

COUNCIL - 13th February 2014

RECOMMENDATIONS OF THE EXECUTIVE

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91/342-3

SCHEDULE OF MEETINGS 2014/15

A report was submitted with a proposed schedule of meetings for 2014/15. It set out background and factors for consideration. The draft schedule drew upon past experience and had regard to comments from both Members and Officers. It had been considered by the Overview and Scrutiny Committee at its meeting on 11th December 2013.

It was noted that the Government had agreed to combine the European and Local Elections to be held on 22 May 2014 which had a consequential change to the date of the Annual Council meeting which had been proposed for 12 June 2014 to reflect this.

RECOMMENDED that the Schedule of Meetings for the Municipal Year 2014-15, as set out in Annex 1 to the submitted report be approved.

Reason for decisions:

The Schedule of Meetings establishes a timetable to ensure the efficient and effective conduct of Council business throughout the municipal year.

Alternative option: None

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BUDGET 2014/15

The Deputy Leader and Portfolio Holder for Finance, Councillor V.W. Broad introduced the proposed Budget for 2014/15 which included a 1.9% increase in Council Tax for recommendation to Full Council. The report also included an updated Capital Programme to take account of the recently approved projects in Redhill and Banstead.

A consultation exercise had been undertaken on the savings and growth proposals that had been considered by the Executive in November 2013. These proposals had been the subject of review by the Budget Scrutiny Panel and the Overview and Scrutiny Committee and the Portfolio Holder thanked them for their hard work in ensuring that the proposals were sound.

Councillor Broad referred to conjecture that Government grant would be increasing next year. He considered this to be an unlikely and unrealistic projection indicating that he was taking a more prudent approach that anticipated a continuous decrease in Government base grant for the foreseeable future. This was the basis upon which the

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Executive was planning to ensure a financially sustainable future for the Council.

The Deputy Leader recognised the hard work that had been undertaken to identify the savings within the budget (over £1m) which, together with the proposed below-inflation tax increase, would allow the Council not only to maintain services but to continue to deliver them to a high standard.

The Executive noted the Chief Finance Officer's statement on the proposed budget which pointed out the risks and uncertainties associated with the budget proposals. This included economic factors, future government funding levels and a continuation of the austerity programme.

The Leader advised Members that she was aware of the possibility of changes to the capping arrangements in relation to Council Tax levels. If this became an issue for the 2014/15 Budget she would arrange for the necessary urgent meetings to determine any changes required to Council Tax levels.

RECOMMENDED that:

- (i) a budget of £16.012m including the savings and growth previously reported, a provision for a pay award and an increase in Council Tax of 1.9% be approved;**
- (ii) the updated Capital Programme (set out at Annex 1 of the report) be approved.**

RESOLVED that:

- (i) the statement of the Chief Finance Officer (set out at Annex 2 of the report) be noted; and
- (ii) the Chief Finance Officer be authorised to make any necessary technical adjustments to the budget and Council Tax demand proposed to Council arising from final budget refinements or changes to government grant.

Reasons for recommendation and decision: The Council is required to set a budget by 11th March each year.

Alternative options: Amend or reject the budget proposals.

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COUNCIL TAX SETTING 2014/15

A report was submitted on the level of Council Tax for 2014/15. It set out relevant statutory powers, issues (the proposed Council Tax increase and information relating to precepting authorities), legal, financial and equalities implications, risk management considerations,

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consultation undertaken and policy framework factors.

The Deputy Leader informed the Executive that the proposed Council Tax would be the subject of a recommendation to the February Council meeting which would receive confirmation of the final precept levels from the County Council and the Police together with any necessary adjustments required.

RECOMMENDED:

- (i) to note that on 12 December 2013 the Council calculated:
- (a) the Council Tax base 2014/15 for the whole Council as 57,001 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which a Parish precept relates:

Horley Town Council	8,479
Salfords & Sidlow Parish Council	1,341

- (ii) to calculate the Council Tax requirements for the Council's own purposes for 2014/15 (excluding Parish precepts) is £11,487,982;

- (iii) that the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

- (a) £66,193,865 - being the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils

- (b) £54,383,319 - being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

- (c) £11,810,546 - being the amount which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).

- (d) £207.20 - being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

- (e) £322,564 - being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix).

- (f) £201.54 - being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (1(a) above),

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calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) Horley Town Council- £236.16

Salfords & Sidlow Parish Council - £223.18

Being the amounts given by adding to the amount at 3(f) above the amounts of the special items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(iv) it be noted that the figures in the attached Appendix being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportions set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in different valuation bands.

(v) it be noted that for the year 2014/15 Surrey County Council and Surrey Police have stated amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown in Appendix 2.

(vi) having calculated the aggregate in each case of the amounts 1 to 5, above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown in Appendix 3.

RESOLVED that the Chief Finance Officer be authorised to make any amendments to the Council Tax demands as might prove necessary as the result of changes to the estimated demands issued by preceptors on the Council's Collection Fund.

Reasons for recommendations: The Local Government Finance Act 1992 sets out the requirement for local authorities to set a budget for the next financial year. The report provides the information to fulfil that requirement.

Under the Constitution the Executive considers a proposed budget and Council Tax, before then making a recommendation on the appropriate level of Council Tax to full Council. Following consideration Full

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Council may then authorise the budget and Council Tax.

Alternative option: None

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**CONSTRUCTION OF HOTEL WITH PRE-LETTING AGREEMENT
TO TRAVELODGE HOTELS**

The Portfolio Holder for Property and Regeneration, Councillor Mrs N.J. Bramhall introduced the report by referring to the report to the Executive in January 2013 that considered proposals to construct a Hotel in Redhill. At that time it was noted that further work would be required on the due diligence for a hotel operator and to undertake an appraisal and viability of the hotel element of the redevelopment at Warwick Quadrant. Under the terms of the option agreements with Aviva and Sainsbury's the Council had until 31 March 2014 to decide whether it wanted to fund the development of the hotel.

The Portfolio Holder indicated that this due diligence work had been undertaken and that she was recommending that the Council exercised its option to fund the construction of the proposed new hotel in Warwick Quadrant, Redhill. This would include taking a long leasehold interest in the hotel from Aviva and to agree a lease to the proposed operator, Travelodge Hotels Ltd.

It was noted that a considerable amount of work had been undertaken in conjunction with Sainsbury's, Aviva and Travelodge to establish reductions to the hotel development costs. Although these costs remained indicative they were not seen as being commercially viable to a developer.

Councillor Mrs Bramhall indicated however that the development was anticipated to produce an acceptable return on the capital investment and it would produce a significant income stream for the Council. Additionally, based on the appraisal assumptions, the development was anticipated to become profit making after 3 years. Details of the development costs, the income stream and the resulting yield were set out in the Part 2 report.

Members were assured that the proposed contract would still allow the Council to withdraw if, when the final development costs were known, the return to the Council was reduced to an unacceptable level due to higher than expected construction costs.

The Executive Member for Property and Regeneration responded to a range of questions from non Executive Members who had sought to understand the rationale being applied to commit Council resources to the hotel development. In concluding the debate Members of the

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Executive overwhelmingly supported the benefits that this development would bring to the economy; wider regeneration; local businesses and as an added income stream to the Council. It was therefore

RECOMMENDED that the Deputy Chief Executive (designate), in consultation with the Portfolio Holders for Regeneration, Property and Finance, be authorised to exercise the Council's option with Sainsbury's to fund the construction of a new 68 bedroom hotel forming part of the Warwick Quadrant redevelopment, the cost of which shall be funded from capital reserves and allocated in the Capital Programme.

RESOLVED that:

(i) the Deputy Chief Executive (designate), in consultation with the Portfolio Holders for Regeneration, Property and Finance, be authorised to exercise the Council's call option with Aviva to a 125 year leasehold interest in the hotel element of the Warwick Quadrant redevelopment; and

(ii) the Deputy Chief Executive (designate) in consultation with the Portfolio Holder for Regeneration, Property and Finance be authorised to agree the final terms of, and enter into, an agreement for lease and lease with Travelodge Hotels Limited to occupy and operate this new hotel.

Reasons for decision: To seek approval to exercise the option Agreements with Aviva and Sainsbury's to acquire the leasehold interest in the hotel and agree a sub-lease to Travelodge with the associated income stream.

Alternative option: Do nothing.