

Agenda

Executive

Thursday, 25 March 2021 at 7.30 pm

Remote meeting via video link



This meeting will be held **remotely**. Committee Members will be provided with the details of how to connect to the meeting one day before the meeting.



Members of the public may observe the proceedings live on the Council's [website](#).

Members:

M. A. Brunt (Leader)

T. Schofield

T. Archer

R. H. Ashford

R. Biggs

N. J. Bramhall

E. Humphreys

G. J. Knight

V. H. Lewanski

R. Michalowski

Mari Roberts-Wood
Interim Head of Paid Service

For enquiries regarding this agenda;

Contact: 01737 276182

Email: democratic@reigate-banstead.gov.uk

Published 17 March 2021

Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

- 1. Minutes** (Pages 5 - 10)
To approve the minutes of the meeting of the Executive held on 28 January 2021.
- 2. Apologies for absence**
To receive any apologies for absence.
- 3. Declarations of interest**
To receive any declarations of interest.
- 4. Climate Change and Sustainable Construction Supplementary Planning Document for Consultation** (Pages 11 - 162)
Executive Member for Planning Policy and Place Delivery.
- 5. Wildlife Friendly Public Spaces** (Pages 163 - 166)
Executive Member for Neighbourhood Services.
- 6. Lee Street Development** (Pages 167 - 172)
Executive Member for Housing and Support.
- 7. Treasury Management Strategy 2021/2022** (Pages 173 - 220)
Deputy Leader and Executive Member for Finance and Governance.
- 8. Debt Write Off and Recovery 2020/21** (Pages 221 - 230)
Deputy Leader and Executive Member for Finance and Governance.
- 9. Quarter 3 2020/21 Performance Report** (Pages 231 - 276)
Deputy Leader and Executive Member for Finance and Governance, and the Executive Member for Corporate Policy and Resources.
- 10. Strategic Risks - 2021/22** (Pages 277 - 286)
Executive Member for Corporate Policy and Resources.
- 11. Risk Management - Quarter 3 2020/21** (Pages 287 - 308)
Executive Member for Corporate Policy and Resources.

12. Overview and Scrutiny Proposed Work Programme 2021/22 (Pages 309 - 316)

Leader of the Council.

13. Statements

To receive any statements from the Leader of the Council, Members of the Executive or the Interim Head of Paid Service.

14. Any other urgent business

To consider any item(s) which, in the opinion of the Chairman, should be considered as a matter of urgency – Local Government Act 1972, Section 100B(4)(b).

(Note: Urgent business must be submitted in writing but may be supplemented by an oral report).

15. Exempt Business - To consider the exempt report to item 6 - Lee Street Development (Pages 317 - 320)

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.



Our meetings

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



Streaming of meetings

Meetings are broadcast live on the internet and are available to view online for six months. A recording is retained for six years after the meeting. In attending any meeting, you are recognising that you may be filmed and consent to the live stream being broadcast online, and available for others to view.



Accessibility

The Council's agenda and minutes are provided in English. However, the Council also embraces its duty to anticipate the need to provide documents in different formats, such as audio, large print or in other languages. The Council will provide such formats where a need is identified prior to publication or on request.



Notice is given of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the Remote - Virtual Meeting on 28 January 2021 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), T. Schofield (Deputy Leader), T. Archer, R. H. Ashford, R. Biggs, A. C. J. Horwood, E. Humphreys, G. J. Knight and V. H. Lewanski.

Also present: Councillors J. C. S. Essex, N. D. Harrison, S. A. Kulka and S. Sinden.

62. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 17 December 2020 be approved.

63. APOLOGIES FOR ABSENCE

Apologies for absence were received Councillor Bramhall.

64. DECLARATIONS OF INTEREST

There were none.

65. BUDGET & CAPITAL PROGRAMME 2021/2022

The Deputy Leader and Executive Member for Finance and Governance, Councillor Schofield, introduced the final revenue and capital budget proposals for 2021/22, which included a Council Tax increase of £5 for the average Band D property, for recommendation to Council; this being an increase of less than 10 pence per week for the average household.

The proposals were based on a full and robust assessment of the work of the Council and how services were funded. The assessment had been carried out by Executive members supported by the Management Team. The proposals had been reviewed by Members of the Budget Scrutiny Panel and the Overview and Scrutiny Committee.

Councillor Schofield highlighted that:

- The Council had not received a revenue support grant from the Government for several years. This continued to present a short-term shortfall in income until regeneration and income generation projects become operational. Ring-fenced reserves had been established in recent years to respond to this challenge.
- Following significant budget growth for services in 2020/21 and the challenges of the global pandemic, 2021/22 would be a year of consolidation. Budget growth was modest and there was a reduction on the net budget requirement due to changes in how the Council managed Central expenses. This had put the Council in a strong position as it continued to plan for further challenges over the medium term.

Agenda Item 1

Executive
28 January 2021

Minutes

- The Council held a healthy level of Reserves which would be available to help manage future budget risks and opportunities.
- The Council's capital investment plans demonstrated the breadth of activity to improve and enhance the Council's asset base. The capital growth proposals were modest but there had been significant investment in the Capital Programme last year.

The Chairman of the Overview and Scrutiny Committee, Councillor Harrison, explained that the Overview and Scrutiny Committee had met on 21 January to scrutinise the proposals. It was recognised that the current pressures would continue into 2021/22. The Committee were satisfied with the proposals and had no further comments to offer to the Executive.

The Leader of the Council, Councillor Brunt, thanked Councillor Schofield and officers for their work on the proposals, and Councillor Harrison and the Overview and Scrutiny Committee for their observations.

RECOMMENDED to Council:

- 1. The latest Medium-Term Financial Plan forecast at Annex 1**
- 2. A Revenue budget requirement of £17.395 million for 2021/22, as set out in the report and at Annex 2 of the report, which reflects:**
 - a. Service budget growth of £0.695 million (net); plus**
 - b. Central budget savings of (£1.554) million (net)**
- 3. An increase in Reigate & Banstead's Band D Council Tax of £5.00 (2.15%) and a final taxbase of 60,720 Band D equivalents;**
- 4. The forecast for Revenue Reserves (Annex 3) and the recommended use of £0.477 million from Reserves in 2021/22 comprising:**
 - a. Drawing £0.104 million from the Government Funding Risks Reserve to fund reduced housing benefit subsidy; and**
 - b. Drawing £0.138 million from the Commercial Risks Reserve to fund reduced income from rents and trading activities; and**
 - c. Drawing £0.235 million from the General Fund Balance to support the 2020/21 Revenue Budget;**
- 5. A Capital Programme of £81.555 million for 2021/22 to 2025/26 as set out in this report and at Annexes 4.1 and 4.2, including Capital Programme Growth Proposals of £1.326 million.**
- 6. The Chief Finance Officer's report on the robustness of the Budget estimates and adequacy of Reserves.**

RESOLVED that:

- 7. The Chief Finance Officer be authorised to make any necessary final technical adjustments to the Budget and Council Tax arising from final budget refinements or changes to Government funding.**

66. COUNCIL TAX 2021/2022

The Deputy Leader and Executive Member for Finance and Governance, Councillor Schofield, introduced the report and explained that the proposed Council Tax for 2021/22 would be recommended to the February meeting of Council. That meeting would receive confirmation of the final precept levels from the Police and the County Council together with any necessary adjustments required.

RECOMMENDED to Council:

1. It be noted that on 16 January 2021 the Council calculated:
 - a. the Council Tax base 2020/21 for the whole Council as 60,720.0 [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 10,313.3 Salfords & Sidlow Parish Council 1,413.3

The 'tax base' is the number of Band D equivalent dwellings in a local authority area.

Detailed calculations of the Council Tax are set out in Annexes 1, 2 & 3 of the report.

2. Calculate that the Council Tax requirements for the Council's own purposes for 2021/22 (excluding Parish precepts) is £14,418,580.
3. The following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:
 - a. £70,229,263 – being the amounts which the Council estimates for the items set out in Section 32(2) of the Act taking into account all precepts issued to it by Parish Councils
 - b. £55,105,575 – being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
 - c. £14,888,688 – 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 32(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 32(4) of the Act).
 - d. £245.20 – 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 33(1) of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
 - e. £470,108 – 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. £237.46 – 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), 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.

Agenda Item 1

Executive
28 January 2021

Minutes

g. Horley Town Council £278.97. Salfords & Sidlow Parish Council £267.18

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.

- 4. 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.**
- 5. 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 2021/22 for each of the categories of dwellings shown in Annex 3.**
- 6. It be noted that for the year 2021/22 Surrey County Council and Surrey Police and Crime Commissioner have not yet 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.**
- 7. 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.**

**67. LOCAL CHARACTER & DISTINCTIVENESS DESIGN GUIDE
SUPPLEMENTARY PLANNING DOCUMENT FOR CONSULTATION**

The Executive Member for Planning Policy and Place Delivery, Councillor Biggs, introduced the report by explaining that officers had updated the Local Character and Distinctiveness Design Guide Supplementary Planning Document to reflect changes in national and local planning policy.

The Executive noted that the draft revised Supplementary Planning Document:

- Updated the policy context and sought to address gaps in current guidance
- Included appropriate linkages to National Planning Policy Framework, Planning Practice Guidance and National Design Guide and removed references to obsolete documents
- Included guidance relating to taller buildings in Redhill which had not had information to guide their design

Consultation documents would be available on the Council's website and interested parties would be invited to submit comments in writing or by email. Following consultation, the draft document would be amended to take account of the

responses received and any further relevant information. The final document would be brought to the Executive to agree approval and adoption.

RESOLVED:

1. To approve the revised draft Local Character and Distinctiveness Design Guide for public consultation.
2. That the Head of Planning in consultation with the Executive Member for Planning Policy be authorised to make any necessary minor factual or typographic amendments to the draft revised Supplementary Planning Document prior to consultation.

68. CALENDAR OF MEETINGS 2021/22

The Leader of the Council, Councillor Brunt, presented a report with a proposed Calendar of Meetings for the 2021/22 Municipal Year. The draft calendar had been produced in consultation with Members and Officers. Feedback had been received from the Overview and Scrutiny Committee as detailed in the addendum to the agenda. The Executive endorsed the proposed adjustments to the meeting dates for the Planning Committee, the Overview and Scrutiny Committee and the Budget Scrutiny Panel. Due to a revised Government deadline for the approval of the 2020/21 statement of accounts and external auditor's report, it was proposed that the September meeting of the Audit Committee be moved to align with the revised deadline.

RECOMMENDED to Council:

That the draft Calendar of Meetings for the 2021/22 Municipal Year, incorporating the changes proposed by the Overview and Scrutiny Committee, and revising the date of the Audit Committee from 8 September to 28 September, be approved.

Note: for certainty, the Calendar of meetings for 2021/22, incorporating the changes agreed by the Executive, will be appended to the minutes of the meeting.

69. STATEMENTS

There were none.

70. ANY OTHER URGENT BUSINESS

There was none.

71. EXEMPT BUSINESS

There was none.

The Meeting closed at 7.59 pm

This page is intentionally left blank



SIGNED OFF BY	Head of Planning
AUTHOR	Ian Dunsford, Planning Policy Manager
TELEPHONE	01737 276889
EMAIL	ian.Dunsford@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Planning Policy and Place Delivery

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Climate Change and Sustainable Construction Supplementary Planning Document for Consultation
----------------	--

RECOMMENDATIONS

- | |
|---|
| <ul style="list-style-type: none"> (i) The Executive approve the draft Climate Change and Sustainable Construction Supplementary Planning Document for public consultation. (ii) The Head of Planning in consultation with the Executive Member for Planning Policy, be authorised to make any necessary minor amendments to the draft Climate Change and Sustainable Construction Supplementary Planning Document prior to consultation. |
|---|

REASONS FOR RECOMMENDATIONS

<p>The draft SPD will provide developers and decision makers the tools to improve the sustainability of new developments and reduce climate change emissions in accordance with the Local Plan and to support RBBC's Environmental Sustainability Action Plan. The council is required to consult on planning documents before they can be adopted.</p>

EXECUTIVE SUMMARY

<p>This report provides the background to the preparation of the draft Climate Change and Sustainable Construction Supplementary Planning Document, explains why the document has been prepared, outlines the proposals for consultation and how it will be used in the determination of planning applications.</p>

Agenda Item 4

Consultation on the draft supplementary planning document is planned to be undertaken for 4 weeks starting in March 2021 with adoption anticipated in September 2021.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. The Council has no statutory obligation to produce supplementary planning documents (SPDs) but has powers under planning legislation to consult on and adopt SPDs as appropriate. The Planning Act 2008, Planning and Compulsory Purchase Act 2004 (as amended) and the associated Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), set out the requirements for the preparation of SPDs.
2. The relevant Regulations require a Consultation Statement to be prepared to summarise who has been informed in the preparation of SPD, and to be made available during the public consultation. This is provided as a supporting document.
3. A screening process has been undertaken to assess whether or not the SPD requires a Strategic Environmental Assessment. The screening opinions are annexed to this report and conclude that the SPD does not require SEA, a view that was confirmed by the three statutory consultation bodies.
4. The draft SPD is compliant with the Human Rights Act 1998.

BACKGROUND

5. Supplementary Planning Documents (SPDs) are documents which provide guidance to assist in implementing development plan policies. They may be used to provide further guidance for development on specific sites, or on particular issues such as sustainable construction. They are material considerations in planning decisions. Due to the complexities and subtleties of implementing sustainable development and carbon reduction, a draft Climate Change and Sustainable Construction Supplementary Planning Document has been prepared in accordance with the Planning Act 2008 and the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended).

KEY INFORMATION

Reason for the Draft SPD

6. The draft SPD has been prepared to support the implementation primarily of Core Strategy Policies CS10 Sustainable Development and CS11 Sustainable Construction and Development Management Plan Policy CCF1 Climate Change Mitigation. The policies provide overarching objectives, but the proposed SPD provides key details on how RBBC's Local Plan policies and related climate change corporate objectives can be delivered.

7. Sustainable construction and adaption to a low carbon economy is a complex and evolving field. There are limitations in what RBBC can require developers to do as carbon emissions from new development is partly covered in Part L of the building regulations. Local Plan policies can only relate to new development which requires a planning application. The DMP policies went through a viability assessment and as a result the SPD cannot require radical measures which will add significant cost to a new development thereby making the development unviable and the local plan undeliverable. However, government has and is likely to continue to increase carbon reduction measures and financial support packages so that it can meet its net zero carbon emissions by 2050. Banning the installation of gas boilers in new development from 2025 and the Green Homes Grant are some recent national initiatives to reduce climate change emissions.
8. The draft SPD has been developed to primarily assist developers seeking to invest in Reigate and Banstead and decision makers. Whilst there are many sources of information on sustainable development and reducing development climate change emissions, these tend to look at the national and international scales and overlook local considerations. This draft SPD focuses on the uniqueness of the borough, current suitable technologies and preferred approaches. It acts as a conduit of existing national guidance and has developed from other tried and tested approaches.
9. Whilst the draft SPD is guidance associated with existing policies, it has been designed to facilitate change to more sustainable forms of development and will further aid the Council's environmental objectives and help the Borough move to net zero carbon.

Document Structure

10. Each of the main chapters is focused on a key theme, the policy context and objectives, how this can be achieved including the multiple considerations, what to include in a planning application and where to find more information. Each of the main chapters is linked to the iterative Sustainability Checklist. The Sustainability Checklist provides a route map for developers to integrate sustainable measures into new developments. This would evolve through the pre-application process, provide clarity to both parties, de-risk the project and achieve the most sustainable outcomes in a cost effective, collaborative and effective way.

Benefits

11. Other authorities have used such documents to considerable success including the Greater London Authority, Greater Cambridge and Woking Borough Council. These efforts have not only helped to reduce emissions and supported more sustainable forms of development but have resulted in more energy efficient homes which helps to reduce fuel poverty.
12. The draft SPD seeks to address some recognised shortfalls of current standard approaches including the use of a post occupancy condition to ensure that pre-development carbon emission modelling is actually delivered on site. It also requires clearly defined outputs on a Carbon Reduction Statement to be completed by the applicant. This is not considered onerous as applicants will need to undertake a similar analysis to comply with Building Regulations.

Agenda Item 4

13. The draft SPD outlines the Council's preferred approach to emission reductions associated with historic assets so as to minimise harm to the asset or its setting.
14. The document provides more clarity on demolition and construction approaches, including demolition, recycling materials, sustainable sourcing and support for Considerate Constructors schemes.
15. The draft SPD will enable the Council to have the tools to meet some of its plan related and Environmental Sustainability Action Plan (2020) objectives. It should be noted however that it has been designed to be flexible enough to take account of unnamed and yet un-marketed technologies.

OPTIONS

16. Recommendation 1: That the Executive approve the updated draft Climate Change and Sustainable Construction Supplementary Planning Document for public consultation.
 - a. Option 1: Approve the draft SPD for consultation. This option is recommended as it would enable the Council to move towards the adoption of up-to-date guidance to provide clarity and certainty for developers, development management and others.
 - b. Option 2: Do not approve the draft Climate Change and Sustainable Construction SPD for public consultation. This option is not recommended as it would undermine corporate commitments to reducing Climate Change Emissions.
17. Recommendation 2: That the Executive authorise the Head of Planning in consultation with the Executive Member for Planning Policy to make any necessary minor amendments to the draft Supplementary Planning document prior to consultation.
 - a. Option 1: Agree to the suggested authorisation for making any minor amendments prior to consultation. This option is recommended.
 - b. Option 2: Do not agree to necessary minor amendments being made prior to consultation. This option is not recommended.

LEGAL IMPLICATIONS

18. The SPD will come into effect on adoption and will become a material consideration in planning determinations where relevant. The SPD will comply with the adopted development plan and latest national planning policy.

FINANCIAL IMPLICATIONS

19. The consultation and work towards adoption of the SPD will mainly come from the Planning Policy Team. As no Examination is required for SPDs, costs will therefore

be limited to officer time, consultation and production costs, all within existing budgets.

EQUALITIES IMPLICATIONS

20. As required by the Environmental Assessment of Plans and Programmes Regulations 2004 and the Conservation of Habitats and Species Regulations 2017, the Council undertook Strategic Environmental Assessment (SEA) and Habitats Regulations Assessment (HRA) screening to determine whether the proposed SPD should be subject to SEA and HRA Appropriate Assessment. This assessment is appended to this report, it concluded that there is not a need for SEA or a full Appropriate Assessment under the HRA.

COMMUNICATION IMPLICATIONS

21. As detailed in the body of the report above, following Executive approval in accordance with Regulation 12(b) of the Town and Country Planning (Local Planning) (England) Regulations 2012, the draft SPDs will be subject to a statutory minimum four week public consultation before being recommended to the Executive for adoption. During the consultation, the Council will invite comments by emailing and writing to interested parties (Specific and general consultees, prescribed bodies for the Duty to Co-Operate and other individuals and organisations registered on the Planning Policy database for such purpose) and we will make the documents available on the Council website and in paper format at the Town Hall and the six libraries in the borough subject to the covid restrictions. This consultation is currently timetabled for May/June 2021.

RISK MANAGEMENT CONSIDERATIONS

22. No risk management considerations have been identified for this emerging Supplementary Planning Document.

OTHER IMPLICATIONS

23. Considered in the body of the report.

CONSULTATION

24. The preparation of the draft updated SPD has been informed by discussions with the Council's Development Management Team, Senior Conservation Officer, the Member Development Management Advisory Group, Cross Member Sustainability Group, the Council's Sustainability Project Officer and Surrey County Council's Climate Change Officer. Details of people and organisations involved and their input into the draft SPD is set out in the Initial Consultation Statement annexed to this report.
25. In accordance with Regulation 12(b) of the Town and Country Planning (Local Planning) (England) Regulations 2012, the draft SPD will be subject to a statutory minimum four week public consultation before being recommended to the Executive

Agenda Item 4

for adoption. During the consultation, the Council will invite comments by emailing and writing to interested parties and we will make the documents available on the Council website and in paper format at the Town Hall and six libraries in the borough subject to Covid restrictions. This consultation is currently timetabled for May/June 2021.

26. Following the formal consultation stage, the draft SPD will be amended to take account of consultation responses received and any further relevant information. The Initial Consultation Statement prepared to accompany the draft SPD for the consultation will be updated with a list of who we have consulted, a summary of the comments received and how those comments have been addressed in finalising the SPD.

POLICY FRAMEWORK

27. Contained in the body of the report.

BACKGROUND PAPERS

1. Corporate Plan 2015-20 - http://www.reigate-banstead.gov.uk/council_and_democracy/about_the_council/plans_and_policies/corporate_plan/index.asp
2. Local Plan Core Strategy (2014 reviewed 2019) - https://www.reigate-banstead.gov.uk/downloads/download/1380/reigate_and_banstead_local_plan_-_core_strategy
3. Development Management Plan (2019) - https://www.reigate-banstead.gov.uk/downloads/file/5767/development_management_plan
4. Environmental Sustainability Action Plan (2020) - https://www.reigate-banstead.gov.uk/downloads/download/2064/environmental_sustainability_strategy_2020



Reigate & Banstead Borough Council Climate Change and Sustainable Construction SPD

Sustainable Development Guide

Draft for consultation

February 2021

APPENDIX 1

DRAFT

This page has been intentionally left blank

DRAFT

Accessibility

This document is available in large print or another language on request.

Ten dokument jest dostępny w języku polskim na życzenie.

Este documento está disponível em português a pedido.

Ce document est disponible en français sur demande.

Ang tekstong ito ay magagamit sa filipino kapag hiniling.

Este documento está disponible en español bajo pedido.

Contact the Planning Policy Team at ldf@reigate-banstead.gov.uk or

Phone **01737 276 178**

SMS **07834 626468** if you are deaf or hard of hearing

DRAFT

Contents

This page has been intentionally left blank	1
Accessibility	3
1. Introduction.....	7
The aim of this document	7
Background	7
What is the purpose of this SPD?	8
Who is this SPD for?	9
Status	9
Planning applications, sustainability checklist, and templates	10
2. Policy Context.....	12
National Context	12
Local Plan	13
Other relevant local policy documents	15
Surrey County Council (SCC) plans and guidance	16
Conclusion	17
Further Information	17
3. Development Location and Sustainable Transport Linkages.....	19
Relevant local plan policy links	19
Accessibility to local services and public transport (larger developments)	19
Site permeability (larger developments)	20
Facilitating active travel options	20
Electric vehicle charging points	21
Reduced travel through internet connections	22
Planning Applications	22
Further guidance and tools	22
4. Carbon reduction – Energy Hierarchy and Carbon Reduction Statements.....	24
Introduction	24
Relevant local plan policies	24
The Energy Hierarchy	24
Reduced energy needs and passive/active design	24
Energy efficiencies	24
Renewable energy supplies	25
Planning Applications	25

Further information	25
5. Layout and Building Design (for reduced energy needs)	26
Passive Design	26
Relevant local plan policy links	26
Site layout and design	26
Building orientation	27
Thermal Mass	29
Natural ventilation	30
Airtightness	32
Solar Gain and Overheating	33
Glare	35
Planning Applications	35
Further guidance and tools	36
6. Renewable and/or low-carbon, and local, power and heating	37
Relevant local plan policy links	37
Efficient use of residual energy technologies	38
Combined Heat and Power (CHP)	39
Micro-CHP (Micro Combined Heat and Power)	40
Renewable energy and heating sources	41
Planning Applications	50
Further guidance and tools	54
7. Green Infrastructure and ecology for reduced energy needs and efficiencies, and climate adaptation	55
Relevant local plan policy links	55
Greening for carbon capture and cleaner air (sequestration)	55
Cooling/shading - greenspace and tree canopy	56
Green roofs and walls – cooling buildings and their environments and providing habitats	58
Wildlife habitats	59
Cooling buildings and their local environments	59
Shielding and insulation – trees and green walls/roofs	60
Green infrastructure and drainage/water storage	62
Adaptation to climate changes – habitats, planting, and landscapes	62
Preserving local ecology/trees in the design of developments	63
Greenspace for renewables	64
Planning Applications	64

Further information and tools	65
8. Water Resources	66
Relevant local plan policy links	66
Water Saving Measures	66
Flood-risk, water run-off and Sustainable Drainage Systems (SuDS)	67
Planning Applications	67
Further guidance and tools	68
9. Environmental sustainability, climate adaptation, and heritage assets	69
Relevant local plan policy links	69
Maintenance and renovation of historic buildings and structures in a changing climate	69
Flooding and Historic Buildings	70
Energy efficiency improvements in historic and traditional buildings	70
Insulation and historic assets	71
Renewable energy and historic assets	72
Planning Applications	72
Further guidance	72
10. Sustainable Construction	73
Introduction	73
Relevant Planning Policy links	73
Materials	73
Reducing Embodied Carbon	75
Construction operations	76
Planning Applications	77
Further guidance and tools	77
Appendices	78
Appendix 1: Acronyms	78
Appendix 2: Glossary	79
Appendix 3: Local Plan Policies	81
Appendix 4 Carbon Reduction Statement Template	93
Appendix 5: Sustainability Checklist Template	96

1. Introduction

The aim of this document

- 1.1. The aim of this supplementary planning document (SPD) is to support development, including residential and business, to be accountable to the challenges of mitigating and adapting to climate change, and to address other sustainability issues, some of which overlap and provide additional gains. It provides guidance and advice but is relatively high-level and acknowledges the fast pace of change in this arena, and that technologies may change during the lifetime of the document.

Background

Climate Change

- 1.2. Since 2001, UK summer temperatures have been among the hottest since records began. According to the UK Committee on Climate Change, much of the change globally is attributable to human activity¹, particularly with regard to increasing greenhouse gas emissions (especially carbon), a view shared by the Intergovernmental Panel on Climate Change (IPCC). Climate Change is therefore a priority in international and national policy.
- 1.3. The likely effects of climate change for the UK include hotter, drier summers, with increased potential for heatwaves² and drought conditions³, with the built and natural environment potentially becoming increasingly uncomfortable; and milder winters⁴ with more frequent and/or heavy rainfall episodes that could increase run-off from built-up areas, and put additional pressure on flood plains⁵. An increased risk to urban areas was set out in the IPCC fifth assessment report⁶.
- 1.4. The Climate Change Act 2008⁷ established a target for a reduction in the UK's greenhouse gas emissions of at least 80 per cent by 2050, over 1990 levels, which has subsequently been revised to a 100% reduction^{8,9}. Reigate & Banstead Borough Council (RBBC) has also established this as its vision for reductions¹⁰.

¹ <https://www.theccc.org.uk/the-science-of-climate-change/climate-variations-natural-and-human-factors/>

² Heatwaves are likely for every summer by the middle of the century (London Environment Plan, 2018)

³ <https://www.theguardian.com/environment/2020/mar/25/parts-of-england-could-run-out-of-water-unless-urgent-action-taken-report>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/758983/Climate_change_impacts_and_adaptation.pdf

⁵ <https://www.gov.uk/government/news/climate-change-means-more-frequent-flooding-warns-environment-agency>

⁶ IPCC Assessment Report 5

⁷ Legislation.gov.uk

⁸ In 2019

⁹ https://www.legislation.gov.uk/ukdsi/2019/9780111187654/pdfs/ukdsi_9780111187654_en.pdf

¹⁰ Corporate Plan 2025

- 1.5. It is therefore important that new development is designed to reduce the type of energy consumption that leads to carbon (and other greenhouse gas) emissions, and to be adaptable to climate changes.

Other sustainability challenges

- 1.6. Alongside climate change are other environmental sustainability issues, including: energy and water supply; waste; pollution; healthy living environments; and biodiversity. These are all becoming increasingly high profile in wider policy and legislation.
- 1.7. This document focuses primarily on climate change mitigation and adaptation, but other sustainability issues are addressed, in particular where there are synergies that can be achieved through approaches to the design of the built environment, contributing to the objective of creating sustainable environments, reducing greenhouse gas emissions, and creating an environment adapted for future needs.

What is the purpose of this SPD?

- 1.8. Planning policy provides an important mechanism for contributing to environmental sustainability in the built and natural environment¹¹, including to reduce carbon emissions and address how the environment should be developed to allow for adaptation to a changing climate (also referred to as resilience).
- 1.9. The function of this SPD is to support and supplement the borough's Local Plan policies¹², and national planning policy. The relevant Local Plan policies are highlighted in Chapter 2 and published in full in Appendix 3. These policies should always be considered in conjunction with this SPD, alongside the Surrey Waste Local Plan. This SPD:
- Identifies design and energy-saving/efficiency measures that can result in a development minimising greenhouse gas emissions, and energy use and waste, and creating places that are amenable to biodiversity, and adaptable to a changing climate (including through the integration of green infrastructure);
 - Provides guidance on renewable and low-carbon energy solutions, for reduced reliance on fossil fuels and finite energy sources, and for efficient use of national grid energy;
 - Considers potential solutions to water shortages and efficiencies requirements;
 - Addresses the materials and methods used in construction; and
 - Provides clear guidance for anyone applying for planning permission, or wishing to comment upon a planning application, as well as providing a consistent approach to assessing planning applications.

¹¹ National planning policy (NPPF, paragraph 7) sets out that the purpose of the planning system is to contribute to the achievement of sustainable development.

¹² The Reigate & Banstead Local Plan includes the Core Strategy (adopted July 2014 and reviewed July 2019) and the Development Management Plan (DMP) (adopted September 2019).

Who is this SPD for?

- 1.10. This guidance document is for anyone involved in the development process, including: landowners, developers/agents, designers, and householders considering any kind of schemes/development, including home conversions/extensions; town/parish councils and other interested parties commenting on proposals; and development management officers (DM) assessing applications. It is also a reference for anyone considering applying for permission for wind/solar energy (or other renewables/low-carbon) farms/stations.
- 1.11. Nonetheless, it is not intended to be prescriptive and cannot substitute for the use of qualified architects, landscape architects, planners and environmental specialists where necessary.

Status

- 1.12. This SPD has been prepared in accordance with the Town and Country Planning (Local Development) (England) Regulations 2012 and has undergone consultation with local groups and national organisations, in accordance with the Council's Statement of Community Involvement (SCI). It has also been subject to Habitat Regulation Assessment (HRA) and Strategic Environmental Assessment screening, and an Equalities Impact Assessment. The information contained within this SPD can be a material consideration in the determination of planning decisions. The role of this SPD is defined in Figure 1 below.

Figure 1: Role of Climate Change & Sustainable Construction SPD

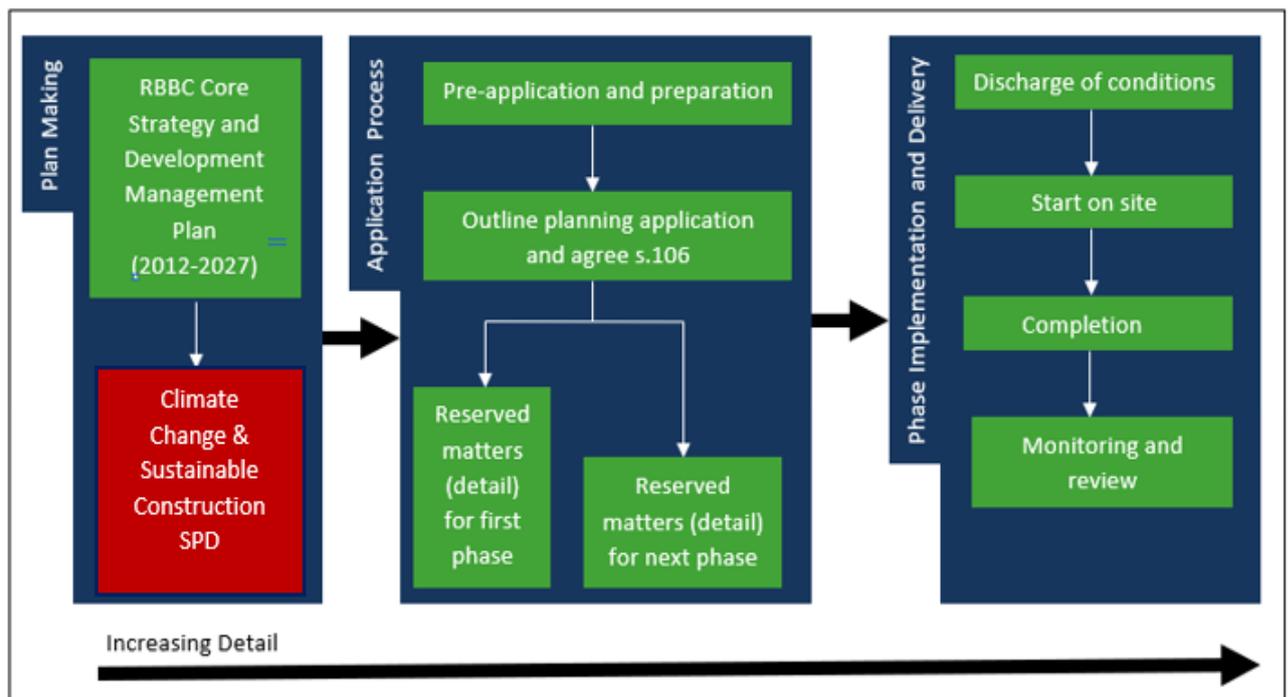


Figure 2: Structure of the SPD



Planning applications, sustainability checklist, and templates

- 1.13. Each of the following chapters sets out information to be taken into consideration when submitting a planning application (at the end of the chapters). This may include the submission of a carbon reduction statement (template attached at Appendix 3), or a Construction Management Statement, and reference should also be made to the Sustainability Checklist at the end of the document (Appendix 2).

Sustainability Checklist

- 1.14. This checklist will be included on the Council's planning applications Validation List, which helps to ensure that all relevant information has been submitted with a planning application, to reduce delays. It has been designed to assist applicants to review their approaches to sustainability in the design of proposals for the re/development. Applicants are expected to work through this during the preparation of the planning application, starting from the pre-app consultation and engagement with planning officers (Appendix 5).

Carbon Reduction Statement

- 1.15. For major developments (i.e. more than 10 new homes or 1,000sqm of non-domestic floorspace), developers are expected to include a Carbon Reduction Statement. It is in two parts, the first of which assesses the carbon emissions for each unit in the scheme, and the second is an accompanying statement where the applicant should define the proposed carbon-reduction solutions for the development. This will also be included on the Validation Checklist, for major developments (Appendix 4).

Construction Management Statements

- 1.16. DMP policy DES8 (Construction Management) considers that a Construction Management Statement may be required for some developments to address various impacts in relation to water, waste, noise and vibration, dust, emissions and odours, ground contamination and soil pollution, wildlife and features and heritage/archaeology. This should be discussed with planning officers at the pre-application stage.

2. Policy Context

- 2.1. This section sets out the planning and wider policy context regarding: the mitigation of the causes of climate change; adaptation requirements; and broader sustainability issues.

National Context

Legislation

- 2.2. Under the UK Climate Change Act 2008 and subsequent Government updates to the targets in 2019¹³ the UK must reduce greenhouse gas emissions by 100 per cent by the year 2050 (over a baseline of 1990).
- 2.3. A Green Future: Our 25 Year Plan to Improve the Environment (2018)¹⁴ sets out the Government's approach to tackling climate change and protecting and improving international biodiversity, following agreement to deliver the UN Sustainable Development Goals (Agenda 2030). Local Plan policy regarding the mitigation of, and adaptation to, climate change is a legal requirement set out in the Planning and Compulsory Purchase Act 2004 – Section 19 (1A)¹⁵.

National Planning Context

- 2.4. Local plan policy (including the policies in the Local Plan and in this SPD) conforms to the National Planning Policy Framework (NPPF) (2019) and is guided by national Planning Practice Guidance (PPG).
- 2.5. The NPPF requires climate change mitigation and adaptation to underpin plan-making and decision-taking, within land-use planning. It makes clear the need for planning to facilitate a move towards mitigation of climate change¹⁶, including through support for renewable/ low carbon energy and infrastructure, and through the shaping of places to support reduced carbon emissions¹⁷. National planning policy also sets adapting to climate change as a key objective of planning¹⁸, and contains policy on prudent use of natural resources, including minimisation of waste, and reduced pollution, as well as water supply, and green infrastructure and how this relates to sustainability.

¹³ https://www.legislation.gov.uk/ukdsi/2019/9780111187654/pdfs/ukdsiem_9780111187654_en.pdf

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf

¹⁵ <https://www.legislation.gov.uk/ukpga/2004/5/contents>

¹⁶ Paragraphs 8c, 148, and 149

¹⁷ Paragraph 148

¹⁸ Paragraphs 8 and 149

- 2.6. The Planning Practice Guidance considers that planning has an important role in the delivery of new renewable and low carbon energy infrastructure in locations where the local environmental impact is acceptable, to secure the UK's energy supply.

Local Plan

- 2.7. The guidance set out within this SPD is tied to the policies within the Reigate & Banstead Local Plan, which includes the Local Plan Core Strategy 2014 (Reviewed 2019) and the Development Management Plan 2019 (DMP). Figure 3 below sets out the relationship between the Local Plan's vision and objectives, and its and policies. The policies are included in full in Appendix 3.

- 2.8. The Core Strategy sets the broad direction for development in the borough and, notably, policy CS11 requires that non-residential development of new or replacement dwellings or extensions must meet a minimum standard of BREEAM¹⁹ 'very good', taking account of viability²⁰.

¹⁹ BREEAM (Building Research Establishment Environmental Assessment Method) is a sustainability assessment method that is used for masterplan projects, infrastructure and buildings.

²⁰ Point 1b/1.

Figure 3: Local Plan vision, objectives and policies

The Council's Vision 'Reigate & Banstead will be one of the most desirable and attractive areas in the region. It be a place where; '... the environment, and green space, is maintained and enhanced for the future....'.	
Core Strategy Objectives	DMP Objectives
SO1 To ensure that future development addresses the economic and social needs of the borough without compromising its environmental resources. (policy CS10)	SC6 Require new developments to provide adequate parking, whilst recognising the need to encourage sustainable transport choices, particularly in the most accessible locations. (policies TAP1 & TAP2)
SO6 To maintain and enhance the borough's valued landscapes, historic, built and natural environment including habitats and species and heritage assets. (policy CS4)	SC8 Encourage new development to incorporate passive and active energy efficiency measures and climate change resilience measures and where appropriate incorporate renewable energy technologies. (policies CCF1 & CCF2)
SO9 To ensure that design of new development makes best use of the site, integrates effectively with its setting, promotes local distinctiveness, maximises accessibility and minimises the opportunity for crime. (policies CS4 & CS10)	SC9 Direct development away from areas at risk of flooding, and ensure all developments are safe from flood risk and do not increase flood risk elsewhere or result in a reduction in water quality. (policy CCF2)

<p style="text-align: center;">SO10</p> <p>To require that developments conserve natural resources, minimise greenhouse gas emissions and help reduce waste, and are adaptable to climate change (including the risk from flooding. (policies CS10 & CS11)</p>	<p style="text-align: center;">SC10</p> <p>Ensure new development protects, and enhances wherever possible, the borough’s landscapes and biodiversity interest features, providing the highest degree of protection to internationally and nationally designated areas. (policy NHE4)</p>
<p style="text-align: center;">SO14</p> <p>To tackle congestion, pollution and greenhouse gas emissions of private car use by promoting sustainable modes of transport to promote healthier lifestyles. (policies CS06, CS10 & CS17)</p>	<p style="text-align: center;">SC13</p> <p>Conserve and enhance heritage assets across the borough, supporting their continuing viable use and cultural benefits. (policy NHE9)</p>

2.9 The DMP sets out more detailed policies, the key policy being CCF1 (Climate Change Mitigation) which requires that new developments must achieve at least a 19 per cent improvement on the Dwelling Emission Rate (DER) (for residential developments) over the Target Emission Rate (TER), as per L1A of the 2013 building regulations. For non-residential developments over 1,000 sqm floorspace, 10% of expected energy usage should be from renewable or low-carbon generation, unless it can be shown not to be viable.

Other relevant local policy documents

Reigate & Banstead Environmental Sustainability Strategy (June 2020)

2.10 This strategy recognises the important role the planning system can play to meet sustainability objectives, including achieving net zero carbon emissions by 2050. It builds upon Reigate & Banstead’s 2025 Corporate Plan commitment to be proactive on tackling climate change and reducing the borough’s environmental impact.

2.11 The strategy’s primary concern is to embed sustainability principles within the Council’s practices, particularly where the Council has responsibilities. The strategy supports the introduction of SPDs and/or Planning Position Statements to provide further guidance to developers on topics including energy and carbon reduction. The strategy also seeks the introduction of templates to standardise the information received in relation to energy and sustainability for use by planning applicants for inclusion in the planning validation checklist²¹.

²¹ https://www.reigate-banstead.gov.uk/downloads/file/6410/environmental_sustainability_strategy_2020 Chapter 6

Local Distinctiveness Design Guide (2004/2021)

- 2.12 This guide (currently being updated) should be referred to for all design considerations, including sustainability. It sets out key elements of the local built environment character and design requirements.

Surrey County Council (SCC) plans and guidance

Climate Change Strategy (2019)

- 2.13. Developed from SCC's commitment to support the Government's zero-carbon target, this strategy sets out the County and Districts' collective approach to tackling climate change. It identifies a range of ambitions and sets targets for these. A number of these ambitions are pertinent to new development, including areas noted below.
- 2.14. **Transport:** There is an ambition to deliver/promote an integrated, accessible, transport system across the county, including active travel (walking or cycling), thereby reducing journeys and improving local air quality for improved health and wellbeing of residents.²²The requirements of this SPD are in concurrence with and should help to achieve this aim.
- 2.15. **Housing and Planning:** There is an ambition to support the creation of low carbon, healthy homes for residents that reduce emissions, have lower running costs, and improve the wellbeing of the community.²³ The requirements of this SPD are in concurrence with and should help to achieve this aim.
- 2.16. **Buildings and Infrastructure:** There is an ambition to pursue lower operational energy use and increased supply of renewable energy to SCC's buildings.²⁴ This SPD takes a similar approach, for new developments.
- 2.17. **Waste, Resources and Circular Economy:** There is an ambition to create a system centred on circular economy principles that seeks to prioritise the reduction of waste creation and encourage innovative approaches to waste reutilisation and recycling with throwing away becoming a last resort. This SPD also seeks to support this aim.

²² The aim is for a 60% emissions reduction in the transport sector by 2035 against BAU as a minimum.

²³ The aim to achieve a 66% emissions reduction in the domestic housing sector by 2035 against BAU as a minimum.

²⁴ The target is for a 61% emissions reduction across commercial and public buildings sector by 2035 against BAU as a minimum.

The Surrey Waste Local Plan (SWLP) 2019-2033 (2020)

2.18. This provides the spatial and management policies for waste and recycling to 2033 across Surrey. SWLP Policy 4: (Sustainable construction and waste in new development) is particularly relevant as it seeks to: minimise waste during construction, maximising opportunities for the re-use and recycling of construction, demolition and excavation residues; and to promote integrated storage for waste recycling.

Surrey SuDS (Sustainable Drainage Systems) design guidance (2019)

- 2.19. Surrey County Council is the lead local flood authority (LLFA) for Reigate & Banstead borough, and is the risk management authority for local flood risk defined as flooding from surface water, groundwater and ordinary watercourses. SuDS are required on all major planning applications, and under Ministerial Statement HCWS161 and The Town and Country Planning (Development Management Procedure) (England) Order 2015, the LLFA are a statutory consultee for surface water for all major planning applications (10 or more properties or >1000m² or >1ha). A Surface Water Drainage Strategy should also be submitted to support all major planning applications.
- 2.20. Surrey's guidance includes design criteria for different surface water discharge, and management options, as well as the use of planning conditions. SuDS is considered in Chapter 8 below, but reference should be made to SCC's own guidance.
- 2.21. The Surface Water Drainage Strategy can either form part of the site's Flood Risk Assessment or a separate document.

Conclusion

2.22 This chapter draws together a range of existing national, county and local policies which relate to climate change adaptation and mitigation, and sustainable construction. It sets out good practice guidelines and advice to assist the delivery of development schemes which meet national and local policies. This will also contribute to both national, county and council's targets for climate change, through the part that development can play in meeting high standards for design and construction²⁵.

Further Information

National Planning Policy Framework

Planning Practice Guidance

Building Regulations

Reigate & Banstead Core Strategy 2014

²⁵ Core Strategy paragraph 7.2.2

Reigate & Banstead Development Management Plan 2019

Reigate & Banstead Environmental Sustainability Strategy 2020

Reigate & Banstead Local Character and Distinctiveness Design Guide 2004 under review

Surrey's Climate Change Strategy

Surrey Waste Local Plan 2020

Surrey County Council SuDs Design Guidance 2019

DRAFT

3. Development Location and Sustainable Transport Linkages

- 3.1. The selection of location for a new development is an important element in the sustainability of that development depending on its use – in particular the opportunity to minimise the need to travel using a vehicle²⁶. The approach to this is largely set out as part of the Local Plan strategy, in the Core Strategy and Development Management Plan (DMP) and is not addressed through this SPD.
- 3.2. However, it is important to consider the linkages between a development and adjoining areas, and how these can be enhanced to facilitate active travel and reduce car use²⁷ to create places that are sustainable - reducing greenhouse gas and other harmful emissions - and adaptable to climate change²⁸. This section sets out measures that can be considered for achieving this aim but is limited to the physical characteristics/design of developments. Local Plan policies CS17 and TAP1 set out requirements for Transport Assessments (TA) and travel plans where necessary (for developments likely to generate significant movement), and CS17 (1b) includes requirements for contributions to local public transport facilities where necessary.

Relevant local plan policy links

- 3.3. The relevant Local Plan policy links for this section are: CS10; CS17; DES1; DES7 (re: access); and NHE4. DMP Policy TAP1 requires that all developments provide electrical vehicle charging points (point 1.f).

Accessibility to local services and public transport (larger developments)

- 3.4 All developments should be designed with residents' or users' access to other facilities and services - and to wider public transport services - in mind²⁹, facilitating walking and cycling, or reduce the length of vehicle trips – thereby cutting greenhouse and other polluting emissions and need for energy supplies. This can also contribute to the wider sustainability objectives of providing opportunities for healthy lifestyles, and opportunities for those without access to cars. Accessible places is included as one of the ten characteristics of a well-designed place in the National Design Guide. Options for travel for those without cars should always be considered.
- 3.5 For residential developments this should include access to schools, local retail and community services, and public transport/cycle route links to wider facilities, and for employment sites, access to public transport/cycle route links to surrounding areas should be designed into the scheme. Where travel plans are required this can include provision such as mini-bus links to stations.

²⁶ as set out in local plan policies CS10 and CS17

²⁷ As required by TAP1: *Access, parking and servicing*

²⁸ The importance of 'the potential for servicing sites through sustainable transport solutions' in regard to reducing vehicle emissions, is noted in the NPPG, Paragraph 007, ID: 9-007-20140306

²⁹ As required by CS17, DES1, and TAP1

Site permeability (larger developments)

- 3.6 Pedestrian and cycle – and public transport - access through and beyond larger sites should be planned at the outset as part of the design of the development. The site's permeability³⁰ should not only facilitate access for residents/users of the site, but also other pedestrians and cyclists where the site is large enough to block routes – or could enable access that was not previously available, to improve the wider network.³¹ (See 6.16/6.18 in the Council's Local Distinctiveness Design Guide SPD also.)

Facilitating active travel options

- 3.7 Providing for 'active' travel, such as walking and cycling, can include provision of dedicated pedestrian and cycle routes through sites or contributions to/connections with other routes. It should also include secure parking for bicycles and/or shower/storage facilities, and the design of streets to make walking or cycling more safe or convivial.³²

Dedicated pedestrian and cycle routes

- 3.8 For larger sites, safe pedestrian and cycle routes through the development – and connecting to wider networks – should be incorporated. This should include connections to green infrastructure leisure networks³³, or routes enabling access to schools (for residential developments), service centres, or wider public transport.³⁴
- 3.9 Pedestrian routes in particular need to be as direct as possible – and the provision of a dedicated route should be included where the design of a development means that the roads take circuitous routes.
- 3.10 Routes provided should be convenient, safe, and legible, for all ages and abilities to use, with appropriate signage, lighting and overlooking. They should also be convivial, where possible, with the provision of seating for pedestrians, and planting.
- 3.11 Pedestrian and cycle routes should also avoid areas of potential flooding within sites and provide shelter from the sun and rain (for climate adaptation³⁵).

Street design (large sites)

- 3.12 The design of roads within larger sites should be approached with regard to how pedestrians and cyclists can use them safely and conveniently, alongside consideration of the design and character of the area (for which the Council's Local Distinctiveness Design Guidance SPD should be consulted). This is particularly important in respect of clear and safe routes to schools and local services and should address the need for crossings points (pelican crossings for areas likely to be busier, and centre refuges). It should also consider

³⁰ Required as per policy TAP1 (e).

³¹ Block designs are sometimes useful with this in mind, enabling access for any additional public transport services.

³² As required by policies CS10, CS17 and TAP1.

³³ As per policy NHE4

³⁴ As required by policies TAP1, CS10 and CS17

³⁵ Regarding policy CS10, point 9

the design of junctions of residential streets with main roads, avoiding large visibility splays that make crossing the ends of roads difficult for pedestrians, both in terms of vehicle speeds and increased crossing widths; it is sometimes also possible to include raised level crossings across these.

- 3.13 Reference should also be made to the Council's Local Distinctiveness Design Guidance at paragraph 6.4 in regard to the creation of places that offer a safe environment for walking and cycling, including through the design of buildings to provide active frontages, where appropriate, and to provide natural surveillance. Unnecessary street furniture and signage clutter should be avoided.
- 3.14 20mph zones may be suitable for some residential development, or even Home Zones where vehicle access would be limited and safe spaces for children to play outside would be created. In suitable residential developments, sensitive parking designs can be used to slow traffic speeds and provide aesthetic appeal, for example through the use of planter schemes. This needs to be carefully balanced against potential air quality issues which can result from lower vehicle speeds or additional waiting and circulating.

Bicycle parking, and storage

- 3.15 Adequate parking for bicycles should be provided for users/residents and visitors to developments, depending upon their size and function, and this should be secure, preferably covered, and sensitively screened, for example through the use of planting schemes³⁶. Requirements for cycle parking are set out in DMP policy TAP1, Annex 4, and the emerging Local Character and Distinctiveness Design Guide SPD.

Electric vehicle charging points

- 3.16 Electric vehicles have the benefit of eliminating emissions of particles and NO₂ from exhaust pipes (though particles are still generated from the use of the tyres) and reducing greenhouse gases where the source of electricity is decarbonised. The UK Government has announced³⁷ a ban on the sale of new petrol and diesel cars and vans from 2030³⁸, with hybrid vehicles allowed to be sold until 2035.
- 3.17 This provides impetus for the Council to ensure provision of electrical vehicle charging points at all new developments attracting car travel in line with national planning policy³⁹ and as required by DMP policy TAP1 (1.f). The Council's own Environmental Sustainability Strategy contains a priority to move towards the use of electrical vehicles⁴⁰.
- 3.18 Charging points should be located in safe, accessible and convenient locations, and developments should provide the advance provision of cabling and ducting, in line with

³⁶ See the Council's Local Distinctiveness Design Guide SPD, paragraph 6.49.

³⁷ 18 November 2020

³⁸ <https://www.gov.uk/government/news/government-takes-historic-step-towards-net-zero-with-end-of-sale-of-new-petrol-and-diesel-cars-by-2030>

³⁹ National Planning Policy Framework 2018, paragraph 110

⁴⁰ Chapter 3: Energy and Carbon

national planning policy. There may also be a need for increased power supplies to the area.

- 3.19 There are different types of charging points and the most appropriate designs will need to be assessed for the sites and types of development in question. For residential developments this is a 'Type 2' socket, which we will also require to be used for commercial sites, unless the need for faster charging can be shown. Where practicable in the residential setting the charge point design should also allow for vehicle to grid (V2G) operation.
- 3.20 The design of charging points should be as discrete as possible, avoiding obtrusiveness and clutter, and any illumination should be designed to avoid light-pollution effects.

Reduced travel through internet connections

- 3.21 Use of technology can greatly help reduce the need to travel. This has been highlighted during the Covid 19 pandemic as many switched to using conference call technologies to communicate. This greatly helped to reduce climate change emissions.

Planning Applications

Sustainability Checklist

- 3.22 Developers and designers should comply with the points set out in the sustainability checklist where appropriate (Appendix 5).

Conditions

- 3.23 Conditions may be applied to permissions in regard to: design and implementation of dedicated pedestrian and cycle routes, or financial contribution to wider routes in localities; the provision of sustainable transport linkages where employment development is not close to facilities or public transport; implementation of travel plans as required; and the provision of electrical vehicle charging infrastructure.

Transport Assessments and Statement

- 3.24 For developments likely to generate a large amount of travel by car, transport assessment and/or statements are a requirement of DMP policy TAP1. If sustainable transport enhancements, such as travel plans, smart travel, or design implementations can be calculated to reduce carbon reductions from transport, this should be set out in the carbon reduction statement.

Further guidance and tools

Department for Transport Manual for Streets 2007

Reigate & Banstead Development Management Plan Annex 4: Parking Standards 2019

Reigate & Banstead Local Distinctiveness Design Guide 2020

Reigate & Banstead Green Infrastructure Strategy 2017

Surrey Transport Plan (LTP3) 2017

Surrey County Council Reigate & Banstead Major Transport Schemes 2019

DRAFT

4. Carbon reduction – Energy Hierarchy and Carbon Reduction Statements

Introduction

- 4.1 This chapter introduces the concept of a hierarchical approach to energy reduction and carbon emissions, and the requirement for Carbon Reduction Statements to accompany planning applications. Subsequent chapters go on to explain how carbon can be reduced in new development by following the energy hierarchy approach and the measures needed to support this aim.

Relevant local plan policies

- 4.2 Policy CCF1 requires that new residential development achieves not less than a 19% improvement in the Dwelling Emission Rate (DER) over the Target Emission Rate (TER) as defined in Part L1A of the 2013 Building Regulations. This is equivalent to a 44% reduction compared with the Building Regulations 2006 baseline. The TER is expressed as the mass of CO₂ emissions emitted in kilogrammes per square metre of floor area per year.

The Energy Hierarchy

- 4.3 One way to approach the use of energy and reducing carbon emissions associated with new development is through using the concept of an 'Energy Hierarchy'. This starts with the premise of needing to use less energy, then considers how energy can be supplied and used more efficiently, and then, where possible and preferable, supplied from renewable sources. This approach is followed through in the following chapters of this SPD.

Reduced energy needs and passive/active design

- 4.4 Development should reduce needs for energy through fabric and servicing improvements, and measures to achieve this should include 'passive' design approaches such as optimizing the orientation of the building, natural ventilation and lighting, thermal mass and solar shading, and 'active' design measures, including low efficacy lighting and efficient mechanical ventilation with heat recovery. These measures are primarily set out in chapter 5, but are also addressed in chapter 7 on green infrastructure (through planting for insulation and shading).

Energy efficiencies

- 4.5 Once the demand for energy has been minimised, the heating and cooling energy demands for the development should be assessed in regard to the energy requirements of surrounding land uses, as efficiencies between uses in proximity may be achievable. This also applies to land uses within larger developments. Measures to consider may include a

connection to district heating networks or onsite combined heat and power (CHP) systems. This is covered in Chapter 6.

Renewable energy supplies

- 4.6 The second part of chapter 6 considers opportunities for producing, storing and using renewable energy on-site.

Planning Applications

Carbon Reduction Statement

- 4.7 To ensure that the most suitable means to reduce energy needs and carbon emissions are being integrated into a new development, applicants will be required to prepare a **Carbon Reduction Statement** to demonstrate how the proposal will meet or improve on the TER (as per the requirement of DMP Policy CCF1).
- 4.8 As part of the statement the applicant will be required to demonstrate that the proposal will be following the energy hierarchy to minimise carbon emissions. Suggestions on how to reduce carbon emissions in developments are included in the following chapters, which should be considered in the preparation of a Carbon Reduction Statement (Appendix 4).
- 4.9 A condition will be attached to a planning permission requiring the monitoring of the carbon savings of the scheme for five years from completion. This is to compare anticipated and actual carbon emission reductions.

Further information

[The UK's draft Integrated National Energy and Climate Plan \(NECP\) 2019](#)

5. Layout and Building Design (for reduced energy needs)

Passive Design

- 5.1 Planning can be a powerful mechanism for reducing the energy requirements and related emissions associated with a development, through influencing factors such as the orientation of buildings and the layout of sites⁴¹. Development can be configured to achieve maximum benefit from natural resources, such as daylight, solar energy, and cooling breezes, simply through the layout/arrangement of buildings on a site; and this achieves a 'win-win' solution to sustainable development⁴². It can also create healthier living environments, for example, through maximising access to daylight within rooms, and reducing the need for air-conditioning – and associated noise. Other measures include insulation. This is known as passive design.
- 5.2 Similarly, the glazing or paint colour of a building can significantly reduce its carbon footprint, reducing or eliminating energy needs, and ensuring a high quality of insulation will achieve immediate reductions in the need for energy.
- 5.3 Furthermore, passive design can help with adaptation to climate change; buildings can be designed to utilise natural features of the environment, including the weather, to assist with cooling or heating, and to be resilient to more extreme weather conditions.
- 5.4 To assist in the preparation of a Carbon Reduction Statement to accompany a planning application, this section covers: overall site layout/design; building orientation; Thermal Mass; ventilation; airtightness; and solar gain and overheating. The statement should include a discussion on the proposed solutions and reasoning as to why the chosen approach is being proposed over other options.

Relevant local plan policy links

CS10, CCF1, DES1

Site layout and design

- 5.5 For larger sites, the layout of buildings and facilities can affect the amount of natural or shared heat and light available for energy efficiencies, and this is best considered at the design stage alongside and in balance with other design considerations, such as local distinctiveness, and the aesthetic quality of the development.
- 5.6 Where possible, taller buildings should be placed towards the northern section of a site to reduce the effect of shadowing across the site – but this should not be done in a regimented

⁴¹ National Planning Policy Framework, paragraphs 150 and 153 – and 131 re innovation

⁴² National Planning Practice Guidance, paragraph 004/ Reference ID: 6-004-20140612

or artificial manner and should be applied where it will provide overall benefits. Similarly, parking facilities such as garages can usefully be placed towards the north of buildings for similar reasons, provided they don't harm the amenities of neighbouring sites and land uses. However, parking-dominated frontages should be avoided. (Please see page 53 of the Council's Local Distinctiveness and Design Guide SPD 2020 regarding the design of parking.)

- 5.7 The spacing of buildings on sites should also be considered to strike a balance between gaining an optimum level of natural heat and light, including also considering efficiencies of reduced loss of heat through compact development, whilst avoiding contributing to the Urban Heat Island Effect in locations where this might be an issue.⁴³
- 5.8 Where the topography of a site allows, the best use should be made of opportunities for building into slopes or into the ground, where this can offer thermal buffering and the exploitation of ground heat.⁴⁴This can also offer protection to buildings from harsher weather conditions, allowing for adaptation to climate changes.

Building orientation

- 5.9 On all development sites, but particularly larger sites, developers will be expected to demonstrate that consideration has been made as to how buildings are arranged for maximum natural energy and cooling, as well as associated health benefits.

Residential development

- 5.10 In residential developments where there is a north-south axis, the orientation of the buildings as shown in Figure 4 will maximise heating in the morning and evening when it is most needed. This layout also helps to reduce overshadowing between buildings due to the angle of the sun's path. Habitable rooms, including living rooms and bedrooms, would best be located on the west elevation to maximise the heating and lighting effects from solar gain later in the day.

⁴³ In line with the principles of policies CS10/CCF1.

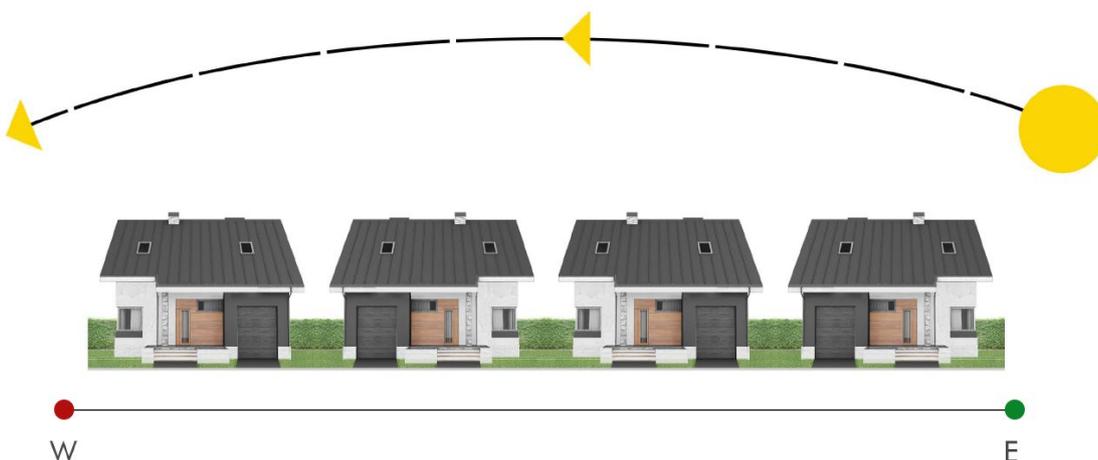
⁴⁴ In line with policy CS10 re maximising energy-efficiency, and CCF1.

Figure 4: Orientating dwellings on a north-south axis



- 5.11 On sites with an east-west axis, the orientation of dwellings as shown in Figure 5 will maximise solar gain on the south elevation. With such a site orientation, habitable rooms are best located on the south elevation with kitchens and bathrooms located on the north side. Such orientation will maximise heating from the sun in the winter, but this would need to be balanced with the risks of overheating in the summer when shading may be required either from trees or other forms of planting (see chapter 7 on green infrastructure), or from louvres.

Figure 5: Orientating dwellings on an east-west axis



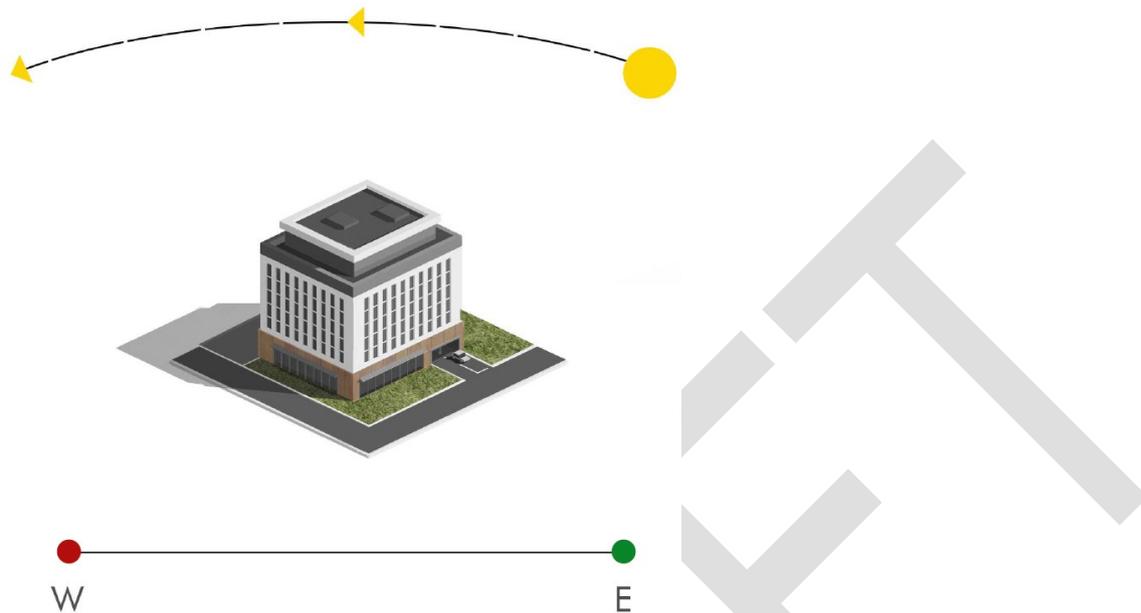
Non-residential development

- 5.12 In the case of commercial properties an understanding of how and when the building is used can result in a different optimum orientation. In the case of commercial buildings, heat generally builds up during the day as a result of computers and other electrical equipment being used. To help reduce solar gain an east-west axis is preferable, with glazing on the

north elevation to maximise light and prevent excessive heat gain, which can still be an issue in winter.

10

Figure 6: Orientating a non-residential development



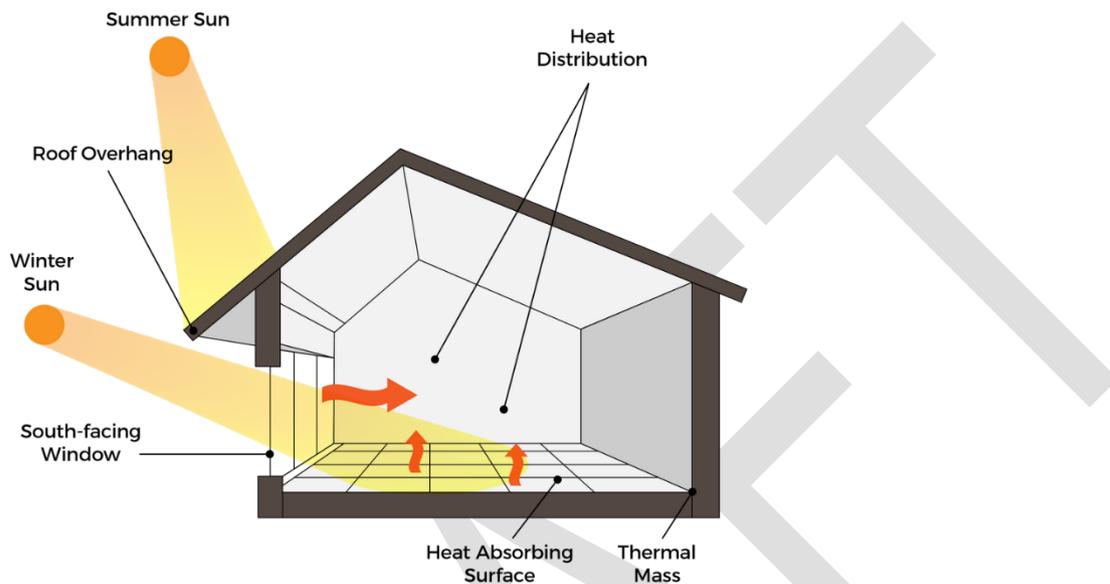
Thermal Mass

- 5.13 A further key consideration with passive design is Thermal Mass; the choice of building materials will have an important bearing on how temperatures are moderated in a building. High thermal mass materials absorb heat during the day and release it during the night, helping to regulate the temperature within the building. Materials that have a high thermal mass include brick and block with plaster finishes, whereas timber framed buildings have a lower thermal mass.
- 5.14 Thermal mass is a passive design feature, not a method of insulation. It can reduce the cooling load of a building in summer and the heating load in winter, therefore reducing carbon emissions.
- 5.15 In the summer, thermal mass helps prevent buildings from overheating by absorbing heat from the sun and from the building's occupants, rather than heating the building's interior. In an office building for example, the peak internal temperature is usually in the afternoon, particularly in the summer when the building is occupied, and heat is being generated from the occupants, computers, and lighting. At night when the building is vacated, the heat diminishes, external temperatures fall, and heat is released from the thermal mass of the building. This absorption of heat by the building's fabric and its release at night will help reduce the need for air conditioning, reducing energy consumption and carbon emissions.
- 5.16 In the winter, as in the summer, during the day the building absorbs heat but at night the thermal mass prevents the building from getting cold. This reduces the amount of energy

needed to heat the building the following day to bring the building up to an appropriate temperature, thereby minimising carbon emissions and saving energy.

- 5.17 Figure 7 illustrates how a dwelling can be designed to maximise the benefits of thermal mass all year round.

Figure 7: Maximising the benefits of thermal mass



Source: http://www.dkcontractors.biz/uploads/1/3/2/8/13288406/passive-solar-design_orig.png

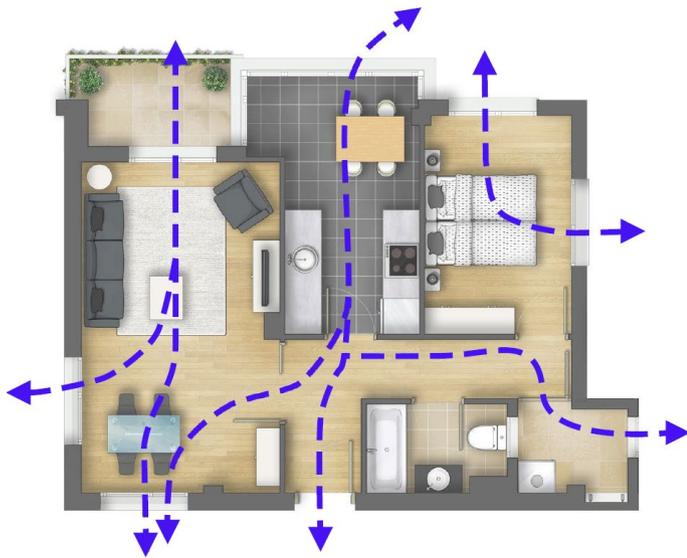
Natural ventilation

- 5.18 Natural ventilation is the supply and removal of air through a building using natural means. This can reduce the need to mechanically ventilate a building and therefore reduces energy consumption. However, such ventilation is variable as it is dependent on the speed and/or temperature of the wind. There are two types of natural ventilation: wind driven and passive stack.

Wind driven ventilation

- 5.19 Wind driven ventilation utilises pressure differences that occur when air flows over a building. The appropriate placement of ventilation openings will draw air through the building openings thereby providing natural ventilation (Figure 8 below).

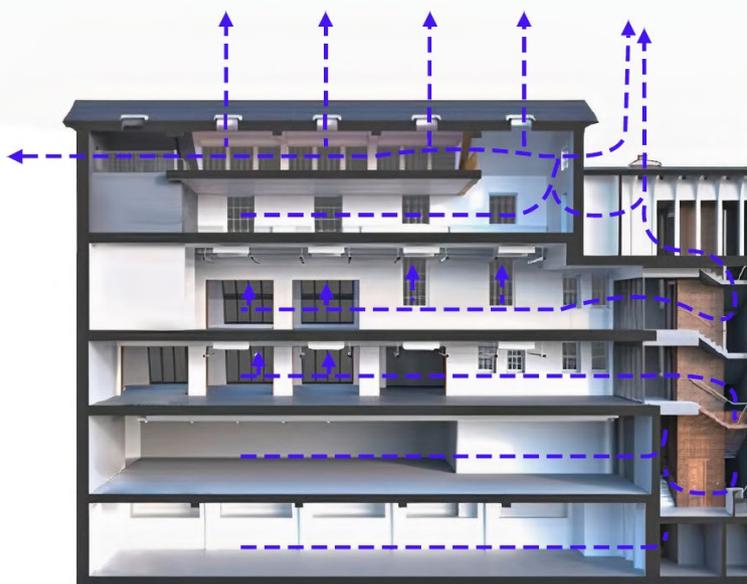
Figure 8: Wind driven ventilation



Passive stack ventilation

5.20 Passive stack ventilation is driven by differences in internal and external temperatures and is achieved by placing ventilation openings at different heights. It is based on the 'stack' effect whereby warm air naturally rises and is replaced with cooler air entering at a lower level. In order to make a passive stack approach work, vents should be placed in rooms which require fresh air to replace moisture-laden or odorous air. Ducts draw the warm air up and out of the building, and ventilation openings (such as trickle vents in winter or open windows in summer) draw in fresh air from 'dry' rooms. Figure 9 illustrates this approach.

Figure 9: Passive stack ventilation



Insulation

5.21 Around half of the heat lost in a typical home is through the walls and roof spaces. Increasing insulation levels significantly beyond current building regulations requirements is the cheapest and most effective method of reducing CO₂ emissions, and energy needs. It requires minimal maintenance and should last the life of the building. It reduces heat losses and gains through the fabric of the building and minimises the costs of heating and cooling systems. Buildings are kept warmer in the winter and cooler in the summer. Insulation measures include:

- Loft insulation;
- Tanks and pipe insulation;
- Cavity wall insulation;
- Solid wall insulation;
- Floor insulation;
- Draught proofing; and
- Double and triple glazing.

5.22 However, as with all measures, these should be weighed against other design considerations. In particular, the use of solid wall insulation should be avoided where this can affect the appearance of traditional brickwork and tile-hangings⁴⁵.

5.23 Thermal insulation is measured using 'U values'. The U value is a measure of how readily heat will flow through the structure. The lower the U value, the less heat is transferred through the fabric of the building. An increased thickness of insulating materials will increase energy efficiency and reduce the U value. More information on home insulation can be found at the Energy Saving Trust.

Airtightness

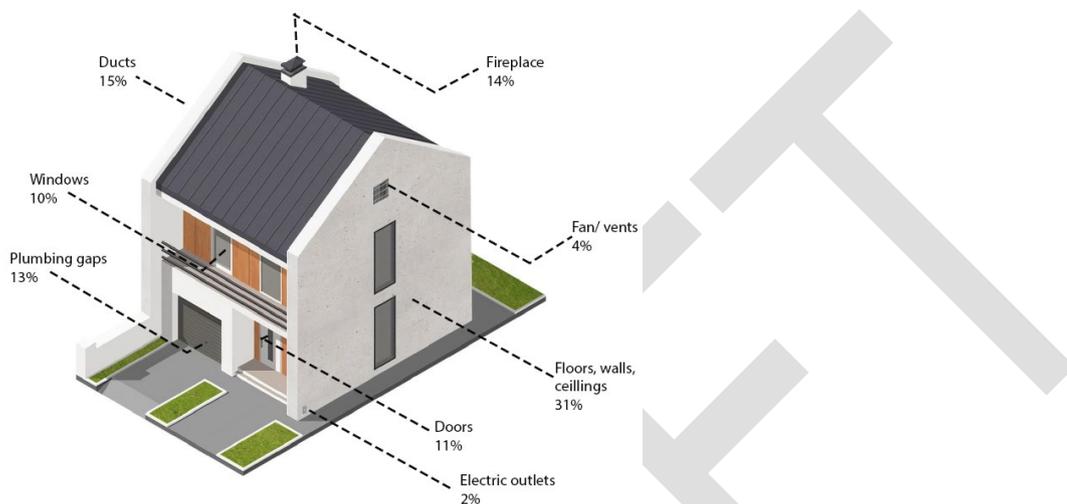
5.24 Significant reductions in heat loss can also be achieved by reducing air infiltration through the building fabric and making the building air-tight. Air leakage occurs in several places, particularly draughty windows and doors and joints between ceilings and walls. This can be reduced through careful construction practices, to ensure gaps in the fabric are minimised (see Figure 10). Measures include:

- Ensuring gaps around window and door frames are properly sealed;
- Draught-stripping external windows and doors (other than kitchens and bathrooms unless other ventilation measures are included);
- Sealing holes around services passing through the external walls including water pipes, gas pipes, boiler flues and electrical cables;

⁴⁵ Internal dry-lining has been shown to work well within the borough in these instances.

- Choosing airtight light fittings, or sealing gaps around light fittings and ceiling pull cords;
- Sealing the joint between the ceiling and the external wall; and
- Sealing the joint between the dry-lining and the skirting board.

Figure 10: Air leakage in a house



Solar Gain and Overheating

5.25 Whilst reducing energy needs – and associated carbon emissions - through retaining as much heat as possible is important, this does nonetheless need to be balanced against the issue of overheating, which in the built environment is also a growing issue; twenty per cent of homes in England already experience overheating in the summer months⁴⁶, and with temperatures rising, this should be addressed in advance through appropriate measures. The UK's Climate Change Risk Assessment identifies high temperatures and the threat this poses to health, wellbeing and productivity as one of the six priority risk areas for action.

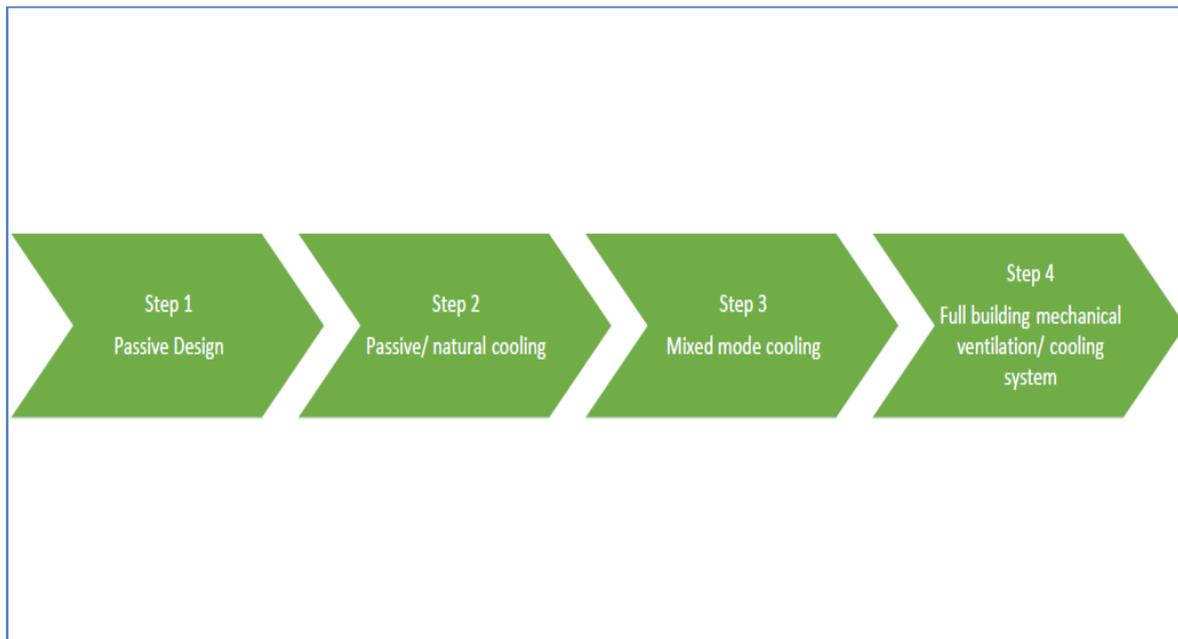
5.26 Properties at a higher risk of overheating include:

- Flats with south and west facing facades due to excess solar gain;
- Top floor flats with heat gain through the walls and roof;
- Single aspect flats (no cross-ventilation allowance);
- Properties with district heating or similar, where excess internal gains arise from poorly placed or poorly insulated pipe work;
- Buildings with heat recovery systems that have no summer bypass mode; and
- Buildings with poorly designed thermal mass coupled with insufficient secure ventilation to enable night purge of heat to take place.

⁴⁶ <https://www.zerocarbonhub.org/sites/default/files/resources/reports/OverheatingTheBigPicture-ExecSummary-Screen.pdf>

5.27 Air conditioning is commonly used to address overheating, but this is energy intensive with high associated levels of carbon emissions. It also places a cost on future occupiers in terms of both energy bills and maintenance costs. Therefore, the Council's preferred approach to overheating is that the design of developments should follow a 'cooling hierarchy' (see Figure 11 below), subject to taking a balanced approach to this and other design considerations.

Figure 11: Cooling Hierarchy (adapted from Islington Borough Council 2012)⁴⁷



5.28 The cooling hierarchy is as follows:

- **Passive Design.** Minimise internal heat generation through energy efficient design and reduction of the amount of heat entering the building in the summer and shoulder months through consideration of orientation, overhangs and shading, albedo, fenestration, insulation, and green roofs (see section 7). Where heat is to be managed within the building through external mass and high ceilings, provision must be made for secure night-time ventilation to enable night purge to take place.
- **Passive/natural cooling.** Use of outside air, where possible pre-cooled by soft landscaping, a green roof (see section 7) or by passing it underground to ventilate and cool a building without the use of a powered system. This includes maximising cross ventilation, passive stack and wind driven ventilation and enabling night purge ventilation. Single aspect dwellings should be avoided for all schemes as effective ventilation can be difficult or impossible to achieve. Windows and/ or ventilation panels should be designed to allow effective and secure ventilation.

⁴⁷ London Borough of Islington 2012 Low Energy Cooling Good Practice Guide 5

- **Mixed Mode Cooling.** Use of local mechanical ventilation/ cooling to supplement the above measures (in order of preference):
 - i. Low energy mechanical cooling (e.g. fan powered ventilation with/ without evaporative cooling or ground coupled cooling).
 - ii. Air conditioning – last resort as these systems are energy intensive.
- **Full building mechanical ventilation/ cooling system.** Use only the lowest carbon/energy options once all other elements of the cooling hierarchy have been utilised.

Glare

5.29 In addition to solar gain, it is also important to consider the effects of potential glare at the design stage. As with overheating this can be addressed through effective layout and design and the inclusion of effective solutions such as low eaves-height blinds; brise soleil screening; external shuttering; lighter colour palettes; and the use of photochromic/ thermochromic glass, to be selected with consideration of other design matters, such as local distinctiveness and character.

Planning Applications

5.30 The supporting Carbon Reduction Statement should show consideration of passive design within the proposed scheme. Particular focus should incorporate a discussion on how the orientation, shading, ventilation and overheating have been considered within the scheme and the benefits of the proposed approach when compared with other solutions.

5.31 Thermal modelling

Completing the Good Homes Alliance (GHA) Early Stage Overheating Risk Tool will help inform the initial design and any pre-application discussions with the Council. For major applications it is recommended that the proposed development undergoes thermal modelling, with buildings designed to meet CIBSE's latest overheating standards. For housing led schemes this should refer to the guidance in CIBSE TM59. For other uses, CIBSE TM52 guidance should be applied. Consideration should be given to future climate scenarios. Where officers have concerns about potential overheating, a planning condition may be used to secure overheating analysis for a sample of units on the site.

5.32 Post occupancy monitoring condition

To ensure that new developments are meeting their modelling findings a specific condition will be included with the planning permission requiring annual monitoring for 5 years following construction (by the developer, and reported to the Council), of the development's overheating performance to assess how the scheme is meeting the agreed evidence.

Further guidance and tools

Good Homes Alliance, 2019 [Tool and guidance for identifying and mitigating early stage overheating risk in new homes](#)

Islington Borough Council, 2012 [Low Energy Cooling. Good Practice Guide 5](#)

CIBSE, 2013 [TM52: The Limits of Thermal Comfort: Avoiding Overheating in European Buildings](#)

CIBSE, 2017 [TM59: Design Methodology for the Assessment of Overheating in Homes](#)

DRAFT

6. Renewable and/or low-carbon, and local, power and heating

- 6.1 To help meet national and international⁴⁸ targets for reducing emissions of greenhouse gases, including carbon, and to ensure constant energy supplies, there is a need to further reduce or eliminate the burning of fossil fuels, such as gas, for power and heat⁴⁹, and this chapter provides advice on how this can be achieved in new developments. The use of gas to heat homes will be phased out in coming years (by 2025⁵⁰), providing essential impetus to plan for suitable alternatives in new development.
- 6.2 The technologies set out in the following chapter present a variety of approaches to contributing to a reduction in the use of fossil fuels for energy. The first section looks at systems of heating and power that aim to harness the residual energy from other processes, thus creating efficiencies in the existing use of energy – whether fossil fuels or renewables. This includes systems such as Combined Heat and Power (CHP) systems, district heating, and thermal storage. The second part considers the use of renewable technologies such as solar and wind power, and also measures such as heat pumps or solar for direct heating.
- 6.3 There is also a need to reduce energy wastage through grid-transmission, which can be achieved through greater use of locally-generated power – and all of the systems set out can contribute to this objective. And it also touches upon requirements for those considering setting up renewables technology farms or stations.
- 6.4 It is worth noting that over the past ten years these technologies have continued to evolve into more efficient and robust systems. Furthermore, with growing competition, prices of the improving products have continued to fall in real terms and the onsite delivery knowhow and skillset continues to grow year on year. Since the 2013 Building Regulation amendments, there is even more impetus to ensure that developments are low carbon, a requirement that is going to continue to intensify.

Relevant local plan policy links

- 6.5 These policies, contained in full in Appendix 3, support the use of low-carbon and renewable sources for heat and power. CS10 (point 7) seeks the re-use of natural resources, maximising energy efficiency, and adopting renewable and low carbon technologies. As part of this direction, CS11 (point 2) encourages developments to connect to existing district heating and combined heat and power networks. This is developed further in CCF1, and extends to on site micro-generation as well as supporting low carbon technologies and renewables.

⁴⁸ [The UN Paris Agreement 2016](#)

⁴⁹ Targets have been largely met so far by changes to national electricity generation, according to the UK's Climate Change Committee.

⁵⁰ <https://www.bbc.co.uk/news/science-environment-47559920>

Efficient use of residual energy technologies

- 6.6 The middle tier of the Energy Hierarchy encourages the use of technologies that are able to make use of locally-available energy that would otherwise have been wasted, to produce heat and energy, thereby to reducing the overall level of carbon emissions. These technologies produce some carbon emissions but at lower rate than traditional means such as existing domestic gas or oil fuelled central heating boilers or the use of large grid based systems which lose in the region of 26 terawatts per hour in the transmission process⁵¹.
- 6.7 These types of energy sources include: connections to district heat and cooling systems or combined heat and power systems (CHP), micro-combined heat and power systems (MCHP) (set out below), and some forms of thermal storage systems (see paragraph 6.48 below). However, it should be noted that new developments should be aiming to reduce carbon emissions to zero where possible, for example through the use of renewable technologies such as heat pumps.

District Heat and Cooling Systems

- 6.8 District heat and cooling systems are well-established, using excess heat from existing industrial processes or heat produced by traditional boilers or incinerators, to heat a neighbourhood. Heat is transmitted through a network of pipes from the source to individual buildings. Figure 12 pictured below is a ground-breaking example from in Odense, Denmark, where the surplus heat from a social media data centre is fed back into the city's district heating system⁵². Currently there are some 17,000 such networks in the UK⁵³.
- 6.9 At present there are very few such networks in Reigate and Banstead, but the Council would be supportive of partners developing appropriate schemes. Such a system would reduce energy use and emissions for heating, which is currently around half of all energy produced in the UK.

Figure 12: District Heating in Denmark



source: <https://foresightdk.com/the-path-to-emissions-free-district-heating-in-denmark/>

⁵¹ <https://www.statista.com/statistics/322834/transmission-distribution-and-other-losses-of-the-public-electricity-distribution-system-in-the-united-kingdom-uk/>

⁵² <https://uk.ramboll.com/projects/rdk/unprecedented-data-centre-surplus-heat-recovery>

⁵³ https://www.theade.co.uk/assets/docs/resources/Heat%20Networks%20in%20the%20UK_v5%20web%20single%20pages.pdf

Combined Heat and Power (CHP)

- 6.10 CHP is a highly efficient process – over 80 per cent - that captures and utilizes the heat that is a by-product of the electricity generation process and would otherwise be wasted, reducing the need for additional fuel to be burnt. By generating heat and power simultaneously, CHP can reduce carbon emissions by up to 30% compared to the separate means of conventional generation via a power station and then a boiler. The heat generated during this process is supplied to an appropriately matched heat demand whose needs would otherwise be met by a conventional boiler.

Figure 13: CHP Unit

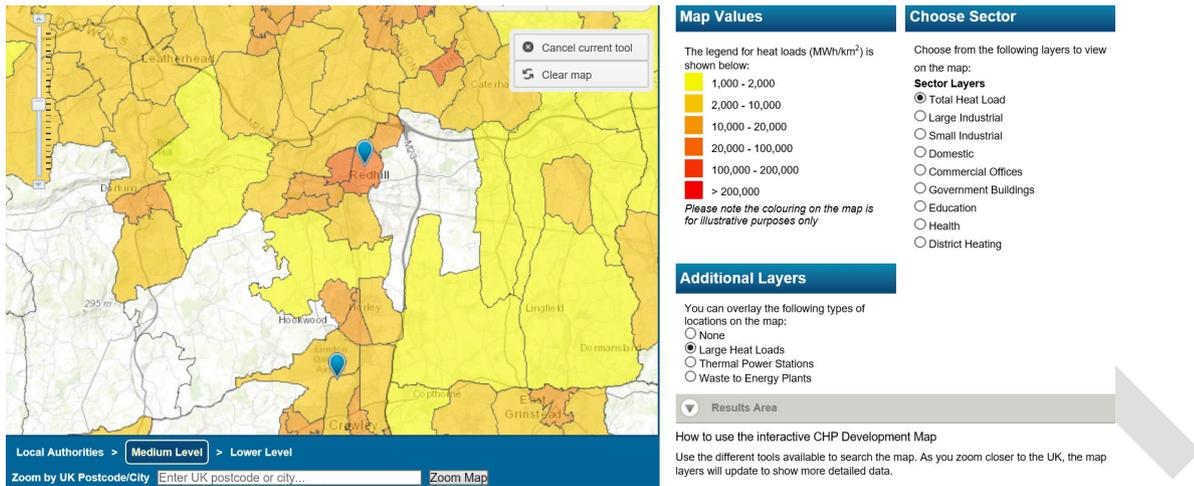


Source: <https://www.newenco.co.uk/combined-heat-power/benefits-of-chp>

- 6.11 For many larger developments, CHP is the measure that offers the most significant single opportunity to reduce energy costs and improve environmental performance, reducing carbon emissions by around 30% typically. Furthermore, transmission and distribution losses are reduced and there is increased fuel supply security. Therefore, the Government supports the development of CHP and has set up a free service, CHP Focus, providing the necessary information and online tools to assist developers, including a Site Assessment Tool, the UK CHP Development Map, and a CHP Scheme Database. Details where to find these are contained at the end of this chapter.
- 6.12 The UK CHP Development Map provides a useful starting point for developing CHP, and shows that at present Redhill represents the most promising location for CHP technology within Reigate & Banstead borough, as there is potentially a large available heat load to support such a system, so this approach could therefore be considered for developments in and around Redhill.
- 6.13 However, CHP does have some challenges with regard to the location of the facility and the associated flue, and impacts upon air quality, noise and visual amenities, all of which need to be carefully considered when using this technology; for example schemes using CHP will be unlikely to be given permission in areas – or where it could affect areas – already affected by poor air quality issues, such as Air Quality Management Areas (AQMA).

6.14 CHP plants need permanent availability of access, and there are also issues surrounding the developing and connecting to the network, and setting aside paths for future expansion - including ducting to accommodate future upgrades, which need to be considered early in the design of the scheme.

Figure 14: UK CHP Development Map



Source: <https://chptools.decc.gov.uk/developmentmap>

Micro-CHP (Micro Combined Heat and Power)

6.15 Micro-CHP boilers are designed to generate all the heating and hot water and a significant percentage of the electricity needed by a typical home. Micro CHP boilers can use a variety of fuel options including main supplied gas. Such technology can significantly reduce carbon emissions. They also benefit from increased efficiency as they generate electricity directly on site, therefore avoiding the transmission losses that occur when power is taken from the grid.

Figure 15: Micro-CHP domestic boiler



Source: <https://www.conservatoryhub.com>

- 6.16 Micro CHP is generally considered permitted development where the works are internal. There are design requirements in conservation areas which are outlined below.

Renewable energy and heating sources

- 6.17 Renewable energy is energy 'generated from natural resources such as the sun, wind, and water, using technology which ensures that the energy stores are naturally replenished'⁵⁴. Low-carbon energy technologies do not always draw upon renewable sources, but can aid the demand for energy and reduce carbon emissions. 10% of expected energy usage should be from renewable or low-carbon generation, unless it can be shown not to be viable.
- 6.18 A sample of renewable technology options for heating and power are set out below, that are currently considered effective in Reigate & Banstead borough.
- 6.19 It will be necessary to carefully consider appropriate technologies and systems to compliment the development. Whilst each have benefits regarding sustainability, there are also limitations for each, as set out in the descriptions below. Specialist advice should be sought to design the most effective solution for the development.

Renewable electricity sources

Solar energy/Photovoltaics (PV)

- 6.20 Solar panels or tiles can be used to capture energy from the sun to be converted to electricity for the home⁵⁵. Photovoltaics consist of cells grouped together in 'modules'. PV cells work when light is shining onto them, so whilst direct sunlight can generate a greater level of electricity, electricity is still generated in cloudy conditions (though not at night-time).

Figure 16: Solar Panel Installation



Source: <https://www.savingenergyuk.co.uk>

- 6.21 Solar energy is a highly sustainable renewable resource with no associated carbon emissions or air pollutants. It should therefore definitely be considered for inclusion on new housing developments, though mains or other forms of renewable electricity may need to be

⁵⁴ [Energy Savings Trust](#)

⁵⁵ This works through the displacement of electrons from semi-conductive materials, which creates an electrical flow in DC which is then run through a converter to produce AC electricity for the home. (Energy Savings Trust, website)

used to supplement this at night. Where there is space, it may be possible to store the energy generated in specially designed batteries (see below). However, all utilisation of PV in development/conversion schemes should take full account of the need to ensure that visual amenity and aesthetics are not compromised, and that the quality of local buildings/environments and their distinctive characters and settings are not diminished. (Please see the Council's Local Character and Distinctiveness Design Guide 2020, section 6.48.)

- 6.22 The location, design, orientation, and overshadowing of buildings is a factor in the effectiveness of solar energy generation. For the best results, roofs should face south and have a pitch of 30 to 40 degrees⁵⁶. North-facing roofs are not recommended. The amount of surface available for capturing sunlight will also be a consideration. The Energy Savings Trust suggests that to generate between 20 and 45 per cent of a typical home's electricity needs, a surface area of 10 to 20 m² should suffice.
- 6.23 Solar cells have flexibility as modules can come as groupings, known as arrays, all of which can be designed in different shapes and sizes. These can not only be installed as panels on roofs, but also integrated into tiles, replacing conventional roof tiles⁵⁷, or for a fitting to a ground space, all of which may be a useful for historic/listed buildings or buildings in sensitive areas. However, because tiles are more expensive than panels, they are normally used for aesthetic reasons.
- 6.24 The Council's Local Character and Distinctiveness Design Guidance SPD 2020 contains information that should be followed on how to minimise the visual impacts of PV. In particular, PV should be avoided where it can be seen on street frontages. Modules can be sited effectively on out-buildings or in garden arrays, or use can be made of crown-roofs and hidden valleys. The Council also requires a block design, not stepped designs of tiles, carefully integrated into roofs.
- 6.25 Careful consideration needs to be made of the cell colour. At present many of the PV units are black/ dark grey, and black is required in Reigate & Banstead borough. However, many houses in Reigate & Banstead borough have a Surrey vernacular which includes red tiled roofs. There are some red tiled alternatives available, and this issue is particularly pertinent in conservation areas and with listed buildings. However, this may not be suitable where the local vernacular 'plain' tiles are in situ.

⁵⁶ [Energy Savings Trust](#)

⁵⁷ These are more expensive than solar panels, typically about twice the cost ([Energy Savings Trust](#)).

Figure 17: Red backed solar panels



Source: <https://gallerykitchendesign.co.uk>

Bio-solar/Smart Green Infrastructure

- 6.26 The efficiency of solar panels can be enhanced when combined with the provision of green/living roofs (see Chapter 7 for more on green roofs in general)⁵⁸. Evapotranspiration from a green roof can keep PV panels closer to an optimum temperature of around 25 degrees C⁵⁹, and the greenery can also keep dust and air-pollution at bay, so that dust levels affecting the panels would be lower than on a bare roof in the same location⁶⁰. However, in the south of the borough, around the Gatwick flightpath, such roofs would need to be very carefully designed/planted so as to minimise the risk of bird strike on planes using the airport. In some cases, green roofs may not be an option on air safety grounds.

Figure 18: Solar panels on a green roof



Source: <https://livingroofs.org/introduction-types-green-roof/biosolar-green-roofs-solar-green-roofs/>

⁵⁸ Chemisana & Lamnatou 2014; Tomazin 2016 - Natural England/RSPB – Climate Change Adaptation Manual (NE751, Edition 2) (2020) – Evidence to support nature conservation in a changing climate

⁵⁹ Information from Turfonline/Treeliving/Livingroofs.org

⁶⁰ Green Roof Technology 2015

Wind turbines

- 6.27 Wind turbines harness energy from the wind which can be converted into electricity for homes and businesses. Historically this has been very popular in Reigate & Banstead, for example wind power has been harnessed on Wray common.

Figure 19: Wray Common Mill, Reigate



- 6.28 Wind energy is a very sustainable renewable resource with no associated carbon emissions or air pollutants. There are two types of wind turbine – those that are free-standing on a pole located in an exposed position (Figure 20), and smaller ones mounted onto a building (Figure 21). The amount of electricity generated is dependent on the strength of the wind, and the size of the wind turbine; wind speed inconsistencies can create problems, and realistically the best locations are often on hill ridges where the winds are more constant. Electricity generated in this way can be stored in specially designed storage systems such as batteries (see below), for use when there is less wind.

Figure 20: Free standing wind turbine



Source: Ecopowershop.com

Figure 21: Mounted wind turbine



Source: Thegreenage.co.uk

- 6.29 Nonetheless there are a number of important planning issues that will need to be considered, including the impacts of noise and vibration, and visual impacts, on neighbouring properties; Conservation Areas; the setting of listed buildings and Areas of Outstanding Natural Beauty; and wildlife. The location and size of wind turbines will also need to be controlled where they could affect air traffic control radar systems such as around Gatwick airport. Therefore, if planning to install a wind turbine, it is advisable to speak with the Duty Planning Officer first.

Renewable heating technologies

Air-source heat pumps (ASHP)

- 6.30 Air-source heat pumps can heat a home and the water supply through extracting heat from the air outside of the building and compressing it within a pump, heating fluid, which can then be transferred to heat the home and/or the water circuits. These are air-to-air, and air-to-water types of pumps, respectively. They can function in sub-zero temperatures⁶¹ which makes the technology a largely non-seasonal and reliable option for renewable energy. ASHPs still require electricity from another source to run on, but the heat generated outweighs the electricity requirements (in terms of sustainability). The use of ASHPs helps reduce carbon emissions.

Figure 22: Air Source Heat Pump



Source: <https://www.cse.org.uk/advice/renewable-energy/air-source-heat-pumps>

⁶¹ The Energy Savings Trust note that this is possible down to temperatures of -15 degrees C.

- 6.31 ASHPs also have the benefit of often being easier to install than other forms of renewable technology. However, compared to gas or oil boilers there is not the same level or consistency of heat. ASHPs deliver heat at lower temperatures over longer periods than gas/oil boilers. They are therefore potentially more efficient with good insulation, larger radiators, and/or underfloor heating systems⁶². ASHP systems typically work with thermal stores systems, allowing stored heat to be used rather than turning the pump on and off when demand is lower.
- 6.32 Nonetheless ASHPs are not typically able to provide hot water at a temperature high enough to kill bacteria such as Legionella, and additional power supplies would be needed to ensure water was heated high enough for this purpose (to 60 degrees C).
- 6.33 Other issues to consider will be the design of the building and surrounding area, a suitable outside wall/ground space needed with sufficient air circulation space around it. Sunny walls are ideal⁶³. In planning terms consideration should also be made of the impacts of noise and vibration associated with the device on neighbouring properties.

Ground-source heat pumps (GSHP)

- 6.34 Ground-source heat pumps extract heat from within the ground via buried pipes (ground loops) and can heat a home and the water supply. This works through circulating a water/antifreeze mixture through the pipes, which absorbs ground heat – at a low temperature - which is passed through a compressor, which raises the temperature, allowing this to heat the hot water supply and heating. Cooled water then re-enters the circuit and starts the process again.
- 6.35 This source of heat can be utilised year-round, as sub-surface ground temperature stays fairly constant⁶⁴. However, the amount of heat that can be generated is dependent on the length of the loops installed, which is dependent on the ground space available.

Figure 23: Installation of Ground Source heating coils



Source: <https://www.homebuilding.co.uk/advice/ground-source-heat-pumps>

⁶² [The Energy Savings Trust](#)

⁶³ [The Energy Savings Trust](#)

⁶⁴ [The Energy Savings Trust](#)

- 6.36 GSHP loops are laid horizontally in a trench – about a metre below the ground surface⁶⁵ – where there is sufficient outdoor space to allow this, or heat can be extracted from the ground much further down via boreholes drilled to perhaps 90-160 metres deep⁶⁶. Pumps can be installed without the need for planning permission. However, it is advisable to check with the duty planning officer, and conservation officer, regarding ecological and conservation requirements (and a discussion with a tree officer may also be identified as necessary). This may include ecology studies, possibly including water temperatures (where there is water); consideration of water source protection areas; arboriculture assessments and impacts on protected or other trees; tree roots impacts studies; and archaeological investigations.
- 6.37 GSHPs require electricity from another source to run on, but the heat generated outweighs the electricity requirements. There is still a saving in terms of renewables, and GSHPs reduce carbon emissions. GSHP systems can typically work well with thermal stores systems, allowing stored heat to be used rather than turning the pump on and off when demand is lower.
- 6.38 GSHPs are a useful renewable energy resource that can work in tandem with the provision of green infrastructure and open space (utilising heat from the ground in these spaces). However, like other forms of renewable technology, they will require regular testing and maintenance to ensure effective operation. The same also applies regarding the need for larger radiators or underfloor heating systems.

Water-source heat pumps

- 6.39 Similarly to ground-source heat pumps, water-source heat pumps use pipes to extract heat, in this case from water sources: either groundwater aquifers (using open-loop boreholes), or lakes/streams (surface water-source heat pumps). They run efficiently (four times more so than ground-source heat pumps), without carbon emissions, or other air pollution⁶⁷. The same also applies regarding the need for larger radiators or underfloor heating systems.
- 6.40 As would be expected this sort of heat pump is limited to developments sited close to a water-body, or with the ability to establish access to ground-water aquifers, and reference should be made to the Code of Practice for Water Source Heat Pumps – Code of Practice for the UK⁶⁸, or the Code of Practice for Groundwater Source Heat Pumps⁶⁹. Developments including balancing ponds could usefully make use of this technology also.

Solar water heating/Solar thermal systems

- 6.41 Solar water heating, also called solar thermal systems, makes use of the sun's heat to directly heat water for hot water and heating in people's homes. This works through the

⁶⁵ [The Energy Savings Trust](#)

⁶⁶ [The Energy Savings Trust](#)

⁶⁷ Ground-source Heat Pump Association

⁶⁸ Published by CIBSE, GSHPA, and HPA

⁶⁹ Published by CIBSE, GSHPA, and HPA

installation of heat-capturing tiles (called collectors) onto roofs or walls, which then heat water in a cylinder.

- 6.42 Solar energy is a very sustainable renewable resource with no associated carbon emissions or air pollutants and should therefore be considered for inclusion on new developments. The system of heating water works year-round, though a conventional boiler may still be required with this system for providing enough hot water in the winter months, or for making water hot enough.
- 6.43 However a solar water thermal store can allow excess heat gathered on a warm day to be used for other purposes, such as general heating, creating greater efficiencies.
- 6.44 There are two types of solar water-heating panels – glass tubes attached to the roof tiles (evacuated tubes), and flat plate collectors, which can be attached on or integrated into the roof. Tiles and panels can be attached to roofs or other spaces such as walls, and typically five square metres of panels is needed for the average size home, located on a non-northerly aspect. Space would also need to be made available for a thermal stores tank if this was to be incorporated into the system for greater efficiency and flexibility.

Figure 24: Solar Water heating



Source: <https://www.cleanenergyauthority.com>

- 6.45 Such units generally do not require planning permission unless they're in a conservation or sensitive area, such as AONB⁷⁰, or on or near a listed building, though the same design considerations apply as for PV as set out at paragraphs 6.21-6.25 above.

Storing excess heat and energy

- 6.46 An important consideration is not wasting the heat and energy generated from the various processes described above. Thermal stores and batteries enable any excess heat or energy generated from low-carbon and renewable systems to be utilised at a time that is convenient.

⁷⁰ Area of Outstanding Natural Beauty

- 6.47 Some systems for energy storage have 'smart' options, allowing for tracking of energy-use online and decisions regarding optimum times for charging the system or drawing power from it.

Thermal stores (Heat storage)

- 6.48 Thermal stores consist of a very well insulated water container which can store the heat produced from the technology described above for many hours. They also have at least one heat-exchanger fitted. Typically, these containers can vary in size from between 120 litres to 500 litres capacity⁷¹. To accommodate such a system, adequate space will be required.
- 6.49 The Energy Savings Trust notes⁷² that the full benefit of thermal stores is derived from a design which allows a variety of inputs and outputs (e.g. for heating or hot water, etc), and thermal stores are noted⁷³ as working particularly effectively to enhance the efficacy of wood-burning systems; solar water heating; and heat pumps. SMART systems will prioritise the use between the renewable source and the thermal storage to ensure the most effective distribution of the energy available.

Batteries and Inverters

- 6.50 An alternative to thermal stores is the use of deep cycle batteries which can store power from a variety of electricity-generating systems so that it is available when needed. However, inverters may also be needed alongside batteries for running many standard AC appliances, and for battery charging.

Offsetting

- 6.51 Where site constraints limit the ability to meet the carbon reduction target for a scheme, any short fall must be provided off-site or through a cash-in-lieu contribution, possibly for off-site renewables where these are not possible on-site, through a green tariff. The council may agree with a developer for the developer to directly off-set any shortfall in carbon dioxide reductions from a development by installing carbon dioxide saving measures off-site, e.g. photovoltaic panels on a local public building.

Biomass

- 6.52 Burning logs, chips, or pellets can be a more sustainable option than burning coal, oil or gas⁷⁴ with regard to carbon emissions, but there are concerns regarding the effects of biomass on air-quality, and therefore this should only be considered in areas of low population density. (NB Parts of the borough are in Air Quality Management Areas and it is possible that biomass could be banned outright in the future).
- 6.53 It is important that the biomass is sourced locally, so that carbon reductions are not lost through the transport of this fuel. Log-burning boilers are larger than standard boilers, so

⁷¹ [The Energy Savings Trust](#)

⁷² [The Energy Savings Trust](#)

⁷³ [The Energy Savings Trust](#)

⁷⁴ [Energy Savings Trust](#)

additional room would need to be provided for this, and for adequate storage space for the delivery and storage of the fuel. Additionally, the homes would need to be designed with flues/chimneys.

- 6.54 A biomass system based on wood-burning (e.g. log-boilers) is more effective when accompanied by a thermal storing system (see below), given the need to burn batches of logs at high efficiency levels rather than in small quantities throughout the day⁷⁵, allowing some of the excess heat generated at maximum output to be stored for when it is needed. So additional room for thermal stores tanks may also need to be considered on the site. In addition, consideration should be given to the ease of use of systems for residents.
- 6.55 For a development of groups of houses, or for larger buildings, wood chips can be used provided the proposal can meet the environmental requirements. This should be detailed in the Energy Statement accompanying a planning application.

Planning Applications

- 6.56 The following section sets out considerations for planning applications in regard to specific types of technology. However all choices regarding renewable, energy-efficient, or low-carbon technologies – whether stand-alone or in combination – should have considered the suitability of location, space, orientation, shadowing and other pertinent environmental factors related to the site and development in question, and this includes aesthetic issues, and historic considerations where this is relevant.
- 6.57 **Micro CHP** - Planning permission would not be required for any internal components of the system, and fitting an external flue onto a house will normally be permitted development, providing the conditions outlined below are met:
- Flues are less than 1m above the highest part of the roof (excluding any existing chimneys);
 - In a conservation area the flue should not be fitted on the principal or side elevation that fronts a highway, and all impacts on the conservation area should be considered and minimised, including through the use of black paint; and
 - If the building is listed or in a conservation area, it is always advisable to check with the Reigate & Banstead Conservation Officer before a flue is fitted as other consents may be required.
- 6.58 **Larger CHP** - Installing a larger CHP installation in non-domestic buildings e.g. office development or supermarket, will require planning consent, unless contained within an existing site building. This means that issues such as access, visual impact, noise, construction activity etc. will all need to be addressed in the planning application.
- 6.59 Applicants proposing to use CHP will be asked to: use low-carbon emission units and provide sufficient information to justify its use (compared with other greener technologies in

⁷⁵ [Energy Savings Trust](#)

accordance with the energy hierarchy); ensure that the carbon and air quality impact is minimised, including the selection of a low emission unit and use of abatement technology. Emissions testing will be conditioned to demonstrate that the installed system meets emission limits prior to occupation.

- 6.60 **Communal Heat and CHP Networks** - Where a communal Heat or CHP network is proposed this should be supplied by a single energy centre where all energy generating equipment is located. A single energy centre will facilitate the simplest connection (whether immediately, or at a later date) to an area wide network as well as reduce maintenance and operating costs.
- 6.61 Such a proposal will require a supporting **Carbon Reduction Statement** which must demonstrate that enough space has been allocated for a sufficiently large energy centre that will allow for its connection to an area-wide heat network, including for phased schemes. This must be clearly shown on the plan drawings of the development and the floor area in square metres should be confirmed in writing. A floor plan showing the layout of the plant in the energy centre should also be provided to demonstrate that sufficient space has been allowed for the specified equipment and, where applicable, additional equipment to be installed in the future.
- 6.62 Applicants will be required to calculate the design heat loss of their proposed system and include them within the energy calculations. These should be based on the pipe length of the total network (both buried and block pipework), design temperatures (including any design summertime temperature reduction) and the level of insulation proposed. Full details should be provided in the energy assessment. A calculation for the resulting system distribution loss factor should be provided as part of the submission.
- 6.63 **Large Scale CHP Plants** - Large scale commercial CHP plants may also require authorisation from the Environment Agency regarding emissions and wastes; in particular, such facilities installed within urban areas will need to demonstrate that they are not causing breaches of air quality standards and targets. Large facilities may also require approval from other regulatory bodies regarding their use of gas as a fuel.
- 6.64 The installation of any new heating appliance or flue, will be subject to Building Regulations.
- 6.65 **Solar Panels and PV cells** - The installation of solar panels and equipment on residential buildings and land may be 'permitted development' with no need to apply for planning permission. However, this is subject to limits and conditions that are set out above, and you are advised to contact the duty planning officer. Need for permission may apply where the area is under an 'article 4' directive or is a Conservation Area.
- 6.66 Solar equipment mounted on a house or block of flats or on a building within the curtilage of a house or block of flats must observe the following requirements:
- Equipment on a building should be sited, so far as is practicable, to minimise the effect on the external appearance of the building and the amenity of the area;

- Panels should not be installed above the highest part of the roof (excluding the chimney) and should project no more than 200mm from the roof slope or wall surface;
- The panels must not be installed on a building that is within the grounds of a listed building or on a site designated as a scheduled monument;
- For buildings in a conservation area, or protected area, panels must not be fitted to a wall which fronts a highway; and
- Equipment no longer needed should be removed as soon as reasonably practicable.

Note - Leaseholders may need to permission from their landlord, freeholder or management company.

6.67 **Stand-alone arrays** - In addition to the conditions identified in para 6.59, small scale stand-alone solar arrays can benefit from permitted development rights. These limits include:

- Only the first stand-alone solar installation will be permitted development; further installations will require planning permission;
- No part of the installation should be higher than four metres [from where?];
- The installation should be at least 5m from the boundary of the property;
- The size of the array should be no more than 9 square metres or 3m wide by 3m deep;
- Panels should not be installed within boundary of a listed building or a scheduled monument; and
- If the property is in a conservation area, or in a protected site, no part of the solar installation should be nearer to any highway bounding the house than the part of the house that is nearest to that highway.

6.68 Where the solar installation forms part of a planning application, the Carbon Reduction Statement should be completed. In addition, the council will require an analysis of the shadow effect on the proposed installation, to demonstrate the optimum performance that could be expected from PV panels, as even if a small part of a PV panel is shaded, the output will be significantly reduced.

6.69 **Air Source Heat Pumps** - The installation, alteration or replacement of an air source heat pumps on a house or block of flats, or within the curtilage (garden or grounds) of a house or block of flats, including on a building within that curtilage are permitted development provided the following requirements are met. For the permitted development right to apply to a block of flats, all units must consist wholly of flats and should not contain commercial or other types of premises.

6.70 To implement such rights all the following should be met:

- Development is permitted only if the air source heat pump installation complies with the Microgeneration Certification Scheme Planning Standards (MCS 020) or equivalent standards;
- The volume of the air source heat pump's outdoor compressor unit (including housing) must not exceed 0.6 cubic metres;

- Only the first installation of an air source heat pump would be permitted development, and only if there is no existing wind turbine on a building or within the curtilage of that property;
- additional wind turbines or air source heat pumps at the same property requires an application for planning permission;
- All parts of the air source heat pump must be at least one metre from the property boundary; and
- Installations on pitched roofs are not permitted development - if installed on a flat roof all parts of the air source heat pump must be at least one metre from the external edge of that roof;
- Permitted development rights do not apply for installations within the curtilage of a Listed Building or within a site designated as a Scheduled Monument;
- On land within a Conservation Area or protected area the air source heat pump must not be installed on a wall or roof which fronts a highway or be nearer to any highway which bounds the property than any part of the building; and
- On land that is not within a Conservation Area, the air source heat pump must not be installed on a wall if that wall fronts a highway and any part of that wall is above the level of the ground floor.

6.71 In addition, the following conditions must also be met:

- The air source heat pump apparatus be removed where practicable when it is no longer needed for microgeneration; and
- Sited, so far as is practicable, to minimise its effect on the external appearance of the building and its effect on the amenity of the area.

6.a72 Where there are uncertainties as to the scheme meeting these requirements it is advisable to speak with the duty planning officer.

6.673 **Ground/Water Source Heat Pumps** - The installation of a ground source heat pump or a water source heat pump on domestic premises is usually considered to be permitted development, not needing an application for planning permission. If you live in a listed building or a conservation area you should contact the Conservation Officer. Design considerations are set out above.

6.74 **Wind Turbines** – As noted above, all applications for wind turbines should be mindful of the noise and vibration effects upon settings and wildlife, and of aerodrome planning requirements.

6.75 **Batteries storage** - In planning terms thermal storage and deep cycle batteries will help make the system more effective and thereby reduce carbon emissions. This should be reflected in the energy statement to support a planning application and the Carbon Reduction Statement. For most uses of these technologies, the storage capacity will be contained within an existing building or plant room and as such will not require specific planning permission.

- 6.76 **Non-Permitted Development Schemes** - Where there is a planning application for a scheme the Carbon Reduction Statement will need to be completed. For commercial type uses the scheme should achieve BREEAM very good in accordance with CS11. 10% of expected energy usage should be from renewable or low-carbon generation, unless it can be shown not to be viable.
- 6.77 **Biomass** – please consider all notes set out above in regard to planning applications, including requirements for the Energy Statement and Carbon Reduction Statement – and also environmental suitability.

Further guidance and tools

BREEAM

Department of Energy and Climate Change 2008 Part 1 Combined Heat and Power Project Development

Department of Energy and Climate Change 2008 Part 2 Combined Heat and Power (CHP) Technology

Department of Energy and Climate Change 2008 Part 3: A guide to environmental aspect of CHP

Department of Energy and Climate Change 2008 Part 4: A Guide to CHP Operations and maintenance

Department of Energy and Climate Change 2008 Part 5: A guide to CHP Finance

Department for Business, Energy and Industrial Strategy 2020 Part 6: Additional Guidance for renewable CHP

Micro Generation Certification Scheme

Rising to the Climate Crisis – A guide for local authorities on planning for Climate Change (TCPA/RTPI, Dec 2018)

Code of Practice for Water Source Heat Pumps – Code of Practice for the UK

Code of Practice for Groundwater Source Heat Pumps

7. Green Infrastructure and ecology for reduced energy needs and efficiencies, and climate adaptation

- 7.1 Green Infrastructure (GI)⁷⁶ including ‘blue’ infrastructure (ponds and rivers) is an important part of providing sustainable developments. It provides a broad range of benefits over time to occupiers/users (including exercise and access to nature for mental health⁷⁷ and biodiversity), and it can assist in mitigating climate change – for example through carbon capture - and adapting to changes in weather, as well as helping to improve air quality. The careful integration of GI into new development is key priority 4 of the Council’s Green Infrastructure Strategy. However, green infrastructure may itself be susceptible to climate change and should be considered early in the design stage. Surrey County Council’s Tree Strategy 2020 places particular emphasis on the importance of effective planting, care and maintenance.
- 7.2 Mitigation of, and adaptation to, climate change using green infrastructure can be achieved through: shading and shielding from the elements; insulation; assisting with rain-water run-off; and providing refuge from heat. This can also assist wildlife through provision of enhanced habitats in the context of a changing climate, some of which need boosting, such as those assisting pollinating creatures.

Relevant local plan policy links

NHE4; DES1; CS10; DES9

- 7.3 Policy NHE4: Green and blue infrastructure requires access to and provision of green infrastructure and open space where possible, including landscaping and planting. DES1 (Design of new development) sets out that landscaping should be designed to mitigate the effects of development, which would therefore include carbon emissions. Open space provision within developments is set out in DMP policy OSR2, and Outdoor sport and recreation requirements in OSE3. The Council’s Green Infrastructure Strategy⁷⁸ provides further direction with elements related to climate change considered below.

Greening for carbon capture and cleaner air (sequestration)

- 7.4 Green infrastructure can assist in the reduction of carbon emitted through developments and associated infrastructure such as roads (from vehicles), through its ability to ‘capture’ residual atmospheric CO₂, via leaves. Trees are able to absorb carbon dioxide from the air and store it within the wood of the tree⁷⁹. This process also allows for the capture of other harmful air pollutants, such as particles, creating healthier environments for residents/users of the development and beyond.

⁷⁶ The National Planning Policy Framework (NPPF) defines green infrastructure as ‘a network of multi-functional greenspace, urban and rural, which is capable of delivering a wide range of environmental and quality of life benefits for local communities.’

⁷⁷ https://warwick.ac.uk/newsandevents/pressreleases/green_space_is

⁷⁸ Reigate and Banstead Green Infrastructure Strategy (August 2017)

⁷⁹ Leeds University study | Tree Leeds – Putting a value on the city’s trees and green spaces (part of Leeds4Trees joint project)

- 7.5 Carbon capture (and capture of other harmful pollutants) can be achieved through providing any planting – in open spaces, streets, or attached to walls and roofs⁸⁰ - that can capture particles and carbon and should be included within landscaping schemes for larger developments. Hedgerows, and also wetlands, where appropriate, have been shown to be very effective in some cases for absorbing carbon.
- 7.6 Large, mature trees are one of the most successful for carbon capture⁸¹, so existing trees should be preserved in developments and landscaping designs, wherever possible. (Additionally, the canopies should be maintained and not excessively pruned during the tree's lifetime, to allow for the most beneficial effects, in capturing greenhouse gases and particles.) Any development proposal that sets out the need to remove a mature tree will need to include that tree's carbon removal loss in the Carbon Reduction Statement, and make provision to counter this elsewhere. (The amount of carbon stored away by a tree can be calculated through the tree's dimensions, and carbon calculators exist to establish how much the tree's contribution to carbon removal is.) Evergreen trees will also be helpful as part of planting and landscaping plans, to help with this process during the winter months.
- 7.7 Tree planting is particularly beneficial close to busy roads for capturing particles and carbon. Development of new roads, or on busy roads, should include planting for health benefits where this is safe to do so. This must always be approved by Surrey County Council as the Highways Authority. Only suitable approved species should be used.
- 7.8 It will be important to ensure that planting is included in the most appropriate places in terms of soil types and water supply; large trees can need a large water supply to flourish, and also possibly particular types of uncompacted or aerated soil. The inclusion of local and native species is also important – and also the appropriate mix of tree species⁸² - and applicants should refer to the Tree Officer as necessary. Additionally, the trees will need maintenance to ensure that carbon is not release back into the air, for example through decay or burning⁸³.
- 7.9 Species of trees that can be considered for this purpose include the London Plane tree, Sycamore and Lime.

Cooling/shading - greenspace and tree canopy

- 7.10 The required provision of open space⁸⁴ within new developments should carefully address the need for adaptation to hotter temperatures⁸⁵. This can be done through the cooling effects of green infrastructure via evapotranspiration, which absorbs and reduces the energy of heat as water evaporates from leaves and grass⁸⁶.

⁸⁰ Though structural and insurance considerations need to be taken into account with these.

⁸¹ Leeds University study | Tree Leeds – Putting a value on the city's trees and green spaces (part of Leeds4Trees joint project)

⁸² Surrey's New Tree Strategy (2020), pg 19 *The right tree, in the right place*

⁸³ Surrey's New Tree Strategy (2020)

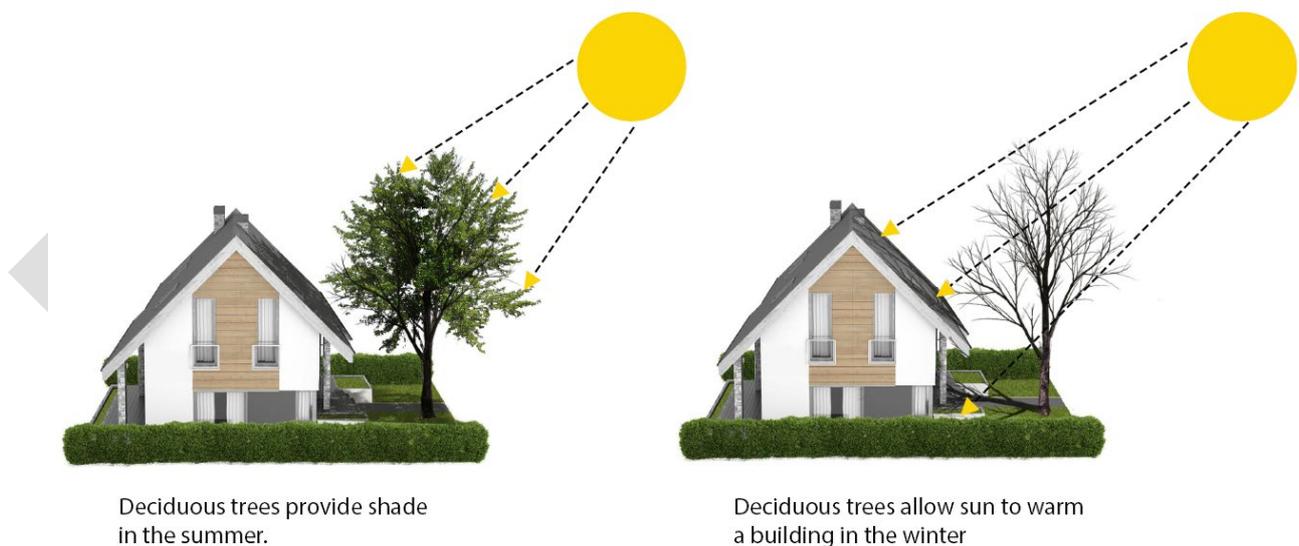
⁸⁴ DMP policies OSR2/3

⁸⁵ A requirement of policy CS10

⁸⁶ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

- 7.11 Trees and shrubs should be a focus for landscaping designs, and adequate greenspace and greening will be required as part of denser urban developments, where the cooling effects will be most needed as temperatures rise⁸⁷. Water features (blue infrastructure) can also enhance these cooling greenspace features⁸⁸, as well as providing calming and relaxing places for people, as building development becomes denser.
- 7.12 Designs for required green spaces within/associated with new developments, and the developments' landscaping schemes, will also need to have considered how even small spaces can provide shading for people and animals, to ensure that the environment is shaped for the future to be suitable for different weather patterns⁸⁹; shading in green space should be a focus of landscaping designs, according to the Natural England adaptation manual.
- 7.13 Trees should be considered for landscaping designs to provide shading for people and wildlife, and species with a denser foliage, or which provide a dappled shade, should be considered⁹⁰, such as London Plane, Sycamore, and Lime trees. Strategically placed trees within developments should also be considered for providing shade on routes and on green corridors, in public spaces, or in streets, and especially for areas with large expanses of hard surfacing, such as car parks. (Refer to paragraph 7.8).
- 7.14 Deciduous trees are particularly effective at providing shade in the summer but allow light through during the winter to warm the building.

Figure 25: Benefits of deciduous trees and development



⁸⁷ According to NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

⁸⁸ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

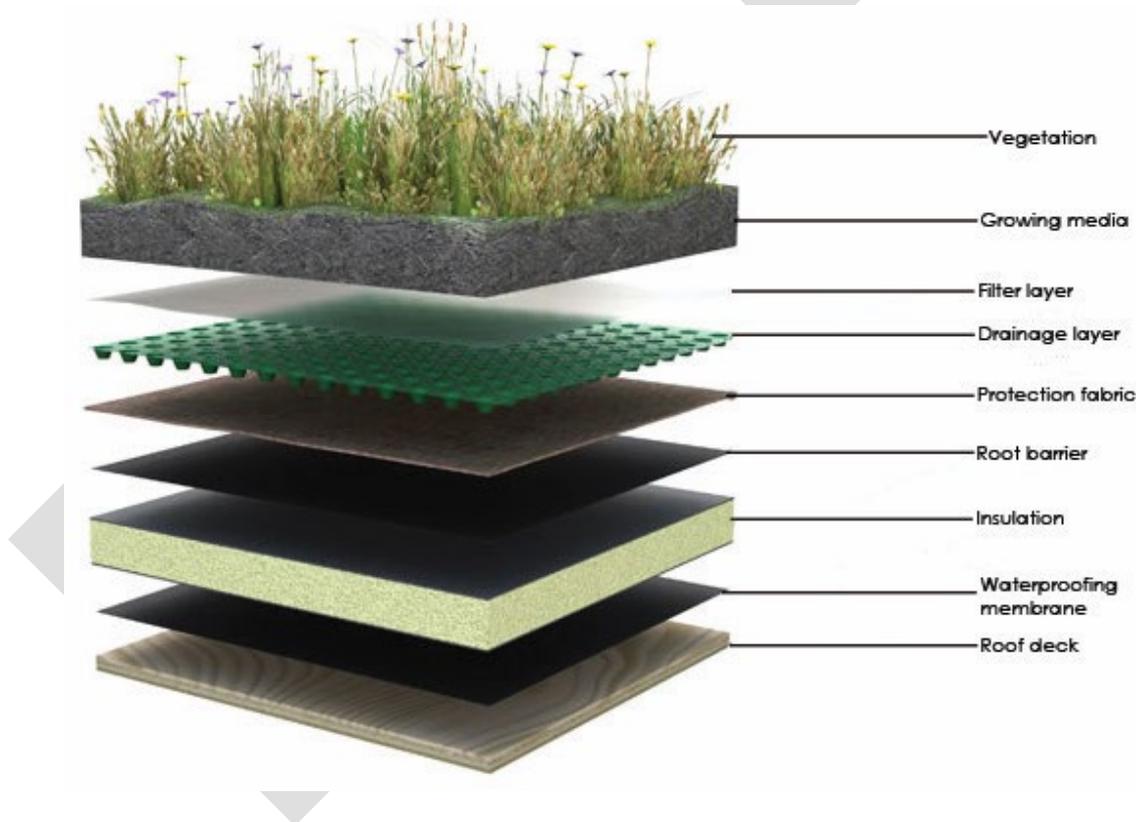
⁸⁹ DMP policy DES5

⁹⁰ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

Green roofs and walls – cooling buildings and their environments and providing habitats

7.15 The design of buildings can incorporate the use of green roofs and/or walls as part of the policy requirements set out above. A green roof or wall is a part of a building that is covered completely or partially with vegetation or something that is growing. They can be referred to as ‘intensive’ (which are used to grow food or provide formalised green spaces), or as ‘extensive’ (which are more natural and may support wildflowers)⁹¹. They are planted over a waterproof membrane, and may also include a root barrier layer, and drainage/irrigation systems, and should always be considered very early on in the design of buildings to allow for additional loads, especially where this may retain water. Figure 26 below shows the elements of a green roof.

Figure 26: Green Roof Elements



7.16 Green roofs and walls can be useful for: enhancing the efficacy of solar panels⁹² (see section 6), as PV panels allow patches of shade and wet/dry⁹³; providing insulation; cooling buildings and lowering urban air temperatures; and absorbing rainwater, alongside being

⁹¹ Natural England/RSPB – Climate Change Adaptation Manual (NE751, Edition 2) (2020) – Evidence to support nature conservation in a changing climate

⁹² NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020) - Chemisana & Lamnatou 2014; Tomazin 2016

⁹³ Livingroofs.org

aesthetically pleasing and providing habitats for wildlife⁹⁴. However, there can be drawbacks, including the need to factor in additional weights to buildings designs, and designing green walls that do not provide a climbing route for intruders to the building.

Wildlife habitats

- 7.17 The borough's Environmental Sustainability Strategy's vision seeks to ensure that nature becomes an integral part of the urban environment. New development should benefit both wildlife and residents' well-being. The creation of ecosystems for nature can be provided through measures such as 'living' walls and roofs on buildings, which can re-establish habitats, as well as providing green usable spaces and improved air quality. Maintenance should be very carefully considered and designed into schemes for living pillars. These can be designed for bats and/or birds, and pollinator living walls can also be created. Living pillars can also be employed to the same effect – greening spaces whilst providing for wildlife and biodiversity – and water supply can be solar powered.
- 7.18 Other opportunities for the promotion of wildlife and biodiversity is through the provision of planting in the gardens of new-build homes on new estates.

Cooling buildings and their local environments

- 7.19 Developments should be designed to be as resilient to rising temperatures as possible, and it will be expected that applications can show that this has been considered, not just through the design of buildings within their environments, but also in how environmental features have been included in the design to enhance natural cooling.
- 7.20 A potential solution to over-heating within buildings is to provide green roofs and walls to cool them through evaporation of water from the plants, stored in substrates. This is known as evapotranspirative cooling⁹⁵. Cooling can work simply through shielding surfaces of buildings from the sun's heat.
- 7.21 Green roofs and walls can also reduce ambient temperatures around buildings – something that should be considered, especially regarding potential effects now and in the future of the Urban Heat Island effect. Greening on the outsides of buildings, whether roofs or walls, can allow heat/light that would otherwise be absorbed into the building's fabric and radiated back outwards to be intercepted. This process works through lowering the night-time heat radiating out from buildings, that has gathered throughout the day⁹⁶.
- 7.22 An additional sustainability benefit to the greening of buildings that it can reduce noise pollution (in and outside of buildings)⁹⁷.

⁹⁴ Natural England/RSPB – Climate Change Adaptation Manual (NE751, Edition 2) (2020) – Evidence to support nature conservation in a changing climate

⁹⁵ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020) - Alexandria & Jones 2008

⁹⁶ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

⁹⁷ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

Shielding and insulation – trees and green walls/roofs

7.23 The design of new developments for larger sites should consider tree-planting for shielding against the weather, to save energy (and emissions) that can occur through heat loss from buildings and additional heating needs from cold winds; this can be achieved through the use of tree belts carefully placed to protect buildings from prevailing winds. (Thorough consideration should be given to appropriate tree cover as in paragraph 7.8.) Convex, rather than concave tree belt layouts, against wind directions, can deflect instead of just blocking air flows, and can therefore be more effective – though the effects upon neighbouring land-uses will need to be considered in any design.

Figure 27: Tree planting for shielding



Source: Trees-energy-conservation.extension.org

Figure 28: Tree planting for shielding

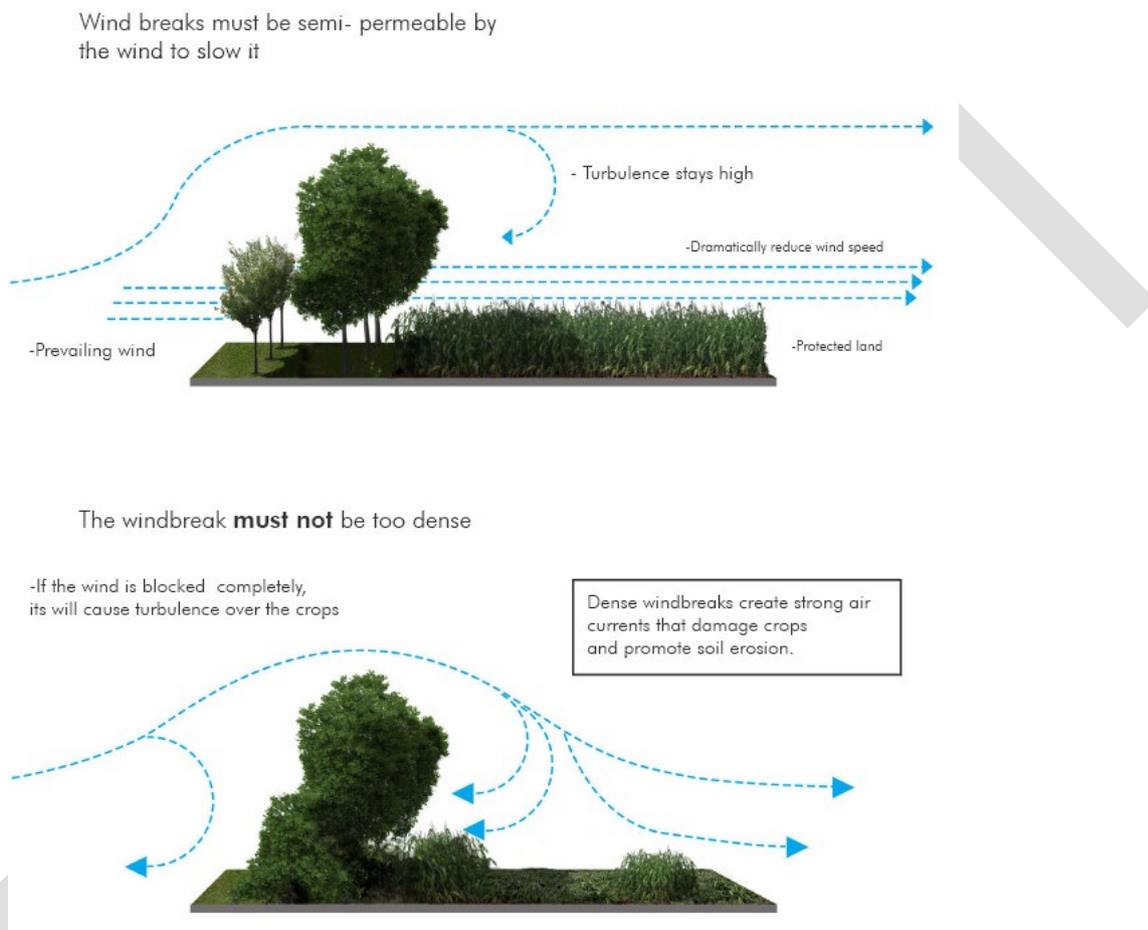
If open wind is 35 mph, the
windbreak can reduce velocity to: about 30 mph here
about 15 mph here:



Source: Arborday.org

7.24 All designs for tree planting should consider the density of tree belts, to allow some air through to prevent it accelerating over the tops of the trees, and then descending turbulently nearby (see Figure 29 below) . Tree planting should also be included into designs for minimising cooling in the wintertime. Particular attention on the choice of trees for a scheme should review how they block or allow light and heat through during the colder months. Use of Leylandii or Laurel should be reconsidered with regard to heat and light loss to properties. Species that can allow light and heat through during the winter would be preferable.

Figure 29: Density of tree belts to prevent turbulent air descending



7.25 Because deciduous trees lose their leaves after the warmer months, they work well to allow more heat and light through to buildings in the autumn and winter when less shielding is needed, and more warming. However, some shielding is needed throughout the year, for example shielding developments from other land uses, so both requirements, where necessary, need to be carefully balanced.

7.26 Green roofs and walls (see section above) can also provide insulation from heat-loss, making buildings more heat efficient, saving energy and reducing carbon emissions, for example through reducing the need for heating in the winter⁹⁸.

⁹⁸ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020) - Smith & Levermore 2008; Castleton *et al* 2010

Green infrastructure and drainage/water storage

- 7.27 The government's Environment Plan (2018)⁹⁹ promotes a move toward natural flood-risk management. Where there is likely to be excess surface water within developments, strategically-placed street trees can assist in managing this, as well as improving pollution levels from surface water. Trees can provide natural solutions to flood attenuation. This needs to be in conjunction with sub-surface water retention systems under the paving, allowing water to collect and be used by the trees, before the excess passes to the drains¹⁰⁰.
- 7.28 Where there is likely to be an issue with a large amount of rainwater run-off from buildings in a small amount of time (as rainfall events become more substantial), green roofs and walls, can be considered for ameliorating this through retaining water in the roof's substrate and allowing it to re-evaporate into the atmosphere. An additional benefit of this, for the health of the environment and people, is that contaminants in rainwater can also be retained, and acidic rainwater neutralised¹⁰¹.
- 7.29 Surface water run off benefits have been shown, through 'itree'.

Adaptation to climate changes – habitats, planting, and landscapes

- 7.30 Flora and fauna may also be susceptible to changes in climate, and there is evidence that this is starting to happen, for example the rapid drying-out of wetlands, heathlands, and aquatic areas¹⁰². Climate change could also significantly impact a range of species and habitats by the year 2050 and there is already an urgent need to preserve and enhance habitats and wildlife, including some native species and species that enable pollination. Therefore, design considerations for the provision of green infrastructure need to account for wildlife habitats in a changing climate.
- 7.31 Some native species are tolerant to climate changes and should be considered as part of the planting proposal for a scheme. However, there are some notable less tolerant exceptions to this including Rowan.
- 7.32 Climate change has implications for the historic natural environment and landscapes, which could create both opportunities and/or loss; some flora and fauna may be able to expand their habitat range, but those currently at the threshold of their tolerance for environmental conditions may be lost.
- 7.33 Hotter, drier conditions may also increase the risk of fire, particularly for upland landscapes. Flood water inundation and saturation can also damage historic buildings and designed landscapes, particularly if standing water conditions persist. Extreme weather, changes in

⁹⁹ <https://www.gov.uk/government/publications/25-year-environment-plan>

¹⁰⁰ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020)

¹⁰¹ NE/RSPB - Climate Change Adaptation Manual (NE751, Edition 2) (2020) – Berndtsson, 2010

¹⁰² Natural England Climate change, biodiversity and Nature-based Solutions

temperature and future water availability will likely alter the character of parks and gardens, whose particular species are part of their appeal.

- 7.34 Therefore, schemes for redevelopment will need to address these needs as part of landscaping and planting schemes.
- 7.35 Natural England/RSPB's *Climate Change Adaptation Manual (2020)*, suggests providing for a 'matrix' of habitats, catering for a diverse range of species. Planting should incorporate cool and shaded areas of 'refuge' for wildlife during hot/dry periods, and water should be included in designs for the benefit of animals and people. Also, where appropriate, wetlands or semi-natural habitats should be considered.
- 7.36 Invertebrates can thrive with the provision of green roofs, and these can also provide linkages between habitats for birds or flying insects¹⁰³ – so depending on the siting of the development this should be considered. For the best attenuation of water, habitats with greater diversity of species perform better, whilst supporting greater biodiversity¹⁰⁴, and assistance to wildlife can also be integrated into schemes for sustainable urban drainage systems (SuDS).
- 7.37 The choice of planting will need to reflect the weather conditions that are likely to be prevalent in coming years, for example drought-tolerant planting is likely to be most successful in drought conditions¹⁰⁵. Therefore, indigenous plant species – or those with local characteristics - should be considered for planting in landscaping schemes, where these are suitable for soil conditions and climate, and offer benefits for wildlife.
- 7.38 In general, it will be prudent to consider a changing environment in all schemes, with a view to 'future-proofing' the borough's green infrastructure and landscapes, though many native species to have a wide temperature range and distribution. (Many areas of the borough are covered by the Biodiversity Opportunity Area definition and these are set out in Appendix 2 of the Council's Green Infrastructure Strategy (August 2017). Statements for each have been prepared¹⁰⁶ with details of measures that can be taken to provide greater ecological resilience going forwards and may provide useful information.)

Preserving local ecology/trees in the design of developments

- 7.39 Natural England's guide to climate adaptation also notes the importance of brownfield sites to biodiversity, and how this can be lost through development. Therefore, where a site is redeveloped into a more urban form, applications should show how compensatory habitat has been considered. This could be through the provision of green walls or roof areas that can support wildlife; provision of tree belts and planting in gardens car parks.

¹⁰³ Natural England/RSPB - *Climate Change Adaptation Manual (NE751, Edition 2) (2020)*

¹⁰⁴ Natural England/RSPB - *Climate Change Adaptation Manual (NE751, Edition 2) (2020)*

¹⁰⁵ Natural England/RSPB - *Climate Change Adaptation Manual (NE751, Edition 2) (2020)*

¹⁰⁶ Surrey Nature Partnership

- 7.40 New developments should retain existing trees and plants, and schemes should where possible be built around existing trees (in particular mature trees). A ‘scorched Earth’ approach to design should be avoided.
- 7.41 The Government are proposing the introduction of Biodiversity Net Gain for new development. Further guidance will follow.

Greenspace for renewables

- 7.41 Greenspaces, for example in school grounds, provide space that can be used for renewable energy sourcing (see section 6 above, regarding ground-source heat pumps), that is unobtrusive. These can supply local buildings (e.g. schools; swimming pools) with heat and district heating systems can be used to transfer heat. This may also be a suitable way to contribute to renewables for housing developments.

Planning Applications

- 7.42 All development applications need to show that green infrastructure and open space provision has been considered in response to DMP policy requirements for open space – and also in regard to climate change mitigation and adaptation, and other DMP policy areas, in line with the sorts of areas noted above. In particular green infrastructure/open space should be designed with adaptation to climate change, and contribution to passive design (see section 5 above), in mind, and any potential contribution to sustainable drainage requirements where appropriate¹⁰⁷.
- 7.43 It is important that all green infrastructure schemes – such as garden planting, small areas of green for relaxation, trees, or living walls and roofs are not considered after the development of the scheme, but are considered at the start to fully capture the benefits that can be provided – in particular where wildlife/biodiversity benefits can be accrued.
- 7.44 Green infrastructure is not included within the carbon reduction statement as we do not consider that there is sufficient concrete means of calculating exactly the efficacy of trees and planting in reducing carbon emissions. However, schemes including roads should consider the planting of trees for amelioration of emissions. New development proposals are also expected to achieve a net gain in biodiversity under Policy NHE2 of the DMP, aside to the climate change aspects of biodiversity referred to above.
- 7.45 In the south of the borough close to the Gatwick flightpath careful consideration will be required where open water or certain types of green roofs are incorporated into the scheme as this could attract birds and in so doing increase the risk of bird strikes.

¹⁰⁷ NHE4

Sustainability checklist/Carbon Reduction Statement

- 7.46 The sustainability checklist contained in Appendix 5 will assist in the preparation of development proposals and planning applications.
- 7.47 Removal of mature trees will need to be factored in to the Carbon Reduction calculations – as set out at paragraph 7.6 above.

Conditions

- 7.48 Conditions may be imposed on landscaping and planting schemes in regard to: maintenance; avoidance of over-pruning (for increased shade and cooling, etc); adequacy of soils and water supply; suitability of species and provision for future habitats; and protections of green spaces from fires.

Further information and tools

Surrey County Council Highways

[Surrey County Council Tree Strategy 2020](#)

[Natural England/RSPB Adaptation Manual 2020](#)

[GRO Green Roof Code 2014](#)

[Green Heat in Greenspaces project](#)

[Itree](#)

<https://www.bbc.co.uk/news/science-environment-54293962>

[Ordnance Survey Mastermap greenspace function](#)

<https://www.gov.uk/government/publications/25-year-environment-plan>

8. Water Resources

- 8.1 There are two main issues regarding water efficiencies; saving water as a precious resource and the energy use associated with the provision of safe water. Flooding and drainage are also related issues.
- 8.2 Reigate & Banstead's growing population is increasing the demand for water on both the supply and sewerage sides. This is being further exacerbated by the steady increase in average temperatures particularly in the summer months. The Council's Environmental Sustainability Strategy 2020 views water as a precious resource and includes priorities for water efficiency.
- 8.3 Providing increased resilience to the threat of water shortages is partly the responsibility of the utility providers, but the integration of water saving measures in developments can make a significant contribution to reducing water wastage.
- 8.4 As well as the amount of water used there is also the way water is consumed. Potable (drinking) water is often pumped over long distances and requires purification. Both these processes use energy. The Council's Environmental Sustainability supports water use as close to its source as possible. To support this ambition, this section provides suggestions on the inclusion, where suitable, for using grey or rainwater in new developments.

Relevant local plan policy links

CS10, CCF1, DES8, NHE 4, DES9

- 8.5 Local Plan policies seek to: reduce water usage in new developments; make more sustainable use of water; and protect and enhance existing blue infrastructure. DMP policy CCF1(Climate change mitigation) requires that residential developments achieve water efficiency standards of 110 litres per person/day, and CS Policy CS10 (Sustainable development), point 9, addresses adaptation and the use of resources, including water supplies/quality, and impacts upon ecology.

Water Saving Measures

- 8.6 Residential and non-residential developments will be required to have installed devices such as low-flush toilets, aerated showers and other water saving measures.
- 8.7 Water-harvesting should be incorporated into the design of new developments with consideration given to how areas of impermeable surface can be used to contribute to rainwater harvesting. Rainwater can be harvested for activities such as watering gardens, and even for flushing toilets and for use in washing machines. Rainwater harvesting measures should be included in all applications for major developments. Water butts should be installed at new housing developments, and other provisions, such as allotments, where rainwater can be readily used. Underground tanks can also be considered.

- 8.8 Greywater – that is water that has already been used, for example for bathing – can also be harvested for uses such as watering gardens, and measures to collect the water can be considered for developments, although for sustainability this needs careful thought to avoid bacteria build-up, or the used of powered measures. Layouts should also be accommodating to waste-water recycling facilities.¹⁰⁸
- 8.9 For water-intensive developments, such as golf courses, it will be necessary that the supply of water can be shown to be independent of public and environmental water stocks, for example through collection of rainwater.
- 8.10 Saving water during construction should be considered, especially where a lot of water will be required. Applications will need to show how water will be saved – in line with the requirements of DMP policy CCF1.

Flood-risk, water run-off and Sustainable Drainage Systems (SuDS)

- 8.11 Flood-risk will increase with climate changes. Furthermore, through increased development and higher building densities water runoff will become more restricted further increasing the risk of flooding.
- 8.12 Some potential measures to ameliorate these issues have been addressed in regard to trees and planting in chapter 7, but in addition it may be necessary to include attenuation measures in new developments, including ponds or even rainwater gardens. Green roofs may assist in avoidance of rainwater pooling. Advice on sustainable drainage systems (SuDS) for new developments can be found at [Surrey County Council](#).
- 8.13 To address heavy rainfall events, buildings should be prepared with suitable gutters and pipes for more intensive events, and green walls and roofs can also be included for slowing the rate at which water is dispelled from buildings. All hard surfacing in new developments including footways/pavements, internal roads, car parking, etc, should be permeable enough to allow for a soaking away of surface water and prevention of water run-off and flash-flooding. This also allows for ground-water stocks to be replenished helping to maintain water supplies during drought events.

Planning Applications

- 8.14 All new housing developments will be required to demonstrate that appropriate water saving measures have been incorporated to comply with Policy CCF1, including water usage per person of less than 110 litres per day. In non-household schemes an assessment of water-saving measures will be required. Reference should be made to the sustainability checklist regarding water/energy savings and efficiencies. Permission for water intensive developments will only be given where a separate supply of water can be demonstrated. Suitable drainage, for additional rainfall will need to have been considered.

¹⁰⁸ Rising to the Climate Crisis – A guide for local authorities on planning for Climate Change (TCPA/RTPI, Dec 2018)

- 8.15 All developments should show that consideration has been given to the implementation of Sustainable Drainage Systems (SuDS) for surface-water management. Where a SuDS system is proposed this should allow for improved water quality, improvements for biodiversity and amenity, turning the solution to potential problem into further benefit for people's health and wellbeing, through often-needed access to green space, and habitats for wildlife.

Further guidance and tools

Leeds Green Streets

Reigate and Banstead Environmental Sustainability Strategy 2020

Surrey County Council Planning Advice for Sustainable Urban Drainage Systems (SuDS)

Susdrain

https://www.watersafe.org.uk/downloads/developers_info/developing_water_efficient_homes.pdf

9. Environmental sustainability, climate adaptation, and heritage assets

- 9.1 Development involving historic assets or within other protected designations, such as Areas of Outstanding Natural Beauty or Conservation Areas, will raise additional matters to those already identified. Such considerations include how to achieve the sustainability objectives whilst maintaining the integrity of historic assets, views, and landscapes. Additionally, these assets may themselves be vulnerable to the effects of changes to climate or other issues, such as air pollution, and may therefore need additional care and conservation, so that they continue to form an important part of our identity and sense of place.
- 9.2 The council's conservation officer would be the first point of contact to discuss any adaptations to any historic assets.

Relevant local plan policy links

CS10, CFF1, NHE4, NHE9

Maintenance and renovation of historic buildings and structures in a changing climate

- 9.3 The requirements for maintenance and renovation of historic buildings and structures is changing due to the effects of different climatic patterns. Whilst unpredictable and severe weather is likely to be an ongoing issue, continued change will more regularly stem from individually less severe, but nevertheless cumulatively significant, impacts that a slight change in temperature could allow, such as fungal and plant growth, and insect infestations. Structural problems may also increase from greater fluctuations in temperature (heat as well as cold). Soil shrinkage from drier summers, particularly in clay rich areas in the north of the borough, can lead to building subsidence, structural deformation, and even and collapse in the most severe cases.
- 9.4 Where measures are being proposed to mitigate the effects of climate change in the case of statutory listed buildings, Listed Buildings consent will be required for the proposed works. Key considerations are the impact on the external appearance of the building or structure and the way the setting of the listed asset maybe affected by the proposal. Where the listing includes internal features, particular care should be taken to minimize any disruption to the features. Discussions with the conservation officer and a programme of works will be necessary to both appraise the proposed changes and to ensure that the most appropriate programme of actions is agreed prior to the interventions taking place, thereby ensuring that the fabric of the historic asset is retained.

Flooding and Historic Buildings

- 9.5 Most historic structures are durable, and relatively resistant to flooding compared with more modern buildings¹⁰⁹, but they are still vulnerable, not only at risk from flood damage but also damage from inappropriate remedial works. Whilst most historic buildings within the borough are generally unaffected by flooding due to having been located on higher ground, contractors making repairs to these assets will need a proper understanding of historic fabric first, to avoid issues such as the unnecessary removal/disposal of significant finishes and fittings or the use of unsuitable materials. Most historic timberwork, panelling, floorboards and plasterwork can be retained and conserved after flooding. Much damage can also be caused by rapid artificial drying methods that are not correctly controlled.
- 9.6 Historic England's *Historic Buildings and Flooding* provides detailed guidance on dealing with flood related matters and historic assets, and reference should be made to this document.
- 9.7 In the event of flooding incidences occurring at historic buildings in Reigate and Banstead borough, contact should always be made with the council's conservation officer for advice.

Energy efficiency improvements in historic and traditional buildings

- 9.8 Improving the energy efficiency of existing buildings can create specific challenges in the case of historic and traditional buildings, and Part L (of the Building Regulations) makes it clear that a reasonable compromise on energy efficiency targets may be acceptable in order to preserve the character and appearance of historic buildings. The regulations include exemptions, and circumstances where special considerations apply for historic buildings and those of traditional construction. These include for: listed buildings at Grades I, II* and II (listed in accordance with section 1 of the Planning (Listed Buildings and Conservation Areas) Act 1990); buildings in Conservation Areas; and scheduled monuments. Additionally, special circumstances apply to: locally listed buildings; buildings in national parks and other historic areas; and traditionally constructed buildings.
- 9.9 Achieving an appropriate balance requires an understanding of the Regulations and the building, particularly the point at which alteration to the building's character and significance becomes unacceptable. Historic England favours a 'whole building approach', which seeks to save energy, sustain heritage significance, and maintain a healthy indoor environment. This approach can achieve significant improvements in most cases.
- 9.10 Historic England has prepared a useful document: *Energy Efficiency and Historic Buildings – Application of Part L of the Building Regulations to Historic and Traditionally Constructed Buildings*¹¹⁰. This document provides guidance from repairs to large scale alterations and should be referred to in any alterations to historic buildings to enable energy efficiency improvements.

¹⁰⁹ Historic England

¹¹⁰ <https://historicengland.org.uk/images-books/publications/energy-efficiency-historic-buildings-ptl/heag014-energy-efficiency-partll/>

- 9.11 The 'Whole Building Approach' is divided into five stages to be followed. **Stage 1: Assessment – Understanding the building and its context** includes an assessment of a range of factors¹¹¹ that can range from a simple 'walk-through' to a highly detailed analysis that might include computer simulations. The scope and depth of investigation and documentation undertaken should be proportionate to the size and sensitivity of the building, and the scale and complexity of the envisaged improvements. Although householders can carry out useful do-it-yourself appraisals, suitably qualified, experienced and independent practitioners should provide more thorough assessments.
- 9.12 **Stage 2: Setting objectives and planning improvements** considers short and long term energy objectives for the project and identifies the measures likely to be appropriate and practicable in the specific context.
- 9.13 **Stage 3: Detailed design and specification** consists of detailed, clear and unambiguous drawings and specifications. (These will need to be submitted to RBBC for review and consent.)
- 9.14 **Stage 4: Installation** provides information about the training and expertise required for installation of energy efficiency measures¹¹². Before starting any installation works, it will be necessary to make sure that all necessary permissions have been obtained and any conditions complied with, including those from RBBC planning and building control.
- 9.15 **Stage 5: Use, review and maintenance** provides advice on ventilation, avoidance of condensation, and maintenance of good indoor air quality; comparisons between before and after energy usage; and maintenance of the services agreed.
- 9.16 The key for any successful thermal upgrade for historic buildings is that they are designed and implemented in such a way that the character and significance of the building is adequately respected in accordance with planning law. Double-glazing is not generally acceptable in Statutory Listed Buildings at the current time, but thermal efficiencies can be obtained by using secondary glazing, which can be designed to be as efficient¹¹³.

Insulation and historic assets

- 9.17 Subject to planning consent, there are several ways that additional insulation can be provided/improved in historic buildings, including through the addition of dry lining to the inside of walls, or through the use of aerogels where there is need for a thin layer of insulation. However external wall insulation should generally be avoided in Conservation Areas or on traditional buildings, due to the impacts upon visual appearance.

¹¹¹ Character and significance of the building; Local climate, orientation and exposure; Energy performance of the building envelope; Hygrothermal behaviour of the building fabric; the Condition of the building; Energy performance of building services; and levels of energy related to occupancy and human behaviour.

¹¹² Installers should have sufficient training, expertise and interest in the whole building approach. An experienced installer will be able to contribute valuable specialist practical knowledge to a project. Therefore, maintaining good communications between installer, and the designer, assessor and client is a key factor in ensuring the outcome of the project is successful.

¹¹³ It is also recognised in the government grant scheme.

- 9.18 Cavity wall insulation may be acceptable for some buildings, in particular later Victorian and Edwardian homes, which were often built with cavity walls in Reigate & Banstead. This should be done using 'bonded bead'.

Renewable energy and historic assets

- 9.19 Section 6 provided broad advice on the different types and issues associated with renewable energy technologies. However, in the case of historic assets there are further issues to consider. PV cells protruding above the existing roofline or proposed for walls will not generally be acceptable. More sensitive solutions can be found for the siting of PV and solar panels, for example through siting them in the grounds of historic buildings, or in hidden valleys or flat on crown roofs. Unlike most other forms of renewable installations permission may be required for historic assets.
- 9.20 Permission may be required for the installation of other types of renewables, including external facilities for air source heat pumps, and advice on the installation on or in historic assets should always be sought from the conservation officer.

Planning Applications

- 9.21 In all cases affecting heritage assets it is advisable to discuss your project with the planning conservation officer. Further details are contained in Chapter 6.

Listed Building Consent/planning consent

- 9.22 In the case of statutory listed buildings, Listed Building Consent will be required for the installation of photovoltaic (PV) cells and some forms of external fans for air source heat pumps, and within certain areas, such as Conservation Areas, they may require planning permission consent.
- 9.23 Similarly, for locally listed buildings and buildings in Conservation Areas, or Areas of Special Character (including Surrey Hills Area of Outstanding Natural Beauty), permission may be required.

Further guidance

[Historic England, 2018 Energy Efficiency and Historic Buildings: Solar Electric \(Photovoltaics\)](#)

Historic England, 2015 [Facing the Future: Foresight and the Historic Environment](#).

Historic England, 2015 [Historic Buildings and Flooding](#)

[Historic England Your Home](#)

10. Sustainable Construction

Introduction

10.1 Construction and demolition are important considerations in the drive to reduce carbon emissions and pollution, and to reduce wastage of resources and pressure on landfill. This chapter sets out key areas for construction companies and developers to address, potentially as part of a planning application/ planning condition, and in regard to Construction Management. These are:

- Materials;
- Demolition (and re-use);
- Reducing Embodied Carbon; and
- Construction operations.

Relevant Planning Policy links

CS10, CS11, CS19, DES1 and CCF1
Surrey Waste Local Plan Policy 4

Materials

10.2 Responsible sourcing and use of materials in construction can play an important part in reducing carbon emissions and wastage. Managing a product from the point at which a material is mined or harvested in its raw state, through to manufacture and processing, to use, re-use and recycling, until its final disposal as waste, all have a role to play.

10.3 BRE Global has developed a framework standard for the responsible sourcing of construction products, and there are a number of certification schemes which seek to increase both public and industry confidence that risks are being minimised or avoided. Their use ensures that specifiers are able to demonstrate the responsible nature of their selection decisions.

Sustainable sourcing of materials (including local and re-use)

10.4 The construction industry is the single largest user of materials in the UK¹¹⁴ and 10% of national energy consumption is used in the production and transport of construction materials and construction products. There are many environmental impacts associated with the production and transfer of building materials including CO²

¹¹⁴ Equating to 420 million tonnes every year

emissions; water pollution; habitat loss/deforestation; fossil-fuel depletion; and use of precious water resources.

- 10.5 The Council will require applicants for building schemes within the borough to demonstrate that the selection of materials for use in the scheme has been carried out with due regard to the potential for use of local recyclable materials in the first instance, and then with regard to the use of locally-manufactured/produced materials (to reduce emissions from transport of goods) in line with the protocols set out in accredited certification schemes. These cover the use of recycled materials within schemes, and the use of sustainable procurement plans to support the use of responsibly sourced materials including from local sources.

Choice of materials for durability

- 10.6 Scheme proposals will need to show that the selection of materials for construction will be long-lasting and durable, minimising the need for frequent replacement incurring additional wastage, use of materials, energy needs, and associated emissions.
- 10.7 Proposals will need to show the rationale for materials selected taking account of what they are being used for and the conditions they will be exposed to (such as frequent traffic, pollution, weather and extremes of temperature). This will reduce the amount of materials needed to maintain a building. Various certification schemes cover this requirement.

Ethical materials selection

- 10.8 There are a number of certification schemes that seek to increase confidence in the responsible nature of selection decisions regarding construction materials. This may include the use of legally harvested and traded timber and the use of recognised certification schemes for other construction materials such as the Forest Stewardship Council (FSC).

Demolition and reclamation of materials (and waste stream management)

- 10.9 The most sustainable solution, and the one that would in most cases have the lowest construction carbon emissions, is to re-use any existing buildings (either all or some of the structures on the site), and it may be possible to achieve other environmental objectives (such as improving energy efficiency) by small additions and adaptations to the fabric (such as new window fittings and extra insulation).
- 10.10 Whilst the demolition of buildings and structures and the clearance of the site will be an essential element for many construction projects, this needs to be undertaken in a sustainable way. The re-use of demolition materials on-site where possible, such as for aggregate, fill or landscaping, or as part of new structures, helps reduce carbon emissions and waste, and it will be necessary for this to be set out as part of the Carbon Reduction Statement, and the Construction Method Statement.

- 10.11 Materials that it may be possible to salvage and re-use from demolition may include: bricks; wood (from buildings); asphalt (from roads and roofing shingles); gypsum (the main component of drywall); metals (such as copper and steel); glass; and plastics, all of which should be salvaged as far as possible. Similarly, it may be possible to salvage components of buildings, such as: doors; windows; and plumbing fixtures.
- 10.12 As well as building materials and components, there may also be some natural materials that will be salvageable as a by-product of site-clearance which might include trees, stumps, earth and rocks.
- 10.13 How this salvage work is managed on site, and how materials and components are re-used, are crucial to reducing carbon emissions and other pollution, and reducing the wastage of resources/pressure on landfill. The Institute of Civil Engineers (ICE) have published a demolition protocol ¹¹⁵, developed in collaboration with the Resource Sustainability Initiative and the Chartered Institute of Waste Management (CIWM), which provides methods to assess and recover demolition material, as well as specifying recovered (recycled & reclaimed) material in new build.
- 10.14 Protocols for the collection of demolition (or other surplus) materials for recycling in other schemes are clearly set out in a number of certification schemes and the Council will require schemes to adhere to this so that materials can be sustainably re-used where possible.

ICE Demolition Protocol

- 10.15 This useful protocol incorporates information in the reduction of waste ending up in landfill sites (and the costs associated with this), and the sustainable use of resources through use of recycled materials.

Reducing Embodied Carbon

- 10.16 Embodied carbon is a term used for making an assessment regarding a building's greenhouse gas (GHG) emissions' footprint (which includes carbon dioxide). Depending on the scope of the assessment, it will include the total emissions generated through the various processes necessary to create the building, including the extraction/manufacture/processing of materials, and the transportation and assembly of these and all related elements/products used in the building's construction. It may also include the maintenance and replacements of parts, and the building's final disassembly and parts disposal.

¹¹⁵ <http://www.ice.org.uk>

- 10.17 Embodied carbon does not include the operational elements of running the building; it is concerned with the building's construction and fabric. It is sometimes referred to as 'capital carbon'.¹¹⁶ Embodied carbon assessments are an emerging requirement influencing the selection of construction material and are likely to become normal practice as the country moves towards zero carbon.
- 10.18 RBBC will be supportive of all measures to consider the embodied carbon of materials used within the built environment, including the specification of building materials with lower embodied energy and through the application of embodied carbon assessments.

Construction operations

- 10.19 All construction sites should be carefully managed to prevent environmental damage and pollution, including the careful prevention of: sediment and chemicals from being washed into waterways including via roads/drains; the production of excess dust, noise/light, and vibrations, causing disturbance to surrounding properties and wildlife. Mud on roads and pavements can become very slippery and dangerous unless cleaned off regularly.
- 10.20 Planning conditions will be used to control impacts from the construction of new development. This may include restrictions on hours of operation and construction. Conditions will also cover the type of machinery used, and construction/delivery hours. Applicants will also be required to prepare a Construction Method Statement to show how the construction will be undertaken including incorporating the measures outlined in this SPD.
- 10.21 Aware of the challenges that construction can have on the wider community, a national Considerate Constructors Scheme has been created by the industry. The scheme is a voluntary code of considerate practice, to which participating construction companies can sign up their sites. Registered sites should do all they can to reduce any negative effect they have on the environment, and should work in an environmentally conscious, sustainable manner. They should provide clean, appropriate facilities for those who work on them comparable to any other working environment and should do all they can to reduce any negative impact they may have on the area in which they are working.
- 10.22 Construction companies working in the borough are encouraged to follow best practice or preferably become registered in such schemes. 10.23 Modern forms of prefabricated construction are supported as they can be a highly efficient way of construction and can reduce carbon emissions.

¹¹⁶ Based on the definition by the UK Green Building Council

Planning Applications

10.23 Demolition

Where demolition forms part of the development, a plan for the sorting and collection of demolition materials for reuse and recycling following the Institute for Civil Engineers (ICE) demolition protocol (or equivalent) will be required. This is best included with the planning application or a condition will be applied to a future planning permission to provide such a plan before works commence.

10.24 Materials

Areas to incorporate in the sustainability statement to support the development include the use of only sustainably sourced materials in the project, the controls in place to ensure that only the materials necessary for the project are ordered and that the materials used in the project are long lasting.

10.25 Construction operations

As part of the Construction Method Statement the types of matters to address could include that builders should be registered with a considerate constructor's scheme, the inclusion in the demolition and construction phases of dust spreading prevention measures such as watering down the site and using dust screens and whether (where appropriate) and if there will be pollution containment measures.

Further guidance and tools

General

Buildings Research Establishment (BRE) www.bregroup.com

Construction Industry Research and Information Association (CIRA) includes advice on waste reduction, recycling and making better use of resources and help tackle climate change. Information and training can be found at: www.ciria.org/

WRAP (Waste and Resources Action Programme) is a not for profit company backed by the Government to help individuals, businesses and local authorities reduce waste, recycle more, make better use of resources and help tackle climate change. WRAP can be accessed on www.wrap.org.uk

Demolition

Institute for Civil Engineers (ICE) demolition protocol can be found at: <http://www.ice.org.uk>

Materials and Embodied Carbon

Green book live. Available online at: <http://www.greenbooklive.com/>

BSE 6001 The Framework Standard for Responsible Resourcing
https://www.greenbooklive.com/filelibrary/responsible_sourcing/BES-6001--Issue-3.1.pdf

RICS professional standards and guidance, UK. Whole life carbon assessment for the built environment, 1st edition, November 2017. Available at:
<https://www.rics.org/globalassets/rics-website/media/news/whole-life-carbon-assessment-for-the--built-environment-november-2017.pdf>

Construction Operations

Details of the national scheme can be found at:
www.considerateconstructorsscheme.org.uk

Appendices

Appendix 1: Acronyms

ASHP	Air Source Heat Pump
AQMA	Air Quality Management Area
BER	Building Emissions Rate
BEIS	Department for Business, Energy and Industrial Strategy
BRE	Building Research Establishment
BREEAM	Building Research Establishment Environmental Assessment Method
CIBSE	Chartered Institute of Building Services Engineers
CHP	Combined Heat and Power [generator]
COP	Co-efficient of Performance (the ratio of heat produced by a device, such as a heat pump, to electricity consumed.
CO ₂	Carbon Dioxide
CoU	Change of use from one development use to another
DER	Dwelling Emissions Rate
EA	Environment Agency
EIA	Environmental Impact Assessment
ESCO	Energy Services Company
GHG	Greenhouse Gas
GI	Green Infrastructure
GPDO	The Town and Country Planning (General Permitted Development) Order
GLA	Greater London Authority
GSHP	Ground Source Heat Pump
HQM	Home Quality Mark
NPPF	National Policy Framework
PHPP	Passive House Planning Package
PPG	Planning Practice Guidance
PV	Photovoltaic
RBBC	Reigate and Banstead Borough Council
RIBA	Royal Institute of British Architects
SA	Sustainability Appraisal

SAP	Standard Assessment Procedure
SBEM	Simplified Building Energy Method
SEA	Strategic Environmental Assessment
SFRA	Strategic Flood Risk Assessment
SPD	Supplementary Planning Document
Sqm	Square metres (references in the SPD are to Gross Internal Area unless otherwise stated)
SCC	Surrey County Council
SUDS	Sustainable Drainage Systems
TER	Target CO ₂ Emission Rate

Appendix 2: Glossary

Building Emissions Rate or Dwelling Emissions Rate – The actual building/dwelling CO₂ emissions rate. It is expressed in terms of the mass of CO₂ emitted per year per square metre of the total useable floor area of the building (kg/m²/year).

Building/ Thermal Envelope – The total area of all walls, floors, ceilings bordering the internal area of a building whose environment is to be controlled in line with the Building Regulations (e.g. not including some conservatories or porches).

Climate change adaptation - Adjustments made to natural or human systems in response to the actual or anticipated impacts of climate change, to mitigate harm or exploit beneficial opportunities.

Climate change mitigation - Action to reduce the impact of human activity on the climate system, primarily through reducing greenhouse gas emissions.

Combined Heat and Power – The simultaneous generation of heat and power in a single process.

Communal Heating/ Cooling – A heating/ cooling system where heat and cooling is supplied to multiple dwellings and/ or non-domestic uses from a shared source.

Energy Assessment/strategy – An energy assessment/ strategy is a document which explains how targets for CO₂ reduction will be met for a particular development within the context of the energy hierarchy.

Energy hierarchy – A classification of energy options, prioritized to assist progress towards a more sustainable system.

Embedded Carbon – A notional quantity of carbon, representing the amount of CO₂ already emitted in order to manufacture or assemble any given construction material (s) and transport it to site.

Evapotranspiration – Evapotranspiration is the combined name for the processes of evaporation and transpiration.

Flood attenuation – Rainwater capture and slow release to reduce the risk of flooding further downstream.

Kilowatt (kW) – One thousand watts. A watt is a measure of power.

Megawatt (MW) – One million watts. A watt is a measure of power.

Network Ready – The state of a development being optimally designed for connection to a District Energy Network

Part L of the Building Regulations – Approved documents L1A and L2A of the Building Regulations relate to the conservation of fuel and power in new dwellings and new buildings other than dwellings respectively.

Passive Design – integrates the way the climate can maintain a comfortable temperature range in developments.

Passivhaus – is a building in which thermal comfort can be achieved solely by post-heating or post-cooling the fresh air flow required for a good indoor air quality, without the need for additional recirculation of air.

Regulated CO₂ emissions – The CO₂ emissions arising from energy used by fixed building services, as defined in Part L of the Building Regulations. These include fixed systems for lighting, heating, hot water, air conditioning, and mechanical ventilation

Standard Assessment Procedure (SAP) – A methodology introduced by the Government to assess and compare the energy and environmental performance of buildings to make sure that any new developments will not only meet Building Regulations, but also all energy and environmental policy initiatives.

Solar Gain - The increase in temperature of a building, object, or space that is caused by solar radiation

Simplified Building Energy Model – A computer program that provides an analysis of a building's energy consumption. The purpose of the software is to produce consistent and reliable evaluations of energy use in non-domestic buildings on a development.

Thermal Mass - A material's capacity to absorb, store and release heat. For example, water and concrete have a high capacity to store heat and are referred to as 'high thermal mass' materials. Insulation foam, by contrast, has very little heat storage capacity and is referred to as having 'low thermal mass'.

Communal Heat Network – A set of flow and return pipes circulating hot water to apartments and non-domestic buildings on a development

Standard Assessment Procedure – A methodology for assessing and comparing the energy and environmental performance of dwellings. Its purpose is to provide accurate

and reliable assessments of dwelling energy performances that are needed to underpin Building Regulations and other policy initiatives.

Target CO₂ Emission Rate – The minimum energy performance requirement for a new dwelling/ building. It is expressed in terms of the mass of CO₂ emitted per year per square metre of the total floor area of the building (kg/m²/year).

Appendix 3: Local Plan Policies

Core Strategy

Policy CS4: *Valued townscapes and the historic environment*

1. Development will be designed sensitively to respect, conserve, and enhance the historic environment, including heritage assets and their setting. Development proposals that would provide sensitive restoration and re-use for heritage assets at risk will be particularly encouraged.
2. Development will respect, maintain and protect the character of the valued townscapes in the borough, showing consideration for any detailed design guidance that has been produced by the Council for specific built-up areas of the borough. Proposals will:
 - a. Reflect high standards of sustainable construction in line with policy CS11
 - b. Be of high quality design which takes direction from the existing character of the area and reflects local distinctiveness
 - c. Be laid out and designed to make the best use of the site and its physical characteristics, whilst minimising the impact on surrounding properties and the environment
 - d. Protect and where appropriate enhance existing areas of biodiversity value and the links between them.

Policy CS10: *Sustainable development*

Development will:

1. Make efficient use of land, giving priority to previously developed land and buildings within the built-up areas.
2. Be at an appropriate density, taking account of and respecting the character of the local area and levels of accessibility and services.
3. Contribute to the creation of neighbourhoods which are supported by effective services, infrastructure and transport options and which are designed to be safe, secure and socially inclusive.
4. Protect and enhance the green fabric, and respect and contribute to the borough's green infrastructure network.

5. Respect the ecological and cultural heritage of the borough including the historic environment.
6. Minimise the need to travel, whilst increasing opportunities to walk, cycle or use public transport, including as part of the green infrastructure network.
7. Minimise the use of natural resources and contribute to a reduction in carbon emissions by re-using existing resources, maximising energy efficiency, minimising water use, and reducing the production of waste, including through sustainable construction methods. Encourage renewable energy/ fuel production whilst ensuring that adverse impacts are addressed, including on landscape, wildlife, heritage assets and amenity.
8. Be designed to minimise pollution, including air, noise and light, and to safeguard water quality.
9. Be designed reflecting the need to adapt to the impacts of climate change (for example higher temperatures, increased flooding, increased pressure on water resources, impacts on ecology and built heritage and impacts on ground conditions).
10. Be located to minimise flood risk, through the application of the Sequential Test and where necessary the Exception Test, taking account of all sources of flooding including fluvial, surface water, sewer and pluvial flooding, and reservoir failure, and manage flood risk through the use of SuDS and flood resistant/ resilient design features, and where necessary provide floodplain compensation.
 - The criteria within this policy, along with policy CS6, will guide the allocation of sites through the DMP.

Policy CS11: Sustainable construction

1. The Council will expect new development to be constructed to the following standards (taking into account the overall viability of the proposed development at the time the application is made):
 - a. New housing: to a minimum of Code for Sustainable Homes Level 4, or future nationally described standards (justified by local evidence if required). To achieve Level 4, the Council may require (through the DMP) or encourage (through supplementary guidance) minimum standards for some tradeable Code elements to be provided in particular locations or for particular types of housing development.
 - b. Relevant non-residential development of new or replacement buildings, or extensions to existing structures: to a minimum of BREEAM 'very good'.
2. The Council will work with developers and other partners to encourage and promote the development of decentralised and renewable or low carbon energy (including combined heat and power) as a means to help future development meet zero-carbon standards affordably.

- a. Where a major development is planned that generates, is within, or is adjacent to an area of significant heat density, it will be expected that the potential to create, or connect to, a district heating network is fully investigated. Such developments will be identified in the DMP where possible.
- b. Where a district heat network exists or is planned, or where there is potential to utilise waste heat, the Council may require – where feasible and viable – development in these areas to be designed to facilitate its use and connect to it.

Policy CS17: Sustainable construction

The Council will work with Surrey County Council, the Highways Agency, rail and bus operators, neighbouring local authorities and developers to:

1. Manage demand and reduce the need to travel, by:
 - a. Allocating land for development and directing development to accessible locations in the borough
 - b. Securing provision of - or easy access to - services, facilities and public transport as part of new development.
2. Improve the efficiency of the transport network, by:
 - a. Enhancing public interchange facilities in Redhill and Horley town centres and promoting Redhill/ Reigate as a transport hub
 - b. Delivering improvements to the road network to meet all street users' needs, enhance accessibility along key corridors and accommodate the forecast increase in journeys.
3. Facilitate sustainable transport choices, by:
 - a. Improving travel options through enhanced provision for bus, rail, walking, cycling and bridleways
 - b. Promoting walking and cycling as the preferred travel option for shorter journeys
 - c. Promoting non-car travel
 - d. Requiring the provision of travel plans and transport assessments for proposals which are likely to generate significant amounts of movement
 - e. Seeking to minimise parking provision in the most sustainable locations, and secure adequate parking provision relative to patterns of car ownership elsewhere.

Development Management Plan (DMP)

Policy DES1: *Design of new development*

1. All new development will be expected to be of a high quality design that makes a positive contribution to the character and appearance of its surroundings. Planning permission will be granted for new development where it meets the following criteria:
2. Promotes and reinforces local distinctiveness and respects the character of the surrounding area, including positive physical characteristics of local neighbourhoods and the visual appearance of the immediate street scene.
3. Uses high quality materials, landscaping and building detailing.
4. Has due regard to the layout, density, plot sizes, building siting, scale, massing, height, and roofscapes of the surrounding area, the relationship to neighbouring buildings, and important views into and out of the site.
5. Provides street furniture/ trees and public art where it would enhance the public realm and/ or reinforce a sense of place.
6. Provides an appropriate environment for future occupants whilst not adversely impacting upon the amenity of occupants of existing nearby buildings, including by way of overbearing, obtrusiveness, overshadowing, overlooking and loss of privacy.
7. Creates a safe environment, incorporating measures to reduce opportunities for crime and maximising opportunities for natural surveillance of public places. Developments should incorporate measures and principles recommended by Secured by Design.
8. Provides for accessible and sensitively designed and located waste and recycling bin storage in accordance with the Council's guidance document 'Making Space for Waste'.
 - a. Incorporates appropriate landscaping to mitigate the impact, and complement the design, of new development. Schemes should:
 - i. Protect and enhance natural features by:
 - ii. Incorporating existing landscaping into scheme design where feasible.
 - b. Integrating new landscaping, both hard and soft, and boundary treatments which use appropriate local materials and/ or species.
9. Provide details about how future maintenance of existing and new landscape works will be managed. Where necessary, conditions will be used to secure the delivery of landscaping schemes, protection of natural features during the course of development and requirements for replacement planting.
10. Achieves, where applicable, an appropriate transition from the urban to the rural.

11. Makes adequate provision for access, servicing, circulation and turning space, and parking taking account of the impact on local character and residential amenity, including the visual impact of parked vehicles (see also TAP1).
12. Is accessible and inclusive for all users, including for people with disabilities or mobility constraints (See also DES7).
13. Respects aerodrome safeguarding requirements.

Policy DES8: *Construction management*

The Council will expect all developments to be managed in a safe and considerate manner, in addition to the following requirements:

1. Through the use of conditions, the Council may require Construction Management Statements to be agreed and implemented on a case by case basis. These may be required for:
 - a. Minor and major developments creating new homes and / or commercial space.
 - b. Other forms of development, particularly where the site is constrained or where it is identified that there is a specific risk to highway safety and/ or the amenity of neighbouring properties.
2. The Construction Management Statement must address how any development impacts will be managed. The statement should be appropriate to the scale and context of the development but should include:
 - a. Prediction of potential impacts with regard to water, waste, noise and vibration, dust, emissions and odours, ground contamination and soil pollution, wildlife and features and heritage/ archaeology. Where potential impacts are identified, mitigation measures should be identified to address these impacts.
 - b. Measures to manage traffic and parking impact, highway/ pedestrian safety and congestion.
 - c. Information about phasing and co-ordination of works, including timing of deliveries, particularly where there are multiple developments in a single area.
 - d. Information about measures that will be used to protect any on/ off-site features, including trees, verges, drains, kerb stones, and footways, that may be damaged due to works and remediation of any subsequent damage.
 - e. Information about the measures that will be used to protect privacy and the amenity of surrounding sensitive uses, including provision of appropriate boundary protection.
 - f. Means of communication and liaison with neighbouring residents and businesses.
 - g. Hours of work.
3. Any advertisements and signage proposed to be displayed for the duration of construction works – including as part of site hoardings – must be appropriately

designed in accordance with DES10. Conditions will be used to secure removal of any temporary advertisements.

Policy DES9: *Pollution and contaminated land*

This policy applies borough-wide, although particular attention should be paid within the following designated areas:

- Air Quality Management Areas
 - Noise contours associated with Gatwick Airport
1. For all types of development, across the Borough:
 - a. Development will only be permitted where it can be demonstrated that (on its own or cumulatively) it will not result in a significant adverse or unacceptable impact on the natural or built environment (including sensitive habitats); amenity; or health and safety due to fumes, smoke, steam, dust, noise, vibration, smell, light or any other form of air, land, water or soil pollution. Where there would be potential adverse effects from pollution and adequate mitigation cannot be provided, development will not normally be permitted. This includes pollution from construction and pollution predicted to arise during the life of the development. Particular attention should be paid to development within Air Quality Management Areas.
 - b. New development will not normally be permitted where existing fumes, smoke, steam, dust, noise, vibration, smell, light or any other form of air, land, water or soil pollution are unacceptable and there is no reasonable prospect that these can be mitigated against to satisfactory levels. This is particularly relevant for sensitive development such as residential.
 - c. Where a site is known to be contaminated, or where there is a reasonable possibility of contamination, appropriate investigation, and where necessary mitigation and/ or remediation will be required.
 - d. Measures to reduce air pollution will be encouraged.
 2. Within areas of poor air quality (as defined by the presence of Air Quality Management Areas) development must be designed to minimise the occupants' or users' exposure to air pollution, both internally and externally.
 3. In areas near Gatwick Airport, residential development will be permitted where it can be demonstrated that the noise levels will not have a significant adverse effect on the proposed development. Proposals for residential development on sites falling within the 57 dB LAeq (07:00 – 23:00) or 48 dB LAeq (23:00 – 07:00) noise contours for Gatwick Airport must:
 - a. Be accompanied by a full noise impact assessment.
 - b. Demonstrate that, through satisfactory design, mitigation and/ or attenuation measures, future occupants would not be subject to unacceptable noise disturbance both within buildings and externally.

Policy TAP1: Access, parking and servicing

1. All types of development, across the borough, will be required to:
 - a. Provide safe and convenient access for all road users, taking account of cumulative impacts, in a way which would not:
 - i. Unnecessarily impede the free flow of traffic on the public highway, or compromise pedestrians or any other transport mode, including public transport and cycling.
 - ii. Materially exacerbate traffic congestion on the existing highway network.
 - iii. Increase the risk of accidents or endanger the safety of road users including pedestrians, cyclists, and other vulnerable road users.
 - b. Incorporate a highway design and layout that:
 - i. Complies with currently adopted highway standards and guidance (including roads which will not be adopted by the Highways Authority, unless evidence can be provided to clearly demonstrate a scheme would be safe and accessible).
 - ii. Provides adequate access in particular with regard to circulation, manoeuvring, turning space, visibility splays and provision for loading/unloading for an appropriate range of vehicles.
 - iii. Allows for access by service vehicles (including refuse vehicles) and emergency vehicles at all times without restriction, including adequate width to ensure there is no obstruction from parked vehicles. On existing road layouts, new development must not materially worsen the existing access for service and emergency vehicles and look to improve it where possible.
 - iv. Achieves a permeable highway layout, connecting with the existing highway network safely and includes safe access for pedestrians and cyclists.
 - v. Provides sufficient visibility and lighting for the safe and convenient use of the roads, cycle tracks, paths and parking places.
 - c. Include car parking and cycle storage for residential and non-residential development in accordance with adopted local standards (see Annex 4) unless satisfactory evidence is provided to demonstrate that non-compliance would not result in unacceptable harm. Such evidence could include on-street parking surveys, evidence of parking demand, and/ or further information on accessibility. Development should not result in unacceptable levels of on-street parking demand in existing or new streets.
 - d. If the development would result in the loss of existing car parking spaces, demonstrate that there is no need for these car parking spaces.
 - e. Incorporate pedestrian and cycle routes within and through the site, linking to the wider sustainable transport network where possible, especially in and to the borough's town centres.
 - f. Provide electric vehicle charging points.

- g. Remove any dropped kerbs and crossovers made redundant by the development and reinstate the footway/verge.
2. Planning applications will be looked upon favourably unless they would have an unacceptable impact on highway safety or the residual cumulative impacts on the road network would be severe, taking into account proposed mitigation.
3. For all developments likely to generate significant amounts of movement, a Transport Assessment or a Transport Statement will be required.
4. Provision of the following should be considered and are encouraged in new development:
 - a. Shared use of private parking provision for public parking when not in use.
 - b. Initiatives to increase travel by more sustainable options and help reduce the impact and frequency of travel by individual private car journeys (such as car pools/car clubs) to and from the development.

Policy CCF1: *Climate change mitigation*

1. New residential developments must:
 - a. Meet the national water efficiency standard of 110litres/person/day.
 - b. Achieve not less than a 19% improvement in the Dwelling Emission Rate (DER) over the Target Emission Rate (TER) as defined in Part L1A of the 2013 Building Regulations.
2. New non-residential developments of 1,000 square metres or more of gross floorspace should include renewable or low-carbon energy generation to provide 10% of the expected energy usage of the development, unless it can be demonstrated not to be viable. This could be through renewable energy technologies (i.e. solar photovoltaics), implementation of or connection to a district heating network, or any other method that demonstrably reduces carbon emissions from energy usage.
3. The Council will support developments that make provision for on-site micro-generation.
4. The design of buildings should maximise opportunities for energy saving (e.g. orientation of the building to achieve solar gain), unless this conflicts with other policies.
5. The use of sustainable construction methods and materials will be encouraged.

Policy NHE4: *Green and blue infrastructure*

1. The Council will work with landowners, land managers and stakeholders to secure the provision of a multi-functional green and blue infrastructure network by:

- a. Resisting the loss of existing public open space. Where this is urban open space the criteria within OSR1(2) must be met to justify the loss.
 - b. Ensuring best management practice of multi-functional green/blue spaces across the Borough.
 - c. Preserving and enhancing existing green infrastructure and water features in priority regeneration areas and throughout existing urban areas.
 - d. Looking favourably on proposals that enhance, extend, or make new provision for allotments or community food growing opportunities.
2. Development proposals must:
- a. Where possible, increase access to and provision of green and blue infrastructure and open spaces.
 - b. Avoid any adverse impacts on existing habitats and take the opportunity to enhance and incorporate biodiversity as an integral part of design, including watercourses and riverside habitats.
 - c. Positively incorporate green and blue infrastructure as an integral part of the design of new developments; supporting initiatives within the Council's Green Infrastructure Strategy and Action Plan where possible. Any new green and blue infrastructure should link with existing green/blue infrastructure in the surrounding area where possible.
 - d. Incorporate open spaces and green spaces which can be used in a variety of ways and support a range of activities.
 - e. Protect and enhance public rights of way and National Trails.
 - f. Where possible, create new links and corridors between open spaces, green/blue infrastructure and the countryside beyond, such as through the provision of footpaths and bicycle paths or through planting and landscaping.
 - g. Identify measures for appropriate maintenance of relevant green/blue infrastructure.
3. Within land designated as a Riverside Green Chain, the following uses and facilities will be permitted to facilitate activities compatible with the area and the maintenance of a natural green and blue environment:
- a. Informal recreation.
 - b. Formal outdoor recreation, allotments, agriculture and woodland where feasible.

- c. Establishment of Local Nature Reserves and similar nature conservation provision.
- d. Enhancements to the riverine environment for water related purposes, including the establishment of buffer zones.
- e. Safe access provisions to appropriate sections of the riverine environment including safety measures consistent with the scale of visitor and operation activity while protecting other areas as wildlife refuges in accordance with a nature conservation strategy for the area.
- f. Interpretation and supervised investigation of archaeological sites.
- g. Creation of ponds, swales, bunds, stormwater wetlands and similar features as part of the surface water drainage system serving major new housing development and consistent with an overall agreed landscape plan.
- h. Construction of a combined orbital cycle and pedestrian path with connections to new and existing housing areas consistent with nature conservation values.
- i. Provision of facilities for horse riders, where practicable.

Policy NHE9: *Heritage assets*

1. Development will be required to protect, preserve, and whenever possible enhance, the Borough's designated and non-designated heritage assets and historic environment including special features, area character or settings of statutory and locally listed buildings.
2. All planning applications that directly or indirectly affect designated or non-designated heritage assets must be supported by a clear understanding of the significance, character and setting of the heritage asset, and demonstrate:
 - a. how this understanding has informed the proposed development
 - b. how the proposal would affect the asset's significance; and
 - c. any necessary justification proportionate to the importance of the heritage asset and the potential effect of the proposal.
3. In considering planning applications that directly or indirectly affect designated heritage assets, the Council will give great weight to the conservation of the asset, irrespective of the level of harm. Any proposal which would result in harm to or total loss of designated heritage asset or its setting will not be supported unless a clear and convincing justification is provided. In this regard:
 - a. Substantial harm to, or loss of, Grade II assets will be treated as exceptional and substantial harm to, or loss of, Grade I and II* assets and scheduled monuments will be treated as wholly exceptional.
 - b. Where substantial harm to, or loss of designated heritage assets would occur as a result of a development proposal, planning permission will be refused unless there are substantial public benefits which would outweigh the harm or loss; or

- b. Retain or restore features of historic or architectural interest, including trees, other distinctive planting and hard landscaping, and garden features.
 - c. Where relevant, be accompanied by an appropriate management plan.
- 12. An archaeological assessment including where appropriate a field evaluation, will be required to inform the determination of planning applications for:
 - a. Sites which affect, or have the potential to affect, Scheduled Monuments.
 - b. Sites which affect, or have the potential to affect, areas of Archaeological Importance or High Archaeological Potential.
 - c. All other development sites exceeding 0.4ha.
- 13. Where the policies map, or other research, indicates that remains of archaeological significance are likely to be encountered on a site, the Council will require schemes for the proper investigation of the site to be submitted and agreed. These must incorporate the recording of any evidence, archiving of recovered material and publication of the results of the archaeological work as appropriate, in line with accepted national professional standards.

Surrey Waste Local Plan 2019-33

Policy 4 – Sustainable Construction and Waste Management in New Development

Planning permission will be granted where it has been demonstrated that:

- i. The waste generated during construction, demolition and excavation phase of development is limited to the minimum quantity necessary.
- ii. Opportunities for re-use and the recycling of construction, demolition and excavation residues and waste on site are maximised.
- iii. On site facilities to manage the waste arisings during the operation of the development of an appropriate type and scale have been considered as part of the development. These include integrated storage to facilitate reuse and recycling.

Appendix 4 Carbon Reduction Statement Template

Carbon Reduction Statement			
Unit¹¹⁷ Number/ address	Target Emission Rate (TER)¹¹⁸	Dwelling Emission Rate (DER)	% Improvement on Part L 2013
Add rows for each unit			
Energy Hierarchy			
Define proposed measures to show how less energy will be achieved			
Define proposed measures to show how energy will delivered more efficiently			
Define proposed measures to show how renewable technologies will be incorporated			
Attach plans and drawings showing any proposed renewable technology being incorporated into the scheme			

¹¹⁷ In the case of blocks of flats – it is acceptable to use the average energy performance of all dwellings in the building.

¹¹⁸ Should be in accordance with Approved Document L1A

Calculation	Notes
<p>The carbon reduction requirement should be applied to each unit or residential building envelope</p>	<p>In the case of apartments and terraced housing it is acceptable to use the average energy performance of all dwellings within the building. The area weighted average DER and TER must be calculated in accordance with the block averaging methodology defined in clauses 2.7 and 2.16 of Approved Document L1A.</p>
<p>The TER and DER should be derived from the Building Regulation, compliance calculations.</p>	
<p>Sample SAP calculations should be attached to the submitted Carbon Reduction Statement</p>	<p>The Government is planning to ban gas boilers in new homes from 2025. There are also proposals to change the carbon intensity of electricity in SAP 10, which will take into account the decarbonisation of electricity. RBBC would recommend that SAP 10.0 emission factors be used.</p>
<p>Where carbon reducing renewable technologies are proposed, these should be an integral part of the design and relevant drawings supplied. Proposals incorporating Combined Heat and Power will need to provide Air Quality Assessments</p>	
<p>Where mitigation measures are required to address amenity and prevent</p>	<p>Consideration of proposed technologies on noise, air quality, etc with suitable mitigation measures identified as required.</p>

<p>nuisance, these should be identified in the statement.</p>	
--	--

DRAFT

Appendix 5: Sustainability Checklist Template

REIGATE AND BANSTEAD BOROUGH COUNCIL

Applicant's Name	
Agent's Name	
Site Address:	
Description of proposal	
Date checklist completed	
Additional commentary regarding questions attached	

1. Location and Transport (chapter 3)	Yes	No	N/A
Does the location of the proposed development minimise distances to the main employment centres, shops, recreation and community facilities, and schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the development located away from an area liable to flooding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the transport links, including the roads, footpaths, and cycle ways to the site liable to flooding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the scheme facilitate active/healthy travel choices and reduce private car dependency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do pedestrian and cycle routes link comfortably to surrounding areas/facilities, and to other transport networks, to provide a convivial travel experience? For larger developments, is there natural surveillance, for example active frontages?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the proposal provide appropriate levels and standards of car parking (as set out in Annex 4 of the DMP)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will the development incorporate electric vehicle charging points (that are unobtrusive and avoid street clutter)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the proposal provide appropriate levels of, and secure facilities for, cycle parking/storage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will a Travel Statement (for smaller-scale developments) or Travel Plan (for proposals that generate significant traffic) be submitted with your proposal, including measures such as car-clubs/Smart travel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For larger developments, has the idea of a car-club been considered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Layout and Design (chapter 5)	Yes	No	N/A
For larger development schemes – does the layout utilise design to minimise shadowing, and gain heating efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will the development make the best use of existing landform, to protect against hotter or wetter weather conditions, and utilise thermal buffering?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For larger sites - Does the proposed site layout and building orientation demonstrate a consideration of the potential for passive heating/cooling and light?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Has the design of the buildings taken account of the need for healthy lighting and ventilation and minimised glare? Has the cooling hierarchy been followed? Are the dwellings dual aspect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the materials chosen appropriate for thermal mass, and has appropriate insulation and air-tightness been considered in the design of buildings, whilst balancing against the needs to avoid over-heating?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Energy savings and use of renewables (chapter 6)	Yes	No	N/A
Does the scheme achieve a 19% carbon reduction Dwelling Emission Rate above the Target Emission Rate (as required in DMP policy CCF1)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do all the units in the scheme achieve a 19% carbon reduction Dwelling Emission Rate above the Target Emission Rate (as required in DMP policy CCF1)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has a Carbon Reduction Statement been prepared for the application?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On developments of more than 10 homes and/ or 1000 sqm of non- domestic development will 10% of the development's energy needs be met using renewable technologies (as required in DMP policy CCF1)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To contribute to the reductions in carbon emissions and/or energy reductions required in policy CCF1, have a variety of energy saving and/or renewable energy measures been considered (such as those set out in this document)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the scope for connection of larger developments schemes to an existing District Heat and Cooling System, or CHP system been assessed? Has reference been made to the government's CHP Focus site assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

tools?) Or has the incorporation of a new CHP system been considered?			
Has biomass been considered where this could have sustainability benefits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have renewables technologies such as solar/PV or wind turbines been considered for the scheme, possibly in combination with other technologies such as those for storage of energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Where solar panels are being incorporated have you considered the impacts of shadowing on the panels and how it could affect their power output and has the visual impact been minimised?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have ASHP/GSHP technologies been considered, particularly where there is available space?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has solar heating been considered (perhaps in tandem with thermal storage)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For all listed technologies, has consideration been given to the ecological/and or design requirements and suitability, and have air quality issues been assessed where this is an issue?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Green Infrastructure & Ecology (chapter 7)	Yes	No	N/A
For large developments does the proposed scheme incorporated green infrastructure for increased resilience and adaptation to potential changes in climate? (This will need to be set out as part of the planning application).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For denser urban developments, has greenery been included in some form - for cooling surrounds and buildings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Has the planting of shrubs been considered for cooling the outside of buildings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For developments on or close to roads, have trees or planting been considered for carbon capture and/or sequestration of air pollution (particles, etc)? And for larger developments, are trees/planting included for this purpose?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have evergreen trees been considered in designs, to allow for carbon capture (and capture of air pollution) in the autumn/winter months?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the scheme incorporate any green infrastructure measures for insulation of buildings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the scheme incorporate green roofs/walls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the scheme incorporate any green infrastructure measures to assist with water attenuation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have measures to conserve, enhance and/or restore biodiversity (including to assist pollinators) in and around the development been considered, including to compensate for habitats lost through development of brownfield land, or through changes to the climate? (This could include a utilisation of a 'matrix' approach to habitats for adaptation to climate change.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the site is within an identified Biodiversity Opportunity Area (BOA) – have green infrastructure measures been included in line with the needs for that area, including regarding climate change.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In denser developments, have green roofs/walls been included to allow for linkages between habitats for birds and invertebrates, for example through measures such as living pillars?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For larger developments, where there are flood-risks and /or rainwater attenuation issues, have Sustainable Drainage Systems (SuDS) been considered – which can also assist in the	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

enhancement/maintenance of wildlife habitats and eco-systems?			
Have all mature or large trees on the site been incorporated into the design of the new proposal, wherever possible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Where there is landscaping in schemes have native tree/planting species been considered for inclusion, and are they suitable for a changing climate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you considered how green and blue spaces within the development will be connected to the wider green infrastructure assets of the borough?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the planting of new green infrastructure take account of the change in climate in regard to selection of suitable types?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will you be protecting existing ecological features from damage during site preparation and completion of construction works where practicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the proposal provide for on-going management of green and blue spaces, including biodiversity habitats?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Water and Drainage (chapter 8)	Yes	No	N/A
In terms of water-use efficiency, does the proposal comply with Building Regulations and DMP Policy CCF1's water usage requirements limit of 110 litres per day, per person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the application meet the requirements of CS10 in regard to careful use of resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will the development require water-intensive processes for construction, and if so are there any water-saving measures that can be used to reduce this?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Have measures been included into the scheme to reduce the amount of treated/purified water that would need to be pumped to the site, for example through measures to allow the harvest/recycling of rain, or 'grey' water (for example for gardens and other non-drinking water uses such as flushing toilets or possibly washing)?</p> <p>For example, have water-butts been considered for housing developments? Or underground tanks?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Have you designed-in measures to minimise surface water run-off, e.g. minimising paved areas and impermeable surfaces, or including soak-aways?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Where paved surfacing is used, can it be permeable and enable enhanced water-storage?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>What measures have been included to address flood risk/rainwater attenuation? (For example, for landscaped areas, the inclusion of ponds or rainwater gardens, or for developments without landscaping possible green walls or roofs.)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Have you considered incorporating sustainable urban drainage (SuDS) into your development proposal?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Have you defined maintenance responsibilities for any proposed SuDS?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Have suitable gutters and pipes been identified to enable the building to withstand rainfall events in future?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>For water-intensive developments, has the storage of water been considered, for avoidance of drawing on public water supplies (eg golf courses)?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>6. Heritage Assets (chapter 9)</p>	Yes	No	N/A

Have you considered the impact of proposals for energy efficiency improvements, or renewables energy supplies, upon heritage assets? (This will need to be carefully addressed with recourse to advice from Historic England – as set out – and the Council’s Conservation Officer, and planning consent or listed building consents may be required.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the development effects the setting of any listed building or ancient monument, has there been consultation with the Council’s Conservation Officer? (Listed Building consents may be required.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If considering improvements to the insulation of historic assets, have you: Considered dry lining, aerogels and /or cavity wall insulation, as opposed to external insulation (which may be inappropriate for the visual appearance of historic buildings)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considered secondary glazing (rather than double-glazing)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has all siting of PV cells and panels been sensitively considered to avoid visual intrusion?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If flood repairs are to be carried out, have you contacted the Conservation Officer/consulted HE advice?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Demolition and Construction (chapter 10)	Yes	No	N/A
Has consideration been given to embodied carbon, or the assessment of embodied carbon?			
Where site demolition will be necessary, have procedures for the salvage of building part and/or materials been put in place (including any natural materials on site)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Has consideration been given to whether any of the salvage could be recycled back into the proposed development? Or how materials can be sustainably recycled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has regard been had to the ICE demolition protocol?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can the scheme demonstrate that the selection of materials has incorporated locally recycled or produced materials where possible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the proposal encourage the use of durable products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you considered using other responsibly sourced building materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has a framework or certification scheme been used to establish the responsible sourcing of materials for the scheme? Or is there a clear rationale for the materials selected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the use of water during construction been considered (for minimisation of waste)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have you considered being part of a Considerate Constructors Scheme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Climate Change and Sustainable Construction Supplementary Planning Document (SPD)

Strategic Environmental Assessment and Habitats Regulations Assessment Screening Statement

February 2021

Appendix 3

Executive Summary

This screening statement considers whether a Strategic Environmental Assessment and / or full Habitats Regulation Assessment is required to be produced to accompany the Climate Change and Sustainable Construction Supplementary Planning Document (SPD).

The screening concludes that a SEA is not required for the SPD. It also concludes that the SPD listed would not need to be subject to full Appropriate Assessment under the Habitats Regulations Assessment.

1. Introduction

- 1.1 Reigate & Banstead Borough Council is preparing a Climate Change and Sustainable Construction Supplementary Planning Document (SPD) to inform new development in the borough on how to adapt to climate change, achieve other sustainability objectives and to support the Government's target of achieving zero carbon emissions by 2050.
- 1.2 This SPD will provide additional guidance to support implementation of policies in the Council's adopted Local Plan: Core Strategy (adopted 2014, reviewed 2019) and Development Management Plan (adopted 2019). Upon adoption, the SPD will be a material consideration in planning determinations in the borough.
- 1.3 The 2004 Planning and Compulsory Purchase Act and associated Regulations made all local development documents subject to Sustainability Appraisal, which met the requirements of Strategic Environmental Assessment (SEA) as defined by the EU Directive 2001/42/EC. The 2008 Planning Act removed the requirement for SPDs to be subject to Sustainability Appraisal and, as such, the Council does not propose to carry out a sustainability appraisal of the SPD.
- 1.4 The requirement for local planning authorities to carry out a SEA of relevant plans and programmes before adoption is set out in the Environmental Assessment of Plans and Programmes Regulations 2004.
- 1.5 However, there are exceptions to this and, in most cases, SPDs do not require SEA. This is acknowledged in the Planning Practice Guidance (PPG)¹, which sets out that *"supplementary planning documents do not require a sustainability appraisal but may in exceptional circumstances require a strategic environmental assessment if they are likely to have significant environmental effects that have not already been assessed during the preparation of the relevant strategic policies"*. Ultimately, it is the responsibility of the local planning authority to assess whether the plan is likely to have significant effects on the environment and make these conclusions public.
- 1.6 In addition, Article 6 of the Habitats Directive (as transposed into UK law by the Conservation of Habitats and Species Regulations 2017 ("the Habitats Regulations 2017)) requires an assessment of the implications of a plan, both individually and in

¹ PPG Strategic environmental assessment and sustainability appraisal Paragraph: 008 Reference ID:11-008-20140306

combination with other plans or projects, on designated 'Natura 2000' sites². If it is determined that a plan or project is likely to have a significant effect on these protected sites, an Appropriate Assessment should be undertaken.

- 1.7 The Council therefore prepared a draft Screening Statement to determine whether the proposed Climate Change and Sustainable Construction SPD should be subject to a SEA and/or Habitats Regulations Assessment (HRA)/Appropriate Assessment.

² Including Special Protection Areas (SPAs), Special Areas of Conservation (SACs) and Ramsar sites (which are treated as Natura 2000 sites)

2. Scope of the SPD under preparation

- 2.1 The paragraphs below summarise the purpose, scope and intended content of the Climate Change and Sustainable Construction SPD under preparation which is the subject of this SEA/ HRA Screening Report.
- 2.2 It should be noted that the document will not contain any new policies, proposals or site allocations. Nor will it influence or alter the scale or spatial distribution of development across the borough which is already established through the Core Strategy.

Climate Change and Sustainable Construction SPD

- 2.3 The purpose of the Climate Change and Sustainable Construction SPD is to supplement specific policies in the Reigate and Banstead Local Plan Core Strategy (2014, reviewed 2019) and Development Management Plan (DMP) (2019).
- 2.4 The SPD will assist new development to be adaptable to the impacts of climate change and promote sustainable construction and design processes to reduce energy use, waste, pollution, and carbon/greenhouse gas emissions. It will aid landowners, developers, applicants and decision makers in supporting the national ambition of Net Zero Carbon emissions by 2050. In synergy with these objectives, it will also touch upon the development of places to enable healthier lifestyles and homes that are fit for purpose.
- 2.5 Included in the SPD will be guidance on site layout, building design, energy saving measures, sustainable energy sources including renewables and use of local power networks, and infrastructure to support ultra-low emission vehicles. It will provide guidance on how green infrastructure and local ecology networks can be enhanced whilst adapting to climate change, and water conservation in new developments. It will not cover in detail flood mitigation and sustainable urban drainage systems as these are covered by existing guidance. Elements of the advice will extend to respecting the

historic environment. On sustainable construction, the SPD will include guidance on demolition protocols, material selection and reuse, and advice on reducing embodied carbon emissions. Specifically, the SPD will provide further detailed advice and guidance in relation to the following adopted Core Strategy and DMP policies:

Core Strategy Policies	
CS10	Sustainable Development
CS11	Sustainable Construction
CS17	Travel Options and Accessibility

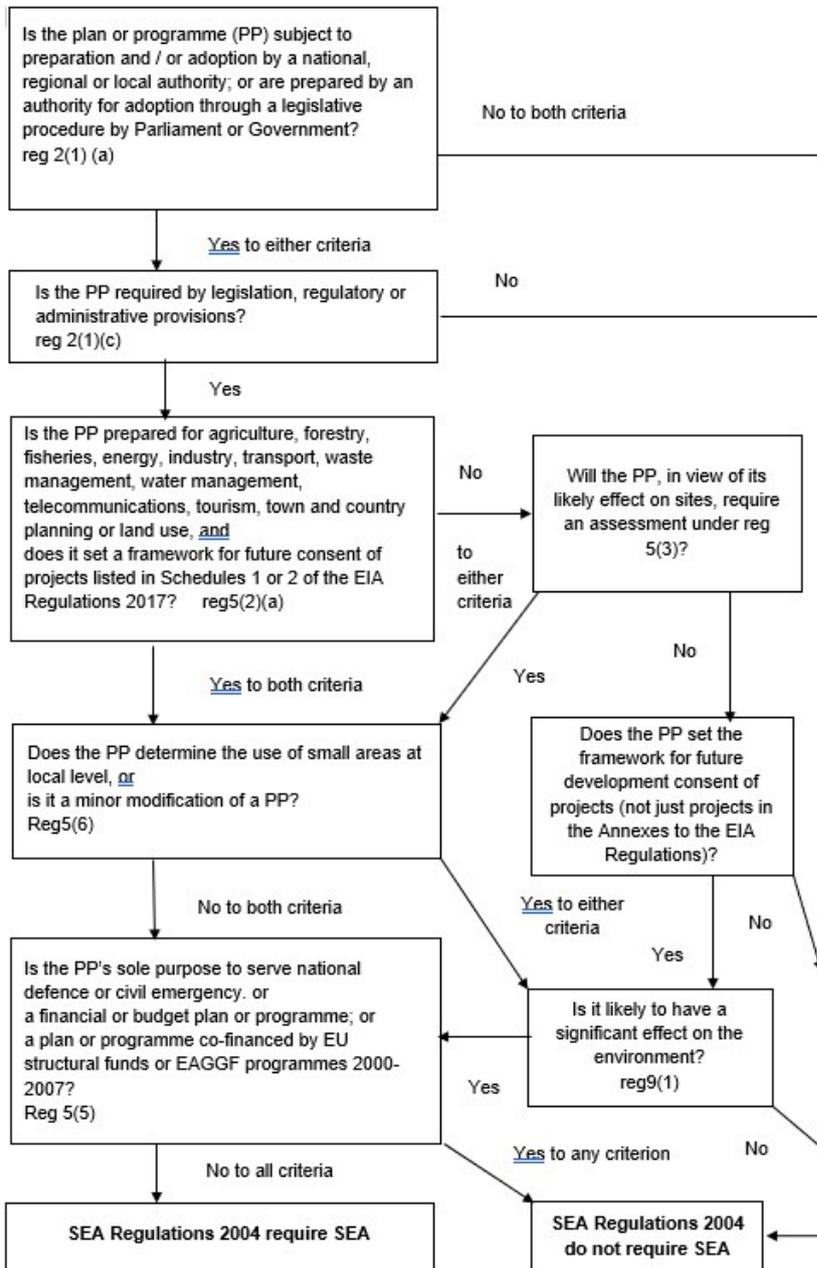
Development Management Plan Policies	
CCF1	Climate Change Mitigation
DES1	Design of New Development
DES5	Delivering High Quality Homes
DES8	Construction Management
NHE4	Green and Blue Infrastructure
NHE5	Heritage Assets
TAP1	Access, Parking and Servicing

3. Strategic Environmental Assessment (SEA)

- 3.1 As discussed in the Introduction above, SEA is required for certain categories of plans and programmes where they are determined to be likely to have significant environmental impacts.
- 3.2 Regarding SPDs, the PPG indicates that SEA will normally only be required in exceptional circumstances. The Council must therefore determine, on a case by case basis, whether SEA is required for the SPD being prepared. This is referred to as a screening process.
- 3.3 As part of this, the Council must first determine whether the SPD is a “plan or programme” covered by Article 3(3) and 3(4). If it determines that it is, then the Council must carry out a screening to establish whether SEA is required. This will depend on its potential to result in significant environmental effects.
- 3.4 In deciding whether significant environmental effects are likely, the Council must take into account the criteria in Schedule 1 to the Environmental Assessment of Plans and Programmes Regulations 2004, and to consult the specified Consultation Bodies. This process is summarised in **Figure 1** below which is drawn from guidance issued by the ODPM in 2005.
- 3.5 The Council’s assessments of the SPD against Schedule 1 criteria is set out in **Table 1** below.
- 3.6 This Screening Report covers:
 - a. An assessment of whether the SPD is covered by Article 3(3) and Article 3(4)
 - b. An appraisal of the SPD takes account of the criteria in Schedule 1 of the Environmental Assessment of Plans and Programmes Regulations 2004
- 3.7 The three consultation bodies (Historic England, Environment Agency and Natural England) were consulted to determine whether they agreed with the conclusion of this report, in determining whether the SPD has a “significant environmental effect” and required a SEA. They all agreed that the agreed that a SEA was not required. These responses are attached in the Appendices below.
- 3.8 At time of preparing the initial screening, the UK was scheduled to leave the European Union in January 2021. The Environment Bill (currently going through Parliament) does not contain reference to Sustainable Environmental Assessments, but the government remains committed to the sustainability agenda. The White Paper:

Planning for the Future (August 2020) includes an ambition of streamlining the Sustainability Appraisal Process. Other than changes to the consultation requirements during the Covid pandemic, published on 31 December 2020, no further guidance has been received from Government. Potentially a consultation on further changes to the process are due from Government. In the event of new guidance prior to adoption, this document will be amended accordingly.

Figure 1 The Application of the SEA Regulations 2004 to Plans and Programmes



Based on ODPM (2005) A Practical Guide to the Strategic Environmental Assessment Directive

Screening Assessment for Climate Change and Sustainable Construction SPD

The SPD is considered to be a plan or programme covered by Articles 3(3) and 3(4)

SCHEDULE 1 – Regulations 9(2)(a) and 10(4)(a)

CRITERIA FOR DETERMINING THE LIKELY SIGNIFICANT EFFECTS ON THE ENVIRONMENT

Table 1 The Characteristics of the Plans and the Programmes

SEA Directive Criteria	Response
<p>1a) The degree to which the plan or programme sets a framework for projects and other activities, either with regard to the location, nature, size and operating conditions or by allocating resources.</p>	<p>The SPD will not set a framework for other projects or activities. It will provide additional guidance on existing policies within the Local Plan, including Core Strategy (CS10, CS11 and CS17) and DMP (CCF1, DES1, DES5, DES8, NHE4, NHE9 and TAP1) that have been subject to SEA (concluding no significant effects expected).</p>
<p>1b) The degree to which the plan or programme influences other plans and programmes including those in a hierarchy.</p>	<p>The Core Strategy and DMP provide the adopted policies to which the SPD will supplement. The SPD will only be able to expand and provide more guidance on the policies within the Local Plan. It will not introduce new policy. The SPD will be at the bottom of the hierarchy and will have no influence on the documents above it.</p>
<p>1c) The relevance of the plan or programme for the integration of environmental considerations in particular with a view to promoting sustainable development.</p>	<p>The SPD will contribute to sustainable development by providing more detail and guidance to support Local Plan policies, most notably CS10, CS11 and CS17 in the Core Strategy and CCF1, DES1, DES5, DES8, NHE4, NHE9 and TAP1 in the DMP. The aim of the SPD is to support measures which will enable development to mitigate the impacts of climate change, reduce carbon and other harmful emissions, and reduce waste.</p>

SEA Directive Criteria	Response
<p>1d) Environmental problems relevant to the plan or programme.</p>	<p>The policies within the Local Plan that the SPD supplements are not expected to have any likely significant detrimental effects on the environment. Indeed, the SPD will be providing guidance which will seek to improve environmental quality.</p>
<p>1e) The relevance of the plan or programme for the implementation of Community legislation on the environment (e.g. plans and programmes linked to waste management or water protection).</p>	<p>The SPD will help support the implementation of the Local Plan which in itself is contributing or responding to EU based legislation including:</p> <ul style="list-style-type: none"> EU Directive 2009/28/EC Energy produced from renewable energy sources EU Directive 2018/844/EU Energy Performance of Buildings EU Directive 2008/98/EC Waste framework directive Commission of the European Communities (2007) Limiting Global Climate Change to two degrees Celsius: The way ahead for 2020 and beyond The Climate Change Act 2008 The Climate Change Act 2008 (2050 Target Amendment) Order 2019

Table 2 The Characteristics of the effects and of the area likely to be affected

SEA Directive Criteria	Response
2a) The probability, duration, frequency and reversibility of the effects.	The SPD provides guidance aimed at avoiding or mitigating the negative impact which new developments could have on the environment and encouraging positive change and benefits. It supports delivery of policies within the Local Plan which have already been subject to SA/SEA.
2b) The cumulative nature of the effects.	The Local Plan SA/SEA expects overall positive impacts to arise from Core Strategy policies CS10, CS11 and CS17 and DMP Policies CCF1, DES1, DES5, DES8, NHE4, NHE9 and TAP1. The benefits of these will increase as they are applied to more planning applications.
2c) The trans boundary nature of the effects.	The SPD will be local to Reigate & Banstead and only indirect effects are expected cross-boundary (and not as a result of the SPD in itself).
2d) The risks to human health or the environment (e.g. due to accidents).	The SPD does not present any risks to human health or the environment; conversely, it will encourage improvements in these areas.
2e) The magnitude and spatial extent of the effects (geographical area and size of the population likely to be affected).	The SPD will be applied to all relevant planning applications in the borough, although the effects of the SPD will be more likely felt at a more local scale (i.e. by populations in and around the development sites to which the SPD is applied, but also those visiting those areas).

SEA Directive Criteria	Response
<p>2f) The value and vulnerability of the area likely to be affected due to:</p> <ul style="list-style-type: none"> i) special natural characteristics or cultural heritage. ii) exceeded environmental quality standards or limit values. iii) intensive land-use. 	<p>The SPD itself will not be able to set policy related to specific land uses. However, the SPD only offers guidance to support implementation of policies which have already been subject to SA/SEA. It does not propose further or different types of development to those already contemplated through the Local Plan.</p>
<p>2g) The effects on areas or landscapes which have a recognised national, Community or international protection status.</p>	<p>In applying to the borough of Reigate & Banstead, the SPD potentially covers and may be applied to, areas protected for their special natural characteristics such as the Surrey Hills AONB, Mole Gap to Reigate Escarpment SAC and various Conservation Areas. Any applications for development will be required to satisfy the relevant policies for protection of the character of the area before permission is granted.</p>

Conclusions in respect of Strategic Environmental Assessment

3.9 The policies that the SPD will supplement and support the delivery of existing policies in the Council's Local Plan (listed in section 2) have themselves been subject to SEA and SA. In particular, the appraisals for the Core Strategy Policies CS10, CS11 and CS17 and DMP Policies CCF1, DES1, DES5, DES8, NHE4, NHE9 and TAP1 conclude that there will be no significant environmental effects. The SPD will not introduce new policies or proposals, nor will it alter the overall development strategy (scale and distribution) which is established through the higher order Local Plan documents.

3.10 Having reviewed and assessed the SPD being prepared against the relevant criteria and considerations in Schedule 1 to the Environmental Assessment of Plans and Programmes Regulations 2004 (as set out in above), the Council concludes that the

Climate Change and Sustainable Construction SPD will not give rise to significant environmental effects. **Strategic Environmental Assessment is not therefore required for the Climate Change and Sustainable Construction SPD.**

3.11 This conclusion has been agreed with the Environment Agency, Historic England and Natural England.

4. Habitat Regulation Assessment Screening

- 4.1 The European Directive (92/43/EEC) on the Conservation of Natural Habitats and Wild Flora and Fauna (the 'Habitats Directive') sets out the means to protect habitats and species of European importance through the establishment and conservation of a network of sites known as the 'Natura 2000' network. These include Special Areas of Conservation (SACs) and Special Protection Areas (SPAs). It is also Government policy for sites designated under the Convention on Wetlands of International Importance (Ramsar sites) to be treated as having equivalent status to Natura 2000 sites. These are sites of exceptional importance in respect of rare, endangered or vulnerable natural habitats and species within the European Community. In this report SACs, SPAs and Ramsar sites will be collectively referred to as 'Natura 2000' sites.
- 4.2 The purpose of an HRA is to assess the implications of a plan, both individually, and in combination with other plans or projects, on these Natura 2000 sites. The Habitats Directive applies the precautionary principle to Natura 2000 sites. In normal circumstances, a land use plan can be brought into effect only after having ascertained that it will not adversely affect the integrity of a Natura 2000 site either alone or in combination with other plans.
- 4.3 The first stage in the process is to establish, via screening, whether the plan is either directly connected with, or necessary to, the management of a European site. If not, a determination needs to be made as to whether the plan in itself or in combination with others is likely to have a significant effect on a European site.
- 4.4 A comprehensive Habitats Regulation Assessment (HRA) Appropriate Assessment was undertaken as part of the preparation of these higher order Local Plan documents to determine whether those policies would have likely significant effects. The conclusions of these previous HRAs are considered highly relevant to the screening assessment for the proposed SPD. In relation to the policies which the proposed SPD will implement, the HRA for the Core Strategy and DMP concluded as follows:

Table 3 Conclusions of Core Strategy and DMP HRAs in respect of relevant policies

Policy	HRA Conclusions
<p>Core Strategy Policy CS10 (known as Policy CS8 in the original Core Strategy HRA)</p>	<p>HRA (Feb 2012) concluded that the policy would have no direct implications for recreational disturbance at the SAC and would have no impacts in respect of air quality. HRA noted that the policy would promote preferential use of PDL and encourage a reduction in carbon emissions and the need to travel. Concludes no likely significant effects and no mitigation required.</p>
<p>Core Strategy Policy CS11 (known as Policy CS9 in the original Core Strategy HRA)</p>	<p>HRA (Feb 2012) concluded that the policy would have no direct implications for recreational disturbance at the SAC and would have no impacts in respect of air quality. These proposals should contribute to a reduction in the use of energy, and the increase in more sustainable forms of energy production. The policy will contribute to regional efforts to reduce the trend of increased air pollution.</p>

Policy	HRA Conclusions
<p>Core Strategy Policy CS17 (known as Policy CS15 in the original Core Strategy HRA)</p>	<p>HRA (Feb 2012) concluded that the policy would have no direct implications for recreational disturbance on the SAC. The increased provision of walking, cycling and bridleways will be part of an integrated strategy for increasing GI provision across the borough, for reasons of improving alternatives to car, for fitness, for bio-diversity. It will have the effect of increasing provision in some areas for recreation, therefore contributing to a reduction in the recreational pressure on the SACs.</p> <p>Development will be directed to areas which are most accessible, and this will be away from areas covered by the SAC. Whilst development may lead to more cars on the road, no new roads are planned close to the SAC and therefore it will not become more accessible.</p>
<p>Development Management Policy CCF1</p>	<p>HRA 2018 noted that; ‘This policy guides the detailed design of development rather than the quantum, type or location of development.....tighter water efficiency standards, may help reduce the general requirement for groundwater abstraction by water companies.’</p> <p>HRA Addendum (March 2019) for the DMP Main Modifications also screened out the policy as no material effect on previous HRA/AA conclusions.</p>
<p>Development Management Policy DES1</p>	<p>HRA (Sept 2018) concluded that the then drafted policy had no impact pathways and no HRA/AA implications. The policy was therefore screened out.</p>

Policy	HRA Conclusions
Development Management Policy DES5	HRA (Sept 2018) concluded that the policy had no impact pathways and no HRA/AA implications. The policy was therefore screened out.
Development Management Policy DES8	HRA (Sept 2018) concluded that the policy had no impact pathways and no HRA/AA implications. The policy was therefore screened out.
Development Management Policy NHE4	HRA (Sept 2018) concluded that the policy would have a positive effect as it requires development proposals should avoid adverse impacts on existing habitats, and maintain links and corridors, including for biodiversity. The HRA Addendum (March 2019) for the DMP Main Modifications also screened out the policy as no material effect on previous HRA/AA conclusions.
Development Management Policy NHE9	HRA (Sept 2018) concluded that the then drafted policy had no impact pathways and no HRA/AA implications. The policy was therefore screened out. The HRA Addendum (March 2019) for the DMP Main Modifications also screened out the policy as no material effect on previous HRA/AA conclusions.
Development Management Policy TAP1	HRA 2018 noted that; 'This policy encourages sustainable transport options to reduce the need for travel by private car and encourages infrastructure to support ultra-low emissions vehicles.' The HRA Addendum (March 2019) for the DMP Main Modifications also screened out the policy as no material effect on previous HRA/AA conclusions.

Conclusions in respect of Habitat Regulations Assessment Screening

- 4.5 Previous HRAs have therefore concluded that there were no likely significant effects on European sites, either alone or in combination with other plans and projects, as a result of the policies within the Local Plan which the Climate Change and Sustainable Construction SPD is intended to implement.
- 4.6 Given the proposed SPD is intended to provide supplementary guidance to aid implementation of existing policies in the Local Plan (Core Strategy and DMP) and will not introduce new or amended planning policy, it is concluded that the SPD will not give rise to likely significant effects on any European sites. **It is therefore concluded that a full Appropriate Assessment under the Habitats Regulations is not required for this SPD.**
- 4.7 This conclusion was agreed with the relevant bodies in October 2020. Their responses are included in the Appendices below.

Appendix 1: Responses from the three Statutory Bodies

creating a better place



Environment Agency

Reigate & Banstead Borough Council
Building & Development Services
Town Hall Castlefield Road
Reigate
Surrey
RH2 0SH

Our ref: SL/2011/108875/SE-09/SC1

Your ref: Email

Date: 13 October 2020

LDF@Reigate-Banstead.gov.uk

Dear Sir/Madam

Consultation on Strategic Environmental Assessment and Habitats Regulations Assessment Screening Statement

- **Local Character & Distinctiveness Design Guide SPD**
- **Climate Change and Sustainable Construction SPD**

Thank you for consulting the Environment Agency on the above. We are in agreement with your conclusion that the Local Character and Distinctiveness Design Guide SPD and Climate Change and Sustainable Construction SPD are unlikely to have any significant environmental effects and therefore a full Strategic Environmental Assessment will not be required.

We agree that the proposed SPDs are intended to provide supplementary guidance to aid implementation of existing policies in the local plan and will not introduce new or amended planning policy and therefore will not give rise to significant effects on the environment.

Please do not hesitate to contact me should you wish to discuss this further.

Yours faithfully,

[Redacted]
Planning Specialist

Kent and South London
[Redacted]

Environment Agency
3rd Floor, Seacole Building, 2 Marsham Street, London, SW1P 4DF
Telephone: 03708 506 506
Email: enquiries@environment-agency.gov.uk
Website: www.gov.uk/environment-agency



INVESTOR IN PEOPLE



Planning Policy Team
Reigate & Banstead Borough Council
Reigate Town Hall, Castlefield Road
Reigate, Surrey RH2 0SH

Our ref: PL00714762
Your ref:
Telephone 020 7973 3700
Email e-seast@historicengland.org.uk

[By email only to LDF@Reigate-Banstead.gov.uk](mailto:LDF@Reigate-Banstead.gov.uk)

Date 14 October 2020

Dear Sir or Madam

Reigate and Banstead Borough Council Climate Change and Sustainable Construction
SPD Strategic Environmental Appraisal Screening Opinion

Thank you for your email dated 9 September 2020 consulting Historic England on your
intention of carrying out a SEA for the above plan.

In light of the Environmental Assessment of Plans and Programmes Regulations 2004, our
view is that a SEA is not required in this instance for the reason set out in Paragraph 3.10 of
the Screening Statement.

Yours sincerely


Historic Environment Planning Adviser



Historic England, 4th Floor, The Atrium, Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA
Telephone 020 7973 3700 HistoricEngland.org.uk

Please note that Historic England operates an access to information policy.
Correspondence or Information which you send us may therefore become publicly available.



Date: 25 September 2020
Our ref: 327413
Your ref: [Click here to enter text.](#)

LDF@Reigate-Banstead.gov.uk

BY EMAIL ONLY



Customer Services
Hombeam House
Crewe Business Park
Electra Way
Crewe
Cheshire
CW1 6GJ

T 0300 060 3900

Dear Sir/Madam,

Planning consultation: Reigate and Banstead Local Plan - Climate Change and Sustainable Construction SPD - SEA & HRA Screening Consultation Request
Location: Reigate and Banstead

Thank you for your consultation on the above dated 09 September 2020 which was received by Natural England on 10 September 2020

Natural England is a non-departmental public body. Our statutory purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

SUMMARY OF NATURAL ENGLAND'S ADVICE

NO COMMENTS

Having reviewed the Council's Draft Screening Statement we have not identified any likely significant effects of the proposed SPD on any of the environmental features for which Natural England has statutory duties and responsibilities including the Mole Gap to Reigate Escarpment SAC and the Surrey Hills AONB and therefore has no comments to make.

Background

The Council's Screening Assessment (September 2020) concludes that a SEA is not required for the Climate Change and Sustainable Construction SPD. It also concludes that the Climate Change and Sustainable Construction SPD would not need to be subject to full Appropriate Assessment under the Habitats Regulations Assessment. The Council has consulted Natural England to seek comments on this assessment and its conclusions. For the purposes of Regulation 9 of The Environmental Assessment of Plans and Programmes Regulations 2004, Natural England is defined as a consultation body. Natural England is also the appropriate nature conservation body for the purposes of the Conservation of Habitats and Species Regulations, 2017 (the Habitats Regulations).

It is not the role of Natural England to advise the local planning authority on whether a SA/SEA is required and that is a matter for the local planning authority to determine. Under Regulation 105 of the Habitats Regulations Natural England does have a duty to advise a local planning authority if a Habitats Regulations Assessment (HRA) of a plan is required where we believe it is likely to have

Page 1 of 2

significant effects alone or in combination with other plans and project on European protected sites.

In reviewing the Council's Screening Statement (September 2020), and coming to our views, we have noted in particular that:

1. This SPD will provide additional guidance to support implementation of policies in the Council's adopted Local Plan: Core Strategy (adopted 2014, reviewed 2019) and Development Management Plan (adopted 2019). Upon adoption, the SPD will be a material consideration in planning determinations in the borough.
2. The SPD will not set a framework for other projects or activities. It will provide additional guidance on existing policies within the Local Plan, including Core Strategy (CS10, CS11 and CS17) and DMP (CCF1, DES1, DES5, DES8, NHE4, NHE9 and TAP1) that have been subject to SEA (concluding no significant effects expected).
3. The Core Strategy and DMP provide the adopted policies to which the SPD will supplement. The SPD will only be able to expand and provide more guidance on the policies within the Local Plan. It will not introduce new policy. The SPD will be at the bottom of the hierarchy and will have no influence on the documents above it.
4. The policies within the Local Plan that the SPD supplements are not expected to have any likely significant detrimental effects on the environment. Indeed, the SPD will be providing guidance which will seek to improve environmental quality.

Should the proposal change, please consult us again.

If you have any queries relating to the advice in this letter please contact me on [REDACTED]

Yours faithfully

[REDACTED], Sustainable Development, Thames Solent Area

This page is intentionally left blank



Reigate & Banstead Climate Change and Sustainable Construction Supplementary Planning Document

Sustainable Development Guide

APPENDIX 2

Initial Consultation Statement

Prepared in accordance with Regulation 12 of the Town and Country Planning (Local Development) (England) Regulations 2012

February 2021

If you would like this document in a different format, Braille, large print, or audio, or in a different language, please contact the Planning Policy Team at:

LDF@reigate-banstead.gov.uk; or

01737 276 178

Contents

Reigate & Banstead Climate Change and Sustainable Construction Supplementary Planning Document 1

 Contents 2

 Figure 1: Process of Preparing a Supplementary Planning Document 4

 Figure 2: Timeline for preparation of the SPD 5

 Table 1: Individuals and organisations involved in preparing the draft SPD 6

 Table 2: Issues raised and alterations to the draft SPD 7

1. Introduction

- 1.1 The UK government is seeking to achieve a target of net zero carbon emissions by the year 2050, and planning can provide an important contribution towards achieving this. Alongside this objective is a range of other emerging environmental and sustainability policy and guidance at national and local levels. This SPD has therefore been drafted in response to this changing policy landscape, regarding climate change mitigation - and adaptation to a changing climate - and related issues such as energy/water supplies and waste management.
- 1.2 The purpose of this SPD is to support and expand upon policy set out in Reigate & Banstead Borough Council's adopted Local Plan - Core Strategy 2014 reviewed in 2019, and Development Management Plan (DMP), adopted in 2019. This contains policies supporting climate change mitigation and adaptation, energy and water conservation, and other environmental and sustainability issues.
- 1.3 This statement has been prepared to accompany the draft Climate Change and Sustainable Construction Supplementary Planning Document (SPD) that has been made available for public consultation, in accordance with Regulation 12 of the Town and Country Planning (Local Planning) (England) Regulations 2012, setting out: who has been consulted during the preparation of the SPD; a summary of the issues raised; and a description of how those issues raised have been addressed.

2. Preparing the SPD

- 2.1. The draft Climate Change and Sustainable Construction SPD has been prepared in accordance with the legal requirements of the Town and Country Planning (Local Planning) (England) Regulation 2012 (Local Plan Regulations)¹ and the requirements set out in the Council's Statement of Community Involvement in Planning (SCI) (April 2019)². The SCI summarises how the Council will engage its communities in its planning functions, including in the preparation of SPDs. The process is summarised in Figures 1 and 2 below.

¹ Available: <https://www.legislation.gov.uk/ukxi/2012/767/regulation/12/made>

² Available: http://www.reigate-banstead.gov.uk/download/downloads/id/5437/statement_of_community_involvement_in_planning.pdf

Figure 1: Process of Preparing a Supplementary Planning Document

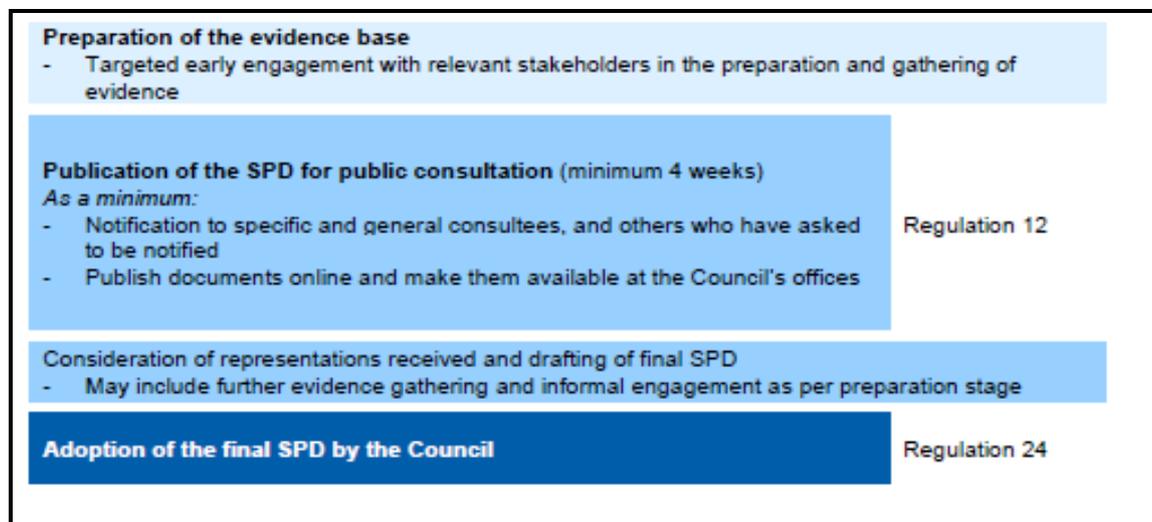


Figure 2: Timeline for preparation of the SPD

Stage	Dates
Early scoping and information gathering	April 2020 – July 2020
Preparation of draft SPD with relevant key individuals and organisations	August 2020 – February 2021
Consultation on draft SPD with supporting Initial Consultation Statement; Strategic Environmental Assessment (SEA); Habitats Regulations Assessment (HRA); and Equalities Impact Assessment screening	March 2021 – April 2021
Consider representations received and update draft SPD as appropriate	May 2021
Adoption of the SPD by the Council's Executive	October 2021
Publish SPD with final consultation statement, and Adoption of the SPD	October 2021

2.2 In preparing the draft document we have sought the views of the individuals and organisations listed in Table 1. Their suggestions/concerns have been considered, and changes made to the document as appropriate, as set out in Table 2.

Table 1: Individuals and organisations involved in preparing the draft SPD

Individuals/groups consulted	When and how consulted
Development Management/head of planning service (RBBC)	First draft issued October 2020; subsequent draft sent to head of service in January 2021; comments received
Corporate officer (RBBC)	First document draft sent out October 2020; comments received
Sustainability officer (RBBC)	First draft issued October 2020; comments received; meeting autumn 2020; subsequent draft issued January 2021; additional comments received
Conservation officer (RBBC)	First draft issued October 2020; comments received
Greenspaces officer (RBBC)	First draft issued October 2020; comments received
Additional planning policy officer input (RBBC)	First draft issued October 2020; comments received
Environmental health officer (RBBC)	First draft issued October 2020 (question re charging points); comments received
Cross Member Party Sustainability Group (CMPS) (RBBC)	Pre-DMAG draft issued; comments received (individual councillor)
Development Management Advisory Group (DMAG) (RBBC)	Pre-DMAG draft issued, and Zoom meeting held/notes taken

Table 2: Issues raised and alterations to the draft SPD

Chapters	Issues raised and Responses
General document	<ul style="list-style-type: none"> - Concern expressed on how a slow system such as planning policy would keep up to date with fast-changing technology such as renewables or electric vehicle charging etc. (DMAG) <p>This SPD has been kept relatively generic/high-level regarding specific technologies and does not discourage new technologies.</p> <ul style="list-style-type: none"> - DMAG asked for the title to be more reflective of the document's contents. <p>Guide for Sustainable Development has been added below SPD for clarity.</p>
General document	<ul style="list-style-type: none"> - RBBC corporate/sustainability officers suggested that chapter summaries (with headline requirements) and a possible abridged version for householders would be useful in making the document readable/useable for the majority of people. Corporate officer suggested the draft SPD needed to be clearer about expectations, with the inclusion of a summary of what needs to be done for a planning permission. <p>Each chapter includes a section on Planning Applications and what is expected – and there is a Checklist at the end of the document for use by applicants. These have been updated and rationalised through iterations of the document. Additional section summaries were considered but ruled out to avoid repetition. An alternative residents' version of the document was ruled out due to time constraints.</p>
General document	<ul style="list-style-type: none"> - RBBC corporate/sustainability officers suggested some description be placed in appendices. <p>Some information moved to appendices to improve clarity and accessibility.</p>
General document	<ul style="list-style-type: none"> - Diagrams/images considered very useful – SCC sustainability/corporate officers (re separate iterations) and DMAG - Additional policy officer advice – regarding 'accessibility' formatting. <p>Incorporated as necessary.</p>

Chapters	Issues raised and Responses
General document	<ul style="list-style-type: none"> - The strength of requirements and whether actions should be mandatory or recommended, etc (language used/more positive) was raised by RBBC sustainability/corporate officers (after different iterations), SCC’s sustainability officer, and DMAG. The word ‘could’ has been replaced by ‘should’ as appropriate in the document, but officers remain mindful that further strengthening of language could effectively be seen as introducing new policy when SPDs can only be used as an amplification of existing local plan policy.
General document	<ul style="list-style-type: none"> - RBBC conservation officer – concerned that all measures suggested are sensitively designed regarding local distinctiveness, conservation impacts, and good design, ensuring negative aesthetic impacts are minimised <p>This has been addressed throughout, including regarding specific issues raised by the conservation officer. Chapter 9 details approached to heritage assets.</p>
General document	<ul style="list-style-type: none"> - Discussion regarding the efficiency of lighting, within buildings and for street lighting, and avoidance of light pollution. (DMAG) <p>Outside of the range of this document.</p>
Introductory (Chapters 1, 2, and 4)	<ul style="list-style-type: none"> - Clarity re organisations, national targets, and corporate targets (Corporate officer) - Discussion re terminology for the energy hierarchy approach (initially as per London Plan) (Corporate officer) <p>Removed London Plan terminology for plain language. Further information/detail included.</p>
Introductory (Chapters 1, 2, and 4)	<ul style="list-style-type: none"> - Emphasis on synergies between climate and other sustainability issues – useful (SCC sustainability officer) - Additional wording re adaptation – ‘resilience’ (SCC sustainability officer) <p>Included, and further emphasised.</p>

Chapters	Issues raised and Responses
<p>Introductory (Chapters 1, 2, and 4)</p>	<ul style="list-style-type: none"> - Inclusion of biodiversity net gain/biodiversity ‘credits’ (SCC sustainability officer/others as noted for Chapter 7) <p>Biodiversity is referenced, but it is agreed that this is a broad subject area meriting further guidance at a later stage.</p> <ul style="list-style-type: none"> - Carbon Reduction Statements – question regarding how carbon savings would be monitored; how they would be checked; and how enforcement would be applied if the savings were not met (RBBC head of service) <p>This is covered to some extent, but additional information may be added following public consultation.</p>
<p>Chapter 3 Location and linkages</p>	<ul style="list-style-type: none"> - RBBC head of service – suggested link to Surrey Design or the Emerging Local Distinctiveness Design Guide update regarding street design for larger sites. - CMPS (individual councillor) felt that inclusion of permeable design for pedestrians was important. <p>Existing wording has been strengthened and further references included on safe places and active frontages.</p>

Chapters	Issues raised and Responses
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - General agreement that reduction in car use is important, including SCC’s sustainability officer; DMAG; and an individual councillor from the CMPS, but some aspects have been noted as missing - <ul style="list-style-type: none"> o Car-clubs – more consideration (regarding two draft iterations) (RBBC sustainability officer) o Improvements for home-working (discussed at DMAG regarding connectivity e.g. to internet) o 20mph zones reference – possible air-quality issues (comment from additional planning policy officer) <p>Wider information on home-working has been considered, but would be attached to other policies, so would not be under the remit of this SPD.</p> <p>Car-clubs was considered but is covered adequately under the Local Plan’s policies.</p> <p>The 20mph issue has been addressed through additional wording.</p>
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - Addition of advice/requirements regarding developer contributions towards public transport (especially where parking will be reduced) was raised by CMPS (individual councillor) <p>Policies TAP1 and CS17 set out requirements for Transport Assessments and developer contributions. Further expansion of this information may require separate guidance.</p>
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - Regarding electrical vehicles and charging points – SCC’s sustainability officer and CMPS (individual councillor) agreed EV charging would be important going forwards. DMAG were concerned technology would be superseded (Corporate officer had also raised this issue re future-proofing). <p>EV charging points are a policy requirement – in accordance with government support for electric vehicles – and RBBC’s Environmental Sustainability Strategy (a reference to which has been added to the text).</p>

Chapters	Issues raised and Responses
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - EV charging - DMAG concerned whether electrical generation for EV would be decarbonised. <p>It is not possible for Local Planning Authority to stipulate that electrical charging points are using decarbonised power. Either way local air quality can be improved.</p>
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - RBBC environmental health officer noted that particulates are reduced from tail pipes with electric vehicles, but not from tyres. Also provided some updates on diesel/petrol vehicle bans. - RBBC environmental health officer suggested inclusion of wording re vehicle to grid (V2G) operation. - Advised a charging point per house, given the immediacy of the changes. <p>Text amended, and regarding level of provision - reference to the DMP policy.</p>
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - EV charging points could be kept to a 7kW minimum to avoid over-draining of the system by vehicles with faster charging capacities. (DMAG). <p>Proposed wording based upon advice from RBBC’s environmental health officer, that the standard for Europe is a ‘type 2’ socket. The type 2 socket runs to 22kW. There is a lower 7kW ‘type 1’ socket, but this is used rarely in Europe – more so in Asia. However, a requirement has been included that commercial developments also use the type 2 socket, not a faster rate.</p>
Chapter 3 Location and linkages	<ul style="list-style-type: none"> - Reduce clutter/illumination of EV charging points (RBBC conservation officer) - Reference to sustainable transport in the checklist (RBBC sustainability officer) <p>Wording included or checked in response to these issues.</p>

Chapters	Issues raised and Responses
Chapter 5 Passive design	<ul style="list-style-type: none"> - RBBC Conservation officer – concerned that orientation of buildings does not create an over-regimented effect, and all aspects of the chapter subject to design considerations, including traditional dry-lining for insulation on some traditional buildings. <p>Advice taken regarding wording for all of this.</p>
Chapter 5 Passive design	<ul style="list-style-type: none"> - CMPS (individual councillor) - noted that passive design had been discussed in the chapter, but not ‘passivhaus’ (especially re insulation). A policy officer also raised the issue re specific targets not being appropriate under the Council’s own Local Plan policies. <p>This section is on the wider concept of ‘passive design’ which is being used as part of achieving the Council’s own policy standards, as set out in Local Plan policy; Passivhaus is a form of passive design, but with very specific targets of its own. (Insulation is included in the chapter on passive design.)</p>
Chapter 5 Passive design	<ul style="list-style-type: none"> - Suggestion of including use of reflective paint (DMAG) <p>This has been included as a potential solution, but there are many situations where this would not be appropriate.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Possible confusion over terminology/chapter content – e.g. low/zero carbon; renewables; residual energy etc (including SCC’s sustainability officer/Member of Cross Member Party Sustainability Group) <p>The introduction has been re-drafted to improve clarity.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - RBBC Conservation officer – concerned that all measures suggested are sensitively designed regarding local distinctiveness; conservation impacts; good design; and ensuring negative aesthetic impacts are minimised – including siting and appearance of PV/solar panels. <p>Advice adhered to in document including additional information on the siting of PV/solar panels.</p>

Chapters	Issues raised and Responses
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - RBBC conservation officer - concerned with the efficacy of wind turbines. - Planning considerations associated with wind power possibly a little too negative sounding - CMPS (individual councillor) <p>Text redrafted, but there remain important planning considerations with wind power.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Issue raised regarding the visual/aesthetic requirement for applications for wind/solar energy farms. (DMAG) <p>This is beyond the current remit of this document.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Whether green (or living) roofs provide additional benefit to the running of solar PV systems, as noted in the draft – or whether the benefits are separate (SCC sustainability officer) <p>Further information included. Research shows that green roofs can enable optimum ambient temperatures for the panels, and reduce dust on them, therefore improving their efficiency. (Also benefits to biodiversity through shade etc included in Chapter 7)</p> <ul style="list-style-type: none"> - Policy officer noted the possibility of bird strike associated with solar panels. <p>Addressed in the document text – and for green roofs.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Agreed heat pumps/renewables/zero-carbon technology all important to include - SCC sustainability officer/CMPS (individual councillor) - RBBC conservation officer/additional planning policy officer questioned CHP and air quality issues. <p>Addressed in the text.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Wastefulness of grid transmission, therefore need for locally generated power (DMAG) <p>Further emphasis on the importance of local power generation and heat sources included.</p>

Chapters	Issues raised and Responses
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - RBBC conservation officer noted various checks/studies (eg archaeological) to be carried out for the installation of ground-source heat pumps <p>Addressed in the text.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Discussion over the additional inclusion of water-source heat pumps [DMAG/CMPS (individual councillor)] with members noting that these are a very efficient kind of heat pump. It was noted they are useful where balancing ponds are installed. - DMAG noted that correct heating systems (large radiators /under-floor heating) required for use with heat pumps. <p>Water-source heat pumps have been included – including for developments close to or needing to install balancing ponds.</p> <p>Wording added regarding need for suitable heating systems for air-source heat pumps and other similar technologies.</p>
Chapter 6 Low-carbon power and heating	<ul style="list-style-type: none"> - Biomass – The initial draft SPD included a section on biomass which was removed after issues of air-pollution were raised by RBBC officers (including Corporate officer, and conservation officer). DMAG suggested that it could be considered for rural/village areas, as long as the document set out the pros and cons clearly – including: travel distance for biomass fuel chips; economies of scale; and ease of use of the technology for residents. RBBC head of service also questioned the omission of biomass. <p>Section re-instated, including reference to travel distance of fuel, and with the additional requirement that this is considered only for areas that are not very populated, and that ease of use of heating systems is considered.</p>

Chapters	Issues raised and Responses
<p>Chapter 6 Low-carbon power and heating</p>	<ul style="list-style-type: none"> - Guidance for off-site renewables, where not viable on-site (as per policy CCF1) (RBBC sustainability officer) <p>A note regarding this has been included.</p> <ul style="list-style-type: none"> - RBBC sustainability officer – strengthening of energy monitoring provisions <p>‘Whole life’ carbon assessment is a specialist developing field which would be very challenging for planners to monitor at present.</p>
<p>Chapter 7 Green Infrastructure</p>	<ul style="list-style-type: none"> - RBBC conservation officer – concerned that all new developments incorporate sufficient/appropriate planting – and although there is a need to consider climate change in choice of species (as document noted), many native species will still tolerate extreme conditions (need for a balanced approach). <p>All addressed as advised in the document.</p>
<p>Chapter 7 Green Infrastructure</p>	<ul style="list-style-type: none"> - Green Infrastructure/sequestration – attracted support for mature trees and removal should be avoided by designing around them etc [DMAG/ CMPS (individual councillor)] – also wetlands and hedgerows (SCC sustainability officer). - Welcome compensatory approach to loss of habitats/other references re species - CMPS (individual councillor)/RBBC sustainability officer. - DMAG requested that the loss of mature trees should be included as a minus in Carbon Reduction Statements carbon calculations. <p>The draft versions of the SPD contained a section on sequestration through planting/trees in general (including regarding the importance of mature trees for carbon capture, and the need to protect them) – but some additional emphasis plus wetlands/hedgerow importance has been added – and that the loss of mature trees should be included as a minus in Carbon Reduction Statements calculations.</p>

Chapters	Issues raised and Responses
Chapter 7 Green Infrastructure	<ul style="list-style-type: none"> - RBBC greenspaces officer – issues regarding suitability of tree species for sequestration <p>Additional information included.</p>
Chapter 7 – Green Infrastructure	<ul style="list-style-type: none"> - Additional information re urban greening to add (RBBC sustainability officer) – including planting of native/pollinator species. Also, corridors/buffers (RBBC conservation officer) - Corporate officer suggested links to: Green Infrastructure Strategy (and policy officer) – expand upon in relation to Climate Change; wider implications for tree planting (with reference to SCC’s Tree Planting Strategy); and Biodiversity Opportunity Areas (BOA). <p>The greening section has been strengthened and includes reference to the Council’s Green Infrastructure Strategy, SCC’s Tree Planting Strategy, and BOAs. However, this document is not primarily about greening/biodiversity per se – which may require further guidance.</p>
Chapter 7 – Green Infrastructure	<ul style="list-style-type: none"> - Biodiversity net gain – RBBC and SCC sustainability officers suggested the inclusion of more information about biodiversity net gain, such as the ‘selling’ of offsets to developers. - RBBC’s head of planning suggested the inclusion of a reference to DMP policy NHE2 regarding biodiversity net gain. <p>A reference to Local Plan policy has been included, but further discussion regarding net gain is not included in this document because, whilst potential benefits to wildlife and habitats has been discussed throughout, specific discussion regarding biodiversity net gain is left out as warranting a wider, separate policy document.</p>

Chapters	Issues raised and Responses
Chapter 8 – Water resources	<ul style="list-style-type: none"> - Need for a water resources section in sustainability SPD (SCC sustainability officer) – including re greywater recycling to be robust - Green roofs and avoiding rainwater pooling (SCC sustainability officer) <p>Included this in addition to other attenuation mentioned/section already included in draft. There is a section on greywater recycling.</p>
Chapter 9 – Heritage assets	<ul style="list-style-type: none"> - RBBC’s conservation officer raised a variety of practical and specific issues in relation to the preservation or renovation of historic buildings, and in regard to the need for permissions and/or consents. <p>Most of this expertise has been considered for this chapter and incorporated into the document as a whole.</p>
Chapter 10 – Sustainable Construction	<ul style="list-style-type: none"> - Materials – modern methods of construction (MMC) was suggested for inclusion (SCC sustainability officer); and there was a question about different types of materials for building <p>This chapter covers materials used and sustainability in some depth already.</p>
Chapter 10 – Sustainable Construction	<ul style="list-style-type: none"> - Waste stream separation – was discussed as to whether it could be problematic, and in terms of suitability for the site or materials concerned – DMAG/ CMPS (individual councillor) <p>A section is included on this, but not called waste stream separation – it discusses reclamation of materials, and notes this should be done ‘where possible’. References have been added in regard to suggestions that copper and steel can be reclaimed, but that re-enforced concrete is not possible.</p>

Chapters	Issues raised and Responses
Chapter 10 – Sustainable Construction	<ul style="list-style-type: none"> - Whole life carbon assessments were raised by the SCC/RBBC sustainability officers (and for checklist re-embodied carbon) <p>Whole life considered previously but rejected due to lack of control over the future choices/uses for the buildings, e.g. appliances. However, there is guidance in regard to embodied carbon and assessments.</p> <ul style="list-style-type: none"> - RBBC sustainability officer suggested FSC and other accreditation for materials should be included. <p>There are a number of similar schemes; it would not be plausible for planners to have detailed knowledge of all of them.</p>

3. Next Steps

3.1 The Council will hold a statutory public consultation on the draft SPD for a minimum of four weeks, when we will invite comments by emailing and writing to all interested parties³, and we will make the documents available on our website and in paper format in the main Town Hall and at the six libraries in the borough. The consultation is currently timetabled for March to April 2021.

3.2 Following the formal consultation stage, the draft SPD will be amended to take account of consultation responses received and any further relevant information. This Consultation Statement will also be updated with a list of who we consulted, a summary of the comments received, and how those comments have been addressed in finalising the SPD. Following its adoption, the SPD will be a material consideration used in determining planning applications and appeals.

³ Specific and general consultees, prescribed bodies for the Duty to Co-operate and other individuals and organisations registered on the Planning Policy database for such purpose



SIGNED OFF BY	Director of Place
AUTHOR	Morag Williams, Head of Neighbourhood Operations
TELEPHONE	Tel: 01737 276710
EMAIL	Morag.Williams@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Neighbourhood Services

KEY DECISION REQUIRED	No
WARDS AFFECTED	(All Wards);

SUBJECT	Wildlife Friendly Public Spaces – 2021 Update
----------------	---

RECOMMENDATIONS

- | |
|---|
| <p>(i) To note progress made towards the achievement of the aims set out in the September 2019 motion relating to wildlife friendly public spaces.</p> |
|---|

REASONS FOR RECOMMENDATIONS

To note the progress made towards the motion objectives.
--

EXECUTIVE SUMMARY

To note the progress made towards the motion objectives.
--

Executive has authority to approve the above recommendations

STATUTORY POWERS

- | |
|--|
| <p>1. Under the Local Government Act 2000, the Council has a duty to promote the social, economic and environmental wellbeing of its area.</p> |
|--|

Agenda Item 5

BACKGROUND

2. Surrey County Council (SCC) passed a motion on 9 July 2019, which sought to improve the management of verges for the benefit of wildlife. The motion required the production of a Pollinator Action Plan as well as a range of other measures such as the ending of the use of glyphosate on verges and less frequent cutting to allow seeding to occur.
3. In September 2019 a motion was tabled at RBBC's Full Council meeting which sought Borough-level commitment to the achievement of SCC's motion. Specifically, to adopt and implement guidance and measures that will improve habitat for wildlife and increase benefits for people using the Council's public spaces.
4. RBBC hold an agency agreement with SCC, and undertake the highways maintenance on their behalf, and to their contract specification. Any proposed deviations to the contract are ultimately the responsibility of SCC to agree.

KEY INFORMATION

Grass cutting reduction

5. Since RBBC's passing of the motion in September 2019, Officers have investigated and subsequently implemented altered grass cutting regimes across a number of sites, with the objective to improve habitats for wildlife.
6. These include areas within parks, countryside sites and highways verges. For example,

Countryside area's

Wray Common, Petridgewood Common, Tanyard Meadows, Chipstead Downs, New Pond Farm, Merstham Bund, Earlswood Common, following on from wild camomile being identified.

Parks area's

Radstock Way, Brooke Road, Nork Park, Ifold Road Play area (section).

Highway areas

High Beaches, Banstead, Kingsley Avenue, Horley, Kingsley Road, Horley, A21 central reservation, A217, SCC trial area, Firtree Road, Banstead, Woodhatch Greens, opposite St Mathews school, Roundabout green area, London Road North central reservation, Keats Avenue, Redhill, Brokes Road, Reigate (apple tree area) The Spinney, Tadworth, Waterfield Greens.

Glyphosate reduction

7. As per the agency agreement held between RBBC and SCC to undertake the highways maintenance on the County's behalf, the contract stipulates that a minimum of three herbicide applications must be made on the borough's network of roads.

Agenda Item 5

8. In agreement with SCC, in 2020 a reduction in the use of herbicides was trialled, and only two applications were undertaken borough wide.

Future Objectives

9. Officers will look at further reduction as appropriate. We will continue to investigate additional areas for a reduction in grass cutting, and in addition, to explore the potential to take a more targeted approach to herbicide application, mirroring peak foliage growth rates to maximise its effect.

OPTIONS

10. The options available to the Executive are set out below:

Option 1: To note progress made against the motion, and the future aspirations towards its achievement. The Council will thereby continue to undertake the planned activities associated with the motion.

LEGAL IMPLICATIONS

11. As identified in the Statutory Powers section of this report, the Council has the power to act in the furtherance of the economic, social or environmental wellbeing of the area.
12. Consideration will need to be given to the balance between RBBC's contractual obligations for highways maintenance and the achievement of the motion's objectives, in partnership with SCC.

FINANCIAL IMPLICATIONS

13. It should be noted that glyphosate currently presents the most cost-effective means to control weed growth, and that implementation of substitute chemicals or control measures are likely to represent a significant increase in costs.
14. The alteration of a cutting regime from short, amenity grassland to that of a longer profile will result in increased cutting costs. Areas maintained as longer grass, cut annually often cost four times the amount to maintain than shorter amenity grass. This is due to the additional specialist machinery required to undertake the operation, the collection of the longer grass, its processing and disposal versus cutting short grass and leaving clippings in situ.
15. It should be noted that if the current maintenance regimes remain unchanged from that which has been implemented thus far, we are able to manage this within existing budgets. However, if any further maintenance alterations are identified for implementation in future these are likely to result in additional costs being incurred. Further discussions with our colleagues at SCC are scheduled to determine the future focus and agree funding.

Agenda Item 5

EQUALITIES IMPLICATIONS

16. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
- 17.
18. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
19. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
- How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
 - Whether the impact on particular groups is fair and proportionate.
 - Whether there is equality of access to service and fair representation of all groups within the Borough;

COMMUNICATION IMPLICATIONS

20. Implications relating to the communications have been explored as part of the implementation of the motion's measures.

RISK MANAGEMENT CONSIDERATIONS

21. The risks of individual initiatives and areas targeted for improvements will need to be considered on a case-by-case basis. This will include considering operational risks in relation to existing Council activities, financial risks and health and safety considerations.

CONSULTATION

22. In implementing the initiatives and improvements, consideration will be given to how to proactively involve communities and residents across the borough in specific projects and activities.

POLICY FRAMEWORK

23. As identified, the initiatives set out within the motion would support the delivery of the Council's Corporate Plan objectives through providing enhancements to the local area.



SIGNED OFF BY	Director of People
AUTHOR	Alison Robinson, Housing Strategy and Performance Manager
TELEPHONE	Tel: 01737 276167
EMAIL	Alison.Robinson@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Housing and Support

KEY DECISION REQUIRED	Y
WARDS AFFECTED	Horley West and Sidlow;

SUBJECT	Lee Street Development
----------------	------------------------

RECOMMENDATIONS	
<p>(i) Approval of the updated Capital Programme scheme cost of £850,389 and the allocation of £190,000 additional funding to the scheme (through the further allocation of Section 106 funds pending confirmation of Homes England grant funding).</p> <p>(ii) The Head of Housing be authorised, in consultation with the:</p> <ul style="list-style-type: none"> • Head of Finance • Head of Legal and Governance • Executive Member for Housing & Benefits • Executive Member for Finance & Deputy Leader • Executive Member for Investment & Companies <p>a) To enter into a contract to build with the recommended contractor subject to costs falling within the revised capital budget as detailed in the exempt report in Part 2 of the agenda.</p> <p>b) To appoint and enter into contracts (as required) with any remaining consultants or suppliers, including entering into collateral warranties to allow the contract to progress to completion.</p> <p>c) To allocate and spend any capital grant allocated by Homes England for the scheme to the approved budget.</p>	

Agenda Item 6

(iii) The Head of Housing be authorised in consultation with the:

- **Head of Legal and Governance**
- **Executive Member for Housing & Benefits**
- **Executive Member for Finance & Deputy Leader**
- **Executive Member for Investment & Companies**

- a) To appoint and enter into contracts (as required) with any inspectoral bodies or warranty providers (i.e. NHBC/LABC)**
- b) To enter into any Easements, Licences, Covenants, or Wayleaves as required on the development**
- e) Complete Party Wall agreements as required on the development**

REASONS FOR RECOMMENDATIONS

The revised scheme presented to Executive in February 2020 secured planning permission in March 2020. A tender exercise for the scheme was completed in November 2020. Higher than anticipated construction costs have resulted in a budget shortfall. A budget increase of £190,000 is therefore sought to progress the project to completion, to be funded initially through the further allocation of Section 106 funds pending confirmation of Homes England grant funding.

Grant funding will be sought through the Homes England Affordable Homes Programme and, if successful, will fund the additional delivery costs of the scheme. If grant funding is not awarded, the additional costs will be funded through the additional contribution from Section 106 funds.

EXECUTIVE SUMMARY

- The proposed Lee Street development is required to help house single people. Since the Homelessness Reduction Act (2017) the Housing Service has been assisting an increasing number of single homeless people, numbers have increased further as a result of the impact of COVID.
- The background to the scheme is set out in the February 2020 report to Executive. Following the report to Executive in February 2020, a revised scheme based on traditional build construction secured planning permission. As explained in the February 2020 report, the pre-tender estimate of the revised scheme was higher than previous schemes.
- A competitive tender process for the amended proposal was completed in October 2020 with a tender evaluation completed in November. Returned tender prices are above the pre-tender estimates and the previously revised budget granted. To progress to build, approval of additional funding is required. An application will be made to the Homes England Affordable Homes Programme and any funding granted will be allocated to this scheme. If grant funding is not made available, the additional costs will be funded through an additional contribution from Section 106 funds.

Executive has authority to approve the above recommendations

STATUTORY POWERS

1. The Council has no statutory obligation to undertake this work but has general powers of competence under section 1 of the Localism Act 2011 to do anything that individuals with full capacity generally may do, subject to the provision of the Act.

BACKGROUND

2. A previous report dated February 2020 (<https://reigate-banstead.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=1408&Ver=4>) was considered by Executive. That report set out the background to the proposal to deliver 4 x 1 bedroom bungalows, intended for single people. That report included the history of the proposed developments for the site. This position remains unchanged.

KEY INFORMATION

3. Following on from February 2020 Executive, the scheme was tendered following the granting of planning permission in March 2020. Tenders received were higher than the pre-tender estimates and the scheme exceeded the approved financial position set out in February 2020 exempt report in Part 2 of the agenda at that time.
4. As a result, it has not been possible to enter into contract. An additional budget allocation of Section 106 reserves is required to progress the scheme to build contract and final completion. The financial implications are set out in the exempt report in Part 2 of the agenda.

OPTIONS

5. Option 1 (**Recommended Option**)- Proceed with the development based on the traditional brick and block approach and approve the revised capital budget allocation and the additional Section 106 funding allocation as outlined in the exempt report in Part 2 of the agenda.
6. Option 2- Not proceed with the development. **This is not a recommended option** as the site is sitting vacant and can be better utilised for housing purposes. Not proceeding may incur reputational damage with the public as well given that this site has been promoted historically.

LEGAL IMPLICATIONS

7. The Council has general powers of competence under Section 1 of the Localism Act 2011 to undertake any activity which an individual with full capacity may undertake. This includes improving service provision and quality of life.

FINANCIAL IMPLICATIONS

8. To see the project through to practical completion an additional £190,000 will be required, initially to be allocated from Section 106 reserves

Agenda Item 6

9. An application will be made in due course for affordable homes grant funding from Homes England to support the scheme. Should we be successful with this grant application, any funding secured from Homes England will be prioritised for investment into the scheme and s106 funding will only be drawn as required. It is not certain at this stage what level of additional funding will be approved.
10. The financial implications of the proposals are summarised above and reported in more detail in the exempt report in Part 2 of the agenda.

EQUALITIES IMPLICATIONS

11. There are no equalities implications arising from this proposal.

COMMUNICATION IMPLICATIONS

12. Communications will respond to any media enquiries which may arise due to the delay to the proposed start-on-site. The appointed contractor will also be required to publish regular newsletters to neighbouring residents.

RISK MANAGEMENT CONSIDERATIONS

13. The main risk for the Council in undertaking development are in terms of construction cost changes and market fluctuations.
14. The scheme has now been tendered. We will fix the build price upon entering into contract. In addition, a decision to utilise a JCT Design & Build contract on this project will further minimise the level of risk that the Council is exposed to. A contingency has been included in the scheme appraisal to cover unforeseen costs (details of which are included in the Part 2 (exempt) paper).
15. Given the level of demand on our Housing Register and Homelessness Prevention Teams there is minimal risk of the properties not being let upon completion.

OTHER IMPLICATIONS

16. There are no further implications to be considered.

CONSULTATION

17. Executive Members have been consulted about these proposals.

POLICY FRAMEWORK

18. Our Vision: This development helps us to meet our vision to make the borough a great place to live, work in, do business in and visit.
19. People Objectives: This development helps us to meet our objective to deliver homes that can be afforded by local people and provides a wider choice of tenure, type and size.

BACKGROUND PAPERS

Agenda Item 6

1. Reigate & Banstead 2025: our five year plan https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025
2. Housing Delivery Strategy 2020-2025 - http://www.reigate-banstead.gov.uk/info/20040/housing/550/housing_strategies/3
3. Development Management Plan 2020- 2025 - http://www.reigate-banstead.gov.uk/info/20380/current_planning_policy/888/development_management_plan

This page is intentionally left blank

Agenda Item 7



SIGNED OFF BY	Interim Head of Finance
AUTHOR	Jane Heppel, Finance Consultant
TELEPHONE	Tel: 01737 276568
EMAIL	jane.heppel@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee Executive Council
DATE	Overview and Scrutiny Committee: 18 March 2021 Executive: 25 March 2021 Council: 8 April 2021
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance and Governance

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Treasury Management Strategy Statement 2021/2022
----------------	--

RECOMMENDATIONS
<p>Overview & Scrutiny Committee:</p> <p>i) The Committee is asked to consider and to provide feedback on the following which are proposed for 2021/22:</p> <ul style="list-style-type: none"> • Treasury Management Strategy Statement; • Prudential Indicators; • Minimum Revenue Provision Statement; and • Borrowing Limits <p>that will be finalised and submitted for approval by the Executive on 25 March 2021 and Council on 8 April 2021.</p> <p>Executive:</p> <p>ii) Executive is asked to consider the following for 2021/22:</p> <ul style="list-style-type: none"> • Treasury Management Strategy Statement;

Agenda Item 7

- **Prudential Indicators;**
- **Minimum Revenue Provision Statement; and**
- **Borrowing Limits Provision Statement;**
and recommend their approval by Council.

Council:

iii) Council is asked to approve the following for 2021/22:

- **Treasury Management Strategy Statement;**
- **Prudential Indicators;**
- **Minimum Revenue Provision Statement; and**
- **Borrowing Limits**

REASONS FOR RECOMMENDATIONS

To enable the adoption of the updated Treasury Management Strategy Statement for the 2021/22 financial year in order to comply with the Chartered Institute of Public Finance Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”) and the Prudential Code for Capital Finance in Local Authorities (“the Prudential Code”). Also to meet the requirements of guidance issued by MHCLG in respect of Local Authority Investments and Minimum Revenue Provision

EXECUTIVE SUMMARY

This report sets out the draft Strategy for Treasury Management for 2021/22 including the Treasury Management Indicators, Prudential Indicators and the Minimum Revenue Provision Statement for 2021/22.

This report shapes the affordability of the Council’s investment proposals and capital plans and are intended to provide key performance measures in how the Authority’s capital programme translates into total borrowing requirement . They should be considered alongside the Budget and Medium Term Financial Plan.

If adopted by the end of 2021/22 the key performance measures will be:

- Internal Borrowing;
- Ratio of financing costs to net revenue budget; and
- External debt for commercial and regeneration activities.

This compares with performance measures for 2020/21:

- External Borrowing;
- Internal Borrowing; and
- Minimum Revenue Provision as a % of net revenue budget.

Overview & Scrutiny Committee is invited to review the draft Strategy at their meeting on 18 March 2021 and provide any feedback to be taken into consideration when the Executive receive the final Strategy report on 25 March 2021. The final Strategy will then be submitted to Council for approval on 8 April 2021.

The above recommendations are subject to approval by Full Council

STATUTORY POWERS

1. The Council is required to approve an annual Treasury Management Strategy Statement, Prudential Indicators, Minimum Revenue Provision Statement and Borrowing Limits so that borrowing and investments are prudent, affordable and sustainable.
2. The Council operates its Treasury Management activity as an integral part of its statutory obligation to effectively manage the Council's finances under the Local Government Act 2003 and associated regulations.
3. The Council's Treasury Management activities are undertaken in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, and the Government's (MHCLG) Investment Regulations.

BACKGROUND

4. The Council is required to approve an annual Treasury Management Strategy Statement, Prudential Indicators, Minimum Revenue Provision Statement and Borrowing Limits so that borrowing and investments are prudent, affordable and sustainable.
5. The Strategy has been prepared in line with the Chartered Institute of Public Finance (CIPFA) Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code") and comprises two sections plus appendices that have been compiled in accordance with the Council's Treasury Management Policy Statements:
 1. Introduction
 2. The Treasury Management Strategy 2021/22
 - a. Capital Issues
 - b. Treasury Management IssuesAppendices.
6. While any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

KEY INFORMATION

Agenda Item 7

INTRODUCTION

7. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested with low risk counterparties or instruments that are commensurate with the authority's risk appetite, providing adequate liquidity before considering investment return.
8. The second main function treasury management is the funding of the authority's capital investment plans. These capital plans provide a guide to the borrowing need, essentially the longer-term cash flow planning, to ensure that the authority can meet its capital spending obligations. Management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic to do so, any debt previously drawn may be restructured to meet risk or cost objectives.
9. The contribution that treasury management makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue expenditure or for larger capital projects. The treasury function seeks to balance interest costs on debt and investment income from cash deposits. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
10. While any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are reported separately from day to day treasury management activities.
11. CIPFA defines treasury management as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Treasury Management Training

12. The CIPFA Code requires the Chief Financial Officer to ensure that Members with responsibility for overseeing treasury management receive adequate training. This especially applies to Members responsible for scrutiny. A Member Treasury panel met to review the 2020/21 strategy on 11 March 2020. This meeting was facilitated by officers with support from the authority's treasury advisors LINK Group. The ability to arrange further updates/training during 2020/21 has been impacted by COVID.

Treasury management training is intended to be an area of focus for members of the Audit Committee as they take on the scrutiny role in this area moving forward.

13. The training needs of officers are periodically reviewed and form part of their personal development plans.

Treasury Management Consultants

14. The authority employs LINK Group, as its external treasury management advisors.
15. It is important to recognise that responsibility for treasury management decisions remains with the authority at all times and to ensure that undue reliance is not placed upon the services of external service providers. All treasury management decisions are undertaken with regard to all available information, including, but not solely, the external advisers.
16. It is also important to ensure that the terms of the advisors' appointment and the methods by which their value is assessed are properly agreed and documented and subjected to regular review.

Capital Investment Strategy

17. The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Investment Strategy report which provides the following:
 - a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability
18. The aim of the Capital Investment Strategy is to ensure that all Members fully-understand the overall long-term policy objectives and resulting capital investment strategy requirements, governance procedures and risk appetite.
19. The Capital Investment Strategy is reported separately from this Treasury Management Strategy Statement and includes information on non-treasury investments. This ensures separation of the treasury function which focusses on security, liquidity and yield principles and the policy and commercialism investments which are usually driven by the level of expenditure on an asset and associated benefits achieved from that investment.
20. The 2021/22 Capital Investment Strategy was reported to Executive in July 2020; the next update is due to be reported in summer 2021.
21. The Capital Investment Strategy sets out the governance arrangements for the following:
 - Any service objectives relating to the investments;
 - The expected income, costs and resulting contribution;
 - The debt related to the activity and the associated interest costs;
 - The payback period (MRP policy);
 - For non-loan type investments, the cost against the current market value;

Agenda Item 7

- The risks associated with each activity.
- The Corporate Governance arrangements for these types of activities

22. Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information is disclosed, including the ability to sell the asset and realise the investment cash.
23. Where the authority has borrowed to fund a non-treasury investment, there will also be an explanation of why borrowing was required and (where applicable) whether the MHCLG Investment Guidance and CIPFA Prudential Code have been adhered to.
24. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported.
25. To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Treasury Management Reporting

26. The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
 1. **Prudential and Treasury indicators and Treasury Strategy** Statement (this report) - the first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy statement, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
 2. **A mid-year Treasury Management report** – this is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
 3. **An annual Treasury Management report** – this is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
27. The above reports are required to be adequately scrutinised before being recommended to the Council. This role is currently undertaken by the Overview and Scrutiny Committee; for 2021/22 onwards it is proposed that this responsibility transfers to the Audit Committee.

Treasury Management Strategy Statement for 2021/22

28. The Strategy for 2021/22 covers two main areas:

Capital Issues

- the capital expenditure plans;
- the capital financing requirement;
- the minimum revenue provision (MRP) policy; and
- capital health.

Treasury Management Issues

- the borrowing strategy;
- policy on borrowing in advance of need;
- the treasury investment strategy; and
- the policy on use of external service providers.

29. The following are dealt with in the accompanying appendices:

- the current treasury position;
- core funds and expected investment balances;
- prudential indicators which limit the borrowing risk and activities of the authority;
- treasury indicators which limit the treasury risk and activities of the authority;
- operational and authorised borrowing limits;
- creditworthiness policy;
- prospects for interest rates and economic outlook; and
- debt rescheduling

30. These elements meet the requirements of the Local Government Act 2003, the Chartered Institute of Public Finance Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”) and the Prudential Code for Capital Finance in Local Authorities (“the Prudential Code”), MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

CAPITAL ISSUES

Capital Expenditure Plans

31. The first prudential indicator relates to the authority’s capital expenditure plans which are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators at Appendix 1 although the capital financing requirement and capital expenditure plans which follow are also key prudential indicators in themselves.

Agenda Item 7

32. Members are asked to note the capital expenditure forecasts which are being considered for approval in the Budget 2021/22 and Capital Programme 2021 to 2026:

Table 1: PLANNED CAPITAL EXPENDITURE TO BE FINANCED	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
People Services	1,595	17,163	11,575	11,525	1,525
Place Services	4,923	24,048	26,939	16,249	1,557
Organisation Services	1,385	4,890	2,767	2,293	2,019
Corporate Investment and Regeneration Activities	-	50,000	-	-	-
Loans to Wholly Owned Companies	10,219	-	-	-	-
Total	18,122	96,100	41,280	30,067	5,101

33. The following table summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2: CAPITAL FINANCING PLANS	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Grants/Contributions	2,513	1,843	1,600	1,187	1,187
Capital Receipts	2,099	8,805	24,488	26,778	-
Revenue	759	-	-	-	-
Reserves	304	10,000	7,000	-	-
External Funding	5,675	20,649	33,089	27,965	1,187
Net Borrowing Need - General Fund (Core)	2,228	25,451	8,192	2,101	3,913
Net Borrowing Need - General Fund (Regeneration)	10,219	50,000	-	-	-
Net financing need for the year	12,447	75,451	8,192	2,101	3,913

34. A key aspect of the regulatory and professional guidance is that Members are aware of the size and scope of any income-generating activity in relation to the authority's overall financial position. The capital expenditure details above demonstrate the scope of this activity and, by approving these figures, Members are asked to consider the scale of this investment activity proportionate to other investment plans.

Capital Financing Requirement (Borrowing Need)

35. The second prudential indicator refers to the authority 's Capital Financing Requirement (CFR). The CFR is the total of historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
36. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
37. The Council is asked to approve the following Prudential indicator:

Table 3: MOVEMENT IN CAPITAL FINANCING REQUIREMENT	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Closing CFR	31,105	106,235	113,066	112,934	114,494
Movement in CFR	12,280	75,130	6,831	(132)	1,560
Movement in CFR represented by:					
Net financing need for the year (above)	12,447	75,451	8,192	2,101	3,913
Less MRP/VRP and other financing movements	(167)	(321)	(1,361)	(2,233)	(2,353)
Movement in CFR	12,280	75,130	6,831	(132)	1,560

Minimum Revenue Provision (MRP) Policy

38. The authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP). It is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP).
39. MHCLG regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.
40. Council is recommended to approve the following MRP Statement for 2021/22:

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the Minimum Revenue Policy will be the Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations and will be set aside in the year after the asset becomes operational. This will be a combination of the annuity method and straight line method:

Agenda Item 7

- Operational land and buildings - 50 years annuity method;
- Investment Properties - 50 years annuity method;
- General Fund Housing - 50 years straight line method;
- Infrastructure - 50 years straight line method;
- Plant and Equipment- 30 years straight line method;
- ICT- 5 years straight line method; and
- Vehicles - 8 years straight line method.

MRP on Capital Loans and Share Capital.

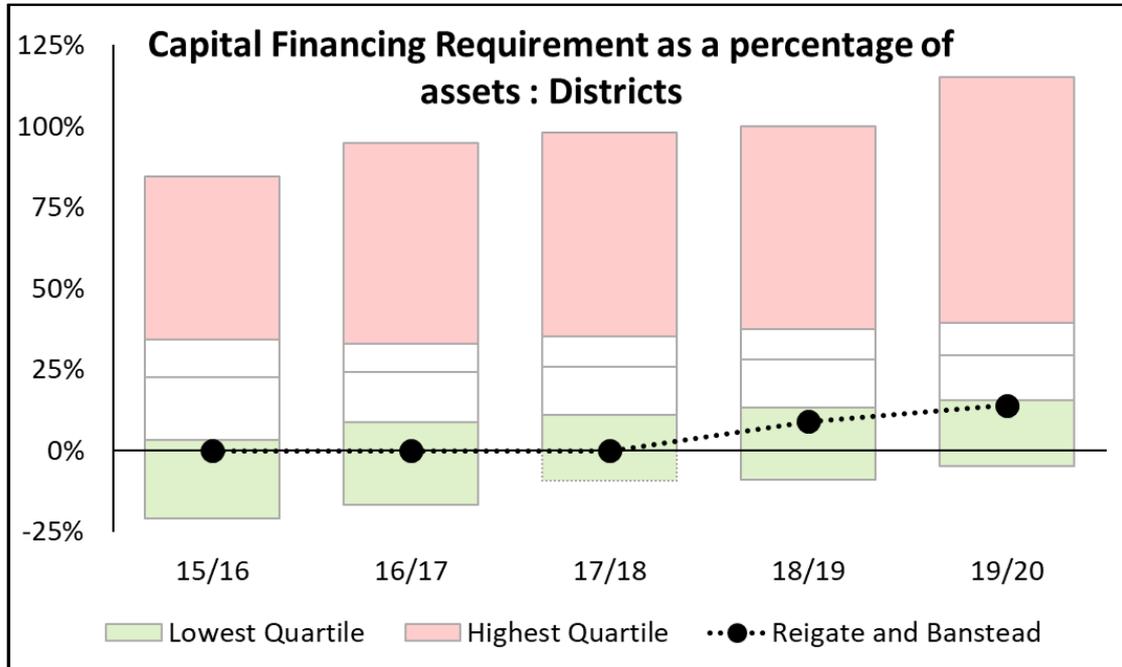
41. Under local authority capital accounting regulations loans to third parties for capital purposes and share capital are deemed to be capital expenditure of the authority. The Council has made loans to its companies (Greensand Holdings Limited, RBBC Limited, Horley Business Park Development LLP) and holds share capital in Pathway for Care Limited.
42. The Capital Financing Requirement (CFR) includes the value of the loans and investments (share capital). Funds repaid by the companies will be classed as capital receipts and offset against the CFR, which will reduce accordingly.
43. As the authority expects these loans and investments to be repaid in full, there is no requirement to set aside MRP to repay the debt liability in the interim period. The outstanding loan and investment/CFR position will be reviewed on an annual basis and, if the likelihood of default increases, prudent provision for any forecast default or impairment will be made within the authority 's Reserves or consideration given to the making of a Voluntary Revenue Provision (VRP).
44. The repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making a MRP.

MRP Overpayments.

45. MHCLG Guidance includes the provision that any MRP charges made over the statutory minimum may be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed, the MRP policy must disclose the cumulative overpayment made each year. At 31 March 2021 the cumulative voluntary overpayments by this Council were forecast to be £Nil.

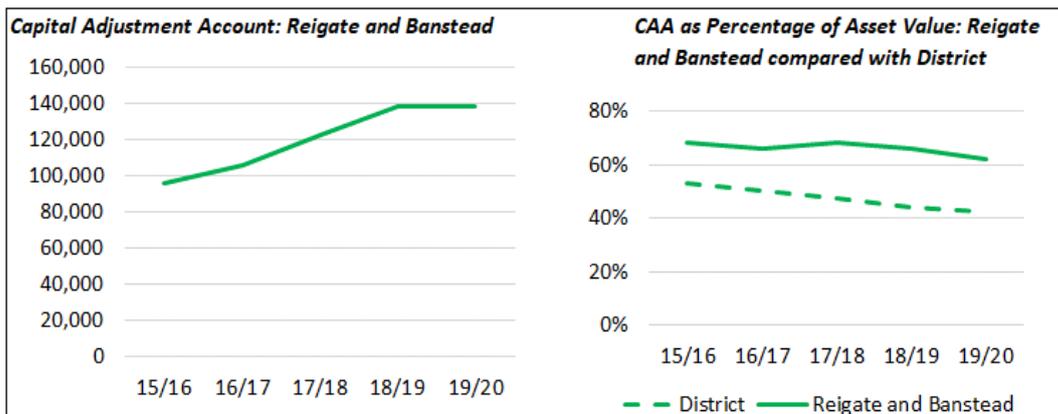
Capital Health: Capital Health Indicators

46. The underlying capital financing requirement has been rising over recent years however the Council remains in the top quartile of all Districts with regard to the relatively low extent to which its asset portfolio has been funded through borrowing.



47. The movement on the Capital Adjustment Account (CAA) in the annual Statement of Accounts reflects the degree to which the Council's assets are depleting or being devalued, The fact that this Council's CAA has increased over the past five years means that assets are being used up or devalued at a slower rate than they are being funded. This is above the district national average.

Capital Adjustment Account as percentage of capital assets



Agenda Item 7

TREASURY MANAGEMENT (BORROWING AND INVESTMENT) ISSUES

Borrowing Strategy

48. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns on balances are low and counterparty risk is a factor that needs to be considered.
 49. Against this background, and the risks within the economic forecast, caution will continue to be exercised for 2021/22 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
 - if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
 - if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the borrowing position will be re-appraised. Most likely, fixed rate funding will be drawn while interest rates are lower than they are projected to be in the next few years.
 50. Any decisions on borrowing will be reported to the appropriate decision making body at the next available opportunity as part of regular in-year treasury management reporting.
 51. Consideration may need to be given to obtaining funding at cheaper rates from the following sources in order to finance capital expenditure for non-infrastructure purposes:
 - Public Works Loans Board
 - Local authorities (primarily shorter dated maturities);
 - Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates); and
 - the Municipal Bonds Agency
 52. The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but the authority's advisors will keep the treasury team informed.
- ### **Borrowing for Corporate Investment and Regeneration activities**
53. The Capital Programme for 2019/20 onwards includes £75 million for investment in corporate priorities that also realise new income-generating opportunities. The allocation of these funds to new capital schemes and investment opportunities is delegated to the Commercial Ventures Executive Sub-Committee. When considering new investment opportunities, the Sub-Committee assesses the extent to which they

support delivery of the Corporate Plan and supporting Strategies while adhering to the principles set out in the Capital Investment Strategy, the Commercial Governance Framework, the Commercial Strategy and relevant guidance and codes, including the guidance on ‘borrowing in advance of need’.

Table 4: EXTERNAL DEBT FOR CORPORATE INVESTMENT / REGENERATION	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
Actual debt as at 31 March - £m	10,219	60,219	60,219	60,219	60,219
Percentage of total external debt - %	72%	67%	63%	63%	62%

Policy on Borrowing in Advance of Need

54. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward-approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and ensure the security of such funds.
55. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through mid-year or annual treasury management reporting.

Treasury Investment Strategy

56. The Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Investment Strategy, (a separate report).
57. The Council’s investment policy has regard to the following:
 - MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2018
58. The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The aim is to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity and with the authority’s risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the authority will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

Agenda Item 7

Environmental, Social and Governance Factors

59. While the Council awaits the outcome of CIPFA's latest consultation on proposed changes to the proposed Treasury Management Code of Practice the intention is to take a 'watch and learn' approach when considering Environmental, Social and Governance factors in the Council's investment portfolio, with a view to further developing the approach in this area, using 2021/22 as an opportunity to set the baseline for determining the authority's future appetite in this area.

Risk Management

60. The guidance from MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by reference to the following:
- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. Key ratings used to monitor counterparties are the short term and long-term ratings.
 - Ratings are not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. Assessments will take account of information that reflects the opinion of the markets. To achieve this the authority engages with its treasury advisors to maintain a monitor on market pricing such as "credit default swaps" and overlays that information on top of the credit ratings.
 - Other information sources used include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
61. This authority has defined a list of types of investment instruments that the treasury management team are authorised to use. There are two lists (details at appendix 5.4) under the categories of 'specified' and 'non-specified' investments.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

Non-specified and loan investment limits.

62. This authority has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 20%.

Lending Limits

63. Limits (amounts and maturity), for each counterparty will be set through applying the matrix at Appendix 1 Section 4.6, Table 9.

Transaction Limits

64. These are set for each type of investment (Appendix 1 Section 4, Table 9). This authority will set a limit for its investments which are invested for longer than 365 days (Appendix 1 Section 4.7). Investments will only be placed with counterparties from countries with a specified minimum sovereign rating of AA- from Fitch (or equivalent) (Appendix 1 Section 5). All investments will be denominated in sterling.
65. Under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, The Government (MHCLG) concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023.

In-house funds

66. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
 - Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

OPTIONS

67. There are the three options:

Option 1 – Approve the recommendations in this report

This is the recommended option.

Option 2 – To defer the report and ask Officers to provide more information and/or clarification on any specific points

Agenda Item 7

MHCLG Investment Regulations require approval of the Treasury Management Strategy Statement prior to the financial year to which it relates. Any delay in approving the Strategy could leave the authority open to the same risks as identified in option 3 below.

Option 3 – To not support the contents of this report

This would mean there is a risk that Officers will not have authority to undertake treasury management activities, which result in minimal returns on investments and prevention of borrowing to fund planned capital investment. It would also mean that the Council is not compliant with MHCLG statutory guidance and the CIPFA Code of Practice, which will result in criticism from the Council's auditor.

LEGAL IMPLICATIONS

68. There are no further legal implications arising from this report.

FINANCIAL IMPLICATIONS

69. The financial impacts of this Strategy have already been reflected within the Council's 2021/22 Budget proposals. There are therefore no additional financial implications that arise from this report.

EQUALITIES IMPLICATIONS

70. There are no equality implications arising from this report.

COMMUNICATION IMPLICATIONS

71. There are no communication implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

72. These are detailed in Appendix 1.

OTHER IMPLICATIONS

73. There are implications in terms of the Council's environmental aims and carbon targets which are not yet known but as set out in the report there are plans to start to gather data in this area in the coming year in order to set targets for 2022/23.

CONSULTATION

74. The Draft Treasury Management Strategy Statement will be reviewed by a Member Panel led by the Portfolio Holder for Finance in March 2021 and by the Overview and Scrutiny Committee on 18 March 2021. Their feedback will be considered when preparing the final Treasury Management Strategy Statement that is scheduled to be reported to Executive on 25 March 2021 and Council on 8 April 2021.

POLICY FRAMEWORK

75. The Strategy is part of the Council's Policy Framework as set out in Article 4 of the Constitution.

BACKGROUND PAPERS

- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018
- MHCLG's Guidance on Local Government Investments ("the Guidance")
- MHCLG's Guidance: The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities (2017) (Prudential Code)
- CIPFA Prudential Code for Capital Finance in Local Authorities Guidance Notes
- Budget and Capital Programme 2021/22, report to Executive, 28 January 2021

This page is intentionally left blank

TREASURY MANAGEMENT STRATEGY
2021/22
March 2021

Section	Title
1.	Current Treasury Position and Expected Investment Balances
2.	Prudential and Treasury Indicators
3.	Economic Background and Interest Rate Forecasts
4.	Treasury Management Practice 1 – credit and counterparty risk management
5.	Approved Countries for Investments
6.	Treasury Management Scheme of Delegation
7.	The Treasury Management Role of the Section 151 Officer

Section 1: CURRENT TREASURY POSITION

Current Portfolio Position

1.1 The overall treasury management portfolio at 31 March 2020 and the position at 31 December 2020 is shown below for both borrowing and investments.

Table 1: NET TREASURY INVESTMENTS	Actual 31/03/2020 £000	Current 31/12/2020 £000
Treasury Investments		
Cash at Bank	4,002	14,662
Building Societies - unrated	18,000	13,000
Building Societies - rated	0	0
Local Authorities	0	0
DMADF (HM. Treasury)	0	0
Money Market Funds	25,022	35,000
Certificates of Deposit		0
Total Managed In-House	47,024	62,662
Bond Funds	0	0
Property Funds	0	0
Total Managed Externally	0	0
Total Treasury Investments	47,024	62,662
Treasury External Borrowing		
Local Authorities	14,000	9,000
PWLB	0	0
Total External Borrowing	14,000	9,000
Net Treasury Investments / (Borrowing)	33,024	53,662

Expected Investment Balances

1.2 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 2: EXPECTED BALANCES TO INVEST OR FUND CAPITAL	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
General Fund Balance	7,939	3,246	3,246	3,246	3,246

Table 2: EXPECTED BALANCES TO INVEST OR FUND CAPITAL	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Earmarked Reserves	33,652	24,509	17,509	17,509	17,509
Capital Receipts/Grants	24,503	15,698	15,698	15,698	15,698
Provisions	181	181	181	181	181
Revenue Grants					
Total Core funds - General Fund	66,275	43,634	36,634	36,634	36,634
Working Capital *	7,000	7,000	7,000	7,000	7,000
Under / Over Borrowing **	16,924	16,924	16,924	16,924	16,924
Expected Investments	42,351	19,710	12,710	12,710	12,710

*Working capital balances shown are estimated year-end; these may be higher mid-year

** This table has been prepared on the basis that the current level of under borrowing is sustained across the period.

Section 2: Prudential and Treasury Indicators 2021/22 – 2023/24

2.1 The Council's capital expenditure plans are the key driver of treasury management activity and these have been shown in the main document. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Key Prudential Indicators

2.2 The two key prudential indicators are explained and presented in the main report and included here for completeness:

Table 3: PLANNED CAPITAL EXPENDITURE TO BE FINANCED	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
People Services	1,595	17,163	11,575	11,525	1,525
Place Services	4,923	24,048	26,939	16,249	1,557
Organisation Services	1,385	4,890	2,767	2,293	2,019
Corporate Investment and Regeneration Activities	0	50,000	0	0	0
Loans to Wholly Owned Companies	10,219	0	0	0	0
Total	18,122	96,100	41,280	30,067	5,101

Table 4: FINANCING OF CAPITAL EXPENDITURE	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Grants/Contributions	2,513	1,843	1,600	1,187	1,187
Capital Receipts	2,099	8,805	24,488	26,778	0
Revenue	759	0	0	0	0
Reserves	304	10,000	7,000	0	0
External Funding	5,675	20,649	33,089	27,965	1,187
Net borrowing need - General Fund (Core)	2,228	25,451	8,192	2,101	3,913
Net borrowing need - General Fund (Regeneration)	10,219	50,000	0	0	0
Net financing need for the year	12,447	75,451	8,192	2,101	3,913

Affordability prudential indicators

Ratio of financing costs to Net Revenue Budget

2.3 The Medium Term Financial Plan has already been adopted and within it the Chief Finance Officer has highlighted that there are funding gaps in future years. The investment in corporate initiatives and regeneration is intended to make up part of that gap.

2.4 The table below highlights the risk to the net budget requirement of not achieving any planned income streams – the top line represents the increasing percentage of net budget requirement which would be needed to service debt if none of the existing investment income were received. The lower line represents the percentage of net budget requirement which would be needed to service debt even if existing investment income streams deliver as currently planned.

Table 5: RATIO OF FINANCING COSTS TO NET REVENUE BUDGET	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual %	Estimate %	Estimate %	Estimate %	Estimate %
Gross cost of borrowing as % of net budget requirement	1.8%	1.8%	8.7%	15.5%	16.5%
Net cost of borrowing including investment income as % of net budget requirement	(3.9)%	(3.9)%	1.7%	9.7%	10.6%

2.5 The estimates of financing costs include current commitments and the proposals in this budget report.

Table 6: EXTERNAL DEBT FOR COMMERCIAL AND REGENERATION ACTIVITIES	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual %	Estimate %	Estimate %	Estimate %	Estimate %
External Debt for corporate investment / regeneration activities					
Actual debt at 31 March - £m	10,219	60,219	60,219	60,219	60,219
Percentage of total external debt - %	72%	67%	63%	63%	62%

Maturity structure of borrowing

- 2.6 These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- 2.7 The Council is relatively new to borrowing and has a very limited portfolio at present therefore in order to maximise the opportunity to achieve good value for money and in the absence of any currently maturing loans, the Council is asked to approve the following treasury indicators and limits:

Table 7: MATURITY STRUCTURE OF BORROWING 2021/22		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

External Debt

- 2.8 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.
- 2.9 The introduction of IFRS16 may change some of the Prudential Indicators due to additional lease liabilities being recognised on the balance sheet under the heading 'Other Long Term Liabilities'. In preparation for the potential adoption of the new standard in 2022/23, the capital financing requirement now includes the cost of operating leases. Once these have been reviewed, revised indicators will be provided to Members at the earliest opportunity.

Table 8: EXPECTED CHANGE IN EXTERNAL DEBT	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
External Debt					
Debt at 1 April	12,000	14,000	89,130	95,961	95,829
Expected change in Debt	2,000	75,130	6,831	-132	1,560
Other long-term liabilities (OLTL)	181	181	181	181	181
Expected change in OLTL	0	0	0	0	0
Actual Gross Debt at 31 March	14,181	89,311	96,142	96,010	97,570

Table 8: EXPECTED CHANGE IN EXTERNAL DEBT	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
CFR	31,105	106,235	113,066	112,934	114,494
Under / (over) Borrowing	16,924	16,924	16,924	16,924	16,924

Treasury Indicators: Limit To Borrowing Activity

2.10 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

2.11 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

2.12 **The Operational Boundary** Is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Table 9: OPERATIONAL BOUNDARY FOR BORROWING (MAX EXPECTED)	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Borrowing - General	20,000	35,735	42,566	42,434	43,994
Borrowing – Corporate Investment and Regeneration	50,000	70,000	70,000	70,000	70,000
Other long term liabilities		500	500	500	500
Total	70,000	106,235	113,066	112,934	114,494

2.13 **The authorised limit for external debt** is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt

which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

2.14 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the following authorised limit:

Table 10: AUTHORISED LIMITS FOR BORROWING	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing - General	30,000	45,735	52,566	52,434	53,994
Borrowing – Corporate Investment and Regeneration	50,000	70,000	70,000	70,000	70,000
Other long term liabilities		500	500	500	500
Total	80,000	116,235	123,066	122,934	124,494

Investment returns expectations

2.15 Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.10%
- Q1 2022 0.10%
- Q1 2023 0.10%

The budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2020/21	0.75%
2021/22	0.94%
2022/23	0.10%
2023/24	0.10%
2024/25	0.10%

2.16 The overall balance of risks to economic growth in the UK is probably relatively even due to the weight of all the uncertainties over post-Brexit trade arrangements and the impact of an expansionary government spending policy (as expected in the Budget on 11th March).

Investment returns expectations

2.17 These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

Table 11: UPPER LIMIT FOR PRINCIPAL SUMS >365 DAYS £m	2021/22	2022/23	2023/24
Principal sums invested for longer than 365 days	£20m	£20m	£20m
Current investments as at 31.12.20 in excess of 1 year maturing in each year	£13m-	-	-

2.18 For its cash flow-generated balances, the Council will seek to utilise business reserve, instant access and notice accounts, pooled investments (such as money market funds) and short-dated deposits (overnight to 100 days), in order to benefit from the compounding of interest.

Investment risk benchmarking

2.19 The Council will use the 7-Day LIBID rate as an investment benchmark to assess the performance of its investment portfolio.

End of year investment report

2.20 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Creditworthiness.

As advised by LINK: “the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.6.20 due to upcoming risks to banks’ earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for expected credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on actual levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.”

Certificates of Deposit (CDS) prices

2.21 As advised by LINK: *“Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.”*

Other limits

2.22 Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

Non-specified treasury management investment limit

2.23 The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 20% of the total treasury management investment portfolio.

Country limit.

2.24 The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 1, Section 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits.

2.25 In addition:

- no more than £10M will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;

- sector limits will be monitored regularly for appropriateness.

Section 3 Economic Background from LINK Advisory

UK.

The Bank of England's Monetary Policy Committee (MPC) kept **Bank Rate** and quantitative easing (QE) unchanged on 4th February. However, it revised its economic forecasts to take account of a third national lockdown which started on 5th January, which is obviously going to delay economic recovery and do further damage to the economy. Moreover, it had already decided in November to undertake a further tranche of quantitative easing (QE) of £150bn, to start in January when the previous programme of £300bn of QE, announced in March to June 2020, finished. As only about £16bn of the latest £150bn tranche had been used towards the end of January, it felt that there was already sufficient provision for QE - which would be made to last to the end of 2021. This implied that the current rate of purchases of £4.4bn per week would be slowed during the year.

Although its short-term forecasts were cut for 2021, the medium-term forecasts were more optimistic than in November, based on an assumption that the current lockdown will be gradually eased after Q1 as vaccines are gradually rolled out and life can then start to go back to some sort of normality. The Bank's main assumptions were:

- The economy would start to **recover strongly** from Q3 2021.
- **£125bn of savings** made by consumers during the pandemic will give a significant boost to the pace of economic recovery once lockdown restrictions are eased and consumers can resume high street shopping, going to pubs and restaurants and taking holidays.
- The economy would still recover to reach its **pre-pandemic level** by Q1 2022 despite a long lockdown in Q1 2021.
- **Spare capacity** in the economy would be eliminated in Q1 2022.
- The Bank also expects there to be **excess demand** in the economy by Q4 2022.
- **Unemployment** will peak at around 7.5% during late 2021 and then fall to about 4.2% by the end of 2022. This forecast implies that 0.5m foreign workers will have been lost from the UK workforce by their returning home.
- **CPI inflation** was forecast to rise quite sharply towards the 2% target in Q1 2021 due to some temporary factors, (e.g. the reduction in VAT for certain services comes to an end) and given developments in energy prices. CPI inflation was projected to be close to 2% in 2022 and 2023.
- The Monetary Policy Report acknowledged that there were **downside risks** to their forecasts e.g. from virus mutations, will vaccines be fully effective, how soon can tweaked vaccines be devised and administered to deal with mutations? There are also issues around achieving herd immunity around the world from this virus so that a proliferation of mutations does not occur which prolong the time it takes for the global economy to fully recover.
- The Report also mentioned a potential **upside risk** as an assumption had been made that consumers would only spend £6bn of their savings of £125bn once restrictions were eased. However, the risk is that that consumers could spend a lot more and more quickly.
- The Bank of England also removed **negative interest rates** as a possibility for at least six months as financial institutions were not yet ready to implement them. As in six months' time the economy should be starting to grow strongly, this effectively means that negative rates occurring are only a slim possibility in the current downturn. However, financial institutions have been requested to prepare for them so that, at a future time, this could be used as a monetary policy tool if deemed

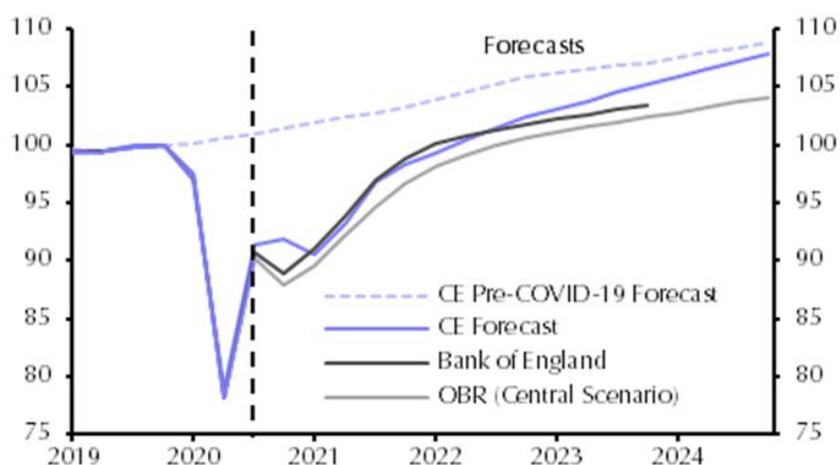
appropriate. (**Gilt yields and PWLB rates** jumped upwards after the removal of negative rates as a key risk in the short-term.)

- Prior to 4th February, the **MPC's forward guidance** outlined that the sequencing of a withdrawal of monetary policy support would be that Bank Rate would be increased first, and only once it had reached a certain level, 'around 1.5%', before a start would be made on winding down the stock of asset purchases made under QE. However, the MPC decided at the February meeting that this policy should be reviewed as to whether a start should be made first on **winding down QE** rather than raising Bank Rate.
- The MPC reiterated its previous guidance that Bank Rate would not rise until inflation was sustainably above 2%. This means that it will tolerate inflation running above 2% from time to time to balance out periods during which inflation was below 2%. This is termed **average inflation targeting**.
- **There are two views in respect of Bank Rate beyond our three-year time horizon:**
 1. The MPC will be keen to raise Bank Rate as soon as possible in order for it to be a usable tool when the next economic downturn comes along. This is in line with thinking on Bank Rate over the last 20 years.
 2. Conversely, that we need to adjust to the new post-pandemic era that we are now in. In this new era, the shift to average inflation targeting has set a high bar for raising Bank Rate i.e. only when inflation is demonstrably sustainably above 2%. In addition, many governments around the world have been saddled with high levels of debt. When central bank rates are low, and below the average GDP growth rate, the debt to GDP ratio will gradually fall each year without having to use fiscal tools such as raising taxes or austerity programmes, (which would depress economic growth and recovery). This could therefore result in governments revising the setting of mandates to their national central banks to allow a higher rate of inflation linked to other economic targets. This is the Capital Economics view – that Bank Rate will not rise for the next five years and will probably then struggle to get to 1% within 10 years.
- **Public borrowing** was forecast in November 2020 by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery. It is now likely that total borrowing will probably reach around £420bn due to further Government support measures introduced as a result of further restrictions and the third national lockdown.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4

2019. While the one month second national lockdown that started on 5th November caused a further contraction of 5.7% m/m in November, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy 'only' 8.6% below the pre-crisis level. However, a strong recovery from a further contraction during quarter 1 2021 is expected in the second half of 2021 and is likely to mean that the economy recovers to its pre-pandemic level during Q1 2022.

- **Vaccines – the game changer.** The Pfizer announcement on 9th November of a successful vaccine has been followed by approval of the Oxford University/AstraZeneca and Moderna vaccines. The Government has set a target to vaccinate 14 million people in the most at risk sectors of the population by 15th February; it has made good, and accelerating progress in hitting that target. The aim is also to vaccinate all over 50s by May and all adults by September. This means that the national lockdown starting in early January, could be replaced by regional tiers of lighter restrictions, beginning possibly in Q2. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines have radically improved the economic outlook so that it may now be possible for GDP to recover to its pre-virus level as early as Q1 2022. These vaccines have enormously boosted confidence that **life could largely return to normal during the second half of 2021**. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.
- Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that **in the second half of this decade**, the economy may be no smaller than it would have been if COVID-19 never happened. The major concern though, is that new mutations of the virus might defeat the current batch of vaccines. However, work is already advanced to produce what may well become annual revaccinations each autumn with updated vaccines. In addition, countries around the world have ramped up vaccine production facilities and vastly improved testing regimes; they are therefore now much better equipped to deal effectively with any new outbreaks of mutations of this virus.

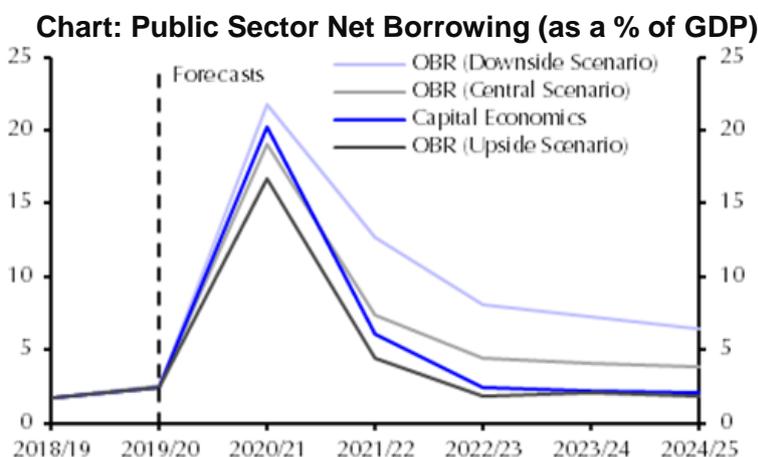
Chart: Level of real GDP (Q4 2019 = 100)



(if unable to print in colour..... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade, would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic

forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts in the graphs above and below, assumed that politicians do not raise taxes or embark on major austerity measures and so, (perverse!), depress economic growth and recovery.



(if unable to print in colour..... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.)

- There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a **reversal of globalisation** as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, **digital services** are one area that has already seen huge growth.
- **Brexit.** The final agreement of a trade deal on 24.12.20 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. However, it is evident from problems with trade flows at ports in January and February, that work needs to be done to smooth out the issues and problems that have been created by complex customs paperwork, in order to deal with bottle necks currently being caused.
- **Fiscal policy.** In December, the Chancellor made a series of announcements to provide further support to the economy: -
 - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
 - The furlough scheme was lengthened from the end of March to the end of April.
 - The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
- The **Financial Policy Committee (FPC)** report on 6.8.20 revised down the expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

- US.** Following elections for two senate seats in January, the Democrats now have a majority in the House of Representatives and a very slim majority in the Senate based on the vice president's casting vote. As the Democrats will be dependent on gaining the support of moderate Democrat senators, there will be a limit on just how radical they can be with their legislative and financial programmes. The \$900bn fiscal stimulus passed in December will help the economy gain more traction in early 2021. There is a question mark, however, over whether they will be able to get a much bigger \$1.9bn fiscal stimulus through both houses, though a smaller package would stand much more chance of being approved. The rapid roll out of vaccines is well on course to vaccinate nearly the entire population by the end of the summer; this will help to underpin a strong economic recovery in 2021 after the economy wilted during Q4 2020 as more restrictions were imposed to contain the pandemic.
- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that "it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time." This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and in 2020), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that under this new regime of average inflation targeting, that officials expected to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. Where the Fed has led in changing its monetary policy to one based on average inflation targeting in response to the damage that this pandemic has done to the economy, there was much expectation that other major central banks would also follow suit.
- Subsequent meetings of the Fed have projected that **inflation** will not get back sustainably to above 2% for some years and so the vast majority of Fed officials expect the Fed funds rate to still be at near-zero until 2024 or later. The key message is that policy will remain unusually accommodative – with near-zero rates and asset purchases continuing for several more years. This is likely to result in keeping Treasury yields lower than might otherwise be expected, although treasury yields have increased somewhat due to financial markets adjusting to expectations of higher rates of inflation.
- EU.** The economy was recovering well from the first lockdowns towards the end of Q2 and during Q3 after a sharp drop in GDP. However, a second wave of the virus has caused a renewed fall back in growth during Q4. The slow roll out of vaccines during Q1 2021 will delay economic recovery. In Q2 of 2020, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth contracted by another 0.7% in Q4 and is likely to at least stagnate during Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

- With **inflation** expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer once the EU can get a comprehensive vaccination scheme up and running, although growth will struggle before later in quarter 2 of 2021.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in the rest of 2020; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone. However, on the negative side, it has also been struggling - despite huge monetary and fiscal stimulus - to get out of a deflation trap for many years and to achieve consistent, significant GDP growth. Moreover, it has not consistently managed to raise inflation up to its target level of 2% and it is making little progress on fundamental reform of the economy.
- **World growth.** World growth has been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.
- Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has

boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand and the pace of recovery in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

Interest Rate Forecasts 2020-2024 from LINK Advisory

Link Group Interest Rate View		8.3.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

Additional notes by Link on this forecast table: -

- Please note that we have made a slight change to our interest rate forecasts table above for forecasts for 3, 6 and 12 months. Traditionally, we have used LIBID forecasts, with the rate calculated using market convention of 1/8th (0.125%) taken off the LIBOR figure. Given that all LIBOR rates up to 6m are currently running below 10bps, using that convention would give negative figures as forecasts for those periods. However, the liquidity premium that is still in evidence at the short end of the curve means that the rates actually being achieved by local authority investors are still modestly in positive territory. While there are differences between counterparty offer rates, our analysis would suggest that an average rate of around 10 bps is achievable for 3 months, 10bps for 6 months and 20 bps for 12 months.
- During 2021, Link will be continuing to look at market developments in this area and will monitor these with a view to communicating with clients when full financial market agreement is reached on how to replace LIBOR. This is likely to be an iteration of the overnight SONIA rate and the use of compounded rates and Overnight Index Swap (OIS) rates for forecasting purposes.
- We will maintain continuity by providing clients with LIBID investment benchmark rates on the current basis.

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it subsequently left Bank Rate unchanged at its subsequent meetings, including its last meeting on 4th February 2021, although some forecasters had suggested that a cut into negative territory could happen. However, at that last meeting, we were informed that financial institutions were not prepared for implementing negative rates. The Monetary Policy Committee (MPC), therefore, requested that the Prudential Regulation Authority require financial institutions to prepare for such implementation if, at any time in the future, the MPC may wish to use that as a new monetary policy tool. The MPC made it clear that this did not in any way imply that they were about to use this tool in the near future. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as it is unlikely that inflation will rise sustainably above 2% during this period so as to warrant increasing Bank Rate.

Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc.

The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin was that bond prices

were elevated as investors would have been expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up in March 2020, we have subsequently seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as government bond yields of major countries around the world are expected to rise little during this time in an environment where central bank rates are also expected to remain low for some years; this is the result of a change of inflation targeting policy of central banks to one based on average inflation over a number of years, (see appendix 5.3 for further explanation). From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November 2020 when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to six years were negative during most of the first half of 2020/21; they jumped up after the Monetary Policy Report of 4th February 2021. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The new margins over gilt yields are as follows: -
 - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
 - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
 - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are near to historic lows. The Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Although short-term interest rates are cheapest, longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is now probably more to the upside but is subject to major uncertainty due to the virus - both domestically and its potential effects worldwide.
- There is relatively little domestic risk of increases or decreases in Bank Rate in the near-term, nor significant changes in shorter-term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates anytime soon but increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates).

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, resulting in further national lockdowns or severe regional restrictions.
- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand and the pace of recovery of the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows due to complications with customs paperwork or lack of co-operation in sorting out significant issues. A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.

- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Italy, Spain, Austria, Sweden, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Section 4: Treasury Management Practice 1 (TMP1) – Credit and Counter Party Risk Management

- 4.1 The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.
- 4.2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy

- 4.3 The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.
- 4.4 The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments

- 4.5 MHCLG Investment Guidance states that an investment is a specified investment if all of the following apply:
- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
 - The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a nonconditional option.
 - The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended].

- The investment is made with a body or in an investment scheme described as high quality or with one of the following bodies:
The United Kingdom Government;
 - ii. A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council.
- 4.6 This Council defines high credit quality as counterparties having a minimum credit rating of:
- Short term: F1/A-1/P-1 (which equates to the long term ratings of A/A/A2)
 - Building Societies regulated by the Prudential Regulation Authority and has a minimum of a £1billion asset base
 - MMFs rated AAA
- 4.7 The Council will operate to the following limits in relation to specified investments, where:
- Short Term – less than or equal to 12 months
 - Medium Term – More than 12 months and up to and including 3 years
 - Long Term – over 3 years and up to 5 years

Table 11: COUNTERPARTY LIST			Credit Rating & Duration			
			Fitch	Standard & Poor	Moody's	
The Council's own banker for day to day banking transactional purposes.	If the main bank maintains the following criteria	Short-Term	F1	A-1	P-1	• £20M with the bank or counterparties within their group
The Council's own banker for day to day banking transactional purposes.	If the main bank falls below the following criteria, in this case balances will be minimised in both monetary size and time invested.	Short-Term	F1	A-1	P-1	• £7m
UK Banks	Covers UK Retail & Clearing Banks	Short-Term	F1	A-1	P-1	• £10m with any individual counterparty
		Medium-Term	A+	A+	A1	• £10m with any individual counterparty
		Long-Term	AA-	AA-	Aa3	• £10m with any individual counterparty
Non-UK domiciled Banks	Non-UK Banks must be domiciled in a country which has a minimum sovereign Long-Term rating of 'AA-'	Short-Term	F1	A-1	P-1	• £5m with any individual counterparty
						•

Table 11: COUNTERPARTY LIST			Credit Rating & Duration			
			Fitch	Standard & Poor	Moody's	
		Medium - Term	A+	A+	A1	• £10m
		Long-Term	AA-	AA-	Aa3	• £10m
Building societies	The Council will use all societies which meet the following criteria	Regulated by the Prudential Regulation Authority and has a minimum of a £1billion asset base				<ul style="list-style-type: none"> • £10m with any individual counterparty • Up to and incl. 3 years.
Money Market Funds (MMFs)	Constant Net Asset Value (CNAV)	Short-Term	AAA	AAA	Aaa	• £10m with any individual counterparty
Money Market Funds (MMFs)	Low-Volatility Net Asset Value (LVNAV)	Short-Term	AAA	AAA	Aaa	• £10m with any individual counterparty
Money Market Funds (MMFs)	Variable Net Asset value (VNAV)	Short-Term	AAA	AAA	Aaa	• £10m with any individual counterparty
UK Government (including gilts, Treasury Bills and the DMADF)	No credit rating - UK Government guarantee	N/A	N/A	N/A		<ul style="list-style-type: none"> • Unlimited • To maturity
Local authorities, parish councils etc.	No credit rating - UK government guarantee	N/A	N/A	N/A		<ul style="list-style-type: none"> • £10m with any individual counterparty • Up to and incl. 5 years
Supranational institutions (e.g. European Investment Bank or World Bank)	The Council will use supranational institutions which meet the following criteria:	Short-Term	F1	A-1	P-1	• £10m with any individual counterparty

Non-specified investments

These are any other type of investment (i.e. not defined as specified above) over 365 days or those outside the criteria in Table 11 above where additional due diligence would be required.

Monitoring of Investment Counterparties

4.8 The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from LINK as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

Section 5 Approved Countries for Investment

5.1 This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

This list may change during the year

Section 6: Treasury Management Scheme of Delegation

(i) Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Overview & Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Section 7: Treasury Management Role of the Section 151 Officer

The Section 151 Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following : -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

- *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*



SIGNED OFF BY:	Interim Head of Finance
AUTHOR:	Martin Trenaman
TELEPHONE:	01737 276561
E-MAIL:	Martin.Trenaman@Reigate-Banstead.Gov.Uk
TO:	Executive
DATE:	Thursday 25 March 2021
EXECUTIVE MEMBER:	Deputy Leader and Portfolio Holder for Finance and Governance

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	ALL

SUBJECT:	DEBT WRITE OFF & RECOVERY 2020/21
RECOMMENDATIONS:	
Executive is recommended to approve:	
(i) That twenty two irrecoverable debts totalling £170,288.71 (Annex 1) be written out of the Council's accounts.	
REASONS FOR RECOMMENDATIONS:	
Eleven of these debts relate to National Non Domestic Rates (NNDR or Business Rates), five debts relate to Council Tax and six relate to debts for Benefit overpayments. All possible action has been taken to recover these amounts. This report is seeking approval to write them out of the Council's accounts.	
EXECUTIVE SUMMARY:	
This report explains the action and the reasons for recommending that twenty two debts proposed for write-off totalling £170,288.71. It also provides an overview of debt recovery performance for 2020/21.	
The Executive has authority to approve the above recommendation.	

STATUTORY POWERS

Agenda Item 8

1. The Council has the powers under various Acts of Parliament and Statutory Regulations to charge for the services it provides and for collection of taxation monies e.g. the *Local Government Finance Act 1992*.
2. The powers to waive the collection of properly determined and levied debts are set out within the Financial Procedures Rules in the Council's Constitution. Under the Constitution all debts valued over £5,000 require approval of the Executive.
3. The debt write off is requested in order for the Council to show the true position in its accounts. All possible action has been taken to recover these amounts and this report is seeking approval to technically write them out of the accounts.
4. In addition, irrecoverable bad debts have been approved under delegated authority by the Chief Finance Officer in consultation with the Leader:
 - 488 debts valued under £1,000 totalling £136,284.83
 - 148 debts valued between £1,000 and £5,000 totalling £306,176.96

OPTIONS

5. The Executive may choose to not approve these write offs which is not recommended.

LEGAL IMPLICATIONS

6. There are no additional legal implications associated with this report.

FINANCIAL IMPLICATIONS

7. The total value of the debts is less than 1% of the Council's gross budget and is the equivalent of 8% of the provision that has previously been set aside for bad debts in the Council's accounts as at 31 March 2020.
8. A schedule of performance information relating to the Debt Management function is set out at Annex 2. The schedule confirms that the Council continues to perform well and is in the top quartile nationally for write-off levels.

COMMUNICATIONS IMPLICATIONS

9. There are no additional communications implications associated with this report.

EQUALITIES IMPLICATIONS

10. All recovery processes are carried out in the same way for all persons and companies that owe money to the Council, ensuring a consistent and fair approach.

RISK MANAGEMENT CONSIDERATIONS

11. There are no additional risk management implications.

CONSULTATION

12. The Portfolio Holder for Finance has been consulted on the write offs proposed in this report.

POLICY FRAMEWORK

13. Debt recovery is operated within the framework set out in the Financial Procedure Rules within the Constitution.

Background papers: None

Annex 1 Debts Recommended for Write-Off

Annex 2 Debt Recovery Performance

Business Rates Write Offs					
	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2414350 Roadrunners (Gb) Limited In Liquidation Road Runners, 1-3 5 & 7 The Arcade, 16-18, Station Road, Redhill, Surrey, RH1 1PA	10/08/2016 - 25/06/2019	12,655.22		The company went into liquidation on 26.6.19 and recovery of the debt can no longer continue	12,655.22
2422384 Swandown Limited (In Liquidation) (Deleted)24, Station Approach, Tadworth, Surrey, KT20 5AD	05/06/2017 - 22/05/2018	9,479.34		The company went into liquidation on 23.10.19 and recovery of the debt can no longer continue	9,479.34
2206087 M Realisations 2020 Limited In Administration 52, High Street, Reigate, Surrey, RH2 9AT	20/11/2001 - 01/04/2020	15,343.75	6,390.75	The company entered into a Company Voluntary Arrangement on 3.7.2019.	8,953.00
2430282 So Me Beauty & Wellness Limited (In Liquidation) So Me Beauty & Wellness Ltd In Sainsburys, 32, London Road, Redhill, Surrey, RH1 1NN	18/10/2017 - 21/11/2018	7,845.93		The company went into liquidation on 17.04.2019 and the debt can no longer be recovered	7,845.93

Business Rates Write Offs					
	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2424939 Reach Fit-Out Solutions Limited (Dissolved) Unit 10, Redhill 23 Business Park, 29, Holmethorpe Avenue, Redhill, Surrey, RH1 2GD	07/08/2017 - 30/09/2018	7,867.10	666.00	The company was dissolved on 8.1.2019.	7,201.10
2437496 Med-Plaice Banstead Limited (Dissolved) 44, High Street, Banstead, Surrey, SM7 2LX	01/08/2018 - 20/01/2019	6,768.33	0.00	The company was dissolved on 9.7.2019.	6,768.33
242922X Heliculture Development Concepts (8) Ltd (In Liquidation) 2nd Floor, Reigate Place, 43, London Road, Reigate, Surrey, RH2 9PW	17/04/2018 - 18/06/2018	5,658.69	0.00	The company went into liquidation on 17.04.2019 and the debt can no longer be recovered.	5,658.69
2424071 Heliculture Development Concepts (8) Ltd (In Liquidation) 2nd Floor, Reigate Place, 43, London Road, Reigate, Surrey, RH2 9PW	20/11/2017 - 22/01/2018	5,585.27	0.00	The company went into liquidation on 17.04.2019 and the debt can no longer be recovered.	5,585.27

Business Rates Write Offs					
	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2448962 The Lavender Beauty Salon Ltd In Liquidation 2, Pool House, Bancroft Road, Reigate, Surrey, RH2 7RP	04/09/2018 -	5,554.80	0.00	The company went into liquidation on 15.7.2020 and the debt can no longer be recovered.	5,554.80
2397735 Oasis Homecare Limited (Dissolved) (Deleted)2, Holmesdale House, 46, Croydon Road, Reigate, Surrey, RH2 0NH	01/11/2014 - 30/04/2017	6,426.67	911.82	The company was dissolved on 22.5.2018 and the debt can no longer be recovered.	5,514.85
2430738 Mulberrys Convenience Limited (Dissolved) 151, High Street, Banstead, Surrey, SM7 2NT	25/03/2018 - 31/03/2019	5,362.70	0.00	The company was dissolved on 13.8.2019.	5,362.70
				Total Business Rate Write Offs	£80,579.23

Council Tax Write Offs					
	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
44428569 Mrs S	15/06/2006 - 22/08/2010	£8,186.49	£0.00	No assets, debt now over ten years old	8,186.49
44989014 Mrs S	30/04/2011 - 31/03/2021	£10,934.22	£2,871.06	Bankruptcy	8,063.16
44439374 Mrs T	06/01/2007 - 19/09/2013	£8,215.46	£599.70	Unable to Trace, Debt now over 7 years old	7,615.76
43081274 Mr C	08/07/2002 - 31/03/2018	£10,090.67	£3,448.33	Bankruptcy	6,642.34
4491128X Mrs H	01/04/2011 - 21/11/2013	£5,137.21	£0.00	Absconded / No Trace, Bailiffs unable to trace	5,137.21
				Total Council Tax Write Offs	£35,644.96

Benefit Overpayment Write offs					
	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
505009 Mrs RB	09/06/03 to 06/02/11	£16,062.86	£0.00	Deceased 09/01/2019. No known assets and no will.	£16,062.86
527853 Mr GM	02/10/20 to 11/01/10	£7,957.65	£0.00	Deceased 24/08/2018. No known assets and no will	£7,957.65
504318 Mrs DP	01/04/13 to 15/11/15	£5,202.82	£0.00	Deceased 15.11.17. No known assets and no will	£5,202.82
00367316 Mrs RM	10/01/2011-12/11/2017	£9,297.72	£725.17	Claimant has entered into a debt relief order and we cannot continue to recover the overpayment.	£8,572.55
519802 Mr LR	1/10/16-11/8/19	£5,674.98	£0.00	Claimant is now subject to a Debt Relief Order and therefore we cannot continue to recover the overpayment.	£5,674.98
503894 Mr DS	18/04/2011-01/06/2014	£10,925.66	£332.00	Claimant has passed away, NOK has sent in bank statements showing there is no money in the estate.	£10,593.66
				Total Benefit Overpayments	£54,064.52

Table 1: Debt Write-Off, 1 April 2020 to 16 March 2021

Performance 2019/20 %	Category	Debt Raised £	Write-Off Target 2020/21 [Less than] %	Performance 2020/21 %
0.006%	Council Tax	118.9m	1%	0.13%
0.10%	Business Rates	34.8m	1%	0.0002%
1.38%	Benefit Overpayments	0.9m	2%	2.38%
0.04%	Sundry Debts	8.1m	1%	0.00%

Table 2: Debt Collection Performance, 1 April 2020 to 16 March 2021

Performance 2019/20 %	Category	Collection Target 2020/21 %	Performance 2020/21 %
98.65%	Council Tax	99.0%	97.77% ¹
99.99%	Business Rates	99.8%	99.9% ¹
106.0%	Benefit Overpayments	55.0%	113.22%
94.2%	Sundry Debts	97.0%	83.5% ¹

¹ Performance is on track to meet the annual collection target.

This page is intentionally left blank

Agenda Item 9



SIGNED OFF BY	Interim Head of Finance Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader David Brown, Finance Manager
TELEPHONE	Tel: 01737 276519 Tel: 01737 27680
EMAIL	Luke.Harvey@reigate-banstead.gov.uk David.Brown@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee Executive
DATE	Overview and Scrutiny Committee: Thursday, 18 March 2021 Executive: Thursday, 25 March 2021
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance and Governance Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Q3 2020/21 Performance Report
----------------	-------------------------------

RECOMMENDATIONS
<p>That the Overview and Scrutiny Committee:</p> <p>(i) Note the Key Performance Indicator performance for Q3 2020/21 as detailed in the report and annex 1 and make any observations to the Executive;</p>

Agenda Item 9

- (ii) **Note the Key Performance Indicators to be reported on for 2021/22 as detailed in annex 1.1 and make any observations to the Executive;**
- (iii) **Note the Revenue budget performance for Q3 2020/21 as detailed in the report and at annex 2 and make any observations to the Executive;**
- (iv) **Note the Capital Programme performance for Q3 2020/21 as detailed in the report and at annex 3 and make any observations to the Executive.**

That the Executive:

- (v) **Note the Key Performance Indicator performance for Q3 2020/21 as detailed in the report and annex 1;**
- (vi) **Approve the Key Performance Indicators to be reported on for 2021/22 as detailed in annex 1.1;**
- (vii) **Note the Revenue budget performance for Q3 2020/21 as detailed in the report and at annex 2;**
- (viii) **Note the Capital Programme performance for Q3 2020/21 as detailed in the report and at annex 3.**

REASONS FOR RECOMMENDATIONS

For the Council's performance to be reviewed and for appropriate KPI reporting and budget monitoring arrangements to be in place for 2021/22.

EXECUTIVE SUMMARY

This report provides an overview of the Council's performance for Q3 2020/21, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring.

The report also details the KPIs to be reported on for 2021/22, at annex 1.1.

Of the ten KPIs reported on in Q3, nine are on target or within the agreed tolerance. One KPI is off target and outside of tolerance (therefore red rated). Additional detail is provided in the report as well at annex 1.

The Revenue Budget full year outturn forecast variance at the end of Q3 for Service budgets is £0.51m (3.4%) lower than the management budget. Central budgets are reporting £2.68m (27.6%) lower than budget, resulting in an overall forecast of £3.20m (12.9%) lower than budget.

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on Service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates. The potential financial implications are set out in Annex 2 (Section 3) to this report. The situation continues to be monitored closely and, while the impacts are currently forecast to be contained within the additional funding provided to date by Government, use of budget contingencies and Reserves may be necessary to offset any residual costs or income losses.

The full year Capital Programme forecast at the end of Q3 is £50.67m (41%) below the

approved Programme for the year. The variance is as a result of £50.14m slippage and a £0.53m net underspend.

The Overview and Scrutiny Committee considered this report on 18 March 2021. The agenda pack for this Executive meeting was published before the Overview and Scrutiny Committee met, meaning that any observations/recommendations from the Committee will be tabled at the meeting of the Executive.

The Overview and Scrutiny Committee and Executive have the authority to approve the above recommendations

STATUTORY POWERS

1. Following the abolition of Best Value Performance Indicators (BVPI) in 2008 and the National Indicator Set (NIS) in 2010, there is no statutorily imposed framework for local authorities to manage performance.
2. The Local Government Act 1972 requires the Council to set the associated annual budget as part of proper financial management. This monitoring report is part of that process.
3. The Local Government Act 1992 requires councils to set a balanced budget and announce the Council Tax level by 11 March each year.
4. The Chief Finance Officer has a key role to play in fulfilling the requirements of the statutory duty under the Local Government Act 2003 to keep the authority's finances under review during the year and take action if there is evidence that financial pressures will result in a budget overspend or if there is a shortfall in income.

BACKGROUND

1. Each quarter the Overview and Scrutiny Committee and Executive received an update on the Council's performance. The report provides an overview of KPI as well as budgetary performance.
2. In Q3 reporting each financial year the Council sets its KPIs for the following financial year.
3. KPIs are service level performance measures and are set in order to demonstrate performance against key corporate objectives.
4. Quarterly budget monitoring is a key financial control mechanism that demonstrates that the Council is fulfilling its responsibilities for managing public funds.

KEY INFORMATION

Key Performance Indicators – Q3 2020/21

1. Ten performance indicators are reported on in Q3 2020/21, the full detail of which is provided in annex 1.
2. Of the ten indicators, nine are on target or within the agreed tolerance.
3. One indicator is red rated:

Agenda Item 9

- KPI 7 – Net affordable housing completions
4. Despite a sharp increase in completions compared to the end of Q2, affordable housing completions are off target and outside of tolerance. Against a target of 75, there were 48 completions by the end of Q3. The low number of completions due to COVID-19 in the first half of the year continue to weigh on performance. Additional contextual information is provided in annex 1.
 5. However, it is important to note that the borough’s affordable housing target is for 1,500 affordable units to be built between 2012 and 2027. Since 2012, 875 affordable units have been completed which is two units off where performance would expect to be by this point in the year. Therefore, overall, and allowing for the inevitable fluctuations in development activity and economic circumstances, performance is on track.

KPIs 2021/22

6. Annex 1.1 sets out the KPIs to be reported on for financial year 2021/22.
7. The indicators are based on those reported on in 2020/21 which were compiled following a cross party members working group. However, they have been reviewed taking into account feedback and in consultation with Heads of Service and Portfolio Holders. Two annually reported indicators are proposed for removal to avoid duplication with other reporting mechanisms which provide a more detailed and informative indication of performance.
 - For KPI 11 (Refuse and Recycling revenue) this information is now reported through the quarterly budget monitoring report (which is now more detailed than when the KPI was devised).
 - KPI 12 (investment income) has been superseded as the Commercial Ventures Executive Sub-Committee (CVESC) now receive performance information in this area.
8. Performance baselines, targets and tolerances will be set as part of Q4 performance reporting alongside the relevant Head of Service.

Revenue Budget Monitoring

9. The 2020/21 Original Revenue Budget approved by Council in February 2020 is £24.46m.
10. At the end of Q3 the projected full year outturn is £21.53m against a management budget of £24.73m, including £1.44m one-off funding from the Corporate Plan Delivery Fund (CPDF) Reserve and Feasibility Studies (Commercial Ventures) Reserve, resulting in an overall net underspend of £3.200m (12.9%).

Table 1: REVENUE BUDGET MONITORING QUARTER 2 2020/21	Original Budget £m	In-Year Adjustments £m	Management Budget £m	Year-End Outturn £m	Year End Variance £m
Service Budgets	14.90	0.13	15.03	14.51	(0.52)
Central Budgets	9.56	0.14	9.70	7.02	(2.68)
Total	24.46	0.27	24.73	21.53	(3.200)

Service Budgets

Agenda Item 9

11. The 2020/21 Original Budget for Services approved by Council in February 2020 is £14.90m. At the end of Q3 the projected full year outturn is £14.51m against a management budget of £15.03m resulting in an underspend of £0.52m (3.4%).
12. The key variances leading to the £0.52m underspend are:
 - £0.54m overspend in Finance, which is mostly attributable to the costs of interim staff covering vacant posts and additional support for the closure of accounts and advising on development projects. Permanent staff recruitment has now been completed with all staff in post by October. The Head of Finance post is still covered on an interim basis. Other overspends within Finance relate to £0.06m increased cost of financial software and £0.02m transactional related charges from the Council's banking provider. These pressures have been addressed during 2021/22 Service and Financial Planning.
 - £0.37m combined overspend in Benefits Team and Benefits Paid/Subsidy Received. The Head of Service currently expects around £0.22m of pressures to arise directly as a result of COVID-19 [reported separately within section 3 at Annex 2]. A £0.10m reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council is not fully reimbursed by the Government. The subsidy rate on all Housing Benefit expenditure is expected to be 99.3% of net expenditure, lower than the usual rate of 99.6% that was received in the years leading up to 2019/20. £0.16m of Printing and Software related cost pressures in the Revenues, Benefits & Fraud service are expected to continue from 2019/20. This budget has been reviewed as part of the 2021/22 Service and Financial Planning process. Services carried out for other local authorities and some private entities by the Revenues, Benefits & Fraud service are expected to make a net loss in 2020/21 as the service continues to build its contract base. This loss is currently forecast at £0.17m of which £0.08m is directly related to COVID-19 [reported separately within section 3 at Annex 2] and £0.09m relates to the underlying trading position. Losses are expected to reduce as more work is brought on stream and additional contracts are confirmed.
 - £0.22m overspend in Refuse and Recycling due to expected overspend of £0.12m on temporary staff and £0.05m on overtime. COVID-19 has resulted in £0.05m of additional expenditure and £0.07m of reduced income in this service area [reported separately within section 3 at Annex 2].
 - £0.06m underspend in Street Cleansing, due to lower fuel costs and vacancies unfilled because of lower activity levels.
 - £0.06m underspend in Greenspaces due to several vacant operative posts because of lower current activity levels. COVID-19 is likely to result in around £0.09m of lost income [reported separately within section 3 at Annex 2].
 - £0.07m underspend in Organisation Development & Human Resources due to vacancies earlier in the year.

Agenda Item 9

- £0.09m underspend in Democratic Services due to a vacancy for part of the year and lower requirements for Mayoral events and Member training.
- £0.16m underspend in ICT due to lower software costs, hardware maintenance costs and staff vacancies.
- £0.18m underspend in Legal Services due to vacancies. These posts have now been recruited.
- £0.21m underspend in Building Control relating to a partnership provision that will not be used in 20/21.
- £0.21m underspend in the Chief Executive's Office due to lower staffing expenditure.
- £0.31m underspend in Property & Facilities. A significant proportion of this underspend relates to extra rents recovered from properties that had been forecast to be vacant.

13. Further details are provided at Sections 1 and 2 of Annex 2.

Central Budgets

14. The 2020/21 Original Budget for Central budgets approved by Council in February 2020 is £9.56m. At the end of Q3 the projected full year outturn is £7.02m against a management budget of £9.70m resulting in an underspend of £2.68m (27.7%).
15. This underspend is mainly as a result of
- £1.54m forecast underspend in Treasury Management: this is due to the net effect of increased income from loans and investments, including interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley).
 - £1.19m forecast underspend in Budget Contingencies and the New Posts budget.
16. Any shortfall in Government funding support for COVID-19 expenditure or income losses [reported separately within section 3 at Annex 2] or other significant unbudgeted costs will result in a call on budget contingencies in 2020/21.
17. Further details are provided at Sections 1 and 2 of Annex 2.

COVID-19 Pandemic – Forecast Budget Impacts at January 2021

18. The Revenue Budget for 2020/21 that was approved by Council in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.
19. This report reflects the most up to date forecasts for the financial impacts of the COVID-19 pandemic, the details of which are set out within section 3 at Annex 2.

20. The underlying analyses are evolving on a weekly basis therefore the position at the time of preparing this report is very different to that which would have been reported at 30 December. Under the circumstances it is more appropriate to report current (at January 2021) forecasts.
21. Overall the pandemic represents a material financial risk to the Council's budget and financial position. The information presented in this report represents the forecast at January 2021 and is likely to change as more information becomes available. The financial impacts of a deficit on the Collection Fund (further details below) will add to these pressures.
22. The current estimate of the net financial impact in 2020/21 is potentially cost-neutral after taking account of COVID-19 grant funding.

Table 2: FORECAST COVID-19 FINANCIAL IMPACTS 2020/21 at 31.1.21	Full Year Forecast at 31.1.21 £M
Forecast Additional Expenditure	1.958
Forecast Income Losses	4.332
Government Grants <ul style="list-style-type: none"> • Emergency Grant - £1.874m (excludes £638k for 21/22) • Other Grants and Contributions - £1.343m 	(3.217)
Government COVID-19 Income Reimbursement: <ul style="list-style-type: none"> • April – July claim • August – November claim • December to March claim (est.) 	(1.086) (1.044) (1.000)
Net Forecast Unfunded Estimated Cost/(Surplus Funding) of COVID-19 in 2020/21	(£0.057)

23. In principle this is welcome news meaning there will not be a requirement to call on the Headroom Contingency sum that is included in the 2020/21 budget or on earmarked Reserves. However the full financial impacts will not be confirmed until the year end budget outturn position is reported.
24. The main options for mitigating the financial impacts of COVID-19 have included:
 - Continue to lobby Central Government for additional funding in recognition of the impacts on district Councils and their ability to deliver services. The Council is actively working with other councils and networks on this.
 - Look to make offsetting savings and efficiencies where possible before calling on the unallocated balance of the Headroom Contingency Budget of £1.0m that is built into the 2020/21 Revenue Budget. This in turn would require a call on the General Fund Balance to release the resources to do so.
 - Make use of Earmarked Revenue Reserves to close the gap. This has implications for the projects and services and other potential risks that were intended to be funded from these resources.
 - Potentially apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. Local authorities are lobbying for greater flexibility from Government in this area. This may include using capitalisation flexibilities to cover costs from forecast

Agenda Item 9

future capital receipts and this may include making targeted asset sales to support this.

25. Other potential impacts on Council resources relate to the Collection Fund where income receipts from council tax and business rates are impacted by a range of factors, as explained at Section 3 of Annex 2. Over the short-term, during 2020/21, a range of measures have been implemented by the Government to help mitigate the impacts on the precepting authorities. However there will be ongoing adverse impacts on income levels in 2021/22 onwards.
26. Further updates on forecast impacts on costs and income and how they might be funded will continue to be included in the quarterly budget monitoring reports and were covered in the final 2021/22 budget report to Executive in January.
27. Further details are provided at Section 3 of Annex 2.

Capital Programme Monitoring

28. At Q3, the Capital Programme budget is £125.04m (including £29.49m of approved carry-forward capital allocations from 2019/20).
29. The forecast full year expenditure is £74.37m which is £50.67m (41%) below the approved Programme for the year. The variance is as a result of a £0.53m net underspend and £50.14m slippage.
30. The £0.053m net underspend is mainly as a result of:
 - £0.44m of Disabled Facilities Grant (DFG). COVID-19 has had an impact on the number of referrals for DFG works, with these stopping during the early part of lockdown. Works in properties were also suspended for several weeks, due to contractors halting their entire operations and vulnerable clients unwilling to allow works in their homes. Work is now underway again, but a lower than budget spend over the year is expected.
 - £0.08m underspend of Vibrant Towns & Villages funding due to COVID-19 reducing the opportunity to identify suitable projects
 - £0.04m underspend of the Handy Person scheme. COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.
31. The £46.76m forecast slippage is mainly due to:
 - £10.00m forecast slippage against the Housing Delivery capital allocation.
 - £5.66m forecast slippage against the planned spend on the Cromwell Road development. Spend profile has changed following contract signature and is slightly behind the original profiled schedule.
 - £4.34m forecast slippage against the planned spend on the Marketfield Way development. Slippage is due to the extended period it has taken to conclude the build contract and in securing all necessary consents.
 - £3.0m forecast slippage against the planned spend on Beech House, London Road. Negotiations with the tenant are ongoing, slightly delayed by the COVID-19 pandemic. Current assumption is a revised £2.1m cost of major works to be carried out in 2021/22 but this is subject to a review by external advisors. Property Services are reviewing options and will recommend the final sum to the Commercial Ventures Executive Sub-Committee once the review completed.

- £1.59m forecast slippage against planned spend at Pitwood Park, Tadworth. The spend profile has changed following contract signature and is slightly behind the original profiled schedule, but slippage is lower than expected in Q1.

32. Further details are provided at Annex 2 (Section 3).

Overview and Scrutiny Committee – 18 March 2021

33. The Overview and Scrutiny Committee considered this report on 18 March 2021.

34. The agenda pack for this Executive meeting was published before the Overview and Scrutiny Committee met, meaning that any observations/recommendations from the Committee will be tabled at the meeting of the Executive.

OPTIONS

The Overview and Scrutiny Committee has two options:

35. Option 1: Note Q3 2020/21 KPI performance, the KPIs for 2021/22 and the Revenue Budget and Capital Programme forecasts for 2020/21 and make no observations/comments to the Executive.

36. Option 2: Note Q3 2020/21 KPI performance, the KPIs for 2021/22 and the Revenue Budget and Capital Programme forecasts for 2020/21 and make any observations to the Executive.

The Executive has two options:

37. Option 1: Note the Q3 2020/21 KPI performance and approve the KPIs for 2021/22. Also to note the Revenue Budget and Capital Programme forecasts for 2021/22. This is the recommended option.

38. Option 2: Note the Q3 2020/21 KPI performance and the Revenue Budget and Capital Programme forecasts for 2020/21. And to not approve the KPIs for 2021/22. This is not the recommended option as it will delay the Council having KPIs in place for the new financial year.

LEGAL IMPLICATIONS

39. There are no legal implications resulting from this report.

FINANCIAL IMPLICATIONS

40. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

41. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

42. There are no communication implications arising from this report.

Agenda Item 9

RISK MANAGEMENT CONSIDERATIONS

43. There are no risk management implications arising from this report. The annual budget report and supporting strategies include full risk assessments of budget proposals.

OTHER IMPLICATIONS

44. There are no other implications arising from this report.

CONSULTATION

45. The performance report has been reviewed by the Council's Corporate Governance Group.
46. There are no other consultation implications arising from this report.

POLICY FRAMEWORK

47. Robust performance management is integral to measuring the extent to which policy objectives have been achieved.

BACKGROUND PAPERS

None.

Q3 2020/21 Key Performance Indicators

Summary

KPI	Status	Portfolio Holder
KPI 1 – Council Tax collection	AMBER	Cllr Schofield
KPI 2 – Business rates collection	GREEN	Cllr Schofield
KPI 3 – Staff turnover	GREEN	Cllr Lewanski
KPI 4 – Staff sickness	GREEN	Cllr Lewanski
KPI 5 – Homelessness positive outcomes	GREEN	Cllr Knight
KPI 6 – Housing completions	GREEN	Cllr Biggs
KPI 7 – Affordable housing completions	RED	Cllr Biggs
KPI 8 – Local Environmental Quality Surveys	GREEN	Cllr Bramhall
KPI 9 – Missed bins	GREEN	Cllr Bramhall
KPI 10 – Recycling	AMBER	Cllr Bramhall

KPI 1 – The % of Council Tax collected

	TARGET	ACTUAL	STATUS
Q1	29%	28.43%	AMBER
Q2	57%	56.11%	AMBER
Q3	85%	83.77%	AMBER
Q4	98.8%		

Description

This indicator measures the percentage of Council Tax collected by the Council. The performance reported is cumulative for the year to date. A tolerance of 1% is applied each quarter.

Narrative

Collection is down by £1.73m from target in Q3. This can be attributed to the over 2,000 accounts that have deferred their payments to February-March 2021 combined with an increase in those paying in 12-monthly instalments. Recovery action was placed on hold between April to December 2020 while the Courts were closed for Council Tax summonses due to Covid-19. Due to further delays in reopening of the Courts from the latest lockdown, recovery action has not been able to progress as normal.

Council Tax collection



KPI 2 – The % of Business Rates collected

	TARGET	ACTUAL	STATUS
Q1	31%	33.07%	GREEN
Q2	58%	60.64%	GREEN
Q3	85%	85.40%	GREEN
Q4	99.8%		

Description

This indicator measures the percentage of non-domestic rates (NNDR) collected by the Council. The performance reported is cumulative for the year to date.

Narrative

Q3 has seen a continuation of the good performance seen in the previous 2 quarters. The total amount collectable has been reduced by around £19m due to the COVID-19 Expanded Reliefs for the retail, hospitality and leisure industries and nurseries. This money will be repaid by central government.

Business Rates collection



KPI 3 – Staff turnover

	TARGET	ACTUAL	STATUS
Q1	12%	11%	GREEN
Q2	12%	9%	GREEN
Q3	12%	6%	GREEN
Q4	12%		

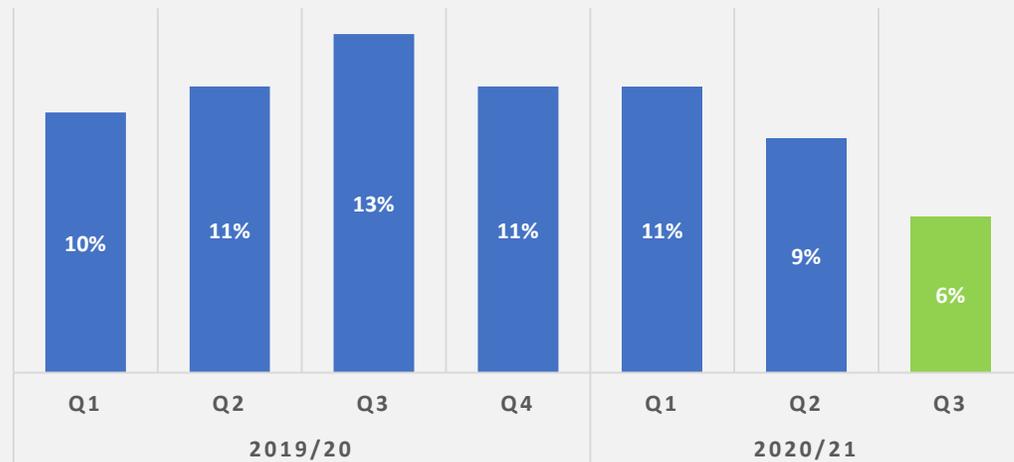
Description

This indicator tracks the percentage of staff that leave the organisation on a voluntary basis. The performance reported is for a cumulative rolling 12 month period.

Narrative

Staff turnover has continued to remain within target throughout Q3 with a reduction down to 6% when compared to 9% in Q2. This has seen a continuation of the downward trend that began in Q3 of FY19/20 and represents the lowest level of staff turnover in the last 2 financial years.

Staff turnover



KPI 4 – Staff sickness absence

	TARGET	ACTUAL	STATUS
Q1	4 days	4.27 days	AMBER
Q2	4 days	4 days	GREEN
Q3	4 days	3.36 Days	GREEN
Q4	4 days		

Description

This indicator tracks the average duration of short term sickness absence per employee. The performance reported is for a cumulative rolling 12 month period. The indicator measures all non Covid-19 short term sickness absence.

Narrative

Q3 has seen a continuation of the downward trend in staff sickness, with the average duration of short term sickness per employee reducing from 4 days down to 3.36 days.

Staff sickness absence



KPI 5 – The % of positive homelessness prevention and relief outcomes

	TARGET	ACTUAL	STATUS
Q1	55%	70%	GREEN
Q2	55%	80%	GREEN
Q3	55%	86%	GREEN
Q4	55%		

Description

This indicator measures the Council’s performance in preventing and relieving homelessness where a household has approached the Council for support and where the Council has a statutory obligation to provide it under the Homelessness Reduction Act. Prevention and relief are terms that are defined by the Act.

Additional information on homelessness and the responsibilities placed on local authorities is available on the [government’s website](#).

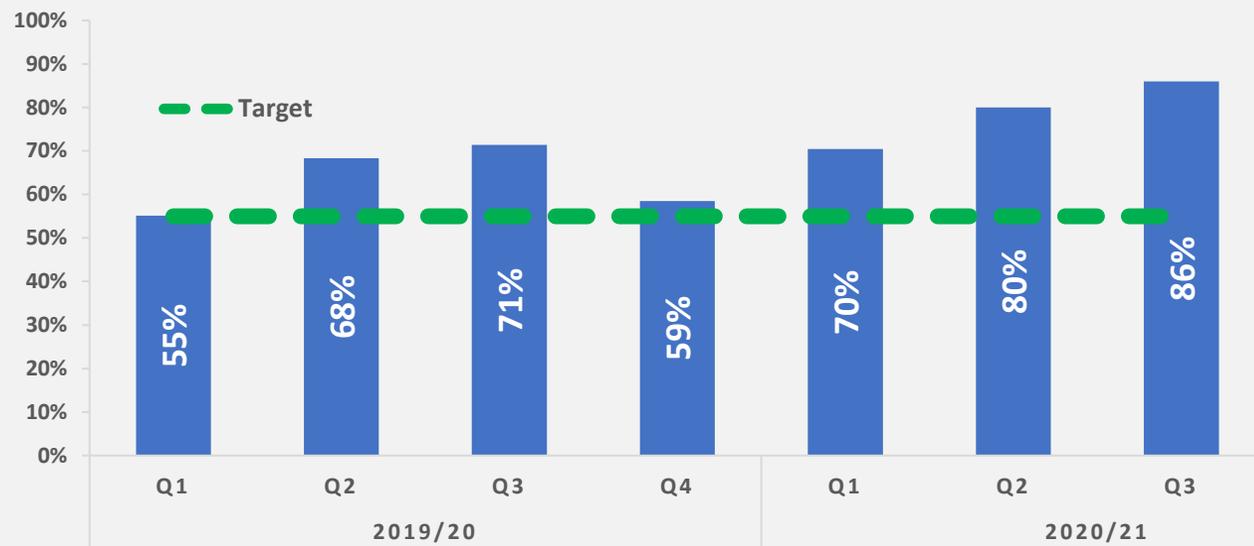
Narrative

Q3 has seen a further continuation of the Council’s high performance in homelessness prevention and relief. This is due to continued successful multi-agency working.

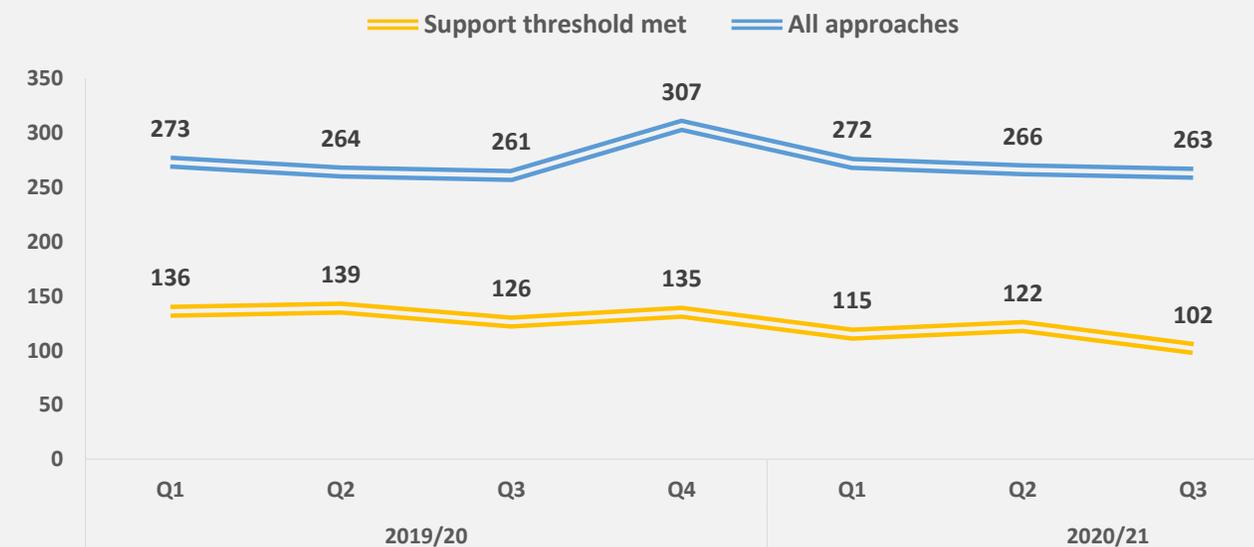
Homelessness approaches continue at a high level, although figures have seen a minor decline from Q2 and remain consistent with levels that were seen in 2019/20. With the courts closing again there has been a reduction in approaches from families. However, this has been matched by an increase in approaches from single persons; many of whom have complex needs. This has kept the approach figures at a steady level in line with those from the previous year.

Additional contextual performance information is provided overleaf.

Positive homelessness prevention and relief outcomes

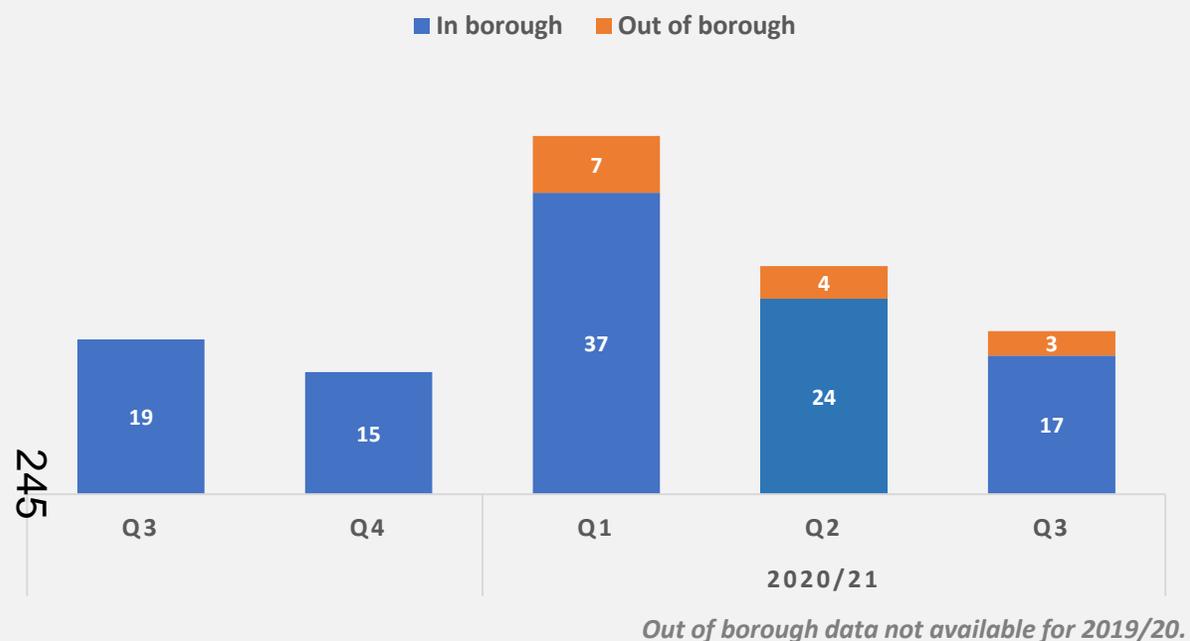


Homelessness Approaches



KPI 5 – The % of positive homelessness prevention and relief outcomes (continued)

Average number of households in temporary emergency accommodation (contextual)

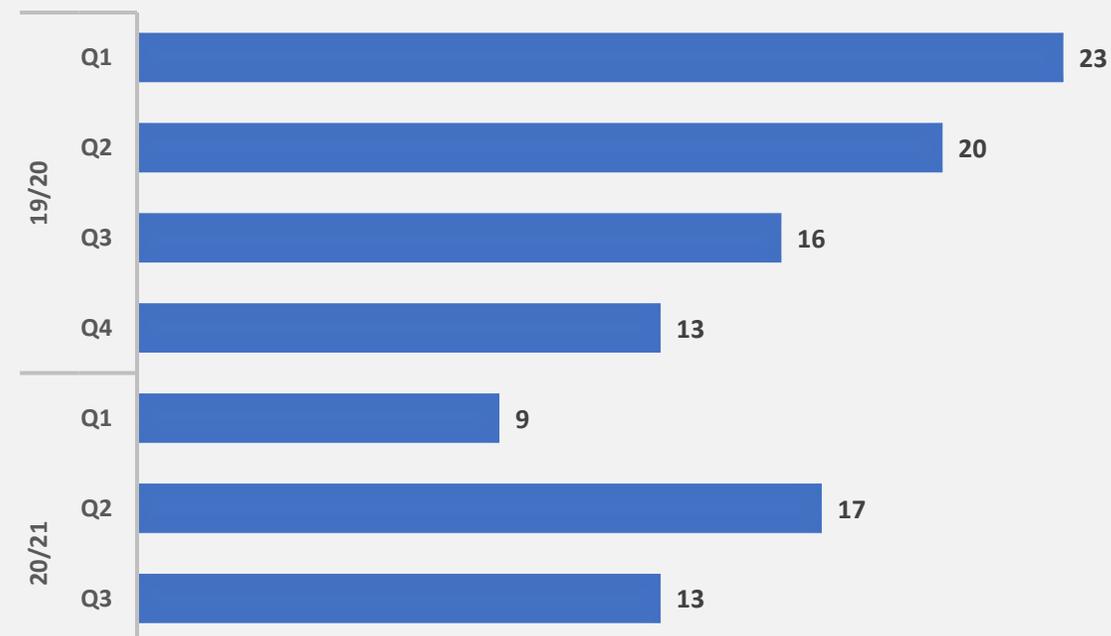


The **average number of households placed in temporary emergency** accommodation has started to return down to normal levels. Of the 20 households in temporary accommodation in Q3, 17 were under the usual homelessness duty, with the remaining 3 being provided accommodation due to the Covid-19 related duty to house rough sleepers.

Out of borough placements continue to be low.

In Q3 the **Council owned emergency accommodation** continued to be operated at a reduced capacity in order to ensure social distancing and the avoidance of facilities being shared.

Main Duty acceptances (contextual)



In Q3 there were 13 **main duty homelessness acceptances**.

The main housing duty is a duty to provide accommodation until more secure accommodation is found.

This has seen a minor decrease from 17 in Q2 but remains in line with the figures achieved in Q3 of FY19/20.

KPI 6 and KPI 7 - Housing completions

KPI 6 - Net housing completions

	TARGET	ACTUAL	STATUS
Q1	115	45	RED
Q2	230	277	GREEN
Q3	345	606	GREEN
Q4	460		

KPI 7 - Net affordable housing completions

	TARGET	ACTUAL	STATUS
Q1	25	0	RED
Q2	50	2	RED
Q3	75	48	RED
Q4	100		

Description

KPI 6 measures the number of net residential housing completions that have taken place in the borough, whilst KPI 7 details the number of net affordable housing completions. The targets mirror those set in the Council's Development Management Plan. Performance reported is cumulative for the year. Given the fluctuations in housing completions throughout the year, a tolerance of 60 applies each quarter for KPI 6, whilst a tolerance of 10 applies for KPI 7.

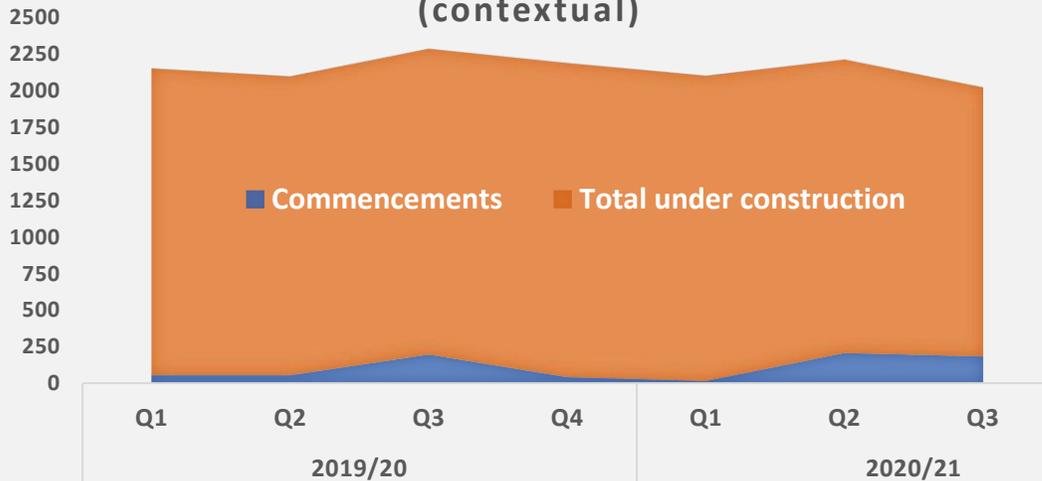
Narrative

In Q3 there has been a significant increase in the **completions for market rate dwellings (KPI 6)**.

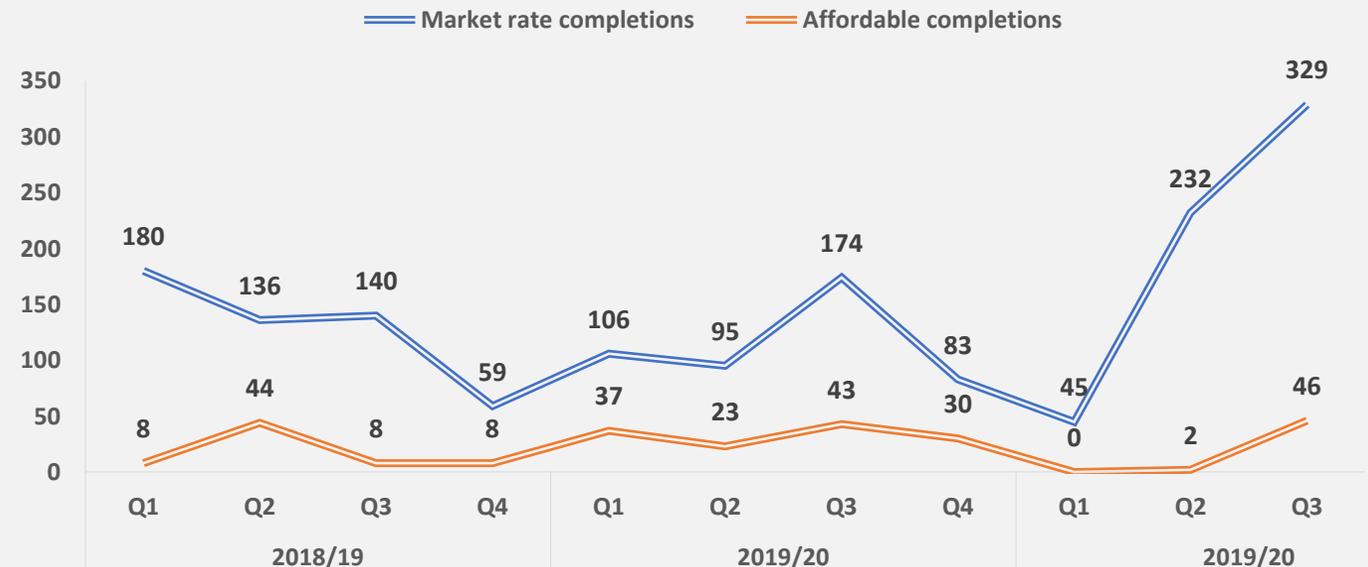
Affordable Housing Completions (KPI 7) are off target for the year so far, with 48 completions as of the end of Q3. The low number of completions in the first half of the year continues to weigh on performance. The target for affordable home delivery in the borough is for 1,500 affordable units to be built between 2012 and 2027 (i.e. 100 per year). Since 2012 873 affordable units have been completed which is 2 units off where performance would expect to be by this point in the year.

There were 183 commencements in Q3. Of these 21 were for affordable units. At the end of the Q3 there were 1837 units under construction; down slightly from Q2. Of these, a total of 265 are affordable units.

Number of dwellings under construction (contextual)



Housing completions by quarter



KPI 8 - Performance in Local Environmental Quality surveys

	TARGET	ACTUAL	STATUS
Q1	90% of sites grade B	Unable to report	Unable to report
Q2	90% of sites grade B	Unable to report	Unable to report
Q3	90% of sites grade B	97.5%	GREEN
Q4	90% of sites grade B		

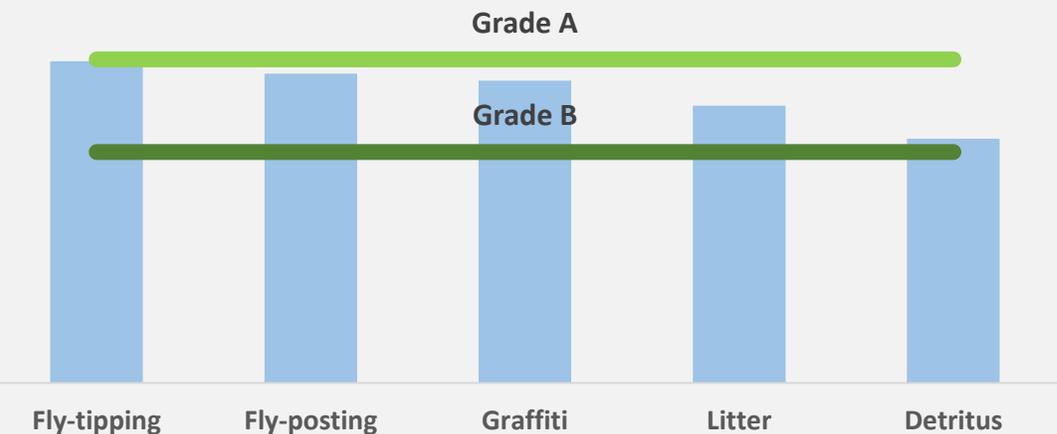
Description

Local Environmental Quality Surveys (LEQs) are a robust and well recognised methodology for measuring the cleanliness of places. The methodology is developed and maintained by [Keep Britain Tidy](#). A selection of sites in the borough – based on land use – are assessed in the following categories: litter, detritus, fly-tipping, fly-posting and graffiti. The average of the scores achieved in each category gives an overall score for each site.

Narrative

Of the 118 surveys carried out in December 2020, 115 scored at grade B and above. The chart below details performance for the individual categories. Detritus was the lowest scoring category in Q3, though on target. Detritus incorporates leaves falling from trees, however, which is common at this time of year.

LEQ average site scores by category



KPI 9 - Number of missed bins per 1,000 collected

	TARGET	ACTUAL	STATUS
Q1	10	1.33	GREEN
Q2	10	1.49	GREEN
Q3	10	1.82	GREEN
Q4	10		

Description

This indicator tracks how many refuse and recycling bins have been missed per 1,000 that are collected. Performance is measured and reported on quarterly.

Narrative

Despite the continuing challenges presented by the Covid-19 pandemic and the heightened levels of waste seen over 2020, the Council has maintained a reliable statutory waste collection service for residents.

KPI 10 – Recycling: The percentage of household waste that is recycled and composted

		TARGET	ACTUAL	STATUS
19/20	Q3	57%	54.2%	AMBER
	Q4	57%	51.4%	AMBER
	Q1	60%	49.9%	RED
20/21	Q2	60%	56.5%	AMBER

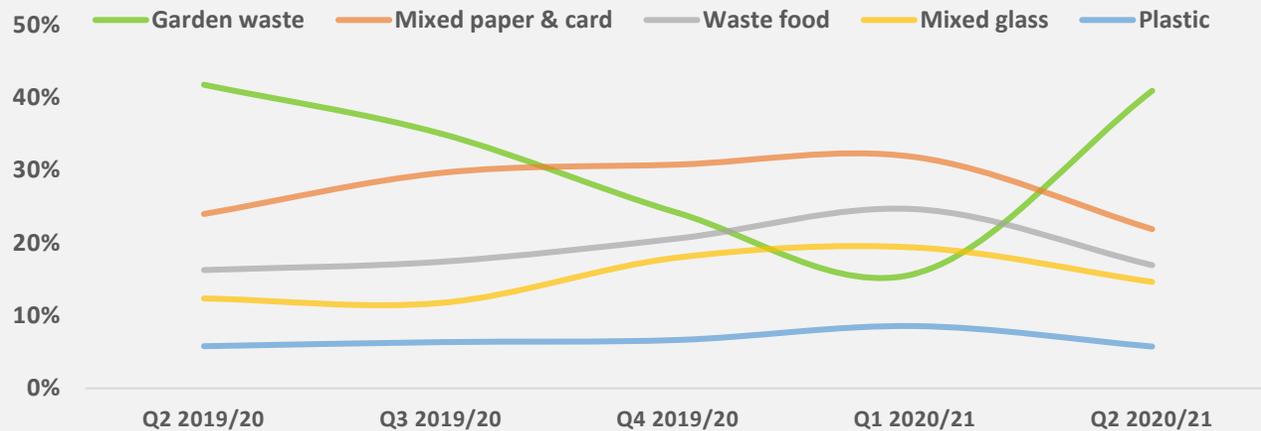
Description

This indicator measures the percentage of household waste collected by the Council at the kerbside that is recycled and composted. Performance is reported one quarter in arrears, with Q2 2020/21 performance reported in Q3 2020/21. The target for this indicator has incrementally increased in recent years in pursuance of the 60% recycling target set in Surrey's Joint Waste Management Strategy, to which the Council is a signatory.

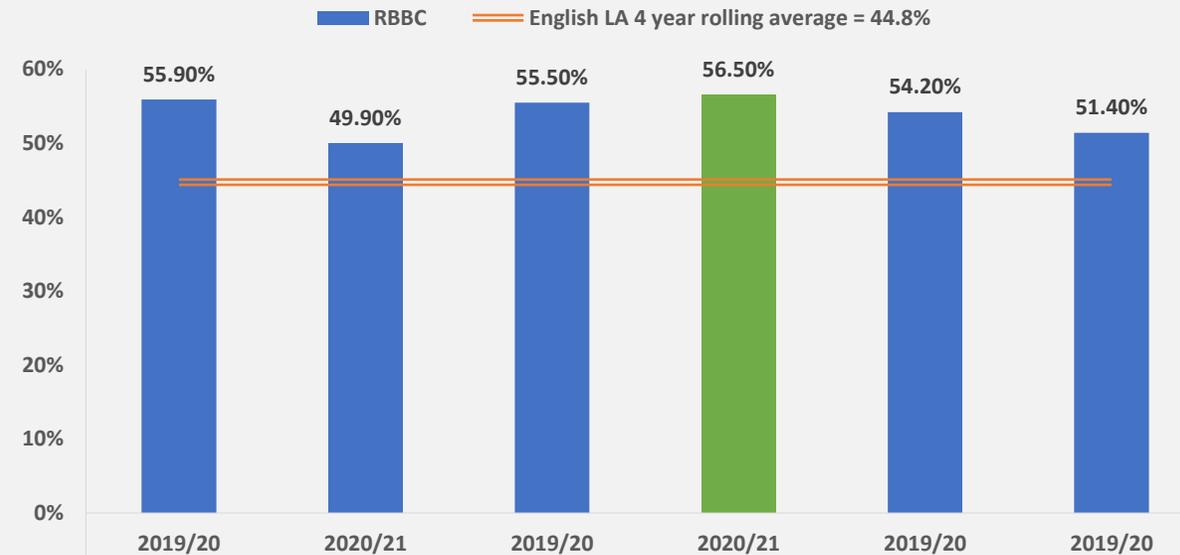
Narrative

Covid-19 continues to impact on tonnages and the composition of household waste. However, Q2 has seen a strong recycling performance, the highest Q2 result ever for this Council. This has helped recover some of the recycling losses from Q1. Preliminary tonnages from Q3 show that recycling rates remain relatively high. However, as the rollout of the full recycling service for flats remains suspended due to the impacts of Covid-19 it is likely that this KPI will remain Amber in the next two Quarters.

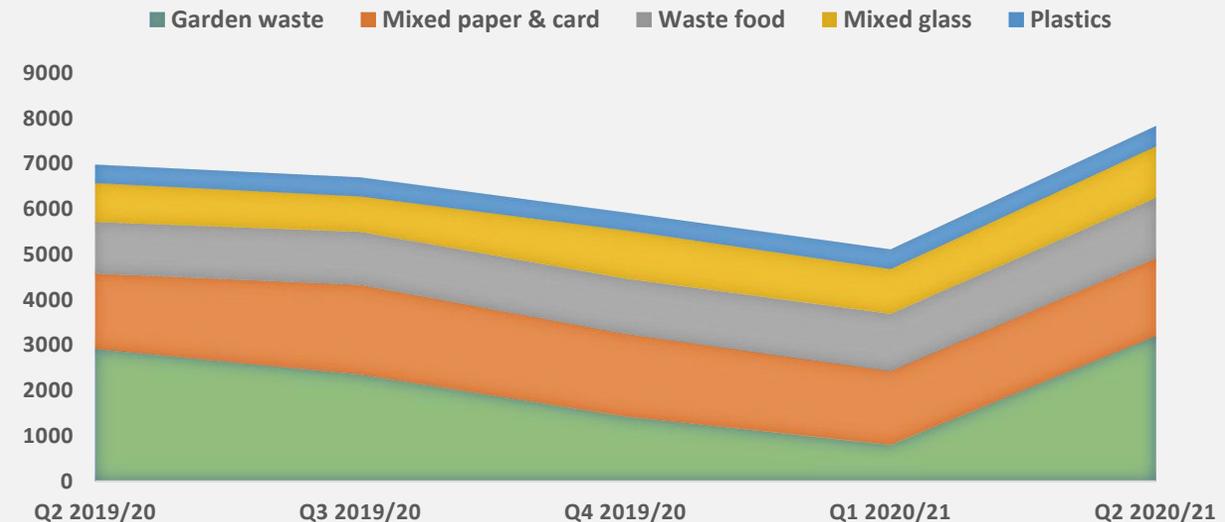
Material as a % of the total recycling collected (contextual)



The % of household waste that is recycled and composted



Top recycling streams collected by tonnage (contextual)



Annex 1.1 - KPIs 2021/22

Ref	KPI	Portfolio holder
KPI 1	The % of Council Tax collected	Cllr Schofield
KPI 2	The % of Business Rates collected	Cllr Schofield
KPI 3	Staff turnover	Cllr Lewanski
KPI 4	Staff sickness absence	Cllr Lewanski
KPI 5	The % of positive homelessness prevention and relief outcomes	Cllr Knight
KPI 6	Net housing completions	Cllr Biggs
KPI 7	Net affordable housing completions	Cllr Biggs
KPI 8	Cleansing - performance in Local Environmental Quality surveys	Cllr Bramhall
KPI 9	Number of missed bins per 1,000 collected	Cllr Bramhall
KPI 10	The % of household waste that is recycled and composted	Cllr Bramhall
KPI 11	Number of visits to the Council's leisure centres (Annual Q4)	Cllr Michalowski

Contextual measures (annually provided in Q4):

Contextual 1	Intervention service performance	Cllrs Michalowski and Ashford
Contextual 2	Fraud performance	Cllr Schofield
Contextual 3	Corporate complaints	Cllr Lewanski

This page is intentionally left blank

2020/21 Period 9: Revenue Budget Monitoring

Summary

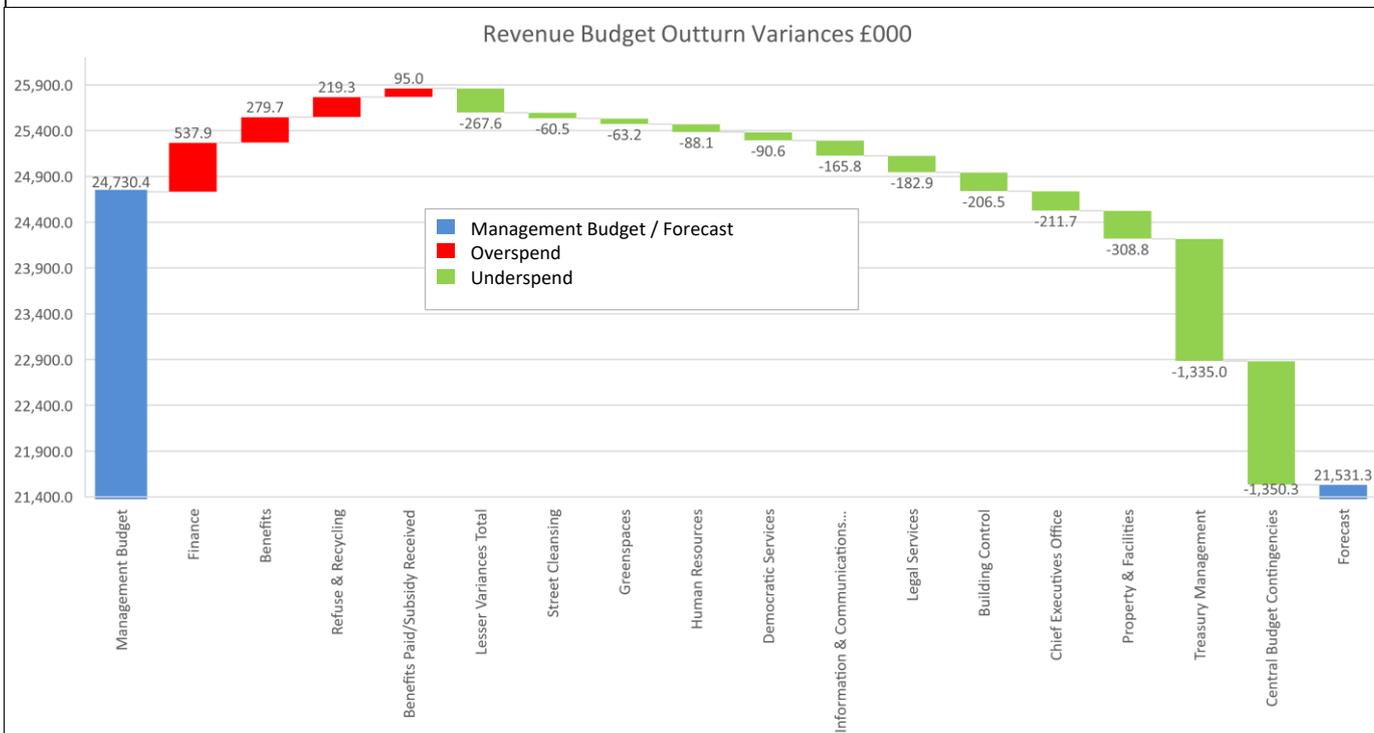
The full year forecast at the end of Period 9 for Service budgets is £0.513m (-3.4%) lower than the management budget; the Central budgets are reporting £2.685m (27.6%) lower than budget, resulting in an overall forecast of £3.199m (-12.9%) lower than budget.

Reconciliation of Original Budget to Management Budget for 2020/21

	£000	£000
Original Budget		24,459.6
Transfers from Reserves:		
Corporate Plan Delivery Fund Reserve	211.0	
New Posts Reserve	59.8	
		270.8
Management Budget		<u>24,730.4</u>

Headline Revenue Budget Information 2020/21

	£000
Management Budget	24,730.4
Year End Forecast	21,531.3
Projected underspend	<u>(3,199.1)</u> (-12.9% of the budget)



Forecast for Services is £0.513m under budget. Significant variances summarised below:

Finance: £538k overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent Staff recruitment has now been completed with staff already in post. The forecast includes some overlap to ensure adequate handover from the interim staff.

Benefits Team and Benefits Paid/Subsidy Received: £374k combined overspend. A £95k reduction in Housing Benefit Subsidy is currently predicted as the collection rate for 20/21 is likely to be 99.30%. Salaries are currently overspending by £144k after a recent detailed review of salaries paid across in-house work and commercial activities. There is an additional cost pressure of £155k against Software Acquisitions & External printing which continued on from 19/20. Commercial activities are expected to make a small loss in 20/21 of around £88.5k, with £70k of this loss is directly related to COVID-19 (reported in COVID-19 section) and the remaining £18.5k relates to underlying activities.

Refuse and Recycling: £219k overspend is due to expected overspend on Temporary Staff of £123k, an Overtime overspend of £54k, increased costs for the disposal of Dry Mixed Recyclate of £14k, and a shortfall of Trade refuse income of £49k. There are other minor variances totalling £21k.

Street Cleansing: £60 underspend. £43k lower fuel costs. Remainder relates to vacancies unfilled due to lower current activity levels.

Greenspaces: £63k underspend. £54k relates to vacancies unfilled to to lower current activity levels.

<p>Human Resources: £66k underspend. The forecast reflects that there were budgeted posts that were not filled during the earlier months of the year. With regard to recruitment costs the needs and requirements of the organisation need to be assessed and future forecast amended based on outcomes.</p>
<p>Democratic Services: £91k underspend. A part year vacancy is the reason for the majority of this variance. Other contributors are reduced forecast spend on Mayoral events and significantly lower forecasts for spend on member training in 20/21.</p>
<p>Information & Communication Technology: £156k underspend This comprises a £30k underspend on salaries due to vacancies, £135k underspend on Software charges and two roughly £10k underspends relating to Telephone rentals and Hardware maintenance and other minor variances.</p>
<p>Legal: £183k underspend. Significant levels of staffing vacancies within the year, these posts have been recruited to and staff are expected to join the Council towards the end of the current financial year. In previous years high levels of external fees have been paid to cover the internal vacancies, 20/21 however has not seen costs of comparable level.</p>
<p>Building Control: £207k underspend relates to a partnership provision that is currently not expected to be drawn upon this year.</p>
<p>Chief Executive's Office: £212k underspend relates to forecast expenditure for staffing being lower than originally budgeted. There is a 25k forecast for additional consultancy fees that is covered within this underspend.</p>
<p>Property & Facilities: £309k underspend. £137k over-recovery relating to tenants staying on in properties that were forecast to be vacant for a short while.</p>
<p>Forecast for Central Budgets is £2.685m over budget</p>
<p>Treasury Management: £1.335m underspend. The primary reason for the higher than budget interest forecast is the second loan to Greensand Holdings Limited (for the purchase of land at Horley). Borrowing is also lower than forecast when the budget was set.</p>
<p>Budget Contingencies: £1.350m underspend. No further calls on these budgets are predicted at this stage.</p>
<p>COVID-19 Budget Impacts</p>
<p>These are detailed at Section 3</p>

1. General Fund Reserve			£000
Balance at start of year			8,949.0
Less: Transfers out (Payment of Three Year Employer Pension Contribution in advance)			(4,693.0)
	Add Projected underspend at 31 March 2021		3,199.1
Anticipated balance at end of year before Reserves Review/Reallocations *			7,455.1
*Minimum General Fund Balance Required (15% of total Management Budget)			2,738.3
2. Corporate Plan Delivery Fund (CPDF) Reserve			£000
Balance at start of year			1,000.0
C20-01 Principal Development Manager post	Place	68.0	
C20-09 c/f Data Protection Compliance	Housing Services	15.6	
C20-09 c/f Customer Relationship Management	I.C.T	8.8	
C20-10 c/f Salaries	Community Centres	118.6	
			211.0
<u>Capital</u>			
None			0.0
Balance before any further transfers in year			789.0
3. Feasibility Studies (Commercial Ventures) Reserve			£000
The Feasibility Studies (Commercial Ventures) Reserve was established to ensure that funding is available to prepare business cases and obtain external professional advice for new initiatives designed to deliver new capital schemes, including new sources of sustainable commercial income streams. Once a Capital scheme is approved by Executive, the costs can be capitalised and the funds will recycle back to the Feasibility Studies (Commercial Ventures) Reserve.			
Balance at start of year			1,934.4
FS 20-01 Feasibility work Horley High Street Car Park	Place	103.4	
FS 20-02 Delivering Change in Horley Town Centre	Place	83.3	
FS 20-03 Community Benefit Society feasibility study costs	Commercial	8.5	
FS 20-04 Site appraisal costs	Commercial	7.4	
FS 20-05 Property appraisal costs	Commercial	37.2	
FS 20-06 Tax Advice	Commercial	20.0	
FS 20-07 Merstham Recreation Ground Refurbishment	Place	45.0	
FS 20-08 CIPFA Consultancy	Commercial	15.0	
			319.7
<u>Capital</u>			
Project Baseball (New Crematorium)	Commercial	650.0	
			650.0
			964.7

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1. SERVICE BUDGETS							
1a. ORGANISATION							
Carys Jones	Communications	609.9	-53.6	556.3	517.6	-38.7	Forecast reflects the difference between budgeted values for 3 issues of Borough News with only 2 expected in 20/21. There are also salary underspends currently forecast within the Web team.
	Customer Contact	389.1	0.0	389.1	384.8	-4.3	Underspends due to differences in Salary costs from budgeted values due to vacant funded hours.
Pat Main	Finance	1,159.5	0.0	1,159.5	1,697.4	537.9	Overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent staff have now been recruited for all vacant posts filled as of October 2020. The forecast includes some overlap to ensure adequate handover to permanent staff. Other overspends relate to the increased cost of financial software and transactional related charges from our banking provider.
Darren Wray	Web & Information	194.9	-194.9	0.0	0.0	0.0	
	Information & Communications Technology	1,584.0	320.1	1,904.1	1,738.3	-165.8	Forecast shows a £30k underspend on Salaries, £135k underspend on Software charges.
Catherine Rose	Corporate Policy	0.0	198.8	198.8	171.6	-27.2	Underspend attributable to part year vacancy
	Projects & Business Assurance	594.9	-396.5	198.4	170.8	-27.6	Underspends attributable to three vacant posts
Caroline Waterworth	Property & Facilities	-1,691.0	128.2	-1,562.8	-1,871.6	-308.8	Some adjustments were made to the income forecasts to include Reading Arch Road and Salfords. Otherwise very little movement.
	Corporate Support	182.0	0.0	182.0	138.2	-43.8	During 20/21 there has been significantly less need for the purchase of office stationery and postage. The current forecast expects these levels of requirement to be continued for the rest of the year.
Joyce Hamilton	Democratic Services	850.1	0.0	850.1	759.5	-90.6	A part year vacancy is the reason for the majority of this variance. Other contributors are reduced forecast spend on Mayoral events and significantly lower forecasts for spend on member training in 20/21.
	Electoral Services	442.7	0.0	442.7	442.7	0.0	The previous expectation of election expenditure this year, has been significantly reduced as elections are not being held. However, this will adversely affect next year, as there will be multiple elections to be held at that point. Forecast reflects carry forward of any available funds to supplement 21/22 expenditure.
	Legal Services	792.2	0.0	792.2	609.3	-182.9	Significant levels of staffing vacancies within the year, these posts have been recruited to and staff are expected towards the end of the current financial year. In previous years high levels of external fees have been paid to cover the internal vacancies, 20/21 however has not seen costs of comparable level.
	Land Charges	-107.8	0.0	-107.8	-131.5	-23.7	Levels of income from Land charges are subject to seasonal variation. Current trends show a large increase in quantity of requests and therefore higher levels of income.
Kate Brown	Organisational Development & Human Resources	764.4	0.0	764.4	676.3	-88.1	The forecast reflects that there were budgeted posts that were not filled during the earlier months of the year. With regard to recruitment costs the needs and requirements of the organisation need to be assessed and future forecast amended based on outcomes.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1b. PLACE							
Simon Bland	Economic Prosperity	397.2	9.0	406.2	359.0	-47.2	Underspend predominantly driven as no Awards/Sponsorships (e.g. for entrepreneurship) were granted as activity had ceased in 20/21 due to COVID against a £30k budget. Costar Analytics is confirmed to underspend by £10k, as Outturn has been confirmed and paid.
Morag Williams	Fleet	860.9	0.0	860.9	908.4	47.5	The ageing fleet of waste vehicles gives rise to the £48k overspend and until they are replaced they will require increasing levels of expenditure on spare parts. These vehicles are planned to be replaced over a three year period beginning this year.
	Refuse & Recycling	1,211.3	0.0	1,211.3	1,430.6	219.3	The £219k overspend reported here is due to expected overspend on Temporary Staff of £123k, and an Overtime overspend of £54k. We are experiencing increased costs for the disposal of Dry Mixed Recyclate, as the annual tonnage so far is giving rise to a forecast that is 500 tonnes higher than expected.
	Engineering & Construction	109.2	-50.0	59.2	88.8	29.6	Minor variance due to reactive work to prevent flooding.
	Environmental Health & JET	1,066.5	4.0	1,070.5	1,033.2	-37.3	The variance is the net underspend of several of cost centres. Food inspection work has seen an unbudgeted £10.5k of one-off income as a result of recovery of costs involving sampling of private water supply. In addition, the expenditure forecast has been adjusted to show an underspend of £7.3k in Housing standards due in part to a reduction in property clearance costs, so far this year. We have also benefited from an underspend for Public Health Funerals at £12.3k due to the favourable recovery of costs through inheritance and insurance cash receipts. There are other minor variances.
	Environmental Licencing	-212.8	0.0	-212.8	-168.8	44.0	Lower demand for licencing than originally forecast, especially for taxis.
	Greenspaces	1,410.9	0.0	1,410.9	1,347.7	-63.2	The underlying service area is likely to underspend by £63k, £54k of which is due to several operative vacant posts. It is anticipated that these vacancies will be filled shortly. The remaining underspend is due to minor variances.
	Car Parking	-2,036.7	0.0	-2,036.7	-1,990.6	46.1	This includes an overspend on equipment and tools of £12k, and an overspend on equipment maintenance and support of £21k.
	Street Cleansing	991.9	0.0	991.9	931.4	-60.5	The forecast includes -£43k for the cheaper cost of fuel, earlier this year. In addition there is an underspend on salaries, due to unfilled vacancies. There are other minor variances.
Peter Boarder	Place Delivery	292.8	88.0	380.8	401.1	20.3	The overall outturn variance is forecast to be an overspend of £20k after it was decided SCC had decided they will not be contributing towards our joint financing for Place Delivery work in 20/21. This would result in loss of potential income of an anticipated £31k. There is however, some underspend in consultancy costs, as 75% had been capitalised due to the nature of the work undertaken by the consultant.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
Andrew Benson	Building Control	221.5	0.0	221.5	15.0	-206.5	The Building Control underspend relates to a partnership provision that is not currently expected to be drawn upon this year for the most part. However, there is a current expectation of paying out £15k as the COVID-19 grant applied to by our partners, is expected to be less than anticipated post audit. The underlying service is expected to declare a small overspend of £6k. This is made up of £223k underspend on salaries (vacancies & maternity leave) which is somewhat offset by an overspend of £190k Consultancy and a further £77k casual wages to cover these vacant posts. An old £20k Drainage budget will no longer be spent and is being offered up as a 21/22 saving. Planning Policy would also see an underspend of £43k within salaries to reflect current vacancies, although this is masked slightly with the overspends within consultancy charges.
	Development Services	211.4	0.0	211.4	217.3	5.9	
	Planning Policy	362.8	0.0	362.8	334.4	-28.4	

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1c. PEOPLE							
Justine Chatfield	Community Development	406.2	30.0	436.2	417.6	-18.6	Minor variance to staff salary costs; a number of vacancies/posts were filled under budget due to spine point award and will be corrected for 2021-22. Minor variance to non-staff costs, COVID-19 impacted the normal operational
	Partnerships	419.3	-20.0	399.3	376.0	-23.3	
	Community Centres	407.5	-9.6	397.9	397.9	0.0	
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Richard Robinson	Housing Services	1,009.4	15.6	1,025.0	975.8	-49.2	The nature of B&B and Temporary Accommodation spend is highly volatile so this forecast is subject to change as the year continues. There has been a saving proposed for 21/22 of 40k
Simon Rosser	Benefits Paid/Subsidy Received	342.8	125.2	468.0	563.0	95.0	The underlying service is currently forecast to overspend by £393k. A £95K reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council does not get fully reimbursed by the government. The subsidy rate on all Housing Benefit expenditure is expected to be 99.3% of net expenditure, less than the usual rate of 99.6% that was received in the years leading up to 2019/20. Salaries are currently overspending by £144k after a detailed review of salaries across in-house work and commercial activities was carried out in conjunction with the Head of Service. There is also a potential cost pressure of £155k against Software Acquisitions and External printing which are continued to continue from 19/20. This budget is being reviewed as part of the 2021/22 Service and Financial Planning process. Commercial activities are expected to make a small loss in 20/21 of around £88.5k, with £70k of this loss is directly related to COVID-19 (reported in COVID-19 section) and the remaining £18.5k relates to underlying activities. Losses will reduce as more work is brought on stream and additional contracts are confirmed.
	Benefits	-295.3	-74.4	-369.7	-90.0	279.7	
	Benefits Commercial Activities	0.0	0.0	0.0	18.5	18.5	
Duane Kirkland	Supporting People	157.5	0.0	157.5	117.2	-40.3	Underspend attributable to a vacant post.
	Supporting Families	90.0	0.0	90.0	90.0	0.0	
	Harlequin	351.4	0.0	351.4	303.7	-47.7	Income reduction is reported in the COVID-19 section. So far in 20/21 the venue has been open for 18 weeks during which no live events have been able to take place it is expected that when the venue does open there will be continued strain on income due to social distancing. In the current forecast there are lower levels of expenditure due to reduced requirement of casual staff and other overheads. Negotiations with the leisure provider continue following closure for the COVID-19 pandemic. Lower costs as certain schemes of activity work not undertaken in 20/21.
	Leisure Services	-93.3	0.0	-93.3	-111.6	-18.3	
1d. MANAGEMENT TEAM							
Frank Etheridge	Chief Executives Office	1,127.4	8.7	1,136.1	924.4	-211.7	Underspend relates to forecast expenditure for staffing being lower than originally budgeted. There is a 25k forecast for consultancy fees with covered within this underspend. Minor variance.
	Emergency Planning	29.7	0.0	29.7	25.8	-3.9	
Total Services		14,899.5	128.6	15,028.1	14,514.3	-513.8	(3.42%)

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
---------------------	---------	----------------------	-----------------------	------------------------	-----------------------	------------------------	-----------

2. CENTRAL BUDGETS

Pat Main	Insurance	482.1	0.0	482.1	489.6	7.5	Insurance contract at higher rate than forecast when the budget was set.
	Treasury Management - Interest on Investments	-54.0	-528.0	-582.0	-1,298.1	-716.1	The primary driver for the interest forecast is the second loan to Greensand Holdings Limited (for the purchase of land at Horley). The forecast also includes interest receivable, based on current interest rates for on-lending and investments.
	Treasury Management - Interest on Borrowing	922.0	0.0	922.0	321.1	-600.9	The interest payable forecast is based on the expected borrowing required to implement the Capital Program. The current borrowing forecast reflects the latest Capital Programme forecast and is lower than that assumed when the budget was
	Treasury Management - Interest on Trust Funds	36.0	0.0	36.0	18.0	-18.0	The forecast reflects the UK's current low investment return rate, which is expected to continue throughout 2020/21, due to uncertainties in the economy caused by the COVID-19 pandemic
	Minimum Revenue Provision	0.0	528.0	528.0	321.2	-206.8	The interest payable forecast is based on the expected borrowing required to implement the Capital Programme. The current borrowing forecast reflects the latest Capital Programme forecast and is lower than that assumed when the budget was
	Employer Pension costs	6,579.0	0.0	6,579.0	6,579.0	0.0	This budget represents 3 years of pension costs that have been paid in 2020/21.
Pat Main	Central Budget Contingencies	1,207.7	111.0	1,318.7	288.0	-1,030.7	See analysis below.
	New Posts Fund	158.8	0.0	158.8	0.0	-158.8	Current expectations are that there will be no call on these funds
	External Audit Fees	50.3	-20.0	30.3	53.6	23.3	Expectation of fees based on PSAA forecast.
	Internal Audit Fees	0.0	61.2	61.2	58.5	-2.7	Minor variance.
Kate Brown	Apprenticeship Levy	71.4	0.0	71.4	71.4	0.0	Expected to be on budget at outturn
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	The recruitment of multiple senior staff can account for nearly all of the budget in this area, any further recruitment spend will push this budget into overspend although at this time further costs have not been identified/quantified.
	Corporate Human Resources Expenses	66.8	-10.0	56.8	74.7	17.9	The variance presented relates to expected training costs.

Total Central Items 9,560.1 142.2 9,702.3 7,017.0 -2,685.3 (27.68%)

Grand Total 24,459.6 270.8 24,730.4 21,531.3 -3,199.1 (12.94%)

Central Budget Contingencies

Pat Main	Miscellaneous salaries	77.1	188.1	265.2	0.0	-265.2	Current expectations are that there will be no call on these funds
	Headroom Contingency Budget	1,073.1	-77.1	996.0	250.2	-745.8	The current forecast outturn costs are the settlement payments relating to the former Chief Executive
	Preceptor Grants	57.5	0.0	57.5	37.8	-19.7	Expected pay over is expected to be less than budgeted values

Total Central Budget Contingencies 1,207.7 111.0 1,318.7 288.0 -1,030.7

COVID-19

Pat Main	Covid-19 (MT20900)	0.0	0.0	0.0	4,554.2	4,554.2	
----------	--------------------	-----	-----	-----	---------	---------	--

Total Covid-19 Costs 0.0 0.0 0.0 4,554.2 4,554.2

COVID-19 Pandemic – Financial Implications

at January 2021

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.

Government Funding

The Government originally indicated an intention to fully-compensate councils for the financial impacts of COVID-19, however it remains unclear whether this commitment is just in relation to the additional costs incurred or whether it will also cover loss of income.

To date, relative to the scale of forecast financial impacts, the Council has received financial support as summarised the table below from Government and other agencies to offset the impacts on its budget.

Table 1: EMERGENCY GRANT (not ring-fenced)	£m
Emergency Grant allocation 1 • Equates to 64p per household.	0.042
Emergency Grant allocation 2 • Equates to £22.70 per household.	1.481
Emergency Grant allocation 3 • Equates to 3.11p per household.	0.203
Emergency Grant allocation 4 • Equates to £2.27 per household.	0.148
	1.874
Emergency Grant allocation 5 (for 2021/22 pressures) Equates to £9.78 per household.	0.638
	2.512

Table 2: OTHER SPECIFIC GRANTS AND FUNDING ALLOCATIONS	£m
Rough Sleepers accommodation funding. • In addition, £39.7k has been received from Surrey County Council from their Emergency Grant allocation to contribute to the cost of temporary accommodation for rough sleepers.	0.002 0.040
Next Steps Accommodation Funding - £180.3k • Contribution towards B&B costs	0.180
Reopening High Streets Safely Fund • Allocated to prepare for the reopening of non-essential retail	0.132
Emergency Assistance Grant for Food & Essential Supplies • Allocated via Surrey County Council	0.089
Compliance & Enforcement Grant	0.058

Table 2: OTHER SPECIFIC GRANTS AND FUNDING ALLOCATIONS	£m
<ul style="list-style-type: none"> For enforcement of measures to support public health including social distancing 	
Clinically Extremely Vulnerable Funding <ul style="list-style-type: none"> share of Surrey County Council grant allocation 	0.067
Contain Outbreak Management Fund (allocation from SCC) <ul style="list-style-type: none"> £3/£8 allocated to RBBC 	0.446
New Burdens 1	0.001
New Burdens 2	0.059
Environmental Health COVID-19 Response	0.079
Local Council Tax Support Grant – 2021/22 allocation	0.190
	1.343

Income Compensation Scheme

In addition the Council is able to claim for reimbursement of a proportion of some COVID-19-related income losses. The terms of this reimbursement are quite specific:

- The scheme involves a 5% deductible rate, whereby authorities will absorb losses up to 5% of their planned (budgeted) 2020/21 sales, fees and charges income, with the Government compensating them for 75p in every pound of relevant loss thereafter. By introducing a 5% deductible Government argued that it is accounting for an acceptable level of volatility, whilst shielding authorities from the worst losses.
- Income from commercial activities is not eligible of reimbursement under the scheme
- Claims have to be certified by the Council's Chief Financial Officer and may be subject to audit.

Funding 2020/21 – Summary

This Council's share of income funding had not been confirmed at the time of preparing this report; the first claim for £1.086m (for eligible income losses in April to July) has been received and the second claim for £1.044 million for August to November has been submitted.

The total COVID-19 Emergency funding allocated so far to this Council to cover expenditure incurred and lost income is therefore in the region of £2.5 million and a further £2.1 million has been claimed for income losses so far. However, as set out below, the forecast costs and loss of income forecast will potentially exceed the grants awarded.

Through the Local Government Association, Surrey Leaders, the Society of District Council Treasurers and the Surrey Treasurers' Association we have continued to make clear to the MHCLG and HM Treasury the scale of the financial impact and the case for additional funding.

While the Government published 'Our Plan to Rebuild' in May 2020 it remains uncertain as to how long the lockdown restrictions are likely to last and when the Recovery phase will end.

This means that accurate forecasting of the full financial impacts for this Council is remains challenging at this time and other updates will be provided through in-year financial monitoring and budget reports.

At the time of preparing this report it is expected that that the financial impacts of the pandemic will continue into 2021/22. The Government confirmed in the Provisional Settlement announcement that it will provide a fifth round of Hardship funding (£0.638 million) in 2021/22 and will fund income loss claims for the first quarter.

Other COVID-19 Funding

The Council has also received the following funding from Government:

Table 3: OTHER COVID FUNDING FOR DISTRIBUTION	£m
Council Tax Hardship funding	0.755
April 2020 - Business Grants funding	23.800
May 2020 - Business Grants funding – Discretionary Scheme	1.156
Business rates – extended retail relief funding	18.694
Business rates – nursery/local newspapers relief funding	0.701
Local Restrictions Support Grants (Closed) - grants to businesses told to close by the Government during the November/December lockdown	2.095
Additional Restrictions Support Grants - grants to other affected businesses during the November/December lockdown	4.296
Test & Trace Scheme - payments to individuals who have to self-isolate and are unable to claim benefits	0.048
• general claims	0.052
• for discretionary claims	0.027
• administration funding	
Local Restrictions Support Grants (Open) - grants to other leisure, hospitality, hotels and B&Bs due to Tier 2 controls in December 2020	0.210
Christmas Support Payment - for closed 'wet' pubs	0.045
Local Restrictions Support Grants (Closed) - grants to businesses told to close by the Government in Tier 2 in December 2020	0.015
Local Restrictions Support Grants (Closed) – grants for ongoing business closures when in Tier 4	TBC
Closed Business Lockdown Payment – for one-off grants of £4k-£9k for businesses forced to close during national lockdown in January 2021	6.282

How they are being utilised is explained in the sections on the Collection Fund and Business Grants below.

Expenditure Pressures

Since the outset of the pandemic the Finance Team has been tracking the financial impacts of the Council's COVID-19 response. New cost codes have been established to identify expenditure and an income and expenditure impacts model has been set up.

These detailed records are being maintained so that the impacts are readily identifiable to facilitate reimbursement wherever possible either from the Government or from Surrey County Council. For example, the costs incurred when providing support to residents in Category A (shielded) which is the responsibility of the County Council.

The financial impacts have been modelled based on lockdown restrictions lasting throughout 2020/21 in line with the parameters specified in the MHCLG's monthly COVID-19 financial impacts monitoring return. These assumptions are subject to regular review. The most recent return to MHCLG covers the period to 31 January. The figures quoted in this report for cost and income pressures are based on actual figures and full-year forecasts at 31 January.

The forecast additional expenditure for 2020/21 is summarised in the table below which follows the categories specified by MHCLG for the monthly financial data return:

Table 4: MHCLG EXPENDITURE CATEGORY	Full Year Forecast at 31.1.21 £M	Type of Expenditure Incurred
Housing Rough Sleepers	0.294	Temporary accommodation for Rough Sleepers and additional demand for B&B accommodation
Environment & regulatory – waste Management	0.124	Garden Waste – admin costs and vehicle hire
Finance & Corporate	0.077	Stationery, marketing materials and licensing for outdoor seating
	0.001	Vehicle Hire – cemetery
Other	0.060	Staff remote working – IT systems and support
	0.534	Staff and volunteer Training and Professional Support
	0.002	Revs and Bens Compliance and Checks for Business Grants
Other - shielding	0.527	Voluntary Action Reigate & Banstead - VARB and YMCA Welfare Calls over a 10-week period Shielded Food Parcels and Communication
Other - PPE	0.163	Purchase of PPE for staff and volunteers
Other - excluding service areas listed	0.178	Publicity materials – e.g. social distancing banners Funding support - Voluntary Sector contributions Provisional Cost of support for Leisure Services Provider Support for Shielded Residents – including

Table 4: MHCLG EXPENDITURE CATEGORY	Full Year Forecast at 31.1.21 £M	Type of Expenditure Incurred
		welfare calls, visits, foodbank and meals
Total Forecast Impact 2020/21	1.958	

Forecast expenditure pressures for 2021/22 are £100k plus for ongoing homelessness support (extra bed & breakfast costs and provision of loans for rent deposits in advance).

Income Reduction Pressures

In addition to incurring additional expenditure, the Council is also impacted by a significant reduction in budgeted income streams.

Overall, COVID-19 financial impacts are forecast to be more significant for the Council's income budgets compared to the additional expenditure incurred. This is in line with other district and borough councils, which tend to rely on fees and charges income as a greater portion of their budget.

Table 5: MHCLG INCOME CATEGORY	Full Year Forecast at 31.1.21 £M	Type of Income Loss
Cultural & Related Sales, Fees & Charges (SFC) losses	0.333	Harlequin – income reduction
	0.263	Leisure Services Provider - reduced Management Fees
	0.072	Community Centres
Planning & Development SFC losses	0.243	Reduction in Planning Fee income
Highways and Transport Sales, Fees & Charges (SFC) losses - other	2.218	Reduction in Car Parking income
Commercial Income Loss Total	0.333	Commercial Rents – income reduction (including Redhill Market)
Other income losses	0.478	Garden Waste - income reduction
	0.210	Commercial Waste - income reduction
Other SFC income losses	0.182	Reduction in Revenues and Benefits Income from Third Party Clients
Total	4.332	

The main areas impacted include:

- Car parks usage and income from season tickets fell significantly following closure of council car parks on 30 March and the announcement that councils were required to make parking free for key workers.

Income from Pay and Display is forecast to reduce by £1.5 million compared to budget. whilst the bulk of expenditure associated with car parks, such as business rates and insurance, will still be incurred. The Council's policy with regard to residents who have paid for annual parking permits was reviewed and an extension was agreed, reducing forecast income by £240k. In addition many local businesses have applied for refunds on prepaid permits for staff.

A further impact is the reduction on forecast penalty ticket revenue: the predicted loss of income until the end of March 2021 is £130k for off street parking and £169k for on street parking.

- It is anticipated that across a range of other services including Planning, Building Control, Local Land Charges and Redhill Market income will fall significantly below budget in 2020/21 and there has been a temporary waiver of the monthly management fee received from the Leisure services provider - £263k.
- The increased risk to recovery of commercial rental income is estimated to be £40k. The most significant risk relates to Travelodge which applied for a Company Voluntary Arrangement (CVA), a legally binding agreement with the company's creditors to allow a proportion of the debts to be paid back over time, and some to be written off, typically lasting between two and five years. The Council is in negotiations with another hotel chain to take on the lease.
- The Revenues, Benefits and Fraud team experienced a reduction in recovery costs of £127k while magistrates courts were closed. Their income from contracted work for other councils has also reduced due to decisions by client authorities to pause recovery action.
- Pausing the garden waste collection service from March to June 2020 has resulted in a £477k reduction in income.
- Property rents are forecast to be lower than budget in 2021/22, primarily the Travelodge hotel in Redhill and the Old Town Hall in Reigate.

It is important to note that the Council's income budgets are not all based on an assumption of a 100% collection rate. Where appropriate, a level of arrears is assumed and a provision is made for bad debts. It is currently too soon to forecast whether the existing bad debt provisions will be sufficient to address all non-recovery as a consequence of COVID-19. An increase in the provision would require a call on revenue Reserves. This will be assessed as part of the year-end financial closedown.

Forecast income pressures for 2021/22 are:

- Community Centres - £0.200m
- Harlequin - £0.180m
- Parking - £1.200m
- Commercial Waste - £0.160m
- Property Rents - £0.270m.

Leisure Support Scheme

In late December 2020 Sports England published details of the Government's scheme for assisting outsourced Leisure providers with the costs of recovery/reopening between December 2020 and March 2021. The Council has worked with GLL on a bid submission. The Council may be able to claim up to £0.270 million on behalf of GLL. No other funding has been made available to cover GLL's losses since the start of the pandemic but the Council has agreed to waive payment of the 2020/21 management fee from GLL; this is included in the income loss claim to MHCLG.

Capital Programme Impacts

The Capital Programme 2020/21 to 2024/25 was approved in February 2020. No material changes to forecast expenditure or capital receipts have been identified to date. The main impacts are likely to be in terms of the timing of expenditure and income as some delays (slippage) may arise. The latest forecasts are being reported as part of quarterly capital programme monitoring and where necessary reports will be presented on specific schemes if any significant impacts are identified.

COVID-19 Pandemic: Summary Financial Implications

Overall the pandemic represents a material financial risk to the Council's budget and financial position. The information presented in this report represents the forecast at January 2021 based on the impacts during the first nine months of 2020/21 and is likely to increase as more information becomes available. The financial impacts of a deficit on the Collection Fund (further details below) will add to these pressures.

The current estimate of the net financial impact in 2020/21 is currently cost neutral after taking account of COVID-19 grant funding.

Table 6: FORECAST COVID-19 FINANCIAL IMPACTS 2020/21	Full Year Forecast at 31.1.21 £M
Additional Expenditure	1.958
Income Losses	4.332
Government Grants <ul style="list-style-type: none"> • Emergency Grant - £1.874m (excludes £638k for 21/22) • Other Grants and Contributions - £1.343m 	(3.217)
Government COVID-19 Income Reimbursement: <ul style="list-style-type: none"> • April – July claim • August – November claim • December to March claim (est.) 	(1.086) (1.044) (1.000)
Net Forecast Unfunded Estimated Cost/(Surplus Funding) of COVID-19 in 2020/21	(£0.057)

It should be noted that the accuracy of the above forecast depends on the completeness of COVID-19 income and expenditure forecasts and the outcome of Government funding decisions. The final position will not be confirmed until the budget outturn for 2020/21 is known.

This latest forecast of the net financial impact means that there is less risk of having to call on revenue Reserves to fund a shortfall in funding.

Looking forward to 2021/22 the most significant impacts are forecast to relate to ongoing income losses (as explained above). Early indicative forecasts of income losses, additional costs and Government funding support are set out in the table below.

Table 7: FORECAST COVID-19 FINANCIAL IMPACTS 2021/22	Forecast at 31.1.21 £M
Additional Expenditure <ul style="list-style-type: none"> • Homelessness support 	0.100
Income Losses <ul style="list-style-type: none"> • Community Centres - £0.200m • Harlequin - £0.180m • Parking - £1.200m • Commercial Waste - £0.160m • Property Rents - £0.270m 	2.010
Government Grants <ul style="list-style-type: none"> • Emergency Grant Other Grants and Contributions 	(0.638)
Government COVID-19 Income Reimbursement: <ul style="list-style-type: none"> • April – June claim (est) 	(0.750)
Net Forecast Unfunded Estimated Cost of COVID-19 in 2021/22	£0.722m

As for 2021/22 it will be important to continue to monitor and report these forecasts as part of in-year budget monitoring.

Options for Mitigation of the Financial Impacts

The main options for mitigating the ongoing financial impacts of COVID-19 include:

- Continue to lobby Central Government for additional funding in recognition of the impacts on district Councils and their ability to deliver services. The Council is actively working with other councils and networks on this.
- Look to make offsetting savings and efficiencies where possible.
- Make use of Earmarked Revenue Reserves to close the gap. This has implications for the projects and services and other potential risks that were intended to be funded from these resources.
- As a final resort, potentially apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. Local authorities are lobbying for greater flexibility from Government in this area. This may include using capitalisation flexibilities to cover costs from

forecast future capital receipts and this may include making targeted asset sales to support this.

Further updates on the forecast costs and income and how they might be funded will continue to be included in the quarterly budget monitoring reports in 2021/22.

Longer-Term Outlook

The preceding sections have focused on the short-term financial impacts for the Council in 2020/21. Of potentially greater concern is the impact of the projected economic downturn on public expenditure and local government finances and what that means for public sector funding over the longer term.

UK public sector net borrowing is estimated to have been £34.1 billion in December 2020, £28.2 billion more than in December 2019 and the third-highest borrowing in any month since records began in 1993.

Once the immediate crisis is over and lockdowns have ended, the IMF have indicated that governments will have to raise taxes and put the brakes on public spending to bring their books closer to balance.

This need to bring down public debt is going to come into play alongside an economic contraction unprecedented in modern times. This will not only place additional pressure on Government funding but is also likely to have considerable impact on the Council's ability to raise additional income.

In recent years, local government has been increasingly relying on business rates as a source of income, which will in future years be less buoyant. In addition to the medium-term impact of the economic effects of COVID-19, in January 2021 the UK's transition period with the EU came to an end, and it is still not clear what impact the exit agreement will have on the economy.

The Office for National Statistics reported that GDP declined by 2.6% in November 2020 as Government restrictions reduced economic activity and was 8.5% below pre-pandemic levels. The services sector acted as the main drag on growth in November, with industries such as retail and accommodation accounting for nearly 80% of the fall.

In the labour market it is reported that 9.9m people were furloughed and classed as economically inactive at a cost of £46.4 billion. It is uncertain how the long-term effects on unemployment rates will work through the economy. At October 2020 The UK unemployment rate was estimated at 4.9%, 1.2 percentage points higher than a year earlier and 0.7 percentage points higher than the previous quarter.

The Government's furlough scheme has been extended to 30 April 2021. When it ceases, any increase in unemployment and / or furloughing of employees is likely to affect the sums the Council has to pay in Council Tax support, the amount collected in Council Tax and may have further knock-on effects to the business rates base and income from all sources – including car parking, planning and commercial rents.

Collection Fund Impacts

The in-year cash flow impact of business rate and council tax income shortfalls will be accounted for through the Collection Fund and eventually impact on the budgets of all precepting authorities (the County Council, the Police & Crime Commissioner and the Government), as well as this Council.

At 31 January 2021:

- Council Tax Collection was down by 1.52% compared to January 2019
- Business Rate Collection was down by 1.34% compared to January 2019.

Business Support Grants

Announced	Scheme	Funding Allocation ¹	Payments Made at 31.1.21	
			No	£m
		£m		
April 2020	First business support grant scheme – closed in September 2020	23.800	1,714	22.540
May 2020	Scheme Extension – closed in September 2020	1.156	161	1.130
November 2020	Local Restrictions Support Grants (Closed)	2.095	614	1.007
	Additional Restrictions Support Grants	4.296	117	0.200
December 2020 / January 2021	Local Restrictions Support Grants (Open)	0.210	88	0.071
	Christmas Support Grant	0.032	26	0.026
	Local Restrictions Support Grants (Closed)	0.015	30	0.030
	Local Restrictions Support Grant (Closed) (Tier 4)	TBC	602	0.599
	Closed Business Lockdown Payment	6.282	598	2.968
	Local Restrictions Support Grants (Closed) Addendum (Tier 5)	3.142	598	1.484

Note 1: Grant funding allocations are not directly linked to the number of eligible applicants – for the majority of grants surplus funds are paid back to Government/under-allocations will be reimbursed.

Test & Trace Payments

The authority has also been responsible for making payments under the NHS Test & Trace Scheme to individuals who have to self-isolate and are unable to claim benefits

- The funding allocations are £0.071m for general claims plus £0.052m for discretionary claims plus £0.027m administration funding
 - At the time of preparing this report 182 claims had been processed totalling £0.091m.

Other COVID-19 Financial Implications

In April 2020 the Government announced that implementation of the Relative Needs & Resources (Fair Funding) Review and the move to 75% Business Rates Retention planned for 2021/22 was deferred for at least a year. Both changes had been identified in the Council's MTFP as potentially adding to the authority's budget pressures in future years. This was confirmed in the provisional Settlement announcement in December. It also indicated that the removal of Negative Revenue Support Grant was also delayed (and possibly no longer proceeding).

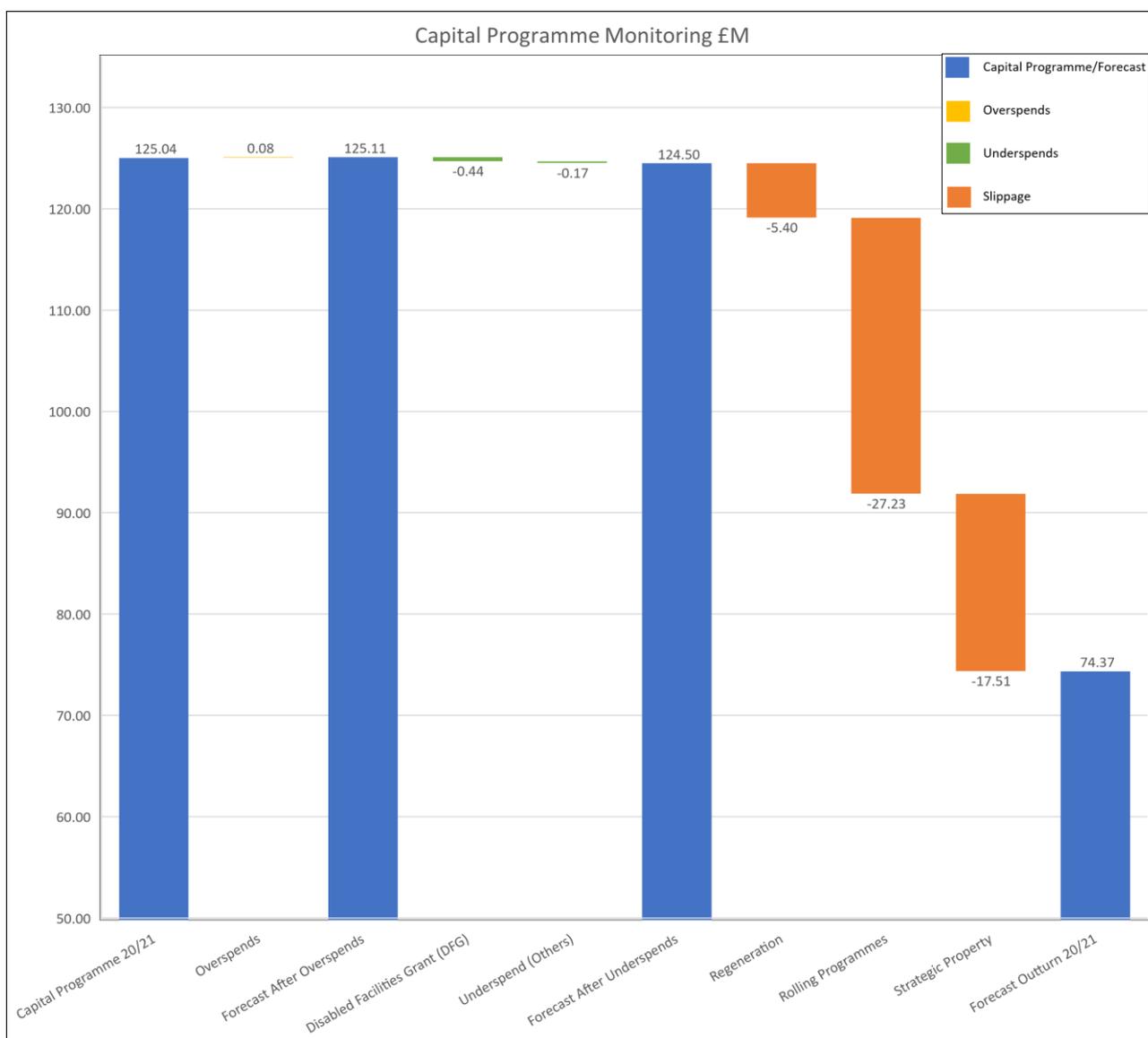
2020/21 Quarter 3: Capital Programme Monitoring

Summary

Forecast Full Year expenditure against the Capital Programme at the end of Quarter 3 is £74.37m which is £50.67m (41%) below the approved Programme for the year. The variance is predominantly a result of £50.14m slippage, a net underspend of £0.61m and small overspend of £0.08m as set out below.

Headline Capital Budget Information 2020/21

	£m
Current Budget (Section 1):	125.04
Projected Net Overspends	0.08 (or 0.06% of Programme)
Projected Net Underspends	(0.61) (or 0.49% of Programme)
Projected Slippage	(50.14) (or 40% of Programme)
Forecast Capital Expenditure	74.37



Forecast Overspends

<p>Rolling Programmes</p>	<p>ICT Replacement Programme (£68k overspend) - Additional in-year funding of £67,850 was approved during the COVID-19 outbreak to fund a Microsoft Teams implementation and Zoom license to improve collaboration and video conferencing facilities. This adjustment will be made in Q4 to remove this variance.</p> <p>All other projects within the programme are expected to continue this year although later than originally scheduled due to COVID-19. These include:</p> <ul style="list-style-type: none"> - Netcall upgrade to improve resilience for the Contact Centre and enable Payment Card Industry Data Security Standards compliance - <u>Improvements to the Harlequin Theatre network infrastructure</u> <p>Play Area Improvement Programme - minor overspend of £8k.</p>
----------------------------------	---

Forecast Underspends

<p>Disabled Facilities Grant (DFG)</p>	<p>(£437k underspend) - COVID-19 has had a big impact on the number of referrals for DFG works, with these stopping during the early part of lockdown. Works in properties were also temporarily suspended for several weeks, due to contractors suspending their entire operations and vulnerable clients unwilling to allow works in their homes. Work is now underway again, but a lower than budget spend over the year is expected. The was movement of -£4k between the Qtr 1 and Qtr 2 forecast outturn, after receiving a grant repayment in Q2. In Qtr 3, the forecast was amended to reflect actual spending to date and anticipated levels for the rest of the year. Grants may be repaid under certain conditions as per the agreement (for example, when a property is sold). This can occur randomly at any time and therefore cannot be forecast in advance.</p>
<p>Rolling Programmes</p>	<p>Handy Person Scheme (£40k underspend) - COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.</p> <p>Vibrant Towns & Villages (£80k underspend) - This allocation is intended to enhance the revenue allocation for the four town centres to ensure that they remain attractive and vibrant places. The stakeholders we would normally have worked with to identify suitable capital projects were not accessible due to COVID-19 lock down. From the return of non-essential retail their attention has been very much on trying to rebuild trade. As a result they have not had the capacity to engage with the Service in the process of identifying potential works for consideration. It is unlikely that demands will be made on this programme in 2020/21 due to COVID-19 related disruption, but £0.02m may be required.</p> <p>Contaminated Land - Investigation work (£30k underspend) - This is an emergency contingency budget to be used in exceptional circumstances. There are no plans to use the budget at this time.</p> <p>Capital Grants (20k underspend) - South Park Football Club was awarded £20k towards the creation of a 3G football pitch in 2019/20. Funding was carried forward into 2020/21 due to delays to work. Latest update from the football club is that works have been further delayed, in part due to COVID-19. The Service is investigating further and will be seeking Portfolio Holder's view on whether to continue to make the grant available to the club.</p>

Forecast Slippage

<p>Regeneration</p>	<p>Marketfield Way (£4.341m slippage) - Slippage occurred due to the extended period of time it took to conclude the building contract and to secure all necessary consents. The building contract has now been finalised, a programme and cashflow prepared to provide more accurate forecasts moving forward.</p> <p>Preston Regeneration (£248k slippage) - There was delay in securing all the necessary consents for the Chetwode Road highways scheme. Works have now progressed and are due to be substantially completed by the end of this year. The focus of the Preston programme has been on getting the Chetwode Road scheme underway. Now that this is priorities for the remaining programme are now being discussed with local ward members and the Portfolio Holder.</p> <p>Horley Public Realm Improvements - Phase 4 (£70k slippage) - Authority was required from the Executive for phase 4 of the public realm work before expenditure could be defrayed. The Delivering Change in Horley Programme has now been approved by Executive and the professional team are in the process of being appointed to enable the project to be brought forward.</p> <p>Merstham Recreation Ground - (£740k slippage) - Slippage due to COVID-19 and capacity within the Service. COVID-19 has affected the ability to be able to commence early engagement with local residents and stakeholders and delayed the appointment of key initial surveys and studies. Team is now in place to deliver the project. Initial Concept Plan prepared with main design works commencing in 2020/21 (subject to approval of final scheme by Executive).</p>
<p>Rolling Programmes</p>	<p>Beech House, London Road. Reigate (£3.000m slippage) - Negotiations with tenant are still ongoing, slightly delayed by the COVID-19 pandemic. Current assumption is a revised £2.1m major works to be carried out in 2021/22 but this is subject to a review by property consultants on the viability of the proposal. Property Services is reviewing the overall deal and will recommend the final sum to the Commercial Ventures Executive Sub-Committee once review completed.</p> <p>Priory Park Maintenance (£203k slippage) - The tenant have been issued a 1-year extension to their concession during COVID-19 and remain in occupation. Works will now be completed as part of the concession contract negotiation, delaying the refurbishment until 2021/22. This allows the ability to review the overall contract and capital outlay.</p> <p>Car Parks Capital Works (£180k slippage) - Works were tendered prior to the COVID-19 lockdown measures were imposed and the tender process was unable to be completed, as contractors were unable to price works and submit programmes. Rescheduled for 2021/22.</p> <p>Infra-structure (walls) (£69k slippage) - Reinstatement of surveys and reprogramming surveying inspections that were on hold during the COVID-19 lockdown.</p> <p>Units 1-5 Redhill Dist Centre Salfords - (£40.3k slippage) - COVID-19 delays caused by contractor availability. Non essential works were re-programmed during the level 4 lockdown enforcements. Access, travel, social distancing.</p> <p>Earlswood Depot/Park Farm Depot- (£60k slippage) - Earlswood Depot requires major boiler replacement. Works were unable to be completed during COVID-19. Works have now been delayed to 2021/22. Tenant at the Park Farm Depot has been given notice in accordance with the lease. Greenspaces will occupy the unit from January 2021. Works to be completed in line with Greenspaces occupation schedule.</p> <p>Unit 61E, Albert Road North (£53k slippage) - Roadway maintenance. Currently on hold pending a review of the Council's position as a whole on Albert Road North .</p> <p>Cemeteries & Chapel (£40k slippage) - Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.</p>
<p>Housing Development</p>	<p>Lee Street Bungalows - (£255k slippage forecast). Project stalled due to build cost tenders coming in over budget.</p> <p>Cromwell Road Development - (£5.661m slippage forecast) Spend profile changed following contract signature - slightly behind original profiled schedule</p> <p>Unit 1 Pittwood Park Tadworth (£1.593m slippage forecast) - As project has progressed on site spend profile has been further updated, hence the £735k adjustment to the forecast outturn in Qtr2.</p> <p>(£10.0m slippage forecast) - Spend on a feasibility and options study of Horley High Street Car Park site that will enable the Council to review and approve a preferred design to progress through concept design to development and preparation of a planning application (the planning application to be submitted in early 2021/22). Expenditure will relate to the procurement of the design team to include professional services such as Quantity Surveyor, Project Manager, Architect, Civils and Structures and Building Services consultants together with a wide range of technical consultants, procurement of supporting surveys and documentation required for the planning application and future development of the site.</p>

Capital Annex 1**Reconciliation of Capital Programme to Approved Budgets 2020-21**

	£m
Original Capital Budget	95.5
Budget approved but not yet released ¹	0.0
	95.5
Additions	
Carry Forwards from previous year	29.5
Budgets released during the year ¹	0.0
Reprofiling of projects	0.0
Other Changes	0.0
Current Capital Budget	125.0

Notes

- 1 Some budgets are approved as part of the capital programme but are not released pending further approval. These are added once the project documentation has been approved.

Capital Annex 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn (Adjusted) £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Accountant	Quarter 3: Explanation of Significant Variances
Vibrant Towns & Villages	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	20.0	20.0	-80.0	Simon Bland	Abdul-Kader Omarshah	This allocation is intended to enhance the revenue allocation for the four town centres to ensure that they remain attractive and vibrant places. The stakeholders we would normally have worked with to identify suitable capital projects were not accessible due to COVID-19 lock down. From the return of non-essential retail their attention has been very much on trying to rebuild trade. As a result they have not had the capacity to engage with us in the process of identifying potential works for consideration. It is unlikely that demands will be made on this programme in 2020/21 due to COVID-19 related disruption, but £0.02m may be required.
Horley Public Realm Improvements - Phase 2 and 3	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	30.0	-70.0	Peter Boarder	Abdul-Kader Omarshah	Authority was required from Executive for phase 4 of the public realm work before expenditure could be defrayed. The Delivering Change in Horley Programme has now been approved by Executive and the professional team are in the process of being appointed to enable the project to be brought forward.
Marketfield Way Redevelopment	18,858.6	0.0	3,821.2	0.0	0.0	0.0	6,621.6	22,679.8	15,000.0	18,339.2	-4,340.6	Peter Boarder	Abdul-Kader Omarshah	Slippage occurred due to the extended period of time it took to conclude the building contract and to secure all necessary consents. The building contract has now been finalised, a programme and cashflow prepared to provide more accurate forecasts moving forward.
Preston - Regeneration	362.1	0.0	420.7	0.0	0.0	0.0	12.2	782.8	534.5	534.5	-248.3	Peter Boarder	Abdul-Kader Omarshah	There was delay in securing all the necessary consents for the Chetwode Road highways scheme. Works have now progressed and are due to be substantially completed by the end of this year. The focus of the Preston programme has been on getting the Chetwode Road scheme underway. Now, priorities for the remaining programme are now being discussed with local ward members and the portfolio holder.
Merstham Recreation Ground	700.0	0.0	93.7	0.0	0.0	0.0	4.6	793.7	0.0	53.0	-740.7	Peter Boarder	Abdul-Kader Omarshah	Slippage due to COVID-19 and capacity within the team. COVID-19 has affected our ability to be able to commence early engagement with local residents and stakeholders and delayed the appointment of key initial surveys and studies. Team now in place to deliver project. Initial Concept Plan prepared with main design works commencing in 2020/21 (subject to approval of final scheme by Executive)
Regeneration	20,120.7	0.0	4,335.6	0.0	0.0	0.0	6,638.5	24,456.3	15,554.5	18,976.7	-5,479.6			
Leisure Centre Maintenance	30.0	0.0	7.0	0.0	0.0	0.0	4.0	37.0	10.0	10.0	-27.0	Roger Thompson	Mark Herdman	Unable to gain sufficient access due to COVID-19 and minor works are by arrangement only with GLL (leisure operator) Contractor safety and social distancing are an identified risk. Postponed minor works until 2021/22
Harlequin Property Maintenance	40.0	0.0	13.0	0.0	0.0	0.0	8.0	53.0	20.0	20.0	-33.0	Roger Thompson	Mark Herdman	Change of use due to accommodating the Response Centre during COVID-19. Agreed only essential works to take place to protect the welfare of staff working in the building. Postponed remaining works until 2021/22
Play Area Improvement Programme	226.0	0.0	0.0	0.0	0.0	0.0	217.9	226.0	234.0	234.0	8.0	Morag Williams	Mark Herdman	Replacement of Nork Park and Peritidgewood Common play equipment - also capital replacement of individual pieces of play equipment in various sites across the borough.
Parks & Countryside - Infrastructure & Fencing	45.0	0.0	0.0	0.0	0.0	0.0	9.6	45.0	45.0	45.0	0.0	Morag Williams	Mark Herdman	Various civil works, including footpath, track and car park resurfacing, replacement of fencing and gates and sites across the borough
Harlequin - Service Development	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	Duane Kirkland	Josh Bell	Due to the ongoing work around the venue's future vision and commitments, and delays as a result of the COVID-19 pandemic, previously approved Capital spend is now subject to review.
Harlequin Maintenance	40.0	0.0	0.0	0.0	0.0	0.0	4.1	40.0	40.0	40.0	0.0	Duane Kirkland	Josh Bell	Budget is used for facilities maintenance at the Harlequin.
Pavilion Replacement - Woodmansterne	0.0	0.0	20.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	-20.0	Roger Thompson	Mark Herdman	
Priory Park Maintenance	198.0	0.0	30.0	0.0	0.0	0.0	24.9	228.0	24.9	24.9	-203.1	Roger Thompson	Mark Herdman	The tenant have been issued a 1 year extension to their concession during COVID-19 and remain in occupation. Works will be completed as part of the concession contract negotiation delaying the refurbishment until 2021/22. This allows the ability to review the overall contract and capital outlay.
Leisure and Culture	679.0	0.0	70.0	0.0	0.0	0.0	268.4	749.0	473.9	473.9	-275.1			
Lee Street Bungalows	234.0	0.0	386.8	0.0	0.0	0.0	16.9	620.8	365.4	365.4	-255.4	Richard Robinson	Josh Bell	Project stalled due to build cost tenders coming in over budget.
64 Massetts Road	0.0	0.0	13.6	0.0	0.0	0.0	10.0	13.6	13.6	13.6	0.0	Richard Robinson	Josh Bell	Planned spend for external works to the building in 2020/21.
Housing Delivery Programme	10,000.0	0.0	0.0	0.0	0.0	0.0	0.0	10,000.0	0.0	0.0	-10,000.0	Richard Robinson	Josh Bell	Reprofiling of spend required across multiple years.
Cromwell Road Development 2016	3,680.0	0.0	5,690.0	0.0	0.0	0.0	2,031.4	9,370.0	3,708.9	3,708.9	-5,661.1	Richard Robinson	Josh Bell	Spend profile changed following contracts being signed slightly behind original profiled schedule.
Unit 1 Pitwood Park Tadworth	1,745.0	0.0	4,164.5	0.0	0.0	0.0	2,420.1	5,909.5	4,316.7	4,316.7	-1,592.8	Richard Robinson	Josh Bell	As project has progressed on site spend profile has been further updated, hence the £735k adjustment to the forecast in Q2.
Housing Development	15,659.0	0.0	10,254.9	0.0	0.0	0.0	4,478.4	25,913.9	8,404.6	8,404.6	-17,509.3			
Fleet Vehicle Wash-Bay Replacement	350.0	0.0	0.0	0.0	0.0	0.0	0.0	350.0	0.0	350.0	0.0	Morag Williams	Mark Herdman	Works on the wash bay replacement are ongoing. Though works have been delayed due to COVID-19, it is still anticipated at this stage that works will be completed on
Earlswood Depot/Park Farm Depot	50.0	0.0	30.0	0.0	0.0	0.0	11.3	80.0	20.0	20.0	-60.0	Roger Thompson	Mark Herdman	Earlswood depot requires major boiler replacement. Works were unable to be completed during COVID-19 and therefore reassigned to 2021/22. Tenant at the Park Farm Depot has been given notice in accordance with the lease. Green spaces will occupy the unit from Jan 2021. Works to be completed in association with
Waste Management and Recycling	400.0	0.0	30.0	0.0	0.0	0.0	11.3	430.0	20.0	370.0	-60.0			

Capital Annex 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn (Adjusted) £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Accountant	Quarter 3: Explanation of Significant Variances
Land Flood Prevention Programme	6.0	0.0	11.0	0.0	0.0	0.0	3.7	17.0	17.0	17.0	0.0	Lee Wilcox	Mark Herdman	This funding is for ditch clearance, drainage and swale works
Air Quality Monitoring Equipment	108.0	0.0	50.0	0.0	0.0	0.0	9.0	158.0	158.0	158.0	0.0	Katie Jackson	Michael Leonard	The Air Quality monitoring capital allocation (£108k) will be used to fund the replacement of the RG1 fixed air quality monitoring station, which is required every 10 years and is due in 2020. We operate this site to meet our statutory duties for air quality and as part of our Section 106 funding agreement with Gatwick Airport Ltd (GAL). Additional £50k will be used to fund replacement of the Rapid Electric Vehicle Charge point at Wray Lane. The rapid charger has reached the end of its serviceable life and is a key part of our local air quality strategy, by encouraging electric vehicle uptake which will in turn reduce emissions of harmful pollutants.
Contaminated Land - Investigation work	30.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	0.0	0.0	-30.0	Morag Williams	Mark Herdman	This is an emergency contingency budget to be used in exceptional circumstances. There are no plans to use the budget at this time.
Environment	144.0	0.0	61.0	0.0	0.0	0.0	12.7	205.0	175.0	175.0	-30.0			
Handy Person Scheme	50.0	0.0	0.0	0.0	0.0	0.0	6.3	50.0	10.0	10.0	-40.0	Katie Jackson	Michael Leonard	COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.
Home Improvement Agency SCC Grant	120.0	0.0	0.0	0.0	0.0	0.0	90.0	120.0	120.0	120.0	0.0	Katie Jackson	Michael Leonard	The project cost is based on fixed contract price, therefore no cost variation expected.
Disabled Facilities Grant	1,134.0	0.0	0.0	0.0	0.0	0.0	498.9	1,134.0	695.4	695.4	-438.6	Katie Jackson	Michael Leonard	The forecast was amended at Q3 to reflect actual spending to date and anticipated levels for the rest of the year. Monies would usually be repaid under certain conditions as per the agreement (for example, when a property is sold). This can occur randomly at any time and therefore cannot be forecast in advance.
Repossession Prevention Fund	30.0	0.0	11.5	0.0	0.0	0.0	57.0	41.5	41.5	41.5	0.0	Richard Robinson	Josh Bell	The Repossession Prevention Fund is used to provide grants and loans to individuals to prevent homelessness. Last year (2019/20), we were successful in getting grants repaid to enable this fund to help more households.
Capital Grants	0.0	0.0	20.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	-20.0	Justine Chatfield	Michael Leonard	South Park Football Club was awarded £20k towards the creation of a 3G football pitch in 2019/20. Funding was carried forward into 2020/21 due to delays to work. Latest update from the football club is that works have been further delayed, in part due to COVID-19. The Service is investigating further and will be seeking Portfolio Holder's view on whether to continue to make the grant available to the club.
Capital Grants	1,334.0	0.0	31.5	0.0	0.0	0.0	652.2	1,365.5	866.9	866.9	-498.6			
Great Workplace Programme - Phase 2	250.0	0.0	0.0	0.0	0.0	0.0	12.0	250.0	250.0	250.0	0.0	Caroline Waterworth	Josh Bell	The Workplace Facilities - Estates/Asset Development programme is currently being reviewed for physical workplace plans post COVID-19. The outcome of the review and any budget impact will be developed and reported later in the year.
Workplace Facilities	30.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	30.0	30.0	0.0	Caroline Waterworth	Josh Bell	Funding used for deployment of laptops for new members of staff, which has seen an increase since the beginning of the year.
Disaster Recovery	0.0	0.0	18.0	0.0	0.0	0.0	26.2	18.0	19.6	19.6	1.6	Darren Wray	Josh Bell	Carry forward Budget from 2019/20 to cover ICT disaster recoveries.
Organisational Change	280.0	0.0	18.0	0.0	0.0	0.0	38.2	298.0	299.6	299.6	1.6			

Capital Annex 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn (Adjusted) £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Accountant	Quarter 3: Explanation of Significant Variances
Vehicles & Plant Programme	2,608.0	0.0	87.3	0.0	0.0	0.0	1,883.9	2,695.3	2,695.3	2,695.3	0.0	Lee Wilcox	Mark Herdman	2020/21 Tranche 2 of the fleet replacement project is complete, all vehicles have been delivered and are in service. 2020/21 procurement well underway. A number of assets have already been purchased for the greenspaces department. Orbis are facilitating the trial of 6 hybrid/electric cars and vans for use at the depot among a number of other items.
ICT Replacement Programme	225.0	0.0	125.7	0.0	0.0	0.0	370.7	350.7	418.5	418.5	67.8	Darren Wray	Josh Bell	Additional in-year funding of £67,850 was approved during the COVID-19 outbreak to fund Microsoft Teams implementation and Zoom license to improve collaboration and video conferencing facilities. This adjustment will be made in Q4 to remove this variance. All other projects within the programme are expected to continue this year although later than originally scheduled due to COVID-19. These include: - Netcall upgrade to improve resilience for the Contact Centre and enable Payment Card Industry Data Security Standards compliance
Operational Buildings	115.0	0.0	140.0	0.0	0.0	0.0	126.8	255.0	137.4	137.4	-117.6	Roger Thompson	Mark Herdman	Boilers and plant completed. Air Conditioning Units, external decoration and roof works reassigned to 2021/22 due to limited resources and contractor/equipment availability during COVID-19
Day Centres Programme	75.0	0.0	13.0	0.0	0.0	0.0	53.0	88.0	74.9	74.9	-13.1	Roger Thompson	Mark Herdman	Realigned to work in conjunction with the community centre task force and its proposals for re-opening.
Existing Pavilions Programme	90.0	0.0	0.0	0.0	0.0	0.0	0.0	90.0	90.0	90.0	0.0	Caroline Waterworth	Josh Bell	Upgrades of facilities to be carried out as proposed.
Tenanted Properties	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	37.0	37.0	-63.0	Caroline Waterworth	Josh Bell	Park Farm Depot. Break clause initiated by RBBC. Works to be completed in line with the greenspaces occupation. Detailed survey required.
Crown House	75.0	0.0	0.0	0.0	0.0	0.0	0.0	75.0	0.0	0.0	-75.0	Caroline Waterworth	Josh Bell	Works to be completed this financial year
Acquisition of 3, 8 and 20 Reading Arch Road	0.0	0.0	0.0	0.0	0.0	985.5	985.5	1,029.0	985.5	985.5	-43.4	Caroline Waterworth	Josh Bell	Acquisition of units 3, 6, 8 and 20 Reading Arch Road
Units 1-5 Redhill Dist Centre Salfords	40.3	0.0	0.0	0.0	0.0	0.1	0.0	40.3	0.0	0.0	-40.3	Caroline Waterworth	Josh Bell	COVID-19 delays caused by contractor availability. Non essential works were re-programmed during the level 4 lockdown enforcements. Access, travel, social
Linden House, 51B High Street Reigate	17.3	0.0	0.0	0.0	0.0	-0.1	0.0	17.2	17.2	17.2	0.0	Caroline Waterworth	Josh Bell	Works to be completed this financial year
Unit 61E Albert Road North	55.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	2.0	2.0	-53.0	Caroline Waterworth	Josh Bell	Roadway maintenance. On hold, reviewing Council's position as a whole on Albert Road North
Forum House, Brighton Road Redhill	70.0	0.0	0.0	0.0	0.0	0.0	0.0	70.0	0.0	0.0	-70.0	Caroline Waterworth	Josh Bell	Works to be completed this financial year
Beech House, London Road Reigate	3,000.0	0.0	0.0	0.0	0.0	0.0	0.0	3,000.0	0.0	0.0	-3,000.0	Caroline Waterworth	Josh Bell	£3m slippage in 2020/21, negotiations with AIG are still ongoing. Current status is a revised £2.1m Capital investment in 2021/22. Delays in negotiation with AIG due to COVID-19. The service is reviewing the overall deal and will recommend a course of action to the Commercial Ventures Board
Regent House, 1-3 Queensway Redhill	25.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	0.0	-25.0	Caroline Waterworth	Josh Bell	Works to be completed this financial year
Commercial Investment Properties	50.0	0.0	25.5	0.0	0.0	0.0	12.6	75.5	32.2	32.2	-43.3	Roger Thompson	Mark Herdman	Post COVID-19 identified essential works..
Infra-structure (walls)	55.0	0.0	49.0	0.0	0.0	0.0	12.8	104.0	35.0	35.0	-69.0	Roger Thompson	Mark Herdman	Reinstatement of surveys and reprogramming surveying inspections that were on hold during the COVID-19 lockdown.
Car Parks Capital Works Programme	190.0	0.0	180.0	0.0	0.0	0.0	2.5	370.0	190.0	190.0	-180.0	Roger Thompson	Mark Herdman	Works were tendered prior to COVID-19. Lockdown measures imposed and the tender process was unable to be completed, contractors unable to price works and submit programmes. Realigned for 2021/22.
Public Conveniences	5.0	0.0	40.0	0.0	0.0	0.0	10.8	45.0	18.5	18.5	-26.5	Roger Thompson	Mark Herdman	High Street Banstead completed, Consort Way Horley rescheduled to 2021/22.
Cemeteries & Chapel	40.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	0.0	0.0	-40.0	Morag Williams	Mark Herdman	Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.
Allotments	14.0	0.0	4.0	0.0	0.0	0.0	0.0	18.0	5.0	5.0	-13.0	Roger Thompson	Mark Herdman	Minor works required with planned maintenance work in 2021/22.
Building Maintenance - Support Cost	50.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	50.0	50.0	0.0	Caroline Waterworth	Josh Bell	Consultancy, essential to the delivery of the 2021/22 schedule
CCTV Rolling Programme	30.0	0.0	48.6	0.0	0.0	0.0	0.7	78.6	10.0	10.0	-68.6	Justine Chatfield	Michael Leonard	Underspend reflects decision making delays relating to the future of CCTV, caused by the Covid 19 emergency response. Decisions now taken by Executive and procurement processes being prepared. Underspend will need to be carried forward to 2021/22 to enable project delivery.
Commercial Investments Programme	50,000.0	0.0	13,977.1	0.0	0.0	-985.5	0.0	62,948.1	40,000.0	40,000.0	-22,948.1	Caroline Waterworth	Josh Bell	Allocated capital funding for investment in new developments and commercial assets and activities that, in addition to local regeneration and place-shaping benefits, deliver a sustainable net income stream to the revenue budget. There has been a drawdown of £1.029m of expenditure in Q1 to fund the acquisition of units 3, 6, 8 and 20 Reading Arch Road with additional spend on further acquisitions forecast for rest of the financial year.
Rolling Programmes	56,929.5	0.0	14,690.2	0.0	0.0	0.0	3,459.4	71,619.7	44,798.6	44,798.6	-26,821.1			
Total Capital Budget	95,546.2	0.0	29,491.2	0.0	0.0	0.0	15,559.1	125,037.4	70,593.2	74,365.4	-50,672.0			

This page is intentionally left blank



SIGNED OFF BY	Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader
TELEPHONE	Tel: 01737 276519
EMAIL	Luke.Harvey@reigate-banstead.gov.uk
TO	Audit Committee Executive
DATE	Audit Committee, Thursday, 11 March 2021 Executive, Thursday 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Strategic risks - 2021/22
----------------	---------------------------

RECOMMENDATIONS
<p>That the Audit Committee:</p> <p>(i) Note the identified strategic risks for 2021/22 as detailed in annex 1 and make any observations to the Executive.</p> <p>That the Executive:</p> <p>(ii) Approve the strategic risks for 2021/22 as detailed in annex 1.</p>
REASONS FOR RECOMMENDATIONS
<p>The Audit Committee's risk management responsibilities require it to receive regular updates on the Council's risk management arrangements, including the identification of the strategic risks for each financial year.</p> <p>In accordance with the Council's risk management strategy, the Executive is responsible for approving the identified strategic risks for each financial year.</p>
EXECUTIVE SUMMARY

Agenda Item 10

This report identifies the Council's strategic risks for the 2021/22 financial year. The risks have been updated given the anticipated position as of 1 April 2021.

This report was considered by the Audit Committee on 11 March 2021. The Committee made no formal observations or recommendations to the Executive.

The Audit Committee and Executive have the authority to approve their respective recommendations.

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse the strategic risks for each financial year.
9. Operational risks are short term risks that are encountered in the course of the day to day delivery by services. However, if the operational risk cannot be fully managed within the service or it has a wider organisational impact, then it will be considered for inclusion in the operational risk register.
10. Heads of Service have responsibility for operational risks. Operational risks are identified in discussion with Heads of Service and Directors and reported to the Council's Corporate Governance Group. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.

11. The Council’s risk management strategy and methodology utilises the following risk ratings:

Rating	Action
Red	Where management should focus attention. Immediate actions should be identified and plans put in place to reduce risk as a priority.
Amber	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus.
Yellow	These should have basic mechanisms in place as part of the normal course of management.
Green	Where risk is minimal and does not demand specific attention but should be kept under review.

KEY INFORMATION

Strategic risks 2021/22

12. The strategic risks for 2021/22 are available at annex 1.
13. The strategic risks have been given a contextual update to reflect the anticipated position as of 1 April 2021.
14. The key differences from the 2020/21 strategic risk register are as follows:
 - SR1 – Brexit. This risk is recommended for closure in Q3 2020/21 reporting.
 - SR4 – Partner public sector funding decisions. It is expected that this risk will be recommended for closure in Q4 2020/21 reporting. This is due – as reported in the agenda item on Q3 risk management – to the Council’s funding reliance on the County Council reducing in recent times, therefore reducing the potential impact of any funding or budgetary decisions they make. Recommended closure in Q4 is expected in order to align with finalisation of the Council’s and Surrey’s 2021/22 budgets.
15. Any new strategic risks identified as part of Q4 2020/21 reporting will transfer over to the risk register for 2021/22 if endorsed by the Executive.
16. The full risk registers are made available to all members via the ModGov document library.

Reporting

17. The Audit Committee and Executive receive quarterly updates on risk management. This includes newly identified strategic risks, strategic risks identified for closure and any red rated operational risks.

Audit Committee – 11 March 2021

18. The Audit Committee considered this report at its meeting on 11 March 2021. The Committee made no formal observations or recommendations to the Executive.

Agenda Item 10

OPTIONS

19. The Audit Committee has two options:
20. Option 1: note the strategic risks for 2021/22 and make no observations to the Executive.
21. Option 2: note the strategic risks for 2021/22 and make any observations to the Executive
22. The Executive has two options:
23. Option 1: approve the identified strategic risks for 2021/22. This is the recommended option.
24. Option 2: do not approve the identified strategic risks for 2021/22. This is not the recommended option as it will result in the Council not having a strategic risk register in place for the start of the 2021/22 financial year.

LEGAL IMPLICATIONS

25. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

26. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
27. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

28. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

29. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

30. The Council's risk registers inform the development of the annual risk based internal audit plan.
31. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

32. There are no other implications arising from this report.

CONSULTATION

33. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK
34. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.
BACKGROUND PAPERS
None

This page is intentionally left blank

Annex 1 – Draft strategic risks 2021/22

Ref.	Description	Portfolio holder
SR1	<p>COVID-19 pandemic</p> <p>The Council will continue to respond to the COVID-19 pandemic in supporting residents, businesses as well as other partner public sector organisations.</p> <p>The effects of the pandemic, coupled with the ongoing response, could result in significant disruption to the delivery of services and the achievement of corporate objectives.</p>	Cllr Brunt
SR2	<p>Financial sustainability</p> <p>In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty.</p> <p>The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes.</p> <p>If this substantial financial burden is not mitigated through direct Government support then these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions. The delivery of corporate plan objectives will similarly be jeopardised if the Council is unable to secure additional income streams.</p> <p>The ongoing financial settlement with the Government also remains uncertain.</p> <p>The Council is therefore increasingly reliant on income derived, and to be derived and generated, from investments, fees and charges and commercial activities – the ability to do so, however, may be further restricted by changes in legislation, regulations and codes of practice. Commercial activity and investments are similarly not without risk.</p>	Cllr Schofield
SR3	<p>Local government reorganisation</p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of the government's devolution agenda. A White Paper on English devolution and local recovery is expected in the latter part of 2021, delayed from autumn 2020.</p> <p>The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.</p>	Cllr Brunt
SR4	<p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic has changed the way the Council operates, the context within which it does so, and will similarly drastically change the organisational culture and ways of working.</p> <p>The Council will continue to be ambitious and new ways of working will need to be embraced by both members and officers in order for objectives to be achieved. Key</p>	Cllr Lewanski

Ref.	Description	Portfolio holder
	<p>to this is ensuring that staff welfare and wellbeing is maintained, particularly in the challenging circumstances caused by the pandemic.</p> <p>The failure to remain ambitious and adapt to the ongoing challenges of the pandemic will risk the delivery of corporate objectives.</p>	
SR5	<p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic has resulted in significant negative impacts upon the economy, which will continue to be felt for some time.</p> <p>Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from fees and charges and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>	Cllrs Humphreys and Schofield
SR6	<p>Reliance on the welfare system</p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	Cllr Knight
SR7	<p>Cyber security</p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases, particularly as home working has become the norm in response to the COVID-19 pandemic.</p> <p>More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction and theft, as well as significant disruption to the delivery of services.</p>	Cllr Lewanski
SR8	<p>Fraud</p> <p>Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Schofield
SR9	<p>Marketfield Way</p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality. It will also generate income which can be reinvested in Council services.</p> <p>The ongoing economic fallout of the COVID-19 pandemic may have negative impacts on this development, particularly with regards to securing commercial tenants and its consequent financial viability.</p>	Cllr Biggs
SR10	<p>Gatwick Airport</p>	Cllr Humphreys

Ref.	Description	Portfolio holder
	<p>The COVID-19 pandemic will continue to negatively impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue for the foreseeable future due to the negative economic outlook and ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will affect local employment, which may result in an increased number of residents seeking support from the Council.</p> <p>Moreover, despite the negative economic outlook, Gatwick Airport have indicated that they will continue to pursue their previously announced expansion plans. An intensification or expansion of Gatwick has attendant local environmental and infrastructural risks.</p>	
SR11	<p>Reform of the planning system</p> <p>Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>	Cllr Biggs



SIGNED OFF BY	Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader
TELEPHONE	Tel: 01737 276519
EMAIL	Luke.Harvey@reigate-banstead.gov.uk
TO	Audit Committee Executive
DATE	Audit Committee: 11 March 2021 Executive: 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Risk management - Q3 2020/21
----------------	------------------------------

RECOMMENDATIONS

That the Audit Committee:

- (i) Note the Q3 update on risk management provided by the report and associated annexes and make any observations to the Executive.**
- (ii) Note the closed strategic risk on Brexit as detailed in the report and in annex 2.**

That the Executive:

- (i) Note the Q3 update on risk management provided by the report and associated annexes.**
- (ii) Approve the closure of the strategic risk on Brexit (SR1) as detailed in the report and in annex 2.**

REASONS FOR RECOMMENDATIONS

The Audit Committee and Executive's constitutional responsibilities require them to receive regular updated on risk management.

EXECUTIVE SUMMARY

Agenda Item 11

This report provides an update on risk management in Q3 of 2020/21. Additional detail is provided in the report as well as the associated annexes.

The Audit Committee considered this report on 11 March 2021. The committee made no formal observations or recommendations to the Executive.

The Audit Committee and the Executive have the authority to approve their respective recommendations.

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse any new risks for inclusion on the strategic risk register.
9. Operational risks are risks that are encountered in the course of the day to day delivery of services. However, if an operational risk cannot be fully managed within the service or it has a wider organisational impact then it will be considered for inclusion in the operational risk register by the Council's Corporate Governance Group. Heads of Service have responsibility for operational risks.

KEY INFORMATION

Risk management reporting

10. The Council’s risk registers have been updated at the end of Q3, alongside Directors and Heads of Service.
11. The full risk registers are made available to all members via the ModernGov document library. Risk registers from previous years are available on the eMembers portal.
12. Each quarter the Audit Committee and Executive receives an update on risk management. As per the Council’s risk management methodology this report provides an update on all strategic risks as well as any red rated operational risks.
13. The update – available at annex 1 – includes the current risk rating, the direction of travel of the risk (with reference to its score) as well as a summary of the key updates in the quarter.

Risk ratings

14. The Council’s risk management strategy and methodology utilises the following risk ratings:

Rating	Action
Red	Where management should focus attention. Immediate actions should be identified and plans put in place to reduce risk as a priority.
Amber	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus.
Yellow	These should have basic mechanisms in place as part of the normal course of management.
Green	Where risk is minimal and does not demand specific attention but should be kept under review.

Q3 2020/21 risk management update

15. An update on the Council’s strategic risks for Q3 2020/21 is provided in annex 1
16. In Q3 there was one red rated operational risk, the detail of which is set out in the part 2 exempt annex 3.
17. In Q3 one strategic risk was identified for closure (SR1 – Brexit), the detail of which is available in annex 2.
18. In Q3 no new strategic risks were identified.

Audit Committee – 11 March 2021

19. The Audit Committee considered this report at its meeting on 11 March 2021. The Committee made no formal observations or recommendations to the Executive.

Agenda Item 11

OPTIONS

20. The Audit Committee has two options:
21. Option 1: note this report and the associated annexes and make no observations to the Executive.
22. Option 2: note this report and associated annexes and make any observations to the Executive.
23. The Executive has two options:
24. Option 1: note this report and endorse the closure of the strategic risk on Brexit (SR1). This is the recommended option.
25. Option 2: note this report and not endorse the closure of the strategic risk on Brexit (SR1).

LEGAL IMPLICATIONS

26. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

27. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
28. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

29. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

30. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

31. The Council's risk registers inform the development of the annual risk based internal audit plan.
32. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

33. There are no other implications arising from this report.

CONSULTATION

34. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK
35. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.
BACKGROUND PAPERS
None

This page is intentionally left blank

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

293

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR1	<p>Brexit</p> <p>The UK’s withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. If new trade arrangements aren’t negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>	Cllr Schofield	GREEN	<p>Following the agreement of a trade deal between the United Kingdom and the European Union on 24 December 2020, this risk is recommended for closure in Q3 2020/21 reporting.</p> <p>Risks associated with any worsening in the economic outlook will be covered by the strategic risk on Economic prosperity (SR6).</p> <p>The Council’s supply chains were previously reviewed as part of Brexit preparations and were found to be robust. Any specific supply chain risks will be closely monitored and, if necessary, raised as an operational risk.</p> <p>The ongoing issues at close strait channel crossings are being managed at the Local Resilience Forum level. The Council is fully engaged with our partners at the LRF.</p>	
SR2	<p>Financial sustainability</p> <p>The Council is now operating in a uniquely challenging and uncertain financial context.</p> <p>In the wake of the COVID-19 pandemic and likely recession which will follow, the Council faces a period of unprecedented financial uncertainty.</p> <p>The ongoing financial settlement with the Government also remains unclear with the Fair Funding Review</p>	Cllr Schofield	RED	<p>The Council’s updated Medium-Term Financial Plan was reported to the Executive in January 2021. This sets out the forecast budget challenges over the coming five years. It will form the basis for service and financial planning for 2022/23 onwards.</p> <p>The specific outcomes of the Fair Funding Review and Business Rates Reset remain unknown; however it is expected to result in significantly reduced funding.</p>	

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
294	<p>and Business Rate Reset and Revaluation being delayed.</p> <p>There most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council’s COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support these unplanned financial pressures will have an adverse impact on the Council’s capacity to deliver against its Corporate Plan ambitions in future years.</p>			<p>COVID-19 has resulted in material new financial risks, both in 2020/21 and over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority’s response and budgeted sources of income have been impacted by reduced demand during lockdown.</p> <p>Government funding received to date is likely to address a significant proportion of the one-off cost pressures and lost income, but there remains uncertainty about funding support for lost income from fees and charges and local taxes in 2021/22 as well as about whether income levels will return to pre-COVID levels in the remainder of the year and beyond.</p> <p>In Q3 the Council submitted the second claim to Central Government for lost income as a result of the COVID-19 pandemic.</p> <p>Despite the impact of COVID-19 on priorities and workloads, the Council adopted Part 1 of its Commercial Strategy in Q3 demonstrating the continued importance of: (i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward income generating projects such as Horley Business Park, and a crematorium. The Council is now in receipt of external advice on how to deliver appropriate commercial structures, roles and responsibilities and the relevant sub-committee is considering how to take this forward.</p>	

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

295

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR3	<p>Local government reorganisation</p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of a new devolution agenda.</p> <p>Given the COVID-19 Pandemic, a mandated reorganisation or devolution is unlikely. Instead, changes are most likely to result from a neighbouring or partner authority's financial failure or distress.</p> <p>The results of a possible reorganisation are uncertain, though it could adversely affect this Council and the delivery of services for residents.</p>	Cllr Brunt	AMBER	<p>The 2019 Queen's speech announced an upcoming white paper on devolution and local government reorganisation.</p> <p>In response to the latter, in the summer of 2020 Surrey County Council announced its intention to develop a proposal for a single unitary authority to cover the county. The proposal would have necessarily involved the abolition of all districts and boroughs. The Council was a joint signatory to a letter to the Secretary of State, Robert Jenrick MP, which requested that the government give consideration to alternative proposals for the structure of local government in Surrey.</p> <p>Surrey's proposal was not one of three that the government invited to take forward.</p> <p>The government recently announced that the White Paper will now follow in the latter part of 2021 – delayed from Autumn 2020.</p> <p>The Council will continue proactively seek to influence the debate on the future structure of local government within Surrey.</p> <p>In 2020 Leaders of all Surrey's district and borough councils commissioned a piece of work, with assistance from KPMG, to look at local government provision across the county and explore ways of joint working and closer collaboration with partners. The report was published in January 2021 and details collaboration opportunities in areas such as waste, building control, IT infrastructure, housing, revenues and benefits, procurement,</p>	—

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

296

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				economic development and leisure services. The report's recommendations will not be actively pursued as the Council continues to respond to the COVID-19 pandemic.	
SR4	<p>Partner public sector funding decisions</p> <p>The public sector is experiencing significant funding pressures. Budgetary decisions made by other public service providers will impact this borough's residents and businesses as well as the Council itself.</p> <p>The COVID-19 pandemic has increased pressure on public services. These pressures may result in partners being stretched which may require the Council to increase services and support provided. This could have negative funding and resource implications.</p>	Cllr Schofield	AMBER	<p>Our partner public sector organisations are operating in a similarly challenging financial context as detailed in SR2 above.</p> <p>As per SR3, the financial distress or failure of a partner or neighbouring authority could result in changes to the structure of local government in Surrey.</p> <p>We will seek to align Council and partner priorities around the new Corporate Plan wherever possible, to ensure that all services are meeting the needs of our residents and businesses.</p> <p>Surrey County Council published its draft budget in January 2021. Any impacts on this Council will be kept under close review. The Council's funding reliance on the County Council has reduced in recent years, however, therefore reducing the potential impact of any funding or budgetary decisions they make.</p>	—
SR5	<p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic will change the way the Council operates and will drastically change the organisational culture and ways of working.</p>	Cllr Lewanski	AMBER	<p>Before the COVID-19 pandemic significant work was undertaken on the Council's Great People work programme (formerly known as the Organisation Development strategy). This has formed a solid basis for post COVID planning.</p> <p>Organisational culture:</p>	—

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

297

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>The Council will continue to be ambitious and the new ways of working will need to be embraced by both members and officers in order for objectives to be achieved.</p> <p>The failure to remain ambitious will risk the delivery of these objectives in these unprecedented times.</p>			<p>The pandemic has resulted in a need for the organisation to work differently. This is being proactively driven by the New Ways of Working Recovery group. This group has member oversight. As of January 2021, this work is now being overseen by the Organisation Board.</p> <p>Priority is being given to understanding and addressing staff welfare and wellbeing issues.</p> <p>Capacity and resilience: As recently agreed by the Employment Committee, the recruitment of a new Chief Executive will be paused and reconsidered in the Spring. Suitable plans are in place within the Management Team to cover all duties. Recruitment will be underway shortly to increase capacity in the Management Team.</p>	
<p>SR6</p>	<p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic will have negative impacts upon the economy, with forecasts suggesting the worst recession in a century.</p> <p>Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from paid for services and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>	<p>Cllrs Humphreys and Schofield</p>	<p>RED</p>	<p>The latest available data (current as of October 2020) shows that Reigate and Banstead has had the highest number of furloughed employees in Surrey. The government's Jobs Retention Scheme has been extended until the end of April 2021.</p> <p>In Q4 the Council will launch the East Surrey Work Local Youth Hub. The Hub is a new initiative to combat the recent increase in youth unemployment.</p> <p>The Council has been active in helping to support local businesses using virtual platforms throughout the COVID-19 pandemic. We will continue to carry out heightened levels of engagement and communication with local businesses.</p>	<p>—</p>

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>Support has also included the processing of business grants and applications for business rate relief. The Council has also distributed money to support businesses via the local authority discretionary grant fund. In Q3 the scope of the grant programme was expanded to support a wider group of local businesses.</p> <p>The 'R&B Works' project is set to take place in Q4. This project intends to highlight and provide support towards local employment opportunities for residents.</p>	
298 SR7	<p>Reliance on the welfare system</p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched and residents being threatened with homelessness. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	Cllr Knight	RED	<p>The COVID-19 pandemic has resulted in significant negative economic impacts on residents. The Council will closely monitor the impact of the gradual ending of the government's furlough scheme and the impact on local residents.</p> <p>The Council continues to administer Test and Trace support payments. The payment of £500 is for people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result.</p> <p>The full roll-out date for universal credit has yet to be confirmed. However, the system is live for those experiencing changes in their circumstances. The effects of COVID-19 has increased universal credit claimants in the borough.</p> <p>The Council's Money Support service is receiving increased referrals in comparison to previous years. This will continue to be</p>	—

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

299

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>monitored and services adjusted/scaled up if required. Additional resourcing has been identified to support the service.</p> <p>The Housing service has successfully applied for a government grant to help with accommodating single homeless persons. The Council has also participated in a cross-Surrey application made to the 'Changing Futures Fund'. This fund is a new pilot service aimed at providing support to vulnerable homelessness clients.</p> <p>As of the end of Q3 the ban on evictions continues to be in effect and is expected to continue through to mid-February 2021. When the courts do reopen, however, there is an expectation that the Housing service will experience an increase in homelessness applications.</p>	
SR8	<p>Cyber security</p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases. More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The shift to remote working and teleconferencing in response to COVID-19 could potentially compromise cyber security.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction, disruption to the delivery of services and data theft.</p>	Cllr Lewanski	AMBER	<p>ICT reports data security matters to the Senior Information Risk Officer (SIRO). The ICT customer base will be kept informed of any specific threats and will be continually reminded to be vigilant when opening email or browsing websites, particular those from unknown sources</p> <p>The 2020 assessment of ICT security standards, set by the Cabinet office and known as the Public Sector Network Code of Connection (PSN CoCo), has been passed and certificated. The 2021 assessment is due to commence in February/March 2021. Certification is expected in June 2021.</p>	■

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

300

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				ICT are currently working with the National Computer Centre to implement a statement of works to improve the Council's cyber security.	
SR9	<p>Fraud</p> <p>Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Schofield	AMBER	<p>The new areas of activity that the Council has delivered since the pandemic started increase the risk of fraud. The Council nevertheless has robust control measures in place to protect public funds from fraudulent activity.</p> <p>The Council's processes regarding the payment of small business grants were audited by the Council's internal auditors in Q2 of this financial year. An opinion of 'substantial assurance' was received, with no management actions recommended. An audit on discretionary grant payments took place in Q3, with the service also receiving a 'substantial assurance' opinion, with no management actions recommended.</p>	■
SR10	<p>Marketfield Way</p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality and viability. It will also generate income which can be reinvested in Council services.</p> <p>The COVID-19 pandemic will likely negatively impact upon this development, including in its delivery as well as its financial viability.</p>	Cllr Biggs	AMBER	<p>The project continues to be on track.</p> <p>Enabling works have now been completed, and full works have commenced. Office based staff are working remotely and social distancing measures are in place on site. These safety measures are aligned to industry standards as well as all relevant government guidance. This is a key control to prevent work on site being delayed.</p> <p>We have entered into a building contract which reduces financial risk to Council by fixing a high proportion of outstanding costs.</p>	■

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>The current economic climate may make securing pre-let agreements – particularly for the cinema operator – challenging. This will be continually monitored alongside the Council’s commercial agent. The council is adopting a flexibility-of-use methodology for Marketfield Way’s commercial units. This is to ensure that there are appropriate tenant incentive packages in place to encourage interest from commercial organisations.</p> <p>The project was recently audited by the Council’s internal auditors and received an assurance rating of ‘substantial’.</p>	
301 SR11	<p>Gatwick Airport</p> <p>The COVID-19 outbreak is likely to have a prolonged negative impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue into the foreseeable future due to the negative economic outlook and likely ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will likely have a negative effect on local employment, which may result in an increased number of residents seeking support from the Council.</p>	Cllr Humphreys	RED	<p>This risk is largely outside of the Council’s control and is dependent on any possible support provided by the government to the aviation sector and the commercial decisions made by private companies.</p> <p>As noted above, Reigate and Banstead has the highest number furloughed employees in Surrey. It is likely that a high number of Reigate and Banstead residents are on furlough from Gatwick and its associated supply chain.</p> <p>Prior to third lockdown announced before Christmas, Gatwick had indicated some confidence of returning to around 50% of normal capacity in the summer of 2021. Given the current lockdown, this is likely to be delayed, with recovery subject to the success of the vaccination program and limited by any future restrictions.</p>	-

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

302

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				As of end of Q3, Gatwick continues to operate at severely reduced levels, with majority of staff remaining on furlough.	
SR12	<p>COVID-19: second wave/local lockdown</p> <p>In the event of a second wave or local lockdown, the Council will be required to stand up its response to support residents and businesses.</p> <p>This will result in members of staff being redeployed and could result in significant disruption to the delivery of services.</p>	Cllr Brunt	AMBER	<p>In October 2020 the government announced a new tiered system of restrictions to stop the spread of COVID-19. The latter was supplanted, however, by the announcement of two subsequent national lockdowns.</p> <p>The Council has utilised its robust plans to continue to provide services under the several rounds of COVID-19 restrictions during the quarter. This has included providing support services to residents and businesses as well as maintaining business continuity and the delivery of core statutory services.</p> <p>In this regard, it is important to note that operating within the confines of, and responding to, Covid-19 has now become 'normal' for the Council. Ongoing disruption is expected and is being planned for.</p> <p>The Council continues to engage with partners in Surrey, including the Local Resilience Forum and other districts and boroughs. Learning from partners has assisted preparedness activities.</p>	↓
SR13	<p>Reform of the planning system</p> <p>Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage and are subject to later change and revision, the current White</p>	Cllr Biggs	AMBER	<p>In Q2 the Council responded to the consultation by central government and lodged its opposition to the white paper's proposals as currently defined, principally in regards to the loss of affordable housing in the borough. The consultation closed on 29 October 2020.</p>	■

ANNEX 1 – Q3 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>			<p>The Council continues to pursue the delivery of affordable housing within the borough as articulated in the Housing Delivery Strategy.</p>	

This page is intentionally left blank

ANNEX 2 - STRATEGIC RISK RECOMMENDED FOR CLOSURE (Q3 2020/21)

Ref.	Risk description	Owner	Mitigating actions/update
<p>SR1</p>	<p>Brexit</p> <p>The UK's withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. If new trade arrangements aren't negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>	<p>Cllr Schofield</p>	<p>As noted in annex 1 of this agenda item, following the agreement of a trade deal between the United Kingdom and the European Union on 24 December 2020, this risk is recommended for closure in Q3 2020/21 reporting.</p> <p>Risks associated with any worsening in the economic outlook will be covered by the strategic risk on 'Economic prosperity'.</p> <p>The Council's supply chains were previously reviewed as part of Brexit preparations and were found to be robust. Any specific supply chain risks will be closely monitored and, if necessary, raised as an operational risk.</p> <p>The ongoing issues at close strait channel crossings are being managed at the Local Resilience Forum level under Operation Tarragon. The Council is fully engaged with our partners at the LRF.</p>

This page is intentionally left blank



SIGNED OFF BY	Head of Legal and Governance
AUTHOR	Catriona Marchant, Democratic Services Officer
TELEPHONE	Tel: 01737 276066
EMAIL	catriona.marchant@reigate-banstead.gov.uk
TO	Overview & Scrutiny Committee 18 March 2021 Executive 25 March 2021 Council 8 April 2021
DATE	Thursday 18 March, 2021
LEAD MEMBER	Chair of Overview and Scrutiny Committee

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Overview and Scrutiny Committee: Proposed Work Programme 2021/22
----------------	--

RECOMMENDATIONS
(i) That the proposed Work Programme for 2021/22 as set out at Annex 1 and detailed in the report be approved.
REASONS FOR RECOMMENDATIONS
To agree a Work Programme for the Overview and Scrutiny Committee for the 2021/22 Municipal Year.
EXECUTIVE SUMMARY
The Overview and Scrutiny Committee proposed Work Programme 2021/22 sets out a programme of activity that is in line with the Council's priorities. The Work Programme is due to be considered and agreed by the Overview and Scrutiny Committee at its meeting on 18 March 2021.
Following consultation with the Executive, the Work Programme is submitted for approval by the Council so that it can be agreed before the start of the Municipal Year.

Agenda Item 12

STATUTORY POWERS

1. The *Local Government Act 2000* (as amended) established Overview and Scrutiny Committees within the Leader with Cabinet model of governance. Subsequent legislation including the *Police and Justice Act 2006*, the *Local Government Public Involvement in Health Act 2007*, the *Local Democracy, Economic Development and Construction Act 2009*, the *Localism Act 2011* and the *Local Authorities (Overview and Scrutiny Committees) (England) Regulations 2012* has provided additional responsibilities on the Committee.

BACKGROUND

2. As required by the Constitution, an outline of the Committee's work programme for the year is discussed between the Leader of the Council and the Chair of the Committee with representatives from the Management Team.
3. The Committee's work programme is designed to help it plan its business during the year and is set out in various categories in paragraphs 8 to 23.
4. To provide flexibility (to accommodate matters not contained within the work programme) the following protocol has been established: *"In addition to the Committee's agreed work programme it needs to allow flexibility for additional priority work that emerges during the course of the year. In those circumstances the Committee should be permitted to undertake that piece of work following consultation and agreement with the Chairman of the Committee and appropriate Executive Member and Management Team Manager. In the event that this is not possible a report should be made to the Executive requesting the inclusion of the issue within the work programme"*.
5. The prioritisation of the Work Programme may be adjusted by the Chair during the year to manage the business effectively.
6. An important element of the Committee's work is to ensure that it continues to assist the Council in driving forward the Corporate Plan's key objectives and priorities. The Committee's work programme is therefore designed in a constructive way to link with the Executive's work programme.
7. Annex 1 sets out a summary of the Committee's proposed Work Programme 2021/22 and further details are set out below.

KEY INFORMATION

8. **Policy Framework consultations** – It is proposed that the Work Programme includes Policy Framework consultation documents as required by Policy Framework procedures within the Council's Constitution. There are no new Policy

Framework consultations documents currently in progress, however any that emerge during the course of the year will be reported to the Committee.

9. A plan is prepared administratively which continues to identify all of the strategies/plans that will be reviewed by the Executive. Work is also underway to implement other important strategies, such as the housing strategy and environmental strategy; progress will be reported in line with the arrangements set out in those strategies. Where an updated strategy is being prepared, and where the proposed strategy is not significantly different, or where changes have been tested through Member briefings/seminars following consultation with the Chair and Vice-Chair, a formal report will not usually be brought to the Committee.
10. **Work Programme rolled forward from 2020/21** – The Committee is anticipated to complete its work programme in 2020/21, with no matters to roll forward.
11. **Portfolio Holder Objectives** – The Committee has continued to work closely with Executive Members during 2020/21 and has received presentations from Portfolio Holders on a number of the Council's priority work streams. The Committee proposes to continue this approach in 2021/22.
12. **Leader Updates** – To support effective cooperation of the Committee and the Executive, the Committee receives twice-yearly updates from the Leader of the Council on the Council's overarching activities and strategic objectives. The Committee proposes to continue this approach in 2021/22.
13. **Performance Management Monitoring Activities** – the Committee has a role to monitor the performance of the Council. Programme and project dashboards are made available each month on the ModernGov intranet library. The monitoring activities have been fulfilled by reporting on the following matters, which the Committee consider appropriate to continue for 2021/22:
 - Quarterly Revenue and Capital budget monitoring forecasts
 - Quarterly Service Performance Management Monitoring
 - Corporate Plan performance (annual basis).
14. **Panels for 2021/22** – In addition to the annual Budget Scrutiny Panel, a Commercial Strategy Scrutiny Panel was constituted on 21 January 2021 with meetings to be scheduled.
15. **Budget Scrutiny Review Panel** – The Committee has established an annual Budget Scrutiny Review Panel. . The Budget Scrutiny Review Panel held one meeting in 2019/20 and reviewed the Service and Financial Planning 2021/22 report and supporting documents. A streamlined approach, supported by an advance questioning process, continued to work well and allowed the Panel to conclude its work in one meeting.
16. It is therefore suggested that the Panel's work in 2021/22 be based on considering the Provisional Budget proposals for 2022/23 (including any updated assumptions within the Medium Term Financial Plan, appropriate revenue projections and a progress report on the Capital Programme projections).

Agenda Item 12

17. **Local Plan Scrutiny Review Panel** – The Local Plan Scrutiny Review Panel met once in 2019/20, to consider the public consultation responses to the draft Supplementary Planning Documents on Affordable Housing, Barn and Farm Conversions, Historic Parks and Gardens and Reigate Shopfront. As the Council is not currently preparing an update to the Core Strategy or new Local Plan there may be no need for a Local Plan Scrutiny Review Panel. One will be re-established should this position change.
18. **Externally Focused Overview and Scrutiny work** – The Committee has successfully undertaken scrutiny with and of partner organisations in recent years. The Committee proposes during 2021/22 to consider a range of external challenges with partner organisations, including Raven Housing Trust.
19. **Crime and Disorder Scrutiny** – The Committee is the ‘crime and disorder’ scrutiny committee for the purposes of the Police and Justice Act 2006. This requires the Committee to undertake a scrutiny activity of crime and disorder matters once every 12-month period. The Committee has worked well with partners such as the Reigate and Banstead Borough Commander, Surrey Police and Surrey County Council on developing this work.
20. In 2020/21 the Committee invited the Portfolio Holder for Community Partnerships, along with representatives of the Police and Community Safety Partnership to this meeting to assist it in its consideration of the topic. Consideration of the Community Safety Plan was therefore undertaken by the Committee, supported by the Portfolio Holder for Community Partnerships. It is proposed that the Committee continue to undertake this activity in 2021/22.
21. **Council Corporate Scrutiny** – the Interim Head of Paid Service, Directors, Leader and Chair of the Overview & Scrutiny Committee considered the balance between effective scrutiny, with the need to protect commercial confidentiality and enable the Council’s services to operate competitively.
22. In 2020/21, updates on Council-owned companies were considered by the Committee bi-annually. An update was considered by the Committee in October 2021 and another is due to be considered on 18 March 2021.
23. **Call-Ins** – The Committee would also consider matters that have been called in for review. There was one Call-In of Executive decision in 2020/21 on the Environmental Sustainability Strategy.

OPTIONS

24. The Executive has the option to support the proposed Overview and Scrutiny Work Programme 2021/22 as set out in the report.
25. The Executive has the option not to support the proposed work programme as set out in the report and request it to be reconsidered. This is not recommended as the

Committee would not then have a scrutiny work programme in place for 2021/22 to enable them to carry out effectively their scrutiny of the Executive.

MANAGEMENT TEAM COMMENTS

26. Management Team are supportive of the Work Programme proposed.
27. The work of the Committee is clearly a valuable part of the overall checks and balances needed to ensure that the authority makes decisions that are robust and challenged with the best interests of the community and the delivery of quality services at the heart of this remit.

LEGAL IMPLICATIONS

28. There are no immediate legal implications arising from this report. However, if the proposed Work Programme is not adopted then this will mean that the work of the Council will not have the overview and scrutiny that is a strategic function of the authority and central to the organisation's corporate governance. The Work Programme provides councillors, who are not in decision-making roles, a work plan to set out what and how it wants to hold the Executive publicly to account over the coming year.

FINANCIAL IMPLICATIONS

29. There are no direct financial implications arising from the recommendations set out in this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

EQUALITIES IMPLICATIONS

30. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
31. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
32. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
 - How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;

Agenda Item 12

- Whether the impact on particular groups is fair and proportionate;
- Whether there is equality of access to service and fair representation of all groups within the Borough;
- Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

RESOURCE IMPLICATIONS

33. The main role of the Council in considering the Overview and Scrutiny Committee's Work Programme is to ensure that the work streams are appropriate and not duplicating ongoing work. More importantly the Council must ensure appropriate resources are available to add value to that Work Programme and balance the demands of the Committee against the overall priorities of the Council. Given the proposed work programme, no specific resource implications beyond those planned are anticipated.

CONSULTATION

34. In accordance with the Overview and Scrutiny arrangements contained in the Council's Constitution, the Committee's future work programme was discussed with the Leader and the Chair/Vice-Chair of Overview and Scrutiny.

POLICY FRAMEWORK

35. Policy framework considerations are noted in paragraph 8 and 9.

ANNEX

Annex 1 sets out a summary outline of the proposed Annual Forward Work Programme 2021/22.

Overview and Scrutiny Committee

DRAFT Annual Forward Work Programme 2021/22

What is scrutinised by O&S each year

Topic	How often
Service and Financial Planning Budget Scrutiny Panel	Budget Scrutiny Panel plus scrutiny of Service and Financial Planning reports for the following financial year (December)
Performance Management Monitoring: <ul style="list-style-type: none"> • Quarterly Revenue and Capital Budget monitoring forecasts • Quarterly Service Performance Management Monitoring (KPIs) • Reigate and Banstead 2020-25 (Corporate Plan) – Performance Report 2020/21 	Quarterly 9 Sept - Q1 2021/22 9 Dec - Q2 2021/22 17 March – Q3 2021/22 17 June – Q4 2021/22 1 meeting – June or July
Leader's Update	Twice yearly
Portfolio Holder updates: <ul style="list-style-type: none"> • Organisation – Corporate Policy & Resources, Finance & Governance, Investment & Companies • People: Housing & Support, Leisure & Culture, Community Partnerships • Place: Planning Policy & Place Delivery, Neighbourhood Services, Economic Prosperity, Corporate Policy & Resources 	Three times a year at three separate meetings 21 Oct /20 Jan/March 2022
Companies Performance Updates	Twice yearly (partial Exempt)
Environmental Sustainability Strategy	Annually (Autumn)
Policy Framework consultations	No new policy consultations in progress

Annual Community Partnership Scrutiny 'crime and disorder scrutiny'	Once a year - February
O&S Annual Forward Work Programme	March
O&S Annual report	March

Scrutiny Panels planned 2021/22

Budget Scrutiny Review Panel	1 December 2021
Commercial Strategy Scrutiny Panel	Constituted at January O&S 2021 – Panel meeting dates to be scheduled
Local Plan Scrutiny Panel	If required

Member Suggestions – additional scrutiny topics - Overview and Scrutiny Committee 2021/22

Raven Housing Trust (requested by the Committee that RHT are invited to attend O&S 2021/22 – date to be scheduled)
--

O&S Meeting dates 2021/22

Seven O&S Committee meetings a year (plus 1 - Annual Community Safety Partnership Scrutiny) plus Budget Scrutiny Panel. Two Scrutiny Panels to be scheduled 2021/22 - Commercial Strategy Scrutiny Panel and Local Plan Scrutiny Panel.

17 June (Election of Chair/Vice-Chair), 15 July, 9 Sept, 21 Oct, 1 Dec (Budget Scrutiny), 9 Dec, 20 Jan 2022, (17 Feb 2022 - Annual Community Safety Partnership), 17 March 2022

(As at 25 Feb 2021)