Despatch Date: Tuesday 26 June 2018

Agenda for a Meeting of: Cabinet

Date and Time of Meeting: Wednesday, 4 July 2018 at 7.00 pm

Place of Meeting Council Chamber, Civic Centre, Esher

Principal Committee and Member Services Officer: Mrs. T. Hulse
Direct Line: 01372 474175 E-mail: thulse@elmbridge.gov.uk

Members of Cabinet:

T.G. Oliver
J.W. Browne
A.P. Burley
G.P. Dearlove
M.F. Howard
A. Kelly
Mrs. R. Mitchell

Fire Precautions:
(To be read from the Chair if members of the public are present)

In the event of the fire alarm sounding, leave the room immediately. Proceed downstairs by way of the main stairs or follow any of the emergency exit signs. Leave the building and follow the signs to the fire assembly point in the Civic Centre Car Park Recycling Area.
“If you would like more information in your own language, large print, on tape, or in Braille please contact us at the address or telephone number shown in this document.”

Please Note: The Council permits the filming and/or recording of the public element of its meetings. Electronic equipment and devices should be operated as unobtrusively as possible and without disruption to the business of the meeting. The Council retains copyright in all recordings. Filmed images should not be used or reproduced in a way that misrepresents or distorts the nature of the proceedings or seeks to lower the public reputation of the Council or an individual.

This meeting may also be filmed by the Council, broadcast live and subsequently retained as an archive on the Council’s website (www.elmbridge.gov.uk). The images and sound recording may be used for the purposes of public record or for training purposes. Entry to the meeting room and use of the public seating area will be treated as consent to being filmed.

Members of the public are also asked to ensure their mobile phones are switched off during the course of the meeting, as they can interfere with the induction loop system and interrupt the proceedings.

Free O2 wifi is available in all civic committee meeting rooms, including the council chamber, for all to access.

Thank you for your co-operation.
Access to Historical Information Relating to Reports

Please note that the items within this Agenda will usually have an historical context and therefore may have been considered previously by the Council, Cabinet or its Committees. Whilst reports appearing on this Agenda will include a background summary, Members may wish to appraise themselves of the more detailed historical context and to do this may wish to view previous reports / minutes on the matter which are available via the Council’s website: www.elmbridge.gov.uk or intranet, either by searching on the relevant topic or by committee reports. Copies of particular reports can be provided on request from the Committee and Member Services contact shown on the front of the Agenda.

Part I Items

1. Declarations of Interest

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

(i) any disclosable pecuniary interests and / or
(ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at this meeting.

Leader – Councillor T.G. Oliver

2. Elmbridge Civic Improvement Fund

3. Recommendation from the Overview and Scrutiny Committee in respect of Painshill Park

Resources – Councillor Mrs. R. Mitchell

4. Investment Property Portfolio Report

Resources – Councillor Mrs. R. Mitchell / Housing – Councillor A. Kelly

5. Establishment of wholly owned Housing Companies and Business Plan

Page Nos.

5 - 14

15 - 16

17 - 28

29 - 178

Please note: Included within this report (Appendices A, B, C and D – pages 41-177), and printed on grey paper, is exempt information, which is not for disclosure to the press and public by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

If this is to be debated, the Cabinet will be asked to consider it in camera, having first resolved to exclude any members of the press or public present.
6. Refurbishment Proposal - Public Hall, Church Road, Weybridge

Please note: Included within this report (Appendix A – page 187), and printed on grey paper, is exempt information, which is not for disclosure to the press and public by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

If this is to be debated, the Cabinet will be asked to consider it in camera, having first resolved to exclude any members of the press or public present.

Leisure & Culture – Councillor M.F. Howard

7. Leisure Facilities Strategy for Elmbridge

8. Recommendations from the Countryside Consultative Group meeting held on 29 March 2018

9. Parks Tennis Summer Promotion

Planning Services – Councillor J.W. Browne

10. Planning Resources

11. Strategic Spending Board Community Infrastructure Levy (CIL) Allocations - June 2018

12. Street Naming and Property Numbering Charges Review

Resources – Councillor Mrs. R. Mitchell

13. 2017/18 Revenue & Capital Outturn and 2018/19 Budget Update
Executive Summary:

Economic development is a key objective of the Council. A strong local economy underpins the wellbeing of the wider community within Elmbridge, supporting the Council’s other top priorities.

Vital to the growth of the local economy is the success of our town centres and high streets. The Elmbridge Civic Improvement Fund provides an important source of funding for local businesses, enabling them to invest in a range of projects.

This report details the performance and impact of the Elmbridge Civic Improvement Fund. The report also seeks approval from Cabinet to recommend to Council an increase in funding for the schemes and an extension of their operation.

**Recommended**: that

(a) £200,000 be transferred from the Strategic Reserve (Local Authority Business Growth Incentive) to increase the available balance for the Elmbridge Civic Improvement Fund;

(b) £20,000 be allocated from this amount to increase the balance available for the Elmbridge Start Up Fund; and

(c) the Elmbridge Civic Improvement Fund be extended for another two years until 31 March 2020.

**Report:**

1. **Background and context**

   1.1 Elmbridge’s economy has an established record of consistent performance and is positioned within the London economic ecosystem, close to international airports at Gatwick and Heathrow. Our economic success has been driven by locational and transport advantages, which have helped facilitate the largest business base across Surrey and attract international investment from the likes of Sony, Proctor & Gamble and LG Electronics.
The Elmbridge economy is underpinned by its strengths as a local area, generating a Gross Value Added (GVA) of £4.6 billion in 2016. As of 2017 there are 9,705 active businesses employing approximately 62,000 people.

The economy is built on a flourishing and resilient small business community, without a dependence on any one sector or large employer. 84% of Elmbridge businesses employ between 0-4 people, the second highest proportion of any district or borough in Surrey. The local economy has continued to show durability in the face of local and national economic challenges and ranked 16th out of 379 Local Authorities in the 2016 UK Competitiveness Index.

Elmbridge’s shopping areas contain an attractive combination of restaurants, cafes, office space and leisure services in addition to national and independent retailers. This mix of enterprises has created a resilient business base and provides an important range of services for the local population.

The continued adaptability of our high streets and town centres is crucial to the success of the local economy. Changing consumer behaviour and continued economic uncertainty pose challenges to our independent local businesses such as:

- Competition from online retailers – 18% of national retail sales in April 2018 were online
- Changing retail patterns, with many consumers preferring to shop at a single shopping and leisure destination rather than visit multiple high street shops.
- National economic uncertainty is affecting consumers’ confidence, impacting retail spend in town and village centres. The latest Gross Disposable Household Income (GDHI) per head figures for Elmbridge indicate a 0.8% decrease in this measure.

Elmbridge Civic Improvement Fund

The Elmbridge Civic Improvement Fund was established in 2009 to provide investment to make our high streets and town centres more attractive shopping destinations. The fund was created with an initial £1 million from the Local Authority Business Growth Incentive Scheme (LAGBI).

The £1 million of initial funding provided investment for the following projects, in addition to business grants:

- £350,000 funding towards the ‘Soul to the Street’ town centre improvement scheme in Walton-on-Thames.
- £33,205.74 invested in the Community Connect scheme.
- £150,000 for enhanced street lighting in our town centres.
- £11,000 for the Shop Local grant scheme.
- £50,000 to create the Elmbridge Start-Up Fund.

The scheme is available to independent businesses within Elmbridge and provides grants of up to 90% of the total eligible project costs for certain types of projects. Projects which are eligible under the scheme include:
- Shop front improvements and signage.
- Street scene and street furniture improvements.
- Empty shop improvements.
- Promotions and marketing initiatives.
- Community events.
- Learning skills and training initiatives.
- Fat, oil and grease (FOG) interceptors for catering premises.

2.4 To date 261 grants have been approved for the Elmbridge Civic Improvement Fund, investing £736,531.49 in the local economy.

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of approved grants</th>
<th>Amount paid</th>
<th>Percentage of fund allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claygate</td>
<td>16</td>
<td>£47,589.78</td>
<td>6.46%</td>
</tr>
<tr>
<td>Cobham and Downside</td>
<td>20</td>
<td>£59,121.75</td>
<td>8.03%</td>
</tr>
<tr>
<td>Esher</td>
<td>21</td>
<td>£88,019.97</td>
<td>11.95%</td>
</tr>
<tr>
<td>Hersham</td>
<td>21</td>
<td>£66,428.81</td>
<td>9.02%</td>
</tr>
<tr>
<td>Hinchley Wood and Weston Green</td>
<td>2</td>
<td>£2,808.00</td>
<td>0.38%</td>
</tr>
<tr>
<td>Long Ditton</td>
<td>4</td>
<td>£16,210.36</td>
<td>2.20%</td>
</tr>
<tr>
<td>Molesey East and Molesey West</td>
<td>56</td>
<td>£121,085.34</td>
<td>16.44%</td>
</tr>
<tr>
<td>Oxshott and Stoke D'Abernon</td>
<td>2</td>
<td>£2,666.66</td>
<td>0.36%</td>
</tr>
<tr>
<td>Thames Ditton</td>
<td>7</td>
<td>£14,888.21</td>
<td>2.02%</td>
</tr>
<tr>
<td>Walton</td>
<td>52</td>
<td>£129,567.62</td>
<td>17.59%</td>
</tr>
<tr>
<td>Weybridge (inc Oatlands)</td>
<td>60</td>
<td>£188,144.99</td>
<td>25.54%</td>
</tr>
<tr>
<td>Total</td>
<td>261</td>
<td>£736,531.49</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

2.5 The latest additional funding was approved by Cabinet in 2016, with an Additional £100,000 in funding from the LABGI agreed to help attract a further £100,000 in match funding from the Surrey County Council Town Centre Revitalisation Fund over two years.

However, only the £50,000 year-one match funding from the Surrey County Council Town Centre Revitalisation Fund was received as the Town Centre Fund was closed by the County Council in 2017 following a review of budget priorities.

2.6 The current available balance in the Elmbridge Civic Improvement Fund budget is £23,455.42. The summary of the Elmbridge Civic Improvement Fund as of 11 June 2018 is:
2.7 The total amount approved for the Elmbridge Civic Improvement Fund as a whole since 2009 has been fully allocated. The current available balance is provided by the reallocation into the fund of money which recipients no longer wish to receive. Without this reallocation of funds, the Elmbridge Civic Improvement Fund would not have been able to continue to operate.

2.8 The scheme has helped to make our town centres more vibrant, not only by supporting individual businesses, but by helping to fund town-wide initiatives to improve the appearance of shopping areas.

2.9 The most common project supported by the scheme is shop front improvements. Over 200 of the grants have gone towards these projects, delivering more than £600,000 to visibly improve our shopping areas. Feedback from businesses has been overwhelmingly positive, particularly about this aspect of the scheme. Many of the projects undertaken as part of the scheme would not have been possible otherwise: “This [grant] allowed my shop to look stunning within a year, something I did not think I would be able to do”. Appendices A and B include further comments from businesses and examples of shop fronts which have benefitted from the scheme.

2.10 The introduction of the scheme has coincided with an increase in the rate of retained local spending in the Borough. The retention rate for comparison (non-food) expenditure grew from 15.5% in 2005 to 29% in 2015, while 2015 convenience (food) expenditure retention stood at 65%.

2.11 Ensuring that Elmbridge households spend their disposable income within the Borough is a vital part of continued economic success. Money spent in the high street is more likely to remain in circulation in the local area, increasing the prosperity of the community. With an increasingly uncertain economic
outlook at the national level and changing economic and social trends at the local level, the Elmbridge Civic Improvement Fund continues to provide an essential source of funding for local businesses.

3.0  **Elmbridge Start Up Fund**

3.1 In 2015 Cabinet approved the creation of the Elmbridge Start Up Fund, allocating the scheme £50,000 from the existing Elmbridge Civic Improvement Fund. This was to help ensure start-ups in the Borough survived the crucial first year of trading.

3.2 The Elmbridge Start Up Fund is open to businesses which have yet to start operating or have been trading for under six months. The fund provides up to £1,000 funding towards start-up costs, with projects ranging from website development to purchasing of equipment. As local businesses face a growing challenge from online retailers and a difficult labour market, the marketing and promotion elements of the scheme, including website development, are likely to become increasingly important.

3.3 To date 37 grants from the Elmbridge Start Up Fund have been awarded, totalling £32,172.44 in allocations. Of this amount £28,495.88 has been paid.

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of grants</th>
<th>Amount paid</th>
<th>Percentage of fund allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claygate</td>
<td>2</td>
<td>£1,793.12</td>
<td>6%</td>
</tr>
<tr>
<td>Cobham</td>
<td>11</td>
<td>£7,878.78</td>
<td>28%</td>
</tr>
<tr>
<td>Molesey</td>
<td>4</td>
<td>£2,223.82</td>
<td>8%</td>
</tr>
<tr>
<td>Esher and Hersham</td>
<td>4</td>
<td>£3,804.96</td>
<td>13%</td>
</tr>
<tr>
<td>Thames Ditton, Long Ditton</td>
<td>2</td>
<td>£889.99</td>
<td>3%</td>
</tr>
<tr>
<td>Walton</td>
<td>11</td>
<td>£9,633.84</td>
<td>34%</td>
</tr>
<tr>
<td>Weybridge (inc Oatlands)</td>
<td>3</td>
<td>£2,271.37</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>£28,495.88</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.4 The Elmbridge economy is highly entrepreneurial, and this is reflected in the latest business births figures of 1,295 new starts for 2016.

The Start Up Fund was set up to help improve the Borough’s first year business survival rate which in 2015, the same year the scheme was launched, stood at 87.6%, down from 93.1% in 2013 and behind the Surrey average 89.2%. 
With an uncertain national picture the Start Up Fund continues to provide an important source of funding and support for new businesses in the crucial first 12 months to ensure Elmbridge retains its position as the local authority with the highest number of active businesses in Surrey.

**Financial implications:**
The report recommends that £200,000 be transferred from the Strategic Reserve (LABGI). This reserve was set up to fund business related improvements, including the Elmbridge Civic Improvement Fund. The current available balance for this reserve is taking into account the year 2 match funding from LABGI approved in 2016 is £1,000,427.00.

**Environmental/Sustainability Implications:**
Successful economic development supports the long-term sustainability of the community. Providing jobs and services within the Borough will also reduce the need for out of Borough travel, therefore reducing the environmental impact of transport.

**Legal implications:**
None.

**Equality Implications:**
None.

**Risk Implications:**
Under new Government proposals, future Council income will be tied to the performance of the local economy due to the reduction in the Revenue Support Grant.

**Community Safety Implications:**
None.

**Principal Consultees:**
Council Management Board, Heads of Service, Portfolio Holder.

**Background papers:**
None.

**Enclosures/Appendices:**
Appendix A – Elmbridge Civic Improvement Fund Success Stories
Appendix B – Elmbridge Start Up Fund Success Stories

**Contact details:**
Natalie Anderson, Head of Organisational Development
E: nanderson@elmbridge.gov.uk T: 01372 474111
Lewis Harvey-Samuel, Policy Assistant
E: lharvey-samuel@elmbridge.gov.uk T: 01372 474216
Elmbridge Business Grant
Funding for your business

Bathroom Eleven

“It has definitely increased awareness of my business because the shopfront looks so smart”

Martin & Co

“The process was great. Most of it was online and there was plenty of help”

“We are always being complimented on the shopfront which attracts passing trade”

Webster Floors

“The process was straightforward and the staff were very helpful”

“The company has undergone a major facelift, and the shopfront and signage were the icing on the cake!”

Over 250 applications have been approved, providing more than £1.15 million in funding to local projects.

Find out how these three businesses have benefited from their grants.

More information is available at:
W: elmbridge.gov.uk/business
E: business@elmbridge.gov.uk
T: 01372 474 216
This page is intentionally left blank
Elmbridge Start Up Fund
Supporting enterprise in Elmbridge

VA Power

“Applying for the Elmbridge Start Up Fund was simple and straightforward, as easy as submitting a business plan”

Admin Buddy

“The fund has helped my business become more efficient, as it enabled me to purchase high spec equipment”

“The grant was very straightforward to apply for and the team at EBC were responsive to any questions”

“I spent the grant on a monitor, printer, hard-drives and an office chair. I just wish I’d thought to include a shredder!”

Our Start Up Fund has enabled more than 30 individuals to start and grow their own business.

From marketing, websites and computers to training, furniture and machinery, we can help new businesses to get started in Elmbridge.

More information is available at:
W: elmbridge.gov.uk/business
E: business@elmbridge.gov.uk
T: 01372 474 216

The PR Suite

“The application process for the grant was extremely straightforward and has helped my business”

“I am working far more efficiently because of being able to use a brand new laptop which otherwise I could not afford”
Committee: Cabinet

Date of meeting: 4 July 2018

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Recommendation from the Overview and Scrutiny Committee in respect of Painshill Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Officer:</td>
<td>Chief Executive (Head of Democratic Services)</td>
</tr>
<tr>
<td>Portfolio Holder:</td>
<td>All</td>
</tr>
<tr>
<td>Link to Council Priorities:</td>
<td></td>
</tr>
<tr>
<td>Exempt information:</td>
<td>None</td>
</tr>
<tr>
<td>Delegated status:</td>
<td>For Recommendation to Council on 18 July 2018</td>
</tr>
<tr>
<td>Key Decision:</td>
<td>No</td>
</tr>
</tbody>
</table>

Executive Summary:

To consider a recommendation from the Overview and Scrutiny Committee regarding the future reporting arrangements of Painshill Park.

**Recommended**: that for future Painshill Park updates the Overview and Scrutiny Committee receive an annual report rather than six monthly reports. However, should the Chief Executive of Painshill Park have a matter that is pertinent for the Overview and Scrutiny Committee to be made aware of, arrangements would be made for this to be reported as and when required.

Report:

1. At its meeting on 22 March 2018, the Overview and Scrutiny Committee received a written report from Mr. Michael Gove, Chief Executive of Painshill Park, regarding Painshill Park activities as at March 2018.

2. During consideration of the written report, the Chairman of the Overview and Scrutiny Committee proposed that for future Painshill Park updates, the Committee may like to consider receiving an annual update rather than 6 monthly reports given that sometimes there was a duplication of information reported. However, should the Chief Executive of Painshill Park have a matter that is pertinent for the Committee to be made aware of, arrangements would be made for this to be reported as and when required.

3. The Committee and Member Services Officer present at the meeting explained that any recommendation regarding the change to an annual report would need to be recommended to Cabinet and then to Council given that the original request that Painshill Park provide updates was agreed by Council.

4. The Overview and Scrutiny Committee supported the revised reporting arrangements and accordingly the Cabinet is asked to consider the recommendation above from the Overview and Scrutiny Committee.

[A full copy of the minute from the Overview and Scrutiny in respect of Painshill Park can be viewed by way of the Part II Council Agenda on 18 April 2018.]
Financial implications:
None for the purposes of this report.

Environmental/Sustainability Implications:
None for the purposes of this report.

Legal implications:
None for the purposes of this report.

Equality Implications:
None for the purposes of this report.

Risk Implications:
None for the purposes of this report.

Community Safety Implications:
None for the purposes of this report.

Principal Consultees:
None for the purposes of this report.

Background papers:
None for the purposes of this report.

Enclosures/Appendices:
None for the purposes of this report.

Contact details:
Mrs. T. Hulse, Principal Committee and Member Services Officer
01372 474175, thulse@elmbridge.gov.uk
Executive Summary:

This is the first annual report on the Council’s Investment property portfolio and includes investment properties purchased since the Property Acquisition Strategy was approved in 2012.

The report notes the good progress made with the delivery of the strategy and detail performance of the Investment Property Portfolio (IPP) using the indicators adopted for its monitoring and reporting.

Recommended: that cabinet note the:

(a) Progress that has been made in implementing the Property Acquisition Strategy.

(b) Strategic aims of the Council’s investment Property Portfolio continues as set out in this report.

Report:

1. Background

1.1 In 2012 a paper was presented to Cabinet to consider innovative ways of generating regular revenue streams, this was against a backdrop of Local Authorities facing a difficult financial climate with ever decreasing funding from Central Government. The paper considered the strategy for acquiring or developing investment property assets in order to strengthen the Council’s long-term financial stability. In some cases, Property investments also offer the potential to unlock future development opportunities and provide extended services.

1.2 Furthermore, the paper considered some of the key considerations (in addition to affordability) when acquiring land and property interests:

- There is secure rental income, so prudent borrowing can be considered for purchases (if required) taking into account the risk associated with security of future payments.
• Vacant sites and assets be considered where there is a strategic value of the property, particularly in relation to future development.

• There is an identified current or future service need.

This paper also presented the acquisition protocol, which is followed when acquiring Property.

Governance and decision-making arrangements for purchasing investment properties were approved initially in 2012 and then again in 2014 as part of the Council’s Asset Management Plan. This included a member led Property Appraisal Group to take responsibility for reviewing Officer recommendations on property investment opportunities and support any recommendations to Cabinet and Council where final decisions are made.

2. **Current Property Acquisition / Investment Strategy**

2.1 In 2014, as part of the corporate plan, the corporate asset management plan was developed which expanded on the key considerations above and set out the criteria in which the council would consider potential future investment opportunities. Below is an extract from the plan setting out the criteria:

- There are measurable benefits (in addition to financial) within a maximum period of 15/20 years;
- Effective intervention will expedite agreed key strategies for the Borough;
- Acquisition involves partnering arrangements;
- Acquisition will consolidate the Council’s existing land holding portfolio to facilitate larger developments;
- Acquisition will assist in the modernisation of the Borough’s business infrastructure and/or encouraging inward investment, re-location and business start-up within the Borough;
- Acquisition is not in conflict with strategic planning policies
- Acquisition will not increase the Council’s on-going revenue costs in the longer term;
- Acquisition type; Good quality commercial property in traditional sectors, ie retail, office and industrial;
- Return of at least 2% above borrowing costs bearing in mind there will be exceptions depending on future potential;
- Security; Medium to long-term strategy – Acquisitions should normally be pre-let to tenants of good covenant on fully repairing and insuring terms, with an unexpired term of at least 5 years;
- Each investment will have to be looked at on its own merit;
- Strategic value; Where a property has strategic value to the Council, some of the above criteria may be relaxed eg land capable of development or required to enable development;
- Further to the Corporate Asset Plan being developed these criteria have been used to identify potential opportunities and undertake a number of property investments. As stipulated above all acquisitions have been made within Borough Council boundaries.
Through the investment purchasing process, it is fair to say the Council have developed a good relationship with key investment agents and have gained a good reputation in the market of completing transactions within agreed timeframes and in a commercial manner, this has led to Elmbridge being offered more investment opportunities and increasingly more off market opportunities.

2.2 Current Property portfolio

The properties managed by Asset Management and Property Services are split into a number of categories, Investment properties, Operational properties and Community properties. The focus of this report is the Investment properties. Currently there are 13 Investment properties within the portfolio and at the end of March 2018, the investment properties held by the Council were valued at £74.015 million. At the end of March 2017, the value of investments properties held was £42.7 million with the increase mainly attributed to the two new properties purchased during 2017.

The gross rental income received during 2017/18 was £3.1 million compared to £1.9 million in 2016/17, a 63% increase mainly to do with the properties purchased during the year.

At 2018/19 rent levels, these properties produce a total of £3.8 million gross annual income.

2.3 There are no restrictions on the Council’s ability to realise the value inherent in its investment property or on the Council’s right to income and the proceeds from sale.
Gross Income from current property investments held in the portfolio:

<table>
<thead>
<tr>
<th>Property</th>
<th>Sector</th>
<th>Annual income at 18/19 Rental levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Post Office, Esher</td>
<td>Offices</td>
<td>£139,000</td>
</tr>
<tr>
<td>Fairmile House, Esher</td>
<td>Offices</td>
<td>£105,326</td>
</tr>
<tr>
<td>Consort House, Weybridge</td>
<td>Offices</td>
<td>£350,000</td>
</tr>
<tr>
<td>Unit 1&amp;2 Vickers Drive</td>
<td>Industrial</td>
<td>£772,856</td>
</tr>
<tr>
<td>Thomas Hardy House, Weybridge</td>
<td>Offices</td>
<td>£385,500</td>
</tr>
<tr>
<td>26-38A High Street Cobham</td>
<td>Retail/Residential</td>
<td>£454,300</td>
</tr>
<tr>
<td>Garages Cobham</td>
<td>Garages/Development</td>
<td>£0</td>
</tr>
<tr>
<td>21 High Street, Weybridge</td>
<td>Retail/Residential</td>
<td>£54,940</td>
</tr>
<tr>
<td>River Mole Business Park, Esher *</td>
<td>Industrial</td>
<td>£52,725</td>
</tr>
<tr>
<td>North Weylands Industrial Estate, Hersham *</td>
<td>Industrial</td>
<td>£134,180</td>
</tr>
<tr>
<td>Elm Grove Walton upon Thames*</td>
<td>Mixed Use</td>
<td>£52,500</td>
</tr>
<tr>
<td>50-68a Hight Street Weybridge</td>
<td>Retail/Residential</td>
<td>£760,471</td>
</tr>
<tr>
<td>Sandown Industrial Estate</td>
<td>Industrial</td>
<td>£551,932</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>£3,813,730</td>
</tr>
</tbody>
</table>

* Assets already owned by the Council as Investment Properties prior to 2012
The following graphs demonstrate the breakdown of the Investment Portfolio to show how the portfolio is split.

**Value of the investment portfolio by sector**

The graphs below show how the investment portfolio is weighted by value and income.
The graph above demonstrates the average unexpired lease term within each sector, compared with the average leave term granted. The industrial numbers are slightly skewed as there are two leases which have a lease length of over 50 years.
The graph above shows how the assets have changed in value over the last two years.

The above graph shows the majority of the leases within the Investment portfolio have an unexpired lease term less than 10 years, approximately 50% of these leases are in assets where future regeneration is being considered.
Key Indicators

The following key indicators can also be used to monitor the portfolio performance as reported below:

1) Effective Return – Income received less costs, expressed as a % of capital value

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset Value (£’000’s)</th>
<th>Gross Income</th>
<th>Gross Effective Return %</th>
<th>Net Income (£000’s)</th>
<th>Effective Return (net income) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>42.700</td>
<td>1,984</td>
<td>4.6</td>
<td>1.25</td>
<td>2.93</td>
</tr>
<tr>
<td>2017/18</td>
<td>74.015</td>
<td>3,092</td>
<td>4.1</td>
<td>1.732</td>
<td>2.34</td>
</tr>
</tbody>
</table>

2) Increase in Asset Value- Percentage increase by year including new asset purchases.

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset Value (£’000)</th>
<th>Asset Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>18,493</td>
<td></td>
</tr>
<tr>
<td>2014/15</td>
<td>19,780</td>
<td>6.95</td>
</tr>
<tr>
<td>2015/16</td>
<td>28,160</td>
<td>42.36</td>
</tr>
<tr>
<td>2016/17</td>
<td>42,700</td>
<td>54.6</td>
</tr>
<tr>
<td>2017/18</td>
<td>74,015</td>
<td>73.3</td>
</tr>
</tbody>
</table>

3) Income Growth – Percentage increase in gross income per year

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Income (£’000)</th>
<th>Income Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>1,369</td>
<td></td>
</tr>
<tr>
<td>2016/17</td>
<td>1,984</td>
<td>44.9</td>
</tr>
<tr>
<td>2017/18</td>
<td>3,092</td>
<td>55.5</td>
</tr>
<tr>
<td>2018/19 (budgeted)</td>
<td>3,813</td>
<td>23.3</td>
</tr>
</tbody>
</table>

4) Vacancy Rate expressed as a percentage where units are vacant

<table>
<thead>
<tr>
<th>Property</th>
<th>Vacancy Rate</th>
<th>Potential rental (estimated) £’000</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobham Garages</td>
<td>100%</td>
<td>14</td>
<td>Held vacant for development</td>
</tr>
<tr>
<td>River Mole</td>
<td>57%</td>
<td>56</td>
<td>Considering internal use</td>
</tr>
<tr>
<td>50-68 High Street, Weybridge</td>
<td>9.9%</td>
<td>90</td>
<td>Actively marketing</td>
</tr>
</tbody>
</table>
Performance of the portfolio is strong and monitoring over a few years will enable the Council to better gauge relative performance in any one year and identify an area of the portfolio that requires specific action. There are industry wide indicators for investment properties such as the IPD index (Investment Property Databank) and acts as a useful reference point for assessing the performance of the Council’s portfolio. Further indicators will be developed and reported in future reports.

Although the uncertainty attached to the outcome of the Brexit negotiations will continue to adversely affect the value of UK commercial property market, the investment sentiments towards UK commercial real estate remains positive and is viewed as a “safe haven” which is evidenced by the continuing flow of capital into the UK. It is considered that strong demand for distribution warehouses will continue to drive rental growth in this area.

Overall, there will be pressure on risk premiums on property to increase which would continue to hold down growth in asset value and consequently expect total returns to halve compared with 2017. The key strategy for the Council’s own Portfolio remains maintaining revenue income levels through minimising vacancies and seeking revenue growth through rent reviews and asset management interventions.

3. **Asset and Property Management**

3.1 The majority of the property owned by the council is managed in-house within the Asset and Property Services team, however, the multi-tenanted investment properties are increasingly managed by external managing agents. These external managing agents have the expertise and resources to deal with the intensive nature and large service charges often attributed to these types of assets. Having said that the estates surveyors work with the managing agents and the tenants, to ensure effective management arrangements are in place.

3.2 When acquiring properties, officers will use external agents to advise on the purchase which provides an independent view and benefit from their external expertise, to ensure the best result is achieved and the council’s position is fully protected.

3.3 In respect of managing the asset management process a new property management system has recently been procured, Tech Forge, the introduction of this database will enable the team to manage the accuracy of the data and to ensure the properties are manged efficiently and effectively. It is expected that Tech Forge will be operational in the summer 2018.

3.4 In addition, individual property asset management plans are produced for each of the investment properties to help manage the asset.

3.5 These asset management plans set out a brief synopsis of the key criteria of the investment property, including tracking the value of the property and sets out a clear short to medium term strategy for each individual property. These asset plans are reviewed and updated on a quarterly basis, and provide a clear picture of the property, it’s strategy and what we are looking to achieve moving forward.
4. **Property Market outlook**

4.1 Total property trading volumes in 2017 exceeded £65bn, up more than a quarter of trading volumes in 2016. The biggest growth area was the Industrial sector which saw trading volumes exceed £10bn and accounted for 17% of all activity. Offices accounted for 37% of all activity and Retail fell to account for only 18% of all transactions. Interestingly overseas investors continued to account for nearly half of all transactions undertaken in 2017.

4.2 Looking forward to 2018, Colliers International’s research report forecasts commercial property returns of 6.1% for 2018, down from 10.2% in 2017, this is broken down into 1.2% capital growth and 4.9% income return. At 5.6% the all property equivalent yields are expected to remain unchanged against 2017 as investment demand remains steady. However, they believe that total returns will slow further to 4.9% in 2019.

4.3 The industrial market is expected to perform well with total returns forecast to reach 12.5%, with all regions performing well but particularly London. The office and retail sectors are forecast to see much weaker returns in 2018. The Office sector is anticipated to see total returns on 4.2%, with South East Offices seeing a total return of 7.5%. The Retail sector will struggle in 2018 with weak consumer confidence and increased costs. Total returns are forecast to be 3.5%.

5. **Future Property Acquisition Strategy**

5.1 The previous sections have set out the investment criteria, the changes and current position in the investment portfolio. However, the investment criteria were agreed nearly five years ago and in accordance with good portfolio management it is prudent to review the criteria and address any changes that need to be considered in light of any changes in the Elmbridge Borough Council’s Corporate plan and with Property Market trends and outlook.

5.2 Having considered all of the above it is recommended that the investment criteria set out in the 2014 Corporate Asset plan is still valid. Although, the Council has decided not to look at specific sector weightings for the investment properties held, consideration should be given to not place too much reliance on a specific sector to ensure a balance is created and the risk is spread across all sectors, albeit still within Elmbridge Borough boundaries.

5.3 In addition, an increased focus should be on regeneration benefits of purchasing certain assets within the borough, this is not necessarily at the expense of income on the asset but an additional consideration/benefit in considering whether to purchase an asset. Furthermore, the hold period of an asset should be considered on purchase and part of the approval process, whether short term to meet regeneration requirements or long term where a single let investment provides a long term stable rental income for the Council.

**Financial implications:**
To date, the Council has invested £70 million in purchasing investment properties. Two thirds of the funding has come from borrowing (£47 million) and the balance (23 million) from Council Reserves.
Minimum Revenue Provision (MRP) and debt interest payments are correctly accounted for in the relevant periods.

Ministry of Housing, Community and Local Government (MHCLG) guidance on investments and CIPFA’s Treasury Management code places some restrictions on continuing to invest in commercial properties. However, the Council’s Property Acquisition strategy supports investment within the Borough boundaries and there are no adverse implications as a result of the changes.

Given the forecast of the various property sectors, it will prove difficult to purchase properties with a return of 6% which also benefits from a strong tenant covenant. Therefore, the criteria “return of at least 2% above borrowing costs” will become increasingly difficult to achieve in the coming months/years.

**Environmental/Sustainability Implications:**
There are none identified in this report.

**Legal implications:**
There are no legal implications in this report.

**Equality Implications:**
There are none identified in this report.

**Risk Implications:**
A separate ear marked reserve is held on the Council’s balance sheet which can be used for voids and rent-free periods and one-off costs relating to the investment property portfolio such as necessary improvement works to properties.

MRP and debt interest payments are correctly accounted for in the relevant periods.

When investing in Property, careful consideration is given so that too much reliance is not placed on one specific sector which helps to spread the risk across all sectors, albeit still within Elmbridge Borough boundaries

**Community Safety Implications:**
There are none identified in this report.

**Principal Consultees:**
Portfolio Holder for Resources.
Council Management Board.

**Background papers:**

**Enclosures/Appendices:**
None.

**Contact details:**
Strategic Director & Deputy Chief Executive, 01372 474000
sselvanathan@elmbridge.gov.uk
Head of Asset Management & Property Services 01372 474218
awilliams@elmbridge.gov.uk
This page is intentionally left blank
Committee: Cabinet
Date of meeting: 4 July 2018

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Establishment of wholly owned Housing Companies and Business Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Officer:</td>
<td>Sarah Selvanathan, Strategic Director &amp; Deputy Chief Executive</td>
</tr>
<tr>
<td>Portfolio Holders:</td>
<td>Housing: Councillor A Kelly Resources: Councillor R Mitchell</td>
</tr>
<tr>
<td>Link to Council Priorities:</td>
<td>Community Wellbeing - Help meet the need for affordable housing through a housing company owned by the Council (Ref:H2)</td>
</tr>
<tr>
<td>Exempt information:</td>
<td>Appendices A-D as named under heading Enclosures/Appendices</td>
</tr>
<tr>
<td>Delegated status:</td>
<td>For recommendation to Council on 18 July 2018</td>
</tr>
<tr>
<td>Key decision:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Executive Summary:

This report builds upon the decisions made by the Council on 21 February 2018 to establish local authority owned housing companies. In this report, Cabinet is asked to consider and recommend for full Council approval a range of decisions that will establish two companies and adopt a business plan and budget. An operational structure is proposed that will provide the Council with a set of controls ensuring transparency and accountability over the activities of the companies.

This report also sets out the framework for the creation and establishment of the new companies that will enable the Council to meet its objective to deliver more affordable homes. The Business Plan sets an ambitious target of over 250 new homes to be delivered over the life of the 5-year plan.

Recommendations:

that

(a) the formation of EBC Investments Ltd and EBC Homes Ltd, with governing Articles of Association and a Delegations Matrix as attached to the report, be approved;

(b) the Business Plan, budgets and initial operational plans for each of the companies be approved;

(c) the professional advice of the Council’s appointed legal advisors, Browne Jacobson LLP, be considered and noted;

(d) the tax advice of the Council’s appointed financial and tax advisors, PricewaterhouseCoopers [PWC] be considered and noted;

(e) Council officers appointed to the Boards of EBC Investments Ltd and EBC Homes Ltd be granted indemnities pursuant to the Local Authorities (Indemnities for Members and Officers) Order 2004 and non-Council appointees as Directors of the said companies be indemnified on no less favourable terms;
(f) an Independent Chairperson to serve on the Board of EBC Homes Ltd be recruited;

(g) the trading and development activities for both companies be initiated as soon as the 4 conditions below are met:

i. the Council approves this report and its recommendations.

ii. appointments to the Boards of each company are made, noting that EBC Homes Ltd may need to make interim arrangements until the recruitment of an independent Chairperson is concluded.

iii. Board member training in concluded for Board Members of each company.

iv. the requisite governance and administrative arrangements are in place to ensure that both companies operate efficiently and lawfully.

(h) the Strategic Director and Deputy Chief Executive in consultation with the Portfolio Holders be given delegated authority to settle the final forms of company documentation, including necessary filings with Companies House, to give effect to these recommendations and the decisions of the Council;

(i) the Council grants a loan of up to £250,000 to the Housing Companies at a pre-agreed interest rate and repayment period;

(j) the suite of documents requiring noting and/or approval and that are appended to this report be identified as follows:

i. the Business Plan [2018-2023].

ii. the Budget [2018 to 2019] for EBC Investments Ltd.

iii. Articles of Association for EBC Investments Ltd.

iv. delegations to EBC Investments Ltd.

v. the Budget [2018 to 2019] for EBC Homes Ltd.

vi. Articles of Association for EBC Homes Ltd.

vii. delegations to EBC Homes Ltd.

viii. operational Plans for EBC Investments Ltd and EBC Homes Ltd for 2018 to 2019.

ix. legal advice report from Browne Jacobson LLP.

x. tax advice from PricewaterhouseCoopers (PWC).
1. **Purpose of the Report**

1.1 The first objective is to seek Cabinet approval to approve all of the recommendations in this report.

1.2 The key points that the cabinet are asked to consider are:

i. The structures and relationships between the Council, EBC Investments Ltd and EBC homes are fully described in the report by Browne Jacobsen and reflect the best possible legal structure to enable delivery of the Business Plan, given the scale and context of the anticipated development programme of the companies.

ii. The tax advice provided by PWC.

iii. The Delegated Authorities set out the decision-making capabilities of each company and it is confirmed that the Council via the Shareholder Board retains ultimate overall control of the activities of EBC Investments Ltd and EBC Homes Ltd.

iv. By approval of the Business Plan, Budget and related matters, the Council is delegating the operational responsibility to deliver the targets contained within the Business Plan to EBC Investments Ltd and by extension to EBC Homes Ltd.

v. The Council via the Shareholder Board will hold the Boards of EBC Investments Ltd and EBC Homes Ltd accountable for the operational performance of each company.

The planned scale of development activity will be ultimately governed by:

i. the capacity of the companies to acquire land/sites/projects that will deliver the targeted number of homes;

ii. securing planning consents; and

iii. the viability and deliverability of identified projects.

2. **The implementation phase since 21 February 2018**

This section of the reports sets out actions taken to implement the Council’s decisions made on 21 February 2018.

2.1 **Legal and Tax Advice**

This section summarises the advice provided by Browne Jacobsen LLP and PWC in relation to the most appropriate and efficient structures that should be established by the Council as it develops housing through throughout the life of the business plan. Their advice is appended to this report.

In reaching the correct decision, the Council needs to strike a balance across the range of available options. The factors that officers have considered in this regard were:
- Legal considerations
- Tax implications
- State Aid considerations

2.2 Work Completed to Date

The actions taken are summarised as follows:

i. Appointment of a consultant – Ozay Ali.
ii. Appointment of Legal Advisors – Browne Jacobsen.
iii. Appointment of tax and financial advisors – PWC.
iv. Preparation of Business Plan.
v. Commissioning of capacity studies for potential new developments.
vi. Registration of EBC Investments Ltd and EBC Homes Ltd.

2.3 Work in Progress

The implementation phase is progressing very well, but there is work still to do, which is summarised below:

i. 5-year Treasury strategy
   This will be prepared once the development pipeline is planned and costed.

ii. 5-year Financial plan
    This will be completed when EBC Homes Ltd has schemes that are fully consented. The plan will need to be approved by the Board of EBC Investments Ltd.

iii. Operational plan for 2018/19
    This work will be prepared and tabled to the Boards of EBC Investments Ltd and EBC Homes.

iv. Evaluation of capacity studies
    These will be considered by EBC Homes Ltd and fed into the operational plan as required.

The above work will be planned, delivered and monitored by EBC Homes Ltd and EBC Investments Ltd under the scrutiny of the Council and the Shareholder Board through formal reporting and monitoring requirements that are set out in the Council’s forward plan.

The Business Plan includes some potential sites which will need to be reviewed and progressed as part of the Council’s decision-making process.
Approval of the Business Plan does not mean the potential sites are being approved for development.

3. **Legal and Tax Advice**

This section summarises the advice provided by the Council’s external advisers in relation to the most appropriate structure that should be established by the Council to develop housing under the recommended business plan. Their advice is appended to this report.

In reaching its decisions, the Council needs to strike a balance across the range of available options. The factors that officers have considered in this regard are:

- Legal considerations of preferred option
- Tax implications of preferred option
- State Aid considerations
- Flexibility of preferred option
- Potential future exit routes of preferred option
- Transparency of preferred option

During meetings with external advisers, the Officers have been very clear to ensure the preferred option would be the best fit for the factors set out above and that has led to the final recommendations in this report.

A “Do nothing” option has been rejected by way of earlier Council decision. The two options for establishing an arms’ length vehicle are:

- a company limited by shares; or
- a Limited Liability Partnership (LLP) structure.

The company option featured in the previous reports to the Council, but the LLP option was highlighted by PWC as part of their advice. This issue formed a major part of the overall options appraisal, and the final conclusions being:

**The LLP Option** – More information about this option is set out in both the legal and tax advice reports that are appended to this report. Although the use of an LLP might bring some tax advantages to the Council, the legal advice outweighed any potential tax advantages. This is because LLPs cannot be used to pursue “commercial purposes” and also due to concern over possible HMRC challenge. The LLP approach is also more complex as it would require the setting up of a wholly owned company to act as a member of the LLP (alongside the Council).
The Company Option is the best fit for the Council given the context of the business plan and the advice received.

As Cabinet will note, the external advisers then provided further advice and the proposed structure mirrors, to a large extent, the diagram set out in the 21 February 2018 report considered by the Council, but involves a different approach to how the Council might deal with its existing land when developed by EBC Homes Ltd.

The diagram below sets out the proposed structure and Cabinet will note that any sales of private market homes will be made directly from the Council, thus providing some corporation tax advantages.

The Council (generally via the Shareholder Committee):
- is shareholder of EBCI Ltd;
- approves business plans and exercises control;
- provides State aid compliant support;
- as necessary holds or transfers land for development into the companies;
- receives dividends distributed by EBCI Ltd

EBCI Ltd is holding company and may establish (with EBC consent) further subsidiaries. Funding from EBC may go via this company. It will oversee EBCH Ltd (in accordance with delegations).

EBCH Ltd will act as a developer of homes for sale or for rent, and including affordable housing of different tenure types. It will act as landlord for properties retained. It will engage a professional team and contractors as necessary, and will have ability, with shareholder approval, to enter into contracts and borrow money.

Further details on how the above structure will work are set out in the advice from external advisers.

The proposed structure enables the Council to add, or remove, subsidiaries under EBC Investments Ltd to suit the prevailing corporate requirements of the Council in the future.
4. **Risk & Challenges**

The key challenges to the successful delivery of the Business Plan are identified as follows:

4.1 **Lack of development sites**

This is a key challenge, which needs to be overcome across every part of the Borough.

**Actions Required:**

i. Support the use of Council owned land within the programme, subject to the usual Council approval and statutory requirements.

ii. EBC Homes Ltd needs to develop relationships with local land owners and agents.

4.2 **Affordability Risks**

This is a key challenge that will require an innovative and commercial approach across the development pipeline. Some form of subsidy will be required within the permitted laws and State aid regulations.

**Actions Required:**

I. The development pipeline will require some private sales to create a *programme cross subsidy* into affordable homes. The Business Plan will assume a 50:50 sales/affordable homes split.

II. Use of the Housing Enabling Fund [subject to the prevailing allocation rules] will reduce debt finance on some developments that will improve affordability.

III. Use of modern methods of construction to reduce construction periods will reduce development costs. It must be stressed that the use of such innovation will not reduce the quality of design or construction.

IV. Innovative development and lease finance is available in the market and EBC Investments should explore such opportunities as may be available in the market.

4.3 **Planning Consent Risks**

The deliverability of the business plan will depend upon EBC Homes Ltd securing land with planning consents that can then be developed.
Actions Required:

I. EBC Homes Ltd will need to ensure that pre-applications and planning applications meet the requirements of local planning policies to ensure that planning consents are secured.

II. Sites with planning consents can be sourced, but at a premium that would impact on affordability.

4.4 Sales Risks

Delivering affordable homes will depend upon cross subsidies that are created through sales and market rents, which may be susceptible to market forces.

Actions Required:

I. The programme should focus on building affordable homes across the whole Borough area subject to financial viability.

II. Strategic sales approach with forward marketing and a dedicated sales team.

4.5 A Lack of Development Expertise

EBC Homes Ltd will require adequate development skills to oversee programme delivery and on-going governance support.

Actions required:

I. To appoint an independent Chair with development and affordable housing development experience and a commitment to serve the community of Elmbridge.

II. To appoint a Housing Development Manager to co-ordinate and oversee the work of EBC Homes Ltd.

The Housing Company Delivery Consultant has agreed to support the Council as it establishes the skills it needs to manage and deliver the programme.

4.6 Governance Risks and Management Risks

The governance arrangements must ensure that the Council retains overall control whilst it enables EBC Investments and EBC Homes Ltd to operate at a reasonable arms-length. Further, the appointed directors of each Company need to be aware of, and work within, their duties as such.

Actions Required:

I. A clear delegations framework that sets out the roles and responsibilities of the Council, EBC Investments Ltd and EBC Homes Ltd
II. Training is delivered to all Board Members and key personnel

III. The Council puts in place an annual review process to evaluate the effectiveness of governance and deliver further training and support as may be required.

The establishment of the housing company will enable the Council to develop a clearer and more accountable structure in terms of:

**Shareholder Board**

This is a Council committee which has been established to exercise the Council’s rights and responsibilities as a shareholder in local authority companies. Its role, membership and functions are set out in Part 3 of the Council’s Constitution. The Board will provide the key control for overseeing the work of the companies. It will fulfil the Council’s role as sole shareholder and assert the shareholder’s rights in relation to business. The detailed relationship between the Council and the companies are set out in the proposed scheme of delegation but the Board’s role in ensuring good governance is key. The role of Shareholder should be administered separately from Cabinet business to evidence the Council acting as sole shareholder for the company (a private function) is completely distinct from the Council acting as a Local Authority (public function).

Being a Council committee, the Shareholder Board will have decision-making powers and be subject to the same rules as other Committees on publishing agendas and allowing public access. If the business to be transacted is particularly sensitive (e.g. regarding site acquisition) then a category of exempt information will be engaged and a public interest test applied that would allow the Board to move into Part 2.

The Shareholder Board should work in a complementary manner with the Affordable & Social Housing Working Group so as to avoid some duplication. The Shareholder Board has been appointed on a politically proportionate basis and it will also ensure that elected members retain overall control of the work of the companies. The Affordable & Social Housing Working Group will remain a wider consultative and working group on matters of affordable housing across the Borough.

The Members of the Shareholder Board during 2018/19 are as follows:

- Leader – Councillor T Oliver
- Resources Portfolio Holder – Councillor R Mitchell
- Housing Portfolio Holder – Councillor A Kelly
- Chairman of Overview and Scrutiny Committee – Councillor N Haig-Brown
- Councillor R Green
- Councillor A Davis

**EBC Investments Ltd** and **EBC Homes Ltd** will each have Articles of Association, appointed Boards and operational plans, budgets and performance targets which will be monitored by the Shareholder Board and subject to clear delegations.
The **management of developed/built homes** will be outsourced to a local housing association company and the process of identifying a suitable management service supplier is currently underway. This process will reduce management risks.

5. **Directors’ Indemnities**

Officers of the Council appointed to serve on company boards will be non-remunerated and it is right to extend lawful protections from personal liability when they are acting in their company roles. The legal report by Browne Jacobson recommends that the Council grant appropriate indemnities to Directors when carrying out official company duties. The Local Authorities (Indemnities for Members and Officers) Order 2004 gives a specific power to authorities to grant indemnities and/or take out insurance to cover the potential liability of councillors and officers in a wide range of circumstances. These indemnities do not cover any findings of criminal liability or liability arising from fraud, deliberate wrongdoing, or the cost of pursuing a defamation claim. It is recommended that the indemnity be extended to the role of non-executive or independent members of the company boards. These persons would normally be entitled to be covered by liability insurance on no less favourable terms than those in place for other members of the Board. Letters of engagement will make appropriate provision for these terms.

6. **Summary and Conclusion**

The creation of EBC Investments Ltd and EBC Homes Ltd are the culmination of an extensive period of work by a wide range of elected members and officers across the Council.

The shared vision of a wholly owned housing company that will provide local people with affordable housing is now a reality.

As this report highlights, there are a range of risks and challenges that need to be addressed as this new business takes shape and officers very much hope that the Cabinet will seek full Council approval for the recommendations set out on this report.

**Financial Implications:**
The report by PWC explains the tax implications of these proposals. There are revenue costs incurred to date for the initial set up costs of the company including financial, tax, legal and project related costs. To date, £95,000 has been spent against a budget of £200,000 approved by Council in February.

EBC Investments Ltd and EBC Homes Ltd will need/incur operational costs for the initial set up but also on an ongoing basis. In the early years and until the Housing Companies start to receive rental income, the Council will need to provide a start-up loan which can be repaid to the Council on a pre-agreed interest rate and repayment period.

It is recommended a loan of £250,000 is made available by the Council for this purpose.
Environmental/Sustainability Implications:
There are none identified in this report.

Legal Implications:
Report by Browne Jacobson LLP explains legal implications.

Equality Implications:
There are none identified in this report.

Risk Implications:
Key risks are set out in section 4 of this report.

Community Safety Implications:
There are none identified in this report.

Principal Consultees:
Portfolio Holders for Housing and Resources.
Council Management Board.
Affordable and Social Housing Working Group.

Background Papers:
None.

Enclosures/Appendices:
Appendix B: The Budgets for EBC Investments and EBC Homes Ltd 2018/2019.
Appendix C: Legal advice report from Browne Jacobson LLP (Pages 1-93)
  Legal Opinion – (pages 1-26)
  Company Structure Diagram (page 27)
  EBC Investments Limited (pages 28-53)
  EBC Homes Limited Articles of Association (page 54-83)
  Delegations Matrix for EBC Investments Limited and EBC Homes Limited (pages 83-93).
Appendix D: Tax and general financial advice from PWC.

Contact Details:
Strategic Director & Deputy Chief Executive, 0137247400
sselvanathan@elmbridge.gov.uk
This page is intentionally left blank
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted
This page is intentionally left blank
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
This page is intentionally left blank
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
This page is intentionally left blank
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
This page is intentionally left blank
Executive Summary:

This report recommends that following the grant of the planning permission and tender exercise that we proceed with the project along with associated risks highlighted in this report but with the additional sum of £510,000 to be authorised to allow the project to commence. The breakdown of this total build cost figure is split between the cinema and residential element and the total cost of the project is shown in Appendix A.

Recommended: that

(a) following the grant of the planning permission for 4 one bed and 1 two bed affordable units and a cinema, that it be noted that the total cost of the project has increased to £2,300,000 and that the additional sum of £510,000 be added to the 2018/19 Capital Programme;

(b) a New Engineering Contract (NEC) design and build contract with Kier is signed for the sum highlighted in Appendix A in respect of the overall construction costs for the scheme; and

(c) an element of this additional sum will need to be funded from the Affordable Housing Enabling Fund in respect of the residential element at a figure of £650,000 (an increase of £230,000) with the balance of £1,200,000 (an increase of £280,000) from capital receipts which relates to the cinema and part residential element.

Report:

1. Background and Context

1.1 The Weybridge Hall was historically under-utilised and its condition continues to decline, despite a variety of initiatives and investment over a period of years. The Asset Management/Leisure and Housing teams have been working to find a solution for the building for some time. In July 2016, a condition survey identified
significant elements of concern, including the need to completely rewire the building and extensive roof works. Whilst a capital bid was submitted to deal with these elements, no works were carried out as it would have meant closure of the hall and The Friends of Weybridge Hall needed to be given every opportunity to secure hirers.

1.2 The building occupies an important site in the town centre and has the potential to accommodate uses that will enhance the current retail offer. If the building is to be retained in its existing form, significant monies would need to be spent just to maintain the status quo, estimated to be in excess of £400,000. There were two capital bids already included in the Capital Programme, one for re-wiring the whole building and one to upgrade current residential upper floors (which is mainly taken up with one flat, which has been empty for several years and is not in a lettable condition). However, these two capital bids do not address any of the problems with the exterior of the building, namely the roof, external fire escape etc. Furthermore, the works to the upper parts were not commenced as it was evident there was “no market” for a large 4-bedroomed flat without any garden space.

1.3 The consideration of a cinema operation on the ground floor has been explored in detail over the past 2 years along with other possible uses but there is no “market” for further retail nor does the venue work as a Community Hall. The cinema use will enhance and regenerate that end of Weybridge High Street, in particular increasing pedestrian footfall outside normal business hours, along with day time community uses.

1.4 In March 2018 full planning permission was granted to convert Weybridge Hall into a cinema on the ground floor and 5 affordable units on the upper floors.

1.5 Following an initial feasibility study in June 2016 a Cabinet report recommended that the sum of £1,789,000 be set aside for the refurbishment and conversion of the building. Since that date additional work was undertaken in respect of the following aspects:

- Full surveys of the current building including measurement, identification of deleterious materials (asbestos) along with drainage, utilities, roof and structural surveys.
- Full design of the scheme to enable planning permission to be obtained
- Potential Identification of a preferred cinema operator for the ground floor.

To enable delivery of the project, a decision was made to work with Kier Construction (Southern) through the SCAPE Minor Works Framework. Due to the complexities of the layout of the building, its age, the usage of the ground floor as a cinema and the associated risk, it is essential the Council protected its position throughout the pre-construction stage and then going into the full construction of the scheme. By using the SCAPE framework, the Council remains protected throughout these processes and have in place the appropriate indemnities and warranties. To date, the pre-construction costs have been in the region of £225,000 these have been essential to ensure the design meets the planning requirements and complex issues such as acoustics, that could impact
on health and quality of life, are minimised and adhere to the National Planning Policy Framework. For this reason, we have gone through the SCAPE procurement route which equates to 0.5% on the contract value. If we had designed and procured this scheme in-house and employed external consultants, the cost may have been lower, but the Council would not have enjoyed the protection of the warranties and indemnities that are integral to an NEC Design and Build Contract.

2. Planning Permission and layout

As part of the planning process and to enable us to identify exact costings for the scheme, various surveys were undertaken as part of the pre-construction work, this outlined that a number of aspects had to change within the scheme in order to make it planning permission compliant.

2.1 The following issues with regard to the scheme have changed since we undertook the feasibility:

- Following a full measured survey, the number of affordable units that are compliant with our planning policies has reduced from six units to five units.
- Due to the use of the cinema on the ground floor, an acoustics consultant had to be employed and needed to be heavily involved in order to accommodate any adverse impact on health and quality of life in respect of the residential element. This has resulted in the construction process of us having to construct a “box within a box” and ensure that the decibel levels are compliant throughout the construction phase to ensure compliance prior to first occupation of the residential element.
- A noise management plan is required to be established as recommended under the Planning Conditions.
- A large amount of asbestos has been found throughout the building following intrusive surveys.

3. Building/Construction Costs

3.1 In 2017 the cost estimated to build out the scheme for six units was £1,789,500. Since undertaking the original design we have now reduced to five affordable units rather than six, although the top floor unit now incorporates a second bedroom. Whilst the number of units has gone down there is a percentage increase on the construction costs of converting the upper floors into five affordable units and this equates to 8% increase on the residential element. With regard to cinema conversion the construction costs of converting the ground floor has increased 16%, with the majority of this cost being acoustic panelling and the podia for the seats. The full breakdown of the final cost plan which highlights each work package and the costs associated to that package, along with the split between the cinema and residential cost of each work package can be found in Appendix A.

3.2. In addition to the above, as identified on the breakdown, as part of the pre-construction surveys and obtaining planning permission for the scheme we have expended £225,000 of pre-construction costs included in this sum is a
Refurbishment and Demolition Asbestos survey which resulted in the discovery of a significant amount of hidden asbestos throughout the building, which had to be removed to enable design completion to meet building regulations and for us to obtain statutory planning permission. The extent of these costs was unforeseen during the period of obtaining approval for the £1,789,000 spend and obtaining full planning permission.

3.3 As part of our feasibility plan and as reported in 2017 we had allowed for a total cost of £445,000 for preliminaries, overheads and profit, design contingency and building contingencies. The revised cost now that we have tendered the works equates to a figure of £524,000, an increase of £80,000. Costs remain high due to the site-specific management required on what is a constrained site and other factors outside of our control. The increase is however in line with current construction inflation; according to the Office of National Statistics, residential construction is currently up by 8.7% and non-residential construction up 6.0%.

4. Funding

As previously reported in 2017 the element of funding for the project when the costs were highlighted at £1,789,000 and at that stage prior to specific measured surveys the estimated split of costs between the cinema and the residential element was 50/50.

4.1 Officers have now done further detailed measured surveys and are now delivering four 1-bedroom units and one 2-bedroom unit and the split between the two elements is now 56/44 this is based purely on the square meterage of each element. Cinema 56% and 44% residential.

4.2 With the revised costs now submitted which include both the preliminaries, design fees, overheads and profit, provisional sum and pre-construction work done to date to get to the overall construction the proposed split as shown in Appendix A is the true costs for the scheme.

4.3 The actual additional cost to the revised scheme which now has full planning permission is £510,000. Based on the 56% and 44% split this equates to an additional £285,600 for the cinema element and £224,400 for the residential aspect.

4.4 Discussions continue with a prospective cinema operator (local small to medium enterprise) on the basis of a fifteen-year lease at a rent in the region of £30,000 per annum exclusive. The prospective tenant has confirmed that in order to make the business viable over the first five years a contribution known as a tenant capital contribution will be paid. The sum negotiated of £150,000 will go towards to the fit-out of the cinema element and excludes screen and projector equipment and cinema, sound, system elements. Effectively Elmbridge Borough Council will own the whole fit out of the ground floor but it will exclude the operator’s cinema equipment. The lease will be for a period of 15 years outside the Landlord and Tenant Act and prior to any commencement works on site an agreement for lease with the tenant will be put in place.
Whilst the capital cost of the cinema to EBC is substantial, in its current dilapidated condition the building would still require significant sums to be spent on it to even maintain the status quo. Use as a cinema at this end of the high street is considered to be a regeneration project which will enhance Weybridge town centre. The asset rent has been negotiated to the level where the tenant cannot commit to any increase above this because it is based on a turnover provision. They require a reasonable time period to build business and engage with community and create a successful facility that will bring enhancement by this end of the High Street and a greater pedestrian flow. The rent will be reviewed as part of the process in year 5 however, there will be constant engagement by officers with the operator to ensure the facility is used to its maximum potential.

Other uses have been considered but it is a necessity that in planning terms we retain a community use for the ground floor and this in itself constrains the market of who would occupy a unit of this nature.

The funding for the additional cost element relating to the residential element is to come from the Enabling Fund. Under the previous estimated cost analysis, the contribution from the Enabling Fund was £420,000 based on 6 units at £70,000 per unit. We are now looking for a contribution of £650,000 from the Enabling Fund which is an increase of £230,000.

The original £70,000 per unit grant from the Enabling Fund was based on what Elmbridge typically pay as subsidy towards housing association led schemes whereby the Council Housing Service’s acquire nomination rights in respect of referring households to take up tenancies.

Under the revised costs of the scheme, the Enabling Fund contribution per unit will increase to £130,000. Whilst somewhat higher than previous subsidy levels, this scheme is different in terms of the Council benefitting not only from the nomination rights but also in terms of owning an asset and deriving a rental income (neither of which benefit we enjoy on housing association led schemes). As such, the additional subsidy from the Enabling Fund is considered justifiable. The uncommitted balance of the Enabling Fund stands at over £7.5 million, so there is sufficient funding available to meet this increased cost.

The residential element will be funded through £650,000 from the Enabling Fund and £362,000 from capital receipts and whilst the uplift in the Enabling Fund contribution is greater than the uplift in the cost of the residential development, as a part contribution it is clear that the Enabling Fund contribution is only contributing to the affordable housing element and is not cross-subsiding the cinema element. The balance of the residential element will be met through capital receipts (as per the original approval).

Risks

Any construction project comes with associated risks but with regard to the form of procurement route that is undertaken, the NEC3 Option A construction contract that forms part of the Scape framework (Scape is a local authority controlled company wholly owned by Derby City, Derbyshire County, Gateshead...
and Nottingham City, Nottinghamshire County and Warwickshire County Councils) helps minimise risk to the client by ensuring the relevant indemnities and warranties will be in place and ensure a relevant risk register is attached to the contract. However, the following should be taken into account which are outside the control of the client and contractor: -

• The installation of utilities solely reliant on third parties
• Party Wall issues that we will have to consider as part of the scheme
• Obtaining a Highway Licence to access and erect scaffolding to undertake associated external works
• Health and Safety aspects
• Location of site compound/welfare issues away from the building itself.
**Financial Implications:**
The two tables below summarise the capital and revenue implications of the project. Any ongoing revenue costs in respect of the residential element will be funded from existing budgets.

<table>
<thead>
<tr>
<th></th>
<th>Reported in April 17</th>
<th>Revised costs June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Costs:</strong></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Residential</td>
<td>744,000</td>
<td>1,012,000</td>
</tr>
<tr>
<td>Cinema</td>
<td>601,000</td>
<td>1,288,000</td>
</tr>
<tr>
<td>Preliminary &amp; Design Fees</td>
<td>289,000</td>
<td>Incl in above</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>1,634,000</strong></td>
<td><strong>2,300,000</strong></td>
</tr>
<tr>
<td>Contingency Costs</td>
<td>155,000</td>
<td>Removed</td>
</tr>
<tr>
<td><strong>Total Capital Costs including Contingency</strong></td>
<td><strong>1,789,000</strong></td>
<td><strong>2,300,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Funded By:</strong></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinema Tenant Contribution</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Existing Capital Programme</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Enabling Fund</td>
<td>420,000</td>
<td>650,000</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>919,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>1,789,000</strong></td>
<td><strong>2,300,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Revenue Implications:</strong></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination of Public Hall Contract – (One off cost)</td>
<td>6,130</td>
<td>8,380</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Revenue Savings/Income</strong></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinema Rent</td>
<td>20,000</td>
<td>28,500</td>
</tr>
<tr>
<td>Rental Income from Affordable Housing Units</td>
<td>48,710</td>
<td>44,000</td>
</tr>
<tr>
<td>New Homes Bonus - Affordable Homes Element</td>
<td>1,680</td>
<td>1,400</td>
</tr>
<tr>
<td>NHB – Growth in Dwelling Stock</td>
<td>4,900</td>
<td>4,240</td>
</tr>
<tr>
<td>Council Tax (Assumed Band A)</td>
<td>840</td>
<td>720</td>
</tr>
<tr>
<td>Annual Savings on the Public Halls Management Contract</td>
<td>19,450</td>
<td>20,000</td>
</tr>
<tr>
<td>Net Savings on B&amp;B per placement</td>
<td>10,500</td>
<td>48,040</td>
</tr>
<tr>
<td><strong>Savings/Income</strong></td>
<td><strong>106,080</strong></td>
<td><strong>146,900</strong></td>
</tr>
</tbody>
</table>

**Notes:**
1. Compensation for the remainder of the contract to 2021 and redundancy cost – cost in year 1 only.
2. This amount is 80% of the estimated increase in the New Homes Bonus, the remaining 20% goes to SCC.
3. This amount is the EBC element of the Council Tax. There will be Council Tax contributions for SCC and Surrey Police.
4. The estimated net saving based on the equivalent of families being housed in Temporary accommodation rather than Bed & Breakfast Accommodation (net of Housing Benefit).

**Environmental/Sustainability Implications:**
Now the planning process has been completed we now need to undertake all relevant statutory aspects in respect of the building out this scheme and this will take place during the various phases of the construction, but it should be noted that this is a conversion of an old Victorian building within the conservation area.
Legal implications:
The Council will need to sign a NEC Design and Build Contract Option A fixed price contract as outlined in the report.

Equality Implications:
As outlined in the report.

Risk Implications:
As outlined in the report.

Community Safety Implications:
As outlined in the report.

Principal Consultees:
CMB
Interim Head of Housing Services
Head of Finance

Background papers:
None

Enclosures/Appendices:
Appendix A – Project cost estimates - Part II, Exempt Information

Contact details:
Head of Asset Management & Property Services – 01372 474218
awilliams@elmbridge.gov.uk
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Executive Summary:

The contract for the management of the Boroughs leisure facilities comes to an end in 2021. In advance of retendering this contract a number of decisions are required as to the type of contract and services to be provided. This report summarises the work currently being undertaken by Strategic Leisure consultants to provide a Leisure Facilities Strategy for Elmbridge and inform the specification for the new Leisure Facilities Management Contract in 2021.

Recommendation: that

(a) Members note the content of this report and agree the outline timetable.

Report:

1.0 Background

1.1 The current Leisure Management Contract includes the Xcel Leisure Complex, Hurst Pool and the four remaining community halls, namely King Georges Hall, Elm Grove Hall, the Cecil Hepworth Playhouse and Vine Hall. The contract commenced in 2006 and is due to end on 14 August 2021. The contract is managed by Places for People (PfP). There is no option within the contract to extend beyond 2021.

1.2 The Synthetic Turf Pitch Contract commenced in 2009 and the Sports Hub Contract commenced in September 2017. Both are co-terminus with the Leisure Management Contract and are also managed by PfP. It is anticipated that both facilities will be included in the new Leisure Management Contract going forward in 2021.

1.3 In preparation for re-tendering of the Leisure Management Contract and to help inform the procurement process, the Council has appointed specialist consultants, Strategic Leisure, to undertake the following work, following Sport England guidance:

- Indoor Leisure Facility Needs Assessment
- Leisure Management Options Appraisal
2.0 Indoor Leisure Facilities Needs Assessment

2.1 This assessment will gather evidence of future community needs for indoor leisure facilities across the borough, taking into account and contributing to the emerging Local Plan.

This follows Sport England’s approach to undertaking a robust assessment of need for indoor and outdoor sports facilities. This approach also meets the requirements of the Government’s National Planning Policy Framework, which states that:

‘Access to high quality open spaces and opportunities for sport and recreation can make an important contribution to the health and well-being of communities. Planning policies should be based on robust and up-to-date assessments of the needs for open space, sports and recreation facilities and opportunities for new provision. The assessments should identify specific needs and quantitative or qualitative deficits or surpluses of open space, sports and recreational facilities in the local area. Information gained from the assessments should be used to determine what open space, sports and recreational provision is required.’ (NPPF, Paragraph 73)

2.2 An audit will be carried out of current provision, looking at the age, condition, usage and potential of each site.

2.3 The consultants will examine planned future indoor leisure facility development within and outside the borough boundaries.

2.4 The information obtained will inform any future feasibility work for the development of new or refurbished leisure facilities within the Borough.

2.5 The above information will be used to produce a Leisure Facilities Strategy and Action Plan. This will inform the specification when the council tenders its new Leisure Facilities Management Contract in 2019.

3.0 Leisure Management Options Appraisal

3.1 Strategic Leisure will be required to undertake the following in respect of the Xcel Leisure Complex, Xcel Sports Hub, Synthetic Turf Pitch, Hurst Pool, community halls, and the in-house functions of sport, health and play development:

3.2 Review of the current service
This will include a financial and non-financial review of the current service operation, an analysis of current and potential levels of subsidy required for continued operation of the service, and the viability/sustainability of the current service and its delivery model in light of the strategic vision for the service. The non-financial review will include a quality audit of facilities, consultation with key stakeholders including clubs, schools, governing bodies of sport, review of previous facility customer user surveys etc. An analysis of the strengths and weaknesses of the service will be undertaken and an examination of the impact on customers, facilities and the Council of retaining their current delivery scope and model.
3.2 **Facilities options appraisal**

The consultants will identify and analyse whether, where and how there might be opportunities to invest in existing EBC facilities, or other sports specific provision, or make other changes to facilities to improve the customer service offer and/or financial performance of the service. The consultants will assess options for responding to the findings of the Council’s recent condition survey reports and consider the impact these may have on the future delivery structure and potential operating models. This will link directly to the Leisure Facilities Strategy. The consultants will identify potential sources of funding in light of the management options appraisal and Leisure Facilities Strategy.

3.3 **Management options appraisal**

Strategic Leisure have also been commissioned to identify potential delivery options. This will involve identifying the various management models available in the market and consider how these fit with the Council’s strategic vision. The strengths and weaknesses of each model will be identified. Through soft market testing, the consultants will assess the potential level of interest before going to the market. Strategic Leisure will assess whether there is a need/opportunity to expand the remit of the contract to other facilities and/or services, including the inhouse functions of sport, health and play development. An external view will be provided on the merits or including/not including the 4 remaining community halls in any contract going forward. An analysis and evaluation will be carried out of the comparative benefits and relative risks (financial and non-financial) associated with each of the potential delivery options compared to the current model.

4.0 **Timetable**

4.1 A presentation will be made to members in early September to provide a detailed overview of the key findings and recommendations from the above documents.

4.2 The Leisure Facilities Strategy and Management Options Appraisal will then be presented to Cabinet on 19 September 2018. It will be at this meeting that a decision will be made on the procurement route for the Leisure Management Contract. The following is an indicative timetable subject to the outcomes of the Cabinet meeting:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 2018</td>
<td>Report to Cabinet setting out the business case for the new leisure management contract detailing the key findings/recommendations from the Facility Strategy and Management Options Appraisal. Procurement route and timetable reviewed to reflect the preferred management option and services/facilities mix.</td>
</tr>
<tr>
<td>Jan 2020</td>
<td>Procurement process commences</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>Report to Cabinet – Award of contract</td>
</tr>
<tr>
<td>March 2021</td>
<td>Mobilisation period commences</td>
</tr>
<tr>
<td>Aug 2021</td>
<td>New contract commences</td>
</tr>
</tbody>
</table>
Financial implications:
Strategic Leisure were appointed following a formal tendering exercise. The cost of providing these reports is £26,000 and is being met from the 2018/19 Leisure and Cultural Services Revenue budget.

Environmental/Sustainability Implications:
None

Legal implications:
None

Equality Implications:
None

Risk Implications:
None

Community Safety Implications:
None

Principal Consultees:
CMB
Procurement Officer
Head of finance
Services Group Accountant
Head of Legal Services
Head of Planning Services
Head of Asset Management Services

Background papers:
None

Enclosures/Appendices:
None

Contact details:
Ian Burrows
Head of Leisure and Cultural Services
iburrows@elmbridge.gov.uk
01372 474572

Liz Taylor
Leisure Facilities Manager
ltaylor@elmbridge.gov.uk
01372 474580
Committee: Cabinet
Date of meeting: 4 July 2018

Subject: Recommendations from the Countryside Consultative Group meeting held on 29 March 2018
Lead Officer: Head of Leisure and Cultural Services
Portfolio Holder: Portfolio Holder for Leisure and Culture
Link to Council Priorities: A5, A6, P4, P5
Exempt information: None
Delegated status: For resolution
Key Decision: No

Executive Summary:

To consider the minute extracts from the Overview and Scrutiny Committee regarding the recommendations of the Countryside Consultative Group.

Recommended: that the recommendations from the Overview and Scrutiny Committee, attached at Appendix A, regarding the report of the Countryside Consultative Group, be considered.

Please Note: whilst the reports considered by the Countryside Consultative Group have not been re-circulated with this agenda, they can be viewed via your iPad by accessing the Overview and Scrutiny Committee agenda for the 14 June 2018 meeting.

Report:

1. At its meeting on 14 June 2018, the Overview and Scrutiny Committee considered two recommendations from the Countryside Consultative Group meeting held on 29 March 2018. The Cabinet is asked to consider the recommendations from the Overview and Scrutiny Committee.

2. The relevant Minute extracts from the Countryside Consultative Group and the Overview & Scrutiny Committee are attached.

Financial implications:
Milbourne Pond: No budget is held within Leisure and Cultural Services. The Environmental Resources Management Foundation report was funded by Weston Green Residents Association.

Easement Ditton Common: Potential capital receipts for which best value should be sought.

Environmental/Sustainability Implications:
None for the purposes of this report.
Legal implications:
Milbourne Pond: None for the purposes of this report.

Easement Ditton Common: A Deed of Grant of Easement subsists in perpetuity and avoid any potential claims for prescriptive rights.

Equality Implications:
None for the purposes of this report.

Risk Implications:
Milbourne Pond: None for the purposes of this report.

Easement Ditton Common: Entering into a Deed of Grant of Easement presents a low risk and the covenants therein will ensure protection against damage and potential future intensification. A Deed of Easement will also provide a specification and maximum width for an accessway, together with a maximum vehicular weight.

Community Safety Implications:
None for the purposes of this report.

Principal Consultees:
Countryside Consultative Group
Overview and Scrutiny Committee

Background papers:
None for the purposes of this report.

Enclosures/Appendices:
Appendix A – Minute extracts from the Countryside Consultative Group and the Overview and Scrutiny Committee.

Contact details:
Ian Burrows, Head of Leisure and Cultural Services
01372 474572
iburrows@elmbridge.gov.uk
Minute Extracts from the Countryside Consultative Group meeting held on 29 March 2018 and Overview & Scrutiny Committee meeting held on 14 June 2018

Minute Extracts from the Countryside Consultative Group Meeting held on 29 March 2018

1. Milbourne Pond

The Countryside Officer updated members of the group on the proposals for Milbourne Pond as commissioned by the Weston Green Residents Association. He explained the pond was relined in 2004 using a clay liner and is fed by rain water from the surrounding road network. Due to its location and reliance on rain water, the pond regularly dries out over the summer period. Local Ward Councillors have received complaints from residents regarding the condition of the pond. It was recommended that the Weston Green Residents Association commission a hydrogeological study to investigate the issues raised. This has allowed the residents association to develop plans to redesign the pond so that it is able to hold water throughout the year changing its morphology from a current dew pond to an amenity-based resource. Evidence collected indicates that there is a perched water table currently 30cm below the existing pond base. The current plan is to reprofile the pond to a deeper depth in order to access the perched water table so providing water for the pond.

This is a change from the original idea to soft landscape the existing pond and use a pump to access the water table. A community infrastructure levy (cil) application was made in order to facilitate the works and £8000 has been allocated towards the project. The next step is to agree the proposed works and landscaping of Milbourne pond and allow the Weston Green Residents Association to commission any works agreed.

Recommended: Members support the proposal to redesign the pond providing that any extra costs involved are met by the Residents Association.

2. Easement Ditton Common

The Countryside Officer informed members of the group of the ongoing an easement request that has been formally made to Elmbridge Borough Council.

He explained that a property company has requested an access easement for a plot of land north of Corner Cottage, Hampton Court Way, Thames Ditton. The easement requested is for both services required by the property and vehicular access across Ditton Common, if granted this will result in a capital receipt from the developer based on increased value of the property due to any agreement. Local Ward Councillors have been consulted and are concerned that this is not appropriate due to the conservation area status of Ditton Common other properties within the area have not been granted easements of this nature and that any vehicular access granted may not be safe is it would be directly onto the Hampton Court Way. Members expressed their concern about vehicular access and thought it was inappropriate.

Recommended: that Members agree to permit an easement for services only not for vehicular use.
 Recommendations from the Countryside Consultative Group meeting held on 29 March 2018

(Links to Council Priorities: A5, A6, P4, P5)

The Committee considered a report in relation to the recommendations from the Countryside Consultative Group (CCG) meeting held on 29 March 2018 in respect of two matters, namely ‘Milbourne Pond’ and ‘Easement Ditton Common’.

In respect of Milbourne Pond, the Weston Green Residents’ Association had commissioned a hydrogeological study to investigate issues raised in respect of the condition of the pond. This enabled the Residents’ Association to develop plans to redesign the pond in order to hold water throughout the year and change its morphology from a dew pond to an amenity-based resource. Evidence collected indicated that there was a perched water table below the existing pond and in this regard, a plan was devised to reprofile the pond to a deeper depth in order to access the perched water table which would provide water for the pond. As this was a change to the original idea of soft landscaping the pond and instead utilising a pump to access the water table, a Community Infrastructure Levy (CIL) application was made to facilitate the works with £8,000 being allocated towards the project. The CCG Members supported the proposal to redesign the pond providing that any extra costs involved were to be met by the Weston Green Residents’ Association.

In respect of an easement request for a plot of land north of Corner Cottage, Hampton Court Way, Thames Ditton, the CCG had been advised that the request was for both services required by a property and for vehicular access across Ditton Common. Should the easement be granted, it would result in a capital receipt from the developer which was based on increased value of the property. Local Ward Councillors were consulted, and concerns that the easement was not appropriate due to the conservation area status of Ditton Common and that other properties within the area had not been granted easements of this nature were raised. Furthermore, should vehicular access be granted it may not be safe given that access would be directly on to Hampton Court Way. The CCG Members expressed their concern regarding vehicular access and thought it was inappropriate however recommended to permit an easement for services only.

In respect of the work being undertaken on Milbourne Pond, the Vice-Chairman commented that the Committee would benefit from an update once the work was completed. One Member commented that the work was due to be completed within the year and the pond could be included on the Countryside Consultative Group (CCG) Tour of green sites within the Borough.

In respect of the proposed recommendation for an easement across Ditton Common, one Member enquired whether any financial recuperation had been investigated should the vehicular access be granted. One Member commented that the CCG had been provided with information regarding financial
remuneration however the main concern raised was that any vehicular access would be directly on to Hampton Court Way which was a health & safety and environment issue rather than monetary.

Accordingly, the Overview and Scrutiny Committee supported the recommendations of the Countryside Consultative Group as follows:

**Milbourne Pond**

**Recommended**: Members support the proposal to redesign the pond providing that any extra costs involved are met by the Residents Association.

**Easement Ditton Common**

**Recommended**: that Members agree to permit an easement for services only not for vehicular use.
This page is intentionally left blank
Executive Summary:

The Council launched the new parks tennis booking and gate access system and introduced fees & charges across all twelve parks tennis venues on 12th June 2017.

Further to significant feedback from residents, a number of operational changes were made to the Parks Tennis scheme in the summer of 2017. This report provides an overview of the first years’ operation and a proposed summer promotion offering 6 weeks free tennis at all twelve Parks Tennis venues.

Recommendation: that Members support the introduction of a 6 week summer promotion of free tennis at all twelve Council owned Parks Tennis venues.

Report:

1. Background

2. The Council launched the Parks Tennis scheme (including booking and gate access system in seven venues) and introduced fees & charges across all twelve parks tennis venues on 12th June 2017.

3. Further to significant feedback from residents in the summer of 2017, a number of changes were made to the Parks Tennis scheme, including a new free tennis membership with free court access all year round for 2 hours a day every weekday at every venue.

4. The remaining 4 sites had new gates activated in May 2018 and have been well received. The final gate at West End Recreation Ground is due to be installed in the Autumn.

5. Current usage

6. Whilst there has been some local opposition to the scheme, overall memberships and pay and play access have been on or ahead of target for the first full year of operation:
<table>
<thead>
<tr>
<th>Measure</th>
<th>Year 1 target</th>
<th>Year 1 achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of household memberships sold (a household can sign up for 1 membership to cover 5 people living at the same address)</td>
<td>343</td>
<td>446</td>
</tr>
<tr>
<td>Number of unique “members” (i.e. total number of registered members, so for instance 5 people at 1 address would be 5 members.)</td>
<td>646 (av. 2 members per membership)</td>
<td>1,090</td>
</tr>
<tr>
<td>Number of unique “pay &amp; play” players (i.e. total number of individual people who register to access the courts and pay on each visit- not members.)</td>
<td>154</td>
<td>708</td>
</tr>
<tr>
<td>Total number of court bookings</td>
<td>5000</td>
<td>12,113</td>
</tr>
</tbody>
</table>

7. Coaching providers

8. Following a procurement exercise, three tennis coaching providers were successful in a bid to provide coaching to 7 of the 12 park tennis courts, until August 2021 to a total annual income of £4,850.

9. There are 5 remaining sites, not taken up at tender, that are therefore available for casual coaching. These sites have been promoted to other coaches on a non-exclusive basis (i.e. more than one coach can work at that site) This has been based on £5 per court, per hour, with a maximum allowance of 10 hours per week. The terms and conditions of this package state that the coach will not get any preferential booking and will still have to book up to 7 days advance. £2,685 has been generated over the last year from casual coaching.

Coaching providers have taken up this package at 3 of the sites:

- Cricket Way
- Oatlands Recreation Ground
- Grovelands Recreation Ground

There has been no casual coaching take up at present at West End and Giggs Hill.

10. Summer promotion

11. Mindful of some of the continuing local concerns, officers working closely with the Portfolio Holder for Leisure and Culture, and the Lawn Tennis Association (LTA), have considered a further 6-week free promotional offer to coincide with the state school summer holiday from the end of July 2018.

12. To administer the scheme, and the necessary associated booking information, the terms and conditions that are proposed are:

- 6 week promotional offer, allowing any registered user free use of courts;
• Any user would need to register for a 6 week free pass in order to book (i.e. a 6 week free membership);
• Would limit each user to a 2 hour max booking, per day (same as annual members), and can book up to 7 days in advance;
• Seek to offer any existing annual member a 6 week extension of their membership;
• There would be no change to private coaching providers.

13. Alongside the free 6 week promotion, Officers would continue to work to promote and increase opportunities for the local community alongside the Great British Tennis weekend:

• Appoint a new fixed term Tennis Development Officer to drive increased usage and other targeted free sessions. This would be a qualified coach who could provide free coached sessions in targeted areas;
• Launch Tennis For Free initiative at the Civic Centre and Elm Grove in partnership with our local tennis coaching provider to offer an element of free tennis on Sundays, in order to encourage new people into the sport of tennis in a fun and safe surrounding.
• Work with coaching providers to deliver community\ free coached activities on courts.

14. The Great British Tennis Weekend (GBTW) is an initiative to help tennis clubs and venues attract new people from the local community to come and try out tennis at a local venue. The LTA coordinates a country-wide marketing campaign to raise awareness of GBTW, particularly targeting families to try tennis for free at a GBTW event. This alongside free marketing materials provided by the LTA to help promote open days locally, this aims to help raise awareness of the local tennis offer in the wider community.

15. The Tennis Development Officer post has been interviewed and offer made. The part time salary including on cost is £16,700. The LTA had committed £7,500 to contribute to the salary of the Officer. If the LTA decide to withdraw the offered of funding due to the risks posed around the sustainability of the scheme, the remaining £9,200 will be found within existing leisure salaries for this year.

16. **Implications**

17. As this is a change from the original model, some of the forecasted income for this current financial year may not be achievable as 6 weeks pay and play income will now be foregone, and some annual members may decide not to renew their memberships which are due for renewal during the free period.

18. Further admin support will be required to make the changes to the booking system to enable the free use of the courts to be monitored.

This has been estimated to cost £1000.
19. This free offer will need to be carefully communicated to the community to ensure that this is understood. Further training will also be provided for Customer Services who will be answering any queries on the scheme. The training has been estimated to cost £500 with a further £5000 for marketing.

20. **LTA position**

21. The LTA have been supportive of the Elmbridge Parks Tennis scheme, as they feel that the scheme currently has the right balance of free and paid, supporting the LTAs strategy of encouraging sustainable models.

22. The LTA are comfortable that a 6 weeks free summer promotion is sustainable, however there is a small financial risk at the peak for the tennis season – and the greatest opportunity for when income could be generated though tennis and the park sites.

23. The LTA are keen to support the 6 weeks free during the summer as a one off for this year, although as mentioned above this would still pose a small financial risk. However due to the long term impact on sustainability, the LTA would not be able to support this if this was to become part of an annual summer programme (or the model was changed permanently from charged to free).

24. Total financial support of £36,500 has been provided by the LTA to Elmbridge BC to support a sustainable tennis model throughout the Borough

- Financial support for gates (£25k)
- Financial support for marketing (£4k)

25. **Review**

26. A further review of the scheme will be presented to members at the end of the summer period.

**Financial implications:**
The anticipated costs of the free 6 week promotion will be an estimated £8,000 as summarised below.

In 2017/18 we received £20,227 income from the scheme, and a substantial amount of this could be at risk if users decide not to continue with the scheme at the end of the 6 week promotion or not renew their annual membership.

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to booking system</td>
<td>1,000</td>
</tr>
<tr>
<td>Customer Services training</td>
<td>500</td>
</tr>
<tr>
<td>Marketing 6 week promotion</td>
<td>5,000</td>
</tr>
<tr>
<td>Estimated value of 6 weeks pay and play</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8,000</strong></td>
</tr>
</tbody>
</table>
Environmental/Sustainability Implications:
As contained within the report.

Legal implications:
None

Equality Implications:
As contained within the report

Risk Implications:
As contained within the report

Community Safety Implications:
There have been a handful of issues of vandalism on the courts. These have been reported and Officers are working with Surrey Police to see if any other measures to deter further occurrences can be introduced.

Principal Consultees:
Portfolio Holder for Leisure and Culture
Corporate Management Board
Head of Finance
Head of Legal Services
Lawn Tennis Association
Leisure Development Manager
Sports Development Officer

Background papers:
None

Enclosures/Appendices:
Appendix A- current usage

Contact details:
Ian Burrows
Head of Leisure and Cultural Services
01372 474572
iburrows@elmbridge.gov.uk
This page is intentionally left blank
Appendix A- Current usage

Table 1: Total court usage year 1.

<table>
<thead>
<tr>
<th>Period</th>
<th>TOTAL Hours used</th>
</tr>
</thead>
<tbody>
<tr>
<td>June- Oct 17*</td>
<td>6267.25</td>
</tr>
<tr>
<td>Nov 17</td>
<td>1080.5</td>
</tr>
<tr>
<td>Dec 17</td>
<td>491</td>
</tr>
<tr>
<td>Jan 18</td>
<td>484.5</td>
</tr>
<tr>
<td>Feb 18</td>
<td>626.5</td>
</tr>
<tr>
<td>March 18</td>
<td>548.75</td>
</tr>
<tr>
<td>April 18</td>
<td>1044.5</td>
</tr>
<tr>
<td>May 18</td>
<td>1570</td>
</tr>
</tbody>
</table>

Figures above include public and private coaching hours.
*monthly reporting not available at this time.

Table 2: hourly usage per site across the borough

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gates Year 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchfields Rec</td>
<td>955</td>
<td>50.5</td>
<td>34</td>
<td>51</td>
<td>78</td>
<td>67</td>
<td>160.5</td>
<td>198</td>
</tr>
<tr>
<td>Cobham Rec</td>
<td>640.75</td>
<td>27.25</td>
<td>73</td>
<td>28.5</td>
<td>63</td>
<td>45.5</td>
<td>136</td>
<td>145.5</td>
</tr>
<tr>
<td>Coronation recreation ground</td>
<td>522</td>
<td>74</td>
<td>24</td>
<td>29</td>
<td>86.5</td>
<td>20.5</td>
<td>67</td>
<td>166</td>
</tr>
<tr>
<td>Elm Grove Rec</td>
<td>478.75</td>
<td>122</td>
<td>44.5</td>
<td>16.5</td>
<td>17</td>
<td>31.5</td>
<td>47</td>
<td>73.5</td>
</tr>
<tr>
<td>Groverslands Rec</td>
<td>336.5</td>
<td>16.5</td>
<td>2</td>
<td>3</td>
<td>12.5</td>
<td>7.5</td>
<td>33.5</td>
<td>33</td>
</tr>
<tr>
<td>Long Ditton Rec</td>
<td>961</td>
<td>70</td>
<td>135.5</td>
<td>60.5</td>
<td>91.5</td>
<td>92</td>
<td>157</td>
<td>220</td>
</tr>
<tr>
<td>Molessey Hurst Rec</td>
<td>490</td>
<td>9</td>
<td>0</td>
<td>24.5</td>
<td>34</td>
<td>34</td>
<td>66</td>
<td>110</td>
</tr>
<tr>
<td>Gates Year 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civic Centre</td>
<td>215.5</td>
<td>18</td>
<td>12.5</td>
<td>7</td>
<td>31.5</td>
<td>18</td>
<td>48</td>
<td>77.5</td>
</tr>
<tr>
<td>Cricket Way Open Space</td>
<td>136</td>
<td>68</td>
<td>17.5</td>
<td>5</td>
<td>11</td>
<td>11.5</td>
<td>30.5</td>
<td>42</td>
</tr>
<tr>
<td>Giggs Hill Field</td>
<td>116</td>
<td>14</td>
<td>0</td>
<td>3.5</td>
<td>7</td>
<td>3</td>
<td>31</td>
<td>102.5</td>
</tr>
<tr>
<td>Oatlands Rec</td>
<td>138.5</td>
<td>63.25</td>
<td>0</td>
<td>4</td>
<td>10</td>
<td>4.5</td>
<td>13</td>
<td>55</td>
</tr>
<tr>
<td>West End Rec</td>
<td>77.5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.5</td>
<td>5</td>
<td>11.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Total public hours</td>
<td>5,068</td>
<td>532.5</td>
<td>343</td>
<td>232.5</td>
<td>443.5</td>
<td>340</td>
<td>801</td>
<td>1241.5</td>
</tr>
</tbody>
</table>

NB: hours exclude private coached hours, hence differ slightly from table 1.
### Table 3: Income received

<table>
<thead>
<tr>
<th>Measure</th>
<th>2017/2018 Year 1 June to June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>£21,963.24</td>
</tr>
<tr>
<td>Actual</td>
<td>£27,743.58</td>
</tr>
</tbody>
</table>

### Table 4: Membership take up

<table>
<thead>
<tr>
<th>Measure</th>
<th>Year 1 target</th>
<th>Year 1 achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of household memberships sold</td>
<td>343</td>
<td>446</td>
</tr>
<tr>
<td>Number of unique “members”</td>
<td>646 (av. 2 members per membership)</td>
<td>1,090</td>
</tr>
<tr>
<td>Number of unique “pay &amp; play” players</td>
<td>154</td>
<td>708</td>
</tr>
<tr>
<td>Total number of unique players</td>
<td>800</td>
<td>13,911</td>
</tr>
<tr>
<td>Total number of court bookings</td>
<td>5000</td>
<td>12,113</td>
</tr>
</tbody>
</table>
Committee: Cabinet  
Date of meeting: 4 July 2018

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Planning Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Officer:</td>
<td>Head of Planning Services</td>
</tr>
<tr>
<td>Portfolio Holder:</td>
<td>Portfolio Holder for Planning Services</td>
</tr>
<tr>
<td>Link to Council Priorities:</td>
<td>P1 and P3</td>
</tr>
<tr>
<td>Exempt information:</td>
<td>None</td>
</tr>
<tr>
<td>Delegated status:</td>
<td>For recommendation to Council to 18 July 2018</td>
</tr>
<tr>
<td>Key Decision:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Executive Summary:**

The Head of Planning Services has recently undertaken a review of the planning service and identified a number of operational changes required to improve the service.

To maintain the current performance level of determining planning applications and providing pre-application advice the planning service relies upon the constant employment of at least three temporary case officers. Temporary contractors are an expensive way to populate a planning service. The turnover of temporary officers affects the quality of the work carried out by the planning service and the level of customer service provided to residents.

The existing policy planning assistant post is a 2-year fixed term post that is funded from the Housing and Planning Delivery Grant (HPDG). This fixed term post has been agreed on 3 previous occasions over the last 7 years. There is now only funding available for 2018/19. It is proposed that this post be made permanent and funded from the 5% CIL admin pot from 2019/20 onwards.

**Recommended:** that

the findings of the review of the Planning Service be noted and the addition of officer posts (3x Senior Planning Officer and 1x Planning Assistant) to the permanent establishment with the budgetary provision identified in the report be agreed.

**Report:**

1. **Background**

1.1 The Head of Planning Services has recently undertaken a review of the planning service and identified a number of operational changes required to improve the service. The proposed changes will ensure the Council’s Planning Service provides both excellent customer service and outstanding planning professionalism.

The review also identified the need for four additional planning posts.
2. Development Management

2.1 To maintain the current performance level of determining planning applications and providing pre-application advice the planning service relies upon the constant employment of at least three temporary case officers. Temporary contractors are an expensive way to populate a planning service. In 2017/18 the planning service spent £262,000 on agency staff to meet the current level of planning applications and pre-application requests. In contrast three permanent members of staff would have cost £149,546 (including oncosts).

2.2 The impact of the three temporary workers on the service output can be seen in the quarter four performance indicators for 2017/18, when the turnover of temporary contract officers resulted in a dip in the percentage of applications determined within the statutory timeframes.

2.3 The reliance of temporary contract workers also affects the quality of the work carried out by the planning service and the level of customer service provided to residents. The constant turnover of temporary officers creates problems with caseloads and consistency for members, residents and applicants. It also means that cases are parked when an officer leaves (until a replacement is found) as the existing staff do not have capacity to take additional cases. As such permission is sought for three additional permanent senior planning officer posts – one for each sub area team.

2.4 One of the operational changes proposed by the Head of Planning Services is to realign the work flow for case officers, team leaders and planning managers. At present team leaders have a significant case load of over 40 cases which prevents them from effectively managing planning officers. Team leaders should focus on managing the case officers and their cases providing technical advice, supporting officers, developing their knowledge and ultimately fact checking their work before the application is passed to the managers for signing. Team leaders should clear all case and pre-application reports before they are sent to the planning managers for final sign off. This will ensure the identification of issues or problems with applications early in the application process.

2.5 Planning managers would continue to sign off applications but will focus on the planning recommendation rather than the administration of the decision-making process. This will enable planning managers to focus on other management duties, such as reviewing the pre-application service and the validation checklist, which will also improve the efficiency and level of service provided.

2.6 At present team leaders have a case load of approximately 40 cases and case officers approximately 70 cases. To create capacity for the team leaders, permission is sought to retain the existing three temporary contract workers until December 2018. This will create the capacity necessary to realign the work and reduce the existing backlog of overdue cases. It will also help cover the current two vacant posts in the department (1x team leader, 1x senior) and the appointment of the three permanent posts detailed above.
3. **Planning Policy**

3.1 The existing policy planning assistant post is a 2-year fixed term post that is funded from the Housing and Planning Delivery Grant (HPDG). There is now only funding available for 2018/19. This fixed term post has been agreed on 3 previous occasions over the last 7 years. This has made staff retention difficult as the position cannot be guaranteed. The policy team has effectively trained and lost 3 successive officers. At present the post is being covered by a temporary contract officer as the fixed term post could not be filled after two rounds of advertisement. The role of the planning assistant is to support the preparation of the Local Plan and to work with the CIL/Obligations and Monitoring Officer to create resilience within the service. As such it is proposed that this post be made permanent and funded from the 5% CIL admin pot from 2019/20 onwards.

3.2 It is also proposed to secure a transport consultant/consultancy to work on the evidence base studies for the Local Plan with Surrey County Council, TfL, and Highways England. The consultant/consultancy would also support the Infrastructure Delivery Coordinator with the preparation of the Infrastructure Delivery Plan and infrastructure projects in the Borough and those which could have an implication for Elmbridge. For example, the proposed improvements to Junction 10 of the M25. A similar approach has been taken by Woking, Guildford and Waverly Councils. This resource will be funded from the CIL 5% administration fund. Considering existing commitments on this fund together with previous years income officers are comfortable that sufficient funds will be in place to support both the transport consultant and the planning assistant post.

3.3 The Head of Service has also identified the need to extend the existing policy temporary contract working until December 2018 to complete several key pieces of evidence for the Local Plan.

**Financial implications:**

A summary of the financial implications of the proposal is as follows:

<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th>2018/19 £</th>
<th>2019/20 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 x permanent Senior Planning Officers from October 2018</td>
<td>74,773</td>
<td>149,546</td>
</tr>
<tr>
<td>3 x agency staff for 6 months until December 2018</td>
<td>131,000</td>
<td></td>
</tr>
<tr>
<td>1 x permanent Planning Assistant</td>
<td></td>
<td>31,265</td>
</tr>
<tr>
<td>1 x Transport Consultant</td>
<td>80,000</td>
<td></td>
</tr>
<tr>
<td>1 x temporary Policy contractor until December 2018</td>
<td>33,060</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>321,833</strong></td>
<td><strong>180,811</strong></td>
</tr>
</tbody>
</table>
### FUNDING SOURCE

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancies</td>
<td>£38,000</td>
<td>£38,000</td>
</tr>
<tr>
<td>CIL Admin Budget</td>
<td>£80,000</td>
<td>£31,265</td>
</tr>
<tr>
<td>Growth</td>
<td></td>
<td>£111,546</td>
</tr>
<tr>
<td>Unfunded</td>
<td>£213,833</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>£331,833</td>
<td>£180,811</td>
</tr>
</tbody>
</table>

In 2018/19, there will be unbudgeted expenditure of £77,773 (including oncosts) for 3 permanent Senior Planning Officers.

In 2018/19, we will incur unbudgeted agency staff expenditure of approximately £164,060 (based on 17/18 actual spend). This will be partly offset by savings from vacant posts in the team including the conservation officer post (£38,000) plus any general staff turnover.

The Planning Assistant is currently funded from HPDG. However, this source of funding is not budgeted to last beyond 2018/19. It is proposed that as a large element of the Planning Assistant post relates to CIL administration, that the CIL administration budget is used to fund this post on an ongoing basis after 2018/19.

It is proposed that in 2018/19 the estimated £80,000 transport consultant costs be met from the CIL administration budget.

Please note that whilst the existing CIL administration budget could cover these costs, if in any year the CIL administration budget falls, any surplus expenditure will have to be met from other sources.

It is anticipated that some of the costs above can be met from the additional PPA income which Planning may generate. It is difficult to forecast how much income may be generated but a conservative estimate of 5 major applications per year could generate income of approximately £200,000 per annum. The number of large scale applications will increase as the Local Plan progresses.

**Environmental/Sustainability Implications:**

None for this report.

**Legal implications:**

There are no direct legal implications arising although the addition of planning officer posts to the permanent establishment will support the discharge of the Council’s statutory planning functions.

**Equality Implications:**

This report has been prepared taking into account equality issues.

**Risk Implications:**

There is a risk that if the number of planning applications decline the need for the additional senior planning officers will reduce, as will funds available to spend in the CIL 5% administration pot. However, our records show that the number of planning applications received by the Council increases each year. It is also anticipated that the number of applications will significantly increase as the Local Plan progresses.
Community Safety Implications:
None for this report.

Principal Consultees:
Finance and Legal Services.

Background papers:
None.

Enclosures/Appendices:
None.

Contact details:
Kim Tagliarini, Head of Planning Services
01372 474702 ktagliarini@elmbridge.gov.uk
This page is intentionally left blank
Executive Summary:

On 13 June 2018, an additional meeting of the Strategic Spending Board was organised to consider the two Council bids that were deferred at the meeting on 22 February 2018. The opportunity was also taken to present a new bid to the Board from the North West Surrey Clinical Commissioning Group (NWSCCG) and the resubmitted bid from Cobham Free School and Cobham Rugby & Sports Association.

The four bids comprised:

- Application 1 - Elmbridge Borough Council, which sought £18,169 of an additional discus cage at the Xcel Sports Hub, Waterside Drive.
- Application 2 - Elmbridge Borough Council, which sought £35,000 for the replacement of retractable seating at Walton Playhouse.
- Application 3 - NWSCCG, which sought £140,000 for the provision of General Practitioner (GP) services at Walton Community Hospital.
- Application 4 - Cobham Free School and Cobham Rugby & Sports Association, which sought £323,418 for the balance of the project cost towards an artificial playing pitch at Cobham Rugby.

The total amount of CIL bid for was £516,587. At June 2018, the total amount available for allocation to strategic infrastructure is £4,269,049.

The recommendation of the Board to this Cabinet meeting is that three of the applications be funded in full (applications 1, 2 and 3); one subject to two key conditions being met (application 3). The total value of these three bids is £193,169. The Board resolved that one application be deferred (application 4), allowing extra time for the applicant to submit additional information to support their bid and address the concerns of the Board. It is envisaged that the deferred application be presented to the Board in September 2018. This paper sets out the background to those decisions and the recommendations of the Board.

Recommendation: that

Cabinet agree the recommendations made by the Strategic Spending Board in regard to three applications (Applications 1, 2 and 3), as set out in Appendix A of this report.
1. **Background**

1.1 The Council adopted CIL in April 2013. CIL allows the Council to raise funds from some forms of new development to pay for infrastructure that is, or will be, needed to mitigate the impacts of development. As set out in the CIL Regulations, an initial 5% is retained by the Borough Council for administration costs. The remaining CIL receipts are spent in accordance with the regulations and the approach adopted by Cabinet in June 2017. That is:

- 40% top slice of CIL collected (post allocation to administration and Suitable Alternative Natural Greenspace (SANG)) is ring fenced to fund a programme of strategic infrastructure projects;
- 35% of CIL is allocated through the Strategic Spending Board to more ad-hoc strategic improvements required to address the impacts arising from development across the Borough;
- 15% is allocated through the Local Spending Boards (and in the case of Claygate, to the Parish Council) as a ‘meaningful proportion’ to local areas where development comes forward; and
- 10% of CIL is ringfenced (post allocation to administration and SANG) for maintenance purposes.

1.2 The Strategic Spending Board has been established to act as an advisory body and to make CIL spending recommendations to the Elmbridge Cabinet. The Board comprises the Leader, Portfolio Holder and Chairs of the Planning Committees.

2. **Applications received for Strategic CIL funding and recommendations**

2.1 For the allocation of CIL funds, strategic infrastructure providers are required to submit spending proposals to the Council. Funding applications were invited from strategic infrastructure providers from November 2017 – January 2018. These were considered at the previous Board meeting held on 22 February 2018.

2.2 Two decisions from this earlier Board were deferred to the 13 June 2018 meeting, with an additional application by the NWSCCG and the resubmitted application from Cobham Free School and Cobham Rugby & Sports Association. The total amount requested from the four bids was £516,587. At June 2018, the total amount available for allocation to strategic infrastructure is £4,269,049.

2.3 Details of the bids are summarised below. Full details are contained within the Strategic Spending Board papers.
### Scheme name and description

<table>
<thead>
<tr>
<th>Scheme name and description</th>
<th>CIL funding sought</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Additional facilities (discus cage) at Xcel (Waterside Drive) Sports Hub (Elmbridge Borough Council)</td>
<td>£18,169</td>
</tr>
<tr>
<td>2. Replacement of retractable seating at Walton Playhouse (Elmbridge Borough Council)</td>
<td>£35,000</td>
</tr>
<tr>
<td>3. Provision of GP services at Walton Community Hospital (NWSCCG)</td>
<td>£140,000</td>
</tr>
<tr>
<td>4. Provision of a new Artificial Grass Pitch (AGP) for the benefit of the state-funded school (Cobham Free School and Cobham Rugby &amp; Sports Association)</td>
<td>£323,418</td>
</tr>
</tbody>
</table>

**Total**: £516,587

### 2.4 An authority must apply strategic CIL to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. The infrastructure that is funded through CIL should assist in addressing the infrastructure impacts created by new development. The Strategic Spending Board considered the projects submitted in relation to the CIL guidance and assessed the impact of the project. Officers also provided a scoring assessment to indicate the suitability and value in considering the bid CIL funding. In summary the Board’s recommendations were based on several considerations:

### 2.5
- The extent to which the project mitigates the impact of development within the Borough;
- The level of benefits to residents, including evidence of community support;
- The level of match funding attached to the project;
- Value for money of the scheme and added value that CIL could deliver, and;
- Deliverability.

### 2.6 Consideration was also given to the Council’s Infrastructure Delivery Plan (IDP), prepared in support of the Core Strategy, and whether an application sought to address known infrastructure needs with the Borough. Bids were also reviewed in terms of whether they reflected infrastructure related issues / concerns raised by our residents and service providers as part of the Local Plan: Strategic Options Consultation (December 2016).

### 2.7
Five key areas have been identified where there are known / expressed infrastructure issues because of increased development pressure within the Borough:

- Schools - to support the increase in school age population because of new development;
- Transport - new development will add to existing pressures on the Borough’s road network. This will primarily be on the local road network with increasing pressure at local congestion hotspots and a need to ensure continued safety on our road network. More information on transport pressures is set out in Transport Strategy and Implementation Programme for Elmbridge BC that was published by Surrey County Council in 2014;
- Medical facilities – to support the growth in services and capacity at medical practices due to increases in population linked to new development;
- Leisure and recreation - identified need for playing pitches, and the need to encourage access and participation in sports; and
- Mitigation of development on the Thames Basin Heaths Special Protection Area.

2.8 As set out in Appendix A, the recommendation of the Board is that three of the applications be funded in full (applications 1, 2 and 3); one application (application 3) subject to two key conditions being met in addition to the standard terms and conditions that apply to all bids. The Board resolved to defer one application (application 4).

2.9 The two applications that the Board is recommending to fund in full are the two Council applications: Application 1 - Xcel (Waterside Drive) Sports Hub and Application 2 - Replacement of retractable seating at Walton Playhouse. The application recommended for funding with additional conditions is for the provision of a GP services at Walton Community Hospital (NWSCCG) (application 3). Whilst there was a recognised need to continue to provide additional capacity and new facilities, concern was expressed as to the lack of community engagement undertaken and any additional impacts on the road network that the relocation may have. As set out in Appendix A, the two conditions proposed are:

1. Satisfactory consultations with local residents and Ward Members being undertaken with regard to parking concerns and the impact of additional traffic. Officers will liaise with local Ward Members and the Chairman of the Strategic Spending Board to determine whether the condition has been met; and

2. The submission of a satisfactory travel plan agreement being in place and prepared in consultation with Elmbridge Borough Council and Surrey County Council.

2.10 As set out in Appendix A, on consideration of the application the Board resolved to defer the bid for a new Artificial Grass Pitch (AGP) for the benefit of the state-funded school, submitted by Cobham Free School and Cobham Rugby & Sports Association.

Financial implications:
The funding proposals above would come solely from funds raised through the Community Infrastructure Levy. There are no implications for other budget in relation to this report. There are sufficient monies in the CIL pot to fund the schemes.
Environmental/Sustainability Implications:
A number of schemes are intended to address congestion by reducing journeys or improving sustainable travel options.

Legal implications:
The decision made by the Council as to the allocation of CIL must be in conformity with the relevant legislation governing CIL (the Planning Act 2008 and the CIL Regulations 2010 (as amended 2011 and 2012)).

Equality Implications:
There are no direct equality implications arising from this report.

Risk Implications:
The key risks for the Council associated with this funding are the reputational risks to the Council of not supporting the required infrastructure and financial risk of non-delivery of projects. In order to manage financial and legal risks, funding agreements will be put in place with infrastructure providers to ensure that CIL funding is spent in line with Council expectations. All spending and delivery will be monitored through the Annual Monitoring Report and annual CIL report.

Community Safety Implications:
There are no community safety implications arising from this report

Principal Consultees:
CMB, Legal, Finance

Background papers:
None

Enclosures/Appendices:
Appendix A: Minutes of the Strategic Spending Board meeting
This page is intentionally left blank
Elmbridge Borough Council

Strategic Spending Board

Report of a meeting held on Wednesday, 13 June 2018

Members of the Committee:

* J.W. Browne (Chairman)
* B.J.F. Cheyne
* C.R. Green
* N. Haig-Brown
* Mrs. D.M. Mitchell
* T.G. Oliver
* Mrs. K. Randolph

* Denotes attendance

Also present:

Tricia W. Bland, A. Davis, Mrs. C. Elmer, Mrs. C. James, Mrs. V. Macleod, Mrs. T. Shipley and Mrs. J.R. Turner

1/18 To Appoint a Chairman for the 2018/19 Municipal Year

The Strategic Spending Board appointed J.W. Browne as Chairman for the Municipal Year 2018/19.

2/18 Declarations of Interest

In respect of the bid submitted by Cobham Free School and Cobham Rugby & Sports Association, whilst not a disclosable pecuniary or any other interest under the Code of Conduct, T.G. Oliver wished that it be noted that he was the Chairman of Governors of Esher College. In addition, in respect of the bid submitted by North West Surrey Clinical Commissioning Group (NWSCCG), whilst not a disclosable pecuniary or any other interest under the Code of Conduct, he wished that it be noted that he was the Chairman of the Surrey Health and Wellbeing Board.

3/18 Minutes of the Strategic Spending Board Meeting held on 22 February 2018

The Minutes of the meeting of the Strategic Spending Board held on 22 February 2018 were agreed as a correct record.

4/18 Chairman's Opening Remarks

The Chairman requested clear guidance in respect of the criteria for applications for Community Infrastructure Levy (CIL) funding due to its perceived vague nature.

The Chairman clarified that the Strategic Spending Board made recommendations to Cabinet and if Members were minded, the Board could fund applications in full; part fund or not fund at all.
These Minutes should be referred to in conjunction with the Minutes of the subsequent meeting of the Council, where they are presented; and for completeness to the next relevant meeting when the Minutes are adopted.

Recommendations to Cabinet on 4 July 2018

5/18 Strategic Spending Board Report

The Strategic Spending Board considered a report that summarised the four applications received by the Council which sought Community Infrastructure Levy (CIL) funds; as follows:

- Elmbridge Borough Council, which was seeking £18,169. The deferred application was in respect of an additional discus cage at the Xcel Sports Hub, Waterside Drive.

- Elmbridge Borough Council, which was seeking £35,000. The deferred application was in respect of the replacement of retractable seating at Walton Playhouse.

- North West Surrey Clinical Commissioning Group (NWSCCG), which was seeking £140,000. The application was in respect of the provision of General Practitioner (GP) services at Walton Community Hospital.

- Cobham Free School and Cobham Rugby & Sports Association, which was seeking £323,418. The resubmitted application was in respect of the balance of the project cost towards an artificial playing pitch at Cobham Rugby and Sports Association.

Applicants had been invited to the meeting to present their respective application.

The Strategic Spending Board deliberated the applications in private session.

6/18 EBC - Additional discus cage at the Sports Hub, Waterside Drive

The Strategic Spending Board welcomed Ms. L. Taylor, Leisure Facilities Manager, Elmbridge Borough Council and Mr. S. Mace from Walton Athletic Club to the meeting. Ms. Taylor presented the application and provided Members with background information in respect of an additional discus cage at the Xcel Sports Hub, Waterside Drive.

Ms. Taylor explained that Walton Athletic Club was based at the Xcel Sports Hub and the Club had a large membership base and a very active throws section, both on a casual and a competitive basis. The Xcel Sports Hub currently had only one hammer / discus cage and 2 shot put circles. Due to the success of Walton Athletic Club throws section, the large number of athletes and the fact that there was only one hammer / discus cage, athletes had to wait a long time between throws or were only able to spend half a session throwing from the cage to allow time for all athletes to throw. Members noted that the proposed application was to provide an additional discus cage and circle by replacing one of the shot put circles with a larger circle suitable for discus throwing.

On consideration of the application, the Strategic Spending Board
These Minutes should be referred to in conjunction with the Minutes of the subsequent meeting of the Council, where they are presented; and for completeness to the next relevant meeting when the Minutes are adopted.

**Recommended: that**

£18,169 be awarded to Elmbridge Borough Council in respect of an additional discus cage at the Xcel Sports Hub, Waterside Drive.

7/18  EBC - Replacement of retractable seating at Walton Playhouse

The Strategic Spending Board welcomed Ms. L. Taylor, Leisure Facilities Manager, Elmbridge Borough Council to the meeting. Ms. Taylor presented the application and provided Members with background information in respect of the replacement of retractable seating at Walton Playhouse.

Members noted that the proposed application was to replace the old retractable seating system at Walton Playhouse which had reached the end of its useful life. The seating, situated at the rear of the main auditorium, was approximately 20 years old and provided 90 retractable chairs. The existing retractable seating had been serviced on an annual basis and the arm rests had been replaced when necessary. However, as the system relied on moving parts, these had inevitably worn out over time. It would not be possible or cost effective to replace just part of the system. Retractable seating was essential to the continued use of Walton Playhouse as a key performing arts venue within the Borough.

On consideration of the application, the Strategic Spending Board

**Recommended: that**

£35,000 be awarded to Elmbridge Borough Council in respect of the replacement of retractable seating at Walton Playhouse.

8/18  NWSCCG - Provision of GP services at Walton Community Hospital

The Strategic Spending Board welcomed Mr. A. Grimes and Mr. T. Thomas from North West Surrey Clinical Commissioning Group (NWSCCG) to the meeting. Mr. Grimes presented the application and provided Members with background information in respect of the provision of General Practitioner (GP) services at Walton Community Hospital.

Mr. Grimes explained that the purpose of the project was to create the physical infrastructure that would enable the delivery of the out of hospital Primary Care Operating Model and Local Integrated Care Operating Models that form part of the Surrey Heartlands Sustainability and Transformation Plan. In addition, it would also provide relief in the short to medium term for the increased pressure on local health services in the aftermath of the Weybridge Hospital fire. Members noted that Walton Community Hospital had a disused ward area and the Fort House Surgery had outgrown its existing accommodation and the transfer of the practice would extend the range of services offered.

Mr. Grimes informed Members that the changes to the building would enable the NWSCCG to increase capacity and transform GP services to support older people.
Burwood Ward in Walton Community Hospital had been vacant for a number of years and required extensive re-modelling to make it suitable as a GP service.

Members concerns related to the lack of parking facilities at Walton Community Hospital and the impact of additional traffic in the area. Mr. Grimes explained that the Council’s policy stated one parking space per consultant was required and discussions would take place with Surrey County Council in respect of the local bus services that were available.

On consideration of the application, the Strategic Spending Board

**Recommended:** that

£140,000 be awarded to North West Surrey Clinical Commissioning Group (NWSCCG) in respect of the provision of General Practitioner (GP) services at Walton Community Hospital. Allocation of this funding be subject to two key conditions:

1. Satisfactory consultations with local residents and Ward Members being undertaken with regard to parking concerns and the impact of additional traffic. Officers will liaise with local Ward Members and the Chairman of the Strategic Spending Board to determine whether the condition has been met; and

2. The submission of a satisfactory travel plan agreement being in place and prepared in consultation with Elmbridge Borough Council and Surrey County Council.

**Matters of Report**

**9/18 Cobham Free School & Cobham Rugby & Sports Association - Artificial playing pitch**

The Strategic Spending Board welcomed Mr. H. Morris, Chair of Governors from Cobham Free School, Ms. V. Alexander, Head of Community Development and Mr. D. Williams from Cobham Rugby Sports Association, to the meeting. Mr. Williams presented the resubmitted application and provided Members with background information in respect of the shortfall of funding that was required for the development of a new Artificial Grass Pitch (AGP).

A number of reservations about the resubmitted application were raised, due to the fact that the previous Strategic Board had imposed a condition that the allocation of the funding awarded of £471,144.87 be subject to the balance of the project cost being obtained from third parties. Members were of the view that match funding or part funding had not been actively sought from other sources. Mr. Williams replied that over £2 million had been invested in the club over the past decade and they had tried to seek third-party funding, however this had not been achievable.

Furthermore, a condition had previously been imposed that the allocation of the funding be subject to a signed Community Use Agreement. A Member queried...
whether the facility would be made available to the wider community. Mr. Morris replied that Cobham Free School had exclusive use of the facility during school hours throughout the year, however the aim of the project was to maximise the use of the facilities outside of school hours to the wider community.

A Member queried whether the applicant had investigated if the VAT amount of £132,000 could potentially be reclaimed. Mr. Williams replied that their tax consultants had not provided 100% assurance that the full amount of VAT was reclaimable, however the full amount was expected to be recovered.

On consideration of the application, the Strategic Spending Board resolved that the application be deferred to enable Cobham Free School and Cobham Rugby & Sports Association:

1. To seek further clarification on whether the VAT amount of £132,000 is recoverable in full or in part, and if so, the mechanism for this and how this reduced amount would impact on the requested figure of £323,418;

2. In liaison with officers, demonstrate that all other funding sources, for example, the London Marathon Charitable Trust has been pursued;

3. To provide a fuller understanding of the offer to the wider community and how Cobham Free School and Cobham Rugby & Sports Association intends to promote availability including, a signed Community Use Agreement with Elmbridge Borough Council being in place; and

4. Entering into pre-application discussions with Elmbridge Borough Council or submit a planning application to determine whether planning permission is required and what restrictions there could be on the use of the pitch.

The meeting commenced at 9.00 am and concluded at 11.12 am

J.W. Browne
Chairman
Democratic Services Officer

Mrs. P. Phillips  Committee and Member Services Officer

Other Officers in attendance

Mrs. K. Tagliarini  Head of Planning Services
Ms. S. Parkes  Planning Policy Manager
M. Corbett  Planning Policy Officer
Committee: Cabinet  
Date of meeting: 4 July 2018

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Street Naming and Property Numbering Charges Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Officer:</td>
<td>Jennifer Bailey / Amy Jackson</td>
</tr>
<tr>
<td>Portfolio Holder:</td>
<td>Councillor James Browne, Portfolio Holder for Planning Services</td>
</tr>
<tr>
<td>Link to Council Priorities:</td>
<td>All</td>
</tr>
<tr>
<td>Exempt information:</td>
<td>None</td>
</tr>
<tr>
<td>Delegated status:</td>
<td>For Resolution</td>
</tr>
<tr>
<td>Key decision:</td>
<td>No</td>
</tr>
</tbody>
</table>

**Executive Summary:**

This report outlines the proposal to review the Street Naming and Numbering charges level.

**Recommendation:** that

(a) the Council agree to a one-off increase in the current charging levels for addressing properties and naming new streets as detailed in report; and

(b) the Council agree that charges maybe increased in April each year in-line with Consumer Price Inflation without further Council agreement

**Report:**

1. **Background**

Charging for discretionary services in connection with Street Naming and Numbering was introduced on 3rd October 2016 following approval by Cabinet see Appendix 1 for reference.

2. **Income generated**

The total revenue generated for the initial period 3rd Oct 2016 to 3rd Oct 2017 was **£28,149** with a breakdown as follows:

- Revised property names – additions / removals
  - 42 applications = £2,100

- Confirmation of address
  - 1 application = £40

- Infills and conversions
  - 43 applications = £15,142

- New streets and associated properties
  - 3 applications = £10,867
3. **Recovering costs**

The paper presented to Council on the 14\textsuperscript{th} September 2016 proposing the introduction of charging stated that charges would aim to recover costs incurred by the council to provide this statutory function.

While we have gone some way to recover these costs the current level at which the charges are set does not recoup the cost of the officer time spent in delivering this service. The extra cost is currently still supported by the Elmbridge tax payer.

In order for the cost of this service to be funded by developers then an increase in our charges is necessary. The increase in charges is not designed to be profit making and only being set at a level to recover costs.

It is not proposed to increase the charge for residents to change or add a name to their house.

4. **Change in fees in other authorities**

These authorities were used as comparison when setting the current level of charges. Detailed below is if there has been a change in their fees since September 2016. Please see Appendix 2 for actual increases.

<table>
<thead>
<tr>
<th>Authority</th>
<th>Increased charges since Sept 2016</th>
<th>Level of increase £</th>
<th>Level of increase %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrey Authorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surrey Heath</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Mole Valley</td>
<td>Yes</td>
<td>£1.25 - £15</td>
<td>3% - 5%</td>
</tr>
<tr>
<td>Runnymede</td>
<td>Yes</td>
<td>£1 - £2</td>
<td>0.6% - 2%</td>
</tr>
<tr>
<td>Spelthorne</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Epsom</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Tandridge</td>
<td>Yes</td>
<td>£2 - £20</td>
<td>20%</td>
</tr>
<tr>
<td>Other Authorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambridge City Council</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Durham County Council</td>
<td>Yes</td>
<td>£1 - £9</td>
<td>0.5% - 2%</td>
</tr>
<tr>
<td>London Borough of Richmond</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>London Borough of Merton</td>
<td>No</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Research with other local authorities shows that the charges are set to recover costs and that they are reviewed periodically to ensure this.

5. **Recommendation 1**

It is recommended a one-off increase is applied to the current charging level in order set the charges to a level which better represents the cost of providing the service. This increase will affect developers applying for street naming and numbering following a development resulting in the creation of new properties.
Please see table below with the charges proposed

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-2018 charge</th>
<th>Proposed charges from 3rd September 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property naming / renaming</td>
<td>£50</td>
<td>£50 - No change</td>
</tr>
<tr>
<td>Confirmation of address</td>
<td>£40</td>
<td>£40 - No change</td>
</tr>
<tr>
<td>A new development flat rate charge (not including a new street name)</td>
<td>£200 plus...</td>
<td>£250 plus...</td>
</tr>
<tr>
<td>First 1-5 properties</td>
<td>£30 per property</td>
<td>£35 per property</td>
</tr>
<tr>
<td>Next 6-10 properties</td>
<td>£28 per property</td>
<td>£33 per property</td>
</tr>
<tr>
<td>Next 11+ properties</td>
<td>£25 per property</td>
<td>£30 per property</td>
</tr>
<tr>
<td>Naming a new street (or streets if in the same development)</td>
<td>£250 plus...</td>
<td>£300 plus...</td>
</tr>
<tr>
<td>First 1-5 properties</td>
<td>£30 per property</td>
<td>£35 per property</td>
</tr>
<tr>
<td>Next 6-10 properties</td>
<td>£28 per property</td>
<td>£33 per property</td>
</tr>
<tr>
<td>Next 11+ properties</td>
<td>£25 per property</td>
<td>£30 per property</td>
</tr>
<tr>
<td>Re-naming a street</td>
<td>£200 + £25 per property</td>
<td>£200 + £25 per property – No change</td>
</tr>
<tr>
<td>Amending the numbering/naming schedule once agreed (and prior to the Building Control Completion date)</td>
<td>£25 per plot</td>
<td>£25 per plot – No change</td>
</tr>
</tbody>
</table>

6. **Implementation**

   Should the proposal be agreed by Council then it is proposed that the new charging schedule is implemented from 3rd September 2018. Notice of these increases will be posted on the relevant pages on the Elmbridge Borough Council website.

7. **Recommendation 2**

   It is recommended that officers are granted approval to increase the charges on a yearly basis without further consultation with Council.
The increase would be by the consumer price rate of inflation and would be applied on a yearly basis in April of each year.

8. **Implementation**

If Council agree to this recommendation, then this would commence from April 2019.

**Financial implications:**
Should the proposal be approved by council, the income generated from Street Naming and Services will increase to ensure the cost of providing the service is fully funded.

Based on the new charges proposed the total revenue generated for the period 3rd Oct 2016 to 3rd Oct 2017 would have been £33,557. This equates to an additional £5408 per annum.

Please see table below which provides a comparison of the 2016-2018 Charges and the Post Sept 2018 Charges for the initial period 3rd Oct 2016 to 3rd Oct 2017.

<table>
<thead>
<tr>
<th>Service Type Description</th>
<th>No. of Apps</th>
<th>Income 2016 (based on 2016-2017 applications and charges)</th>
<th>Income 2018 (based on 2016-2017 applications and Sept 2018 charges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised property names – additions / removals (No Change)</td>
<td>42</td>
<td>£2100</td>
<td>£2100</td>
</tr>
<tr>
<td>Confirmation of Address (No Change)</td>
<td>1</td>
<td>£40</td>
<td>£40</td>
</tr>
<tr>
<td>Infills and Conversions</td>
<td>43</td>
<td>£15,142</td>
<td>£18,370</td>
</tr>
<tr>
<td>New streets and associated properties</td>
<td>3</td>
<td>£10,867</td>
<td>£13,047</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>89</strong></td>
<td><strong>£28,149</strong></td>
<td><strong>£33,557</strong></td>
</tr>
</tbody>
</table>

**Environmental/Sustainability Implications:**
None

**Legal implications:**
None

**Equality Implications:**
None

**Risk Implications:**
None. To date Elmbridge has not received any formal or informal complaints from developers or residents in regard to the charging for street naming and numbering services or the level of the charges that are currently imposed.

**Community Safety Implications:**
None
Principal Consultees:
Sarah Selvanathan, Strategic Director and Deputy Chief Executive
Councillor James Browne, Portfolio Holder for Planning Services

Background papers:
None

Enclosures/Appendices:
Appendix 1 – 2016-2018 charging schedule for reference
Appendix 2 – Other Local Authority Charging Schedules

Contact details:
Amy Jackson, GIS Manager / Information and Communication Technology
## Appendix 1

### 2016-2018 charging schedule for reference

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property naming / renaming</td>
<td>£50</td>
</tr>
<tr>
<td>Confirmation of address</td>
<td>£40</td>
</tr>
<tr>
<td>A new development flat rate charge (not including a new street name)</td>
<td>£200 plus...</td>
</tr>
<tr>
<td></td>
<td>First 1-5 properties</td>
</tr>
<tr>
<td></td>
<td>Next 6-10 properties</td>
</tr>
<tr>
<td></td>
<td>Next 11+ properties</td>
</tr>
<tr>
<td>Naming a new street (or streets if in the same development)</td>
<td>£250 plus...</td>
</tr>
<tr>
<td></td>
<td>First 1-5 properties</td>
</tr>
<tr>
<td></td>
<td>Next 6-10 properties</td>
</tr>
<tr>
<td></td>
<td>Next 11+ properties</td>
</tr>
<tr>
<td>Re-naming a street</td>
<td>£200 + £25 per property</td>
</tr>
<tr>
<td>Amending the numbering/naming schedule once agreed (and prior to the Building Control Completion date)</td>
<td>£25 per plot</td>
</tr>
</tbody>
</table>


This page is intentionally left blank
## Appendix 2

### Mole Valley

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Sept 2016</th>
<th>March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>House name change</td>
<td>£36.75</td>
<td>£38.00</td>
</tr>
<tr>
<td>Change name of block of flats</td>
<td>£72.00 for first property then £7.50 per additional flat</td>
<td>£75.00 for first property then £8.00 per additional flat</td>
</tr>
<tr>
<td>Changing a Street Name</td>
<td>£215.00 for a street up to 20 properties, £295.00 for a street with more than 20 properties</td>
<td>£225.00 for a street up to 20 properties, £310.00 for a street with more than 20 properties</td>
</tr>
<tr>
<td>Property Registration (New Developments)</td>
<td>£190.00 for the first plot plus £22.00 per plot up to 50 plots, then £12.00 per plot thereafter</td>
<td>£200.00 for the first plot plus £23.00 per plot up to 50 plots, then £13.00 per plot thereafter</td>
</tr>
</tbody>
</table>

### Runnymede

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Sept 2016</th>
<th>March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual property naming or re-naming, including notification</td>
<td>£60.00</td>
<td>£61.00</td>
</tr>
<tr>
<td>Amendment to a newly approved naming/numbering scheme</td>
<td>£60.00 admin fee plus £15 per plot</td>
<td>£61.00 admin fee plus £15 per plot</td>
</tr>
<tr>
<td>New developments</td>
<td>First plot: £60.00</td>
<td>First plot: £61</td>
</tr>
<tr>
<td></td>
<td>Plots 2 - 5: £30.00 per plot</td>
<td>Plots 2 - 5: £31 per plot</td>
</tr>
<tr>
<td></td>
<td>Plots 6 - 10: £25.00 per plot</td>
<td>Plots 6 - 10: £26 per plot</td>
</tr>
<tr>
<td></td>
<td>Plots 11 - 20: £20.00 per plot</td>
<td>Plots 11 - 20: £20 per plot</td>
</tr>
<tr>
<td></td>
<td>Plots 21 and greater: £15.00 per plot</td>
<td>Plots 21 and greater: £15 per plot</td>
</tr>
<tr>
<td></td>
<td>Naming a street: £100.00 per street</td>
<td>Naming a street: £102 per street</td>
</tr>
<tr>
<td></td>
<td>Naming a building (eg block of flats): £100.00 per block</td>
<td>Naming a building (eg block of flats): £102 per block</td>
</tr>
</tbody>
</table>

### Tandridge

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Sept 2016</th>
<th>March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naming a new street</td>
<td>£100.00</td>
<td>£120.00</td>
</tr>
<tr>
<td>Changing an existing street name</td>
<td>£300.00</td>
<td>£300.00</td>
</tr>
<tr>
<td>New Property Numbering</td>
<td>£100.00</td>
<td>£120.00</td>
</tr>
<tr>
<td>Numbering multiple properties – charge per property</td>
<td>£10.00</td>
<td>£12.00</td>
</tr>
<tr>
<td>Property Renumbering</td>
<td>£150.00</td>
<td>£150.00</td>
</tr>
<tr>
<td>Renumbering multiple properties – charge per property</td>
<td>£15.00</td>
<td>£15.00</td>
</tr>
<tr>
<td>Changing a property name where there is no number</td>
<td>£100.00</td>
<td>£120.00</td>
</tr>
<tr>
<td>Changing a property name where there is an unchanged number</td>
<td>£10.00</td>
<td>£12.00</td>
</tr>
<tr>
<td>Service Description</td>
<td>Sept 2016</td>
<td>March 2018</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Property Name: Additions &amp; Charges</td>
<td>£52.00 per property</td>
<td>£54.00 per property</td>
</tr>
<tr>
<td>Addressing / Numbering of new properties (on existing road)</td>
<td>£52.00 admin fee plus £5.00 per plot requiring a number</td>
<td>£54.00 admin fee plus £5.00 per plot requiring a number</td>
</tr>
<tr>
<td>Naming of a new street (additional charge to the above numbering, where a new street name is required)</td>
<td>£156.00</td>
<td>£162.00</td>
</tr>
<tr>
<td>Sub-division of properties (and based on number of properties created including original)</td>
<td>£52.00 admin fee plus £5.00 per flat</td>
<td>£54.00 admin fee plus £5.00 per flat</td>
</tr>
<tr>
<td>Renaming of a street where requested by residents</td>
<td>£468.00</td>
<td>£487.00</td>
</tr>
<tr>
<td>Confirmation of address to Solicitors / conveyancers / occupiers or owners</td>
<td>£25.00</td>
<td>£27.00</td>
</tr>
<tr>
<td>Development re-number due to change in plot numbers or plot positions</td>
<td>£104.00 admin fee plus £10.00 per property</td>
<td>£108.00 admin fee plus £10.00 per property</td>
</tr>
<tr>
<td>Address issued / confirmed when replacement property built (as the original address will have been removed following demolition as address may be different to original property) / reactivation of address when address deleted from databases</td>
<td>£52.00 per property</td>
<td>£54.00 per property</td>
</tr>
<tr>
<td>Challenges / requests / revisions to existing street naming and numbering schemes</td>
<td>£30.00 per hour</td>
<td>£30.00 per hour</td>
</tr>
</tbody>
</table>
Executive Summary:

To provide the Cabinet with an update on the Revenue and Capital Outturn for 2017/18 and a brief update on the 2018/19 in year budget. The audited Statement of Accounts for 2017/18, which contains the detailed figures in a format compliant with the requirements of the Code of Practice on Local Authority Accounting will be presented for approval to the Audit and Standards Committee in July 2018 following the audit during June and July.

Recommended that:

(a) Cabinet notes the outturn for 2017/18 and;
(b) notes the early budget update for 2018/19;
(c) Cabinet recommends to Council to approve an increase in the approved budget for the works on Drewitts Court (£115,000) and Brooklands Culvert (£55,000) to be funded from the Car Parking Maintenance Reserve and Suitable Accessible Natural Green Space (SANGS) contributions respectively.

Report:

1. Introduction

1.1 In accordance with the regulations, the Council’s Chief Finance Officer (Section 151 Officer) needs to issue the draft accounts by 31 May which are then subject to audit. The audited Statement of Accounts will then be approved by the Audit and Standards Committee in July.

1.2 The format required for the Statement of Accounts is not directly comparable to the Council’s management accounts and the Statement is effectively an academic exercise, caution should be exercised in making comparisons to the financial position of the authority, and in particular the revenue position.

1.3 The Narrative to the 2017/18 Statement of Accounts gives a more accessible summary of the financial position and is attached at Appendix A.
1.4 The 2017/18 Statement of Accounts was issued by the Strategic Director & Deputy Chief Executive on 23 May 2018.

2. **Revenue Outturn and Overview of 2017/18**

2.1 In February 2017 the Council approved the 2017/18 net budget for council tax setting purposes at £16.4 million. In February 2018 the Council considered a revised forecast which contained a variation and changes to the anticipated spend for the year.

2.2 As a result of these variations and other changes in the anticipated spend, a revised forecast figure was reported in February 2018 (£0.9 million) which after taking account of the movements in provisions predicted an expenditure in line with the approved budget. The underspend at the time of the revised estimate was earmarked to fund the purchase of investment property. The actual outturn position was broadly in line with the revised forecast.

2.3 The underspend identified in February is detailed in the February Cabinet report. This is as a result of better than budgeted income in rents for property and car parking, combined with some one-off income contributing to the underspend. In addition, prudent budget management during the year, ensuring that the funds available are used to deliver services at the lowest cost to the Council Taxpayer.

2.4 It should be noted that the position reported at this time is provisional pending the full audit of the Statement of Accounts for the year.

2.5 The outturn for 2017/18 confirms earlier forecasts that the General Fund balance as at 31 March 2018 remains sound. However, with continuing volatility in the economy and BREXIT, where Elmbridge has seen huge fluctuations in income and interest together with known pressures and doubts over future public-sector Government support, the recommended level of £4 million General Fund balance is essential.

2.6 In setting both the 2017/18 and 2018/19 budget, Heads of Service have costed their activities to achieve outcomes in their service plans. Corporate Management Board considers that carry forward of unspent budget provisions into 2018/19 would be appropriate where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2018/19. The following criteria was used to determine the carry forwards:

- Deferred expenditure for a valid reason beyond their direct control.
- To fund one-off project expenditure.

3. **Overview of 2017/18**

Elmbridge has kept within its overall budget in recent years but there have been under and overspends in individual service areas. The Council’s gross revenue budget for 2017/18 was £74 million and it provides an extremely wide range of very different services, many of them demand-led. As a result,
it faces a great variety of risks of adverse budget variations. These risks are mitigated by close budget monitoring and reporting in year to officers, Corporate Management Board and various committees.

3.1 In summary:

- For the 2017/18 financial year, continuing the trend in previous years, the Council delivered its services within the approved budget. This was achieved despite significant demand on services and during a period of uncertainty in the economic environment. Cautious spending combined with increased income levels has contributed to this favourable position.

- The Council’s General Fund balance stands at £4.0 million as at 31 March 2018.

- The in-year Council Tax collection performance was 98.9% (98.9% for 2016/17).

- The in-year Business Rates Collection performance was 99.2% (99.0% for 2016/17).

3.2 The main contributing factors to the underspend are as follows (£0.9 million was identified as part of the revised forecast in February 2018):

An analysis of the £1.0 million underspend (this represents less than 1% of Council’s overall budget) is as follows:

<table>
<thead>
<tr>
<th></th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Income (incl. new Property Purchases)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
</tr>
<tr>
<td>Transfer to Property Acquisition Reserve</td>
<td>(1.0)</td>
</tr>
</tbody>
</table>

The Council’s financial health remains strong and this capacity will be needed to provide a firm financial foundation for the Council to deliver services in what is a very challenging financial climate in the public sector for the medium term, with continued risk of the public-sector finances and our continued aspiration and drive to become financially independent by 2019/20.

4. **Effect on 2018/19 Budget**

4.1 A review has been carried out on the probable effect on the 2017/18 Budget of the over and underspends included in the outturn position. Items have already been taken into account in the 2018/19 budget or were one-off items that relate only to 2017/18. At this stage, the outturn figures appear to have little overall impact on the 2018/19 budget, with some exceptions where more
work will be required to ensure that the monitoring reflects the latest position. The detailed Outturn figures will be taken into consideration as part of the review of the 2018/19 Budget work to be undertaken during July/August.

5. **Capital Outturn**

5.1 The capital programme for 2017/18 outturn position is £48 million, an underspend of £11 million compared to the revised programme of £59 million.

5.2 In the majority of cases, the underspends are due to slippage in the projects timeframe and the funding will be carried forward into the 2018/19 capital programme following a review by the Council Management Board. Should there be no further requirement for the funding, the funds will be released back to the original funding source.

5.3 There are a number of individually large projects being re-phased into 2018/19 within the Resources Portfolio, including:

- the new nursery facility at Stompond Lane (which will be purchased once the building work has been completed);
- the car park refurbishment programme including Drewitts Court;

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Variance to Revised Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Resources</td>
<td>(7.1)</td>
</tr>
<tr>
<td>Planning*</td>
<td>0.6</td>
</tr>
<tr>
<td>Environment and Economy</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Highways and Transport</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Housing</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Leisure and Culture</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Social</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(10.6)</strong></td>
</tr>
</tbody>
</table>

*The planning overspend relates to CIL expenditure.

**Capital Spend Update 2018/19**

5.4 Due to circumstances beyond the contractors and officers’ control, two capital projects will exceed the approved expenditure. We are wholly committed to each project contractually and the reasons and the additional costs are highlighted below:-

**Brooklands Culvert**

Approval was given at February Cabinet 2018 to spend £286,000 in the Capital Programme bids for 2018/19. The cost of the project has increased from £286,000 to a completed cost of £341,355. An increase of £55,355. The reason for this increase is due to extensive asbestos discovered when undertaking the excavation which meant that the project had to be stopped and costs incurred for the safe disposal of the hazardous material and notifying the Health and Safety Executive. In addition to this and despite undertaking
an ecology survey prior to commencing the works, when excavation of the culvert commenced bird nesting was evident for which re-phasing of the works was required and this has resulted in additional costs to the project.

The work at Brooklands was to be funded from SANGS contributions received. At 1 April 2018 £450,000 remained unallocated to projects from SANGS meaning that these funds are available to fund the additional cost of the project.

**Drewitt’s Court**

The original capital bid of £1,500,000 which was approved by Cabinet in February 2017 as part of the overall car park programme which was funded from an existing provision (sums set aside in previous years) and strategic CIL funding. The actual contract sum for the works was £1,544,878 which was within the 5% permitted tolerance. The project has been extremely challenging since commencement due to the structural strengthening required to the parapet walls at first floor level. In addition, when the works commenced extensive asbestos was found during the excavation works on the ground floor which had unavoidable cost implications. The additional cost of the removal of the asbestos and strengthening works is £105,333 making the actual contract sum for the works £1,650,333. There are still 6 weeks of work left before the project is completed and whilst it is not anticipated that there will be any further cost implications we recommend that the figure now allocated to this project is £1,615,000.

The work at Drewitts Court was to be funded from the provision set aside for the work and CIL. The additional cost of £115,000 can be funded from the planned Car Park Maintenance Reserve contribution for 2018/19 of £150,000 for funding.

6. **Collection Fund**

6.1 The net collectable debt for Council Tax was at £114 million in 2017/18 (£110 million in 2016/17). The percentage of Council Tax collected for 2017/18 (payments received as a percentage of the collectable debit) was 98.9%.

6.2 The net collectable debt for Business Rates for 2017/18 was £62 million an increase of £3 million compared to 2016/17. The percentage of Business Rates collected for 2017/18 (payments received as a percentage of the collectable debit) was 99.2%.

7. **Significant Issues on Closing the 2017/18 Accounts**

7.1 **Community Infrastructure Levy (CIL)**

At 31 March 2017 £10.7 million was included in the earmarked reserve for CIL. During the year £8.8 million was allocated and has been reclassified on the balance sheet in accordance with how the CIL Boards allocated the expenditure (Capital Grant Unapplied or a Creditor for expenditure of a revenue nature). An additional £4.5 million has been received during 2017/18 leaving £6.4 million to be allocated with £5.7 million of schemes to be agreed
from Strategic Infrastructure and Maintenance Reserve. Part of the reason for the increased level of CIL is one of timing in that the decision of Cabinet in March 2018 was called in, and although the call had no effect on cabinets decision, the meeting considering the call in was in April 2018, meaning that at the Balance Sheet date (31 March 2018) no decision had been made, the amount to be allocated was £0.9 million.

**Provisions**

7.2 The Council has a full repairing responsibility on an Asset it leases. In 2016/17 a further provision of £250,000 was made to meet its obligations under the leasing agreement bringing the total provision to £1.25 million. To date the Council has spent £297,000 repairing the asset, with the balance to be utilised during 2018/19. Two other properties no longer require a provision. The most significant of these was for a site which has been sold (Stompond Lane).

7.3 The 2017 revaluations increased the rateable values of the majority of Business properties within the Borough. However, a few properties (large supermarkets), had outstanding appeals against the 2010 valuations and these received decreases in their rateable values, on the 2017 valuation list. In order to provide for successful appeals a specific provision has been made for these properties of £3.0 million which would represent a 10% reduction in the 2010 valuations.

7.4 The balance represents the Council’s proportion (40%) of the potential reduction in the amount of business rates as a result of appeals and future appeals. If the Valuation Office re-assess the rateable value as a result of an appeal, the Council will refund the property owner for its overpayment, backdated to the date of the original assessment. The balance of the cost is normally borne by Central Government (50%) and Surrey County Council (10%). However, when the Council is in a Pool (or a Pilot), and there is a pooling gain, this would be borne by the Pool (or the Pilot).

7.5 During 2016/17 the Valuation Office carried out a re-valuation exercise. These valuations came into effect on 1 April 2017 together with a new process for reviewing rateable values. An additional provision of 6% has been made to reflect the uncertainty associated with the new valuations and the “appeal” process, which started for these new valuations.
8. **Balance Sheet**

8.1 **A summary balance sheet for the last two years is shown below:**

<table>
<thead>
<tr>
<th>31 March 2017</th>
<th>31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>154,904</td>
<td>188,814</td>
</tr>
<tr>
<td>Long Term Assets</td>
<td></td>
</tr>
<tr>
<td>56,644</td>
<td>84,449</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>(21,612)</td>
<td>(21,363)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>(79,451)</td>
<td>(104,538)</td>
</tr>
<tr>
<td>Long Term Liabilities</td>
<td></td>
</tr>
<tr>
<td><strong>110,485</strong></td>
<td><strong>147,362</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4,000</strong></td>
<td><strong>4,000</strong></td>
</tr>
<tr>
<td><strong>Useable Reserves</strong></td>
<td></td>
</tr>
<tr>
<td><strong>17,427</strong></td>
<td><strong>20,305</strong></td>
</tr>
<tr>
<td><strong>Earmarked Reserves</strong></td>
<td></td>
</tr>
<tr>
<td><strong>10,735</strong></td>
<td><strong>12,137</strong></td>
</tr>
<tr>
<td><strong>Community Infrastructure Levy (CIL)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>12,177</strong></td>
<td><strong>20,498</strong></td>
</tr>
<tr>
<td><strong>Capital Receipts Reserve</strong></td>
<td></td>
</tr>
<tr>
<td><strong>11,709</strong></td>
<td><strong>14,691</strong></td>
</tr>
<tr>
<td><strong>Capital Grants Unapplied</strong></td>
<td></td>
</tr>
<tr>
<td><strong>56,048</strong></td>
<td><strong>71,631</strong></td>
</tr>
<tr>
<td><strong>Total Useable Reserves</strong></td>
<td></td>
</tr>
<tr>
<td><strong>54,437</strong></td>
<td><strong>75,731</strong></td>
</tr>
<tr>
<td><strong>Unused Reserves</strong></td>
<td></td>
</tr>
<tr>
<td><strong>110,485</strong></td>
<td><strong>147,362</strong></td>
</tr>
<tr>
<td><strong>Total Reserves (Net Worth)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

The unusable reserves are the Capital Adjustment Account, Revaluation Reserve, Collection Fund Adjustment Account, Accumulated Absence Account, Pension Reserve and Deferred Capital Receipts Reserve.

The Council’s net worth has increased by £36.9 million, mainly as a consequence of an increase in the value of its long-term assets of £33.9 million and an increase in current assets of £27.8 million. These were reduced by an increase in long term borrowing of £24.4 million.

8.2 The Long-Term Assets of the authority have increased due to:

- An increase of £14.7 million in the values of the property, plant and equipment, of which £13.4 million relates to additions or enhancements to Council Buildings – including the Sports Hub £6.6 million, Albemarle House £1.1 million, and £1.6 million on other properties (including Car Parks, the Civic Centre and Hersham Day Centre) and £4 million relates to additional or replacement vehicles and equipment, with £3.3 million on the Joint Waste Contract Vehicles and the balance on other vehicles and equipment (including Community Transport, the Sports Hub and IT Hardware). The balance of the increase relates to asset revaluations net of in year depreciation and the disposal of Stompond Lane at its carrying value £0.5 million.

- A £31.3 million increase because of investment property purchases including £15 million relating to Sandown Industrial Estate and £17.5
million relating to 50-68 High Street Weybridge. There was a reduction as a consequence of fair value adjustments of £1.2 million relating to investment properties.

8.3 The Useable Reserves have increased due to:

- £8 million of capital receipts received during the year, not being applied to fund capital expenditure in the year. This is the main reason for the increase in the Capital Receipts Reserve and relates to the sale of Stompond Lane, after funding the Sports Hub.

- The main reasons for the increase in Earmarked Reserves is a £2 million increase in the Business Rates Retention Reserve and a £1 million increase in CIL reserves.

- The increase in the Capital Grants Unapplied reserve is mainly due to a £2 million increase in S106 Affordable Housing Grants received.

9. **2018/19 Budget Monitoring**

9.1 Based on the first two months of this financial year, the table below shows an early indication of income against budget and should be viewed with some caution at this early stage. At this early stage of the year there are no significant variances to the budget that needs to be drawn to attention of the Cabinet. Further updates to Cabinet will follow later in the year.

<table>
<thead>
<tr>
<th>Current Prediction Compared to Budget</th>
<th>Land Charges *</th>
<th>Interest on Balances</th>
<th>Cemetery Income</th>
<th>Planning Fee Income</th>
<th>Centre Income</th>
<th>Net Recycling Income</th>
<th>Off Street Parking Income</th>
<th>Investment Property Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income neutral compared to budget</td>
<td>↗</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional income above budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income below budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- * Land Charges have to break even by statute with any surplus being used to offset future years’ fees and does not therefore result in an income stream which contributes to the Council’s budget.
9.2 Regulate monitoring and reporting is paramount in managing the budget given the level of savings and additional income included in the 2018/19 budget.

10. **MTFS and 2019/20 Budget**

10.1 To reduce Local Government’s dependence on central Government for funding by the end of this Parliament, the Government announced plans for local Government to keep 100% of the income raised locally through Business Rates. To ensure Councils with less Business Rates do not lose out re-distributions between authorities will continue.

10.2 Surrey Districts along with Surrey County Council applied to participate in Business Rate Retention Pilots from April 2018. In December 2017 it was announced that Surrey’s bid was successful. As a result of entering the Pilot the Council will retain an estimated extra £0.7 million of business rates which would otherwise have been paid to Central Government. Because of the complexities of the Business Rates Retention Scheme, this will become available to use in 2019/20.

10.3 A report outlining the Budget Strategy for 2019/20 will be reported to the September Cabinet.

**Financial implications:**
The Council’s accounts are produced according to the Code of Practice on Local Authority Accounting, which facilitates benchmarking with other authorities.

In addition to the approved Capital Programme two projects, Brooklands Culvert and Drewitts Court will exceed their current allocations of expenditure. The additional costs of £55,000 and £115,000 respectively can be met from existing resources.

**Environmental/Sustainability Implications:**
None for the purpose of this report.

**Legal implications:**
Under the Accounts and Audit Regulations 2015 the Council is required to prepare, in accordance with proper practices, a Statement of Accounts and have them formally approved by a resolution of a Committee (Audit and Standards Committee at Elmbridge Borough Council).

**Equality Implications:**
There is no need for an Equality Impact Assessment as part of this report.

**Risk Implications:**
Preparation of the Council’s Annual Statement of Accounts is managed carefully to minimise risks and ensure that statutory obligations are met. Regular monitoring and robust financial management of budgets has enabled the outturn to be within the overall budget.
**Community Safety Implications:**
There are no direct community safety implications as part of this report.

**Principal Consultees:**
Council Management Board.

The Council is committed to publishing its summary accounts in a way that is accessible to the public. The published accounts will be made available to the public on the Council website on a timely basis. The Council also publishes user-friendly versions of the Council finances in a summary form in September to all households in the Borough via the Elmbridge Review.

**Background papers:**
None.

**Enclosures/Appendices:**
Appendix A: Narrative to the 2017/18 Statement of Accounts.

**Contact details:**
Strategic Director & Deputy Chief Executive, 01372 474100
sselvanathan@elmbridge.gov.uk
Head of Finance, 01372 474123
acooper@elmbridge.gov.uk
Narrative to the 2017/18 Statement of Accounts
Narrative for 2017/18

Summary of Financial Performance in the year

In the financial year to 31 March 2018, the Council delivered its services within the approved budget of £16,365,890. This is in accordance with the Council’s medium term financial strategy, and robust financial management of the Council’s services has enabled further savings to be made during the year.

The Council’s General Fund balance remains at £4 million as at 31 March 2018. The Council’s financial health has continued to strengthen and this capacity will be needed to provide a firm financial foundation for the Council to deliver services in what is a very challenging financial climate in the public sector for the medium term, with risk on BREXIT and uncertainty around the current national political environment and its priorities and, in particular, the Business Rates Retention Scheme and the Fair Funding Review.

The Council has recognised in strategic terms that the local authority needs to reduce its dependency on Government revenue funding when public funds are so highly constrained, through effective use of assets, increased income from property investments and retention of Business Rates, as the clear message from Central Government is that Councils should fund local services with locally raised revenues.

Financial Planning

The role of the Council’s financial planning process is to support the achievement of the Council’s Strategic Priorities and Corporate Plan. The main driver for the budget and savings options developed is the administration’s desire to provide high quality services that are in line with Council priorities and residents needs at the least possible cost to Council Tax payers.

The objectives of the Council’s financial strategy are to:

- Prioritise resources to align spending plans with the Council’s vision and strategic priorities
- Provide a robust framework to assist the decision-making process
- Maintain a balanced budget position, and to set a medium and long term financial plan maintaining and strengthening that position
- Continue to deliver value for money to our residents
- Exercise probity, prudence and strong financial control
- Manage risk, including strengthening reserves & levels of investment income
- Continually review budgets to ensure that resources are targeted on key priorities
Non-Financial Performance

A summary of the results of the 2016 Resident Panel survey are set out in the table below:

<table>
<thead>
<tr>
<th>Service</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents agree that the Council provides Value for Money</td>
<td>73</td>
<td>75</td>
<td>73</td>
</tr>
<tr>
<td>Satisfaction with Individual Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Services (includes noise nuisance, food hygiene pest control, licensing and removal of graffiti)</td>
<td>85</td>
<td>73</td>
<td>76</td>
</tr>
<tr>
<td>Waste Collection, recycling, refuse and food collection</td>
<td>n/a *</td>
<td>89</td>
<td>86</td>
</tr>
<tr>
<td>Street Cleaning</td>
<td>n/a *</td>
<td>75</td>
<td>66</td>
</tr>
<tr>
<td>Planning Services</td>
<td>44</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>Community Support Services</td>
<td>29</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Leisure and Cultural Services</td>
<td>68</td>
<td>63</td>
<td>64</td>
</tr>
<tr>
<td>Housing Services</td>
<td>13</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Local Taxation</td>
<td>78</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Overall Satisfaction with the way Elmbridge runs its services</td>
<td>88</td>
<td>88</td>
<td>86</td>
</tr>
<tr>
<td>Top three Priorities identified for the Council for the next five years were:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protecting the character of the area from building development</td>
<td>57</td>
<td>62</td>
<td>63</td>
</tr>
<tr>
<td>Working with the Police to keep crime and anti-social behaviour low</td>
<td>50</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Minimise council tax</td>
<td>33</td>
<td>35</td>
<td>33</td>
</tr>
</tbody>
</table>

* - These questions were not part of the survey in 2014

In September 2016, the bi-annual Residents’ Panel survey was sent to 1,548 panel members. Responses were received from 535 panel members, giving a response rate of 35% (2015 – 38%, 2014 – 43%). The purpose of the survey is to obtain residents’ view of the Council’s performance and priorities of the residents and taxpayers of the Council, the next Survey will be undertaken in 2018.

The top priorities were ascertained by asking what issues were most important for residents, with respondents allowed to tick up to three questions from a selection of thirteen.

Further details of the Residents Panel Survey can be found on the Council’s website.

Budget and Actual Expenditure 2017/18

Budget proposals for 2017/18 were reported to Members through various Cabinet, Overview and Scrutiny Committees, Performance and Finance Panel and Council between September 2016 and February 2017, with the final budget being approved in February 2017.

The Council’s approach to setting the budget involved detailed consideration of financial risk, so that this can be factored into budget decisions.
The 2017/18 Budget incorporated savings and reductions of £1.1 million. The main components of the budget for 2017/18, and how they compare with actual income and expenditure for the year are:

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>2016/17 Actual £’000</th>
<th>Original Budget £’000</th>
<th>2017/18 Actual £’000</th>
<th>Variance to Original Budget £’000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>401</td>
<td>385</td>
<td>314</td>
<td>(71)</td>
<td>18</td>
</tr>
<tr>
<td>Corporate Development</td>
<td>2,654</td>
<td>2,620</td>
<td>2,459</td>
<td>(161)</td>
<td>(6)</td>
</tr>
<tr>
<td>Environment and Economy</td>
<td>5,449</td>
<td>5,348</td>
<td>5,437</td>
<td>90</td>
<td>2</td>
</tr>
<tr>
<td>Highways and Transport</td>
<td>(1,490)</td>
<td>(1,602)</td>
<td>(2,019)</td>
<td>(417)</td>
<td>(26)</td>
</tr>
<tr>
<td>Housing</td>
<td>2,056</td>
<td>2,544</td>
<td>1,956</td>
<td>(588)</td>
<td>(23)</td>
</tr>
<tr>
<td>Leisure and Culture</td>
<td>4,519</td>
<td>4,701</td>
<td>4,184</td>
<td>(517)</td>
<td>(11)</td>
</tr>
<tr>
<td>Licensing Committee</td>
<td>126</td>
<td>203</td>
<td>215</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Resources</td>
<td>425</td>
<td>1,060</td>
<td>811</td>
<td>(249)</td>
<td>(23)</td>
</tr>
<tr>
<td>Social</td>
<td>2,196</td>
<td>2,904</td>
<td>1,956</td>
<td>(588)</td>
<td>(23)</td>
</tr>
<tr>
<td>Planning Committee</td>
<td>1,785</td>
<td>1,869</td>
<td>2,453</td>
<td>584</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,121</strong></td>
<td><strong>20,032</strong></td>
<td><strong>18,290</strong></td>
<td><strong>(1,742)</strong></td>
<td><strong>(9)</strong></td>
</tr>
</tbody>
</table>

An analysis of the £1.0 million underspend (this represents approximately 1% of Council’s gross budget) is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Income (incl. new Property Purchases)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Transfer to Property Acquisition Reserve</strong></td>
<td>(1.0)</td>
</tr>
</tbody>
</table>

Budgets are monitored on the following basis:

i. Monthly - Departmental monitoring of all income and expenditure and a summary of pre-determined major budgets (particularly income streams) is reported to Council Management Board (CMB).

ii. First and second quarters – The Cabinet receive a budget monitoring report by portfolio along with key financial indicators.

iii. Third Quarter – A revised forecast for the year is produced and reported to CMB and Cabinet.

iv. Year end – The final accounts are produced.

Where major adverse variances are found, corrective action is taken to rectify the position during the year.
Accounts for 2017/18

The Statement of Accounts

The purpose of the Statement of Accounts is to give residents of Elmbridge, electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council’s finances. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom, published by CIPFA (The Code). To make the document as useful as possible to its audience and so as to make meaningful comparisons between authorities the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be identical.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain English.

The Council’s Statement of Accounts for the year 2017/18 includes:

The Statement of Responsibilities
This outlines the responsibilities of the Council’s and the Chief Finance Officer’s responsibilities for the Statement of Accounts. It also carries the certification of the Chief Finance Officer (S151 Officer).

The Audit Opinion and Certificate
This is provided by Grant Thornton following the completion of the annual audit by July of the following financial year.

Annual Governance Statement (AGS)
The AGS is not part of the accounts but shown alongside them. The statement sets out the main components of internal control and the framework within which the Council’s internal control is managed and reviewed, including arrangements for internal audit. It also reports on significant weaknesses and areas for improvement identified and the actions taken to rectify or strengthen these areas. The statement is signed by the Chief Executive and the Leader of the Council.

The Statement of Accounting Policies
This explains the basis for the recognition, measurement and disclosure of figures and events in the accounts and is intended to aid the reader’s understanding of the accounts.
Core Financial Statements

The Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund specific items of expenditure or reduce local taxation) and other unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance Account for Council Tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council. In order to aid clarity, the Council had an element of the general reserve earmarked for specific uses, these have now been established as Earmarked Reserves.

The Comprehensive Income and Expenditure Statement
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

<table>
<thead>
<tr>
<th>31 March 2017</th>
<th>Balance Sheet Summary</th>
<th>31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td></td>
<td>£'000</td>
</tr>
<tr>
<td>154,904</td>
<td>Long Term Assets</td>
<td>188,814</td>
</tr>
<tr>
<td>56,644</td>
<td>Current Assets</td>
<td>84,449</td>
</tr>
<tr>
<td>(21,612)</td>
<td>Current Liabilities</td>
<td>(21,363)</td>
</tr>
<tr>
<td>(79,451)</td>
<td>Long Term Liabilities</td>
<td>(104,538)</td>
</tr>
<tr>
<td><strong>110,485</strong></td>
<td><strong>Net Assets</strong></td>
<td><strong>147,362</strong></td>
</tr>
<tr>
<td>4,000</td>
<td>General Fund</td>
<td>4,000</td>
</tr>
<tr>
<td>17,427</td>
<td>Earmarked Reserves</td>
<td>20,305</td>
</tr>
<tr>
<td>10,735</td>
<td>Community Infrastructure Levy (CIL)</td>
<td>12,137</td>
</tr>
<tr>
<td>12,177</td>
<td>Capital Receipts Reserve</td>
<td>20,498</td>
</tr>
<tr>
<td>11,709</td>
<td>Capital Grants Unapplied</td>
<td>14,691</td>
</tr>
<tr>
<td><strong>56,048</strong></td>
<td><strong>Total Useable Reserves</strong></td>
<td><strong>71,631</strong></td>
</tr>
<tr>
<td>54,437</td>
<td>Unuseable Reserves</td>
<td>75,731</td>
</tr>
<tr>
<td><strong>110,485</strong></td>
<td><strong>Total Reserves (Net Worth)</strong></td>
<td><strong>147,362</strong></td>
</tr>
</tbody>
</table>
The Council’s working capital ratio has increased (current assets / current liabilities) at 31 March 2018 to 4.0 (2.6 at 31 March 2017). The working capital provides an indication of the Council’s ability to pay its debts within one year. The higher the ratio, the more liquid the organisation. An organisation would normally anticipate a ratio higher than 1.0.

**The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

**Notes to the Core Financial Statements**

These provide supporting and explanatory information on the Core Financial Statements.

**The Collection Fund Statement**

The Collection Fund is an agent’s statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of Elmbridge as the billing authority in relation to the collection from taxpayers, and distribution to local authorities and the Government, of council tax and non-domestic rates.

In 2017/18 the Council joined a pooling arrangement with other Surrey District Councils, Surrey County Council and the London Borough of Croydon for Business Rates. As a result, the Council stands to gain an additional share of the pooling arrangement which would otherwise have been paid to Central Government. Due to the complexities of the way the Business Rates Collection Fund operates this will only be available to spend in 2019/20. The Council was not a member of a Pool in 2016/17.

**Material Assets and Liabilities**

The Council purchased two large units of industrial/retail investment property during 2017/18. The units in Weybridge and Esher cost £17.6m and £15.0m respectively including stamp duty and other fees and costs. The properties are expected to produce a rental income yield of between 4%-5%.

As part of the contract to sell a surplus site at Stompond Lane the Council is committed to exercising a ‘call and put option’ within the Agreement to acquire a 500 square metre children's nursery to enable the shell and core of the building to be completed by the developer. The Council has budgeted £1.774m to purchase the property on completion, inclusive of stamp duty and other fees and costs.

The Council has entered into a contract for approximately £1.6m with Kier Construction Limited for the refurbishment of a car park at Drewitt’s Court, Walton-on-Thames. Approximately £300,000 had been spent at 31st March 2018 and the remaining expenditure of £1.3m will be incurred during 2018/19.

**Pensions**

These Statements have been prepared in accordance with International Accounting Standard (IAS) 19 – Employee Benefits. The Balance Sheet shows a Pensions liability of £59.2 million, which reduces the total reserves of the Council by some 29%. Further explanatory notes are provided in the Statement of Accounting Policies and in the notes to the Core Financial Statements.
Significant Changes in Accounting Policies and Requirements

There have been no significant changes in Accounting Policies and requirements for 2017/18.

Borrowing and Cash Flow

The Council has £42.0 million of borrowing outstanding at 31 March 2018 (£17.2 million – 31 March 2017) from the Public Works Loan Board (PWLB). An additional £25.5 million PWLB borrowing was arranged during the year, and £0.7 million repaid.

The Council has sufficient resources to fund its Capital programme but may decide to borrow based on interest rates and regulations. The Council is not allowed to borrow to fund revenue expenditure but has a balanced budget with its expenditure being financed from fees and charges, rental income from property holdings, government grants and Council Tax, although the grant from Central Government (Business Rates) is expected to significantly reduce by 2019/20.

Capital Expenditure

During the year the following items of major capital works and purchases were undertaken:

<table>
<thead>
<tr>
<th>Item</th>
<th>2016/17 £'000</th>
<th>2017/18 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Properties</td>
<td>14,676</td>
<td>32,560</td>
</tr>
<tr>
<td>Sports Hub, Waterside Drive</td>
<td>11,074</td>
<td>6,710</td>
</tr>
<tr>
<td>- Waste Vehicles</td>
<td>308</td>
<td>1,797</td>
</tr>
<tr>
<td>Other Public Building Acquisition and Enhancements</td>
<td>563</td>
<td>542</td>
</tr>
<tr>
<td>Affordable Housing Grants / Loans</td>
<td>153</td>
<td>426</td>
</tr>
<tr>
<td>Grant Expenditure - CIL / ECIF / Other</td>
<td>3,268</td>
<td>635</td>
</tr>
<tr>
<td>Other</td>
<td>453</td>
<td>91</td>
</tr>
<tr>
<td>IT Development/Investment</td>
<td>383</td>
<td>390</td>
</tr>
<tr>
<td>Community Transport / Centre Enhancements</td>
<td>124</td>
<td>309</td>
</tr>
<tr>
<td>Car Park Improvements</td>
<td>103</td>
<td>723</td>
</tr>
<tr>
<td>Playground Refurbishments / Tennis Courts</td>
<td>187</td>
<td>285</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,292</strong></td>
<td><strong>47,804</strong></td>
</tr>
</tbody>
</table>

The total capital receipts received in the year were £26.1m including £23.2m for the sale of land at Stompond Lane, Walton-on-Thames.

The Council set its capital programme in February 2018 with spending plans being funded as follows:

<table>
<thead>
<tr>
<th>Total Funds Available at Budgeted Spend</th>
<th>2017/18 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 March 2018</td>
<td>2018/19 £'000</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>20,498</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>14,691</td>
</tr>
<tr>
<td>Revenue Resources</td>
<td>1,647</td>
</tr>
<tr>
<td><strong>Borrowing</strong>*</td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,836</strong></td>
</tr>
</tbody>
</table>

*Borrowing is subject to suitable investment/asset development opportunities being identified.
Significant Provisions or Contingencies and Material Write-Offs

Except in relation to appeals against Business Rate Valuation, there have been no material provisions or write-offs made during the year. The revaluation exercise carried out for 1 April 2017 raised concerns in relation to outstanding appeals for the 2010 Valuation List for business rates. As a result, a specific provision has been made for a number of large properties. In addition, these revaluations has resulted in a significant increase in the Councils rateable value, a new process for challenging these values has been introduced, which has increased the uncertainty relating to the appeals. As a result, the provision has been increased by £1.4million.

Economic Climate

In setting the 2017/18 budget there was still uncertainty about the ongoing impact on income streams such as car park income, council tax collection and planning fees, as a result of this uncertainty and any impact from BREXIT. However, overall the total income received from fees and charges during the year exceeded the budget. The income received from fees and charges is very much dependent on the disposable income of individuals and therefore remains an area of concern which will be closely monitored.

The adequacy of balances and reserves to withstand future financial pressures

The Council maintains a level of General Fund balances to provide a measure of protection against risk. Without the protection provided by reserves, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels and redundancies)

The Revenue Risk Reserve together with the Interest Equalisation Reserve are used to mitigate revenue budget risks and interest rate risks facing the Council during the year such as shortfall in income or increase in expenditure.

The Council is determined to address the financial challenges presented by the wider economic difficulties and stringent resource constraints by utilising focused risk management and by embracing all opportunities available to deliver more effective and efficient services for our community.

The forecast over the next two years is that in order to have a balanced budget the Council will need to find savings of approximately £3 million based on the Medium Term Financial Strategy approved by Council in February 2018. The Council manages financial risk by maintaining adequate reserves to help ensure that the medium-term policy programme is sustainable, in 2017/18, the 2018/19 Budget includes the use of £0.2 million of reserves.
A summary of the Medium Term Financial Strategy is set out below:

<table>
<thead>
<tr>
<th></th>
<th>2017/18 Budget £'000</th>
<th>2018/19 Budget £'000</th>
<th>2019/20 Projection £'000</th>
<th>2020/21 Projection £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Budget Requirement to Provide Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>17,911</td>
<td>17,493</td>
<td>17,120</td>
<td>18,170</td>
</tr>
<tr>
<td><strong>Growth/Spending Pressures</strong></td>
<td>905</td>
<td>907</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td><strong>Reduction in External Funding</strong></td>
<td>-</td>
<td>-</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td><strong>Inflation on Contracts and Pay</strong></td>
<td>537</td>
<td>421</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td><strong>Approved Savings/Fees &amp; Charges</strong></td>
<td>(1,860)</td>
<td>(1,701)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Budget Requirement</strong></td>
<td>16,366</td>
<td>16,805</td>
<td>18,020</td>
<td>19,270</td>
</tr>
<tr>
<td><strong>Available Funding (Council Tax, Government Grants and Reserves)</strong></td>
<td>16,366</td>
<td>16,805</td>
<td>16,446</td>
<td>16,177</td>
</tr>
<tr>
<td><strong>Cumulative Budget Gap</strong></td>
<td>0</td>
<td>0</td>
<td>1,574</td>
<td>3,093</td>
</tr>
<tr>
<td><strong>Annual Funding Gap</strong></td>
<td>0</td>
<td>0</td>
<td>1,574</td>
<td>1,518</td>
</tr>
</tbody>
</table>

Central Government Funding and the Council Tax between 2010/11 and 2019/20

- the Council’s Council Tax increase is 8% over 8 years;
- Central Government Funding cuts are 87% by 2019/20;
- inflation (CPI) is 19% over 8 years.
Organisational Overview and External Environment

Our Five-Year Vision (2018-2023) has been developed from extensive consultation with a range of stakeholders:

“A responsive and effective Council, protecting and promoting the interests of residents and businesses and safeguarding our environment, while maintaining a community for all.”

Our priorities support our Vision and are reviewed every year. For 2018/19 they are:

- **Character and Environment** – we will make Elmbridge a sustainable and attractive place
- **Quality Services** – we will work in partnership to ensure services are efficient, effective and offer value for money
- **Economic Development** – we will facilitate economic growth, including improved infrastructure and housing
- **Community Wellbeing** – we will listen to all of our residents and support communities

For more detail on the Council Objectives and Vision, please see the Council Plan 2018/19.

**Operational Models**

The Council uses a number of operating models to transforms its inputs into key services and outcomes. The main operating models are:

- the provision of services model – these services are provided at a net cost to the Council and must be provided under statute, such as Planning Services;
- the contribution to services model – some services within the Council contribute to other services and reduce the Council Tax requirement, these include off-street car parking and investment properties;
- the breakeven model – some services are required by statute to have no impact on the Council Tax, such as taxi licensing;
- the Building Control Mutualisation where Elmbridge Building Control Services Limited provides the Council’s building control services and in which the Council owns a 20% stake;
- the on-street car parking model – on-Street Car Parking is a function of SCC and the Council agree to operate the service on their behalf, realising synergies with the off-street parking service, the service has a zero-net cost to the Council; and
- the Joint Waste Partnership model – the Council partners with other Surrey Districts in order to realise efficiencies in providing the Waste Collection service.

**Risks and Opportunities**

**Risks**

The Council’s Risk Management Strategy requires to the Corporate Strategic Risk Register to be reviewed on an annual basis. The Register contains details of major identified risks, which could affect the Council’s ability to achieve its priorities during the financial year. These include:

- A reduction in/elimination of grant funding from external bodies including Surrey County Council
- Fluctuations in the property market affecting rental income generated from the Council’s property portfolio.
- Adverse service planning conditions and/or significant loss of income resulting from changes in national economic conditions beyond the Council’s control including the effects of welfare reforms, government and other external funding and other legislation and regulations.

For more information on identified risks please see the Council’s Strategic Risk Register.
Opportunities

The Council carefully monitors any future opportunities that may assist in delivering optimal outcomes and improve service provision. Significant future opportunities include:

- Establishing a housing company to provide affordable social housing in Elmbridge.
- Purchasing commercial properties to generate rental income and contribute towards minimising the Council Tax requirement.
- To further develop joint working and collaboration within Surrey, including maximising the financial benefit of the Business Rate Retention Scheme.
- Pursuing a prevention agenda that focuses on empowering individuals and communities to engage in healthy behaviours to reduce their risk of developing chronic diseases, and so relieving pressures on public spending.
- Promoting independent living and reduce isolation.