021/22 – Waverley's indicative amount £800k pa
- New Homes Bonus future years' amounts uncertain
- Limit on council tax increase in 2020/21 of £5 Band D or up to 2% whichever is higher

## Reserves and Balances

Waverley holds a number of balances and reserves for a range of specific and general purposes. These amounts must be used for their intended purpose and support Waverley's key objectives.

**General Fund and HRA Balance** – These balances are to cover variations in budgeted income & spending due to:

- Unexpected price increases

- Unbudgeted calls for spending e.g. major one-off inquiry, Judicial Review
- Loss of income if offsetting savings can't be found
- Increased demand for services e.g. homelessness
- Impact of Government policy e.g. Universal Credit

Key policies are as follows:

- General Fund balances will be maintained at a prudent level of at least £3.2 million – This represents approximately 25% of net running costs.
- The Housing Revenue Account balance will be maintained at a prudent level of at least £2.0 million.
- Business rate equalisation fund to balance the impact of fluctuations in funding, increased appeals risk, reductions in total rateable value and between-year adjustments on the General Fund.
- The revenue contribution to the Revenue Reserve Fund will be the principal funding source for the General Fund Capital programme.
- No dependency on reserves or one off uncertain funding sources to fund ongoing services.
- New Homes Bonus will be used to fund property investment, one off revenue projects and risk mitigation for the budget strategy.
- Maximise the use of Community Infrastructure to provide capital infrastructure funding.

Annexe 5 to the General fund budget report and Annexe 4 to the HRA budget report show the latest projections.

### Budget Pressures in the medium-term

- Inflation including Pay - 1% pay increase = £140k on General Fund. CPI currently 1.4%:
  - How do we stop inflation out growing council tax and parking income increases?
- Key income streams under pressure:
  - Reduced number of Major planning schemes coming through
  - Investment income from property is a long term game but carries risks
- Homeless costs are escalating:
  - Adequacy and continuity of government funding supporting the change in legislation?
- MTFP must underpin the Corporate Plan:
  - What spending plans can be changed within the MTFP time frame?
- Funding Waverley's Carbon neutral commitment:
  - Review current spending plans to stop/change service delivery?
- Continue to invest in assets – leisure, car parks, IT
  - How do we fund the necessary investment in asset maintenance?
  - Developing further partnership working to deliver public services at lower cost

## General Fund Revenue Budget

	2019/20 Approved Budget	2020/21 Draft Budget	Change
<b>Draft Budget Summary 2020/2021</b>			
	£	£	£
Net Service Cost	10,870,740	10,503,260	(367,480)
Staff Vacancy Target	(280,000)	(250,000)	30,000
Inflation Provision - costs & pay		592,000	592,000
<b>Total Service Cost</b>	<b>10,590,740</b>	<b>10,845,260</b>	<b>254,520</b>
<b>Contributions to Reserves</b>			
Revenue Contribution to Capital Programme	1,051,060	1,050,000	(1,060)
New Homes Bonus to Climate Change Project Reserve		200,000	200,000
New Homes Bonus to Property Investment reserve	1,164,280	260,000	(904,280)
New Homes Bonus to Investment Property Void provision		400,000	400,000
Local Plan Part 2 costs	80,000	40,000	(40,000)
Borough Election reserve	30,000	30,000	0
Insurance reserve	5,000	0	(5,000)
Business Rates Equalisation reserve	290,200	210,000	(80,200)
Climate Change provision for ongoing costs - from additional car park revenue		100,000	100,000
<b>Subtotal</b>	<b>13,211,280</b>	<b>13,135,260</b>	<b>(76,020)</b>
<b>Financed by :-</b>			
Council Tax	10,047,000	10,231,260	184,260
Council Tax - 1.9% increase		194,000	194,000
Retained Business Rates	2,000,000	1,850,000	(150,000)
New Homes Bonus	1,164,280	860,000	(304,280)
<b>Total</b>	<b>13,211,280</b>	<b>13,135,260</b>	<b>(76,020)</b>

This page is intentionally left blank

## Major Budget Variations for 2020/21

	£'000
<b>Business Transformation</b>	
Head of Service Cost Review	-97
Business Transformation - short term project costs	130
<b>Commercial</b>	
Head of Service Cost Review	-246
Fees & Charges	-18
Grounds Maintenance Reprourement	-43
<b>Environment</b>	
Head of Service Cost Review	-70
Recycling Credits	468
Garden waste - increased take up of subscribers	-116
Fees & Charges	-9
Car Park charges increase	-145
Net Contract increase - tipping arrangements	160
<b>Finance &amp; Property</b>	
Head of Service Cost Review	-76
Property Income Target	-300
Reduction in grants received	10
Staff savings from Business Transformation Review	-52
Additional pension cost following triennial Review	180
<b>Housing &amp; communities</b>	
Head of Service Cost Review	-59
Staff savings from Business Transformation Review	-50
<b>Planning</b>	
Head of Service Cost Review	-58
Planning Pre-application Income Stretch Target	-40
Planning application Income realignment	200
Fees & Charges	-19
<b>Policy &amp; Governance</b>	
Head of Service Cost Review	-88
<b>Other</b>	
Head of Service Cost Review	-5
Staff Vacancy Target	30
Inflation - Pay/Contracts/Other	592
Staff increment drift	87
Other minor variations	-111
<b>Total</b>	<b>255</b>

This page is intentionally left blank



### Head of Service Cost Review

<b>Service</b>	<b>Saving from 2019/20 Budget</b>
Business Transformation	£97,440
Planning & Economic Development	£57,890
Commercial	£246,000
Finance & Property	£75,730
Environment	£70,100
Policy & Governance	£87,690
Housing Delivery & Communities	£59,100
Other	£5,000
<b>Total</b>	<b>£698,950</b>

**Cost Review - Business Transformation**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Efficiency Review of Central Post and Scanning Functions	35,990
Deletion of extra receptionist hours	2,110
Deletion of extra cleaning hours	1,930
Reduce beverage machines budget	3,180
Reduce cleaning agreements budget	6,000
Reduce clothing budget	150
Realign cleaning income budget to actual income achieved	15,000
Realign Central Offices rental income budget to actual income achieved	17,300
Remove utility budgets for Farnham and Haslemere (to be paid by tenants)	8,780
Realign Farnham Locality Offices income budget to actual income achieved	3,000
Printing contracted services budget (not used)	4,000
	<b>97,440</b>

**Cost Review Savings - Planning**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Reduce Development Management training budget based on previous years spend and availability of Apprenticeship levy going forward	6,000
Reduction in Advertising budget (DM) to reflect previous spend	3,000
5% Reduction on Legal Fees and Contracted services budgets (DM)	8,790
Initial savings from efficiency review of validation function	40,100
	<b>57,890</b>

**Cost Review - Commercial**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
5% Saving across Grounds Maintenance Non Contract budgets	14,930
Grants and donations budget realignment to actuals	1,430
Savings from Waverley Training Services staffing restructure	68,130
Careline team reduction in hours	5,680
Deletion of vacant Ranger post	26,560
SPA revenue contribution recalculated	14,260
Haslemere Leisure Centre/Shottermill Trust - re-evaluation of management costs and contractor operating costs	41,930
Arts & Culture general budget reduction	500
Transfer of Bowls club maintenance - as agreed by Executive	1,000
Reduce Waverley Training Services rates/utilities budget as result of move to Memorial Hall	8,600
Change to Waverley Training Services learner travel payments to reflect actual spend	2,000
Waverley Training Services Cancellation of data management system contract	600
Places Leisure contract renegotiation - reduced management fee - commercial strategy saving	50,000
Building Control - replacement of Building Control Business Development Surveyor with Building Control Surveyor post resulting in salary savings	6,690
Countryside clothing budget reduced	1,100
Leisure Centres subscription budget	2,500
Parks printing budget deleted	90
	<b>246,000</b>

**Cost Review - Finance & Property**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Realignment of Industrial Estate income budgets to reflect recent rent reviews	25,880
Removal of council tax budget for void GF properties	4,050
Reduction of property subscriptions budget	2,460
Realignment of Wey Court West income budget	3,500
Realignment of Interest & Finance Expenses budget to actuals	7,990
Compensatory Grants to Towns & Parish Councils - reduction in line with current policy	14,280
Council Tax Support Grants to Towns & Parish Councils - reduction in line with current policy	11,080
Reducing costs relating to historic pension liabilities - net of 25% charged to HRA	2,990
Financial fees relating to pensions now included within Pension charges	1,500
Sundry debts/bailiff costs	2,000
	<b>75,730</b>

**Cost Review - Environment**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Deletion of Environmental Services Projects Officer post	28,320
Deletion of part time Licensing Admin post	11,560
Restructure of Environmental Health team	14,290
Reduction of Systems Manager hours (flexi retirement)	15,930
	<b>70,100</b>

**Cost Review - Policy and Governance**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Realignment of External Audit fee budget to reflect actual cost	10,260
Members' training budget - revert to normal level from 1 year increased budget which reflected demand following local election	7,920
Review service staffing structure to achieve efficiencies	36,680
Mayoralty admin costs	1,000
Democratic representation subscriptions	1,000
Land Charges contracted services	18,000
Increase legal fees by 10%	6,300
Cease Mosaic public sector Experian subscription	3,550
Cease LGInform subscription	980
Increase income from 'Your Waverley' advertising by 50%	2,000
	<b>87,690</b>

**Cost Review - Housing Delivery & Communities**

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Don't Lose Your Home Officer post deleted - approved by Executive	20,020
Reduction of community development budget - based on previous years spend	5,000
Delete Community Safety officer part time post (not filled for two years)	21,220
Reduction of hours of Housing Strategy and Enabling manager post following review of resources for this function	12,860
	<b>59,100</b>

## Cost Review - Other

<b>Action</b>	<b>Saving from 2019/20 Budget</b>
Remove contribution to insurance reserve	5,000
	<b>5,000</b>

This page is intentionally left blank

**Fees and Charges**  
**2020/2021**

## Policy & Governance

### Schedule of Fees and Charges for 2020/2021

		Unit of	VAT	Existing	Proposed	%		2019/20	Proposed
		Charge	Indicator	Charge	Charge	Increase		Budget	Additional
				£	£			£	Yield
									£
<b>Register of Electors</b>									
<b>These are Statutory Charges</b>									
Electronic Data	Per 1,000 names or part thereof on each register	OO		20.00	<b>20.00</b>	0.0%		} 2,000	0
		OO		1.50	<b>1.50</b>	0.0%			
Paper Data	Per 1,000 names or part thereof on each register	OO		10.00	<b>10.00</b>	0.0%			
		OO		5.00	<b>5.00</b>	0.0%			
							(A flat rate fee is charged plus a charge per 1,000 names on each register.)		
Vat Indicator: OS = Standard OE = Exempt OZ = Zero Rated OO = Outside Scope									



**Policy & Governance**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	£
<b>Democratic Representation</b>							
<u>Annual Charges for supply of Committee Agendas</u>							
Meetings of Full Council	Per Annum	OZ	45.00	<b>45.90</b>	2.0%	230	5
Area Planning Committees (All)	Per Annum	OZ	105.00	<b>107.10</b>	2.0%		
Individual Area Planning Committee	Per Annum	OZ	35.00	<b>35.70</b>	2.0%		
Executive	Per Annum	OZ	70.00	<b>71.40</b>	2.0%		
Others	Per Annum	OZ	35.00	<b>35.70</b>	2.0%		
<u>Other Charges</u>							
Photocopying (A4/A3) (Print Room Or	Per Copy	OS	0.20	<b>0.30</b>	50.0%	230	5
Copies of Committee Documents (including webcasts on DVD)	Per Copy	OS	10.00	<b>10.20</b>	2.0%		
<b>Land Charges</b>							
LLC1 Official Search	Per Search	OO	43.00	<b>43.00</b>	0.0%	404,650	0
LLC1 additional parcel of land	Per Parcel	OO	5.00	<b>5.00</b>	0.0%		
Con29 (inc SCC)	Per Search	OS	245.00	<b>245.00</b>	0.0%		
Full Land Charges Search (inc. SCC)	Per Search	OS	288.00	<b>288.00</b>	0.0%		
Printed Part II							
- Enquiries Con290 listed	per Enquiry	OS	18.00	<b>18.00</b>	0.0%		
- Each additional enquiry with Con 29	per Enquiry	OS	27.60	<b>27.60</b>	0.0%		
- Each Additional Enquiry	per Enquiry	OO	23.00	<b>23.00</b>	0.0%		
Search single part of Register	per Enquiry	OO	4.00	<b>4.00</b>	0.0%		
Con 29	per Question	OS	3.00	<b>3.00</b>	0.0%		
Search and Photocopying Legal Agreements, Searches etc.	Minimum Charge based upon 15-minute unit	OS	15.00	<b>15.00</b>	0.0%		
Search and Photocopying A1 Plans/ Dyeline Copies	Per Copy	OS	15.00	<b>15.00</b>	0.0%		

**Councils are not allowed to make a surplus on their Land Charges service.**

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Policy & Governance**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase		2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Legal Expenses</b>								
Freedom of Information/ Environmental Information Regulations	Per Enquiry	OO	By Arrangement	By Arrangement		}		
Proof of Life Certificates		OO	38.00	<b>38.80</b>	2.1%			0
Vat Indicator: OS = Standard OE = Exempt OZ = Zero Rated OO = Outside Scope								

**Policy and Governance**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase		2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Corporate Management</b>								
Sale of Annual Financial Report	Per Copy	OZ	11.00	<b>11.30</b>	2.7%	}	0	0
Sale of Annual Budget	Per Copy	OZ	11.00	<b>11.30</b>	2.7%			

Vat Indicator: OS = Standard  
 OE = Exempt  
 OZ = Zero Rated  
 OO = Outside Scope

**Planning Service**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £
<b>Development Control</b>							
Planning Application Fees	Various	OO	Various	Various	0.0%		
<b>Statutory Fees set by government - Waverley has no discretion to change</b>							
Supply of Weekly Lists of Planning Applications	Per Annum	OZ	220.00	<b>224.40</b>	2.0%		
<u>Search and Photocopying</u>							
Copies of documents (general)	First page £1.00	OS	1.00	<b>1.10</b>	10.0% }		
			<b>45p/sheet thereafter</b>		}		
					}		
Decision notices and other standard documents		OO	20.00	<b>20.40</b>	2.0% }		
A0			26.00	<b>26.60</b>	2.3% }		
A1 Plans / Dyeline Copies	Per Copy	OS	22.00	<b>22.50</b>	2.3% }		
A2			15.00	<b>15.30</b>	2.0% }		
A3			11.00	<b>11.30</b>	2.7% }		
A4			8.00	<b>8.20</b>	2.5% }		
High Hedges	Per Property (Minimum Charge)	OO	500.00	<b>510.00</b>	2.0%		
<b>Pre-Application Charges</b> <i>(charges shown inclusive of VAT)</i>							
Planning Surgeries -Householder		OS	62.00	<b>63.30</b>	2.1%		
A pre-application planning income stretch target has been included in the General Fund Budget. A review of how the charging structure to achieve this target will be undertaken in advance of 1st April 2020.							40,000
-Householder		OS	98.00	<b>100.00</b>	2.0%		
-One dwelling & other development		OS	205.00	<b>209.10</b>	2.0%		
-2-5 dwellings		OS	512.00	<b>522.30</b>	2.0%		
-6-10 dwellings		OS	922.00	<b>940.50</b>	2.0%		
-10-25 dwellings		OS	2,560.00	<b>2,611.20</b>	2.0%		
-26+ dwellings		OS	5,120.00	<b>5,222.40</b>	2.0%	1,714,480	4,529
100-500 dwellings		OS	7,680.00	<b>7,833.60</b>	2.0%		
500+ dwellings		OS	10,240.00	<b>10,444.80</b>	2.0%		
Commercial Floor space							
≤150m2		OS	205.00	<b>209.10</b>	2.0%		
- 150m2 - 500m2		OS	512.00	<b>522.30</b>	2.0%		
- 501m2 - 1,000m2		OS	2,560.00	<b>2,611.20</b>	2.0%		
- 1,000+ m2		OS	3,584.00	<b>3,655.70</b>	2.0%		
Other development: Change of Use non-commercial, equine, commercial		OS	205.00	<b>209.10</b>	2.0%		
Amended pre-application				<b>50% original charge</b>			
Development Control Consultative Forum		OS	5,000.00	<b>5,100.00</b>	2.0%		
Research Fee		OS	110.00	<b>112.20</b>	2.0%		
Validation Checks		OS	55.00	<b>56.10</b>	2.0%		
Listed Building & Conservation Area Advice							
- Up to 30 min site visit and short note or written advice		OS	0.00	<b>50.00</b>			
- Up to 45 min site visit and short note or written advice		OS	0.00	<b>100.00</b>			
- Up to an hour site visit and formal written advice		OS	0.00	<b>250.00</b>			
- Up to 1hr30 mins site visit and formal written advice		OS	0.00	<b>500.00</b>			
Tree Advice		OS	50.00	<b>51.00</b>	2.0%		
Charging for meetings as part of application		OS	100.00	<b>102.00</b>	2.0%		

**Planning Service**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £		
<b>Other Planning Services</b>									
2002 Local Plan document (no maps)	Per Copy	OZ	20.00	<b>20.40</b>	2.0%	}	}		
Local Plan Part 1 (February 2018) (including maps)	Per Copy	OZ	50.00	<b>51.00</b>	2.0%				
(Maps only)	Per Copy	OZ	28.00	<b>28.60</b>	2.1%				
Self Build and Custom Housebuilding Register									
- Entry to the Register	Per applicator	OS	30.00	<b>30.60</b>	2.0%				
- Fee to remain on Register (applies from 31st October 2018)	Per Annum	OS	15.00	<b>15.30</b>	2.0%				
<b>House Name Changes, Street Naming and Numbering</b>									
<u>Property name additions/amendments</u>									
Rename a road			308.00	<b>314.20</b>	2.0%	}	}		
Rename a property			103.00	<b>105.10</b>	2.0%				
<u>Numbering of new properties</u>									
Plots									
First plot of any new development		OO	205.00	<b>209.10</b>	2.0%				
Additional plots 2 to 20		OO	41.00	<b>41.90</b>	2.2%				
Additional plots 21 and above		OO	31.00	<b>31.70</b>	2.3%				
Vat Indicator:								40,000	840
OS = Standard									
OE = Exempt									
OZ = Zero Rated									
OO = Outside Scope									

**Planning Service**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £
<b>Building Control</b>							
Building Control Fees	Various	OS	Locally determined fees in accordance with LGA Building Regulations Scheme. Local authorities are not allowed to generate a surplus.				
<u>Search and Photocopying</u> Enquiries (Building Control)	Minimum Charge	OS	41.00	<b>41.90</b>	2.2%	606,155	13,335
Copy Building Control certificate		OO	11.00	<b>11.30</b>	2.7%		

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Finance & Property**  
**Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Property and Development Services</b>								
<b>Surveyor's Fees</b>								
Request from owners/occupiers to purchase additional land	Per Request	OS	520.00	<b>530.40</b>	2.0%	}		
						}		
Request from owners/occupiers for the grant of a permanent easement	Per Request	OS	520.00	<b>530.40</b>	2.0%	Collected in advance		
						}		
Request for access/drainage rights	Per Request	OS	520.00	<b>530.40</b>	2.0%	}		
Request for assignment of leases (where lease allows)	Per Request					Minimum charge		
Residential Premises		OS	260.00	<b>265.20</b>	2.0%	Minimum charge		
Commercial Tenancies		OS	620.00	<b>632.40</b>	2.0%	Minimum charge		
Request for landlord's consent for change of use/sub-letting/alterations etc. (where lease allows)	Per Request					Minimum charge		
Residential Premises		OS	260.00	<b>265.20</b>	2.0%	Minimum charge	5,000	100
Commercial Tenancies		OS	620.00	<b>632.40</b>	2.0%	Minimum charge		
Grant of licence to use land or accessway	Per Request	OS	260.00	<b>265.20</b>	2.0%	}		
						}		
						Collected in advance		
Request for a tenant's reference	Per Request	OS	155.00	<b>158.10</b>	2.0%	}		
Discharge of a covenant	Per Request	OS	465.00	<b>474.30</b>	2.0%			
Request for Wayleave	Per Request	OS	310.00	<b>316.20</b>	2.0%			
Grant/renewal of lease (where appropriate)	Per Request							
Commercial		OS	520.00	<b>530.40</b>	2.0%	Minimum charge		
Sports Clubs/Community Groups etc		OS	260.00	<b>265.20</b>	2.0%			

Vat Indicator: OS = Standard  
 OE = Exempt  
 OZ = Zero Rated  
 OO = Outside Scope

**Finance**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Cost of Collection</b>								
<b>Summons Costs</b>								
Council Tax	Per Summons							
on issue of summons		OO	105.00	<b>107.10</b>	2.0%	The fees are determined after consultation with the	130,000	2,600
on granting of liability order (further charge)		OO	3.00	<b>3.10</b>	3.3%			
Business Rates	Per Summons					The Surrey Magistrates' Courts Committee.		
on issue of summons		OO	130.00	<b>132.60</b>	2.0%		13,000	260
on granting of liability order (further charge)		OO	3.00	<b>3.10</b>	3.3%			
Vat Indicator: OS = Standard OE = Exempt OZ = Zero Rated OO = Outside Scope								



**Community Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
							<b>138,140</b>	<b>2,763</b>
<b>Event and Filming Administration Fees</b>								
<b>Administration Fees</b>								
All events and filming request will be subject to an administration charge to cover the costs of event admin, checking of documentation and any site visits required								
Local Community / Charity / School	Per Event	OS	53.00	<b>54.10</b>	2.1%			
Commercial Event / Filming Admin	Per Event	OS	105.00	<b>107.10</b>	2.0%			
Town & parish Council fee per annum for organising events on WBC land to cover admin required	Per Annum	OS	105.00	<b>107.10</b>	2.0%			
<b>Events</b>								
Fairs - Operational day	Day	OE	627.00	<b>639.60</b>	2.0%	} plus 500 refundable deposit		
Fairs - Setting up / down	Day	OE	300.00	<b>306.00</b>	2.0%			
Small Fetes / Village Shows	Day	OE	105.00	<b>107.10</b>	2.0%	} plus 200 refundable deposit		
Large Fetes / Village Shows	Day	OE	157.00	<b>160.20</b>	2.0%			
Car Boot Sales	Day	OE	209.00	<b>213.20</b>	2.0%	} plus 500 refundable deposit		
Caravan Rallies - Per Unit	Night	OS	9.00	<b>9.20</b>	2.2%			
Tilford Camp Site - Per Head	Night	OS	6.00	<b>6.20</b>	3.3%			
Grazing Rights								
By Negotiation By Negotiation								
Frensham Common	Parking	Car /Day	4.00	<b>4.10</b>	2.5%	} plus 500 refundable deposit		
		Coach / Day	16.00	<b>16.40</b>	2.5%			
		Motor Homes / Day	8.00	<b>8.20</b>	2.5%			
		Horse box / Day	12.00	<b>12.30</b>	2.5%			
Balloon launches		per launch	80.00	<b>81.60</b>	2.0%	} Exclusive right per site		
		Annual fee	1,045.00	<b>1,065.90</b>	2.0%			
Allotments	5 rod plot	per plot	63.00	<b>64.30</b>	2.1%			
	10 rod plot	per plot	125.00	<b>127.50</b>	2.0%			
Forest Schools	Session	OE	40.00	<b>40.80</b>	2.0%			
Professional Dog Walking		Session	16.00	<b>16.40</b>	2.5%	} 1 person with 4 dogs on WBC sites		
		Annual licence	157.00	<b>160.20</b>	2.0%			
Bonfires	Event	OE	107.00	<b>109.20</b>	2.1%	} plus 500 refundable deposit		
Ice Cream Vans	6 months	one off's	1,619.00	<b>1,651.40</b>	2.0%	} plus 500 refundable deposit		
		one off's	53.00	<b>54.10</b>	2.1%			
Mobile Catering	per month	OE	550.00	<b>561.00</b>	2.0%	} plus 500 refundable deposit		
Bouncy Castle (use of land)	Session	OE	55.00	<b>56.10</b>	2.0%			
Blessings (eg Frensham Pond)	Event	OS	53.00	<b>54.10</b>	2.1%			
Wedding Events on Open Spaces		OS	200.00	<b>204.00</b>	2.0%	} plus 200 refundable deposit		
Farnham Castle use of Farnham park for extra parking for castle events		OS	1,045.00	<b>1,065.90</b>	2.0%	annual fee		
Officer call outs for site visits / meetings / utility meetings	Hour	OE	115.00	<b>117.30</b>	2.0%			
<b>Still Photography</b>								
Advertising	Per Day	OS	By Negotiation	By Negotiation		}		
	(or part thereof)	OS	By Negotiation	By Negotiation		}		
Books or Magazines		OS	By Negotiation	By Negotiation		}		

**Community Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Filming</b>								
Feature film or Advertising film	Per Day	OS	By Negotiation	<b>By Negotiation</b>				
Set up and clear up days	(or part thereof)	OS	By Negotiation	<b>By Negotiation</b>				
Television Drama or Comedy		OS	By Negotiation	<b>By Negotiation</b>				
Small scale filming		OS	By Negotiation	<b>By Negotiation</b>				
Individual Educational/Student requests		OS	Free	<b>Free</b>				
University of creative arts - student filming requests	Annual fee	OS	1,024.00	<b>1,044.50</b>	2.0%			
<b>Music</b>								
Recording or video	Per Day (or part thereof)	OS	By Negotiation	<b>By Negotiation</b>				
<b>Recreational Open Space</b>								
<b>Football</b>								
<b>With Pavilion</b>								
Full size pitch over 18's, 11v11	Match	OS	90.00	<b>91.80</b>	2.0%			
Full size pitch U13 - U18's, 11v11	Match	OS	55.00	<b>56.10</b>	2.0%			
Junior pitch U11-U12's, 9v9	Match	OS	41.00	<b>41.90</b>	0.0%			
Colleges/Businesses Seniors	Match	OS	99.00	<b>101.00</b>	2.0%			
<b>Without Pavilion</b>								
Full size pitch over 18's, 11v11	Match	OS	80.00	<b>81.60</b>	2.0%			
Full size pitch U13 - U18's, 11v11	Match	OS	47.50	<b>48.50</b>	2.1%			
Junior pitch U11-U12's, 9v9	Match	OS	35.00	<b>35.70</b>	2.0%			
Mini pitch U7-U10, 5v5 ad 7v7	Match	OS	32.00	<b>32.70</b>	2.2%			
Colleges/Businesses Seniors	Match	OS	87.00	<b>88.80</b>	2.1%			
<b>Rugby</b>								
Seniors	Match	OS	90.00	<b>91.80</b>	2.0%			
Mini Rugby	Match	OS	45.00	<b>45.90</b>	2.0%			
Junior (u18)	Match	OS	53.00	<b>54.10</b>	2.1%			
Colleges/Businesses Seniors	Match	OS	99.00	<b>101.00</b>	2.0%			
<b>Training</b>								
Football - no pitch use	Session	OS	26.00	<b>26.60</b>	2.3%			
Rugby - no pitch use	Session	OS	28.00	<b>28.60</b>	2.1%			
Football - pitch use	Session	OS	72.00	<b>73.50</b>	2.1%			
Rugby - pitch use	Session	OS	84.00	<b>85.70</b>	2.0%			
<b>Cricket - with pavilion</b>								
Seniors	Match	OS	100.00	<b>102.00</b>	2.0%			
Seniors (artificial wicket)	Match	OS	81.00	<b>82.70</b>	2.1%			
Colts	Match	OS	41.00	<b>41.90</b>	2.2%			
Colts (artificial wicket)	Match	OS	36.00	<b>36.80</b>	2.2%			
Colleges/Businesses Seniors	Match	OS	105.00	<b>107.10</b>	2.0%			
<b>Cricket - without pavilion</b>								
Seniors	Match	OS	85.00	<b>86.70</b>	2.0%			
Seniors (artificial wicket)	Match	OS	70.00	<b>71.40</b>	2.0%			
Colts	Match	OS	37.00	<b>37.80</b>	2.2%			
Colts (artificial wicket)	Match	OS	32.00	<b>32.70</b>	2.2%			
Colleges/Businesses Seniors	Match	OS	95.00	<b>96.90</b>	2.0%			
Broadwater Changing rooms	Match	OS	19.00	<b>19.40</b>	2.1%	eg FCC cricket matches		
Note: VAT is not chargeable on certain block/seasonal bookings of sports facilities.								
<b>Tennis</b>								
Seniors Per Court	Hour	OS	9.00	<b>9.20</b>	2.2%			
Juniors Per Court (Up to 6pm Monday to Friday)	Hour	OS	7.00	<b>7.20</b>	2.9%			
Colleges/Businesses Seniors	Hour	OS	10.00	<b>10.20</b>	2.0%			

**Community Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Bowls Club</b>								
Per Green	Year	OE	7,800.00	<b>7,956.00</b>	2.0%			
<b>Athletics</b>								
Athletics at Woolmer Hill Sports Ground, Haslemere	Year	OE	780.00	<b>795.60</b>	2.0%	Artificial track provided and maintained by Athletics Club		
<b>Outdoor Keep Fit Groups</b>								
One off use	Session	OS	15.00	<b>15.30</b>	2.0%			
Once a week, 1-2-1 tuition	Annual Charge	OS	78.00	<b>79.60</b>	2.1%			
Multiple sessions each week, 1-2-1 tuition	Annual Charge	OS	156.00	<b>159.20</b>	2.1%			
Once a week, group tuition	Annual Charge	OS	156.00	<b>159.20</b>	2.1%			
Multiple sessions each week, group tuition	Annual Charge	OS	312.00	<b>318.30</b>	2.0%			
Outdoor Fitness Camp Note: Reinstatement fees may be charges if damaged is caused by training on the sports pitches.	Per Incident		Dependent on amount of litter/ damage	<b>Dependent on amount of litter/ damage</b>				
Littering/Vandalism Charge Should sports clubs/trainers etc litter of damage our facilities, they may be liable for costs associated with rectifying issues	Per Incident		Dependent on amount of litter/ damage	<b>Dependent on amount of litter/ damage</b>				

**Community Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	Explanatory Notes	2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Sunvale Cemetery, Haslemere</b>								
<b>Interment Fees - Earth Grave</b>								
First Burial in Grave Space - 8ft	)	OO	860.00	<b>877.20</b>	2.0%			
Subsequent Burials	)	OO	760.00	<b>775.20</b>	2.0%			
Child - 0-16 years	) per Grave	OO	No Charge	<b>No Charge</b>				
Ashes	)	OO	380.00	<b>387.60</b>	2.0%			
Ashes - Child 0-16 years	)	OO	No Charge	<b>No Charge</b>				
Non-Residents of the Parish	)	OO	Fees + 100%	Fees + 100%				
<b>Exclusive Right of Burial</b>								
<b>Purchase of Grave Space</b>								
Earth Grave	)	OO	1,580.00	<b>1,611.60</b>	2.0%			
Earth Grave - child 0-16 years	)	OO	540.00	<b>550.80</b>	2.0%		12,000	240
Cremation Section	)	OO	540.00	<b>550.80</b>	2.0%			
Non-Residents of the Parish	)	OO	Fees + 100%	Fees + 100%				
Transfer of exclusive grant of right of burial	)	OO	63.00	<b>64.30</b>	2.1%			
<b>Memorial Rights</b>								
(Grave Space must be purchased)								
Head Stone (maximum height 5')	)	OO	157.00	<b>160.20</b>	2.0%			
Kerb Stone (maximum 7'x 3'6")	)	OO	213.00	<b>217.30</b>	2.0%			
cross or other monument not over 2' high x 1'6"	)							
Added Inscription after first	)	OO	107.00	<b>109.20</b>	2.1%			
Non-Residents of the Parish	)	OO	Fees + 100%	Fees + 100%				
<b>Administration</b>								
Discretionary Fee	)	OO	63.00	<b>64.30</b>	2.1%			

Vat Indicator: OS = Standard  
 OE = Exempt  
 OZ = Zero Rated  
 OO = Outside Scope

**Community Services  
Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield	
			£	£		£	£	
<b>Borough Hall, Godalming</b>						<b>104,000</b>	<b>2,392</b>	
<b>Casual Use</b>								
<b>Main Hall</b>								
Monday - Friday	8am - 6pm	Per Hour	OE 39.00	<b>39.80</b>	2.1%			
Monday - Thursday	6pm - Midnight	Per Hour	OE 45.00	<b>45.90</b>	2.0%			
Friday - Sunday	6pm - 11pm	Per Hour	OE 55.00	<b>56.10</b>	2.0%			
<b>Childrens Parties</b>								
Saturday and Sunday	9am - 5:30pm	Per Hour	OE 36.00	<b>36.80</b>	2.2%			
<b>Court Room</b>								
Monday - Friday	8am - 6pm	Per Hour	OE 29.00	<b>29.60</b>	2.1%			
Monday - Thursday	6pm - Midnight	Per Hour	OE 35.00	<b>35.70</b>	2.0%			
Friday - Sunday	6pm - 11pm	Per Hour	40.00	<b>40.80</b>	2.0%			
<b>Borough Hall Complex</b>								
Friday - Sunday	6pm - 11pm	Per Hour	OE 59.00	<b>60.20</b>	2.0%			
<b>Extra Staff Member</b> (Tiered seating, bar staff, support)								
	9am - 6pm	Per Hour	OE 15.00	<b>15.30</b>	2.0%			
	6pm - midnight	Per Hour	OE 15.00	<b>15.30</b>	2.0%			
	Midnight - 2am	Per Hour	OE 25.00	<b>25.50</b>	2.0%			
<b>Other</b>								
Kitchen	Daily Charge		69.00	<b>70.40</b>	2.0%			
Tiered seating	Daily Charge		75.00	<b>76.50</b>	2.0%			
Linen Laundry	Per Cloth		8.00	<b>8.20</b>	2.5%			
Water Urn	Daily Charge		10.00	<b>10.20</b>	2.0%			
Stage PA System	Daily Charge		20.00	<b>20.40</b>	2.0%			
Corkage	Per Bottle		4.00	<b>4.10</b>	2.5%			
Charitable and Non profit making organisations/ Waverley BC staff			20% discount applied					

**Community Services  
Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	£
<b>Regular Use</b>							
<b>Main Hall</b>							
Monday - Friday	8am - 6pm	Per Hour	OE	18.00	<b>18.40</b>	2.2%	
Monday - Thursday	6pm - Midnight	Per Hour	OE	25.00	<b>25.50</b>	2.0%	
Friday - Sunday	6pm - 11pm	Per Hour	OE	35.00	<b>35.70</b>	2.0%	
<b>Court Room/Bar</b>							
Monday - Friday	8am - 6pm	Per Hour	OE	13.00	<b>13.30</b>	2.3%	
Monday - Thursday	6pm - Midnight	Per Hour	OE	18.00	<b>18.40</b>	2.2%	
Friday - Sunday	6pm - 11pm	Per Hour	OE	25.00	<b>25.50</b>	2.0%	

The court room, when used as a bar for social functions, will be closed at 11pm and cleared by 11.30pm.

The above schedule excludes the Cinema which is shown below.

Nursery School: to be agreed.

Cancellation of a Casual Booking will incur a loss of the deposit paid. Cancellation of a booking within 28 days of the booked date will incur total cost of the booking to be levied.

A cash deposit of £1,000 will be secured on any public function and an insurance indemnity of £2,000,000 required. An insurance indemnity certificate of £1,000,000 is required on all bookings.

A negotiation of rates chargeable can be made in circumstances beneficial to the Council and the client especially on regular use.

Bar facilities from 7pm - 11pm are part of the bookings for our clients if required.

Clients are not allowed to operate their own bar unless special permission and conditions apply

The premises must be cleared by the client and their guests by midnight.

Catering for large social functions will not be allowed to be carried out by the client unless special permission and conditions apply.

The Borough Hall complex is a non-smoking area.

Regular Hirers will be charged for all pre-confirmed dates within the financial year, any cancellations by the Hirer will not be refunded.

In the event of adverse weather, the Borough Hall Management reserves the right to cancel bookings at short notice

Regular Bookings cancelled by Management will be refunded at the end of the financial year

**Cinema**

Adult	OS	7.50	<b>7.50</b>	0.0%
Senior	OS	6.50	<b>6.50</b>	0.0%
Child	OS	3.50	<b>3.50</b>	0.0%
Student	OS	6.50	<b>6.50</b>	0.0%
Group (10 or more)	OS	6.00	<b>6.00</b>	0.0%

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Community Services  
Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	£
<b>Memorial Hall</b>						150,690	3,014
<b>Casual Use</b>							
<b>Main Hall - Miles Rafe Room</b>							
Weekday	Per Hour	OE	25.00	<b>25.50</b>	2.0%		
Weekend	Per Hour	OE	40.00	<b>40.80</b>	2.0%		
All day hire	Per Day	OE	1,000.00	<b>1,020.00</b>	2.0%		
Exclusive Use	Per Hour		90.00	<b>91.80</b>	2.0%		
<b>Wallace Room</b>							
Weekday	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
Weekend	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
<b>Ayres Room</b>							
Weekday	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
Weekend	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
<b>Combined Wallace &amp; Ayres Rooms</b>							
Weekday	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
Weekend	Per Hour	OE	30.00	<b>30.60</b>	2.0%		
<b>Hawkins Room</b>							
Weekday	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
Weekend	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
<b>Mansey</b>							
Weekday	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
Weekend	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
<b>Regular Use</b>							
<b>Main Hall - Miles Rafe Room</b>							
Weekday	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
Weekend	Per Hour	OE	40.00	<b>40.80</b>	2.0%		
All day hire	Per Day	OE	1,000.00	<b>1,020.00</b>	2.0%		
Exclusive Use	Per Hour		90.00	<b>91.80</b>	2.0%		
<b>Wallace Room</b>							
Weekday	Per Hour	OE	10.00	<b>10.20</b>	2.0%		
Weekend	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
<b>Ayres Room</b>							
Weekday	Per Hour	OE	10.00	<b>10.20</b>	2.0%		
Weekend	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
<b>Combined Wallace &amp; Ayres Rooms</b>							
Weekday	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
Weekend	Per Hour	OE	20.00	<b>20.40</b>	2.0%		
<b>Hawkins Room</b>							
Weekday	Per Hour	OE	10.00	<b>10.20</b>	2.0%		
Weekend	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
<b>Mansey</b>							
Weekday	Per Hour	OE	10.00	<b>10.20</b>	2.0%		
Weekend	Per Hour	OE	15.00	<b>15.30</b>	2.0%		
<b>Performing Rights Tariff</b>							
		OE		3% of hire charge			not required if hirer can sufficient provide their own PRS certificate

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Community Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Charge	% Increase		2019/20 Budget	Proposed Additional Yield
			£	£			£	£
<b>Careline</b>								
- Careline Customers: (excluding VAT)	Per Month	OS	19.07	<b>19.50</b>	2.3% } Additional fee of £2 per additional invoice generated for new customers not paying by Direct Debit		466,746	10,614
- Housing Associations	Contracts and pricing individually agreed							

Vat Indicator: OS = Standard  
 OE = Exempt  
 OZ = Zero Rated  
 OO = Outside Scope



**Environment Services**  
**Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £
<b>Waste Recycling</b>							
<b>Green Waste Collection</b>							
Standard Charge:							
	1 bin	per Annum	OO	65.00	0.0%	906,000	0
	Purchase of bin *	per Item	OO	20.00	25.0%		
				<b>25.00</b>			
Black 140 litre refuse bin	Purchase of bin	per Item	OO	20.00	25.0%		
Black 240 litre refuse bin	Purchase of bin	per Item	OO	25.00	0.0%		

\* This charge recovers the cost of purchasing and delivering the bin.

Vat Indicator:

OS = Standard  
 OE = Exempt  
 OZ = Zero Rated  
 OO = Outside Scope

**Environment Services**  
**Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £
<b>Environmental Health</b>							
<b>Food</b>							
Surrender Certificates for Unfit Food		OS	180.00	<b>185.00</b>	2.8%	3,000	60
Export Certificates for Food		OS	180.00	<b>185.00</b>	2.8%		
Statement of Fact		OS	180.00	<b>185.00</b>	2.8%		
Premises Endorsement For Export				<b>100.00</b>			
Re-visits for Food Hygiene Rating			200.00	<b>200.00</b>	0.0%		
Food Hygiene Training Course			75.00	<b>75.00</b>	0.0%		
<b>Private Water Supply</b>							
Risk Assessments	Per Request + Per Hour	OS	169.00 59.00	<b>175.00</b> <b>60.00</b>	3.6% 1.7%	1,000	47
Sampling	Per Request	OS	62.00 53.00	<b>65.00</b> <b>55.00</b>	4.8% 3.8%		
Investigations	Per Hour	OS	62.00	<b>65.00</b>	4.8%		
Authorisations	Per Request + Per Hour	OS	103.00 53.00	<b>105.00</b> <b>55.00</b>	1.9% 3.8%		
Analysis	Per Request	OS	22.00 + laboratory fees	<b>25.00</b>	13.6%		

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Environment Services**  
**Schedule of Fees and Charges 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge £	Proposed Charge £	% Increase	2019/20 Budget £	Proposed Additional Yield £		
<b>Animal Control</b>									
Stray Dogs	Per Occasion	OO	25.00	<b>25.00</b>	0.0%	1,500	0		
<u>Rats and Mice</u>									
Domestic #	Per Treatment	OS	75.00	<b>80.00</b>	6.7%	}	}		
Domestic - Call out		OS	40.00	<b>45.00</b>	12.5%				
Reduced Charge *		OS	40.00	<b>45.00</b>	12.5%				
Reduced Charge Call out *		OS	20.00	<b>25.00</b>	25.0%				
Commercial	Per Hour	OS	75.00	<b>80.00</b>	6.7%				
Commercial - Call out		OS	40.00	<b>45.00</b>	12.5%				
<u>Wasps</u>									
Domestic	Per Visit	OS	65.00	<b>70.00</b>	7.7%				
Domestic - Call out		OS	35.00	<b>40.00</b>	14.3%				
Reduced Charge *	Per Visit	OS	35.00	<b>40.00</b>	14.3%				
Reduced Charge Call out *		OS	20.00	<b>25.00</b>	25.0%				
Commercial	Per Hour	OS	65.00	<b>80.00</b>	23.1%				
Commercial - Call out		OS	35.00	<b>45.00</b>	28.6%				
<u>Casual Treatments / Other Insects</u> (Including Fleas)									
Fleas	Per Visit	OS	80.00	<b>85.00</b>	6.3%				
Reduced charge*	Per Visit	OS	40.00	<b>45.00</b>	12.5%				
Bed Bugs	Per Visit	OS	80.00	<b>85.00</b>	6.3%				
Reduced charge*	Per Visit	OS	40.00	<b>45.00</b>	12.5%				
Cockroaches	Per Visit	OS	80.00	<b>85.00</b>	6.3%				
Reduced charge*	Per Visit	OS	40.00	<b>45.00</b>	12.5%				
Cluster Flies	Per Visit	OS	110.00	<b>115.00</b>	4.5%				
Reduced charge*	Per Visit	OS	60.00	<b>65.00</b>	8.3%				
Carpet Moths	Per Visit	OS	110.00	<b>115.00</b>	4.5%				
Reduced charge*	Per Visit	OS	60.00	<b>65.00</b>	8.3%				
Advice visits or callout charge for missed appointments	Per Visit	OS	40.00	<b>45.00</b>	12.5%				
Pharoah's Ants	Per Visit	OS	Price subject to survey	<b>Price subject to survey</b>					
						36,500	4,490		

The reduced charge will apply to those who can demonstrate to be in receipt of Income Support, Housing Benefit, Council Tax Relief (other than sole occupancy relief) or Disability Working Allowance or Disability Living Allowance.

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Environment**

**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	
<b>Licences</b>							
<b>Animal Welfare</b>							
Boarding for Cats and Dogs - Kennels							
	Part A (Application and Renewal Fee)		384.00	<b>384.00</b>	0.0%		
	Part B (Grant Fee)		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>684.00</u>	<u>684.00</u>	0.0%		
Boarding for Dogs - Home Boarding							
	Part A		334.00	<b>334.00</b>	0.0%		
	Part B		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>634.00</u>	<u>634.00</u>	0.0%		
Boarding for Dogs - Day Care							
	Part A		384.00	<b>384.00</b>	0.0%		
	Part B		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>684.00</u>	<u>684.00</u>	0.0%		
Breeding Dogs(excl vet fee)							
	Part A		334.00	<b>334.00</b>	0.0%		
	Part B		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>634.00</u>	<u>634.00</u>	0.0%		
Hiring Horses (excl vet fee)							
1 - 8 horses	Part A		384.00	<b>384.00</b>	0.0%		
	Part B		325.00	<b>325.00</b>	0.0%		
	<b>Total Fee</b>		<u>709.00</u>	<u>709.00</u>	0.0%		
9 - 15 horses	Part A		459.00	<b>459.00</b>	0.0%		
	Part B		325.00	<b>325.00</b>	0.0%		
	<b>Total Fee</b>		<u>784.00</u>	<u>784.00</u>	0.0%		
Over 15 horses	Part A		534.00	<b>534.00</b>	0.0%		
	Part B		325.00	<b>325.00</b>	0.0%		
	<b>Total Fee</b>		<u>859.00</u>	<u>859.00</u>	0.0%		
Selling Animals as Pets							
	Part A		334.00	<b>334.00</b>	0.0%		
	Part B		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>634.00</u>	<u>634.00</u>	0.0%		
Exhibition of Animals							
	Part A		334.00	<b>334.00</b>	0.0%		
	Part B		300.00	<b>300.00</b>	0.0%		
	<b>Total Fee</b>		<u>634.00</u>	<u>634.00</u>	0.0%		
For each additional activity (to the main activity) the fee is half the standard application and grant fee.							
	Each additional inspection/visit		150.00	<b>150.00</b>	0.0%		
	Each advisory visit		150.00	<b>150.00</b>	0.0%		
	Variation to the licence (inclusive of one visit)		200.00	<b>200.00</b>	0.0%		
	Re-evaluation of rating (inclusive of one visit)		200.00	<b>200.00</b>	0.0%		
	Variations to reduce licensable activities/numbers of animals		75.00	<b>75.00</b>	0.0%	140,000	1,400
	Transfer due to death of licensee		75.00	<b>75.00</b>	0.0%		*

**Environment**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	
<b>Other</b>							
Cosmetic Piercing, Electrolysis, Acupuncture	per premise	OO	200.00	<b>210.00</b>	5.0%		
Cosmetic Piercing, Electrolysis, Acupuncture	per person	OO	200.00	<b>210.00</b>	5.0%		
	combined fee for premises and personal licence	OO	290.00	<b>300.00</b>	3.4%		
Cosmetic Piercing, Electrolysis, Acupuncture	per premise	OO	220.00	<b>230.00</b>	4.5%		
Tattooing	per person	OO	220.00	<b>230.00</b>	4.5%		
	combined fee for premises and personal licence	OO	310.00	<b>320.00</b>	3.2%		
Semi-permanent skin colouring	per premises	OO	220.00	<b>230.00</b>	4.5%		
Semi-permanent skin colouring	per person	OO	220.00	<b>230.00</b>	4.5%		
	combined fee for premises and personal licence	OO	310.00	<b>320.00</b>	3.2%		
Street Trading							
a) Sole Trader	Annual	OO	290.00	<b>296.00</b>	2.1%		
b) Schedule 2 event - up to 50 traders	Annual	OO	300.00	<b>306.00</b>	2.0%		
c) Schedule 2 event - 51 or more traders	Annual	OO	230.00	<b>240.00</b>	4.3%		
d) Schedule 2 event - up to 50 traders	Single Even	OO	140.00	<b>143.00</b>	2.1%		
e) Schedule 2 event - 51 or more traders	Single Even	OO	150.00	<b>160.00</b>	6.7%		

**Environment**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	
Scrap Metal Dealers Licence							
a) Site - new application		OO	470.00	<b>480.00</b>	2.1%		
b) Site - renewal		OO	270.00	<b>275.00</b>	1.9%		
c) Site to collectors - variation		OO	410.00	<b>418.00</b>	2.0%		
d) Collectors - new application		OO	430.00	<b>438.00</b>	1.9%		
e) Collectors - renewal		OO	230.00	<b>235.00</b>	2.2%		
f) Collectors to Site - variation		OO	470.00	<b>480.00</b>	2.1%		
<b>Please Note:</b>							
<b>All of these fees are subject to consideration by the licensing regulatory committee of consultation responses.</b>							
<i>Hackney Carriage - Vehicles (not adapted) *</i>							
- less than 5 years old	Annual	OO	291.00	<b>297.00</b>	2.1%		
- 5 years old and over - first 6 months		OO	291.00	<b>297.00</b>	2.1%		
- 5 years old and over - second 6 months		OO	84.00	<b>85.00</b>	1.2%		
<i>Hackney Carriage - Vehicles (adapted) *</i>							
- under 5 years old	Annual	OO	105.00	<b>110.00</b>	4.8%		
- 5 years old and over - first 6 months		OO	105.00	<b>110.00</b>	4.8%		
- 5 years old and over - second 6 months		OO	84.00	<b>85.00</b>	1.2%		
<i>Missed Appointments (Vehicle Test)</i>	Per Test	OO	72.00	<b>75.00</b>	4.2%		
<i>Re-testing of vehicles following failure</i>	Per Test	OS	72.00	<b>75.00</b>	4.2%		
<i>Private Hire - Operators - renewal (5 vehicles and less)</i>	5 years	OO	125.00	<b>130.00</b>	4.0%		
<i>Private Hire - Operators - renewal (more than 5 vehicles)</i>	5 years	OO	176.00	<b>180.00</b>	2.3%		
<i>Private Hire - New Operators (5 vehicles and less)</i>	5 years	OO	150.00	<b>153.00</b>	2.0%		
<i>Private Hire - New Operators (more than 5 vehicles)</i>	5 years	OO	197.00	<b>200.00</b>	1.5%		
<i>Private Hire - New Operators (5 vehicles and less)</i>	5 years	OO	221.00	<b>225.00</b>	1.8%		
<i>Private Hire -New Operators (more than 5 vehicles)</i>	5 years	OO	268.00	<b>275.00</b>	2.6%		
<i>Private Hire - Vehicles (not adapted) *</i>	Annual						
- under 5 years old	Annual	OO	291.00	<b>297.00</b>	2.1%		
- 5 years and over - first 6 months		OO	288.00	<b>294.00</b>	2.1%		
- 5 years and over - second 6 months		OO	84.00	<b>86.00</b>	2.4%		
<i>Private Hire - Vehicles (adapted) *</i>	Annual					131,510	2,630
- under 5 years old	Annual	OO	105.00	<b>107.00</b>	1.9%		
- 5 years and over - first 6 months		OO	105.00	<b>107.00</b>	1.9%		
- 5 years and over - second 6 months		OO	84.00	<b>86.00</b>	2.4%		
<i>Hackney carriage / private hire - New driver</i>	3 years	OO	269.00	<b>275.00</b>	2.2%		
<i>Hackney carriage / private hire licence renewal</i>	3 years	OO	175.00	<b>179.00</b>	2.3%		
<i>Hackney carriage / private hire - New driver</i>	1 year	OO	111.00	<b>115.00</b>	3.6%		
<i>Hackney carriage / private hire licence renewal</i>	1 year	OO	71.00	<b>73.00</b>	2.8%		

**Environment**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield
			£	£		£	
Private Hire only - New driver	3 years	OO	269.00	<b>275.00</b>	2.2%		
Private Hire only licence renewal	3 years	OO	175.00	<b>179.00</b>	2.3%		
Private Hire only- New driver	1 year	OO	111.00	<b>114.00</b>	2.7%		
Private Hire only licence renewal	1 year	OO	71.00	<b>73.00</b>	2.8%		
Knowledge test	Per Test	OO	72.00	<b>74.00</b>	2.8%		
Resit / non-attendance fee for Knowledge test	Per Test	OO	72.00	<b>74.00</b>	2.8%		
Surrender and replacement of Hackney Carriage / Private Hire Licence		OO	84.00	<b>86.00</b>	2.4%		
Hackney Carriage and Private Hire							
- Replacement plate bracket		OS	10.30	<b>11.00</b>	6.8%		
- New/Replacement plate & window disc		OS	20.50	<b>21.00</b>	2.4%		
- Replacement driver's badge		OO	10.30	<b>11.00</b>	6.8%		
- Change of address		OS	10.30	<b>11.00</b>	6.8%		
Transfer of P/H to H/C (new badge, knowledge test and admin)		OO	92.20	<b>95.00</b>	3.0%		
Gambling Act 2005	Various						
- Includinga lotteries. permits. premises. etc							
							Please see website for individual fees
<b>Licensing Act 2003</b>							
- Personal	New	OO	37.00	<b>38.00</b>	2.7%		
- Premises	Initial/Variation	OO	Various depending on rateable value				
- Premises: Sex Establishment	from -according to RV	OO	4,690.00	<b>4,800.00</b>	2.3%		
- Premises	Annual Fee	OO	Various depending on rateable value				* included above
- Premises	DPS Variations, etc	OO	23.00	<b>23.00</b>	0.0%		
- Temporary Event Notice	Per Event	OO	21.00	<b>21.00</b>	0.0%		
Data Barring Service (previously CRB)	Per Applicant	OO	60.00	<b>62.00</b>	3.3%		

Vat Indicator: OS = Standard  
OE = Exempt  
OZ = Zero Rated  
OO = Outside Scope

**Please Note:**  
All of these fees are subject to consideration by the licensing regulatory committee of consultation responses.

**Housing Services**  
**Schedule of Fees and Charges for 2020/2021**

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase	2019/20 Budget	Proposed Additional Yield		
			£	£		£	£		
<b>General Fund Housing</b>									
<b>Houses in Multiple Occupation (HMO)</b>									
Five yearly - per property (new application)		OO	590.00	<b>640.00</b>	8.5%	4,000	160		
Five yearly - per property (renewal)		OO	520.00	<b>560.00</b>	7.7%				
<b>Caravan Site Licence Fees</b>									
Site Licence Applications		OO							
No. of pitches 1 - 5			479.00	<b>491.55</b>	2.6%				
6 - 24			503.00	<b>517.93</b>	3.0%				
25 - 99			552.00	<b>570.69</b>	3.4%				
Site Licence Variations		OO							
No. of pitches 1 - 5			313.00	<b>313.00</b>	0.0%				
6 - 24			325.00	<b>325.58</b>	0.2%				
25 - 99			350.00	<b>351.96</b>	0.6%				
Licence Transfer All			150.00	<b>151.36</b>	0.9%				
Annual Fee 1 - 5			55.00	<b>60.00</b>	9.1%				
6 - 24			110.00	<b>120.00</b>	9.1%				
25 - 99			220.00	<b>240.00</b>	9.1%				
<b>Property Inspections</b>									
Property Inspections for Immigration/ Foreign Office/Visa Application purposes		OS	160.00	<b>170.00</b>	6.3%				
Officer time for works in default (Subject to Statutory maximum charge of £300 )	Per Hour	OO	60.00	<b>60.00</b>	0.0%				
Officer time for Housing Act enforcement (Subject to Statutory maximum charge of £300 )	Per Hour	OO	60.00	<b>60.00</b>	0.0%				
Vat Indicator: OS = Standard OE = Exempt OZ = Zero Rated OO = Outside Scope									



## Schedule of Reserves and Balances - Actual and Projected

General Fund	31/3/2019	2019/20			2020/21			2021/22			2022/23		
	Balance £'000	In £'000	Out £'000	Balance £'000	In £'000	Out £'000	Balance £'000	In £'000	Out £'000	Balance £'000	In £'000	Out £'000	Balance £'000
<b>Revenue</b>													
<b>General Fund Working Balance</b>	3,693		(493)	3,200			3,200			3,200			3,200
	3,693	0	(493)	3,200	0	0	3,200	0	0	3,200	0	0	3,200
<b>Capital</b>													
<b>Non-Earmarked Capital Reserves</b>													
Revenue Reserve Fund	23	1,101	(1,102)	22	1,050	(1,050)	22	1,000	(1,000)	22	1,000	(1,000)	22
General Fund Capital Receipts	5,023	1,477	(1,040)	5,460	500	(3,050)	2,910	500		3,410	500		3,910
Property Investment Advisory Board	1,012	1,164	?	2,176	260	?	2,436	330	?	2,766	210	?	2,976
	6,058	3,742	(2,142)	7,658	1,810	(4,100)	5,368	1,830	(1,000)	6,198	1,710	(1,000)	6,908
<b>Earmarked Reserves</b>													
Asset Development Reserve	920		(730)	190		(190)	0			0			0
Potential SANG site acquisitions	1,000		?	1,000		(1,000)	0			0			0
Renewals Fund (to replace vehicles and equipment)	13		(4)	9			9			9			9
Placeshaping Reserve - Farnham	258		(100)	158		(158)	0			0			0
Infrastructure Initiatives	100		?	100		?	100			100			100
Climate Change Projects					200		200	?		200	?		200
	2,291	0	(834)	1,457	200	(1,348)	309	0	0	309	0	0	309
<b>General Fund Total</b>	<b>12,042</b>	<b>3,742</b>	<b>(3,469)</b>	<b>12,315</b>	<b>2,010</b>	<b>(5,448)</b>	<b>8,877</b>	<b>1,830</b>	<b>(1,000)</b>	<b>9,707</b>	<b>1,710</b>	<b>(1,000)</b>	<b>10,417</b>

This page is intentionally left blank

## General Fund Capital Bids - 2020/21 - 2024/25

No.	Project	2020/21 Proposed	← Indicative Projects in future years →				Total	← Proposed funding for 2020/21 →						
			2021/22	2022/23	2023/24	2024/25		Revenue Contribution	Revenue Budget	S106	CIL	Trust Funds	External Grants	Capital Receipts
<b>Business Transformation</b>														
1	Replace Proxy Server	25,000					25,000	25,000						
2	IT Infrastructure Upgrades	7,000					7,000	7,000						
3	Provision for IT projects - usage to be agreed at IT Strategy Board	150,000					150,000	150,000						
4	Business Transformation	60,000	20,000				80,000	60,000	130,000					
5	Central Office Maintenance	130,000					130,000							
6	Wey Centre Re-roofing	36,000					36,000	35,000		1,000				
7	Bus Shelter Replacement	-	24,000				24,000	-						
8	Customer Services	100,000					100,000	100,000						
<b>Commercial Services</b>														
9	Land and Asset Review	15,000					15,000	15,000						
10	Leisure Centre Client Rolling Programme	148,500					148,500	108,500	40,000					
11	Haslemere LC Client Rolling Programme	41,000					41,000					41,000		
12	Woolmer Hill 3G pitch	175,000					175,000			175,000				
13	Borough Hall - lighting	-	8,500				8,500	-						
14	Farnham Park footpath/cycle way		30,000	415,000			445,000	-						
15	Godalming Greenway		359,000				359,000	-						
16	Greenspace Infrastructure & Environmental Improvements	126,000					126,000	50,000		76,000				
17	Film Waverley		8,000				8,000	-						
18	Greenspace strategy	25,000					25,000	25,000						
19	Playground Repairs	58,130					58,130	14,720		43,410				
20	Broadwater Park	-	47,000				47,000							
21	Pavilions	14,890	30,000				44,890	14,890						
22	Woolmer Hill pavilion	70,000					70,000	70,000						
23	Badshot Lea pavilion	51,110					51,110			51,110				
24	Oak Processionary Moth & Ash Dieback	50,000	59,000	59,000			168,000	50,000						
25	Higher Level Stewardship Schemes	130,000	130,000	130,000			390,000	55,660				74,340		
<b>Environment</b>														
26	Air Quality schools programme	8,000					8,000	8,000						
27	Air Quality Monitoring	5,000					5,000	5,000						
28	Assure Database upgrade	8,000					8,000	8,000						
29	Surrey Environment Partnership Flats Project	69,100					69,100	34,550				34,550		
30	Waste & Recycling Container replacement	85,000	90,000	90,000	90,000	90,000	445,000	20,000		5,000		60,000		
31	Car Park Rolling Programme	165,500	334,000	275,000	246,500	167,000	1,188,000	165,500						
<b>General Fund Housing</b>														
32	Disabled Facilities Grants	644,240					644,240					644,240		
33	Safe & Warm Grants	100,000					100,000					100,000		
<b>Total Requests</b>		<b>2,497,470</b>	<b>1,139,500</b>	<b>969,000</b>	<b>336,500</b>	<b>257,000</b>	<b>5,199,470</b>	<b>1,021,820</b>	<b>170,000</b>	<b>176,520</b>	<b>175,000</b>	<b>41,000</b>	<b>913,130</b>	<b>-</b>
Salary Recharges		84,380					84,380	28,180						56,200
<b>Total Programme</b>		<b>2,581,850</b>					<b>5,283,850</b>	<b>1,050,000</b>	<b>170,000</b>	<b>176,520</b>	<b>175,000</b>	<b>41,000</b>	<b>913,130</b>	<b>56,200</b>

Note - table above does not include slippage from capital schemes approved in previous years

This page is intentionally left blank

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**Capital Strategy 2020/2021**  
**Incorporating Treasury Management Strategy and Property Investment Strategy**

---

**Portfolio Holder:** Cllr Mark Merryweather

**Head of Service:** Peter Vickers

**Key decision:** Yes

**Access:** Public

---

**1. Purpose and summary**

1.1 It is a statutory requirement for local authorities to produce an annual Capital Strategy. The Capital Strategy brings together the Council's detailed policies, procedures and plans relating to cash investments and property assets. It incorporates the Treasury Management Framework, Prudential Indicators and Property Investment Strategy for 2020/2021.

**2. Recommendation**

2.1 The Executive recommends to Council that the Capital Strategy for 2020/2021, incorporating the Treasury Management Strategy, Prudential Indicators and Property Investment Strategy, is approved.

**3. Reason for the recommendation**

3.1 The Council has to comply with The Prudential Code for Capital Finance in Local Authorities (the Code) issued by CIPFA which requires local authorities to determine capital expenditure and investment decisions that are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of capital planning. This requires effective strategic planning and a decision making framework.

3.2 The Capital Strategy provides this framework and its purpose is to:

- (a) place decisions about borrowing in the context of the overall longer term financial position of the Council.
- (b) provide improved links between revenue and capital budgets.
- (c) give a clear and concise view of how the Council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite.
- (d) give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along

with an overview of how associated risk is managed and the implications for future financial sustainability.

- 3.3 CIPFA has also produced the Treasury Management Code to provide a framework for effective treasury management in the public sector to help local authorities:
- develop and maintenance clear objectives for their treasury management activities
  - ensure effective risk management
  - provide transparency for treasury management decisions
  - pursue value for money and measure performance
  - maintain and develop the professional competence of staff
  - assist those involved in the regulation and review of treasury management

The key documents which require annual approval by the Council are detailed in Annexes 3-5.

- 3.4 It is likely that the Council will need to borrow in future years to acquire and/or develop commercial property assets in order to generate revenue for the General Fund budget and to support the local economy. The Treasury Management Framework contains the Council's borrowing strategy.
- 3.5 The Prudential Code requires local authorities to self-regulate the affordability, prudence and sustainability of capital expenditure, borrowing plans and treasury management decisions, by setting and revising a range of prudential indicators.
- Affordability - over all the years it will have a financial impact on the Council
  - Prudence - exercise caution in taking capital investment decisions
  - Sustainability - capital investment consider the cost of maintaining assets

The prudential indicators are designed to support and record local decision making in a manner that is publicly accountable and reflects individual circumstances.

The Council's indicators are contained at Annexe 6.

#### **4. Relationship to the Corporate Strategy and Service Plan**

- 4.1 The Capital Strategy provides a governance framework around capital investment to ensure resources are in the right place to deliver the key priorities set out in the Corporate Strategy.
- 4.2 The Council will only consider property investments that support the Corporate Strategy and the Medium Term Financial Plan (MTFP).

#### **5. Implications of decision**

##### **Resource (Finance, procurement, staffing, IT)**

- 5.1 The Council collects around £200 million of income per annum and has, on average, £70m each day deposited within financial institutions and other local authorities. With the introduction of HRA Self-financing in 2012/13 the Treasury Framework also includes borrowing (originally of £192m) and in future this could also include borrowing to support commercial investment.

## **Risk management**

- 5.2 The Capital Strategy describes how the Council determines its priorities for capital investment and decides how much it can afford to borrow.
- 5.3 The Treasury Management Framework details the control of the risks associated with cash deposits and cash flows, banking, money market transactions and borrowing and the pursuit of optimum performance consistent with those risks. It requires the achievement of an appropriate balance between risk and return and, therefore, plays a key role in the generation of income required to support service provision.

## **Legal**

- 5.4 The Code and the Code of Practice on Treasury Management supports the provisions of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 and support strategic planning for capital investment at a local level. Compliance with both codes is a statutory requirement for local authorities.

## **Equality, diversity and inclusion**

- 5.4 There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

## **Climate emergency declaration**

- 5.5 In undertaking property investment the Council will support the Climate Change Emergency and honour the commitment to becoming carbon neutral by excluding certain assets from being considered as potential investments. This is detailed in the Property Investment Strategy.

## **6. Consultation and engagement**

- 6.1 Members were invited to briefings on the Medium Term Financial Plan and Budget at the end of November. The O&S Budget Strategy Working Group has reviewed the draft MTFP.

The VfM and Customer Service Overview and Scrutiny Committee considered the report at its meeting on 20 January 2020. Members broadly accepted the recommendations included in the report but there were concerns relating to the proposals to look at residential investments and questioned the ability of good returns.

## **7. Other options considered**

7.1 It is a statutory requirement for local authorities to produce an annual Capital Strategy.

## **8. Governance journey**

8.1 This report was considered by the Value for Money O&S Committee prior to submission to the Executive on 4 February, and then Council on 18 February.

### **Annexes:**

Annexe 1 – Capital Strategy infographic

Annexe 2 – Capital Strategy - brings together the Council's detailed policies, procedures and plans relating to cash investments and property assets.

Annexe 3 – Treasury Management Policy - sets out the headline objectives of the Treasury Management function

Annexe 4 – Treasury Management Strategy - sets out the way in which the Council's policy objectives for Treasury Management will be achieved and the high level approach to borrowing and treasury investment.

Annexe 5 – Treasury Management Investment Strategy - sets out how the Council's treasury investments will be managed, in accordance with the Treasury Management Strategy, and how this will help achieve Waverley's policy objectives.

Annexe 6 – Prudential Indicators

Annexe 7 – Property Investment Strategy

---

### **Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

---

### **CONTACT OFFICER:**

Name: Vicki Basley

Position: Senior Accountant

Telephone: 01483 523250

Email: victoria.basley@waverley.gov.uk

Agreed and signed off by:

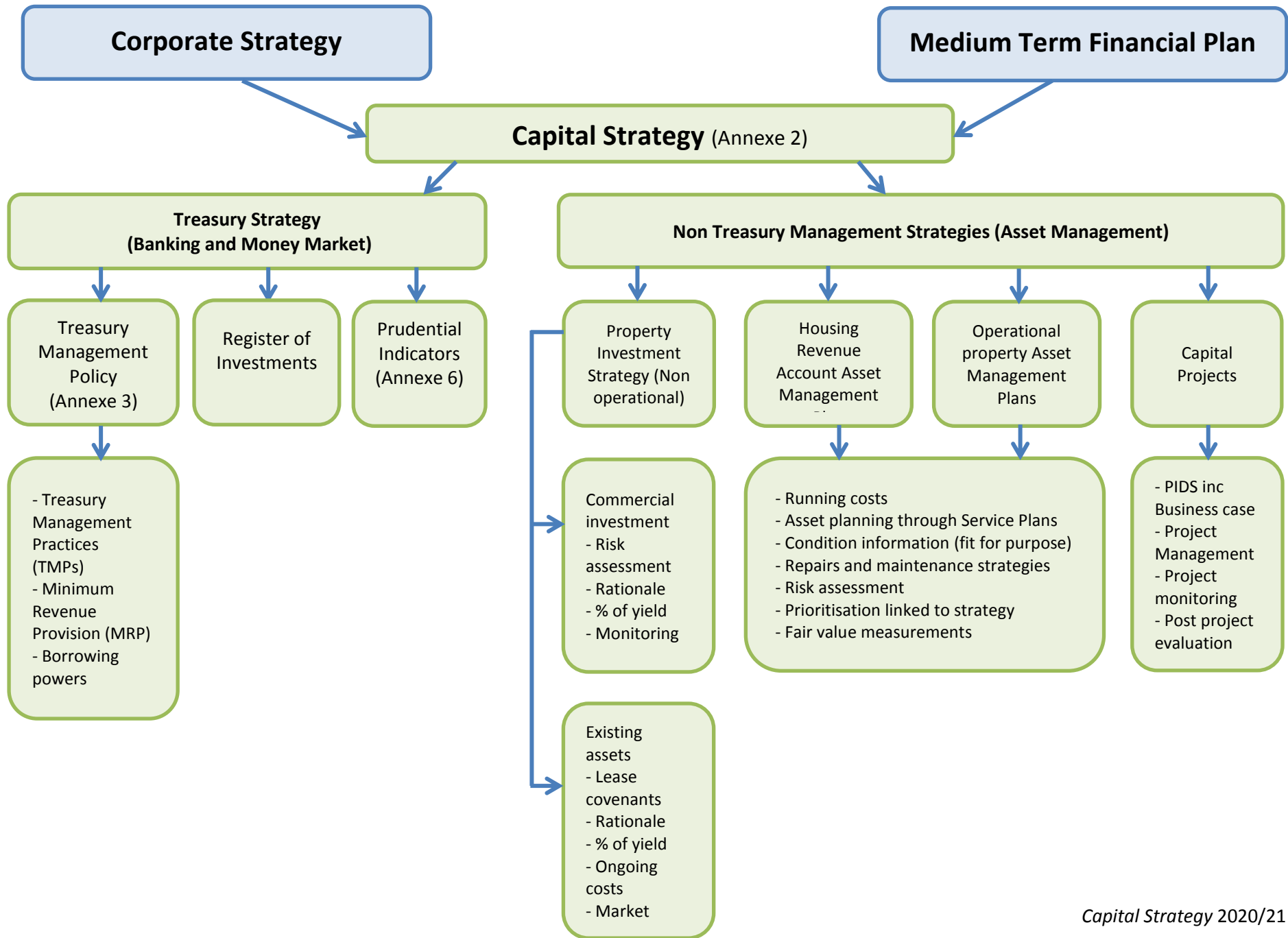
Legal Services: n/a

Head of Finance: n/a

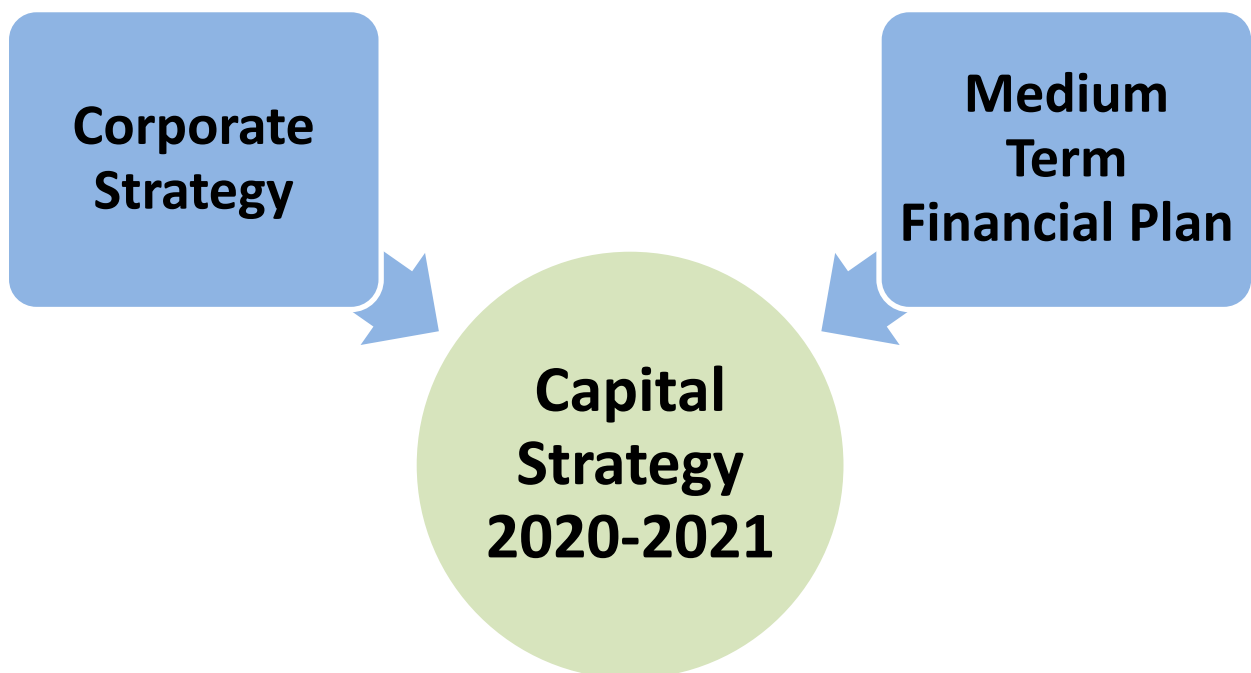
Strategic Director: 24 January 2020

Portfolio Holder: 24 January 2020





This page is intentionally left blank



<i>Owned by:</i>	<i>Vicki Basley</i>
<i>Version:</i>	<i>3.0</i>
<i>Executive/Council Approval date:</i>	<i>February 2020</i>
<i>Date for review:</i>	<i>February 2021</i>

## 1. Introduction

---

### 1.1 Description

The Capital Strategy (the Strategy) brings together Waverley Borough Council's (Waverley's) detailed policies, procedures and plans relating to cash investments and property assets.

This three-year Strategy sets out how Waverley will manage the investment of its capital resources and the financing of capital expenditure in order to contribute towards the achievement of its key objectives and priorities.

The Strategy includes the appraisal process for determining capital investment decisions and the process for analysing funding requirements.

The Strategy also provides a framework by which capital expenditure decisions are made as required by the Prudential Code for Capital Finance in Local Authorities to provide good governance.

## 2. Structure of the Capital Strategy

---

The Capital Strategy sets out Waverley's processes for the various stages and aspects of considering and carrying out capital projects.

- Scope (section 2.1)
- Project initiation (section 2.2)
- Prioritisation of capital projects (section 2.3)
- Monitoring and evaluating projects (section 2.4)
- Revenue implications (section 2.5)
- Framework for the management and monitoring of the capital programme (section 2.6)

### 1.2 Objectives

The objectives of the Strategy are to:

- prioritise and deploy capital resources in advancement of the Corporate Objectives
- support service plans
- invest in assets that reflect the corporate priorities
- manage Waverley's investments, property and other assets effectively and efficiently

- Funding of capital projects (section 2.7)
- Asset Management (section 2.8)
- Affordable housing (section 2.9)
- Asset reviews (section 2.10)

### 2.1 Scope

The Strategy covers all capital investment and capital expenditure decisions undertaken by Waverley as an individual local authority and also those entered into by Waverley under group or partnership arrangements.

## 2.2 Project Initiation

Capital projects will be subject to a robust justification process which brings together a clear business case with sufficiently detailed costings to ensure that the rationale for the decision can be easily understood.

Proposals must be subject to independent oversight and review in terms of validation arrangements, estimated figures and project milestones.

Business cases must be prepared in accordance with Waverley's Project Management toolkit.

The business case must state where responsibility for project delivery lies and which officers are responsible for each task in the project.

For larger projects where feasibility is less certain, viability assessments will be required before bids are made for capital funding. This includes undertaking all preparatory work to fully understand the requirements of a project before capital funding is sought.

An assessment of officer resource requirements and availability must be included in proposals to ensure that both delivery of projects and day-to-day work is covered. That assessment must include a time based resource plan to highlight significant pressure on resources.

A formal process for supervision and review of the capital project at regular and defined intervals must be annexed to the business case to ensure that the project

will be subject to thorough oversight for its duration.

## 2.3 Deciding on the prioritisation of capital projects

Proposed capital projects will be assessed in relation to alternative potential projects and on impact to financial resilience against the following criteria:

- Strategic fit – corporate objectives that are being met by the expenditure
- Identified need – why the project is required eg vital repairs to or major non-revenue maintenance of existing assets
- Achievability – this may include alternatives to direct expenditure by Waverley such as partnerships with others, rent or buy options and other alternative delivery vehicles
- Affordability and resource use – to ensure that total capital investment and expenditure remains within relevant limits if the project is approved
- Practicality and deliverability
- Revenue generation to be achieved from the proposed capital investment
- Non-monetary impacts such as future economic growth, social well-being or environmental benefit

## **2.4 Monitoring and evaluating projects**

In assessing potential capital projects Waverley will have regard to:

- Governance arrangements
- How each scheme will be reviewed
- The formal approval process

### **2.4.1 Governance process for approval and monitoring of capital expenditure**

For all capital investment the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of risk being considered in accordance with Waverley's Risk Appetite Statement.

Due diligence process and procedures will include:

- Scrutiny of the capital programme by the Value for Money and Customer Service Overview & Scrutiny Committee
- Identification of the risk to both the capital investment and the anticipated revenue generation
- Understanding the potential impact on the financial sustainability of Waverley if the risks are realised
- Identifying assets being held for security against any potential debt or charges on assets
- Seeking independent and expert advice where necessary

The Strategic Director (Section 151 Officer) is responsible for ensuring that Members are adequately informed and understand the risks of capital investment decisions.

### **2.4.2 How each scheme will be reviewed**

The business case put forward for a capital project will be reviewed to ensure it takes account of stewardship, value for money, prudence, sustainability and affordability.

Investment decisions will consider risk and reward and all the criteria set out in section 2.3.

The phasing of projects over more than one financial year will be assessed to ensure timetabling of plans and budgeting is realistic and funding is available over the life of the project.

Contingency budgets will be considered as part of the review process to increase transparency of budgeting and to avoid over-budgeting of funds.

### **2.4.3 The formal approval process**

The Capital Programme will be put to Council for formal approval together with funding requirements and, if successful, will form Waverley's capital programme which is the plan of capital investment for future years.

This ensures Waverley's overall capital strategy, governance procedures and risk appetite are fully understood by all members.

## 2.5 Revenue Implications

The revenue implications of capital investment must always be considered in prioritising projects and making investment decisions. Revenue implications include increases and decreases in both income and costs.

Items with negative revenue implications include:

- cost of borrowing (including Minimum Revenue Provision)
- loss of investment income if reserves or useable capital receipts are used
- running costs associated with an acquired asset such as:
  - salaries of employees or management fees or other outsourcing costs
  - heat and light etc
  - administrative support costs
  - future maintenance

Items with positive revenue implications include:

- additional income
- any positive impact of investment and economic growth on Waverley's council tax base and business rates income
- direct revenue savings
- savings from efficiencies

## 2.6 Framework for the management and monitoring of the Capital Programme

A Project Manager will be assigned to each project to oversee planning, delivery, management, skills assessment and governance of capital projects.

Project management must be used on every project irrespective of funding source.

There is a standard approach to project management that is used across Waverley. It consists of a standardised set of project documentation which allows a thorough and transparent overview of projects and the assessment of project progress against initial plans and milestones. These documents include risk registers and project baselines.

The finance system is used as a tool for budget management and is accessed by both finance staff and project managers to give up to date information on project spend.

Close monitoring and reporting of slippage is undertaken to give more timely reporting which then allows for greater flexibility with capital spend allowing opportunities for alternative projects to be introduced.

Full requirements in regard to management of financial information can be found in Waverley's Financial Regulations.

## 2.7 Funding of capital projects

### 2.7.1 Funding

Proposals for capital projects shall identify the capital funding requirements for the timescale of the project.

Capital funding must be appropriate for the project. Possible sources are:

- Reserves
- Capital receipts – from the sale of assets or finance lease receipts
- Government grants – such as disabled facilities grant funding
- Third party grants and contributions
- Community infrastructure Levy
- Revenue contributions
- Other developer contributions
- National Lottery
- Heritage Lottery Fund
- Matched funding
- External (prudential) borrowing
- Internal borrowing

Any restrictions on borrowing or funding of ongoing capital finance eg HRA requirements must be assessed.

If grant funding is being sought, the project appraisal process must include bidding timeframes and the likely success of being awarded a grant.

### 2.7.2 Flexible use of capital receipts until 2021/22

Local authorities are permitted to use capital receipts to fund projects which are forecast to generate ongoing savings.

If Waverley plans to use this funding option for one or more capital projects a document must be prepared listing the projects, the expected savings or service transformation outcome for each project, and the impact on Waverley's prudential indicators.

### 2.7.3 Borrowing

Waverley's approach to borrowing is set out in the Treasury Management Framework.

Waverley may consider internal or external borrowing.

The following issues will be considered prior to undertaking any external borrowing:

- Affordability
- Maturity profile of existing debt
- Interest rate and refinancing risk
- Borrowing source

Minimum revenue provision (MRP) – local authorities are required to set aside a 'prudent' amount of their revenues each year as a provision for the repayment of debt'. Prudent provision should ensure that debt is repaid over a period that is reasonably similar to the period over which the capital expenditure is expected to provide benefit.



## 2.8 Asset Management

Waverley's arrangements for the corporate review of existing assets are contained in the Strategic Asset Management Plans and the Housing Revenue Account Asset Management Strategy. These provide frameworks for the operational work of asset management and the aims and objectives and the current property portfolio and the plan of asset management including acquisitions. These assets, together with Waverley's other assets, are held in the Asset Register which is maintained and updated on a regular basis.

### 2.8.1 Property Investment

These are investments made outside the normal treasury management activity and are taken with the aim of supporting corporate priorities through property investment.

The detail is contained in the Property Investment Strategy which documents the elements of the Investment Strategy:

- Supporting corporate priorities
- Investment principles
- Legal powers
- Funding
- Acquisition process
- Governance and due diligence
- Exit strategy
- Performance reporting

The Executive has authority to bid, negotiate and complete on property acquisitions and investments as set out in the Property Investment Strategy.

Performance is monitored by the Value for Money Overview and Scrutiny Committee.

## 2.9 Affordable Housing

Waverley recognises the demand for affordable housing.

In addressing this need it will consider a range of options:

- Private developments, including investment as part of the Property Investment Strategy
- Build new homes from within the Housing Revenue Account within the limitations of the self-financing reforms.
- Seek alternative approaches for financing and supporting house building such as establishing council-owned housing companies and developing new relationships with delivery partners such as housing associations and private developers.
- The acquisition and appropriation of land and the transfer of assets from the HRA to the General Fund.

## 2.10 Asset reviews

As part of service planning asset reviews will be undertaken to consider the use of existing property and whether it can be better used in achieving the corporate priorities. The use of assets needs to be considered as customers' needs and expectations change.

### 3. Other Considerations

---

All capital schemes must comply with Waverley's policies and legislation such as the Financial Regulations and Contract Procurement Rules.

Reference should also be made to other strategies and plans, namely:

- Corporate Strategy 2019-2023
- Property Investment Strategy 2020-21
- Treasury Management Framework for 2020-21
- Housing Revenue Account Asset Management Strategy 2015-20
- Financial Regulations 2019-20
- Contract Procurement Rules 2019-20
- Tax Strategy 2019-20
- Risk Appetite Statement (Executive 5 February 2019)
- Medium Term Financial Plan 2020-24

#### **Glossary**

CIPFA – Chartered Institute of Public Finance and Accountancy

HRA – Housing Revenue Account

MRP - Minimum Revenue Provision

Property Terrier – information system for property assets

## **Treasury Management Policy**

Waverley adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), which identifies three key principles which Local Authorities should apply:

- 1) formal and comprehensive strategies, objectives, policies, practices and reporting arrangements for the effective management and control of treasury management activities should be in place.
- 2) effective management and control of risk are the prime objectives of Treasury Management and are the responsibility of the Council. Waverley's Treasury Management Framework must make clear its appetite for risk, the use of which financial instruments are allowed for the prudent management of those risks and that priority be given first to security, then to liquidity and last to yield.
- 3) treasury management policies and practices should reflect that the pursuit of value for money is, nevertheless, important and performance measures are important and valid tools to be used in support of this.

Accordingly, Waverley will create and maintain, as the cornerstones for effective Treasury Management:

- A Treasury Management Policy stating the policies, objectives and approach to risk management of its treasury management activities.
- A Treasury Management Strategy Statement on at least an annual basis, including approved treasury management practices (TMPs), setting out the manner in which Waverley will seek to achieve its policy objectives and prescribing how it will manage and control those activities.

The content of the policy, statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

The Council will receive reports on its treasury management policy and practices and the Executive will receive reports on treasury activities and performance, including, as a minimum, the annual framework in advance of the year.

The Council delegates responsibility for the regular monitoring of its Treasury Management Policy and practices to the Executive, and for the execution and administration of day-to-day treasury management decisions to the Strategic Director (Section 151 Officer) who will act in accordance with Waverley's Policy, Statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates the Value for Money Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management framework.

**Overall policy:**

Waverley defines its Treasury Management Policy objectives as:

The effective management of Waverley's banking and cash deposits and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks in order to ensure that financial resources are available at the right time to deliver Waverley's service priorities.

**Risk:**

Waverley regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

**Value for money:**

Waverley acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives and is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance monitoring arrangements within the context of effective risk management.

**Borrowing:**

Waverley's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should ensure Waverley is transparent and has flexibility and control over its debt.

**Investment (Cash deposits):**

Waverley's primary objective in relation to its cash deposits remains the security of capital. The liquidity or accessibility of Waverley's treasury investments followed by the yield earned on investments remain important but are secondary considerations.

**Ethical Investment:**

Investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt security, liquidity and yield principles and ethical issues must play a subordinate role to those priorities.

**Treasury Management Strategy Statement 2020-2021**  
**(incorporating Treasury Management Practice statements)**

**Overall policy:**

The major objective of managing daily cash balances to meet cash flow commitments remains the priority.

**Investments:**

Waverley's policy is to give security a higher priority than rate of return/yield. Waverley's strategy and day-to-day practice, therefore, continue to be refined, within the boundaries set out in the Treasury Strategy (Annexe 5), in response to market conditions.

**Risk:**

Waverley acknowledges that no treasury management activity is without risk. The major area of risk is identified as investment risk. Investment risk will be mitigated in a number of ways as set out in accordance with the specified Treasury Management Practices and Annual Treasury Management Strategy. The cornerstones of current treasury management strategy are:

- to lend only to those institutions which fit Waverley's policy in terms of financial standing, credit ratings etc;
- generally to restrict lending to terms of one year or less or to cover precept dates or known expenditure commitments, except where the Strategic Director (S151 Officer) or Head of Finance agree to an investment within Waverley's criteria over a longer period if interest rates are favourable;
- to identify financial limits for each counterparty institution depending on the quality of its financial ratings;
- to make all money market investments in GBP sterling thus avoiding exchange rate risk;
- that Waverley's general preference is for fixed rate investments for budgetary certainty and the avoidance of yield risk and
- to consider other forms of investment that are not part of treasury management activity, such as property acquisitions, on a case by case basis subject to a comprehensive business case being presented to Members including analysis of risk and viability. This is set out in a separate Property Investment Strategy.

Waverley will also use available market intelligence as appropriate to aid investment and borrowing decision making.

**Value for money:**

Waverley is committed to the pursuit of value for money in its Treasury Management function and to use performance methodology in support of that aim. This will be achieved through the formal reporting process set out in the Treasury Management Practices as well as the use of comparative performance indicators (including Prudential Indicators) for its returns and costs.

## **Borrowing Strategy:**

The HRA self-financing implementation required the HRA to pay the Government £189m in March 2012. Waverley borrowed £184m in March 2012 for this purpose with £5m being met by an internal loan. Waverley adopted a flexible approach to this borrowing in consultation with treasury management advisers.

### ***External Borrowing***

The following issues will be considered prior to undertaking any external borrowing:

- Affordability
- Maturity profile of existing debt
- To achieve interest rate and avoid refinancing risk
- Borrowing source

It may be advantageous in future, as the HRA Business Plan is developed, to reschedule some of the HRA debt. Waverley's debt portfolio can, potentially, be restructured in order to achieve a reduction in risk, savings in interest costs and/or to meet changing cash demands. The rationale for undertaking any future HRA debt rescheduling would be one or more of the following:

- Changing the maturity profile of the debt portfolio
- Interest rate savings and premiums
- Rebalancing the interest rate structure of the debt portfolio

With the creation of the Property Investment Advisory Board and the Government's significant reduction in Waverley's New Homes Bonus funding, it is likely that Waverley will need to borrow in future years to develop and/or acquire property assets in order to develop the local economy and generate revenue for the General Fund budget.

In addition, temporary borrowing for the purposes of financing day-to-day expenditure commitments is allowed for short periods if economic on the day.

### ***Borrowing in Advance of Need***

Waverley will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that Waverley can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the year.

### ***Internal Borrowing***

Internal borrowing, the use of cash rather than external borrowing, may be considered if investment returns are low and counterparty risk is an issue. Borrowing rates will be monitored to assess whether it is prudent to use of cash instead of external borrowing.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded

with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure.

Overall, borrowing will be managed within the Authorised Limit for External Debt (See Prudential Indicator 8).

### **Minimum Revenue Provision (MRP) Policy Statement**

One of the underpinning principles of the Local Authority financial system is that all capital expenditure has to be financed either from capital receipts, capital grants (or other contributions) or eventually from revenue income. MRP is a statutory mechanism for allocating funds out of revenue income to repay unfinanced capital spend (from borrowing or credit arrangements).

The scheme of MRP requires Local Authorities to set aside some of their revenues as provision for unfinanced capital spend each year of an amount considered to be 'prudent' having regard to the recommendations in the Ministry of Housing and Local Government (MHCLG) guidance. Prudent provision should ensure there is a balance between matching MRP to a period over which the capital expenditure provides benefits.

In advance of each financial year a Local Authority should prepare a statement of its policy on making MRP in respect of that year and submit it to Council for approval.

### **Waverley's MRP**

- Will not be nil or a negative charge except where the Capital Financing Requirement (CFR) is nil or goes into the negative or to offset a previous overpayment of MRP.
- Where the CFR is nil or negative on the last day of the financial year, indicating the provision of debt is equal to or greater than the debt incurred, no MRP will be made in the following financial year.
- The implications of MRP will be assessed at the point of making a decision to incur capital expenditure.
- Waverley will reassess the MRP charge each year.

### **Options for Prudent Provision of MRP**

The methods available to calculate a prudent provision are:

1. Make a provision over the estimated life of the asset for which the borrowing is undertaken, either:
    - Equal instalment method – equal annual amounts over the estimated life of the asset.
    - Annuity method – link MRP to the flow of benefits from an asset where the benefits are expected to increase in later years.
- or
2. Match MRP to the depreciation charges that will be generated by the assets that have been acquired
    - MRP continues until the provision made is equal to the original amount of the debt and may then cease.

- On disposal of the asset the charge will continue but capital receipts or other funding sources can be applied at any time to repay all or part of the outstanding debt.
- If only part of the expenditure on the asset is financed by debt, the depreciation provision is proportionately reduced.

The MHCLG guidance allows for limited flexibility in the calculation of MRP. Waverley will assess the appropriate option to adopt in advance of the commencement of MRP. However, if Waverley departs significantly from the guidance, or if it is a large, complex, novel scheme, legal and external audit will be consulted with the proposed approach as appropriate.

### **Commencement of MRP**

- MRP will commence in the financial year following the one in which the unfinanced capital expenditure is incurred. In the case of a new asset MRP would begin in the financial year following the one in which the asset becomes operational.
- MRP will not be provided for Assets under Construction. MRP on debt will commence, proportionally, as each stage of the project transfers to Assets in Use.

### **Estimated Useful life of assets for calculating MRP**

The useful life will not normally exceed a maximum of 50 years. Waverley may only exceed this maximum in two scenarios:

- Where Waverley has an opinion from an appropriately qualified professional advisor that the asset will deliver service functionality for more than 50 years. The life suggested by the professional advisor may then be used.
- For a lease, where the length of the lease exceeds 50 years, the length of the lease may be used.

<b>Unfinanced capital expenditure on:</b>	<b>Estimated useful life for MRP</b>
Investment Properties	50 years
Land and Heritage assets	50 years
Buildings	40 years (unless valuer indicates otherwise)
Vehicles and Equipment	7-15 years
IT Equipment	3-10 years
Car Parks	25 years

### **Leases**

For finance leases, or where a right-of-use asset is on the balance sheet, the MRP requirement is met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability.

### **Housing Assets**

The duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure of the Housing Revenue Account.



## **Treasury Management Practices (TMPs)**

### **TMP1 Risk Management**

#### **General Statement**

The Strategic Director, (Section 151 Officer) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. In respect of each of the following risks, detailed arrangements, which seek to ensure compliance with these objectives, are set out in 'Additional Information' schedules.

#### **Credit and Counterparty Risk Management**

The key risk in Waverley's treasury management activities is the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited and will limit its investment activities to the instruments, methods and techniques referred to in *TMP4 Approved instruments methods and techniques*.

#### **Liquidity Risk Management**

Waverley will ensure it has adequate cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

Waverley will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current approved capital programme or to finance future debt maturities.

#### **Interest Rate Risk Management**

Waverley will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements, as revised, in accordance with *TMP6 Reporting requirements and management information arrangements*. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications considered by the Executive as appropriate.

#### **Exchange Rate Risk Management**

Waverley's current approved policy allows cash investments solely in GBP sterling because other currency deals expose Waverley to an additional level of risk. Accordingly, Waverley does not have an exchange rate risk management strategy at this time. Should market conditions change such that foreign currency deals become appropriate, this

Treasury Management Practice will be developed to cover this and approval for such a policy change will be sought from Council.

### **Inflation Risk Management**

Waverley will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

### **Refinancing Risk Management**

Waverley will ensure that its borrowing is structured and documented, and the maturity profile of the debt is managed with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to Waverley as can reasonably be achieved in the light of market conditions prevailing at the time.

### **Legal and Regulatory Risk Management**

Waverley will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its TMP1[1] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with Waverley, particularly with regard to duty of care and fees charged.

Waverley recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on Waverley.

### **Fraud, Error and Corruption, and Contingency Management**

Waverley will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

### **Market Risk Management**

Waverley will ensure that its stated treasury management policies and objectives do not expose Waverley to the risk of adverse market fluctuations in the value of the principal cash sums it invests and will accordingly protect itself from the effects of such fluctuations.

### **TMP2 Performance Measurement**

Waverley is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of Waverley's stated business or service objectives. The performance of the treasury management function is included in the budget monitoring process, and periodic reports to the Executive and Corporate O&S Committee.

### **TMP3 Decision-making and Analysis**

Waverley will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

### **TMP4 Approved Instruments, Methods and Techniques**

Waverley will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy and Annual Investment Strategy, and within the limits and parameters defined in TMP1 *Risk management*.

Should Waverley decide in future to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury management strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

### **TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements**

Waverley considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decision and the audit and review of the treasury management function.

If Waverley has to depart from these principles, the Strategic Director (S151 Officer) will ensure that the reasons are properly reported in accordance with TMP6 *Reporting requirements and management information arrangements* and the implications properly considered and evaluated.

The Strategic Director (S151 Officer) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

### **TMP6 Reporting Requirements and Management Information Arrangements**

Waverley will ensure that regular reports are prepared and considered on:

- the implementation of its treasury management policies
- the effects of decisions taken and transactions executed in pursuit of those policies
- the implications of changes, particularly budgetary, resulting from regulatory economic, market or other factors affecting its treasury management activities

- the performance of the treasury management function.

The Executive will receive:

- An annual report on the strategy to be pursued in the coming year;
- Monitoring reports during the year on treasury management activities and risks as appropriate;
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The Value for Money Overview and Scrutiny Committee will have responsibility for the scrutiny of treasury management policies and practices and will receive the annual strategy documents and periodic performance reports for comment.

### **TMP7 Budgeting, Accounting and Audit Arrangements**

The Strategic Director (S151 Officer) will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement* and TMP6 *Approved instruments, methods and techniques*. The Strategic Director (S151 Officer) will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements*.

Waverley will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

### **TMP8 Cash and Cash Flow Management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of Waverley will be under the control of the Strategic Director (S151 Officer) and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Strategic Director (S151 Officer) will ensure that these are adequate for the purposes of monitoring compliance with TMP1[1] liquidity risk management.

### **TMP9 Money Laundering**

Waverley is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, Waverley will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, have been agreed by the Audit Committee.

## **TMP10 Training and Qualifications**

CIPFA's Code of Practice requires the *responsible officer* (for Waverley that is the Strategic Director (S151 Officer)) to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Waverley recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Strategic Director (S151 Officer) will recommend and implement the necessary arrangements.

The Strategic Director (S151 Officer) will ensure that Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

## **TMP11 Use of External Service Providers**

Waverley recognises that responsibility for treasury management decisions remains with Waverley at all times. Waverley recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which have been submitted to a full evaluation of the costs and benefits. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Strategic Director (S151 Officer).

## **TMP12 Corporate Governance**

Waverley is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

Waverley has adopted and has implemented the key principles of the Code. This action, together with the other arrangements detailed in this document, is considered vital to the achievement of proper corporate governance in treasury management, and the Strategic Director (S151 Officer) will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

---

**Treasury Management Strategy 2020-2021**

The Treasury Strategy is required under the Treasury Management code of Practice and Statutory Investment Guidance. Waverley's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of Waverley's investments and the yields earned on investments are important but secondary considerations.

The 2020-2021 Strategy is framed against the backdrop of current market conditions. Despite a generally depressed market since 2008, current market conditions are much more stable. The results of the Bank of England's 2018 UK bank stress tests was that "the UK banking system is resilient to deep simultaneous recessions in the UK and global economies...". Other factors include the potential impact of Brexit on interest rates and the increased activity in Local Government peer-to-peer transactions which afford more security in the market. On a local level, the Strategy also recognises the significant levels of cash accumulated by Waverley, mainly due to the accumulated HRA funds, which will be spent on delivering the HRA capital programmes over the medium term.

The statutory guidance requires Waverley to determine a number of limits and guidelines for its treasury activity including 'specified' and 'non-specified' investments. Specified investments are those held in sterling with a maturity of no more than a year and must be with the UK Government, UK local authorities or "high" credit rated institutions. Non-specified investments are any investments that do not meet the above criteria. Given the market conditions described above the limit of 'non-specified investments' held at any point in time will be £30million as below. Officers would expect that the majority of non specified investments would be with other Local Authorities for added security. Non specified investments will be non specified only by virtue of being for one year or more.

To meet the requirements of the Regulations it is proposed that the following policy and limits apply to all of Waverley's investment activity in 2020-2021:

- Cash deposits only (subject to the exception of CCLA (Churches, Charities and Local Authorities) investments) with UK Local Authorities and the UK Government, Housing Associations and institutions assessed as having a 'high credit quality'.
- 'High credit quality' means having AAA rating for sterling money market funds or a minimum rating of A- for any banks and building societies, and being considered to have high credit credentials after taking account of the factors listed below.
- Waverley will not make any non-specified cash investments other than when the investment is non-specified by virtue of it being for a period of more than one year. Such an investment will only be with an 'approved counterparty' and will be subject to an assessment of risk. Generally, longer-term investments over one year will be with other Local Authorities in order to reduce counterparty risk.
- £10million is the maximum deposit in any single specified organisation at any one time.
- £20m is the total deposit with any group - £10m the maximum with any single member of that group.

- Up to date information gathered by officers, together with specialist advice if appropriate, will be used to ensure compliance with the strategy.
- The maximum total investment at any one time that can prudently be committed for more than one year is £30 million.
- If cashflow certainty can be demonstrated over the longer term, Waverley will consider investing in property provided that a business case is presented to Members including a risk and viability assessment.
- The Strategic Director (S151 Officer) can seek the Executive approval to change the above limits during the year if necessary, provided that it is in the best interests of Waverley to do so.

Every investment will have a ratings check on the day of the investment and a list of potential counterparties will be prepared and approved by the S151 Officer before 1st April each year and updated throughout the year. In relation to the Annual Treasury Management Strategy, investments have ongoing ratings checks, beyond just the day of investment, and ratings are continually monitored internally and changes reported.

In practice, day-to-day controls are actually tighter, but still within the bounds of the approved policy, in order to create as much security as possible for Waverley's investment portfolio. These measures include:

- The major objective of managing daily cash balances to meet cash flow commitments remains the priority although it is recognised that, to some extent, some stability has been evident so longer term investment decisions are now possible subject to consideration of capital spending plans.
- In addition to the thresholds above, the maximum amount invested in any single specified organisation will generally be restricted to no more than 20% of the overall total external investments at that time.
- Investments are also monitored on a sector basis and judgments made as to the appropriate level within each sector taking into account appropriate treasury management information.
- General Market information is also used to enable some targeting of investment partners and the objective views of the credit agencies still have a value and are monitored more regularly.
- Close monitoring of credit ratings at the point of transaction including consideration of the 'future outlook' assessment.
- Increased frequency of updating the list of preferred organisations for investment with reduced working maximum limits for lower rated counterparties.

A major problem in the recent environment has been finding a sufficient number of investment counterparties providing acceptable levels of counterparty risk. In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties in order to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty within the limits set out in this Strategy will be set to ensure prudent diversification is achieved. Introductions to new counterparties (within the allowed criteria) will be sought where appropriate.

In order to continually review Waverley's counterparty list and to make a judgement about whether a counterparty has a 'high credit quality', officers will gather and consider information such as:



- Credit rating 'future outlook' assessments
- Published credit ratings for financial institutions
- Economic fundamentals (for example Net Debt as a percentage of GDP)

**Banking** – Waverley banks with HSBC. At the current time, HSBC meets the minimum credit criteria of 'A' long term. Waverley continues to monitor the credit rating of HSBC and would report to Members if any major concerns emerged. If the credit rating falls below the Authority's minimum criteria HSBC would have to be used in the short term for business continuity and liquidity requirements.

However, in practice, it would be impossible to restrict Waverley's own bank, HSBC, to the same £limits as other investment counterparties because there are many instances when cash in excess of £10m is moving through Waverley's HSBC bank accounts. Given also that it is likely that there will often be occasions when Waverley has more cash than the total of its approved counterparty limits, it is therefore necessary to specifically exclude HSBC's banking activities from the £10m limit. It should be noted that existing HSBC bank accounts are all instant access.

---

**Prudential Indicators**

The Capital Strategy provides a framework by which capital expenditure decisions are made as required by the Prudential Code for Capital Finance in Local Authorities. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview, confirm capital expenditure plans and provide information to support decision making on borrowing, affordability, prudence and sustainability.

The Code is not prescriptive on the indicators, as they designed to support and record local decision making, but they must cover four areas:

- prudential indicators for capital expenditure
- prudential indicators for affordability
- prudential indicators for external debt
- prudential indicators for treasury management.

**Indicator 1 - Estimate of total capital expenditure to be incurred**

The estimates of capital expenditure Waverley plans to incur during the forthcoming financial years are:

	2018-19 Actual £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
General Fund	2	4	7	2	2
Housing Revenue Account	6	16	13	17	15
Commercial activities/non-treasury investments *	0	0	100	0	0
<b>Total</b>	<b>8</b>	<b>20</b>	<b>120</b>	<b>19</b>	<b>17</b>

\* Commercial activities/non-treasury investments relate to areas such as capital spend on investment properties

The table below summaries the above capital expenditure plans and how these will be financed by capital or revenue resources. Any shortfall in resources results in a funding borrowing need.

	2018-19 Actual £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Capital Receipts	2	7	10	9	9
Capital Grants	1	1	2	1	1
Capital Reserves	0	1	0	0	0
Revenue	5	11	8	9	7
Borrowing	0	0	100	0	0
<b>Total</b>	<b>8</b>	<b>20</b>	<b>120</b>	<b>19</b>	<b>17</b>

## Indicator 2 - Financing Costs

Financing costs are made up of interest paid, interest and investment income and amounts required for the statutory provision of debt (including repayments of principal, interest and minimum revenue provision).

	2018-19 Actual £'000	2019-20 Estimate £'000	2020-21 Estimate £'000	2021-22 Estimate £'000	2022-23 Estimate £'000
General Fund	-602	-750	-536	1,464	1,464
Housing Revenue Account	9,238	9,684	9,790	10,418	13,276

## Indicator 3 - Net Revenue Stream

The net revenue stream is the amount to be met from local council taxpayers or, in the case of the HRA, the net amount to be met from rent income. Financing costs are the net of any interest on borrowing, interest earned on investments and any amounts made as revenue provision to repay debt.

	2018-19 Actual £'000	2019-20 Estimate £'000	2020-21 Estimate £'000	2021-22 Estimate £'000	2022-23 Estimate £'000
General Fund - Taxation and non specific grant income	14,869	13,211	12,941	11,750	11,350
Housing Revenue Account – Rent income	29,973	30,036	30,011	30,974	31,909

## Indicator 4 - Financing Costs to Net Revenue Stream

	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
General Fund	-4.0%	-5.7%	-4.1%	12.5%	12.9%
Housing Revenue Account	30.8%	32.2%	32.6%	33.6%	41.6%

## Indicator 5 - Capital Financing Requirement (CFR)

The CFR is the amount of capital spending that has not yet been financed by revenue, capital receipts or usable reserves. It measures the underlying need to borrow for capital purposes.

The borrowing may not necessarily take place externally if the Council judges it prudent to make use of cash that it has invested to adopt an efficient and effective treasury management strategy. This is known as 'internal borrowing'.

The Housing Revenue Account self-financing debt is deemed to be capital expenditure under the regulations and forms part of the calculation of the CFR.

	2018-19 Actual £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £'000	2022-23 Estimate £'000
General Fund	6	5	106	103	101
Housing Revenue Account	185	181	176	171	163
Total	191	186	282	274	264

### Indicator 6 - Gross debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, external debt should not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
Gross debt	271	266	258
Capital Financing Requirement (Indicator 5)	282	274	264

### Treasury Indicators

#### Indicator 7 - External Debt

The prudential indicator for the authorised level of external debt is the focus of corporate decision making and managerial control as it is the immediate means by which Waverley complies with the legislative requirement to keep under review the amount it can afford to borrow.

The actual external debt is taken from Waverley's Balance Sheet.

Actual External Debt as at 31/03/2020	£m
Borrowing	176
Other Long-term Liabilities	0
Total	176

#### Indicator 8 - Authorised limit for external debt

The Authorised Limit sets the maximum level of external borrowing, excluding investments, for Waverley and represents a limit beyond which Waverley cannot borrow until the indicator is reviewed or amended. It establishes the upper boundary of borrowing based on a realistic assessment of the risks and reflects a level of borrowing which, while not desirable, could be affordable but may not be sustainable.

It must also encompass borrowing for temporary purposes. While cash flows are currently managed using the investment portfolio it is possible that short-term borrowing may be necessary but is not currently expected.

This Prudential Indicator separately identifies borrowing from other long term liabilities.

In approving this limit, the Council is approving the limit as required under section 3(1) of the Local Government Act 2003.

	2018-19 Actual £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
General Fund	50	50	110	110	110
Housing Revenue Account	188	188	188	188	188
Total	238	238	298	298	298

### Indicator 9 - Operational Boundary

This indicator is a means by which external debt is managed to ensure it remains within the self-imposed limit. It is the focus of day-to-day treasury management activity.

It is lower than the authorised limit in order to allow for cash flow variations that may lead to the occasional breach of the operational boundary. A breach is highly unlikely but any breach would then alert the Council to the imminent breach of the authorised limit and corrective action can then be taken.

	2018-19 Actual £m	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
General Fund	40	40	100	100	100
Housing Revenue Account	188	188	188	188	188
Total	228	228	288	288	288

### Indicator 10 - Maturity Structure of Borrowing

The following table shows the amount of borrowing that is maturing in each period expressed as a percentage of total borrowing from 2020-21.

	Upper Limit	Lower Limit
0 to 5 years	24%	24%
5 to 10 years	35%	35%
Over 10 years	41%	41%

### Indicator 11 - Total principal sums invested for periods longer than a year

Were Waverley to invest, or plan to invest, for periods longer than a year, it has set the following limits for each forward financial year for the maturing of such investments. This allows Waverley to contain its exposure to the possibility of loss that might arise as a result of having to borrow short term at higher interest rates or see early repayment or redemption of principal sums invested. This indicator also demonstrates that Waverley is not borrowing more money than it needs, or in advance of need, purely to profit through investment from the extra borrowing.

	2019-20 Estimate £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m
The upper limit of principal sums invested for periods of more than 365 days	30	30	30	30



<i>Owned by:</i>	<i>Vicki Basley</i>
<i>Council Approval date:</i>	<i>February 2020</i>
<i>Date for review:</i>	<i>February 2021</i>

## 1. Introduction

- 1.1 The Council holds property assets for two reasons:
1. Service delivery (operational assets)
  2. Investment to support corporate priorities
- 1.2 The General Fund Property Investment Strategy relates to 2. above and sets out the basis on which the Council intends to:
- Make property investments (through purchase or development)
  - Provide on-going management of the investment property portfolio
  - Report portfolio performance to officers and Members
- 1.3 All land and property will be acquired and held for a clearly defined purpose within clearly defined legal powers and in accordance with the corporate priorities.
- 1.4 This Strategy will be subject to review by the Property Investment Advisory Board (PIAB) and form part of the suite of documents under the Capital Strategy. Any material changes in year will be referred to the Executive for approval.

## 2. Elements of the Investment Strategy





### **3. Key Objectives**

3.1 The key objectives are to:

#### Returns

- Acquire or develop properties or land that provide long term investment
- Obtain yield at least in line with Treasury Management targets
- Maximise return whilst minimizing risk through asset management plans
- Prioritise investments that yield optimal rent growth and stable income
- Consider proportionality of income from commercial property on the Council's revenue budget

#### Risk

- Build a risk/return balanced property portfolio
- Diversify through class and location
- Protect capital invested in property acquisitions
- Obtain stable growth

#### Governance

- Develop a governance framework that facilitates working in the open market

### **4. Link to Corporate Strategy and other Strategies**

4.1 The Council will only consider property investments that support the Corporate Strategy and the Medium Term Finance Plan (MTFP).

4.2 The MTFP includes a target for net new income from commercial investment property of £1.2million across the next four years from 2020/2021. The Council will set an upper limit on the proportion of commercial property income to net service expenditure of 20%.

### **5. Investment Principles**

5.1 The Council will consider residential and commercial property investment opportunities in accordance with legal advice both inside and outside the Borough.

5.2 Investments inside the Borough are most likely to be able to support the Corporate Strategy.

5.3 Opportunities for investment outside the Borough will be considered in accordance with legal advice and will be prioritised within the Council's area of economic influence. The area of economic influence is defined as areas where the residents of the Borough flow through for employment, social, environmental reasons as well as those areas defined in the Local Enterprise Partnerships (LEPs).

5.4 Property considered for investment will be assessed against the following criteria:

	<b>Criteria</b>	<b>Excellent</b>	<b>Very good</b>	<b>Acceptable</b>
<b>General</b>	Yield (will be assessed with reference to the Treasury Management Strategy)	5-6%	4-5%	Net rate of return after borrowing costs not less than the required rate set out in the TMS
	Lot size (cost)	£5m plus	£1-5M	Less than £1m
<b>Commercial</b>	Tenure	Freehold	125+ year lease	50-125 year lease
	Occupiers lease length	Greater than 10 years	5-10 years	Less than 5 years (with business case)
	Location	Major prime	Micro prime	Major secondary
	Repair terms	FRI	IRI (remainder 100% recoverable)	IRI (remainder partially recoverable)
	Tenancy Strength (if occupied)	Single tenant with strong financial covenant	Single tenant with strong financial covenant or, where multi-let, a suitable spread of risk across tenants commensurate with the type of property	Multiple tenants with strong financial covenants
<b>Residential</b>		Assured short-term tenancies in accordance with legal requirements	Assured short-term tenancies in accordance with legal requirements	Assured short-term tenancies in accordance with legal requirements

- 5.5 Investments requiring initial capital expenditure for re-instatement or refurbishment may be considered if the equivalent yield on the resulting total investment meets the required level for the improved property.
- 5.6 An investment may be considered which meets all other criteria but does not generate an adequate immediate gross rental income or net rate of return provided that it is reasonably expected to generate an adequate average gross rental income and average net rate of return over the first five years of ownership.
- 5.7 Consideration may also be given to acquisitions that focus on growth and provide opportunities for future development potential.

## **6. Legal Powers**

6.1 The Council has powers to:

- i) Invest, pursuant to Section 12 of the Local Government Act 2003 (LGA 2003) and an Investment Strategy; for any purpose relevant to its functions under any enactment and for the process of the prudent management of its financial affairs.
- ii) Borrow, pursuant to Sections 1-6 inclusive of LGA 2003.

In both cases this is subject to Section 15 of LGA 2003: a duty to “have regard to” Guidance from CIPFA and MHCLG.

6.2 The Council also has other relevant powers. These include:

- (1) Section 120 of LGA 1972: a power to acquire land; and
- (2) General Power of Competence (GOPC), pursuant to Section 1 of LA 2011.

6.3 The powers enable the Council to invest in:-

- Commercial property; and
- Residential property.

6.4 When making investments the Council will consider, amongst other things, the type of property and the location.

6.5 Every proposal submitted to the PIAB shall identify the legal powers under which the Council will invest having regard to legal opinion taken and supplementary legal advice where appropriate.

## **7. Funding**

7.1 The Council will fund property investments from:

- General Fund revenue reserves and Capital receipts
- External borrowing (in accordance with the Treasury Management Strategy)
- Internal borrowing (in accordance with the Treasury Management Strategy)

7.2 Borrowing to fund or part-fund a property investment will comply with the Prudential Code issued by the Chartered Institute of Public Finance and Accountancy. This requires borrowing to be affordable, sustainable and provide value for money as reasonably determined by the Council.

7.3 The Council’s approved Treasury Management Strategy includes property investment within its scope. The Council will comply with the requirement for all local authority investments whilst recognising the inherent lack of liquidity of property investments.

7.4 The proportion of overall borrowing to the Council’s Capital Financing Requirement will be in line with the Prudential Indicators contained in the Treasury Management Strategy.

7.5 Minimum Revenue Provision (MRP) will be charged annually as a revenue cost to the General Fund in accordance with the MRP policy contained in the Treasury Management Framework. MRP will form part of the annual financing cost used to calculate the net return on each investment funded or part-funded by borrowed funds (external and internal).

## **8. Acquisitions Process**

8.1 Acquisitions will be sourced from:

- Property searches
- Direct approach to or from vendor (off market deals)
- Third party agents
- Unsolicited introductions from agents
- Joint ventures with another local authority, developer or investor

8.2 The Asset Manager will undertake the initial consideration of an investment opportunity, employing an appropriate investment appraisal in line with this strategy.

8.3 Suitable investment opportunities will undergo qualitative and quantitative appraisal (Financial modelling) in order to establish its acceptability as an investment.

8.4 External professional advice will be sought where necessary, in accordance with the Council's Contract Procurement Rules.

8.5 For tenanted acquisitions each property and its tenant(s) will be fully appraised both physically and financially using industry standard techniques to ensure the yield offered is acceptable for the level of overall risk involved. An example risk spreadsheet is shown at Appendix 1.

8.6 A business case will be produced and supported by financial modelling which will include, where appropriate:

- i) Yield calculations (Initial, equivalent and reversionary)
- ii) Financing costs
- iii) Life cycle costs to be borne by the Council
- iv) Net rate of return calculation
- v) Discounted cash flow analysis
- vi) Sensitivity analysis of cash flow
- vii) Exit Strategy, including trigger points
- viii) Financial implications of exit strategy
- ix) General Fund impact

8.7 Residential schemes will be subject to assessment through the ProVal system for residential development to determine financial viability.

8.8 All suitable opportunities will be referred to the IAB for consideration. The IAB will review each proposal in accordance with its Terms of Reference.

8.9 Decisions will be undertaken in accordance with the Scheme of Delegation and referred to the Executive or Full Council for approval as appropriate.

8.10 Following approval the Asset Manager will be instructed to express an interest in the property. If successful due diligence will be activated.

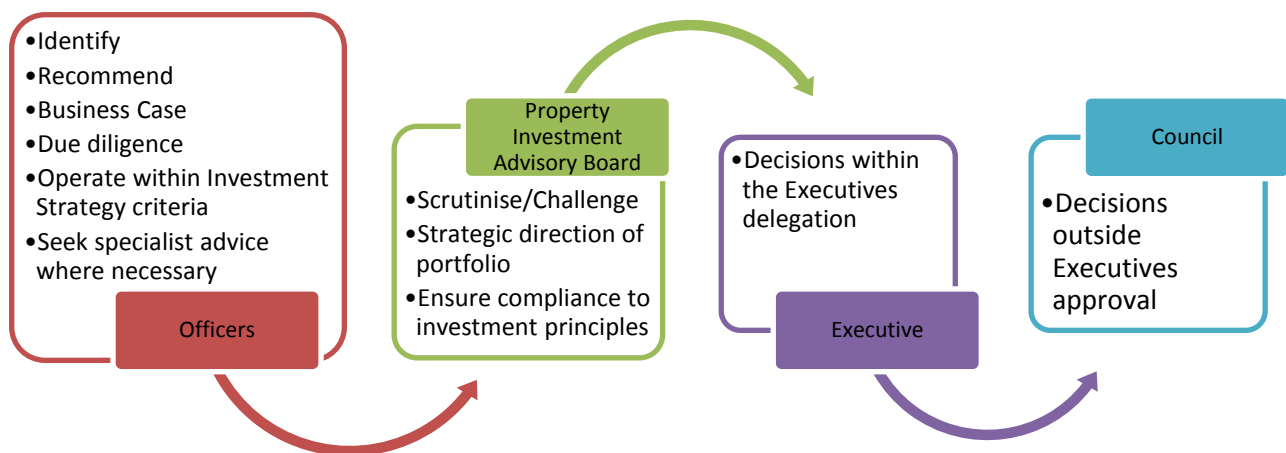
## 9. Governance and Due Diligence

9.1 Prior to any investments the Council makes it will first determine:

- The reason for the investment
- The powers under which the investment is made
- The extent to which the capital invested is placed at risk
- The impact of any potential losses on financial sustainability

The governance process will be reviewed on a regular basis to take account of changes in legal powers, the market and other conditions to ensure it is robust.

9.2 The Governance framework will comprise:



9.3 Due diligence will include:

Evaluation:

- Compliance to Investment Principles
- Legal power under which the Council will invest
- Assessment of legal issues in relation to property

Risk Analysis

- Risk appetite
- Assessment of sector risk and asset risk
- Reputational issues

Property Analysis

- Independent valuation of property from external agent
- Land Registry title checks
- Formal building condition survey
- Independent assessment of asset life
- Any necessary environmental and flood risk investigations

## Financial Analysis

- Financial assessment of tenant(s)
- Assessment of the impact of any potential abortive costs and how they will be funded
- Assessment of impact of default or significant loss in value and how it will be funded
- Allowance for future costs, income shortfall and management of assets
- Formal estimate of any re-instatement costs

## Risk

9.4 Risk will be assessed in line with the Council's Risk Management Framework and Risk Appetite Statement. The Business Case for the investment will assess each risk domain documented in the Risk Management Framework.

9.5 Risk will be minimised through:

- Compliance to the investment criteria
- Completion of due diligence
- Having management strategies in place for each property
- Having an exit strategy for each property, including trigger points and operating parameters

9.6 Once approval is in place, subject to a satisfactory outcome to the due diligence and after liaison with the Portfolio Holder for Property and Finance, Legal Services will be instructed to proceed to completion.

## 10. Property Development

10.1 The Council will consider opportunities for development, either buy or build, for:

- Residential property
- Commercial property
- Land assembly
- Conversion of assets

10.2 Delivery options will include:

- Partnership working and Joint Ventures
- Self build
- Contract development with a Developer

10.3 Residential development will be undertaken within the General Fund under Section 12 of the Local Government Act 2003 to achieve market rent or sale.

## 11. Property Management

11.1 The assets will be managed in accordance with the Strategic Asset Management Plans held under the Capital Strategy.

11.2 On acquisition, an Asset Management Plan will be drawn up for each asset in line with the characteristics of the type of asset. The plan will specify the timeframe

over which performance will be assessed and the short, medium and long-term objectives of holding the asset.

## **12. Performance Reporting**

12.1 A quarterly Performance Report for properties acquired under this Strategy will be submitted to the Value for Money Overview & Scrutiny Committee as part of the Council's performance reporting.

12.2 Performance measures will be set to check:

- Ongoing security of investment
- Ongoing yield
- Fair value against purchase price
- Lifecycle costs required to maintain the income potential

Underperformance on these measures may trigger the exit strategy.

12.3 Performance will be monitored to ensure results are being delivered and to consider if the portfolio meets the needs of the Council or if any rebalancing is required.

## **13. Exit Strategy**

13.1 Each property within the portfolio will have an Exit Strategy to ensure that where there is a predicted risk of change in market/obsolescence or the required return on the property is not being achieved action can be taken to protect the Council's finances from further loss.

13.2 Options for consideration will include:

- Disposal – sell the asset and realise the investment cash
- Alternative uses – based on market demand
- Transfer to operational property for service delivery

13.3 An Exit Strategy may be triggered in the following circumstances:

- Long term void and unable to attract good quality replacement tenants at acceptable rent levels
- Maintenance liability of the building
- The age and specification of the building affects the ability to let the property
- The management costs of the property affect the yield
- The use or user changes
- The reaching of a specific time period for being void based on the property's normal void turnaround period of a comparable property

## **14. Other considerations**

### ***Skills and Expertise***

- 14.1 The Council invests in its Asset Management Team through training to enable staff to:
- Identify investment opportunities
  - Undertake property management
  - Know when to divest the asset
- 14.2 External support will be sought where appropriate according to:
- Complexity of transaction
  - Nature of acquisition
  - Independence requirement
  - Skills and capacity of internal team
  - Time dependency of transaction
- 14.3 Management of property (commercial and residential) may be through an agent where the service charge gives best value or where multi-let properties favour external expertise.

### ***Voids and rent arrears***

- 14.4 The Council is exposed to the risk of void periods or tenants defaulting on payment of rent. Loss of income and holding and re-letting costs will be met from a void reserve and managed in line with each individual asset plan.
- 14.5 Void periods will be kept under review to determine at which point the exit strategy for the asset will be triggered in accordance with the asset management plan for that asset.

### ***Subsidised Rent***

- 14.6 Investment property yields must reflect market conditions and be in line with individual asset management strategies.
- 14.7 Investment properties will not be subject to Council determined rent subsidy or reduction for operational purposes. Such proposals will trigger the exit strategy for that specific asset including the capital and revenue budget implications of the transfer to operational.
- 14.8 Residential investment properties will be on assured short-term tenancies and will not be subject to Right to Buy.



## **Legacy portfolio**

14.9 Assets held prior to 1 April 2018 are part of this Investment Strategy unless they qualify as operational assets.

14.10 This will be assessed for:

- Performance
- Risk
- Maintenance requirements
- Yield

14.11 Legacy properties will have their individual asset management plans, including exit strategies.

## **Environmental considerations**

14.12 The Council has declared a Climate Change Emergency and made a commitment to becoming carbon neutral. In undertaking property investment the Council will honor these commitments by setting an example and excluding certain assets from being considered as potential investments if they are not in alignment with these commitments. Assets that will not be considered for investment therefore include, but are not limited to, petrol stations and airports and those that would require special consideration include, but are not limited to, car parks and depots.

## **15. Sector diversification**

15.1 At 31 December 2019, the property portfolio is made up as follows:

<b>Sector</b>	<b>Units</b>	<b>Fair Value £'000</b>	<b>Annual Rent £'000</b>	<b>Gross Yield %</b>
Office	7	11,089	644	5.8
Supermarket	1	7,625	305	4.0
Industrial	30	6,196	295	4.8
Retail	1	641	71	11.0
<b>Total</b>	<b>39</b>	<b>25,551</b>	<b>1,315</b>	

<b>Location</b>	<b>Units</b>	<b>Fair Value £'000</b>	<b>Annual Rent £'000</b>	<b>Gross Yield %</b>
Cranleigh	0	0	0	0.0
Godalming	1	758	56	3.0
Haslemere	1	328	23	7.1
Farnham	37	24,465	1,236	5.0
<b>Total</b>	<b>39</b>	<b>25,551</b>	<b>1,315</b>	

## 16. Investment Checklist

16.1 The following check list will be used to determined decisions on whether proposed investments can be undertaken.

<ul style="list-style-type: none"><li>▪ <b>Can we acquire commercial and residential property?</b></li></ul>
<ul style="list-style-type: none"><li>– What are the legal powers to support the acquisition and, crucially, are they powers specifically to acquire property or to make investments?</li></ul>
<ul style="list-style-type: none"><li>– Where borrowing is required, what are the powers available to support the taking out of loans?</li></ul>
<ul style="list-style-type: none"><li>▪ <b>Should we acquire commercial and residential property?</b></li></ul>
<ul style="list-style-type: none"><li>– Can the Council justify the exercise of the legal powers in the way proposed?</li></ul>
<ul style="list-style-type: none"><li>– Does the Council's decisions have proper regard for the statutory guidance?</li></ul>
<ul style="list-style-type: none"><li>– Does the Council's decisions have proper regard for the Prudential Code in terms of affordability, prudence and proportionality?</li></ul>
<ul style="list-style-type: none"><li>– Is the acquisition defensible under the best value duty?</li></ul>
<ul style="list-style-type: none"><li>▪ <b>Will we acquire commercial and residential property?</b></li></ul>
<ul style="list-style-type: none"><li>– Is the proposal consistent with the Council's Corporate Strategy and Medium Term Financial Plan?</li></ul>
<ul style="list-style-type: none"><li>– Can the proposal be accommodated within the Council's Treasury Management Strategy and Property Investment Strategy?</li></ul>
<ul style="list-style-type: none"><li>– Does the Council have the necessary competence to take the proposed decision?</li></ul>
<ul style="list-style-type: none"><li>– Does the Council have appropriate skills to manage the asset?</li></ul>

## Appendix 1

### Investment Analysis template

<b>Source</b>			
<b>Property type</b>			
<b>Address</b>			
<b>Location</b>			
<b>Built</b>			
<b>Condition</b>			
<b>Area</b>	sq ft		
<b>Tenure</b>			
<b>Unexpired term</b>			
<b>Tenants(s) inc underlettings</b>			
<b>Use/alienation</b>			
<b>Repair</b>			
<b>Occupancy rate</b>		%	
<b>Rent</b>		£	
<b>OMV</b>		£	
<b>Management Costs %</b>		%	
<b>Net income after management fees</b>		£	
<b>Term</b>	years		
<b>Rent reviews</b>			
<b>Lease renewal</b>			
<b>Break option</b>			
<b>Asking price</b>		£	£ CV/ sq ft
<b>Yield</b>			
Net initial		%	% less management costs
Net equivalent		%	% less management costs
True equivalent			
Net reversionary		%	% less management costs
Agents Intro fee		£	
Condition Report		£	
Due Diligence		£	
Legal		£	
SDLT		£	
Management costs		£	
Refurb costs		£	
<b>Total</b>		£	
<b>Strengths</b>	<b>Weakness</b>	<b>Opportunities</b>	<b>Threats</b>

<b>eg</b> <ul style="list-style-type: none"> <li>• In Borough</li> <li>• Fully let</li> <li>• FRI</li> <li>• Location</li> <li>• Parking</li> <li>• Modern</li> </ul>	<b>eg</b> <ul style="list-style-type: none"> <li>• Tenants break</li> <li>• Years remain</li> </ul>	<b>eg</b> <ul style="list-style-type: none"> <li>• Rental growth</li> <li>• Restructure of lease</li> <li>• WBC could utilise</li> </ul>	<b>eg</b> <ul style="list-style-type: none"> <li>• Tenant may exercise break</li> </ul>
<b>Conclusion</b> Pursue as potential acquisition/do not pursue			

## Glossary

**Due diligence:** A process to ensure correct documents and searches are complete and that the proposed purchase is legally and financially viable.

**Fair value:** The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Freehold:** The ownership of a property in perpetuity

**FRI:** Full repair and insurance; Usually a tenant's obligation under the terms of a lease.

**IRI:** Internal Repair & Insuring

**Lease:** Type of tenure, whereby rights to a property are granted for a fixed term.

**Local Enterprise Partnerships (LEPs):** Local business led partnerships between local authorities and businesses and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs.

**Management Costs:** Costs incurred to ensure both parties comply with their obligations, if done internally the costs will be absorbed by the council, or if externally, the charges will be deducted from the total income.

**Minimum Revenue Provision (MRP):** MRP is a statutory mechanism for allocating funds out of revenue income to repay debt (from borrowing or credit arrangements) for capital spend that is unfinanced.

**PIAB:** Property Investment Advisory Board

**Rent Review:** The period after which the annual rent for a property can be reviewed in accordance with the terms of the lease, allows for growth on the investment.

**Yield:** The earnings generated and realised on an investment over a period of time (generally annually). It is expressed as a percentage based on the invested amount, modified for MRP and any other appropriate adjustments, or on the current market value.

**(Net) Equivalent yield:** The weighted average income a property produces after allowing for voids and costs associated with buying the property.

**Initial yield:** The annualised rent of a property expressed as a percentage of the property value at the date of purchase.

**Reversionary yield:** Is the anticipated yield to which the initial yield will rise and fall.

---

This page is intentionally left blank

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**HOUSING REVENUE ACCOUNT BUSINESS PLAN, REVENUE BUDGET AND  
CAPITAL PROGRAMME 2020/21**

---

**Portfolio Holder:** Cllrs Anne Marie Rosoman, Mark Merryweather

**Head of Service:** Hugh Wagstaff, Head of Housing Operations

**Key decision:** Yes

**Access:** Public

---

**1. Purpose and summary**

- 1.1 This report advises Members of the latest position regarding the Housing Revenue Account (HRA) for 2020/21, the updated 30-year Business Plan and seeks approval of the 2020/21 budget.

**2. Recommendations from the Executive to Council**

The Executive makes the following recommendations to the Council, that:

1. the rent level of Council dwellings be increased by 2.7% from the 2019/20 level with effect from 1 April 2020 in accordance with The Government's permitted guidelines;
2. the weekly charge for garages rented by both Council and non-Council tenants be increased by 25 pence per week excluding VAT from 1 April 2020;
3. the service charge in sheltered accommodation be increased by 50 pence per week from 1 April 2020 to £19.50;
4. the recharge for energy costs in sheltered accommodation (as appropriate) be increased by 50 pence per week from 1 April 2020;
5. the revised HRA Business Plan for 2020/21 to 2023/24 as set out at Annexe 1 be approved;
6. note the approval change for the fees and charges as set out in Annexe 2;
7. the Housing Revenue Account Capital Programmes as shown at Annexe 3 be approved;

8. the proposed use of the Working Balance Reserve and Contingency Reserves to fund Capital Programmes be approved; and,
9. the financing of the capital programmes be approved in line with the resources shown in Annexe 4.

### **3. Reason for the recommendation**

In order to approve use of reserves and resources to fund Waverley Borough Councils Landlord Services, the 30 year maintenance programme and deliver proposals for building new affordable homes and investment stock remodelling.

### **4. Background**

4.1 This report outlines the draft budgets to be included within the annual review and update of the HRA 30 year Business Plan and the Budget for the year ahead, including the three-year Capital Programmes. The Business Plan is underpinned by the Council's Medium Term Financial Plan and provides the resources to fund the 30-year maintenance forecast and deliver proposals for building new affordable homes and investment in stock remodelling.

4.2 This report contains the following Annexes:

Annexe 1 – Revised HRA Business Plan - 2020/21 to 2023/24

Annexe 2 – Housing Fees and Charges

Annexe 3 – Capital Programme comprising

- Housing Core Programme
- New Affordable Homes Programme
- Stock Remodelling Programme

Annexe 4 – HRA Reserves Summary

### **Business Plan**

- 4.3 The latest projection for the Business Plan for the four years commencing with 2020/21, is attached at Annexe 1. There has been rigorous scrutiny of HRA budgets throughout 2019 by officers and the Housing and Finance portfolio holders. The measures agreed by Council in 2017 balanced the Business Plan in the medium term following the major changes introduced by the Government affecting HRA finances.
- 4.4 The Government implemented major changes to HRA finances in 2016 with statutory annual rent reductions of 1% for four years. In February 2019 the Government announced that providers of social housing would be permitted to increase average weekly rents by September CPI plus 1% for the five years starting 1 April 2020. CPI in September 2019 was 1.7%
- 4.5 It is proposed that the maximum allowed rent increase in 2020/21 is approved in order to fund annual repairs, core maintenance programme and the new build and re-modelling capital programme and because of the cumulative effect on future rental



streams on the HRA business plan.

- 4.6 Rental increases have a positive cumulative effect on the Business Plan as they affect the base rent from which all future rents are calculated. The Business Plan assumes that in 2020/21 to 2023/24 average rents are increased by the maximum allowable i.e. CPI + 1% for five years. In subsequent years, the Business Plan assumes rents will increase by CPI only and that CPI is 2%
- 4.7 The table below demonstrates the cumulative effect on rental streams applying three scenarios. It assumes for simplicity that the stock level remains the same throughout the 30 Year HRA Business Plan.
- 4.8 The three scenarios all assume the same rent assumptions from **2021/22** i.e. CPI 2% + 1% for four years and then CPI 2% only thereafter.
- 4.9 Scenario One: 2.7% increase in 20/21 (Maximum allowed rent increase in 2020/21 i.e. CPI +1%)
- 4.10 Scenario Two: 0% increase in 2020/21
- 4.11 Scenario Three: 2% increase in 2020/21

Scenario	5 Year Rental Stream	Change effect	Base Average Rent in Year 5	30 Yr Rental Stream	30 Year Effect
Maximum allowed CP1 +1% for 5 years	£152,875,451	£0	£132.00	£1,211,535,926	£0
0% increase 20/21 and CPI only thereafter	£148,871,214	<b>£-4,004,237</b>	£128.55	£1,179,909,570	<b>£-31,626,356</b>
2% increase 20/21 and CPI only thereafter	£151,834,497	<b>£-1,040,954</b>	£131.11	£1,203,426,792	<b>£-8,109,133</b>
Based on 4,769 opening stock and no changes to stock number					
CPI as at September 2019 i.e. 1.7% in 20/21. Assume 2% thereafter					

- 4.12 A 0% increase in 2020/21 results in lost rental income of £4m over five years and nearly £32m over 30 years compared to the proposed increase of 2.7%.
- 4.13 A 2% increase in 2020/21 results in lost rental income £1m over five years and £8m over 30 years.

## Rents

- 4.14 It is proposed that from April 2020/21 average weekly rents will be increased by 2.7% (CPI as at September 2019 was 1.7%). The updated 30 Year HRA Business Plan assumes CPI of 2% across all years and that rents will increase by the permitted CPI plus 1% i.e. 3% from 2021/22 to 2024/25.
- 4.15 The below table indicates the current average social housing weekly rent and impact of an increase by 1.7%, 2% and 2.7% by number of bedrooms.

Bedroom no	Total Number 2019	Av 2019 Weekly Rent	Av Weekly Rent Plus 1.7% increase	Av of Weekly Rent Plus 2.0% increase	Av Weekly Rent Plus 2.7% increase
1	1816	£95.65	£97.28	£97.57	£98.24
2	1410	£114.53	£116.47	£116.82	£117.62
3	1504	£129.45	£131.65	£132.04	£132.95
4	30	£134.51	£136.79	£137.20	£138.14
5	1	£154.24	£156.86	£157.32	£158.40
6	2	£164.47	£167.27	£167.76	£168.91

- 4.16 The draft Housing Service Plan has an objective to work with tenants and the Tenants Panel to support the collection of increased rent in a sensitive and proactive way.
- 4.17 The garages project that started 2018/19 focused on reducing the percentage of void garages. This project has continued with the aim of letting void garages in a timely fashion. The focus in 20/21 will be letting the high demand low repair costs garage sites.
- 4.18 Following the 10% increase in garage rents during 2018/19, it was agreed by Council to freeze garage rents in 2019/20. Previous garage rent increases above CPI have led to increased voids. However, given the relatively low price elasticity of demand and the active focus on reducing voids, it is predicted that there will be minimal loss of garage tenancies. A list of high demand garages where there is a waiting list has been compiled.
- 4.19 It is proposed that weekly garage rents increase by 25 pence per week. Standard garage rent increases to £14.68 (£17.61 inc. VAT for private tenants)
- 4.20 There is potential to increase rents by 5% at three prime town centre garage sites, one of which is owned by the General Fund and two by the HRA.
- 4.21 Following price freezes for service charges and heating reimbursement in senior living during 2019/20, it is proposed that service charges in sheltered accommodation be increased 2.6% amounting to 50 pence per week bringing the new charge to £19.50 in 2020/21. It is proposed that the heating reimbursement charge be increased by 50 pence in line with previous energy increases. It is proposed that water charges will remain unchanged.

### **Fees and Charges**

- 4.22 A proposed schedule of charges for various services to leaseholders and shared owners is given in Annexe 2. The income from fees and charges are already included in the Business Plan. Members are no longer required to approve fees and charges following changes to the Financial Regulations agreed by Council in December 2019. Approval is now delegated under Financial Regulations.

### **Draft 2020/21 Capital Programme**

- 4.23 The draft Capital Programmes at Annexe 3 shows the proposals estimated to be spent in 2020/21 and the following years on each of the three elements to the capital programme.

- 4.24 The 30-year Business Plan also includes a programme to develop new affordable homes and a programme to remodel some of the existing stock. The major regeneration project at Ockford Ridge will be a combination of redevelopment and remodelling existing dwellings.
- 4.25 The Housing Development Capital Programme Budget includes allocation for delivery of new affordable council homes for rent and shared ownership through the acquisition of property under Section 106 (s106) agreements. It is proposed that delegated authority be given to the Head of Housing Delivery and Communities, in consultation with Strategic Director (Chief Finance Officer) and Portfolio Holder for Finance, Assets and Commercial Services and Portfolio Holder for Housing & Community Safety, to allocate the S106 budget when opportunities arise to acquire new homes on developer sites. The Executive approved this delegation on 12 March 2019 for the 2019/20 budget.

### **Financing**

- 4.26 The Business Plan has been modelled to use contingency reserves and surpluses arising from the annual Business Plan, subject to maintaining a minimum £2 million Working Balance. These drawdowns will be allocated to New Affordable Homes and The Core Maintenance Programme. It is proposed in 2019/20 to draw down £2.1m from the Working Balance Surplus for use on the Core Maintenance Programme. In 2022/23 £0.2m will be allocated from contingency to New Affordable Homes. In 2023/24 £1.0m will be allocated from contingency to New Affordable Homes.
- 4.27 The financial model in Waverley's HRA Business Plan incorporates the transfer to the HRA Revenue Reserve to support capital expenditure. Annexe 4 shows the Capital Programme proposals against the resources available in the next four years. The table at Annexe 4 shows that latest capital expenditure plans are affordable in the medium term.
- 4.28 In 2012 Waverley was required to take out £189m of borrowing to transfer the HRA to the new 'self-financing' basis. The HRA began making repayments of external debt principal in 2017/18. This is now scheduled to continue each year throughout the life of the Business Plan. In October 2018 the Government removed the borrowing cap for the HRA which limited the total borrowing that an HRA-Council could have. The Council had agreed not to borrow any more until rent increases are allowed again and also, that there is no need to borrow additional sums in the medium term as sufficient resources exist to meet projected capital needs. This position will be kept under review in 2020/21.

### **Local Government Act 2003 – Financial Administration**

- 4.29 The Local Government Act 2003 formally introduced a number of specific sections covering:
- a. **Budget calculations: report on robustness of estimates;**
  - b. **Adequacy of reserves; and**
  - c. **Budget monitoring**

#### **a) Robustness of Estimates**

- 4.30 Full account has been taken of potential costs and adequate provision has been made. A prudent assessment of income has been undertaken and only income that has a high level of certainty of being received is included within the Council's budgets.
- 4.31 The Council's Medium Term Financial Plan, together with information presented at the Annual Member Finance Briefings and subsequent reports demonstrate the financial challenges to Waverley Borough Council and Landlord Service in the future.
- 4.32 In view of the level of awareness amongst Members and the action taken to produce the Council's budget in 2020/21, the S.151 Officer is satisfied with the robustness of the estimates presented.

#### **b) Adequacy of reserves**

- 4.33 Adequate reserves are necessary to meet significant cost that could not reasonably have been foreseen in the preparation of the budget. The levels of the HRA working and repairs fund balances have been reviewed and the working balance is at least £2m. Annexe 4 shows the schedule of HRA balances and reserves. Plans for investment of balances in existing and new build properties are being drawn up to ensure the reserves are fully utilised.

#### **c) Budget Monitoring**

- 4.34 It is the view of Waverley's Section 151 Officer that the arrangements for budget monitoring, referred to above, satisfy the requirements of the Local Government Act 2003. Budget Monitoring in 2019/20 shows that the HRA is staying within budget on capital and revenue overall.

### **5. Relationship to the Corporate Strategy and Service Plan**

- 5.1 Waverley's landlord service deals with the management and maintenance of existing council homes and delivering housing. The Corporate Strategy aims to maximise the availability of housing that meets the needs of local people at all income levels, and emphasises the value and worth of all residents. A viable business plan needs to be in place to aid delivery of these priorities.

### **6. Implications of decision**

#### **6.1 Resource (Finance, procurement, staffing, IT)**

Resource implications are contained throughout the report.

#### **6.2 Risk management**

Identified risks, advised by specific reports, have been mitigated in the proposed budgets

#### **6.3 Legal**

There are no direct legal implications as a result of this report. The Council must set a balanced HRA budget.

#### **6.4 Equality, diversity and inclusion**

Providing more and better affordable housing for residents of the Borough in housing need, particularly the more vulnerable in our society.

#### **6.5 Climate emergency declaration**

The Council declared a Climate Change Emergency on 18 September 2019. At the Housing Overview and Scrutiny meeting on 20 November 2019 it was agreed that there was a need to review the Waverley Design Standards, approved in July 2018, to address the council's environmental and sustainability objectives and consider the financial implication of the proposed changes.

### **7. Consultation and engagement**

- 7.1 The Housing O&S Committee reviewed the draft HRA Business Plan at its meeting on 14 January 2020. The Committee discussed the efficiencies achieved through procurement of contracts and contract management. The Committee also noted that whilst the proposed rent increase was above the rate of inflation, it came after four years of annual 1% rent reductions mandated by the government. In the circumstances, the Committee felt that the proposed rent increase was not unreasonable, but it should be made clear to tenants how their rental payments were spent.
- 7.2 It was pointed out that the council was dedicated to providing 'affordable' housing and that if we put up rents at a faster rate than inflation then the rents would not be 'affordable'. It was also pointed out that as 2019-2020 was a 53 week year this meant that a 2.7% increase pa meant a 5% increase weekly as this year would be split over 52 weeks.
- 7.3 Members were advised that many tenants had built up a credit on their rent accounts by not reducing their payments over the 4 year period and thus it was felt the rent increase was affordable. It was also pointed out that if the rents had not reduced by 1% each year (over last 4 years) the rent was likely to have been similar if not more than the 2.7%.
- 7.3 The Committee noted that draft capital programme was supported by more detail in the Service Plan. The Committee asked for a more robust statement on the climate change emergency impacts of the Housing Service. The Committee also had reservations regarding the proposed delegation in relation to future borrowing.
- 7.4 Overall, having heard the responses of officers to concerns, the Committee was largely in agreement with the recommendations set out in the report.

### **8. Other options considered**

- 8.1 All options considered in Report

## 9. Governance journey

9.1 The draft HRA Business Plan was considered by the Housing Overview & Scrutiny Committee prior to submission to the Executive on 4 February and Council on 18 February.

### Annexes:

Annexe 1 – Revised HRA Business Plan - 2020/21 to 2023/24

Annexe 2 – Housing Fees and Charges

Annexe 3 – Capital Programme comprising

- Housing Core Programme
- New Affordable Homes Programme
- Stock Remodelling Programme

Annexe 4 – HRA Reserves Summary

---

### Background Papers

There are no background papers, as defined by Section 100D (5) of the Local Government Act 1972).

---

### CONTACT OFFICER:

**Name:** Lindsay Kennedy

**Telephone:** 01483 523378

**E-mail:** [lindsay.kennedy@waverley.gov.uk](mailto:lindsay.kennedy@waverley.gov.uk)

**Name:** Hugh Wagstaff

**Telephone:** 01483 523363

**E-mail:** [hugh.wagstaff@waverley.gov.uk](mailto:hugh.wagstaff@waverley.gov.uk)

**Name:** Peter Vickers

**Telephone:** 01483 523539

**E-mail:** [peter.vickers@waverley.gov.uk](mailto:peter.vickers@waverley.gov.uk)

**Name:** Graeme Clark

**Telephone:** 01483 523099

**E-mail:** [graeme.clark@waverley.gov.uk](mailto:graeme.clark@waverley.gov.uk)

Agreed and signed off by:

Legal Services: 24 January 2020

Head of Finance: 24 January 2020

Strategic Director: 24 January 2020

Portfolio Holder: 24 January 2020

<b>Annex 1</b>				
<b>HRA Business Plan 20/21 to 2023/24</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>INCOME</b>				
Net Dwelling Rent	-28,662,700	-29,602,800	-30,515,500	-31,480,000
Net Garage Rent	-362,600	-369,800	-377,200	-384,800
Service Charges	-404,000	-411,000	-418,100	-425,500
Cost recovered	-318,000	-325,950	-334,099	-342,451
Other income	-264,100	-264,100	-264,100	-264,100
Interest receipts	-210,950	-100,000	-50,000	-50,000
<b>Total Income</b>	<b>-30,222,350</b>	<b>-31,073,650</b>	<b>-31,958,999</b>	<b>-32,946,851</b>
<b>EXPENDITURE</b>				
Cost of Operation	1,556,294	1,543,800	1,582,400	1,622,000
Staffing	3,818,100	3,718,100	3,718,100	3,718,100
Recharges	344,690	344,700	344,700	344,700
Back Funding pension Cost	684,760	684,800	684,800	684,800
<b>Sub total</b>	<b>6,403,845</b>	<b>6,291,400</b>	<b>6,330,000</b>	<b>6,369,600</b>
Stock Maintenance	5,563,070	5,702,100	5,844,700	5,990,800
HRA proportion of Corporate and Democratic Costs	686,100	686,100	686,100	686,100
Debt interest	5,587,241	5,484,494	5,327,754	5,116,002
Principal Repayment	4,303,000	4,984,000	7,998,000	8,561,000
Contingency	200,000			
<b>Sub total</b>	<b>16,339,411</b>	<b>16,856,694</b>	<b>19,856,554</b>	<b>20,353,902</b>
<b>Total Expenditure</b>	<b>22,743,256</b>	<b>23,148,094</b>	<b>26,186,554</b>	<b>26,723,502</b>
<b>Net INCOME -/ Net EXPENDITURE +</b>	<b>-7,479,094</b>	<b>-7,925,556</b>	<b>-5,772,445</b>	<b>-6,223,349</b>
<b>Working Balance Contribution to Reserves:</b>				
Contribution to/from- Reserves				
Contingency	-200,000			
New Build (Affordable Housing)	3,000,000	3,000,000	3,000,000	3,000,000
Re-Modelling	0	0	0	0
Core Capital Programme	4,700,000	4,700,000	4,700,000	4,700,000
Working Balance	-20,906	225,556	-1,927,555	-1,476,651
<b>Total to Reserves</b>	<b>7,479,094</b>	<b>7,925,556</b>	<b>5,772,445</b>	<b>6,223,349</b>
<b>HRA Working Balance (min £2m)</b>				
Opening Balance	5,233,977	5,213,072	5,438,628	3,511,073
Movement within Reserves	0	0	0	0
Surplus /deficit	-20,906	225,556	-1,927,555	-1,476,651
<b>Closing Balance</b>	<b>5,213,072</b>	<b>5,438,628</b>	<b>3,511,073</b>	<b>2,034,422</b>

This page is intentionally left blank



## Housing Services

### Schedule of Fees and Charges for 2020/2021

Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase
		£	£	

## Housing Services

### Schedule of Fees and Charges for 2020/2021

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase
			£	£	
<b>Housing Revenue Account</b>					
<b>Supervision and Management Special</b>					
Guest Rooms - E P Units - Single	Per Night	OS	17.50	<b>17.90</b>	2.3%
Guest Rooms - E P Units - Double	Per Night	OS	22.50	<b>23.00</b>	2.2%
Community Rooms - Residents	Session	OE	20.50	<b>21.00</b>	2.4%
Community Rooms - Non Resident	Session	OE	36.00	<b>36.80</b>	2.2%
<b>Leaseholder Charges</b>					
<b>The following charges replace the flat rate charge currently in place</b>					
Annual practical notes and information to leaseholder. Check of leaseholder account to ensure there are no problems and ground rent invoicing with supporting documentation.	Annual	OO	28.00	<b>28.60</b>	2.1%
Annual practical notes and information to shared owners. Check of account to ensure there are no problems, check to see if ground rent payable	Annual	OO	25.00	<b>25.50</b>	2.0%
Annual practical notes and information to shared owners. Check of account to ensure there are no problems, check to see if ground rent payable	Annual	OO	28.00	<b>28.60</b>	2.1%
Service charge invoicing and supporting documentation non-shared ownership.	Quarterly	OO	3.75	<b>3.90</b>	4.0%
Service charge invoicing and supporting documentation non-shared ownership.	Annual	OO	12.50	<b>12.80</b>	2.4%
Service charge invoicing and supporting documentation shared ownership.		OO	28.00	<b>28.60</b>	2.1%
Consent to alter		OS	58.00	<b>59.20</b>	2.1%
Retrospective/ Complex consent to alter		OS	80.00	<b>81.60</b>	2.0%
Consent to underlet		OS	33.00	<b>33.70</b>	2.1%
Consent to keep pets		OS	33.00	<b>33.70</b>	2.1%

## Housing Services

### Schedule of Fees and Charges for 2020/2021

	Unit of Charge	VAT Indicator	Existing Charge	Proposed Charge	% Increase
			£	£	
Letter to lenders and other third parties		OS	28.00	<b>28.60</b>	2.1%
Reminder in relation to arrears with full printout of account		OE	28.00	<b>28.60</b>	2.1%
Section 20 management		OE	38.00	<b>38.80</b>	2.1%
Obtaining Land Registry document as requested by leaseholder		OS	12.25	<b>12.50</b>	2.0% Plus L Regist
Provision of duplicate invoices		OS	3.25	<b>3.40</b>	4.6%
Contacting or responding to you in relation to a problem with your flat. Non-complex replies by email will be free		OS	6.50	<b>6.70</b>	3.1%
Written contact and liaison with you in relation to statutory requirements, such as fire and asbestos risk assessments		OE	3.25	<b>3.40</b>	4.6%
Leasehold enquiry responses		OS	245.00	<b>249.90</b>	2.0%
Leasehold (with sinking fund) enquiry responses		OS	255.00	<b>260.10</b>	2.0%
Preliminary telephone advice for non-complex issues relating to your leasehold property			<b>FREE</b>	<b>FREE</b>	
Changing leaseholder records, leaseholder responsible for advising changes in writing			<b>FREE</b>	<b>FREE</b>	

This page is intentionally left blank

**ANNEX 3**

<b>HRA Core Programme</b>	<b>2020/21</b>
Communal & Estate works	350,000
Garage Works	50,000
Fire and Legionella Protection Measures	365,000
Kitchens	725,000
Bathrooms	575,000
Repairs to electrics following electric testing	380,000
Asbestos Surveys and Removal	270,000
Central Heating Pumps	25,000
Aids and Adaptions	370,000
Lifts	20,000
Energy Efficiency	180,000
Heating Upgrades	500,000
Roofing & Associated works	470,000
Structural & Damp works	170,000
Windows & Doors	400,000
Tree Management	35,000
Fees	50,000
Staffing	759,180
<b>Total Core Programme</b>	<b>5,694,180</b>

This page is intentionally left blank

<b>ANNEX 3</b>					
<b>Housing Revenue Account Business Plan- Housing Development Capital Programme</b>					
<b>Project Code</b>	<b>Project Name</b>	<b>2020/21 Budget £</b>	<b>2021/22 Estimate £</b>	<b>2022/23 Estimate £</b>	<b>2023/24 Estimate £</b>
K5001	Development Staff Costs	424,010	424,010	424,010	424,010
K5412	Pre-development Expenditure	458,800	200,000	200,000	200,000
	Latent defects contingency	20,000	20,000	20,000	20,000
	<b>Sub Total</b>	<b>902,810</b>	<b>644,010</b>	<b>644,010</b>	<b>644,010</b>
	<b>Budget Approved Schemes:</b>				
K5422	Aarons Hill, Godalming	456,000	157,000		
K5407	Ockford Ridge	200,000	200,000	200,000	200,000
K5425	Ockford Ridge Site A, Godalming	3,682,000			
K5426	Ockford Ridge - Site B	1,692,000	1,692,000		
K5427	Ockford Ridge Site C, Godalming	118,000	3,010,000	3,802,000	
K5430	Ockford Ridge - Site F	40,000	814,000	2,965,000	1,577,000
	<b>Sub Total</b>	<b>6,188,000</b>	<b>5,873,000</b>	<b>6,967,000</b>	<b>1,777,000</b>
	<b>Budget Approved Stock Remodelling</b>				
K5016	Ockford Ridge refurbishment - phase 1				
K5017	Ockford Ridge Refurbishment - phase 2				
K5018	Ockford Ridge refurbishment - phase 3				
K5019	Ockford Ridge Refurbishment - Future phases		450,000	450,000	450,000
K5011	Community Rooms remodelling				
	<b>Sub Total</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>
	<b>Land and Asset purchases</b>				
K5000	Buy Backs	1,000,000	1,000,000	1,000,000	1,000,000
K5020	S106 affordable housing units (based on opportunities offered to date)	3,500,000	3,500,000	3,500,000	3,500,000
	<b>Sub Total</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>
	<b>New Build Budget subject to planning</b>				
	Crossways	172,000	1,356,000	912,000	
	Parkhurst Fields	56,000	782,000		
	Queensmead	247,000	1,246,000		
	Pathfields	352,000	1,738,000		
	Hartsgrove	216,000	961,000	1,190,000	
	<b>Sub Total</b>	<b>1,043,000</b>	<b>6,083,000</b>	<b>2,102,000</b>	<b>0</b>
	<b>Remodelling Budget subject to planning</b>				
	Borough wide refurbishment	220,000	0	0	0
	<b>Sub Total</b>	<b>220,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Housing Development Total</b>	<b>12,853,810</b>	<b>17,550,010</b>	<b>14,663,010</b>	<b>7,371,010</b>
	<b>Funding:</b>				
	HRA Funding	12,853,810	17,550,010	14,663,010	7,371,010
	External Funding	0	0	0	0
	External Borrowing	0	0	0	0

This page is intentionally left blank



## ANNEX 4

<b>Housing Revenue Reserves 2019/20 to 2023/24</b>					
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Reserves</b>					
Working Balance	7,496,968	5,233,977	5,213,072	5,438,628	3,511,073
Contingency	2,224,000	2,474,000	2,274,000	2,274,000	2,074,000
New Affordable Homes	13,519,062	10,749,062	7,432,157	1,882,152	249,729
Stock Re-modelling	6,289,282	1,906,712	1,686,712	1,236,712	786,712
Major Repairs Reserve	0	2,100,000	1,105,820	1,497,756	1,803,531
Capital Receipts Unapplied	20,245,266	15,474,266	12,157,361	6,607,356	226,769
<b>Total Opening Reserves</b>	<b>49,774,578</b>	<b>37,938,018</b>	<b>29,869,122</b>	<b>18,936,604</b>	<b>8,651,814</b>
<b>Add from In Year Business Plan and capital receipts</b>					
Working Balance	-162,990	-20,906	225,556	-1,927,555	-1,476,651
Contingency	250,000				
New Affordable Homes	4,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Stock Re-modelling					
Major Repairs Reserve	3,608,000	4,700,000	4,700,000	4,700,000	4,700,000
Capital Receipts Unapplied	2,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<b>Total added to Reserves from annual Business Plan</b>	<b>9,695,010</b>	<b>10,679,094</b>	<b>10,925,556</b>	<b>8,772,445</b>	<b>9,223,349</b>
<b>Movement on Reserves</b>					
Working Balance	-2,100,000				
Contingency				-200,000	-1,000,000
New Affordable Homes				200,000	1,000,000
Stock Re-modelling					
Major Repairs Reserve	2,100,000				
Capital Receipts Unapplied					
<b>Total Reserves =0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Less use of Reserves</b>					
Working Balance					
Contingency		200,000			
New Affordable Homes	6,770,000	6,316,905	8,550,005	4,832,423	3,702,740
Stock Re-modelling	4,382,570	220,000	450,000	450,000	450,000
Major Repairs Reserve	3,608,000	5,694,180	4,308,064	4,394,225	4,482,110
Capital Receipts Unapplied	6,771,000	6,316,905	8,550,005	9,380,587	3,218,270
<b>Total Use of Reserves</b>	<b>21,531,570</b>	<b>18,747,990</b>	<b>21,858,074</b>	<b>19,057,235</b>	<b>11,853,120</b>
<b>Closing reserves</b>					
Working Balance	5,233,977	5,213,072	5,438,628	3,511,073	2,034,422
Contingency	2,474,000	2,274,000	2,274,000	2,074,000	1,074,000
New Affordable Homes	10,749,062	7,432,157	1,882,152	249,729	546,988
Stock Re-modelling	1,906,712	1,686,712	1,236,712	786,712	336,712
Major Repairs Reserve	2,100,000	1,105,820	1,497,756	1,803,531	2,021,421
Capital Receipts Unapplied	15,474,266	12,157,361	6,607,356	226,769	8,500
<b>Closing Reserves</b>	<b>37,938,018</b>	<b>29,869,122</b>	<b>18,936,604</b>	<b>8,651,814</b>	<b>6,022,043</b>

This page is intentionally left blank

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**Pay Policy Statement 2020/21**

---

**Portfolio Holder:** Cllr John Ward, Leader of the Council

**Head of Service:** Robin Taylor, Head of Policy & Governance

**Key decision:** No

**Access:** Public

---

**1. Purpose and summary**

- 1.1 The Localism Act 2011 (Section 39) requires all public authorities to publish an Annual Pay Policy Statement. The Council is required to adopt the Annual Pay Policy Statement each year and the Council is not legally permitted to depart from the policies set out in that statement when it considers actual decisions in relation to individuals' remuneration, including redundancy and/or severance.
- 1.2 The Annual Pay Policy Statement for the 2020/21 financial year is attached at Annexe 1. It has been updated in line with the requirements of the Localism Act 2011, resulting in minimal adjustments from last year which are shown as tracked changes.

**2. Recommendation**

The Executive recommends to Council that the Pay Policy Statement for the 2020/21 financial year, attached at Annexe 1, be approved.

**3. Reason for the recommendation**

To comply with the Localism Act 2011 (Sections 38 and 39).

**4. Relationship to the Corporate Strategy and Service Plan**

- 4.1 The publication of the Pay Policy Statement, as well as being a legal requirement, is part of the Council's approach to ensuring it has effective and transparent remuneration arrangements in place.

**5. Implications of decision**

## **5.1 Resource (Finance, procurement, staffing, IT)**

The pay arrangements set out within the policy statement are reflected in the Council's Annual Budget.

## **5.2 Risk management**

The Pay Policy Statement is a requirement of section 38 (1) of the Localism Act 2011 that sets a statutory duty on local authorities annually to publish a statement approved by Full Council by the end of the financial year and relating to the new financial year. Failure to comply could lead to a legal challenge to the Council and therefore it is important that the statement reflects the requirements of the Act and all the associated statutory guidance.

## **5.3 Legal**

The policy meets the requirements of the Localism Act 2011 and all other relevant legislation.

## **5.4 Equality, diversity and inclusion**

The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. The Pay Policy Statement is designed to bring fairness and equality to the application of pay and remuneration within the Council. There are no direct equality impacts associated with agreeing the Pay Policy Statement itself.

## **5.5 Climate emergency declaration**

There are no direct climate change impacts associated with agreeing the Pay Policy Statement itself.

## **6. Consultation and engagement**

6.1 N/a.

## **7. Other options considered**

7.1 The Pay Policy Statement is a requirement of section 38 (1) of the Localism Act 2011 that sets a statutory duty on local authorities annually to publish a statement approved by Full Council by the end of the financial year and relating to the new financial year. Failure to comply could lead to a legal challenge to the Council.

## **8. Governance journey**

8.1 The Pay Policy Statement must be approved by Full Council. The pay multiple figure at the end of paragraph 3 of the statement was incorrectly reported last year as being 1:4 rather than 1:4.9. It is now slightly lower at 1:4.8.

**Annexes:**

Annexe 1 – Pay Policy Statement 2020/21

---

**Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

---

**CONTACT OFFICER:**

Name: Sally Kipping  
Position: HR Manager  
Telephone: 0148 3523499  
Email: sally.kipping@waverley.gov.uk

Agreed and signed off by:  
Legal Services: 6 January 2020  
Head of Finance: n/a  
Strategic Director: 14 January 2020  
Portfolio Holder: 14 January 2020

This page is intentionally left blank

Date of Policy: January 2020

Review Date: Annual review and approval by Council [Date]

Date uploaded to website: TBC

## WAVERLEY PAY POLICY 2020/2021

### PUBLISHED AS AN ANNUAL STATEMENT FROM 2012/13

1. In line with the Government's principles of pay accountability set out in the Localism Act 2011, Waverley has an open and transparent approach to the salaries and payments of all our staff. The Council publishes the salaries of the Chief Executive, Strategic Directors and Heads of Service with a description of each role and responsibility within the authority. This means that all our senior salaries are easily accessible by members of the public who can see exactly what is paid for particular roles and responsibilities. Full Council will approve any new appointment with a salary package of £100,000 or more i.e. the Chief Executive appointment and new Strategic Director appointment. From April 2014, in line with the revised Code of Recommended Practice for Local Authorities on Data Transparency, the number of staff whose remuneration (including benefits) exceeds £50,000 and a list of their responsibilities, has been published on the website.
2. The Council's organisational structures are also published on its website with the job outlines for our senior staff. We are committed to ensuring that our salaries and payments are subject to the principles of fairness, openness and consistency and these can be tested against value for money and equal pay. The salary structure is published on our website and this shows that salaries are linked to particular grades. Grades are determined by job evaluation giving each job description a relative value. The current salary structure was agreed by the full Council in December 2010 after consultation with staff representatives through the Council's Joint Negotiating Committee (JNC), this was last updated [April 2019](#) and continues to apply the UK Living Wage as the minimum evaluated salary grade. The Joint Negotiating Committee meets annually to review the salary structure. If a pay award is agreed, it is applied to the salary structure with effect from 1 April.
3. The grading structure covers a wide range of jobs. The differentials between the salary grades for these jobs is objectively justified by our job evaluation system which takes account of equal pay for work of equal value and evaluates each job based on the level of skills, knowledge, problem solving and accountability required. The pay multiple (ration between the Chief Executive's Salary and the median salary of the authority's workforce is ~~4:4~~ [1:4.8](#).

More details can be found at [Waverley Borough Council Senior Management Team](#)

4. The Council has tight controls on workforce costs including salaries and payments. Any newly appointed or promoted staff start at the bottom of the grade (the "starting salary"). In exceptional circumstances, where salary benchmarking and recruitment experience demonstrates the impact of salary competitiveness on the ability to recruit suitably qualified staff, the Head of Service may authorise recruitment to a higher point within the grade and/or additional payments to

support the recruitment process. Except in exceptional circumstances, Waverley is also committed to 'clean pay' for newly recruited staff and only pays staff an allowance where it is absolutely necessary such as for election duties or when overtime needs to be worked. The Council will pay a market supplement when salary benchmarking shows that it is needed. The budget responsibility for this lies with the Head of Service.

5. The role of Returning Officer is a separate responsibility and is remunerated separately after each election in accordance with the appropriate Statutory Fees and Charges Order. The Council does not have performance related pay or bonuses. The Council does not employ any staff through personal service companies, except in exceptional circumstances agreed by the Chief Executive and Portfolio Holder for Human Resources.
6. The Council has 12 grades on the pay scales, plus spot salaries for the Directors and Chief Executive. Each of the 12 grades currently has 5 salary increments which progressively go up from the lowest pay point to the highest. The Council has also approved, from November 2013, a professional planners salary scale with 5 grades and 5 salary increments. This incremental progression applies to all staff on the pay grades until they reach the top pay point. The progression is dependent on satisfactory performance and would normally be applied in April each year. For historic reasons, there are some staff on all grades who for contractual reasons, fall outside the five increments and are on two additional pay scales at each grade.
7. As a result of careful financial management and budgetary planning, the Council endeavours to avoid making compulsory redundancies and our policy is to minimise any job loss wherever possible. We only consider applications for early retirement and voluntary redundancy if there is a business case which can be justified under the principles of public interest and value for money. If a redundancy is necessary, the Council's policy is to pay at a rate of 1.5 weeks for each completed year of service. In accordance with this policy, in exceptional circumstances, the Council may decide to make a one-off termination payment in the interests of the efficiency of the Council's services. This will normally be no more than the person concerned would have received under the redundancy policy. Any proposal to make a termination payment of £95,000 or more would only be proposed if it complied with any Government regulations in place at that time and would need approval by full Council, with a detailed breakdown of the components of the package (for example pay in lieu of notice, redundancy, pension, outstanding holiday) provided to Councillors.
8. The Council's flexible retirement policy can allow a smoother transition between work and retirement and as a way of transferring skills and knowledge within the workforce and supporting succession planning. This applies where there is no financial or service detriment for Waverley. Requests for early retirement, for example in the interests of the efficiency of the service, are considered on a case by case basis by the Head of Service and Strategic Director. If the request balances the needs of the service, tax payer and individual then it may be granted.
9. The Council does not usually re-employ staff who have received compensation on leaving the Council's employment on the basis of redundancy, early retirement or for some other reason. Any re-employment will be determined by the Chief Executive, in partnership with the HR Manager and will take into account the requirements to have a break in employment of at least 4 weeks. Consideration will be given as to whether



part of all of the compensation payment should be recovered, how similar the role proposed is to the role the individual left, the pay scale for the proposed role and any impact on pension arrangements. Any decision will comply with all Government regulations in place at that time.

10. The Council continues to invest in successful apprenticeship and graduate trainee schemes. We also invest in the learning and development identified through the [Performance Agreement](#) process of all our managers and staff so that we can continuously improve the quality of service to Council Tax payers and customers.
11. Waverley has held Investors in People accreditation since 2004 and after a re-assessment in July 2018 was awarded The Standard accreditation. Waverley demonstrated a clear commitment to its people with high achievement in effective team working and operational co-operation.
12. Investors in People is a national award which recognises organisations that improve performance through the effective management and development of their people.
13. As of April 2018 public, private and voluntary sector organisations with 250 or more employees will have to report on their Gender Pay Gap. The data is taken annually on a snapshot date at the end of March. Figures are reported within quarterly performance reports. As part of the HR Strategy for 2018 to 2023 we are committed to continue to address issues that arise from our pay gap and will continue to review and report any changes.
14. The Council considers that everyone should be able to understand how this Pay Policy applies in practice and therefore the salary and staff information will be updated when changes occur and at the start of each financial year following approval by full Council.

This page is intentionally left blank

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE EXECUTIVE - 7 JANUARY 2020

SUBMITTED TO THE COUNCIL MEETING – 18 FEBRUARY 2020

(To be read in conjunction with the Agenda for the Meeting)

**Present**

Cllr John Ward (Chairman)  
Cllr Paul Follows (Vice Chairman)  
Cllr David Beaman  
Cllr Andy MacLeod

Cllr Mark Merryweather  
Cllr John Neale  
Cllr Anne-Marie Rosoman  
Cllr Steve Williams

**Apologies**

Cllr Nick Palmer

**Also Present**

Councillor Julia Potts, Councillor John Gray and Councillor Jerry Hyman

EXE 44/19 MINUTES (Agenda item 1)

The Minutes of the Meeting held on 26 November 2020 were confirmed and signed as a correct record.

EXE 45/19 DECLARATIONS OF INTERESTS (Agenda item 3)

There were no declarations of interest raised under this heading.

EXE 46/19 QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4)

The Executive received the following question, from Mrs Kathy Smyth of Milford, in accordance with Procedure Rule 10:

“On 22 July 2019 the Ministry of Housing, Communities and Local Government published revised guidance on appropriate assessments. This guidance includes the statement that

*“If a proposed plan or project is considered likely to have a significant effect on a protected habitats site (either individually or in combination with other plans or projects) then an appropriate assessment of the implications for the site, in view of the site’s conservation objectives, must be undertaken”* and reference is made to Part 6 of the Conservation of Habitats and Species Regulations 2017.

The guidance goes on to state that “An appropriate assessment must contain complete, precise and definitive findings and conclusions to ensure that there is no reasonable scientific doubt as to the effects of the proposed plan or project”. Can Waverley Borough Council please identify and make available and/or publish the appropriate assessment (or assessments) on which they currently rely for the

purpose of taking planning decisions for sites within the Waverley area which are considered to have an effect on the Thames Basin Heath SPA and Wealden Heaths Phases 1 and 2 SPAs?"

**Response from the Portfolio Holder, Cllr Andy MacLeod:**

"The Council prepares an appropriate assessment in consultation with Natural England when a proposed project is considered likely to have a significant effect on a Special Protection Area. Any such appropriate assessment, together with Natural England's consultation response, are made publicly available via the Council's website.

The Council also relies on the adopted Local Plan Part 1 Habitats Regulations Assessment and the Addendum to that Assessment, which contain appropriate assessments relating to both the Thames Basin Heaths and Wealden Heaths Special Protection Areas. These assessments were prepared by specialist, independent, technical consultants acting in consultation with Natural England. The Council's strategy to avoid harm to the Special Protection Areas was found sound by the Local Plan Inspector and now forms part of its development plan. A copy of the assessments and the Inspector's findings on this issue (as set out in his Examination Report) are also publicly available."

The background documents referred to in the response can be found at the following links:

[https://www.waverley.gov.uk/downloads/file/5290/habitats\\_regulations\\_assessment\\_2016](https://www.waverley.gov.uk/downloads/file/5290/habitats_regulations_assessment_2016)

[https://www.waverley.gov.uk/downloads/file/5867/waverley\\_local\\_plan\\_part\\_1\\_hra\\_addendum](https://www.waverley.gov.uk/downloads/file/5867/waverley_local_plan_part_1_hra_addendum)

[https://www.waverley.gov.uk/downloads/file/5963/waverley\\_local\\_plan\\_part\\_1\\_examination\\_inspectors\\_report](https://www.waverley.gov.uk/downloads/file/5963/waverley_local_plan_part_1_examination_inspectors_report)

EXE 47/19 QUESTIONS FROM MEMBERS OF THE COUNCIL (Agenda item 5)

There were no questions from Members of the Council.

EXE 48/19 LEADER'S AND PORTFOLIO HOLDERS' UPDATES (Agenda item 6)

There were no updates reported.

**PART I - RECOMMENDATIONS TO THE COUNCIL**

There were no matters falling within this category.

**PART II - MATTERS OF REPORT**

The background papers relating to the following items are as set out in the reports included in the original agenda papers.

EXE 49/19 BUDGET 2020/21 UPDATE (Agenda item 7)

- 49.1 Cllr Merryweather provided an update on the development of the General Fund Revenue Budget for 2020/21, outlining the challenges to balancing the budget bearing in mind increasing costs and constraints on income. The budget gap at the start of the process had been £1.8m and good progress was being made on proposals to bridge this gap with proposed increases to council tax and fees and charges largely in line with RPI. Cllr Merryweather recommended that work continue to identify options to balance the budget ahead of publication of the draft budget in the agenda for Value for Money Overview & Scrutiny Committee at the end of the week.
- 49.2 Cllr Hyman had a number of questions regarding the likelihood of the negative Revenue Support Grant being implemented within the timeframe of the Medium Term Financial Plan; the proposed use of the New Homes Bonus; whether inefficiencies and waste had been addressed before considering increasing charges, rents and council tax; and, the government guidelines on increases to housing rents. Cllr Merryweather responded that the budget and medium-term financial plan had been developed based on the funding context as it was currently understood; the New Homes Bonus would continue to be earmarked for capital projects; and the proposed budget included £700,000 of efficiency savings but these were not sufficient on their own to off-set the reduction in funding.
- 49.3 The Executive RESOLVED to:
1. Continue to work with officers to identify options to balance the budget; and
  2. Ask the Joint Overview and Scrutiny Committee to consider the detailed budget proposals at their January meeting and to make any suggestions to the Executive to prioritise options to balance budget.

Reason: The Budget is a major decision for the Council and setting a balanced budget is a statutory requirement. Scrutiny of the financial plan and budget proposals demonstrate transparency and good governance.

EXE 50/19 BUDGET MANAGEMENT - REQUEST FOR SUPPLEMENTARY ESTIMATE FOR FARNHAM NEIGHBOURHOOD PLAN REVIEW (Agenda item 8)

- 50.1 Cllr Merryweather introduced the report which explained the need for a Supplementary Estimate of £51,000 to meet the actual costs of the Farnham Neighbourhood Plan Review. These were estimated to be £71,000 however only £20,000 could be claimed from the Government.
- 50.2 Cllr Hyman referred to the public question earlier in the meeting and the response given in respect of the Habitats Regulations. The Farnham Neighbourhood Plan Review assumed that the Council had an Appropriate Assessment; without that, proceeding with the referendum was a waste of money. Cllr Follows reiterated that the Local Plan Part 1, including relevant Appropriate Assessments, had been found sound by the Local Plan Inspector.
- 50.3 The Executive RESOLVED to approve a supplementary estimate for £51,000 to cover the costs of the Farnham Neighbourhood Plan Review.

Reason: the Council can only claim for £20,000 in funding from the Government for the Neighbourhood Plan Review and the costs are estimated to be £71,000. There is therefore a shortfall of £51,000.

EXE 51/19 PROPERTY MATTER - THE BURYS INVESTMENT OPPORTUNITY (Agenda item 9)

- 51.1 Cllr Merryweather set out the proposal to use up to £40,000 from the Property Investment budget to commission an Options Appraisal assessing the investment opportunities of key Waverley- and Surrey-owned sites in Godalming, including Council Offices, Crown Court car park and The Wharf car park. The Council Offices required £6-700,000 per annum to maintain, with an additional need for significant capital investment in the longer term. An initial appraisal had identified development options for the sites, and a further appraisal was now required to explore further the potential for investment that would provide a revenue return for Waverley as well as re-provide office space for the council.
- 51.2 Cllr Hyman asked whether the previous Options Appraisal was available to Councillors, as it was difficult to make a substantive comment without any background information. Cllr Follows reported that he was pleased with the intention that the council offices remain in Godalming, as this was fundamental to the success of the High Street. Whilst Godalming Town Council had already announced its plans to move out of the building, he hoped that Waverley would liaise with the Town Council as any development plans would have a material impact on Godalming. He noted that most of the sites in scope were owned by Waverley, with the exception of the sites around the library, and emphasised the importance of the Crown Court car park to the operation of the Wilfrid Noyce Community Centre.
- 51.3 Cllr Merryweather confirmed that Surrey County Council owned the library site. The previous administration had commissioned the earlier Options Appraisal; the proposed further appraisal would follow up on some of the options identified, and in particular look at the potential for an investment project to generate housing, revenue income, and office space in a high-quality development.
- 51.4 The Executive RESOLVED to approve the use of up to £40,000 from the Property Investment budget to produce a further Options Appraisal assessing the investment opportunities of key Waverley and Surrey owned sites in Godalming.

Reason: A previous outline Options Appraisal on the key sites indicated a significant return could be generated and a major improvement to customer experience achieved by developing the sites sympathetically. Such a return on investment would support the projected budget shortfall in the future.

EXE 52/19 HOUSING RESPONSIVE REPAIRS AND VOIDS CONTRACT (Agenda item 10)

- 52.1 Cllr Rosoman outlined the current position regarding the Responsive Repairs and Voids contract following the early termination by MPS Housing Ltd on 9 December 2019. It was proposed to appoint an alternative contractor on an interim basis, and commence procurement of a long-term contract.
- 52.2 The Executive RESOLVED to:

1. authorise the Council's Section 151 Officer to waive the Council's Contract Procurement Rules in accordance with paragraphs 9.3.1 and 9.3.3 of the CPRs in order for the Council to appoint an interim responsive repairs and voids contactor.
2. delegate authority to the Head of Housing Operations in consultation with the Portfolio Holder for Housing and the Strategic Director (s151 Officer) to:
  - a) appoint consultants to provide advice and undertake such work as is required to achieve an interim contract within agreed budgets and in accordance with the Council's Contract Procedure Rules;
  - b) select and appoint an interim contractor for 12 to 24 months within agreed budgets and in accordance with the Council's Contract Procedure Rules
  - c) appoint consultants to assist with procurement for the permanent contractor, within agreed budgets and in accordance with the Council's Contract Procedure Rules; and
  - d) draw down up to £200,000 from the HRA contingency reserve to achieve these recommendations.
3. note that officers would report performance and procurement progress to the Housing Overview and Scrutiny Committee and the Executive.

Reason: To provide the essential responsive repair and voids service whilst a full procurement project can be developed and implemented.

EXE 53/19 POLICY ON CONSENT FOR THE USE OF COMMON LAND AND COUNCIL OWNED LAND AND PROPERTY (Agenda item 11)

- 53.1 Cllr Merryweather introduced the proposed policy that set out at a high level the approach the Council would take in considering requests for consent to use common-land and council-owned land and property. Having a formal policy would ensure that proper consideration was given to all potential impacts of granting consent.
- 53.2 Cllr Hyman raised a number of concerns regarding the proposed policy, especially its scope in relation to common land, and referred to the email Executive members had received from the Open Spaces Society setting out detailed concerns. Cllr Hyman noted that the draft policy had not been considered by Overview & Scrutiny, and had not been consulted on.
- 53.3 In response to Cllr Hyman, Cllr Follows proposed that delegated authority be given to the Head of Service in consultation with the Portfolio Holder to address any necessary drafting issues, including inserting definitions of key terms. The amendment was seconded by Cllr Beaman and agreed by the Executive.
- 53.4 The Executive thus RESOLVED to:
  1. approve the Land Use Consent Policy, and

2. delegate authority to the Head of Finance and Property, in consultation with the Portfolio Holder, to address drafting issues with the Policy, including definitions of key terms.

Reason: The Council has responsibilities as guardian for common land and as land and property owner and in seeking to protect its interests in all land and property assets within the Borough. The Policy is to ensure consideration is taken of all impacts granting consent could cause.

EXE 54/19 TAX STRATEGY 2020 - 2022 (Agenda item 12)

- 54.1 Cllr Merryweather introduced the revised Tax Strategy, which acknowledged the Council's responsibilities with regards to tax under the Legislation in Criminal Finances Act 2017 and the Corporate Criminal Offence guidance issued by HMRC in September 2017.
- 54.2 In response to comments from Cllr Hyman, Cllr Merryweather explained that the Strategy was consistent with HMRC guidance.
- 54.3 The Executive RESOLVED to approve the revised Tax Strategy 2020-22.

Reason: The Council is required to have in place a Tax Strategy to fulfil its responsibilities under the Legislation in Criminal Finances Act 2017, and to respond appropriately to the Corporate Criminal Offence guidance from HMRC issued September 2017.

**The meeting commenced at 6.00 pm and concluded at 6.50 pm**

**Chairman**



WAVERLEY BOROUGH COUNCIL

MINUTES OF THE EXECUTIVE - 4 FEBRUARY 2020

SUBMITTED TO THE COUNCIL MEETING – 18 FEBRUARY 2020

(To be read in conjunction with the Agenda for the Meeting)

**Present**

Cllr Paul Follows (Vice Chairman)  
Cllr David Beaman  
Cllr Andy MacLeod  
Cllr Mark Merryweather

Cllr John Neale  
Cllr Nick Palmer  
Cllr Anne-Marie Rosoman  
Cllr Steve Williams

**Also Present**

Councillor Julia Potts, Councillor Kevin Deanus, Councillor Simon Dear, Councillor Jenny Else, Councillor John Gray, Councillor Stephen Mulliner and Councillor Richard Seaborne

EXE 55/19 MINUTES (Agenda item 1)

The Minutes of the Meeting held on 7 January 2020 were confirmed and signed as a correct record.

EXE 56/19 DECLARATIONS OF INTERESTS (Agenda item 3)

There were no declarations of interest raised under this heading.

EXE 57/19 QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4)

There were no questions from members of the public.

EXE 58/19 QUESTIONS FROM MEMBERS OF THE COUNCIL (Agenda item 5)

There were no questions from Members of the Council.

EXE 59/19 LEADER'S AND PORTFOLIO HOLDERS' UPDATES (Agenda item 6)

There were no updates reported.

**PART I - RECOMMENDATIONS TO THE COUNCIL**

Background Papers

Unless specified under an individual item, there are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to the reports in Part I of these minutes.

EXE 60/19 MEDIUM TERM FINANCIAL PLAN 2020/21 - 2023/24 AND GENERAL FUND BUDGET 2020/21 (Agenda item 7)

- 60.1 Cllr Mark Merryweather, Portfolio Holder for Finance, Assets and Commercial, introduced the report setting out the latest Medium Term Financial Plan (MTFP) and the draft General Fund Budget for 2020/21. The headlines in the MTFP were the significant shortfall in annual budget projected over the medium term which was estimated to grow to £5.4million cumulative shortfall over the Plan period; steps to mitigate the shortfall, addressing both costs and revenue; and a proposed increase in Council Tax of 1.9%. The proposed Council Tax increase was below the maximum allowed by the government, and recognised the increased Council Tax base due to increased development in the borough, and almost £700,000 of efficiency savings. Cllr Merryweather commended the MTFP and General Fund budget for 2020/21 to the Executive, for recommendation to Council to approve.
- 60.2 Cllr Stephen Mulliner spoke as Chairman of the Overview & Scrutiny Budget Strategy Working Group (BSWG), and reiterated the financial challenges facing the council and the constraints on raising additional income through fees and charges, and through commercial property investments. The BSWG had concluded that it was unlikely that any significant revenue could be generated from new revenue streams within the next four years, and also had reservations about the level and timing of savings achievable through the Customer Services Project. With regard to the 2020/21 budget proposals, Cllr Mulliner noted that the proposed 1.9% Council Tax increase would cause the Council to forego £83,000 per annum, or over £340,000 compounded over four years. The proposed budget also contained uncertainty around commercial property income, and planning and leisure centre income. Any shortfall in budgeted savings in 2020/21 would worsen the problem to be addressed in 2021/22. The severity of the financial challenge demanded a clear strategic approach, either to impose deep service cuts to bring costs into line with income; or, to maintain services at current levels by raising income and making efficiency savings. It was not clear what was the Executive's strategic approach, and he asked that this be made clear at the forthcoming Council meeting.
- 60.3 Cllr Follows thanked Cllr Mulliner for his summary of the work of the BSWG, and for the hard work of the BSWG members. The recent residents' survey had shown that there was a preference for efficiency savings over raising fees and charges, and the budget included £700,000 of cost savings.
- 60.4 In responding, Cllr Merryweather emphasised the role of central government in cutting income and constraining councils' ability to generate additional income. Waverley's residents' survey showed that there was a preference for efficiency savings and raising commercial investment income ahead of increases to Council Tax and car parking charges. Waverley had a structural advantage in residential development for market rental through its ownership of land, but the lead-in time was long. Car parking charges had not been increased since April 2017, and they would be increased if necessary; however, the strategic review of car parking showed that there was a need

for a smarter approach to car parking charges than a blanket increase. The Council Tax foregone by not increasing to the maximum allowed was more than off-set by the increase in the Council Tax base, and the Executive had listened to the feedback from residents in proposing the level of Council Tax increase.

60.5 After considering comments from the Value for Money Overview & Scrutiny Committee, **the Executive RESOLVED to make the following recommendations to Council, to:**

1. **agree a 1.9% increase in Waverley's element of the Council Tax Charge for 2020/21, equivalent to around 7p a week on a Band D property;**
2. **agree to make no change to the Council's existing Council Tax Support Scheme;**
3. **agree the proposed Fees and Charges as shown at Annexe 4 to the report;**
4. **approve the General Fund Budget for 2020/21 as described in this report, and in Annexes 2 and 3 to the report; and**
5. **approve the General Fund Capital Programme as shown at Annexe 6 to the report.**

Reason: The budget is a major decision for the Council and setting a balanced budget is a statutory requirement.

EXE 61/19 CAPITAL STRATEGY 2020/2021 INCORPORATING TREASURY MANAGEMENT STRATEGY AND PROPERTY INVESTMENT STRATEGY (Agenda item 8)

- 61.1 Cllr Merryweather presented the Capital Strategy 2020/2021, which incorporated the Treasury Management Strategy, Prudential Indicators and Property Investment Strategy. The Capital Strategy accorded with the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council was required to approve the Capital Strategy annually.
- 61.2 **The Executive RESOLVED to recommend the Capital Strategy for 2020/2021, incorporating the Treasury Management Strategy and Property Investment Strategy, to Council for approval.**

Reason: The Council has to comply with The Prudential Code for Capital Finance in Local Authorities (the Code) issued by CIPFA which requires local authorities to determine capital expenditure and investment decisions that are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of capital planning. This requires effective strategic planning and a decision making framework that is provided by the Capital Strategy.

EXE 62/19 HOUSING REVENUE ACCOUNT BUSINESS PLAN, REVENUE BUDGET AND CAPITAL PROGRAMME 2020/21 (Agenda item 9)

- 62.1 Cllr Anne-Marie Rosoman, Portfolio Holder for Housing and Community Safety, introduced the proposed Housing Revenue Account (HRA) Business Plan, Revenue Budget and Capital Programme for 2020/21. The proposals had been developed against a background of four years of mandatory rent reductions, with consequences for the Business Plan of the reduced income. The government was now allowing an increase in housing rents, and it was important to agree an increase for 2020/21 to enable the Council to maintain services, invest in its housing stock and continue the new affordable housing development programme.
- 62.2 After considering comments from the Housing Overview and Scrutiny Committee, **the Executive RESOLVED to recommend to Council, that:**
- 1. the rent level of Council dwellings be increased by 2.7% from the 2019/20 level with effect from 1 April 2020 in accordance with The Government's permitted guidelines;**
  - 2. the weekly charge for garages rented by both Council and non-Council tenants be increased by 25 pence per week excluding VAT from 1 April 2020;**
  - 3. the service charge in sheltered accommodation be increased by 50 pence per week from 1 April 2020 to £19.50;**
  - 4. the recharge for energy costs in sheltered accommodation (as appropriate) be increased by 50 pence per week from 1 April 2020;**
  - 5. the revised HRA Business Plan for 2020/21 to 2023/24 as set out at Annexe 1 to the report be approved;**
  - 6. note the approval change for the fees and charges as set out in Annexe 2 to the report;**
  - 7. the Housing Revenue Account Capital Programmes as shown at Annexe 3 to the report be approved;**
  - 8. the proposed use of the Working Balance Reserve and Contingency Reserves to fund Capital Programmes be approved; and,**
  - 9. the financing of the capital programmes be approved in line with the resources shown in Annexe 4 to the report.**

Reason: In order to approve use of reserves and resources to fund Waverley Borough Councils Landlord Services, the 30 year maintenance programme and deliver proposals for building new affordable homes and investment stock remodelling.

EXE 63/19 PAY POLICY STATEMENT 2020/21 (Agenda item 10)

- 63.1 The Leader introduced the draft Pay Policy Statement 2020/21. The Council was required to publish an Annual Pay Policy Statement on an annual basis. There were minimal adjustments compared with the Pay Policy Statement approved in February 2019, and these were shown as tracked changes.
- 63.2 **The Executive RESOLVED to recommend to Council that the Pay Policy Statement for the 2020/21 financial year, attached at Annexe 1 to the report, be approved.**

Reason: To comply with the Localism Act 2011 (Sections 38 and 39).

**PART II - MATTERS OF REPORT**

The background papers relating to the following items are as set out in the reports included in the original agenda papers.

EXE 64/19 SERVICE PLANS 2020 - 2023 (3 YEAR ROLLING PLANS) (Agenda item 11)

- 64.1 The Leader presented the Service Plans for 2020-2023, which had been prepared by Heads of Service in collaboration with their teams and Portfolio Holders to set out the service objectives for the coming three years in line with the Corporate Strategy 2019-23 and the Medium Term Financial Plan 2020-2023. Each of the Overview and Scrutiny Committees had considered the Service Plans within their remit and their comments had been addressed within the Service Plans where this was appropriate.
- 64.2 Having considered the comments and recommendations of the Overview and Scrutiny Committees, **the Executive RESOLVED to approve the final Service Plans 2020-23 as set out at Annexe 1, for implementation from 1 April 2020.**

Reason: Service Plans form an important part of the Council's performance management framework, setting out the business priorities for each service for the coming three years, and how they will help to deliver the Council's priorities.

EXE 65/19 PROPERTY MATTER - UTILITY EASEMENTS, FARNHAM (Agenda item 12)

- 65.1 Cllr Andy MacLeod, Portfolio Holder for the Brightwells Yard Development project, introduced the report proposing to grant easements to CM Utilities for the gas supply, and to Thames Water for a sewer route into the Brightwells Yard development site. Granting the easements for gas and water connections would enable the Brightwells Yard development to progress on site.
- 65.2 In response to a query raised by Cllr Jerry Hyman earlier in the day, officers reported that Crest Nicholson had confirmed that the gas and water companies were working to the correct plans, and the easement line for the gas connection would go beneath the highway, not the building. As a matter

of course, the easement would include provisions for inspection, maintenance and repair.

- 65.3 **The Executive RESOLVED to approve the easements in order that relevant agreements can be entered into on the terms proposed in (Exempt) Annexe 3 to the report.**

Reason: in order that progress for the Brightwells utilities can continue on site.

**The meeting commenced at 6.00 pm and concluded at 6.30 pm**

**Chairman**

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**CONTRACT PROCUREMENT RULES**  
**- Proposed revisions**

---

**Portfolio Holder:** Cllr Mark Merryweather, Portfolio Holder for Finance, Assets and Commercial

**Head of Service:** Peter Vickers, Head of Finance and Property

**Key decision:** No

**Access:** Public

---

**1. Purpose and summary**

The Contract Procurement Rules (CPRs) were reviewed by the Audit Committee at its meeting on 26 November 2019 (Minute AUD 34/19). The CPRs were last updated and approved by full Council in October 2018. While the CPRs are still fit for purpose there are a small number of revisions required to reflect new/current legislation as well as the Council's newly adopted Corporate Strategy. The Audit Committee asked officers to consult with the Climate Change Advisory Group regarding the new section on Carbon Neutrality before bringing the revised CPRs to Council for approval.

**2. Recommendation**

The Audit Committee recommends to Council that the proposed revisions to the Contract Procurement Rules be approved and incorporated into the Council's Constitution.

**3. Reason for the recommendation**

The CPRs form part of the Council's Constitutional framework. They should be maintained and updated as and when required to adopt legislative changes, reflect best practice in the industry and support the Council's corporate objectives.

**4. Background**

4.1 In addition to ongoing administrative revisions (such as job titles), substantive revisions to the CPRs are proposed in the following six areas:

- Modern Slavery (new Section 6)
- Tax Implications (new Section 7)
- Accessibility Standards (new Section 8)

- Carbon Neutral (new Section 9). The Climate Change Advisory Group has been consulted on the wording of this section.
- Requirement to *seek quotes* – amended throughout the CPRs to a requirement to *obtain quotes*
- Disposal of Council assets – (Section 26) amended to reflect current working practices, and better alignment with the Scheme of Delegation

4.2 The proposed revisions to the CPRs are shown as tracked changes to the current CPRs, at Annexe 1.

## **5. Relationship to the Corporate Strategy and Service Plan**

5.1 The Contract Procurement Rules supports the delivery of strategic objectives through the process of procuring contracts for the council to utilise.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

No direct financial implications arise from this report. Implementation of the updated CPR's will be achieved using current resources. Through compliance with the CPR's Waverley will continue to seek to achieve of value for money with public funds.

### **6.2 Risk management**

The CPRs are reviewed on a regular basis to ensure that they comply with relevant legislation and address other matters that support the Council's priorities.

### **6.3 Legal**

The Council must comply with national and European legislation governing public procurement. These include the Public Contracts Regulations 2015, the EU Public Contracts Directive 2014 and the Concession Contracts Regulations 2016.

### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010

### **6.5 Climate emergency declaration**

A new section (Section 9) is proposed for inclusion in the CPRs on Carbon Neutrality that sets out the Council's declaration of a climate emergency and commitment to being a carbon neutral council by 2030. It sets out the expectation that every procurement must consider the environment impacts, and suppliers will be required to assess and document all measures they are taking to reduce the carbon footprint of their operations. Where legally permissible, Waverley will take



these measures into account when evaluating competitive tenders.

## **7. Consultation and engagement**

- 7.1 The proposed revisions to the CPRs were considered by the Audit Committee on 26 November 2019. The Committee was broadly content with the proposed revisions to the CPRs but asked officers to make further revisions in respect of:
- Climate change – the Committee agreed that the newly established Climate Change Advisory Group should be asked to consider the procurement requirements in relation to the carbon neutral target, in particular defining carbon ‘off-setting’.
  - Obtaining quotes – it was agreed that the CPR 19.7 for purchases between £25,000 and £99,999 there should be a requirement to get sign-off from the Section 151 Officer if three quotes could not be obtained.
  - Background checks – CPR 14.2 should be more explicit about carrying out background checks relating to directors with previously dissolved companies.
- 7.2 The Procurement Officer consulted with the Climate Change Advisory Group at its meeting on 14 December 2019, and Section 9 of the CPRs reflects the views of that Group.
- 7.3 The Audit Committee resolved that, subject to the Chairman’s sign-off of the further revisions agreed by the Committee, the revised CPRs be submitted to Council for approval. (AUD 34/19)

## **8. Other options considered**

- 8.1 The proposed revisions reflect legal requirements and address the current Corporate Priorities.

## **9. Governance journey**

- 9.1 The revisions to the CPRs have been considered by the Audit Committee and are now presented to Full Council for approval.

### **Annexes:**

Annexe 1 – Contract Procurement Rules v2.5 (Nov 2019) showing tracked changes

---

### **Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

---

### **CONTACT OFFICER:**

Name: Patrick Tuite  
Position: Procurement Officer  
Telephone: 0148 523149  
Email: patrick.tuite@waverley.gov.uk



# CONTRACT PROCUREMENT RULES

## (CPRS – OCTOBER 2018) FEBRUARY

### 2020

Owned by:	Procurement Advisory Board
Created date:	30/05/2017
MB approval date:	05/07/2017
Audit Committee approval date: <u>V2.5</u>	<u>26/11/2019</u> <del>24/07/2017</del>
Date of latest revision	<del>25/09/2018</del> 06/11/2019
Date for review:	<u>01/04/2021</u> <del>01/04/2020</del> 19
Version	<u>2.45</u>



## Contents

<b>GENERAL</b> .....	<b>43</b>
1. INTRODUCTION .....	43
2. SCOPE .....	54
3. COMPLIANCE .....	75
4. GENERAL PRINCIPLES APPLYING TO CONTRACTS .....	75
5. SOCIAL VALUE .....	86
6. MODERN SLAVERY .....	86
7. TAX IMPLICATIONS .....	86
8. ACCESSIBILITY STANDARDS .....	97
9. NET CARBON ZERO .....	97
10. TRANSPARENCY .....	107
<b>PREPARING FOR THE PROCUREMENT</b> .....	<b>108</b>
11. PRE-CONTRACT CONSIDERATIONS / SIGN OFF .....	108
12. DECLARATION OF INTERESTS .....	108
13. EXCEPTIONS, WAIVERS AND JOINT COMMISSIONING .....	129
14. ASSESSMENT OF SUPPLIERS .....	1340
15. STANDING LIST OF SUPPLIERS .....	1340
16. FRAMEWORK AGREEMENT .....	1340
17. DYNAMIC PURCHASING AGREEMENT (DPS AGREEMENT) .....	1441
18. TUPE IMPLICATIONS .....	1441
19. FINANCIAL VALUES .....	1441
<b>PROCEDURAL STEPS OF THE PROCUREMENT</b> .....	<b>1914</b>
20. TENDERING PROCEDURES .....	1914
21. OPENING OF QUOTATIONS AND TENDERS .....	2015
22. EVALUATION OF QUOTATIONS AND TENDERS .....	2015
23. CONTRACT SIGN OFF / SCHEME OF DELEGATION .....	2146
<b>CONTENT OF CONTRACTS</b> .....	<b>2146</b>
24. FORM OF CONTRACT .....	2146
25. SUB CONTRACTORS .....	2247
26. CONTRACTS INVOLVING STAGE PAYMENTS .....	2247
27. FINANCIAL SECURITY .....	2247
<b>CONTRACT MANAGEMENT</b> .....	<b>2247</b>
28. MANAGEMENT OF CONTRACTS .....	2247
29. NOVATION & ASSIGNMENT .....	2318
30. DISPOSAL OF COUNCIL ASSETS .....	2318
<b>GLOSSARY OF TERMS</b> .....	<b>2620</b>

These Contract Procurement Rules (CPRs) should be read in conjunction with the council's [Constitution](#), Financial Regulations, Scheme of Delegation and Authorised Signatory List.

## GENERAL

### 1. INTRODUCTION

- 1.1 These CPRs set out the minimum requirements the council must follow when procuring and/or entering into Contracts for the supply of goods, works and services including consultants.
- 1.2 The CPRs are put in place to ensure that the council gets value for money for residents, complies with all legal requirements, minimises the risk of challenge / undue criticism, supports social value and sustainability and provides transparency as to how it spends public money.
- 1.3 All purchasing and resulting Contracts made by or on behalf of the council must also comply with:
  - 1.3.1 all applicable statutory provisions;
  - 1.3.2 the Public Contracts Regulations 2015 and separate EU Directives which govern the award of higher value Contracts; and
  - ~~1.4 — the council's Constitution, including the Financial Regulations and the Scheme of Delegation to Officers as well as all relevant council policies. If there is any conflict between the above, the EU law takes precedence, followed by UK legislation, the council's constitution and these CPR's, in that order. Further information and guidelines on best practice are set out in the council's internal Purchasing Guide.~~
    - ~~1.4.1~~
      - ~~1.3.3~~ The Thresholds referred to in these CPRs and the appropriate process to follow is set out in the table on page 11.
    - ~~1.5~~
      - ~~1.4~~ The Procurement Officer is responsible for ensuring the CPRs are up to date and reflect current legislation.
      - ~~1.6~~
        - ~~1.5~~ The Section 151 Officer (referred to as the S151 Officer) is ultimately responsible for the content of the CPRs.

## 2. SCOPE

2.1 These CPRs do not apply to the following types of Contract:

Type of Contract	Policy/ Law which covers Contracts out of scope
Contracts of employment for permanent / fixed term employees / agency staff	HR / Recruitment policies
Land transactions	In accordance with the Local Government act 1972/ Housing act 1985 or any related acts or authorities
Where the Contract relates to a financing transaction	Not subject to competition due to their nature
Works orders placed with statutory undertakers	Not subject to competition due to their nature
Grants being given by the council	Governed by Grant Funding -Service Level Agreements <del>2017-18</del>
Contracts for goods and services <del>estimated to be below Threshold 4</del> which have been dealt with or jointly procured by another local authority, public sector consortium or collaboration of which the council is a party but where the council is not the lead authority and the Contract is to be procured in accordance with the applicable Contract standing orders of that public authority. <a href="#">Contract sign off thresholds still apply to such contracts.</a>	The procurement of Contracts of this nature will be governed by the Constitution of the Contracting/ <a href="#">lead</a> authority
Orders for goods and services <del>estimated to be below Threshold 4</del> placed against a call-off Contract or Framework Agreement where the call-off Contract or Framework Agreement has been awarded in accordance with these CPRs	The establishment of the call-off Contract or Framework Agreement will be governed by the CPRs in the first instance, as such any call offs / mini competitions ran under such agreement will have already complied with these CPRs.
Where good, services or works are awarded as a result of a declared emergency as authorised by the Emergency Planning and Resilience Officer, where any Contracts awarded are not to exceed the estimated period of recovery	Business continuity management policy <del>March 2016 Version 2</del>
Where the Chief Executive has activated the council's 'Emergency Plan' or a business recovery plan (as outlined in the business continuity management strategy) in response to a Major Incident being declared by resilience partners	Business continuity management policy <del>March 2016 Version 2</del>

2.2 All other Contracts made by or on behalf of the council must comply with these CPRs unless there is an Exception, Waiver or Joint Commissioning (CPR [913](#)).

|



### 3. COMPLIANCE

- 3.1 Any members of staff [or external supplier](#) purchasing on behalf of the council is expected to comply with these CPRs.
- 3.2 Where there is evidence of deliberate non-compliance with the CPRs disciplinary action may be taken.
- 3.3 Staff must not deliberately break down a Contract with the intention of disaggregating spend for the purpose of avoiding the appropriate governance.

### 4. GENERAL PRINCIPLES APPLYING TO CONTRACTS

- 4.1 There are four financial value thresholds:
  - Threshold 1: £0 - £4,999
  - Threshold 2: £5,000 - £24,999
  - Threshold 3: £25,000 - £99,000
  - Threshold 4: £100,000 +
- 4.2 All Contracts must be in writing (which can include emails for Contracts valued within Threshold 1).
- 4.3 The value of any Contract must be determined by its aggregate or total spend forecast.
- 4.4 For every Contract estimated to be within Threshold 1, quotations and tenders may be sought using the council's electronic tendering portal, the South East Shared Services e-sourcing Portal provided by "In-Tend", otherwise quotes can be solicited via email.
- 4.5 For every Contract estimated to be within Threshold 2 or above, all quotations and tenders must be sought using the council's electronic tendering portal, the South East Shared Services e-sourcing Portal provided by "In-Tend".
- 4.6 In the case of recurring procurements for the same goods and services, prior written approval from the S151 Officer must be obtained in order to request quotations from the same suppliers on more than three consecutive occasions.
- 4.7 Details of all Contracts awarded valued at £5,000 and above more must be added to the council's Contract Register on the E-tendering portal together with all supporting documentation.
- 4.8 With regards to non-OJEU ([Official Journal of the European Union](#)) Tenders, no supplier may be awarded a Contract if this would result in 50% or more of that supplier's turnover being generated from the Council's Contracts, unless the prior written approval of the S151 Officer has been obtained.
- 4.9 Prior to any invoices being received a purchase/ official order must be raised on the councils official order system or Orchard ([Housing Management System](#)).
- 4.10 Prior to any procurement a contract manager ~~should~~ shall be identified who will be responsible for ensuring the delivery of the contract.
- 4.11 These CPRs identify relevant legislation that may impact upon council procurements, the list of legislation identified is not exhaustive, as such officers should satisfy themselves that there is no other legislation that may impact upon their procurements before proceeding.

## 5. SOCIAL VALUE

5.1 The Public Services (Social Value) Act ~~2012 came into force on 31 January 2013.~~ It places a requirement on people who commission, or buy, public services to consider securing added economic, social or environmental benefits for their local area.

5.2 The Act currently applies only to service Contracts over the EU threshold but ~~should~~ shall be considered in all procurements where applicable.

5.2.3 Social value should form part of a bidder's commitments at tender stage and ~~shall~~ should be tailored to the subject nature of the contract being awarded

## 6. MODERN SLAVERY

6.1 The Modern Slavery Act 2015 was put in place to tackle modern slavery, defined in the act as slavery, servitude, forced or compulsory labour, human trafficking and exploitation.

6.2 While the council is not an in-scope organisation for the purpose of the act, officers shall ensure that proportionate due diligence is undertaken to certify that council-appointed contractors do not participate in modern slavery, either directly or within their supply chains.

## 7. TAX IMPLICATIONS

### 7.1 Construction Industry Scheme (CIS)

7.1.1 Under the Construction Industry Scheme (CIS), the council is required to deduct money from a subcontractor's payments and pass it to HMRC.

7.1.2 The deductions are considered an advance payment towards the subcontractor's tax and National Insurance and are an effort by HMRC to protect construction workers from false employment and minimise tax evasion in the construction industry.

7.1.3 Officers shall ensure when setting up a new contractor / subcontractor on the councils payment system that all CIS related information is provided to the accounts payable team in order to verify the details.

7.1.4 When receiving invoices for works where CIS deductions are being made, a breakdown of labour and materials should be provided, with evidence of the materials if possible.

### 7.2 IR35

7.2.1 IR35 relates to off-payroll working. This is where a supplier is operating and providing services for the council via an intermediary, such as a limited company, and were it not for that arrangement, they would be considered an employee and within IR35. It is the responsibility of the council to determine if IR35 applies or not. If it does apply the council (or fee payer if via an agency) would be responsible for making employment tax and National Insurance deductions.

7.2.2 HMRC have developed a toolkit for determining if a supplier is in scope of IR35 but the key considerations are:

7.2.2.1 Does the supplier have to carry out the work personally, as opposed to having the option of sending a suitably qualified / experienced replacement from within the same company?

7.2.2.2 Does the council have to provide the supplier with work, and/or does the supplier have to carry out any work that the council requires?

7.2.2.3 Does the council have control over how, where and when the supplier carries out the work?

7.2.3 While the HMRC toolkit and questionnaire are designed to establish the IR35 position, evidence must be retained to justify how that decision has been reached.

7.2.4 If the answers to 7.2.1.1, 7.2.1.2, and 7.2.1.3, are yes, the supplier is likely to be in scope of IR35, so they would then be outside the scope of the CPRs as this would be considered an employment contract (either directly with us or through an agency or other employer), see CPR 2.1 (Scope). If the supplier is outside the scope of IR35 they should be considered a consultant and as such are bound by these CPRs i.e. competitive quotes must be obtained, and any subsequent appointments must be in conjunction with the councils consultancy terms and conditions, unless agreed otherwise by the relevant Head of Service.

### **7.3 Reverse charge of VAT**

7.3.1 A domestic reverse charge which affects the way VAT is collected and paid in the building and construction industry comes into effect on 1 October 2020. The changes mean the customer receiving the service will have to pay the VAT due to HMRC instead of paying the supplier. This will impact on procurements where the council is not the end user of the works. If officers think this may affect them then contact the Accountancy service for more information.

## **8. ACCESSIBILITY STANDARDS**

8.1 On 23 September 2018 the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 came into effect. These build upon existing obligations under the Equality Act 2010. Any procurement that will result in a public facing website where the council or a supplier on its behalf is presenting information relating to the council or services the council offer, must comply with the [Act and Regulations](#) and **must** meet the new accessibility standards. The [Communications](#) team should be consulted.

## **9. CARBON NEUTRAL**

9.1 On 18 September 2019 Waverley Borough Council declared a climate emergency across the borough with an ambition of being a carbon neutral council by 2030. As such for every procurement within the scope of these CPRs, the environmental impact must be considered, the emphasis should be placed on minimising the carbon footprint with a view to offsetting the carbon impact where minimising cannot be achieved. The use of renewable energy or low carbon technologies should be stipulated where applicable.

9.2 Suppliers being invited to participate in material Waverley procurement exercises (Threshold 4) shall be required to assess and document all measures that they are taking to reduce the carbon footprint of their operations. Where legally permissible

Waverley shall take these measures into considerations when evaluating competitive tenders.

## **6-10. TRANSPARENCY**

**6-10.1 Publication of spend, Contract opportunities and awards** – in accordance with government requirements we publish all council expenditure with suppliers that exceeds £500 and post all Contracts valued at £5,000 and above on our publicly accessible Contracts register, this can be found on the councils public website. Any advertised opportunity valued over £25,000 must be advertised on Contracts finder, for Contracts over £25,000 a Contract award notice must also be published.

**6-210.2 Freedom of Information** – in accordance with the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004, we have an obligation to publish specific information and to provide information to members of the public upon request. By exception confidential or commercially sensitive information may be withheld. Suppliers should be given the opportunity to identify areas of their tender submission they do not wish to be disclosed.

## **PREPARING FOR THE PROCUREMENT**

### **7-11. PRE-CONTRACT CONSIDERATIONS / SIGN OFF**

**7-411.1** Before commencing a procurement process, officers must ensure:

**7-1.411.1.1** They have conducted an options appraisal and that a procurement is required

**7-1.211.1.2** that there is adequate budgetary provision for the goods, services or works that they are procuring

**7-1.311.1.3** that they have the appropriate level of (delegated) authority to procure the goods or services on behalf of the council

**7-1.411.1.4** that there is no existing Contract or framework that is appropriate and that

**7-1.511.1.5** where appropriate they have engaged with the procurement officer

**7-1.611.1.6** that each tender package / request for quotation be accompanied by a comprehensive specification

**7-1.711.1.7** an assessment, appropriate to the scale and scope of the Contract, of associated risks shall be undertaken by competent officers or consultants to include, but not limited to, technical, commercial, health and safety and reputational risks posed to the council.

**7-1.811.1.8** that the chosen route to market has been signed off by the appropriate authority (see table page 143)

### **8-12. DECLARATION OF INTERESTS**

During the procurement process, if an officer becomes aware that he has a direct or indirect pecuniary interest in a Contract which the council has entered into, or

proposes to enter into, their interest must be recorded on the register maintained by the council's Committees team for this purpose.

## **9-13. EXCEPTIONS, WAIVERS AND JOINT COMMISSIONING**

**9-113.1** The CPRs will not apply in the circumstances set out in CPRs **913.2** (Exceptions) **139.3** (Waivers), or **913.4** (Joint Commissioning) provided that the S151 Officer has given his prior approval to the exception, waiver or joint commissioning before the Contract is entered into.

**9-213.2** **Exceptions** - there may be an exception to the CPRs where:

**9-2-413.2.1** there is an extension to the duration and/or value of an existing Contract that does not contain a provision for extension provided that the extension is (i) on the same terms as the original Contract and (ii) adequate budgetary provision has been made. Where an extension concerns an OJEU contract or where an extension would lead to a contract falling within the relevant OJEU threshold the prior written approval of the Executive is required to award the proposed extension;

**9-2-213.2.2** there is insufficient credible competition and the S151 Officer has agreed the competition assessment;

**9-2-313.2.3** there is a variation (additional work) to an existing Contract where the variation is outside the scope of the Contract but it would be inappropriate to offer the additional work to competition; or

**9-2-413.2.4** the S151 Officer is satisfied that it is appropriate for a single tender or quotation and that

**9-2-4-113.2.4.1** it does not breach the council's statutory obligations,

**9-2-4-213.2.4.2** the request considers the requirements of CPR 4, GENERAL PRINCIPLES APPLYING TO CONTRACTS

**9-2-4-313.2.4.3** there is adequate and appropriate reason for awarding a Contract without competition,

**9-2-4-413.2.4.4** the award of a Contract would provide good value for money and shall specify the evidence to be supplied to evidence this,

**9-2-4-513.2.4.5** the necessary checks regarding the proposed Contractor have been undertaken in accordance with CPR 104 ASSESSMENT OF SUPPLIERS (as appropriate) and that the results do not indicate that a Contract award presents an undue risk to the council, and

**9-2-4-613.2.4.6** an assessment of any associated risks has been undertaken.

**9-313.3** **Waivers** –the CPRs may be waived only in exceptional circumstances where:

**9-3-113.3.1** there is a demonstrable and justifiable need to waive or vary one or more of the CPRs on the grounds of urgency; and

**9-3-213.3.2** if the estimated value of the Contract falls below the EU threshold the prior written approval of the S151 Officer has been obtained; or

**9-3-313.3.3** if the estimated value of the Contract falls within the relevant EU threshold the S151 Officer has obtained the prior written approval of the Executive.

**9-413.4** **Joint Commissioning** –the CPRs may be waived for Contracts where the council:

~~9-4.1 wishes to become party to a Contract with a consortium, which has undertaken the task of obtaining competitive prices;~~

~~9-4.2 seeks to jointly commission a Contract with other local authorities or organisations; or~~

~~9.4.3~~13.4.1 seeks to jointly deliver services in partnership with other local authorities or organisations.

#### **10.14. ASSESSMENT OF SUPPLIERS**

~~10.4~~114.1 No assessment of a suppliers financial standing is needed for Contracts estimated to be within Thresholds 1 or 2 unless the goods being purchased are a proprietary item, in which case a financial assessment must be conducted.

~~10.2~~14.2 A financial assessment of potential suppliers must be undertaken for all Contracts estimated to be within or above Threshold 3

~~10.3~~14.3 If a Contractor has expressed an interest in being included in a Standing List of Suppliers an assessment will be made of a Contractor's:

~~10.3.1~~14.3.1 financial stability and resources;

~~10.3.2~~14.3.2 insurances;

~~10.3.3~~14.3.3 technical and other relevant references;

~~10.3.4~~14.3.4 business continuity plans;

~~10.3.5~~14.3.5 qualifications and experience;

~~10.3.6~~14.3.6 environmental, ethical and employment policies;

~~10.3.7~~14.3.7 previous experiences of dealing with the Contractor;

~~10.3.8~~14.3.8 responsible purchasing policies;

~~10.3.9~~14.3.9 details of other Contracts already, or proposed to be, awarded to the Contractor; and

~~10.3.10~~14.3.10 any other issues that may be considered by the relevant Head of Service as being relevant to the Contract.

~~10.4~~14.4 A Contractor that does not meet the council's minimum requirements shall not be admitted to a Standing List of Suppliers.

~~10.5~~14.5 Suppliers that are sole traders can be awarded an individual Contract with a value within Threshold 1 or 2 but the approval of the relevant Head of Service must be obtained to approve such an award with a value within Threshold 3 or above.

Contract

#### **11.15. STANDING LIST OF SUPPLIERS**

~~11.4~~115.1 The relevant Head of Service may maintain a standing list of suppliers for Contracts up to and including Threshold 3 in value.

~~11.2~~115.2 The council's e-tendering portal must be used to obtain expressions of interest from suppliers to join the standing list.

~~11.3~~115.3 Potential candidates for inclusion on the standing list of suppliers will be assessed in accordance with CPR ~~10~~4.

~~11.4~~115.4 The standing list must be reviewed at least every 1 year and the assessments set out in CPR 10 repeated.

#### **12.16. FRAMEWORK AGREEMENT**

~~12.4~~116.1 Prior to entering into a Framework Agreement, approval from the S151 officer must be sought.

~~12.2~~16.2 A Framework Agreement may be procured using either the Open or Restricted Procedure.

~~12.3~~16.3 The term of a Framework Agreement must not exceed 4 years.

~~12.4~~16.4 Contracts based on existing Framework Agreements may be awarded by either:

~~12.4.1~~16.4.1 Applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call off) without reopening competition; or

~~12.4.2~~16.4.2 Where the terms laid down in the Framework Agreement are not precise enough or complete for the particular call-off, by holding a mini competition.

### **13.17. DYNAMIC PURCHASING AGREEMENT (DPS AGREEMENT)**

~~13.4~~17.1 Prior to entering into a DPS Agreement, approval from the S151 officer must be sought.

~~13.2~~17.2 A DPS Agreement may be procured using either the Open or Restricted Procedure.

~~13.3~~17.3 The term of a DPS Agreement must not exceed 7 years.

~~13.4~~17.4 Contracts based on existing DPS Agreements may be awarded by either:

~~13.4.1~~17.4.1 Applying the terms laid down in the DPS Agreement (where such terms are sufficiently precise to cover the particular call off) without reopening competition; or

~~13.4.2~~17.4.2 Where the terms laid down in the DPS Agreement are not precise enough or complete for the particular call-off, by holding a mini competition.

### **14.18. TUPE IMPLICATIONS**

~~14.4~~18.1 Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arise apply when an employee of the authority or of a supplier providing a service ~~for to the council that~~ may be affected by any staff transfer arrangement as a result of a change in the service provider. Officers must ensure that ~~the any TUPE~~ Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) issues are considered and ~~obtain~~ legal advice is obtained from the ~~Borough Solicitor~~ Legal Services team before proceeding with the Tender / Request for Quotation.

### **15.19. FINANCIAL VALUES**

~~15.4~~19.1 Prior to commencing a procurement exercise officers must estimate the aggregate value; this will determine which threshold the procurement falls under.

~~15.2~~19.2 The financial values will be reviewed bi-annually.

~~15.3~~19.3 If the cheapest tender received is above the upper limit of the estimated CPR financial value as set out in the Threshold Table and/or any approved budget for the procurement of the goods, works or services, the prior written approval of the S151 Officer must be obtained to accept the tender or quotation. Where the OJEU thresholds are crossed a tender must be re-run e.g. if the budget for a services tender is £170k but the received bids all exceed the OJEU limit of £181k then the exercise but be repeated with a more appropriate procedure.

~~15.4~~19.4 The Threshold Table (page 143) sets out the general rules applying to the choice of purchasing procedure for Contracts at the stated threshold financial values, it states,





**15.519.5 For purchases valued below £5,000**

- a) A minimum of one quote must be sought, this is only a required minimum and best practices dictates you seek multiple quotes to prove you are obtaining true value for money.
- b) The quotes can be sourced via In-tend or email.
- c) Local suppliers should be asked to quote where appropriate.
- d) An official order will constitute the Contract
- e) The purchase and written approval / signing of the Contract can be conducted by any authorised officer

**15.619.6 For purchases valued from £5,000 - £24,999**

- a) Either an Open tender or a minimum of three quotes must be sought and obtained; fewer than three is required if written approval is given by the relevant head of service Procurement Officer.
- b) All quotes must be obtained via In-tend.
- c) All quotes must be sealed
- ~~d) The relevant Head of Service must approve the route to market~~
- ~~e)d) The approval / signing of the Contract can be conducted by the relevant Head of Service or above~~
- ~~f)e) An official order will constitute the Contract and must be recorded on In-tend~~

**15.719.7 For purchases valued from £25,000 - £99,999**

- a) Either an Open tender or a minimum of three quotes must be sought and obtained; fewer than three is required if written approval is given by the S151 Officer or Deputy S151 Officer.-
- b) All quotes must be obtained via In-tend.
- c) All quotes must be sealed
- ~~d) The S151 Officer or Deputy S151 Officer must sign-off on the chosen route to market~~
- ~~e)d) Where the opportunity is advertised it must also be advertised via Contracts Finder, as must be the Contract award.~~
- ~~f)e) The Contract must be Signed by the relevant Head of Service or above~~

**15.819.8 For purchases valued over £100,000**

- a) Either an Open tender or a minimum of 4 bidders must be invited to submit a response and a minimum of 3 bids shall be received.
- ~~a)b) All tenders must be run via In-tend.~~
- ~~b) minimum of 4 bidders must be invited to submit a response~~
- c) All tenders must be sealed
- ~~d) Management Board must sign-off on the chosen route to market~~
- ~~e)d) -Legal Services to advise if a Seal is required. If Seal is required it must be witnessed in accordance with Schedule of Authorisations to the Scheme of Delegation.~~
- ~~f)e) Signed by S151 Officer or Deputy S151 Officer where Seal is not required.~~

**15.8.119.8.1** Where the Contract is estimated to be above the relevant OJEU threshold, an OJEU compliant procedure must be used (see CPR section 14, TENDERING PROCEDURES. Current OJEU Limits as of 1<sup>st</sup> January 2018 are £181,302 for services and £4,551,413 for works.

**Procedure for Procurement (minimum requirements)**

	Aggregate value	Advertising required	Contract Award Notice required	Minimum No of quotes	Receipt of quotes/ tenders	Financial assessment required?	Required Contract type	Who signs Contract/ approves order?
Threshold 1	£0-£4,999	None required	No	Minimum of one quote sought (local suppliers should be used where appropriate)	Via email	No	Official Order	Authorised Officer
Threshold 2	£5,000 - £24,999	In-Tend	No	<u>Open tender or</u> Minimum of three quotes <del>sought</del> <u>obtained</u> ( <u>Procurement Officer/HoS</u> can agree to fewer)	In-tend	No	Official Order & record on In-tend	HoS or above
Threshold 3	£25,000 - £99,999	In-tend & Contracts Finder	Yes	<u>Open tender or</u> Minimum of three quotes <del>sought</del> <u>obtained (S151 Officer or Deputy S151 can agree to fewer)</u>	In-tend	Yes	Written, copy to be stored on the councils electronic procurement portal	HoS or above

Threshold 4	Over £100,000	In-tend, Contracts Finder & OJEU if applicable	Yes	<p><u>Open tender or</u> Minimum of <del>four</del> <del>tenderers sought</del><u>three</u> <u>bids received</u>, OJEU Procedure where limit exceeded:</p> <p><b>Goods/Services:</b> £181,3029,330*</p> <p><b>Works:</b> £4,551,413733252*</p>	In-tend	Yes	Written - agreed by Legal Services & under seal if required, copy to be stored on the councils electronic procurement portal	Legal Services to advise if a Seal is required. If Seal is required it must be witnessed in accordance with Schedule of Authorisations to the Scheme of Delegation. Signed by S151 Officer or Deputy S151 Officer where Seal is not required.
----------------	------------------	--	-----	--	---------	-----	--	---

\*OJEU thresholds are subject to change, any change in threshold levels will be reflected in an update to these CPRs.

## PROCEDURAL STEPS OF THE PROCUREMENT

### 16.20. TENDERING PROCEDURES

#### 16.420.1 General:

16.1.120.1.1 The council may apply any procedure that conforms to the Public Contracts Regulations 2015 in its procurement process.

16.1.220.1.2 Subject to CPR 913 the appropriate process set out in the Threshold Table must be followed for each procurement determined by the estimated value of that procurement.

16.1.320.1.3 Invitations to tender or requests for quotations must be issued electronically (via email for Threshold 1 and via the council's e-tendering portal for and procurement within or exceeding Threshold 2).

16.1.420.1.4 All tenders or quotations must be returned to the council electronically (via email for Threshold 1 and via the council's e-tendering portal for and procurement within or exceeding Threshold 2).

16.1.520.1.5 A Contract Procurement Report must be completed and stored on E-tendering portal for each tender or quotation within or exceeding Threshold 2

16.1.620.1.6 For all quotes/ tenders the award criteria must be stipulated before request/tender is published, this includes;

- The assessment criteria
- The scoring system and weighting to be applied
- The minimum scores to be achieved (where appropriate)

#### 16.220.2 Existing arrangements

16.2.120.2.1 In the first instance anyone purchasing on behalf of the council must check to see if there is an existing arrangement already in place which covers the purchase.

16.2.220.2.2 Where a framework / dynamic purchasing system / select list has been established to deliver the need, these will be considered alongside other routes in an options analysis.

#### 16.320.3 Request for Quotation (RFQ)

16.3.120.3.1 This approach only applies for purchases below £100k where suppliers are requested to submit a quote for the requirements. Like a tender you can apply a price / quality split when evaluating the responses but the award criteria must be stated upfront in the RFQ documentation.

#### 16.420.4 Open Procedure (One Stage)

The open procedure is where a bidder progresses straight to invitation to tender (ITT), there is no pre-qualification stage involved. This procedure shall apply where:

- a) the value of the Contract award will be below the relevant EU threshold;

- b) the value of the Contract award will be above the relevant EU threshold and the council has decided that a single stage tender is appropriate.

#### 16.5.20.5 **Restricted Procedure (Two Stage)**

16.5.120.5.1 This procedure can only apply where the value of the Contract award will be above the relevant EU threshold

16.5.220.5.2 The required advertising and tendering periods must be observed.

16.5.320.5.3 The advertisement must state that a restricted tendering procedure will be used.

16.5.420.5.4 Once the closing date for receipt of expressions of interest has been reached a Standard Selection Questionnaire ("SQ") must be sent to all suppliers that have expressed an interest in tendering.

16.5.520.5.5 Upon receipt of the completed SSQ the information will be analysed.

16.5.620.5.6 Invitation to Tender documents shall be dispatched to a sufficient number of suppliers that have been assessed as meeting the minimum technical and financial requirements.

16.5.720.5.7 If fewer than the required minimum number of suppliers either meet the minimum qualification requirements or express an interest, the relevant director must be consulted to agree whether to seek additional tenderers or to obtain prior written approval from the Management Board to seek fewer than the minimum number of tenders.

#### 16.620.6 **Competitive with negotiation procedure**

16.6.120.6.1 Prior to undertaking a negotiated procedure approval from the S151 officer and Borough Solicitor must be sought.

16.6.220.6.2 This procedure can only apply where the value of the Contract award will be above the relevant EU Threshold

16.6.320.6.3 The competitive with negotiation procedure allows award following the initial ITT stage before negotiations have commenced providing this is stipulated in the tender documentation.

#### 17.21. **OPENING OF QUOTATIONS AND TENDERS**

17.121.1 Any quotation or tender received after the specified date and time or at a location other than the one specified will be rejected unless the S151 Officer considers that there are exceptional circumstances that warrant it and this will only be done up to the time when the other tenders are opened.

#### 18.22. **EVALUATION OF QUOTATIONS AND TENDERS**

18.122.1 Offers will be evaluated against the award criteria stipulated at the point of publishing a RFQ / Tender. The available options are

18.1.122.1.1 **Price only** - accept the offer from the Contractor who, having satisfied the council's minimum requirements, has offered the lowest price.

**22.1.2 Price / Quality** – where a price quality split is stipulated, the supplier who ranks highest over all shall be awarded the Contract, this is otherwise known as the Most Economically Advantageous Tender (M.E.A.T).

**22.1.3 Quality only** – where the tender is awarded on a fixed budget and the award is governed solely by the qualitative elements.

**22.1.4** Where the most economically advantageous tender is to be sought, an assessment criteria and associated weightings will be specified in the invitation to tender.

## **19.23. CONTRACT SIGN OFF / SCHEME OF DELEGATION**

**19.23.1** A Contract can only be signed / authorised by an officer for which they have authority / delegated authority under the scheme of delegation. The authority levels are:

- £0-£4,999 – Authorised Officer
- £5,000 - £24,999 – Relevant Head of Service or above
- £25,000 - £99,999 – Relevant Head of Service or above
- Over £100,000 – Legal Services to advise if a Seal is required. If Seal is required it must be witnessed in accordance with Schedule of Authorisations to the Scheme of Delegation. Signed by S151 Officer or Deputy S151 Officer where Seal is not required.

## **CONTENT OF CONTRACTS**

### **20.24. FORM OF CONTRACT**

**20.24.1** No indication of acceptance shall be made to any Contractor except by an officer authorised so to do.

**20.24.2** Contracts valued up to and including Threshold 2 in value shall be the subject of a purchase order unless otherwise stated, in which case a formal Contract shall be prepared in accordance with the requirements of the Borough Solicitor.

**20.24.3** All Contracts within Threshold 4 and above in value shall be the subject of a formal Written Contract - agreed by Legal Services & under seal if required, copy to be stored on the councils electronic procurement portal.

**20.24.4** All Contracts shall:

**20.24.4.1** specify the goods, materials or services to be supplied and/or works to be undertaken, price to be paid, payment terms and conditions, details of any discounts or penalties, the period of the Contract and any other terms and conditions that may be agreed;

**20.24.4.2** provide for the payment of liquidated damages where they are appropriate;

**20.24.4.3** contain details of any security that is required by the council; and

**20.24.4.4** prohibit the Contractor from sub-Contracting or assigning all or any part of the Contract without the express consent of the council.

**20.24.5** Except in exceptional circumstances with the prior written approval of the Chief Executive, all Contracts must be signed or sealed before their commencement.

**20.24.6** Every Contract in excess of £100,000 must contain a comprehensive Business Continuity plan.

~~20.7~~24.7 Every Contract shall require compliance with current legislation with respect to health and safety at work and sexual and racial equality.

~~20.8~~24.8 Every officer who conducts a procurement in excess of £5,000 is responsible for ensuring the details are updated on the councils Contract register.

## **21-25. SUB CONTRACTORS**

~~21.1~~25.1 In Contracts where the council wishes to nominate a sub-contractor, the Contract shall specify whether or not the council will be undertaking the tendering process to select the nominated sub-contractor.

~~21.2~~25.2 The council will apply these CPRs to the tender process to select and assess the nominated sub-contractor.

## **22-26. CONTRACTS INVOLVING STAGE PAYMENTS**

Where any contract that falls into Threshold 4 (£100,000+) ~~will~~involves stage payments a final account shall be prepared and presented for examination by the relevant Head of Service before final payment is made. The Financial Regulations should be consulted for more details on Final Payments and Retention monies.

## **23-27. FINANCIAL SECURITY**

~~23.1~~27.1 Adequate financial security and/or a performance bond must be required for all Contracts within Threshold 4 and above in value.

~~23.2~~27.2 Adequate financial security and/or a performance bond may be required if considered necessary by the S151 Officer Procuring Officer.

~~23.3~~27.3 A retention to the Contract sum must be made in respect of all Contracts within Threshold 4 and above unless otherwise agreed by the S151 Officer (HoS can agree if the Contract is for works).

~~23.4~~27.4 A retention to the Contract sum may be made if the relevant Head of Service determines this to be necessary.

## **CONTRACT MANAGEMENT**

### **24-28. MANAGEMENT OF CONTRACTS**

~~24.1~~28.1 Any extensions or variations to a Contract may only be made in accordance with CPR 9.2.1 Exceptions.

~~24.2~~28.2 Any proposed amendments to a partnership Contract shall only be agreed with the prior written approval of the Management Board.

~~24.3~~28.3 If a Contract is proposed to be terminated for whatever reason, the advice of the Borough Solicitor must be sought in the first instance.

~~24.4~~28.4 It shall be a condition of engagement by the council of any person (not being an officer or member of the council) to supervise a Contract that he shall act in full accordance with these CPRs when supervising the Contract as if he were an officer of the council.



~~24.5~~28.5 It is the procuring officers responsibility to ensure that there is a robust Contract management plan in place that is proportionate to the scale and scope of the Contract, this should include, but is not limited to:

- a) Regular Contract reviews – to be documented
- b) Clear procedures on the reporting and escalation of Contract failings
- c) Identification of contacts responsible for the Contract within each organisation
- d) The capturing of performance data

## ~~25-29.~~ **NOVATION & ASSIGNMENT**

The council may agree to the novation or assignment of a Contract if an assessment of the Contractor has been carried out under CPR 104, ASSESSMENT OF CONTRACTORS, and the prior written approval of the Head of Service and S151 Officer has been obtained.

## ~~26-30.~~ **DISPOSAL OF COUNCIL ASSETS**

### **Land and buildings**

~~26.4~~30.1 This section refers to disposals that are subject to market conditions.

~~30.2~~ Disposal includes sales, leases, easements and wayleaves of land and property owned by the Council with the exception of sales under the Right to Buy Scheme.

~~30.3~~ A report outlining the reasons for disposal shall be prepared, including how it accords with Asset Management Plans (or equivalent), and the proposed method of disposal.

~~30.4~~ Disposals will be evaluated against the Council's criteria for disposal.

~~30.5~~ Land and property shall be valued by a qualified valuer.

~~30.6~~ Disposals valued under £250,000 will be administered by the Head of Finance and Property under the Scheme of Delegation.

~~30.7~~ Disposals valued over £250,000 will be put to the Investment Advisory Board for evaluation and, if agreed, recommended first Executive and then Council for approval to sell.

~~30.8~~ Disposal of land and property owned and funded by the Housing Revenue Account shall first be referred to the Head of Housing Operations who will evaluate the disposal in the light of the Housing Asset Management Plan. Disposals will then be recommended to first Executive and then Council for approval to sell.

~~26.2~~ Disposal (including sales, leases, easements and wayleaves) of land and buildings owned and funded by the General Fund shall first be valued by a qualified valuer. The Director of Finance and Resources shall report to the Corporate Management Team to determine whether, in the light of the valuation and location, there are strategic issues, risks or conditions of disposal relative to the Asset Management Plan (or equivalent) and Corporate Plan. If such considerations exist, the disposal shall be referred to the Asset Advisory Group, which will report its views and recommendations to the Corporate Management Team.

~~26.3~~ Disposal (including sales, leases, easements and wayleaves) of land and buildings owned and funded by the Housing Revenue Account, with the exception of sales under the Right to Buy Scheme, shall first be referred to the Head of Strategic Housing who shall consult the relevant director (or otherwise as may be specified in the Scheme of Delegation) to consider any risks associated with the disposal and the strategic and long-term issues in the light of the Asset Management Plan (or equivalent). The Head of Strategic Housing shall obtain a current valuation of the land and/or buildings and report his views and recommendations to the council's Corporate Management Team.

~~26.4 Any resultant proposal to dispose of the land and/or buildings shall then be discussed by the chairman of the Asset Management Team (or equivalent) or the Head of Strategic Housing (as appropriate) with the S151 Officer and the relevant portfolio holders responsible for the services in question and the management of the council's assets. A report outlining the reasons why disposal is recommended, and showing how it would be in accordance with the Asset Management Plan (or equivalent) and the proposed method of disposal of the land and/or buildings shall be presented to the Executive for approval.~~

### **Other council assets**

30.9 Proposed disposals of other council-owned assets, including surplus or obsolete furniture or equipment, shall be discussed with the relevant Head of Service to obtain agreement that there is no further need for the items.

30.10 Items shall first be offered for transfer within the council.

30.11 Any items that remain for disposal shall be sold at the highest price possible. Professional valuations shall be sought as appropriate and estimated sale values shall be agreed by the relevant Head of Service and the Head of Finance and Property. The method of disposal shall be agreed with the S151 Officer.

30.12 If deemed appropriate by the relevant Head of Service and the S151 Officer, items may either be:

a) offered for sale to all members of staff at a price agreed; or

b) advertised for sale, at an price agreed; or

c) sold via an open electronic auction, run on the council's E-tendering portal, where appropriate providing its use is approved by Legal and the S151 officer. The relevant Head of Service and the Head of Finance and Property may set a reserve price below which an item may not be sold without the approval of the relevant portfolio holder responsible for the management of the council's assets.

30.13 If it is considered that there is a ready market for the item(s) in question, then sealed bids shall be invited from Contractors or organisations that are identified as having a potential interest. The minimum number of bids sought shall be determined in accordance with the thresholds contained in CPR 19.5, 19.6, 19.7 and 19.8.

30.14 All sealed bids shall be treated as being tenders and their opening evaluation and acceptance shall be in accordance with CPRs 21, 22 and 23.

30.15 Where there is the option of trading an old piece of equipment in part-exchange for a new piece, this option shall be expressly mentioned in any invitation to tender or request for quotation.

30.16 Disposal of any stocks and stores that are recorded in the council's accounts shall be disposed of after obtaining the agreement in writing of the Head of Finance and Property and shall be undertaken in accordance with the provisions of the council's Financial Regulations.

~~26.5 Proposed disposals of other council-owned assets, including surplus or obsolete furniture or equipment, shall be discussed with the relevant Head of Service to obtain agreement that there is no further need for the items. Items shall first be offered for transfer to other sections or departments of the council.~~

~~26.6 The Asset Advisory Group will be consulted on the disposal of assets where deemed appropriate by the relevant head of service.~~

~~26.7 Any items that remain for disposal shall be sold at the highest price possible. An estimated sale value shall be agreed by the relevant Head of Service and the S151~~

~~Officer or Deputy S151 Officer, taking note of any value included in the council's accounts and any professional valuations as may be deemed appropriate by the S151 Officer. A note shall be made and retained on file as evidence to support the adopted approach and the valuation. The method of disposal shall be agreed with the S151 Officer.~~

~~26.8 If deemed appropriate by the relevant Head of Service and the S151 Officer, items may either be~~

~~26.8.1.1 sold to a member of staff at an agreed price (where the item is of little or no intrinsic value); or~~

~~26.8.1.2 offered for sale to all members of staff at the price agreed; or~~

~~26.8.1.3 advertised for sale in local papers or relevant trade magazines, as appropriate, at the price agreed; or~~

~~26.8.1.4 sold via an open electronic auction, run on the council's E-tendering portal where appropriate providing its use is approved by Legal and the S151 officer. The relevant Head of Service and the S151 Officer may set a reserve price below which an item may not be sold without the approval of the relevant portfolio holder responsible for the management of the council's assets.~~

~~26.9 If it is considered that there is a ready market for the item(s) in question, then sealed bids shall be invited from Contractors or organisations that are identified as having a potential interest. The minimum number of bids sought shall be determined in accordance with the thresholds contained in CPR 15.5, 15.6, 15.7 and 15.8.~~

~~26.10 All sealed bids shall be treated as being tenders and their opening evaluation and acceptance shall be in accordance with CPRs 17, 18 and 19.~~

~~26.11 Where there is the option of trading an old piece of equipment in part-exchange for a new piece, this option shall be expressly mentioned in any invitation to tender or request for quotation.~~

~~26.12 Disposal of any stocks and stores that are recorded in the council's accounts shall be disposed of after obtaining the agreement in writing of the relevant director and the S151 Officer and shall be undertaken in accordance with the provisions of the council's Financial Regulations.~~

## GLOSSARY OF TERMS

Authorised Signatory List	This is the list of officers authorised to make financial transactions. Head of Service approval is required before an officer may be included in the List.
Call-off Contracts	This term is used to describe a Contract that is entered into for a specified period but where the total value and quantity of items ordered cannot be quantified at the outset. An example might be a Contract for the supply of office stationery. Prices are specified for the duration of the Contract, subject as necessary to fluctuation according to agreed formulae.
Contract	This term is used to refer to any procurement transaction or planned procurement transaction.
Contract	All references to Contract values refer to the estimated value unless otherwise specified. The estimated value is calculated over the entire period of the Contract, including the period of any possible extensions to the term of the Contract. Where the term of the Contract is not known, a term of 4 years must be assumed and applied when calculating the Contract value. The calculation of the value must be assessed exclusive of Value Added Tax.
Corporate Management Team	The Corporate Management Team is the meeting of the Chief Executive and Directors, which is advised by Heads of Service and other Officers as appropriate.
EU Directives on procurement	These are rules that override these CPRs for large value Contracts. EU Directives must be applied once the value of the Contract reaches or exceeds the relevant financial threshold. Their application and link to CPRs is outlined above in the introduction. The Directives are implemented into UK law as the Public Contracts Regulations 2015 (“the Regulations”), and reference to those Regulations in these CPRs includes any subsequent amendments to those Regulations and any replacement Regulations (and amendments thereto). The value of Contracts that are subject to these Directives is revised annually and it will be necessary to seek confirmation of current values from the Borough Solicitor.
Financial Regulations	This refers to the set of rules that govern the way the council’s finances are administered and controlled. They are maintained by the Section 151 Officer.
Framework Agreement	A Framework Agreement is an arrangement of one or more Contracting authorities with one or more suppliers in order to establish the terms governing the Contracts awarded and includes both Public Sector Framework Agreements and council Procured Framework Agreements.
Goods/Works/Services	A Contract will be in connection with the acquisition of one or more of these categories of purchases. The use of one of these terms should be taken to mean all the terms unless expressly stated to the contrary.
Highest/lowest price	The term “lowest price” (where payment is to be made by the council) shall also be taken to mean the highest price (where payment is to be made to the council).
Land and buildings	Disposal of land and buildings refers to outright sale and long-term leases. It does not include short-term leases of three years or less. The disposal of small parcels of land, such as to private residents for extension of gardens, may be the subject of standard procedures that

	may be agreed between the relevant director and the Section 151 Officer in accordance with CPR 24.
Lists prepared by third parties	This refers to such lists as “Constructionline” and similar lists of Contractors that have been assessed by other organisations.
Official order	This term is interchangeable with the term purchase order. An official order must be raised prior to receiving an invoice either via the councils official order system or the Orchard system.
Open tendering	Open tendering refers to a situation where all Contractors that have expressed an interest in a Contract are sent an invitation to tender. It is distinct from selective/restrictive tendering in that assessment of the Contractors will take place once the tenders/quotations are received using a questionnaire and an assessment of their financial stability, references and insurances.
Partnership Contracts	Partnership Contracts are designed to enhance cooperation between the council and a Contractor/other parties to the Contract. The purpose is to enable services to be reviewed and delivery arrangements amended at various times within the life of the Contract. Whilst terms and conditions may require amendment as a consequence, it is not intended that this should impede smooth working and transition to new arrangements should be facilitated. Therefore different arrangements will apply to allow amendment to terms and conditions in a planned and controlled manner.
Professional services (“consultants”)	<p>Consultants are used for a wide variety of purposes. Generally the term is therefore used to relate to the providers of professional skills and expertise which, for whatever reason, cannot be provided by the council’s own staff. Regardless of the role to be played, for the purposes of these CPRs Contracts for the provision of professional expertise will be regarded in the same manner as other Contracts for the supply of goods, works and services.</p> <p>Appointment of a person through an employment agency or an appropriate professional body to fulfil duties that otherwise would be performed by a member of staff will not be subject to CPRs. A separate procedure is available from Employee Services concerning this. Engaging a person to undertake a specific piece of work with specific terms of reference is deemed to be consultancy and must be procured in accordance with the CPRs.</p>
Quotation	A price given by a supplier for a specified piece of work, goods or service based largely on the supplier’s terms and conditions but with relevant conditions as determined by the council.
Quotations and tenders	The terms “quotation” and “tender” are used throughout these CPRs. For the purposes of the application of these CPRs the following definitions should be used:
Relevant Director	This term is used to denote the Chief Executive, Director of Finance and Resources (Section 151 Officer) or the Director of Operations in person. Where an officer from one service is working in circumstances where they are responsible to another service for the purposes of a procurement exercise, then it is that other director who is the responsible director. In some CPRs the Chief Executive and the Section 151 Officer are mentioned by title; where this is done, they are not acting as the relevant director.
Relevant Head of Service	This term is used to denote the head of the service responsible for procuring a Contract.
Relevant Portfolio	This refers to the elected Member of the council who at the time the

holder	procurement exercise is being undertaken is the relevant member of the council's Executive responsible for the service in question.
Responsible Purchasing	The council's overarching approach to the acquisition of goods and services, ensuring that purchasing decisions are made with the best long-term interest of the environment in mind, particularly having regard to sustainability issues.
Section 151 Officer	This refers to the council's Chief Finance Officer, being the officer responsible for the council's financial administration as defined by the Local Government Act 1972.
Scheme of Delegation	This term refers to the council's Scheme of Delegation <a href="#">to Officers</a> , which specifies the extent to which the conduct of the council's affairs is delegated to council officers. If at any time there appears to be a conflict between the Scheme of Delegation and Contract Procurement Rules, the former shall take precedence.
Selective/restricted tendering	Selective or restricted tendering refers to a situation where Contractors expressing an interest in tendering/supplying a quotation are asked to complete a pre-qualification questionnaire. The completed questionnaire is assessed, and an assessment of the Contractors' financial stability, references and insurances is undertaken in order to produce a short-list of Contractors that will be invited to tender/provide a quotation.
Specification	The use of the word 'specification' refers to a statement of the council's minimum purchase requirements. For illustrative purposes, it includes as appropriate such matters as: a) Technical drawings b) Recognised international standards c) Method of delivery d) Terms and conditions of supply and delivery e) Responsible purchasing requirements.
Standard Selection Questionnaire	This is the questionnaire which has been developed to simplify the supplier selection process for businesses using the Restricted Procedure to procure goods or services. It has replaced the Pre Qualification Questionnaire.
Supplier/Contractor	Both these terms are used to refer to a provider or potential provider of goods, works or services. Once a Contract has been placed with a supplier, that supplier may be more precisely referred to as a Contractor.
Tender	A price given by a supplier in response to a full specification of the goods, works or services required and based upon terms and conditions specified by the council. These terms and conditions may be as laid out in a commonly used standard form of Contract. The processes for seeking and receiving quotations and tenders are set out within these CPRs. The precise requirements in respect to any specific Contract will have to be assessed according to the nature and complexity of the Contract as well as its value.

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE LICENSING AND REGULATORY COMMITTEE - 13 JANUARY 2020

SUBMITTED TO THE COUNCIL MEETING – 18 FEBRUARY 2020

(To be read in conjunction with the Agenda for the Meeting)

**Present**

Cllr Robert Knowles (Chairman)  
Cllr Peter Clark (Vice Chairman)  
Cllr Martin D'Arcy  
Cllr Jerome Davidson

Cllr Patricia Ellis  
Cllr Michael Goodridge  
Cllr Anna James  
Cllr Ruth Reed

**Apologies**

Cllr Roger Blishen, Cllr Jackie Keen and Cllr Michaela Martin

LIC24/19 MINUTES (Agenda item 1.)

The Minutes of the Meeting held on 23 September 2019 were agreed as a correct record and signed.

LIC25/19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (Agenda item 2.)

Apologies were received from Cllrs Jackie Keen and Michaela Martin.

LIC26/19 DECLARATIONS OF INTEREST (Agenda item 3.)

There were no declarations in relation to matters on the agenda.

LIC27/19 QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4.)

There were no questions from members of the public.

LIC28/19 QUESTIONS FROM MEMBERS (Agenda item 5.)

There were no questions from Members.

LIC29/19 NOMINATION OF REPLACEMENT REPRESENTATIVE ON LICENSING (GENERAL PURPOSES) SUB-COMMITTEE (Agenda item 6.)

The Committee noted that following the sad death of Cllr Jack Lee there was currently a vacancy on the Licensing & Regulatory Committee and the Licensing (General Purposes) Sub-Committee. A by-election for the Milford Ward was due to be held on 13 February 2020.

Rather than appointing a replacement to fill the vacancy on the Sub-Committee at this time, the Committee agreed to await the outcome of the by-election and the consequent review of the political proportionality of the Council and allocation of committee seats.

LIC30/19 ACTION AUTHORISED (Agenda item 7.)

No actions had been authorised by the Chief Executive since the last meeting of the Committee.

LIC31/19 MINUTES OF THE LICENSING (GENERAL PURPOSES) SUB COMMITTEE  
(Agenda item 8.)

The Minutes of the Licensing (General Purposes) Sub-Committee meeting held on 14 October 2019 were approved.

**PART I – RECOMMENDATION TO COUNCIL**

LIC32/19 JOINT WARRANTING 2020 (Agenda item 9.)

32.1 The Committee considered a report setting out proposals from the Surrey Local Licensing Authorities to introduce joint warranting for Licensing Officers to enable improved enforcement of the taxi and private hire trade across the county. It was proposed that each of the eleven borough and district councils would delegate their taxi and private hire enforcement function under the relevant legislation (set out in the report) to the other Surrey Local Licensing Authorities in addition to retaining those functions themselves.

32.2 The joint warranting arrangements would not restrict the movement of taxi and private hire vehicles into other boroughs, but would enable Waverley officers to enforce against taxi and private hire vehicles and drivers licensed by other Surrey boroughs. The joint warranting arrangements would commence from April 2020.

32.3 The Committee noted that such joint working arrangements represented 'best practice' as proposed in the draft statutory guidance to taxi and private hire licensing authorities which was the subject of a Department for Transport consultation in 2019.

32.4 The Committee welcomed the proposals for more joined up working across the county that would help protect users of taxi and private hire vehicles, and asked that similar arrangements be developed with neighbouring licensing authorities in other counties, such as East Hampshire, Chichester and Rushmoor.

32.5 Having considered the report, the Committee

1. RESOLVED to recommend to Full Council that:

- i. the Hackney Carriage (Taxi) and Private Hire enforcement functions under the legislation set out in Appendix A of the report be delegated to the Surrey Local Licensing Authorities (as set out in Appendix A), in addition to these functions being retained within the Borough; and, to similarly receive the same delegated Taxi and Private Hire enforcement functions of the Surrey Local Licensing Authorities.

And,



- ii. the responsibility for relevant Taxi and Private Hire licensing legislation in accordance with Part 3 (Responsibility for Functions) of the Council's Constitution, which confirms an existing delegated power to the Head of Environmental & Regulatory Services at part I.3 of the Council's Scheme of Delegation (authorisation to enforce all relevant Hackney Carriage (Taxi) and Private Hire licensing legislation), be extended to include the authorisation of officers of other Surrey authorities participating in a Joint Warranting Scheme.
2. RESOLVED to ask the Head of Environmental & Regulatory Services to write to the neighbouring licensing authorities in other counties to explore development of similar reciprocal joint warranting arrangements.

## **PART II – MATTERS OF REPORT**

### LIC33/19 TAXI POLICY COVERING REPORT RE PROPOSED CHANGES FOR CONSULTATION 2020 (Agenda item 10.)

- 33.1 The Committee considered a report that shared the recommendations of the Department for Transport on a safer system of taxi and private hire vehicle licensing, and sought the views of the Committee on a number of proposed changes to the Taxi and Private Hire Licensing Policy 2018 – 2023.
- 33.2 The proposed changes to the Policy came from the Department of Transport recommendations (where these did not need to be implemented by changes in legislation); from officers; and responded to representations made by drivers and operators in the trade. Subject to the agreement of the Committee, these would be incorporated within the Council's Taxi and Private Hire Policy to be consulted upon.
- 33.3 The Committee discussed the representations from drivers on relaxing the Council's policy on window tinting, and the variation in approaches of licensing authorities across the county on this matter. It was noted that it was difficult to judge how much difference tinting levels had on safety, although there was a perception that more light transmission was safer. The Committee was sympathetic to the representations of drivers, and agreed that for the purposes of consultation the policy would propose the same approach as Spelthorne (Regulatory minimum light transmission for the windscreen (75%) and front side windows (70%); at least 22% light transmission for rear side windows; and no minimum transmission requirement for the rear windscreen).
- 33.4 The Committee considered the policy on the age of licensed vehicles and promoting the take-up of Ultra Low Emission (ULE) vehicles by drivers and operators. It was agreed that offering a reduction in the licensing fee for ULE vehicles would send a positive signal, up until the point when all vehicles would have to be ULE. To align with the Council's Climate Change Emergency declaration, the Committee felt that all Waverley licensed vehicles should be ULE by 2030. A maximum age of 7 years for licensed vehicles would mean that from 2023 all newly licensed vehicles would need to be ULE.

33.5 The Committee agreed with Officer's recommendations on other matters to include in the draft revised policy for consultation, and RESOLVED

- i. To note the Department for Transport's report on taxi and private hire licensing; the Government's response to the report; and Officer comments on the report in relation to the National Anti-Fraud Network project, English language testing for drivers, matters in relation to disability and accessibility, and employment matters relevant to the 'fit and proper' test; and
- ii. That the following areas of policy be incorporated within the Council's Taxi and Private Hire Policy to be consulted upon:
  - a reduced vehicle licence rate (50% of the full rate) for ULE vehicles, until such time as all vehicles are ULE under the vehicle age policy (DfT recommendation 7).
  - a condition requiring licensees to co-operate with appropriate Officers from other licensing areas (DfT recommendation 9).
  - a requirement for door signs on Private Hire Vehicles (DfT recommendation 19).
  - a requirement that all drivers subscribe to the DBS update service (DfT recommendation 20).
  - a Privacy Notice covering Waverley's use of driver and operator information, to comply with Data Protection legislation and GDPR.
  - requirements for Private Hire Operators to:
    - a. Hold and maintain a register of all staff that have contact with the public, etc
    - b. Be able to evidence that a basic DBS check is in place for staff listed on their register, and
    - c. Prohibition on use of Passenger Carrying Vehicle (PCV) licensed drivers.
  - a vehicle age policy – from 1 April 2020, newly licensed vehicles must be under 3 years old at the date of first registration; from 1 January 2023, licensed vehicles to be no more than 7 years old.
  - refusal to licence vehicles that have been written-off for insurance purposes, for safety reasons.
  - prohibition on the use of second-hand tyres or tyres that are 10 years old or more, for safety reasons.
  - Policy on window tinting to be amended to permit Regulatory minimum light transmission for the windscreen (75%) and front side windows (70%); at least 22% light transmission for rear side windows; and no minimum transmission requirement for the rear windscreen.

33.6 The Committee noted that consultation responses would be submitted brought back to the Committee in March along with the proposed revised Taxi Licensing Policy, with the intention that it would come into effect from 1 April 2020.

LIC34/19 PROPOSED FARES AND TARIFFS (Agenda item 11.)

Paul Hughes, Licensing & Environmental Enforcement Manager, updated the Committee on the work being carried out to review Taxi Fares. Since the Committee met last, Officers had been using the Guildford methodology as a template to calculate tax fares. The initial outcome using this approach indicated that fares might reduce from £2.40/mile to £1.20/mile. Given the scale of the reduction, Officers were consulting with colleagues in Guildford to ensure that the methodology had been applied correctly, and there would be a further report to the Committee in March.

LIC35/19 FORWARD PROGRAMME (Agenda item 12.)

The Committee noted that the Fares Policy would come to the next meeting of the Committee in March, as would the revised Taxi and Private Hire Policy following the consultation on proposals.

**The meeting commenced at 10.00 am and concluded at 11.35 am**

**Chairman**

This page is intentionally left blank

**WAVERLEY BOROUGH COUNCIL**

**COUNCIL**

**18 FEBRUARY 2020**

---

**Title:**

**Taxi and Private Hire Enforcement – Delegations for**

**Surrey Joint Warranting**

---

**Portfolio Holder:** Cllr Nick Palmer, Portfolio Holder for Operational & Enforcement

**Head of Service:** Richard Homewood  
Head of Environmental & Regulatory Services

**Key decision:** No

**Access:** Public :

---

**1. Purpose and summary**

Waverley Borough Council is the licensing authority for the purposes of regulating taxi and private hire services in the Borough. This report seeks approval for making arrangements between Surrey Licensing Authorities to introduce joint warranting for Licensing Officers. This will enable improved enforcement of the taxi and private hire trade across the County and improve safety within the licensed hackney carriage and private hire vehicle service operating in Surrey.

**2. Recommendation**

The Licensing & Regulatory Committee recommends to Full Council that:

- (a) the Council's Taxi and Private Hire enforcement functions under the legislation set out in Appendix A are delegated to the Surrey local licensing authorities (also set out in Appendix A), in addition to retaining those functions within the Borough and to similarly receive the delegated Taxi and Private Hire enforcement functions (as set out in Appendix A) of those local authorities; and,
- (b) the responsibility for relevant Hackney Carriage and Private Hire licensing legislation in accordance with 2.1 of the Council's Constitution which confirms an existing delegated power to the Head of Environmental & Regulatory Services at Part I.3 of the Council's Scheme of Delegation (authorisation to enforce all relevant Hackney Carriage and Private Hire licensing legislation) be extended to include the authorisation of officers of other Surrey authorities participating in a Joint Warranting Scheme.

### **3. Reason for the recommendation**

For the enhancement of public safety.

The Licensing & Regulatory Committee has asked the Head of Environmental & Regulatory Services to write to neighbouring licensing authorities in other counties to explore development of similar reciprocal joint warranting arrangements.

### **4. Background**

4.1 Taxi and Private Hire Vehicles are licensed by Local Authorities under powers arising from the Town Police Clauses Act 1847 and Local Government (Miscellaneous Provisions) Act 1976. The legislation gives a power for an officer authorised by a local authority to inspect vehicles and take enforcement action against drivers and vehicles licensed by that authority, including the immediate suspension of vehicles for reasons of public safety.

4.2 However as there is no geographical restriction on where a licensed vehicle can travel, journeys can and often do start and/or finish outside their licensed area. This means that often authorised officers of one authority will regularly come across vehicles licenced by another authority operating in their areas.

#### **Proposed changes**

4.3 Officers only have the legal power to inspect and take action against vehicles if they have been authorised in writing by the authority which licensed that vehicle. As such, an officer in one authority will not have the power to inspect or take action against the number of vehicles operating in its area which are licensed by other authorities.

4.4 This can lead to situations where officers in one authority, for example Waverley, are unable to take action against a vehicle licensed by another authority which may be defective, despite the vehicle being present and operating in Waverley. This could lead to a situation where a defective vehicle continues to operate, potentially endangering public safety and undermining public confidence in the licensed taxi trade.

4.5 It is therefore considered necessary to enable a scheme of joint warranting across Surrey, whereby Licensing Officers of any Surrey Authority would be able to inspect and take enforcement action against any vehicle licensed in Surrey. Such joint working arrangements between Local Authorities is also regarded as 'Best Practice' in the draft Statutory Guidance issued under s.177 of the Policing and Crime Act 2017 recently consulted upon by the Department for Transport.

4.6 Additionally, joint warranting would further promote the work undertaken in 2017-18 in partnership with the Surrey Safeguarding Children Board (SSCB) to develop a co-ordinated response to child sexual exploitation (CSE) across the County by adopting a consistent convictions policy and mandatory CSE training for all drivers in Surrey.

- 4.7 The proposal is that the hackney carriage and private hire enforcement powers, as set out in Appendix A of this report, are delegated to the other Surrey Authorities (whilst retaining our own). It is also proposed that Waverley Borough Council receives similar delegated enforcement powers from the other Surrey Authorities. Each authority would retain the ability to grant and renew licences; those functions will not be delegated. The enforcement functions would be delegated. Each authority would be responsible for ensuring that the officers delegated are suitably trained and experienced in this type of work.
- 4.8 The Head of Environmental & Regulatory Services will nominate the Environmental and Licensing Enforcement Manager to exercise the authorising powers on his behalf. All officers of the Council (from whichever team) who are duly authorised to carry out enforcement tasks will, of course, be suitably trained and experienced in this type of work.

## **5. Relationship to the Corporate Strategy and Service Plan**

Taxis play an important part in the overall public transport network in the Borough and contribute to the priorities relating to the Environment and Leisure and Lives.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

The implications will be managed through the existing licensing budgets.

### **6.2 Risk management**

The Taxi and Private Hire Licensing Policy is in place to ensure public safety when using these services and to ensure the appropriate balances and mitigations are in place to minimise risk to public safety whilst enabling businesses to trade effectively, efficiently and legally.

### **6.3 Legal**

Under section 101 of the Local Government Act 1972, Local Authorities may make arrangements for other local authorities to discharge its functions. Having done so, the Council may however continue to discharge and control those functions. If the Council arranges for the other authorities within the flexible warranting scheme to carry out its Licensing functions, it may continue to exercise most of those functions itself.

In practice, it is envisaged that the power given to Officers from the other authorities within the scheme would only be exercised as and when required, when those officers are dealing with licensed vehicles from outside their current jurisdiction within their district.

If the Local Authorities are to participate in the scheme it is necessary to ensure that all officers are properly appointed to carry out the enforcement functions concerned so as to avoid potential legal challenge.

Changes to licencing conditions of drivers, vehicles and operators may need to be altered to reflect the above.

#### **6.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the Council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010. No equality impact assessment has been conducted in connection with the preparation of this report but an equality impact assessment would be conducted as part of the consultation process, once the basis for any consultation is known.

#### **6.5 Climate emergency declaration**

There are no direct climate emergency impacts as a result of the proposed Joint Warranting arrangements.

### **7. Consultation and engagement**

Consultation has taken place with the other 10 Surrey Licensing Authorities who are supportive of this initiative and who themselves are seeking or have sought the necessary delegations.

The proposal was considered and supported by Management Board on 17 December 2019

### **8. Other options considered**

The alternative is to not approve the proposal for joint warranting which will result in a lower standard of enforcement and of standards.

### **9. Governance journey**

Consideration by Licensing and Regulatory Committee on 13 January with recommendation of the Committee to Council on 18 February 2020

#### **Attachments:**

Appendix A: Functions to be delegated to the Surrey Local Licensing Authorities

#### **Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

---

#### **CONTACT OFFICER:**

Name: Paul Hughes  
Position: Licensing & Environmental Enforcement Manager  
Telephone: 0148 3523189  
Email: [paul.hughes@waverley.gov.uk](mailto:paul.hughes@waverley.gov.uk)



Functions to be delegated to the Surrey Local Licensing Authorities.

### **Local Government (Miscellaneous Provisions) Act 1976**

- Section 53(3)(a): Driver to produce his licence for inspection
- Section 58: Return of identification plate or disc on revocation
- Section 60: to suspend and revoke vehicle licences
- Section 61: to suspend and revoke drivers' licences
- Section 68: fitness of private hire vehicles
- Section 73: obstruction of authorised officer

### **Town and Police Clauses Act 1847**

- Section 45: prosecution for plying for hire without a licence

### **Road Traffic Act 1988**

- Section 143: no insurance

The Surrey Local Authorities named below have delegated (or will delegate) the same functions to Waverley Borough Council. Those authorities have also retained the ability to exercise these functions.

The Surrey Local Authorities –

- Elmbridge Borough Council
- Epsom and Ewell Borough Council
- Guildford Borough Council
- Mole Valley District Council
- Reigate and Banstead Borough Council
- Runnymede Borough Council
- Spelthorne Borough Council
- Surrey Heath Borough Council
- Tandridge District Council
- Waverley Borough Council
- Woking Borough Council

This page is intentionally left blank

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE STANDARDS COMMITTEE - 13 JANUARY 2020

SUBMITTED TO THE COUNCIL MEETING – 18 FEBRUARY 2020

(To be read in conjunction with the Agenda for the Meeting)

**Present**

Cllr John Robini (Chairman)	Cllr John Gray
Cllr Michael Goodridge (Vice Chairman)	Cllr Jerry Hyman
Cllr Brian Adams	Cllr Robert Knowles

**Apologies**

Cllr Paul Follows, Cllr Penny Marriott and Cllr Peter Marriott

STD 13/19 MINUTES (Agenda item 1.)

The Minutes of the meeting which took place on 30 September 2019 were confirmed and signed.

STD 14/19 APOLOGIES FOR ABSENCE (Agenda item )

Apologies for absence were received from Councillors Paul Follows, Peter and Penny Marriott.

STD 15/19 DISCLOSURES OF INTERESTS (Agenda item 3.)

It was noted that Councillor Jerry Hyman was one of the Members referred to in the Monitoring Officer's Report. The details of the Standards hearing were already in the public domain.

STD 16/19 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were no questions from members of the public.

STD 17/19 QUESTIONS FROM MEMBERS OF THE COUNCIL (Agenda item 5.)

There were no questions from Members of the Council.

**PART I - RECOMMENDATIONS TO THE COUNCIL**

There were no recommendations to Council.

**PART II - MATTERS OF REPORT**

The background papers relating to the following items are as set out in the reports included in the original agenda papers.

STD 18/19 MONITORING OFFICER'S REPORT (Agenda item 6.)

- 18.1 The Committee considered a report from the Monitoring Officer, Robin Taylor, on complaints received since January 2019. The report summarised the complaints received since the last report and also updated on a number of matters that fell within its remit.
- 18.2 The Committee noted that a number of informal complaints related to comments written by elected members in emails or posted online. This type of media could be shared widely and quickly with an audience the original author may not have intended. Combined with the absence of tone of voice and context, electronic communications were far more likely to lead to allegations of code breaches than any other form, especially when sent in haste.
- 18.3 Councillor Gray commented that there was no reference to whistle blowing which he felt was relevant, and he had not seen where this was reported. Officers responded that this was a function of the Audit Committee and they would look at when this was last reported.
- 18.4 The Committee discussed the role of the committee, and how they could learn from complaints received to promote ethical standards. The Committee noted that training had been provided to all Waverley Borough Councillors following the elections, and to the three Town Councils, and Cranleigh Parish Council. Further training would be provided on a regular basis, and consideration was being given on how this could be delivered to all the parish councils.
- 18.5 Following consideration of the report, the Committee NOTED the Monitoring Officer's report.

STD 19/19 LOCAL GOVERNMENT ETHICAL STANDARDS' - REVIEW OF THE COMMITTEE ON STANDARD IN PUBLIC LIFE REPORT (Agenda item 7.)

- 19.1 The Committee received a report reviewing the findings and recommendations of the Committee on Standards in Public Life (CSPL) as set out in its report on Local Government Ethical Standards. The Committee was asked to consider the recommendations and to authorise the Monitoring Officer to take steps to ensure compliance with the best practice recommendations.
- 19.2 The Committee was advised that the CSPL had concluded that whilst the majority of councillors and officers maintained high standards of conduct, there was clear evidence of misconduct by a minority of councillors. The headline recommendation was to give local authorities the power to suspend, without allowances, councillors for up to six months but this would require legislative changes and was part of a package of reforms. The CSPL had made 26 recommendations, mostly requiring revision of legislation or regulations. There were 15 best practice recommendations which the CSPL considered should be implemented by all local authorities.

- 19.3 The Committee noted that the Local Government Association was working on developing an updated model Member Code of Conduct. Waverley had a good level of compliance with the recommended best practice, but there was scope to improve the Council's Arrangements for dealing with Standards Allegations to provide greater transparency about proceedings and embed best practice.
- 19.4 The Committee agreed in principle the implementation of the best practice recommendations, and noted that the Monitoring Officer would report back to the next Committee meeting on proposed revisions to the Council's Arrangements for dealing with Standards allegations in order to meet compliance with best practice.

**The meeting commenced at 5.00 pm and concluded at 6.10 pm**

**Chairman**

This page is intentionally left blank