

## COUNCIL – 12<sup>th</sup> December 2013

### RECOMMENDATIONS OF THE EXECUTIVE

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#### LOCALISED COUNCIL TAX SUPPORT 2014/15

The Executive noted that the Welfare Reform Act required local authorities to introduce a locally set discount to replace Council Tax Benefit from April 2013 for those residents receiving benefits or on low incomes. It was noted that local schemes only affect residents of working age (pensioners were covered under a national scheme).

The current Scheme had been in place since April 2013 and the local scheme proposed for 2014/15 needed to be in place by January 2014 for its implementation from April 2014. It was noted that the proposed scheme was largely a continuation of the existing scheme.

Initial indications arising from the operation of the 2012/13 Scheme had been positive with 82% collection rates from claimants.

It was noted that discretionary funding had been allocated to provide further protection for those residents who faced severe financial hardship.

The changes proposed for 2014/15 would increase the premiums and allowances for claimants who were not receiving full support. It was noted that the increase in allowances was generally by the Consumer Price Index, although for some working age personal allowances this had been restricted to 1%. This would allow the local scheme to remain in-synch with the national scheme for pensioners or those on the Housing Benefit scheme.

**RESOLVED** that it be noted that the new Scheme will include some changes that uprate allowances for working age claimants in line with those premiums set nationally for pensioners, which will be beneficial to working age claimants, mainly those in employment.

#### **RECOMMENDED that:**

**(i) the Head of Service with responsibility for Council Tax Support be authorised, in consultation with the Executive Member for Health and Welfare, to make minor changes to the Scheme to take account of consultation responses;**

**(ii) the Localised Council Tax Support Scheme for 2014/15 be approved on the basis that it is a continuation of the scheme approved for 2013/14.**

**Reason for decision:**

To consider adopting a Council Tax Support Scheme for the period 2014/15 that took account of the 2013/14 scheme.

**Alternative option:**

To make further amendments to the scheme which would result in a further consultation period if the level of support were to be reduced.

**HALF YEARLY TREASURY MANAGEMENT PERFORMANCE REPORT**

The Executive received a report on treasury management performance for the first half of the financial year. The report set out background information, relevant statutory powers and issues for the Executive to consider (the current treasury position, economic conditions and expected movements in interest rates, investment, borrowing and cash management strategy, prudential indicators, capital programme and financing, and capital financing requirement). The report also set out legal, financial and equalities implications, consultation undertaken and policy framework considerations.

The current projections for 2013/14 treasury management performance represented an over-recovery of £122,000. This was due to additional income as a result of higher interest rates than anticipated and the reduced need for borrowing for short-term cash flow reasons.

The update of the capital programme had resulted in some minor changes to the Prudential Indicators, but there were no changes to the Investment Strategy, Borrowing Strategy or Cash Management Strategy at this time.

**RECOMMENDED that the Treasury Management performance for the year to date and the relevant prudential indicators be noted.**

**Reasons for decisions:**

To comply with the requirements of the regulatory framework for treasury management and meet the Council's reporting requirements.

**Alternative option:**

To accept the report, but ask Officers to provide more detail on some specific issues contained within the report.

# BOROUGH OF REIGATE AND BANSTEAD

COUNCIL: 12<sup>th</sup> DECEMBER 2013

## ADDENDUM TO AGENDA

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#### MERSTHAM REGENERATION

The Executive Member for Property and Regeneration presented a report on proposals to deliver a significant regeneration project in partnership with Raven and Surrey County Council at four key sites in Merstham. The proposals included:

**Iron Horse Site** - development of a food store and retail units and work with Raven to build new flats (RBBC lead).

**Triangle site** - creation of new community facilities (incorporating a library and youth skills centre) (SCC lead RBBC support)

**Portland Drive and Purbeck Close** - demolition of the Portland Drive parade and the development of new affordable and market housing (Raven lead).

To take the partnership work forward a Memorandum of Understanding had been drawn up between the Council, Surrey County Council and Raven Housing Trust that set out the roles of each partner and the financial contributions to be made to the regeneration initiatives.

The report also sought approval for the actions required to take the scheme through to tender stage including the submission of planning applications, detailed design work, preparation of legal agreements and tendering for the construction contracts. The Executive would receive a further report in late summer 2014 to appoint the development contractors.

The Council would invest around £1.25million in new retail units as part of the development and it was envisaged that the rental income would be in the order of £123,000 per year a return on investment of almost 10%.

In addition, the Council would contribute £570,000 of Section 106 funding towards new homes and a further £820,000 from a mixture of Section 106, New Growth Points and capital funding towards the new community facilities.

It was noted that the terms of the agreement had still to be

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finalised by Surrey County Council and may change from a leasehold to a freehold of the site. In recognition of this the Head of Policy, Development and Property had amended the recommendations in the published report as set out in the Addendum tabled at the meeting. The revised recommendations provided more flexibility to take forward the appropriate arrangements.

It was noted that the interests of the Borough Council and its use of the building would however be protected through appropriate legal covenants.

Although the Executive was being requested to recommend the approval of the Capital for the full construction costs it was noted that the costs of the housing and the balance of the costs on the community facilities would be fully reimbursed by Raven Housing Trust and Surrey County Council.

Overall this partnership project would see Raven Housing Trust investing just over £7 million and Surrey County Council investing around £2.4 million to deliver the full scheme.

Several Members spoke on this major landmark decision to acknowledge the hard work that had been put in to bring it to fruition and providing much needed improvements for local people and significantly improved community facilities to be managed by Surrey County Council.

**RECOMMENDED that:**

**Iron Horse Site**

**(i) capital expenditure of £1,246,753 be approved to construct retail units on the Iron Horse site and Triangle site with an estimated rental value of £123,000 pa;**

**(ii) capital expenditure of £1,937,716 be approved to cover the construction costs of the flats. These costs to be met in full from the agreed sale to Raven Housing Trust upon completion;**

**Triangle Site**

**(iii) new capital expenditure of £2,121,798 be approved to cover construction costs of the community facilities. These costs to be met in full by Surrey County Council, through a development and funding agreement, covering the construction of the community facilities;**

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**RESOLVED that:**

(i) the draft Memorandum of Understanding setting out the contributions of the Council, Raven Housing Trust and Surrey County Council towards the regeneration of Merstham be approved and that the Head of Policy, Development and Property, in consultation with the Portfolio Holder for Property and Regeneration, be authorised to make any minor amendments prior to the signing of the final Memorandum of Understanding;

**Iron Horse Site**

(ii) the Head of Policy, Development and Property be authorised to finalise Heads of Terms for the lease agreements with the anchor foodstore and other retailers;

(iii) the Head of Policy, Development and Property be authorised to enter into an agreement with Raven for the Council to construct 10 flats above the retail units on the Iron Horse site;

**Triangle Site**

(iv) the Head of Policy, Development and Property, in consultation with the Portfolio Holder for Property and Regeneration, be authorised to agree the necessary freehold land transfers and leaseholds, service charge and maintenance agreements to facilitate the development of the youth facility, library, community hub, shops, and car park on the Triangle site;

**Both Iron Horse and Triangle Sites**

(v) the Head of Policy, Development and Property be authorised to submit full planning applications and enter into a strategic procurement for the construction of the schemes set out above on the Iron Horse and Triangle sites;

(vi) the Head of Policy, Development and Property be authorised to agree terms and enter into further agreements for the appointment of any necessary professional design team members, to procure site investigations or surveys etc, to enable the design of the Iron Horse and Triangle sites to be progressed to receipt of building contractors tenders; and

(vii) a report be brought to Executive in Summer 2014,

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following the tender of the construction works for the Iron Horse and Triangle sites, to approve the letting of construction contracts.

**Reasons for decision:**

To address the aims of Merstham regeneration which had been established as a priority in the Corporate Plan.

**Alternative Options:**

- (i) To do nothing.
- (ii) To develop community hub on Iron Horse site without wider agreement in place.
- (iii) To develop retail on Iron Horse site without wider agreement in place.
- (iv) To develop housing on the Iron Horse site

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**CONSTRUCTION OF NEW LEISURE CENTRE, YOUTH AND COMMUNITY FACILITIES AND SPINE ROAD**

Councillor A.J. DeSave, Executive Member for Leisure presented to the Executive a report that brought the seven year long goal of regenerating Preston almost to reality.

The report detailed the complexity of the project which included leisure, community, youth, housing and regeneration components. The project had required negotiations with multiple parties to secure the proposed scheme and represented a significant investment in the Borough and was envisaged to be a catalyst for lasting positive change for the area. It was noted that the land to be disposed of on the site would deliver a healthy net capital receipt to the Council that was substantially in excess of that originally expected.

The Executive noted that the project included:

- a swimming pool
- a teaching pool
- youth facility
- crèche
- café
- sports hall
- gym
- studio

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- community room
- landscaping improvements
- improvements to the recreation ground (already approved)
- a new spine road which will cross the site which will facilitate the new residential housing development.

The construction of the new Leisure Centre would necessitate the demolition of the Phoenix Centre Youth Club which was being replaced by a new youth facility as part of the development. The new facility would be funded by Surrey County Council. The report therefore sought approval to terminate the existing Lease with Surrey County Council and to enter into an agreement to finance and grant a long leasehold interest for the new facility.

It was noted that the Council had successfully negotiated terms with the majority of land owners or tenants affected by the scheme which, together with the confirmed Compulsory Purchase Order (for the one remaining tenant), meant that all the land necessary had been assembled to successfully deliver the project.

The details of the funding to complete the project was set out in the report with the detailed budget being set out in the exempt part of the Executive's agenda (part 2).

As this project was an OJEU procurement exercise further clarification would be required with the tendering contractors before the contractor could be finalised, however the proposals before the Executive would allow the tendering process to be concluded and a contractor appointed within the confines of the budget envelope to enable the earliest possible start for the project.

It was also noted that the Council had successfully negotiated a grant from a Government Organisation towards the project and that to secure that funding it was proposed to enter into a Deed the details for which were set out in the exempt section of the agenda (Part 2).

The Council had engaged extensively with local residents and leisure centre users at various points in the design process. The ward Member for the area, Councillor G. Harper-Adamson, was unable to be present for the meeting and the Leader of the Council read out a statement on her behalf that

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referred to all the hard work that had been undertaken to work with residents on the proposed developments who were very supportive of the proposals.

**RECOMMENDED that:**

**(i) subject to exchange of contracts for the disposal of the Development Land for residential housing at Merland Rise recreation ground being achieved, the capital budget for the new Leisure Centre and recreation ground improvements be revised and approved at £11,850,000 (a breakdown of the budget was set out in the Part 2 report to the Executive).**

**RESOLVED that:**

(i) the funding of the new Leisure Centre be approved as set out in the part 2 report to the Executive.

(ii) the Head of Policy, Development and Property, in consultation with the Executive Members for Finance and Leisure, be authorised to agree terms and enter into a construction contract following a strategic tender process, subject to all project, construction and professional fee costs being up to the approved budget of £11,850,000;

(iii) the Head of Policy, Development and Property, in consultation with the Executive Members for Finance and Leisure, be authorised to select and appoint Consultants and necessary Contractors complying with the Councils procurement requirements to complete the project subject to all project, construction and professional fee costs being below the approved budget of £11,850,000 (a breakdown of the budget was set out in the Part 2 report to the Executive);

(iv) the Head of Policy, Development and Property, in consultation with the Executive Members for Finance and Leisure, be authorised to agree terms and complete the following additional contracts and transfers subject to all costs associated with the project not exceeding the revised budget of £11,850,000:

(i) Deed of Variation with Greenwich Leisure Limited to confirm the increase in annual income for providing the four 5 a-side pitches at £30,000 per year, anticipated income of £13,000 pa from the combined heat and power installation and other anticipated non financial variations under the contract.

(ii) Deed of Agreement with Central Government



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organisation for additional funding of the Leisure Centre as set out in the part 2 report;

(iii) Payment of all CPO costs and transfers associated with the development to Tattenhams Community Association;

(iv) Transfer of land holdings and payment in lieu of CPO payment to Raven Housing Trust to enable the land assembly required for the proposed residential development of the current leisure centre site and small parts of the Merland Rise Recreation Ground;

(v) Agreement of lease and finance and grant of a long leasehold interest to SCC for the youth facility.

**Reasons for decision:**

To progress the development of a leisure centre combined with the delivery of new housing on the Merland Rise site at Preston that are critical elements in achieving regeneration of the area.

**Alternative options:**

- (i) To continue with design of the Leisure Centre in accordance with the 31st May 2013 report and a budget of £8.622 m.
- (ii) To do nothing.