

MINUTES of the WAVERLEY
BOROUGH COUNCIL held in
the Council Chamber, Council
Offices, The Burys, Godalming
on 21 February 2023 at 6.15
pm

- * Cllr John Ward (Mayor)
- * Cllr Penny Rivers (Deputy Mayor)

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

*Present

Apologies

Cllr Peter Clark, Cllr Brian Edmonds, Cllr Jan Floyd-Douglass, Cllr Chris Howard, Cllr Daniel Hunt, Cllr Julia Potts, Cllr Anne-Marie Rosoman and Cllr Michaela Wicks

CNL80/22 APOLOGIES FOR ABSENCE (Agenda item 1.)

Apologies for absence were received from Cllrs Peter Clark, Brian Edmonds, Jan Floyd-Douglass, Chris Howard, Dan Hunt, Julia Potts, Anne-Marie Rosoman, and Michaela Wicks.

Cllrs Carole Cockburn and Mary Forszewski had given apologies that they would be arriving late.

Cllr Forszewski arrived at 6.30pm; Cllr Christine Baker arrived at 6.55pm; and Cllr Cockburn arrived at 7.30pm.

CNL81/22 MINUTES (Agenda item 2.)

The Minutes of the Meeting of the Council held on 13 December 2023, and the Extraordinary Meeting held on 10 January 2023, were confirmed.

CNL82/22 DECLARATIONS OF INTEREST (Agenda item 3.)

82.1 Cllr Hyman declared a Disclosable Pecuniary Interest in Agenda Item 7 (HRA Business Plan – Revenue Budget and Capital Programme 2023/24) as a Waverley Tenant. Cllr Hyman left the Council Chamber for the debate and vote on that item.

82.3 Cllr John Robini and Cllr Jacquie Keen declared Disclosable Pecuniary Interests in Agenda Item 6 (General Fund Budget 2023/24 and MTFP 2023/24-2025/26) as they rented a garage from the Council. Cllrs Robini and Keen left the Council Chamber for the debate and vote on that item.

CNL83/22 MAYOR'S ANNOUNCEMENTS (Agenda item 4.)

83.1 The Mayor updated the Council on his activities since the last meeting. He had enjoyed attending a wide range of events, including

- carol services at the Rotary Club and Age Concern,
- performances of Dick Whittington and The Pirates of Penzance,
- the Grenadier Guards Best of Britain concert,
- the Wintershall Nativity, and
- Farnham Sports Council awards.

CNL84/22 LEADER'S ANNOUNCEMENTS (Agenda item 5.)

84.1 The Leader took the opportunity to remind councillors and members of the public watching of the need for Voter Identification at the upcoming local elections. The Leader also drew attention to the events taking place in Godalming and across the borough to mark the one-year anniversary of the invasion of Ukraine by Russia and to show support to Ukrainian nationals in Waverley's local communities.

84.2 In view of the lengthy agenda, the Leader and Executive had agreed to waive any additional updates.

CNL85/22 GENERAL FUND BUDGET 2023/24 AND MTFP 23/24 - 25/26 (Agenda item 6.)

85.1 The Leader of the Council briefly introduced the General Fund Budget 2023/24 and Medium Term Financial Plan (MTFP) 2023/24 – 2025/26, and thanked the Section 151 Officer, Financial Services Manager and Senior Accountant for the work put into developing the budget and the MTFP, which

provided a high level of confidence and assurance that the numbers presented were accurate and valid.

- 85.2 The Leader went on to thank Cllr Mark Merryweather, Portfolio Holder for Finance, Commercial and Assets, for the patience he had shown with Members in explaining budgetary matters over the past four years. The Leader commended the budget to Council, which was duly seconded by Cllr Kika Mirylees, and invited Cllr Merryweather to present the detailed budget proposals.
- 85.3 Cllr Merryweather referred the Mayor and Members to their agenda papers (pages 35-106) and presented the detailed proposals for the General Fund Budget 2023/24:

“Our General Fund provides the funding for most of our activities except most notably our Social Council Housing which is covered as a separate item later in the agenda this evening.

Even pre-Covid, cost based inflation was running ahead of our ability to replace the income we were losing from central government. Since then and on top of Covid we now also face the more structural and perhaps more sustained consequences of eye-watering cost inflation that will compound that structural gap.

We expect **cost inflation** will add a further £3m to our cost base next year alone: a total impact to date of over £4.5m annually since before Covid. Inflation is a rate increase, and we also have net activity cost increases for unavoidable and other necessary growth items, including:

- a provisional allocation of £330k for the beefing up of staffing for our development management team, to restructure it following the sustained increase in applications post-Covid, although this is still subject to the confirmation of a business case, and
- £150k toward the provisional budget for the Local Plan Update, the balance of which will be spread over the following years if necessary, but which should at least be a one-off cost if it crystallises.

In terms of the **cost focussed measures** and other cost mitigations we expect:

- New Service savings and the ongoing Head of Service Costs review programme to continue to deliver a number of recurring benefits - including for example from our new insurance arrangements – which all add up;
- As we consider necessary future cost increases, we will try where possible to contain them at least to one-offs too;
- While we are cautious about savings from the Business Transformation strategy in 2023/24 - as both the new corporate structure settles in and as office costs inflate with everything else - further savings from further reviews of both customer services and staff travel are expected from 2024/25, and
- Our collaboration with Guildford is on target to achieve net savings of at least the £700k - annually – as originally projected.

Turning next to the **pressures on our income** from fees, charges and sources other than tax and government grants:

- While it's getting harder to distinguish between Covid and the Cost-of-Living Inflation crises as an underlying cause, our income from sources that were affected by Covid are recovering but are still below where they were pre-pandemic;
- Activity-wise, we estimate that we're still c£1m down on our pre-Covid car parking income, but expect half of that activity to return next year with the balance by 2025/26, while this has also been partly offset by the rate changes made late in 2021, and
- While our leisure centre fee income is recovering we're now entering instead a period of transition to a new management contract which creates a different uncertainty. As a precaution, we're proposing to provide for the possibility that a new contractor may need some temporary revenue support at least to start off with, although we'd expect to recover that through our subsequent management fee from them.

In terms of mitigations and measures we're taking on this income:

- Although interest rates will never keep up with inflation, even the low risk rates that we receive will give us a welcome boost to the tune of £1m next year compared to this year, although that benefit will decline as inflation falls and interest rates follow;
- The Commercial Strategy continues to identify new income sources while restructuring our pricing for our existing services. In the meantime, our annual review of fees and charges – which excludes charges for car parks - does propose general increases in line with inflation - where we have that discretion – albeit with some exceptions including for example for Careline;
- Our asset management strategy has evolved from our property investment strategy for a number of reasons, not least for changes to the PWLB lending criteria. We expect our general fund income from our existing assets to increase, for example as we resolve the extended void at Wey Court East, and
- Also as the report states we are recognizing that the usage of the garages currently booked through our HRA has also evolved, and that they are no longer primarily dedicated to a housing objective and should be accounted for through the General Fund.

In addition to all of those overall net pressures on our revenue budget, we face similar pressures on our one-off project spends where inflation is escalating contractor bids against our very finite capacity to fund them both for new projects and for the maintenance of our existing estate. We are able to propose this year to make a one-off £170k increase in the revenue contribution to the general property maintenance fund, but the backlog of planned works remains concerning.

So, while the proposed 2023/24 budget is balanced, the medium term financial plan beyond that continues to show a projected unresolved budget gap and that brings me to the funding we receive directly from, or at the direction of, central government other than Council Tax.

- In 2023/24 we'll suffer a decline in recurring income for New Homes Bonus and thereafter we're still threatened with not only the loss of our share of Retained Business Rates but with the so-called "negative revenue support grant" where we'd end up a net paying into central government, and
- While we will receive a new Funding Guarantee Grant of £1m in 2023/24, this will be a one-off which barely covers not much more than the loss in NHB for just the one year, and is despite the nature of inflation being that costs tend to stay up once they've gone up. That £1m also compares to the £32million that central government takes every year from the £38million

of business rates we're obliged to collect from Waverley's businesses (and of which we currently keep only £1.9million).

So it is that we're proposing to raise our share of **Council Tax** by 2.99% in 2022/23, which for a Band D home equates to £5.85 for the year. That compares to £5 last year, which would have equated to a 2.6% rise.

We are still maintaining the CT support scheme which will, at least for 2023/24, be supplemented by a prescribed central government Council Tax Support Fund."

- 85.4 Cllr Merryweather concluded by adding his thanks to the Finance Team to those of the Leader.
- 85.5 Cllr John Robini and Cllr Jacquie Keen left the Council Chamber, having made a declaration of a Disclosable Pecuniary Interest.
- 85.6 Due to technical reasons, the latter part of Cllr Merryweather's presentation did not appear on the webcast of the meeting. The Mayor called a 10 minute adjournment to re-set the webcast before asking Cllr Mulliner to resume his response to the Budget presentation.
- 85.7 Cllr Stephen Mulliner, Leader of the Principal Opposition Group, presented the Opposition's response to the Budget presentation:

"While I thank the Portfolio Holder and the officers for producing this Budget, the Conservative Group feels unable to support it. The principal reason is that we wish to express our sober criticism of the way in which this Administration has discharged some of its responsibilities over the past four years, even after making generous allowance for their initial inexperience and the impact of the pandemic.

Three themes of this Administration deserve comment. These are Waste, Delay and Delusions of Grandeur. When Conservative administrations come to power, they regard running the Council as their overriding objective with electoral success in four years' time as a secondary concern which will hopefully follow success in the main objective.

Lib-Dem administrations seem to take the opposite view with future electoral success being all they care about. Actually running the Council is left strictly to officers unless something goes spectacularly wrong. What this approach omits is the crucial role of portfolio holders in gaining a detailed knowledge about how each department is performing, setting agenda priorities and then closely monitoring the rate of progress. Without such active leadership and urgency, the inevitable consequence is that matters will proceed slowly because officers will always prefer the risk-averse approach.

The penchant for grandiose schemes has been demonstrated by the collaboration with Guildford, the plan to become a major residential developer at Dunsfold and the economically incoherent plan to convert

Godalming's Crown Court car park into a housing estate. Each have involved the wasteful expenditure of large sums of Council taxpayers money, with complaints answered by saying "Don't worry – it's coming from a reserve!". The Council's Usable Reserves of £13 million are our deposit account and are a key component of our financial resilience. However, the Administration seems to regard them as a bottomless piggy-bank that can be raided without consequence. Incidentally, it is now almost a year since I requested sight of the original concept paper justifying the Crown Court project together with the high-level financial analysis of income and cost that suggested that it might work. It has never been forthcoming despite repeated requests and the only reasonable explanation is that it never existed in the first place.

We believe that the collaboration project between Guildford and Waverley must rank as one of the hastiest and least scrutinised strategic decisions in recent local authority history. Only 20 days elapsed between an all-member briefing on 16 June 2021 and the Council meeting on 6 July 2021 at which the substantive decision to proceed was taken. This represents a damning indictment of the Administration's attitude to risk and to scrutiny. The risks to staff retention and recruitment were ignored and the existence of major differences in IT systems were glossed over. The projections of saving £700,000 per annum were based on a high-level consultant's report that Waverley's own officers regarded as superficial and unreliable.

What has the collaboration achieved to date? Nominal annual savings of just under £450,000 are claimed for Waverley as a result of the new shared Senior Management Team and its support staff. But these are matched by the current extra spending on agency staff to fill gaps created by permanent staff leaving Waverley which have not been filled by new permanent employees. Guildford and Waverley have made it clear that they see themselves as being in financial distress and are seeking a remedy by reducing costs. To any local authority employee that means only one thing – staff reductions. Is it any wonder that cost-cutting councils are not attractive destinations for ambitious officers seeking to develop their careers? Lest anyone be in any doubt, £100,000 spent on an agency worker will represent the £80,000 total cost of the equivalent full time officer and a £20,000 premium payable to the agency and the agency officer. The figure of £2.2million recently stated for agency costs in 22/23 implies a wasted cost of £440,000, which is enough to eliminate almost all the claimed collaboration savings. The Planning Department has been particularly affected by the departure of experienced planning officers. When the additional £333,000 proposed to be allocated to repair the Planning Department is also taken into account, we believe that the collaboration is actually costing Waverley money.

But this financial analysis ignores the organisational cost of the collaboration. Before there were 18 Heads of Service between the two councils. Now there are 12. In nearly 16 years as a Waverley member, I cannot ever recall a Head of Service complaining to me that he or she was bored and needed a bigger job. And yet the outcome of the collaboration is to place much greater load and responsibility on Heads

of Service who are now required to operate across two teams serving two Councils. Indeed, if all Senior Management Team costs were shared 50:50, Waverley's savings would be only just over £300,000. In order to increase those savings to nearly £400,000, it has been necessary to allocate more of the costs to Guildford which meets 67% of the costs of three Heads of Service and 60% of the cost of one Strategic Director and one other Head of Service in order to recognise the "risk and scale " of the challenge that Guildford presents. He who pays the piper calls the tune and the risk is that Waverley will not receive an equal amount of attention and leadership in the affected service areas.

If the electorate returns the Conservatives to power in May, one of our immediate priorities will be to review the state of the collaboration and we will not hesitate to give notice of termination if we believe that it is in interests of Waverley's residents to do so.

Delay has been one of the other obvious features of life under this Administration. The Great Waverley Planning Disaster has its roots in the Administration's failure to grasp the challenges facing planning and was exacerbated by the year-long delay in submitting Local Plan Part 2 for examination in an attempt to prevent development of the Red Court site in Haslemere. It is ironic that the applicant succeeded on appeal but today, in February 2023, we still have no firm date for when LPP2 can be adopted. The most recent embarrassment is, of course, the fact that Waverley has been threatened with being placed in special measures for poor planning performance.

Delay has also been endemic in relation to Housing, caused in part by the loss of some experienced housing officers which, we believe, can also be attributed to the collaboration project. Given the Administration's claimed concern to reach net zero by 2030, it is extraordinary that the social housing stock condition survey was not treated as the most urgent priority after the declaration of the climate emergency in 2019. Waverley owns 4,800 council houses and any serious plan to decarbonise them depends on having a clear understanding of the realism of such an ambition given the fabric of decades-old buildings, some of which date back to the 1920s. Yet, the exercise has still not even started. It is particularly regrettable that a most able asset management officer was not retained who could have been instrumental in starting this vital survey last year. It is to be noted that realism has recently triumphed with the decision to replace 3,700 old gas boilers in Waverley's housing stock over the next six years with 3,700 new gas boilers whose useful lives will extend into the 2040s. It should now be clear to all that the target of net zero by 2030 is a complete pipedream.

What do we offer instead? In place of waste, delay and delusions of grandeur, a Conservative administration will display financial rigour, urgency and realism.

Our portfolio holders will be required to develop a deep and detailed knowledge of what is going on in their departments and will be alert to any signs of strain or underperformance. Our watchwords will be

efficiency, effectiveness and genuine transparency so that residents will always know why we have taken certain actions and not taken others.

Mr. Mayor, I will repeat that the Conservative Group, with the experience of 12 years in power from 2007 to 2019, was not unsympathetic to the scale of the challenge faced by a new and inexperienced administration, especially when so few had previous experience as councillors. But to take responsibility is to decide to accept the challenge to perform and, having observed this Administration in action for almost four years, we firmly believe that Waverley deserves better.”

- 85.8 The Mayor opened the debate on the General Fund Budget, and the following Members spoke: Cllrs George Wilson, Peter Martin, Steve Cosser, Jerry Hyman, Joan Heagin, Kika Mirylees, Michael Goodridge, David Beaman, Nick Palmer and Liz Townsend.
- 85.9 The Leader and Cllr Merryweather responded to some of the points raised in the debate including noting that the Leader of the Principal Opposition Group had not offered any proposals to balance the budget without the proposed 2.99% increase in Council Tax; and while Surrey County Council was only raising Council Tax by 1%, this still amounted to £50 per household, compared to £5.85 by Waverley.
- 85.10 In accordance with Procedure Rule 17.4, the Mayor called for a recorded vote on the recommendations which were taken *en bloc*.
- 85.11 The vote was carried, with 29 votes in favour, 14 votes against and zero abstentions.

RESOLVED that:

- i) a 2.99% increase in Waverley’s Band D Council Tax Charge for 2023/24 with resultant increases to the other council tax bands be agreed;
- ii) the Council’s existing Council Tax Support Scheme be continued at the current levels;
- iii) a general inflationary increase to Fees and Charges for 2023/24 be agreed, except for car parking charges and some exceptions as proposed in Annexe 4;
- iv) the appropriation of garages from the HRA to General fund be noted, and an increase of 4% to the weekly charge for all garages from 1 April 2023 be approved;
- v) the General Fund Budget for 2023/24 as summarised in Annexe 2, incorporating the baseline net service cost variations included at Annexe 1 and Annexe 3, be approved;
- vi) the General Fund Capital Programme as detailed in Annexe 5 be approved; and,
- vii) the reserve movements as set out in Annexe 6 be approved.

For (29)

Councillors David Beaman, Dave Busby, Martin D'Arcy, Jerome Davidson, Sally Dickson, Paul Follows, Maxine Gale, Joan Heagin, George Hesse, Jerry Hyman, Andy MacLeod, Penny Marriott, Peter Marriott, Michaela Martin, Mark Merryweather, Kika Mirylees, David Munro, John Neale, Peter Nicholson, Nick Palmer, Ruth Reed, Paul Rivers, Penny Rivers, Julian Spence, Liz Townsend, Philip Townsend, John Ward, Steve Williams, George Wilson

Against (14)

Councillors Steve Cosser, Kevin Deanus, Simon Dear, Patricia Ellis, David Else, Jenny Else, Michael Goodridge, Val Henry, Anna James, Robert Knowles, Peter Martin, Stephen Mulliner, Trevor Sadler, Richard Seaborne

Abstentions (0)

Cllr John Robini and Cllr Jacquie Keen returned to the Council Chamber.

CNL86/22 HRA BUSINESS PLAN - REVENUE BUDGET AND CAPITAL PROGRAMME 2023/24 (Agenda item 7.)

- 86.1 Cllr Jerry Hyman left the Council Chamber having previously declared a Disclosable Pecuniary Interest in relation to this item.
- 86.2 The Leader introduced the HRA Business Plan, Revenue Budget and Capital Programme and recommended it to Council for approval, which was duly seconded by Cllr Mirylees. Before passing to Cllr Merryweather to provide a detailed presentation on the proposals, the Leader again thanked the Finance Officers for their hard work over many months to develop a balanced budget despite the ad hoc approach of the government in releasing information on various funds available to local authorities, even as late as January.
- 86.3 Cllr Merryweather, Portfolio Holder for Finance, Commercial and Assets, presented the budget proposals for the HRA:

“We now turn to the ring-fenced account into which our social housing rental incomes are received, which, together with some other income can only be used for legally prescribed purposes. These include not only the recurring annual costs of operating, administering and maintaining our Council homes but also:

- Major repairs and upgrades;
- New affordable home developments, and
- The servicing and repayment of a £189m mortgage that the Council was required to take out in 2012 to transfer the HRA to the self-financing basis that it's been on since then.

The HRA is self-financing which means that it is our Council house tenants alone who most directly experience the financial costs and benefits of the decisions that we take. We work to a long-range business plan that extends out by a rolling 30-year horizon but this year's review cycle has been extraordinary on at least 4 counts:

- First, the impacts of Covid have been transitioning into impacts of the cost-of-living / inflation crunch which is affecting not only our tenants but also our own ability to provide our Landlord services;

- Second, the government has provided us with a limited opportunity to increase rents by up to 7% ostensibly to mitigate for the cost inflation we experience.
- Third, the pressing need to plan for the improvement of our housing stock to meet our energy performance and efficiency goals which are at least in line with those that are being set nationally by central government, and
- Fourth, we have started to plan for the repayment of the 2012 mortgage by 2040/41 which will release a very significant net permanent improvement in the annual HRA operating account.

So it was in December 2022 that we agreed to change the mortgage debt strategy so as to rephase our net debt principal repayments to free up rent income now to fund housing maintenance and the energy efficiency programme.

Excluding both activity growth and cost savings, we expect that inflation will increase our costs by around £1.4m in 2023/24 – including legacy impacts from 2022/23 - but that, after allowing for compensating interest and receipts, the net impact will be contained to about £1.0m. This approximates to the 4% rent increase that is proposed in the recommendation which is also consistent, we believe, with the good intentions behind the Government’s rent cap which is “to protect tenants from the rising cost of living”.

We are well aware that not using this window to increase rents further could be perceived as a missed opportunity, as an increase above 4% could for example have a positive impact by reducing the business plan’s borrowing requirement. Every additional 1% in rent above 4% equates to about £300k which, compounded over the 30 year business plan horizon could generate £14.8m of additional income, and could reduce the capital borrowing requirement by £4.9m. It should go without saying that these longer term benefits do seem to be contrary at least in spirit to the more immediate need to “support the most vulnerable households in the face of cost-of-living pressures”.

Having said that, there are still other factors to consider also, including that:

- Even if we don’t ask our tenants to finance an accelerated reduction of debt now, their rents will still have to service it in due course;
- This is a volatile and uncertain time, and there can be no assurance that inflation will fall as seems to be generally assumed at least for now, nor how the rent cap will evolve;
- It does seem unfair, if not regressive, that the rents we charge our tenants could be raised by a rate that is much higher than the percentage we can raise Council Tax on all of the homes in the Borough up to and including band H, and
- Interestingly the government’s own rent formula has increased at CPI+1% for 2023/24 but does not take into account the rent increase cap. This does risk some disparity between our current tenants and new ones as their rent falls below the formula.

With so many often competing factors, the rent increase to be recommended has been subject to a deal of discussion within the administration and at the LSAB, in O&S and privately among members.

The range of increase most focussed on has been between our original legacy default - 3%, and 5%. This proposal, at 4%, is believed to be, on balance, fair and reasonable considering all of the factors, but we will still be listening to any contributions that may follow next before the vote.

Finally, the recommendation to delegate certain authority for work in the maintenance budget is considered beneficial for the delivery of the works identified.”

- 86.4 Cllr Merryweather concluded by thanking the Housing Co-Portfolio Holders, Cllrs Paul Rivers and Nick Palmer, the Finance Team and Housing Team for their hard work and diligence in developing the HRA Business Plan and Budget.
- 86.5 The Mayor opened the debate and invited Cllr Mulliner to respond. Cllr Mulliner indicated that the Conservative Group would be supporting the HRA budget, whilst noting that it was vitally important to communicate clearly the borrowing strategy and the impact of this. He also noted the discussion that had taken place regarding the proposed increase in housing rents, and whilst he felt that an argument could be made for a higher increase, he had no strong argument against what was being proposed.
- 86.6 Cllr Richard Seaborne spoke to add his support to the recommendations, but also to note the apparent contradiction between the Council’s net zero aspirations and the planned gas boiler replacement programme which was set out in the capital programme.
- 86.7 The Leader responded that the government target was to achieve EPC – C by 2050, but this was un-funded. The Council had written to the Minister on this point, but had received no response. The apparent contradiction was noted, but modern gas boilers were more efficient and emitted less carbon than those being replaced. The stock condition survey would not be starting from a zero base, but the council needed better information to inform the energy efficiency programme.
- 86.8 In accordance with Procedure Rule 17.4, the Mayor called for a recorded vote on the recommendations which were taken *en bloc*.
- 86.9 The vote was carried, with 47 votes in favour, zero votes against and zero abstentions.

RESOLVED that:

1. **the rent level for Council dwellings be increased by up to 4% from the 22/23 level with effect from 1 April 2023 within the permitted guidelines contained within the Government’s rent setting policy;**
2. **the service charges in senior living accommodation be increased by 4% per week from 1 April 2023 to £20.90;**
3. **the recharge for energy costs in HRA properties be increased by 4% per week from 1 April 2023;**

4. **the revised HRA Business Plan for 2023/24 to 2052/53 as set out in Annexe 1 be approved;**
5. **the approval change for the fees and charges as set out in Annexe 4 is noted**
6. **the Housing Revenue Account Capital Programmes as shown in Annexe 5 & Annexe 6 be approved;**
7. **the financing of the capital programmes be approved in line with the resources shown in Annexe 7; and,**
8. **to deliver the works identified in the maintenance budgets, authority be delegated to the Executive Head of Housing, in consultation with the s151 Officer and Co-Portfolio Holder for Housing, to procure and enter into contracts valued over £100,000 shown in Annexe 8.**

For (47)

Councillors Christine Baker, David Beaman, Dave Busby, Carole Cockburn, Steve Cosser, Martin D'Arcy, Jerome Davidson, Kevin Deanus, Simon Dear, Sally Dickson, Patricia Ellis, David Else, Jenny Else, Paul Follows, Mary Forszewska, Maxine Gale, Michael Goodridge, Joan Heagin, Val Henry, George Hesse, Anna James, Jacquie Keen, Robert Knowles, Andy MacLeod, Penny Marriott, Peter Marriott, Michaela Martin, Peter Martin, Mark Merryweather, Kika Mirylees, Stephen Mulliner, David Munro, John Neale, Peter Nicholson, Nick Palmer, Ruth Reed, Paul Rivers, Penny Rivers, John Robini, Trevor Sadler, Richard Seaborne, Julian Spence, Liz Townsend, Philip Townsend, John Ward, Steve Williams, George Wilson

Against (0)

Abstentions (0)

Cllr Jerry Hyman returned to the Council Chamber.

CNL87/22 COUNCIL TAX SETTING 2023/2024 (Agenda item 8.)

87.1 The Mayor introduced the Council Tax Setting report. This was a technical report that summarised all of the appropriate budgetary decisions that had been taken by precepting authorities to enable the level of Council Tax for 2023/24 to be determined, and specified all of the individual levels of Council Tax for approval by the Council.

87.2 The Mayor moved the recommendation and it was

RESOLVED that the Council Tax Setting resolutions as set out in the Council agenda report be approved.

At 7.35pm the Mayor called an adjournment for 10 minutes. Cllr David Munro gave his apologies and left the meeting to attend a Parish Council meeting.

The Mayor resumed the meeting at 7.50pm.

CNL88/22 CAPITAL STRATEGY 2023 - 2028, INCORPORATING TREASURY MANAGEMENT AND ASSET MANAGEMENT INVESTMENT STRATEGY (Agenda item 9.)

- 88.1 The Leader introduced the Capital Strategy, incorporating the Treasury Management Strategy and Asset Management Investment Strategy and commended it to Council for approval. The recommendations were seconded by the Portfolio Holder for Finance, Commercial and Assets, Cllr Merryweather, who went on to present the detail of the Strategy.
- 88.2 Cllr Merryweather outlined the main elements of the Capital Strategy that governed how the council managed capital investments and expenditure in a prudent, sustainable and resilient manner, and in accordance with regulations and Government lending terms. He drew attention to the recommendation for the renewal of the delegated authority to the Executive, which was considered necessary in order for the Council to participate in the market, where appropriate, on an equal footing with the private sector.
- 88.3 Finally, Cllr Merryweather thanked the Executive Head of Finance and Finance Officers for their work on developing the Capital Strategy.
- 88.4 Cllr Mulliner spoke to reiterate comments made by the Overview & Scrutiny Committee, that the Capital Strategy was a difficult document to understand for anyone without a finance background, and work was needed to make it more accessible for councillors and residents of all backgrounds. He looked forward to working with the Portfolio Holder to develop a revised version that could be more easily understood. Cllr Merryweather accepted the criticism of the document and welcomed Cllr Mulliner's interest in making the content more accessible.
- 88.5 The Mayor moved the vote, and it was

RESOLVED that

- 1. the five-year Capital Strategy for 2023 – 2028, incorporating the Treasury Management Strategy, Prudential Indicators and Asset Investment Strategy, be approved.**
- 2. authority be delegated to the Executive for the financial year 2023/24, subject to a positive recommendation from the Asset Investment Advisory Board and agreement of the Chief Executive and Strategic Director,**
 - a) to bid, negotiate and complete on property acquisitions and investments in land and buildings with a total individual cost of up to £10m, subject to the decision fully satisfying all criteria and process requirements set out in this Strategy; and**
 - b) to determine a funding strategy for the acquisition or investment in line with the Treasury Management Strategy; and**
 - c) to appoint advisors and undertake appropriate due diligence for each property acquisition and investment proposal as necessary; and**
 - d) to complete the legal matters and signing of contracts to executive the transactions referred to above.**

CNL89/22 REVIEW OF LOCAL PLAN PART 1 (LPP1) (Agenda item 10.)

- 89.1 The Mayor invited the Leader to introduce the item. The Leader began by thanking Farnham Town Council and Farnham members for a constructive meeting the previous day to discuss the review of LPP1 and the need for an update. He recognised that this was an emotive topic and emphasised the need for evidence, the primacy of Government planning rules, and the need to consider the review and the update in the correct order. The Leader invited the Portfolio Holder for Planning and Economic Development, Cllr Liz Townsend, to present the details of the matter.
- 89.2 Cllr Townsend reminded Members that the council had a legal requirement to review LPP1 now that it was five years old. That review had been carried out by officers using the Planning Advisory Service (PAS) toolkit and their recommendation was that LPP1 needed to be updated. Independent legal advice had confirmed that a significant factor in this recommendation was the introduction, since LPP1 was adopted in 2018, of the standard method of calculating housing targets. This resulted in a new starting point of 743 dwellings per annum, a 26% increase on the target in LPP1 of 590 dwellings per annum. It would be hard to argue that this was not a significant difference, although there would be an opportunity to present a detailed assessment of the borough's constraints and capacity to accommodate the higher number. The scope and timeline of the update had not been determined, and all options from a partial to full update would be investigated. However, the recommendation before Members now was to agree that LPP1 needed updating. Cllr Townsend went on to outline the potential risks of trying to set the scope of the update without evidence. The council had clear legal advice that the Development Plan would remain the starting point for decision-making, in accordance with section 38.6 of the Planning and Compulsory Purchase Act 2004. Furthermore, officers advised that the protection offered to Neighbourhood Plans under paragraph 14 of the National Planning Policy Framework (NPPF) was not dependent on the borough having an updated housing figure, and this view was supported by independent legal advice.
- 89.3 Cllr Townsend recognised the effort that went into making Neighbourhood Plans, and the councils strongly supported the proposed changes to the NPPF to extend the protection for Neighbourhood Plans from two to five years. However, whilst the need for innovative and different solutions for the planning system were needed, the council had to work within the current system to produce an updated Local Plan that worked for the whole borough. Cllr Townsend concluded by thanking officers for their work in reviewing LPP1, whilst also completing work on Local Plan Part 2.
- 89.4 The Mayor next invited Cllr David Beaman to speak, as Cllr Beaman had given notice of an amendment that he wished to move. Cllr Beaman thanked the Leader and Cllr Townsend for meeting with Farnham Members and whilst this had been constructive, Farnham residents remained greatly concerned about the impact of an update to LPP1.

- 89.5 Cllr Beaman moved the following amendment to the recommendation set out in the agenda papers, which was seconded by Cllr Liz Townsend:

“Having undertaken a review of LPP1 in accordance with regulation 10A of The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), the Council resolves that LPP1 requires updating ~~to a greater or lesser extent~~ *and instructs officers to explore all options including updating the plan immediately to make it broadly compliant with the latest NPPF (noting that the housing numbers produced by the new “Standard Method” are a starting point only) followed by a more detailed update of LPP1 and LPP2 together to produce a single Local Plan at a later date.*

However, the Local Plan as a whole continues to provide an up-to-date statutory development plan for Waverley, which must remain the starting point for decisions on planning applications while an update is brought forward.”

[deleted text struck through, additional text shown in italics]

- 89.6 The Mayor reminded Members that they were now debating the amendment, and invited Cllr Cockburn to open the debate. Cllr Cockburn thanked Cllr Beaman for his amendment but did not think that it added any certainty about the timelines or scope of the update, and so she would vote against. She noted that the report indicated that most policies in LPP1 remained broadly compliant and she urged prompt action and a report to Council in March setting out the scope and timelines of the update.
- 89.7 Cllrs Dixon, Cosser, Liz Townsend, Hyman, Wilson, Gale, Mirylees, Follows, MacLeod, Forszewski, Mulliner, and Merryweather spoke on the amendment. In summing up, Cllr Beaman emphasised the need for an evidence-based update, but also the need for it to be carried out quickly.
- 89.8 The Mayor called a vote on the amendment, which was carried by 32 votes for, 14 votes against, and 1 abstention.
- 89.9 The Mayor reminded Members that they would now be debating the recommendation as amended, and invited Cllr Townsend to respond to an earlier question regarding the revised housing target. Cllr Townsend advised that the change in housing target did not in itself require the plan to be updated, but if the council did not provide evidence – through the plan-making process – of constraints on the capacity of the borough to deliver the higher housing target, the council would be challenged by developers and Inspectors. So, there was a balance of risks to be considered.
- 89.10 The Mayor invited the Council’s Planning Policy Manager, Andrew Longley, to comment. Mr Longley confirmed that it would be difficult, although not impossible, to ignore the significant increase in housing numbers but legal opinion was that the balance of risks favoured an early update and being seen to take a proactive approach was likely to be looked upon favourably by planning inspectors. Mr Longley also emphasised that the protections for Neighbourhood Plans in paragraph 14 of the draft revised NPPF would not be affected by the local plan not being up to date.

89.11 Cllr Hyman spoke to propose an amendment. He noted that in Annexe 2 of the report there was confirmation that the council needed to produce a Wealden Heaths SPA Strategy with neighbouring authorities that would enable an assessment of the in combination impacts of development, as required by Habitats Regulations. He further noted that an update to the local plan would require a compliant appropriate assessment from the start of the process to evaluate the amount of residential development that could be lawfully granted, which the council did not have. In his view, the council could avoid further development, and the need to update LPP1, using the legal constraints on development that already existed under the Habitats Regulations, if applied correctly.

89.12 Cllr Hyman circulated his amendment, which was seconded by Cllr Dixon.

“Having undertaken a review of LPP1 in accordance with regulation 10A of The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), the Council resolves that LPP1 does not require updating, and that moreover, the Council cannot reasonably expect to be able to commence an Update because it is subject to overriding Habitats constraints, whereby pending long-awaited evidence from Natural England of the extent to which their mitigation strategies are effective, it is not possible to conduct Appropriate assessments of the in-combination impacts of housing developments within the surveyed visitor catchment areas of the Thames Basin and Wealden Heaths SPAs, which cover the borough.”

[text in italics replaces text in amended recommendation in 89.5, above]

89.13 The Leader called a Point of Order and asked if the amendment was lawful as it effectively nullified the substantive motion. The Planning Policy Manager confirmed that the amendment noted that the review had been carried out, which was the legal requirement, and then came to an alternative conclusion. The Monitoring Officer confirmed that the amendment appeared to be lawful in the context of the constitution.

89.14 Cllrs Dixon, Follows, Cockburn, Wilson, Goodridge, Heagin, Merryweather, Mulliner, D’Arcy, and Beaman spoke to the amendment. Whilst some councillors felt that there might be some merit in looking at the approach of Horsham District Council, councillors also noted that Cllr Hyman’s views on the Habitats Regulations had been tested previously with Counsel advice, and at numerous planning appeals and inquiries, and there had been no support for it. Councillors further noted that such a significant change in the council’s position would in itself require an update of LPP1.

89.15 The Mayor invited Cllr Hyman to sum up his position before putting the amendment to the vote. The amendment was lost, with 1 vote for, 39 votes against, and 5 abstentions.

89.16 Returning to the substantive motion, Cllr Mulliner proposed an amendment which emphasised the need to explore thoroughly the constraints of the Habitats Regulations, and which was seconded by Cllr D’Arcy:

“Having undertaken a review of LPP1 in accordance with regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), the Council resolves that LPP1 requires updating and instructs officers to explore all options including updating the plan immediately to make it broadly compliant with the latest NPPF (noting that the housing numbers produced by the new “Standard Method” are a starting point only) *and taking particular account of any Habitat Regulations constraints on an increase in housing numbers*, followed by a more detailed update of LPP1 and LPP2 together to produce a single Local Plan at a later date.

However, the existing Local Plan as a whole continues to provide an up-to-date statutory development plan for Waverley, which must remain the starting point for decisions on planning applications while an update is brought forward.”

[additional text shown in italics]

- 89.17 Cllrs Follows, Cockburn, Reed, Cosser, Baker, Forszewski and D’Arcy spoke to the amendment, which was generally felt to not materially change the substantive motion, as the impact of the Habitats Regulations would be considered as part of the update anyway.
- 89.18 The Mayor put the amendment to the vote, which was carried with 25 votes for, 11 votes against, and 10 abstentions.
- 89.19 The Mayor invited speakers on the new substantive recommendation. Cllr Cockburn reiterated her view that the update needed to happen quickly and should be minimal; that adoption of LPP2 would help with delivery of housing numbers, and any delay would send Neighbourhood Plans back to the drawing board. Cllr Follows and Cllr Townsend reminded Members that the decision before them was not on the scope of the update, and that there could be no commitment to a ‘minimal’ update without going through the plan-making process. They too wanted the scoping report to come forward as soon as possible, but due process had to be followed, and there was no quick fix to the problem. The Leader commended the recommendation, as amended, to Council.
- 89.20 The Mayor put the recommendation to the vote, which was carried with 38 votes for, 6 votes against, and 2 abstentions. It was therefore

RESOLVED that,

Having undertaken a review of LPP1 in accordance with regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), the Council resolves that LPP1 requires updating and instructs officers to explore all options including updating the plan immediately to make it broadly compliant with the latest NPPF (noting that the housing numbers produced by the new “Standard Method” are a starting point only) and taking particular account of any Habitat Regulations constraints on an increase in housing numbers, followed by a more detailed update of LPP1 and LPP2 together to produce a single Local Plan at a later date.

However, the existing Local Plan as a whole continues to provide an up-to-date statutory development plan for Waverley, which must remain the starting point for decisions on planning applications while an update is brought forward.

CNL90/22 PAY POLICY STATEMENT 2023/24 (Agenda item 11.)

90.1 The Leader introduced the Annual Pay Policy Statement and moved the recommendation, which was seconded by Cllr Liz Townsend.

RESOLVED that the Pay Policy Statement for the 2023/24 financial year be approved.

The meeting concluded at 10.26 pm

Mayor