Agenda

Executive

Thursday, 24 March 2022 at 7.30 pm

New Council Chamber, Town Hall, Reigate

This meeting will take place in accordance with Government guidance. The Committee will assemble at the Town Hall, Reigate. Members of the public, Officers and Visiting Members may attend remotely.

It is recommended that you wear a face covering in the chamber, except when you are seated. Please be considerate of others' personal space and sanitise your hands regularly.

Members of the public may observe the proceedings live on the Council's website.

Members:	
M. A. Brunt (Leader)	
T. Schofield	E. Humphreys
T. Archer	V. H. Lewanski
R. H. Ashford	C. M. Neame
R. Biggs	K. Sachdeva
N. J. Bramhall	

Mari Roberts-Wood
Head of Paid Service

For enquiries regarding this agenda;	
Contact:	01737 276182
Email:	democratic@reigate-banstead.gov.uk

Published 18 March 2022

1.	**Apologies for absence**	
	To receive any apologies for absence.	
2.	**Minutes**	(Pages 5 - 10)
	To approve the Minutes of the meeting of the Executive held on 27 January 2022.	
3.	**Declarations of interest**	
	To receive any declarations of interest.	
4.	**Capital Grant Funding for Chavecroft Scheme**	(Pages 11 - 16)
	The Executive Member for Housing & Support.	
5.	**Homelessness & Rough Sleeping Strategy 2022-2027**	(Pages 17 - 98)
	The Executive Member for Housing & Support.	
6.	**Ownership, Tenure and Management of Wheatley Court, Cromwell Road**	(Pages 99 - 106)
	The Executive Member for Housing & Support.	
7.	**IT Strategy 2022/3 to 2026/7**	
	The Executive Member for Corporate Policy & Resources.	
8.	**Quarter 3 Performance Report 2021/22**	(Pages 107 - 142)
	The Executive Member for Corporate Policy & Resources and the Executive Member for Finance & Governance.	
9.	**Risk Management - Q3 2021/22**	(Pages 143 - 166)
	Executive Member for Corporate Policy and Resources.	
10.	**Strategic risks - 2022/23**	(Pages 167 - 174)
	To consider the strategic risks for 2022/23.	
11.	**Overview and Scrutiny Annual Work Programme 2022/23**	(Pages 175 - 182)

The Leader of the Council.

12. **Treasury Management Strategy 2022/23** (Pages 183 - 236)

The Deputy Leader and Executive Member for Finance & Governance.

13. **Bad Debt Write Off 2021/22** (Pages 237 - 244)

The Executive Member for Finance & Governance.

14. **Appointments to the Board of Banstead Commons Conservators (2022)** (Pages 245 - 250)

The Executive Member for Neighbourhood Services.

15. **Statements**

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

16. **Exempt business**

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.

17. **CAPITAL GRANT FUNDING FOR CHAVECROFT SCHEME - EXEMPT** (Pages 251 - 252)

18. **OWNERSHIP, TENURE AND MANAGEMENT OF WHEATLEY COURT, CROMWELL ROAD - EXEMPT** (Pages 253 - 260)

19. **APPOINTMENTS TO THE BOARD OF BANSTEAD COMMONS CONSERVATORS (2022) - EXEMPT** (Pages 261 - 266)

20. **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).

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 New Council Chamber - Town Hall, Reigate on 27 January 2022.

Present in the Chamber: Councillors T. Schofield (Deputy Leader), T. Archer, V. H. Lewanski and K. Sachdeva

Also present remotely: Councillors R. Ashford, R. Biggs, M. Brunt, E. Humphreys

Visiting Members: Councillors M. Blacker, J. Essex, N. Harrison

58. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Neame.

Councillors Ashford, Biggs, Bramhall, Brunt and Humphreys attended the meeting remotely so could not vote.

59. MINUTES

The Minutes from the last meeting on 16 December 2021 were approved.

60. DECLARATIONS OF INTEREST

There were none.

61. BUDGET & CAPITAL PROGRAMME 2022/23

Executive Member for Finance and Governance, Councillor Schofield, introduced the Budget 2022/23 & Capital Programme 2022 to 2027 report. This presented the final proposals for 2022/23 onwards resulting in a net revenue budget requirement of £19.980 million (which was £2.585 million higher than the budget for 2021/22) along with a recommended council tax increase of £5 for an average Band D property.

Service budget growth of £785k was recommended, mainly due to a £1.1m reduction in income from car parking and £115k reduction in benefit subsidy, partly offset through parking and efficiencies in Service Budgets of £430k. Central budgets are also set to rise by £1.8m to fund staff pay increases, pension contributions and borrowing costs for the delivery of the approved Capital Programme.

The proposals had been subject to a thorough review by Members of the Budget Scrutiny Panel and the Overview & Scrutiny Committee.

In response to questions from Visiting Members it was confirmed that:

- Pay negotiations were ongoing. The rising costs of living affected all residents. Executive Members were raising this issue with the government and MPs.
- The budget allowed for an additional crew to carry out the extra recycling work that was expected. This recycling revenue may be greater than the costs of the additional crew, but this was an estimate as it depended on the payments the Council finally received for recycling.
- The environmental sustainability budget allowed for additional work and costs involved in carrying out the Strategy.
- The collection fund payments were paid to the County Council and Police Authority based on an agreed schedule during the year; the final position is then confirmed at a later stage.

The Chair of Overview and Scrutiny Committee, Councillor Harrison, explained that the Budget Scrutiny Panel and the Overview and Scrutiny Committee had examined the proposed budget in depth at December meetings. Overview and Scrutiny Committee had also looked at the final proposed budget changes at its meeting on 20 January. It was noted that the budget gap had been met. The Committee was pleased that the Executive had been able to continue to fund the taxi voucher scheme. The Committee had asked for a note about the likely impact on inflation and the Council's utility costs before Council met to approve the budget on 10 February. Councillor Harrison thanked the Executive and Officers for their work on this year's budget plans. He stressed the importance of the financial sustainability plan for next year's budget.

The Leader noted the responses to the public consultation from the residents and local groups. He thanked Executive Members and Officers for their work to close the budget gap which had been helped by receiving government funding. This government support had now ended so difficult decisions remained next year. He was pleased to see that the level of funding for the Banstead Commons Conservators had been maintained and was due to meet with them to work through their financial sustainability plans.

RESOLVED:

That Executive RECOMMEND to Council:

1) **The latest Medium-Term Financial Plan forecast at Annex 1.**

2) **A Revenue budget requirement of £19.980 million for 2022/23, as set out in this report and at Annex 2, which reflects:**

    - **Service budget savings of (£0.430) million (net); including additional savings of (£0.315 million) at Annex 2;**
    - **Service budget growth for Government funding reductions of £0.115 million;**

- **Service budget growth for parking income losses of £1.100 million; plus**
- **Central budget growth of £1.800 million.**

3) **An increase in Reigate & Banstead's Band D Council Tax of £5.00 (2.11%) and a final tax base of 62,274 Band D equivalents;**

4) **The forecast for Revenue Reserves (Annex 3) and the recommended use of £1.777 million from Reserves in 2022/23 comprising:**

   - **£0.115 million from the Government Funding Risks Reserve to fund reduced housing benefit subsidy; and**
   - **£0.350 million from the Pensions Reserve to fund 2022/23 employer pension contributions; and**
   - **£1.100 million from the COVID-19 Risks Reserve to fund reduced income from parking fees; and**
   - **£0.212 million from the General Fund Balance to support the 2022/23 Revenue Budget;**

5) **A Capital Programme of £45.297 million for 2022/23 to 2026/27 as set out in this report and at Annexes 4.1 and 4.2, including net Capital Programme Growth Proposals of £4.993 million.**

6) **The Chief Finance Officer's report on the robustness of the Budget estimates and adequacy of Reserves.**

That Executive authorised:

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

That Executive noted:

8) Plans to submit IT Strategy investment proposals for approval by Executive.

62. COUNCIL TAX 2022/23

The Executive Member for Finance and Governance, Councillor Schofield, introduced the Council Tax Setting 2022/23 report to the Executive. This will be debated by Full Council on 10 February. The reasons for this Council's recommended increase of £5 (2.11%) were set out in the Budget report. The Reigate and Banstead element of Council Tax was just under 12% of the combined Band D Council Tax (including precepts) which will increase by £93.97 or 4.2% in total from April.

RECOMMENDED to Council:

1) That it be noted that on 2 December 2021 the Council calculated:

a) the Council Tax base 2022/23 for the whole Council as 62,274

[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 10,766**
- **Salfords & Sidlow Parish Council 1,434**

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

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

2) Calculated that the Council Tax requirements for the Council's own purposes for 2022/23 (excluding Parish precepts) is £15,099,124.

3) That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:

a) **£70,550,416 – 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) **£56,316,870 – being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.**
c) **£13,978,546 – being the amount which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 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) **£224.47 – 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) **£507,416 - 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) **£242.46 - 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.**
g) **Horley Town Council £285.63**
Salfords & Sidlow Parish Council £272.18

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 2022/23 for each of the categories of dwellings shown in Annex 3.

6) It be noted that for the year 2022/23 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.

Clerk's Note: The recommendations at (iii) (a) – (d) are to be amended in an Addendum to the Council agenda, in accordance with the delegated authority under recommendation (iv) for the Chief Finance Officer 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.

63. CALENDAR OF MEETINGS 2022/23

The Executive was asked to consider the draft Calendar of Meetings for the 2022/23 Municipal Year (Annex) for approval by Council on 10 February.

The Leader introduced the report which sets out a timetable to ensure the efficient and effective conduct of Council business for the forthcoming Municipal Year. This draws upon the pattern of previous years and included the additional Bank Holiday in June. The Calendar balanced the need for regular Planning Committees while fitting in Executive and Council meetings.

The draft Calendar had gone to Overview and Scrutiny Committee on 20 January 2022 who made no observations.

Executive Members also made no further observations.

RESOLVED that Executive **RECOMMEND** to Council that:

1. The draft Calendar of Meetings for the 2022/23 Municipal Year (Annex 1) be approved.

64. STATEMENTS

There were none.

65. ANY OTHER URGENT BUSINESS

There was none.

66. EXEMPT BUSINESS

There was none.

The Meeting closed at 7.58 pm

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

Signed off by	Head of Housing
Author	Alison Robinson, Housing Strategy and Performance Manager
Telephone	Tel: 01737 276167
Email	Alison.Robinson@reigate-banstead.gov.uk
To	Executive
Date	Thursday, 24 March 2022
Executive Member	Portfolio Holder for Housing and Support

Key Decision Required	Y
Wards Affected	Tattenham Corner and Preston;

Subject	Capital Grant Funding for Chavecroft Scheme

Recommendations

(i) **To approve a capital grant payment to Raven Housing Trust of £0.500 million as detailed in the exempt report in Part 2 of the agenda for the Chavecroft redevelopment scheme**

Reasons for Recommendations

Planning Committee resolved to grant planning permission in June 2021 to demolish the Chavecroft sheltered housing scheme and deliver 23 new homes subject to the completion of a S106 Agreement. The new scheme will deliver a flagship Net Zero Carbon project in the borough providing sustainable, energy efficient social rented homes for local people on the Council's housing register. Funding the scheme is a challenge. Raven is making a significant direct investment, has committed its Recycled Capital Grant Fund receipts and has sought Homes England capital grant funding. However, a funding gap remains. A Council capital grant payment will enable this flagship Net Zero Carbon social rented scheme to be delivered in the borough.

Executive Summary

- In June 2021 Planning Committee resolved to grant planning permission, subject to completion of a S106 Agreement, to demolish the Chavecroft sheltered housing scheme in Preston ward and replace it with a net Zero Carbon scheme of 23 homes.

- Delivered as 100% social rent this highly sustainable scheme is the most affordable tenure for low income households on the Housing Register. Raven is investing significant capital funding directly, is reinvesting receipts from its Recycled Capital Grant Fund and has applied for Homes England capital grant. However, a funding gap exists as detailed in the exempt report in Part 2 of the agenda. A Council capital grant payment will enable this flagship scheme to be delivered and for the Council to secure 100 per cent of the nominations for households on the Housing Register. Without a Council capital grant, the current scheme cannot be delivered.

Executive has authority to approve the above recommendations

Statutory Powers

1. The Council has no statutory obligation to provide a grant 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

1. Built in the 1960s as a sheltered accommodation for the over 60s by then Banstead Council, the scheme consisted of 26 studio flats, one 2-bedroom flat and one 3-bedroom flat. The scheme was included in the 2002 large scale voluntary transfer. Raven Housing Trust has struggled to find tenants on a permanent basis due to its unsuitability for modern living. Whilst Raven considered the future of the site an agreement was made with the Council to offer bedsits as temporary housing for homeless households. This arrangement ended in February 2021 due to the redevelopment plans.
2. Raven secured from Planning Committee a resolution to grant planning permission in June 2021 to demolish the existing building and deliver 23 new homes on the Chavecroft site in Tadworth, subject to completion of a S106 Agreement. The site will deliver a high quality Net Zero Carbon scheme to meet local need using Modern Methods of Construction (MMC). The plan is to deliver social rent homes, which are significantly more affordable to local people than affordable rent homes.

Key Information

Scheme details

3. The scheme will comprise five 3-bedroom houses, seven 1-bedroom flats and eleven 2-bedroom flats. Subject to the receipt of Homes England Grant Funding all homes will be at social rents.
4. The site will be re-landscaped to provide an attractive environment reducing opportunities for anti-social behaviour whilst retaining and protecting three established trees. Space heating and hot water will be supplied by Heat Pump, most likely Ground Source, although Air Source may be an alternative option. Photovoltaics will be maximised across the site to contribute towards electrical demands. More parking bays will have electric vehicle charging points, each house will have bicycle storage and an 18 space cycle store will be available for the flats.

Overall, the number of actual bedspaces will increase from 38 in the current scheme to 89 in the new scheme and importantly will better meet local housing need.

5. Scheme residents will benefit from an affordable scheme both in terms of rent levels and day to day running costs. As well as having excellent living space, with consideration given to homeworking and access to outdoor space, residents will benefit from more energy efficient, airtight homes. The building design results in less draughts, reduced noise transfer and significantly lower energy bills for residents.

Scheme costs

6. Regeneration of this site to deliver social rents and a Net Zero Carbon scheme requires significant levels of subsidy. In terms of rents, social rents are the lowest, usually around 50 - 60% of market rents and provide the lowest rental income. In comparison Affordable rents are set at 80 per cent of market rents, whilst providing a higher income they pose affordability problems for many low income households. This ward features regularly in indices of deprivation and is at the same time subject to the highest Affordable Rents, for example a typical 3-bed home in this area is around £1,300 per month and unaffordable to many low income households. A 100% social rent scheme is most affordable to those in need, however it requires more capital investment due to the lower income yield.

7. The detailed scheme costs are set out in the second part of this report. Raven is contributing internal subsidy, investing its Recycled Capital Grant Fund and has bid for Homes England capital grant funding. However, a funding shortfall exists. Raven has reached its maximum internal funding ceiling for the scheme. Furthermore, Homes England has advised that a grant allocation is contingent on the Council making a financial contribution. Raven has therefore asked if the Council will provide a grant equating to the subsidy shortfall.

8. Without the Council's financial support, the scheme in its current tenure mix will not proceed. Raven cannot bridge the funding gap. The alternative tenures of affordable rent, shared ownership and market sale would have to be explored. As already explained above, affordable rent homes offer poor levels of local affordability. With numbers on the Housing Register rising, additional social rent homes will meet local need.

Options

9. Option 1. **This is the recommended option**. Agree the payment of a capital grant to Raven Housing Trust to ensure the delivery of 23 social rent homes delivered as Net Zero Carbon for local people in housing need. Housing affordability is an ongoing challenge for low income households in the borough, additional social rented tenure homes provide the most affordable option.

10. Option 2. **This is not the recommended option**. Decline to make a capital funding grant to Raven Housing Trust. This would result in the withdrawal of Homes England funding and the tenures on the site would be revised to remove the social rent tenure. The number of rented homes would be reduced and delivered as affordable rent. Some of the 23 homes would have to be delivered as shared ownership. The Council would not have 100 per cent nomination rights. If a viable position could not be reached for the site, disposal would have to be considered.

Legal Implications

11. The Council has no statutory obligation to provide a grant 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. The provision of capital grant funding will be subject to Raven entering into a funding and nomination agreement with the Council.

Financial Implications

12. It is proposed that a £0.500 million contribution from historic capital receipts received by the Council from various housing schemes which were subject to historical covenants and affordable housing subsidy arrangements are used to fund a grant. During 2021/22 to date, the Council has received just over £0.500 million from these arrangements.
13. The Council's grant contribution equates to just over £0.021 million per unit and in return the Council will gain access to 100% nomination rights to the homes which will be occupied by households on the Council's Housing Register.
14. Use of the capital receipts for this purpose reduces the funds that will be available for investment in the Council's own capital programme going forward.

Equalities Implications

15. The mix of 1, 2, and 3 bedroom social rented homes has the potential to meet the needs of a range households on the Housing Register who may have protected characteristics. For example, the new homes will have a positive impact on low income families with dependent children in need of social housing, and ground floor flats can be prioritised for households with mobility difficulties related to long-term health issues or disabilities and older age.

Communication Implications

16. There are no specific communication implications. The opportunity exists for the Council to have displayed corporate logos on the building site hoardings alongside the other partners involved in funding and delivering this flagship scheme for local people.

Environmental Sustainability Implications

17. This scheme is a highly sustainable Net Zero Carbon development and will not require any carbon off-setting. Using a fabric first approach, the building will have a highly insulated building envelope. Heating and hot water will be supplied by a ground or air source pump using no fossil fuels. Photovoltaics will provide an additional power source.
18. The excellent sustainability and environmental credentials also mean lower fuel usage by residents and lower energy bills.

Risk Management Considerations
19. The construction sector is experiencing rising costs in terms of materials, costs caused by delays alongside rising labour costs. Raven is confident of managing this situation to ensure delivery of this scheme.
Consultation
20. Executive Members have been consulted about this proposal to provide a grant.
Policy Framework
21. This proposal very much supports the Council's vision and commitments set out in Reigate & Banstead 2025, the Council's Five Year Plan. Specifically, this scheme will support achievement of the Housing objective to secure the delivery of homes that can be afforded by local people which provide a wider choice of tenure, type and size of housing. Furthermore, it will also support the Place objectives on shaping our places and supporting local residents and businesses to reduce their environmental impact.
Background Powers
1. Corporate Plan 2025 - https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025

This page is intentionally left blank

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

Signed off by	Head of Housing
Author	Alison Robinson, Housing Strategy Manager
Telephone	Tel: 01737 276167
Email	Alison.Robinson@reigate-banstead.gov.uk
To	Executive
Date	Thursday, 24 March 2022
Executive Member	Portfolio Holder for Housing and Support

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Homelessness & Rough Sleeping Strategy 2022-2027

Recommendations

(i) The Executive adopt the Homelessness Review and Homelessness and Rough Sleeping Strategy and Action Plan 2022-2027.

(ii) That the Executive authorise the Head of Housing in consultation with the Executive Member for Housing to make any necessary minor amendments to the Homelessness Review and Homelessness & Rough Sleeping Strategy 2022-2027 prior to implementation.

Reasons for Recommendations

The Council is required to publish a Homelessness Review and Homelessness and Rough Sleeping Strategy every five years. The current Strategy expires in March 2022. The new Strategy, set within a revised legislative framework, contains priority activities and actions to prevent homelessness, support those who are homeless and deliver more suitable accommodation options. It underpins the Council's homelessness service whilst adopting a partnership approach to improve outcomes for those in housing need.

Executive Summary

The current Homelessness Strategy expires in March 2022, therefore a new Homelessness Review and Homelessness and Rough Sleeping Strategy have been developed. The impacts of Homelessness Reduction Act 2017 (HRA), which was implemented in April 2018, have shaped the priorities and workstreams in the new document. The Housing Service is working with new client groups, undertaking more intensive casework, and responding to many more clients with support needs. Working in partnership with statutory agencies, housing providers, support services, charities and others is crucial to delivering services and suitable accommodation options and is reflected in our approach.

This new Strategy, consulted upon in October 2021, reflects the on-going and the new challenges involved in tackling homelessness. It has a strong focus on homelessness prevention, assisting the increasing numbers of applicants with support needs, tackling rough sleeping and securing more accommodation options. The Housing Service continues to be supported by Council revenue funding, annual homelessness government grant funding and short-term government homelessness grants for specific projects.

Executive has authority to approve the above recommendations

Statutory Powers

1. The Homelessness Act 2002 requires local housing authorities to take strategic responsibility for tackling and preventing homelessness.
2. The Council is required by the Homelessness Act 2002 to publish a Homelessness Strategy and Housing Review every five years, the current Strategy expires in March 2022.

Background

3. This strategy has been drafted in the context of national legislation, guidance and priorities to respond to local housing pressures, homelessness trends, housing need, partnership work and resources.
4. New homelessness legislation in the form of the HRA, has widened the Council’s homelessness responsibilities and duties. At the same time, it also placed more responsibility on applicants to cooperate and help themselves.
5. This Strategy marks a continuation of partnership working to deliver good housing outcomes, applying for and securing external funding and capitalising on opportunities to deliver more accommodation options for local people.

Key Information

Homelessness Review

6. The Homelessness Review examines homelessness and need in the borough during the previous 3-5 years. Homelessness data is provided from April 2018, which is the point from which legal duties changed significantly, up to April 2021 the end of the financial year. Given the significant changes in legal duties introduced by the HRA, it is not meaningful to compare data with previous years. A relatively small data set is

available, and homelessness activity is also set within the context of the impacts of the Pandemic.

7. During 2018-2021, 1,530 initial assessments of homeless households were completed, around a further 1,500 contacts were also made to the team for advice / signposting. Of the assessments, a prevention duty was accepted to over 1,000 applicants and a relief duty accepted to just under 500 households.

8. More households have support needs. Since 2018, over 3,200 support needs were identified by applicants with two thirds reporting multiple needs. The most common single need is mental ill-health, followed by physical ill-health or disability, and thirdly risk of or having experienced domestic abuse.

9. Since 2018, the number of single people owed a prevention or relief duty now accounts for 50 percent of cases. Prior to the HRA the dominant group owed a homelessness duty was families with children. This change in the client type reflects the wider statutory duties imposed by the HRA and the increasing numbers of people with support needs. More intensive case management and support is needed, and the lack of suitable accommodation is a challenge.

10. The most common cause of homelessness has changed with the main cause family / friend eviction rather than end of a private rented tenancy. During 2018 – 2021, 241 main duty decisions were taken and of these a duty was accepted for 188 households.

11. Until the pandemic numbers on the Register were consistently around 800 households. Numbers have risen. At the end of November 2021, 1,196 households were on the Register.

Homelessness and Rough Sleeping Strategy Objectives

12. The Strategy objectives are outlined below, build upon our existing good practice, the use of prevention tools embedded in the Housing Team’s work and responds to more specific issues around support needs and rough sleeping.

Objective one: Prevent homelessness and sustain tenancies

13. Preventing homelessness at the earliest opportunity underpins our approach and this will continue to produce positive outcomes for households despite challenges around securing affordable housing options. Our areas of activity are supporting those at risk at the earliest opportunity; directing households to money advice services; preventing the loss of a private tenancy; accessing private rented accommodation and tenancy sustainment.

Objective two: Respond to support needs

14. We provide advice, support and make multiple referrals to support agencies and accommodation providers for clients with support needs. There is a good supply of low support housing, but not enough medium to high support housing. Working in partnership is crucial to providing effective support and accommodation options. Our priority areas are mental health; prison leavers and ex-offenders; alcohol and substance misuse; young people and care leavers and domestic abuse.

Objective three: Tackle Rough Sleeping

15. Whilst the number of street homeless people is low, the numbers of clients at risk of rough sleeping due to insecure accommodation arrangements remains an issue. Analysis of the support needs reported, shows this group when combined with people

with a history of repeat homelessness form the second largest support need group. Our priority areas of activity are a complex need supported housing scheme, East Surrey Outreach Service (eSOS); tenancy support; and move on schemes.

Objective four: Improve access to and the range of accommodation options

16. Securing the delivery of additional housing options is an on-going long-term challenge supported by the Council's planning policy, the Corporate Plan and Housing Delivery Strategy. We also rely on existing housing to meet housing need and our homelessness duties. Our priority areas of activity are: Housing Register and choice based lettings; delivering new affordable homes, council led schemes and funding our partners to deliver housing.

Action plan

17. The Strategy action plan is focused on new activities and areas of work to support and enhance the good practices we have currently employ and continue to review.

Options

1. Option 1 – Approve the recommendations in this report. This is the recommended option. This Homelessness and Rough Sleeping Strategy will be approved for adoption and activity on new actions to help prevent and manage homelessness will commence.
2. Option 2 – Defer approval of the recommendations to enable further work on the Strategy to be undertaken. This is not recommended. This draft strategy has been prepared to respond to local housing need and in consultation, furthermore the current strategy period ends in March 2022.

Legal Implications

3. The review and strategy have been produced in accordance with the Homelessness Act 2002 and Homeless Reduction Act 2017 and accompanying guidance.

Financial Implications

18. Funding for the homelessness service over recent years has comprised sums allocated in the Council's annual Revenue Budget and Capital Programme plus a range of time limited and one-off sources of funding. Much of the time limited funding has either been paid via a government grant or the been secured through a bidding programme.
19. The Housing Service revenue budget for 2021/22 is £1.000 million and the approved Capital budget is £0.850 million funded from Section 106 developer contributions.
20. In recent years additional revenue funding has been secured from government in the form of grants or successful bids to funding programmes. A total allocation of £0.812 million was received in 2020/21 and a further £1.100 million in 2021/22. The grant funding comprises the annual Homelessness Prevention grant, Next Steps accommodation funding for rough sleepers, Rough Sleeper Initiative Funding, Cold Weather funding as well as other sources. Funding is allocated for specific uses or projects, for example the annual Homelessness Prevention Grant totalling £1.138 million over two years funds 5 x full time housing staff to manage the additional responsibilities brought in by the HRA, 2 x fraud officers, 2 x Money Support staff, East Surrey Outreach Service, rent in advance, deposits and loans and YMCA NextStep.

21. The team has secured capital grant from Homes England of £0.190 million towards the Council led project to deliver four bungalows in Horley as well as revenue grant funding towards support services. The Housing Service worked in partnership to secure £0.150 million capital funding through the Rough Sleeper Accommodation Programme in 2020/21 towards the purchase of two flats for rough sleepers which will be delivered by Transform Housing.
22. The Service has good success at securing grant funding following bids to various government homelessness prevention schemes and will continue to apply as appropriate. Local authorities are notified about programmes at short notice this presents a challenge in terms of forward planning.
23. Many future actions and activities will be funded within current budgets. Additional capital funding will be required to deliver additional accommodation in the form of supported housing for single people and temporary and emergency accommodation for homeless households. The aim is to reduce expenditure on private nightly paid accommodation and provide a local emergency response to homeless households. These projects will be presented as they are developed.

Equalities Implications

24. An Equalities Impact Assessment (EIA) of the strategy has been completed and is attached at Annex 4. The EIA has identified that several groups will be impacted positively, including people who are vulnerable through age; people with a disability or long-term health impairment; those who are pregnant and people experiencing deprivation. No negative impacts have been identified.

Communication Implications

25. There are no specific communication implications from approval and publication of the strategy and review.

Risk Management Considerations

26. The Housing Service and delivery of the strategy are funded by the annual housing budget. This is further supported by annual funding and short-term grant funding from the Department for Levelling up Housing and Communities. A risk to the strategy and to service delivery would be a cessation of the annual Homelessness Prevention grant during the next five years. The loss of short-term grant availability would limit opportunities to undertake activities beyond the scope of statutory activities such as outreach work, however the normal activities of the housing service are not dependent on short-term grants.

Consultation

27. The draft Homelessness & Rough Sleeping Strategy was available on the Council's website for comment from 14th September to 14th October accompanied by a survey seeking views on the Council's homelessness service and activities. A social media campaign throughout this period encouraged participation alongside staff email signatures promoting participation to clients and professionals.

28. On 6th October an on-line stakeholder consultation event took place. A range of organisations were invited to attend from the social housing sector, health, Surrey County Council, domestic abuse specialists, support providers, Probation, and advice agencies. Invitees were also encouraged to complete the on-line survey. The 20 individuals attending were extremely positive about our work and approach. The trend of rising numbers of single people with support needs was recognised along with the gap in supply of suitable supported accommodation for this group.

29. The need for and commitment to partnership and joint working was endorsed by professionals. The consultation event triggered options for further discussion around supported housing provision, which will be explored further.

30. An all Member workshop also took place on 6th October and was attended by 13 Members, generating questions, comments and interest in single homeless people, accommodation options, the winter night shelter, securing the right affordable housing through planning and queries about private renting. Members expressed their support and interest in the variety of activities undertaken by the team to help households facing homelessness.

31. At close of the on-line survey, 37 completed surveys had been submitted from a mix of clients, professionals, front line workers and others. The relatively small number of responses limits generalisations. However, these points emerged:

    - Most participants found it easy to contact the team, some opportunities for changes to further strengthen communication were suggested
    - The public have a slightly lower awareness of the advice and information on the Council's website than professionals, although both groups had found it helped to some extent resolve their housing issue, improvements to add and tailor content to meet different needs and abilities was highlighted
    - Overall respondents rated the housing team positively in its effectiveness in resolving issues, feedback on staff at a personal level was positive from all respondents
    - Respondents were largely satisfied with the support provided by the housing team in assisting clients with specific support needs such as mental ill health
    - Mental ill health was most frequently mentioned by client respondents as a support need
    - Overall participants reported there was not enough suitable accommodation for people with support needs, mental ill health, substance misuse and rough sleepers
    - Professionals largely felt joint working arrangements were effective
    - Professionals and clients expressed frustration at the lack of housing availability in the borough.

32. The survey highlighted areas in which the housing team can make small changes to improve the customer experience, it also highlighted the need to review our website content and raise awareness of it. These improvements and changes will be made within day to day service delivery.

33. The issues flagged around support needs, gaps in suitable supported housing and lack of affordable housing more generally, endorse the priorities set out in the Homelessness Strategy.

34. On 9th December 2021, Overview and Scrutiny Committee received a report, a copy of the draft Homelessness Review and Homelessness Strategy, Action Plan and Equality Impact Assessment. The main discussion by the Committee considered the numbers of households in emergency accommodation, the impacts of the COVID-19 pandemic on homelessness, additional emergency accommodation, working with partners, quality of housing and empty office blocks. Terminology around priorities and objectives has been updated in response to points made by the Committee. The Committee endorsed the activities and actions to tackle homelessness set out in the Homelessness Review, Homelessness and Rough Sleeping Strategy, Action Plan and Equality Impact Assessment and emphasised in particular the need for further accommodation in the borough with a wider mix of quality homes and purchase of property where possible.

Policy Framework

35. The Corporate Plan 2025 sets a housing objective to secure the delivery of homes that can be afforded by local people and choice of tenure, type and size. A series of actions explain how this will be achieved. Actions include working with partner organisations to deliver homes for local people, providing local temporary and emergency housing whilst continuing to secure private rented and social housing to prevent homelessness, working with Raven to identify estate renewal opportunities, prioritising local people for affordable housing, and using or planning policies to secure affordable housing. The Strategy will make a significant contribution towards meeting these Corporate objectives.

Background Powers

1. Corporate Plan 2025 - https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025

Annexes

Annex 1: Homelessness Review

Annex 2: Homelessness & Rough Sleeping Strategy 2022-27

Annex 3: Homelessness & Rough Sleeping Strategy Action Plan 2022-27

Annex 4: Equality Impact Assessment

This page is intentionally left blank

Homelessness Review

March 2022

Homelessness & Rough Sleeping Strategy 2022-27

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

Table of contents

Introduction

This Homelessness Review is written to accompany the Homelessness and Rough Sleeping Strategy 2022-27. The review examines homelessness in the borough during the last 3-5 years, related issues around affordability and supply of affordable homes. This enables the Council to identify and understand the trends in housing need and homelessness and our response.

Homelessness is caused by multiple factors. This document looks at levels of homelessness within the context of the wider housing market, the costs of market homes, private rented properties as well as the maximum levels of benefit paid towards housing costs.

Much of the data around homelessness is taken from the introduction of the Homelessness Reduction Act 2017 (HRA), enacted April 2018. This significantly changed our duties and the amount of information available at each stage of an applicant's housing journey. This also means it is not possible to compare outcomes between the old and new legal duties.

Terminology

The Homelessness Reduction Act 2017 (HRA) introduced new processes and terminology for the way local authorities manage homelessness applications. The data in this document is presented in terms of 'duties'. These terms are explained briefly below.

Prevention Duty

Anyone can approach the Council for housing advice and assistance. A prevention duty applies when the Council is satisfied an applicant is eligible and threatened with homelessness within 56 days. This duty triggers co-production with the applicant of a personalised housing plan (PHP) and casework which includes a variety of activities to prevent the applicant becoming homeless. The prevention duty ends:

- If the prevention activities remove the homelessness threat
- After 56 days if the applicant becomes homeless
- If the applicant refuses an offer of suitable accommodation

Relief Duty

This duty applies when the Council is satisfied an applicant is eligible and is homeless. The Council has a duty to assess and provide a PHP. The duty ends:

- If the relief help works and the applicant is no longer homeless
- If suitable accommodation is available for six months
- If the applicant deliberately and unreasonably refuses to cooperate
- If the applicant refuses a suitable offer of accommodation

Main Duty

The 'main' duty is defined in section 193 Housing Act 1996 and applied to priority need applicants only, but they are excluded from the full duty if they:

- Deliberately and unreasonable refused to co-operate, in this case they are still entitled to a 'final offer' of a 6 month private sector tenancy
- Refuse a final offer of suitable accommodation at the relief stage

About the borough

Population

According to the 2016 mid-year population estimates, Reigate & Banstead has a population of 145,648. This has increased by 5.7% since mid-2011. The population of Reigate & Banstead is 35% higher than the average of the other districts and boroughs in Surrey. The gender of the population is split fairly evenly between males and females and the 2011 Census showed that 85% of the population is classified as white British.

Income and employment

The claimant count of those aged 16-64 required to look for work in England was 5.5% of the population according to the Office for National Statistics in August 2021. Within Surrey 23,615 claimants were seeking employment accounting for 3.2% of the working population. The borough rate stood at 3,145 claimants or 3.5% of the local population and is joint third highest in the county, although still below the England average. In the UK the average resident income was £25,780 in 2020. The median borough resident earned income was recorded as £32,310. This is above the Surrey median earned average of £30,896 and higher than the South East and UK averages.

Deprivation

The borough has low levels of income deprivation although this masks differences within the borough. In Reigate & Banstead 6.7% of the population was income deprived in 2019 according to the Department for Levelling up Housing and Communities statistics. Of the 316 local authorities in England, the borough is ranked 273rd most income-deprived. Looking more closely at the 86 neighbourhoods in the borough, Merstham was amongst the 20 percent most income-deprived in England.

The Local Housing Market

Whilst some caution should be applied to current figures available on tenure as they are based on 2011 Census data, they provide a guide. It is worth noting, the Council had no housing stock in 2011, we can assume this option was selected in tenure in error by respondents. The Census 2021 is likely to show a small shift between tenures, perhaps with a slight increase in numbers of private rented homes reflecting the upwards shift in average age of households buying a first home, the impacts of changing mortgage lending practices and the rising cost of market sale homes.

Table 1: Borough tenure split

Owned outright	Owned with mortgage / loan	Shared ownership	Rent from council	Other social rented	Private rented	Living rent free
33.2%	39.9%	1.2%	2.4%	9.5%	12.9%	0.9%

Source: Census 2011, Surreyi

It is also interesting to consider the proportions of different types of property within the borough to understand the supply, the types of properties and related housing costs for those seeking to move or purchase. Again, these figures are extracted from Census 2011 and since this time the borough has delivered additional new build homes, some office conversions have created residential dwellings and some houses will have converted to flats.

Table 2: Borough dwelling types

Detached	Semi-detached	Terraced	Flats	Caravan or other mobile or temporary structure
28%	30%	17%	24%	1%

Source: Census 2011, Surrey[i]

The Land Registry reports in their Price Paid Data that during 2020/21, the average sale value of properties in the borough was £567,685 in quarter 4, having decreased by 4.9 percent during the year. For those buying their first home, most entry level purchases are for flats and maisonettes and some terraced houses which are typically lower value properties. The average flat / maisonette value during this time was £270,330 and average terraced house £418,439.

Housing market affordability is recognised as the most significant challenge facing the housing market and one that has intensified in recent decades. A comparison of median incomes and average house prices shows over 12 times income ratio are needed to purchase.

High market housing costs have also impacted on private rental costs. According to the Valuation Office Agency in 2019 the average median monthly one bedroom rent was £825, two bedroom rent was £1,075, three bedroom rent £1,375 and four bed rent £1,900. Looking at current prices on Rightmove during September 2021, typical rents are now higher. A one bed flat is around £850 a month, two bed flat around £1,200 a month and three bed house around £1,600 a month.

In comparison local housing allowance rates (LHA), which is the maximum benefit paid towards housing costs, are below average private rents. Households facing homelessness tend to have lower incomes therefore face even less choice when entering the private sector market. They can only afford lowest quartile rents and these are in short supply. The borough falls within two Broad Rental Market Areas and this means two different LHA rates have been set geographically.

Table 3.1: Borough local housing rates 2021/22 – 1 April 2021 LHA rates Crawley and Reigate

	Shared	1 bed	2 bed	3 bed	4 bed
Weekly cost	£101.61	£172.60	£218.63	£276.16	£356.71
Monthly cost	£440.31	£747.93	£947.40	£1,196.69	£1,545.74

Table 3.2: Borough local housing rates 2021/22 – 1 April 2021 LHA rates Outer South (North of the borough including Preston)

	Shared	1 bed	2 bed	3 bed	4 bed
Weekly cost	£103.56	£201.37	£253.15	£316.44	£399.29
Monthly cost	£448.77	£872.60	£1,096.98	£1,371.24	£1,730.26

Discretionary Housing Payments

Discretionary Housing Payments (DHP) are administered by the Housing Benefit team with many applications made by applicants supported by Housing Services. The funding is used to prevent homelessness and bridge affordability gaps of households experiencing financial difficulty. Normally DHP funding is set at 0.1% to 0.2% of expenditure. Since 2010 there have been funding increases in recognition of the impacts of welfare reform. Unfortunately, the additional funding is being phased out. The table below shows DHP funding has increased each year generally. Typically, households assisted by the Housing Team account for up to half of DHP spend annually.

Table 4: Discretionary Housing Payment budget

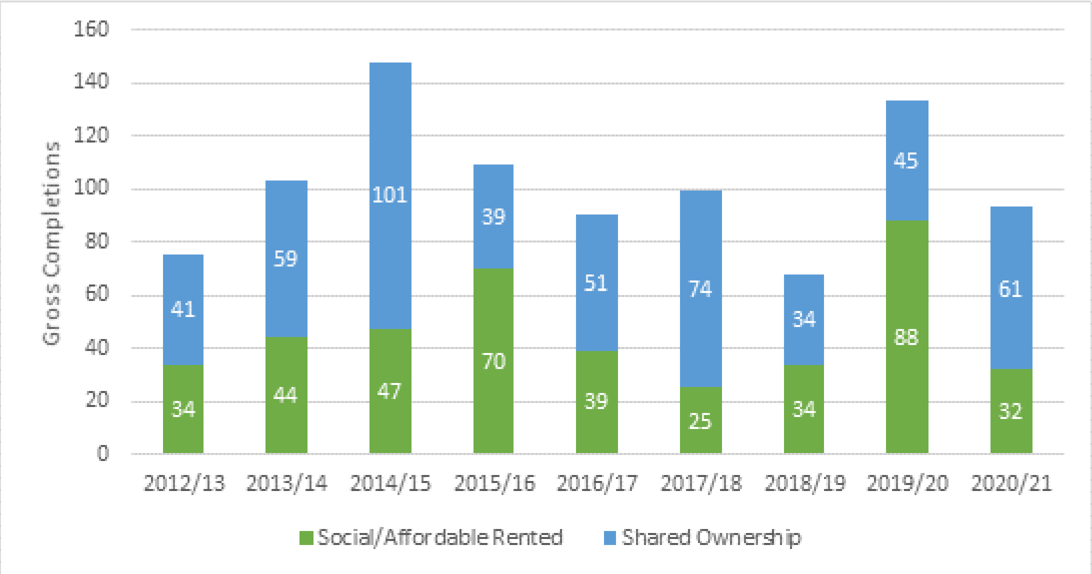
Year	Total DHP fund	Total Spend
2020-21	£340,034	£286,767
2019-20	£268,903	£265,255
2018-19	£253,984	£229,604
2017-18	£271,256	£265,491
2016-17	£185,815	£185,463

New Housing Delivery

The Council has a housing target to deliver at least 6,900 dwellings over the local plan period (2012-2027) averaging at 460 net dwellings per annum. Since 1st April 2012, 4,922 net dwellings have been completed equating to an annual average of 547 per year.

The Council's Local Plan has a target to deliver 1,500 affordable homes over the Plan period, as part of the overall delivery of additional homes. This averages at 100 net affordable dwellings per year. Between 2012/13 and 2020/21 a total of 918 affordable homes were completed and this target is on track.

Graph 1: Annual new build affordable housing delivery



All the affordable units delivered to date are based on a tenure mix of 40 percent social / affordable rented homes and 60 percent shared ownership. To date, 45 percent of completions (413 homes) are for social / affordable rented homes and 55 percent (505 homes) shared ownership. This tenure mix was revised in 2020 to 60% social / affordable rented and 40% shared ownership reflecting changing needs and affordability challenges in the borough. Sites based on the revised mix have yet to be delivered.

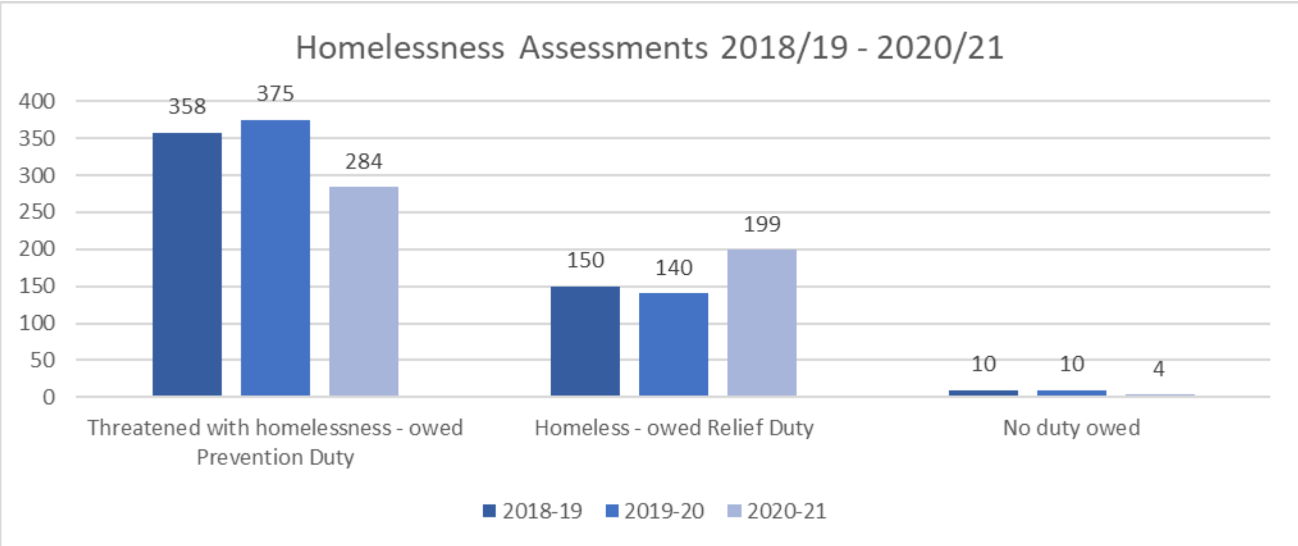
Trends in Homelessness

Homelessness Reduction Act

The Homelessness Reduction Act (HRA), enacted April 2018, placed new legislative requirements on local authorities and extended many of the duties and responsibilities on local authorities set out in the Housing Act 1996. The legislative changes, which built upon the homelessness prevention approach already adopted by the team, are fully embedded into the Housing Service. New software was installed to better support our strong casework approach and enable the team to manage the additional administration burden of the Act. The team implemented new practices, changed its structure, and expanded to manage the duties and administration. A revised team structure is in place with a Prevention Team managing all initial housing enquiries, advice and homelessness prevention duties. The Relief Team provides overlap with the Prevention Team and in addition handles all homelessness relief and main duty cases.

Homelessness applications

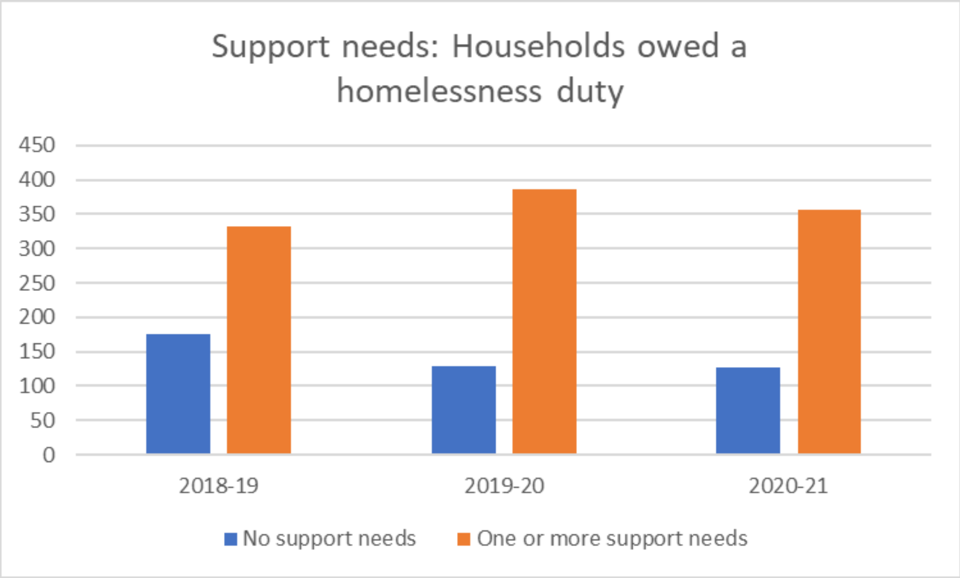
The Housing Team carried out a total of 1,530 initial assessments of homeless households during 2018-2021. In reality a higher number of applicants contacted the Team, but not all contacts led to an application as many were resolved with advice and signposting. The graph below shows a breakdown of the duties.



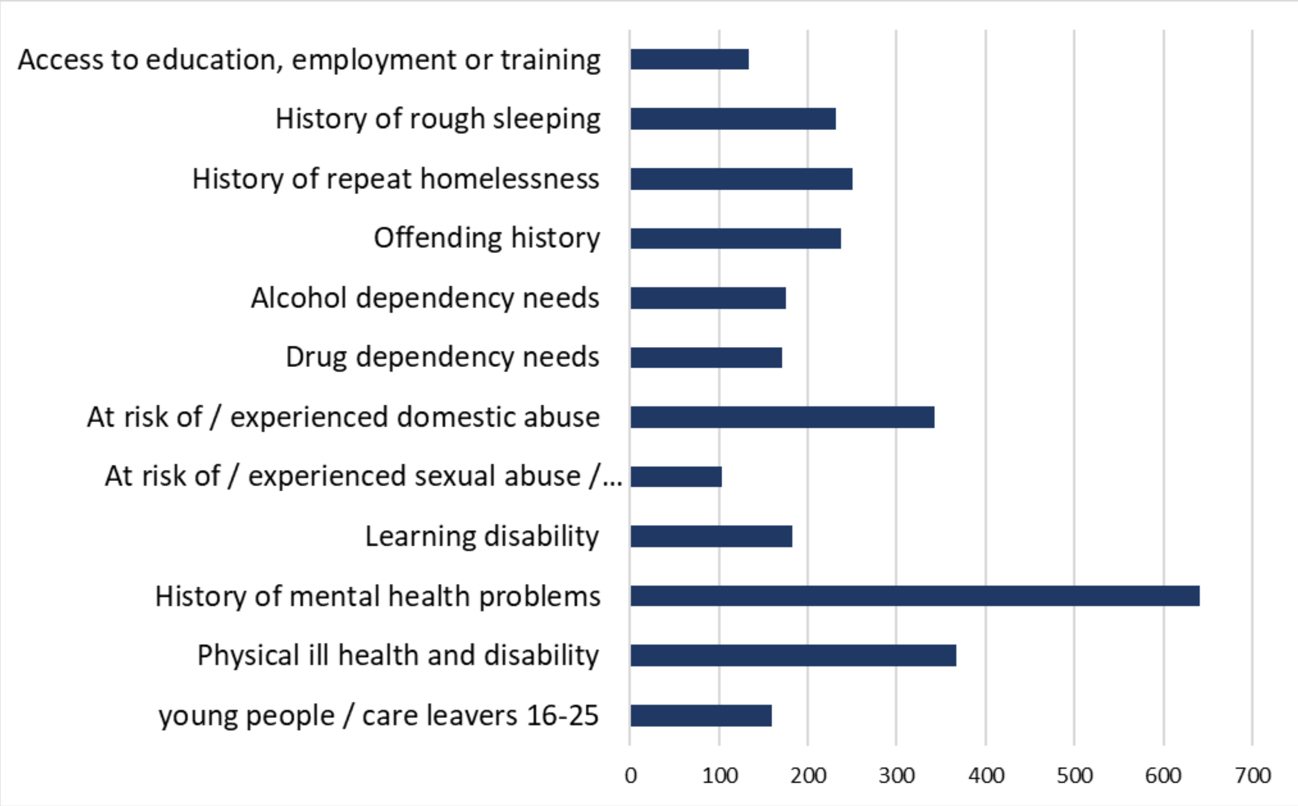
The number of initial assessments for both prevention and relief duties remained broadly consistent during 2018-2020. However, there were slight changes in 2020-21, where initial assessments declined for prevention duties and increased for relief duties.

Homelessness & support needs

Since the introduction of the HRA, the proportion of households reporting support needs has been consistently high in comparison to those with no support needs.



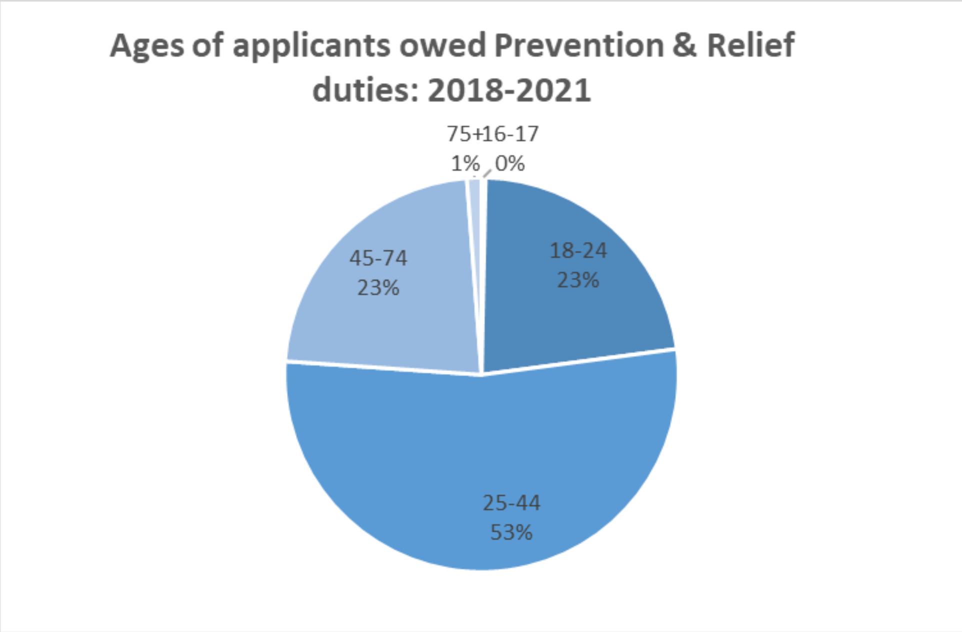
Since 2019, the proportion of households reporting complex needs, defined as multiple support needs, who require more support has risen. This has added pressure on the Housing Teams and other partners to deliver more support and to source and provide appropriate accommodation.



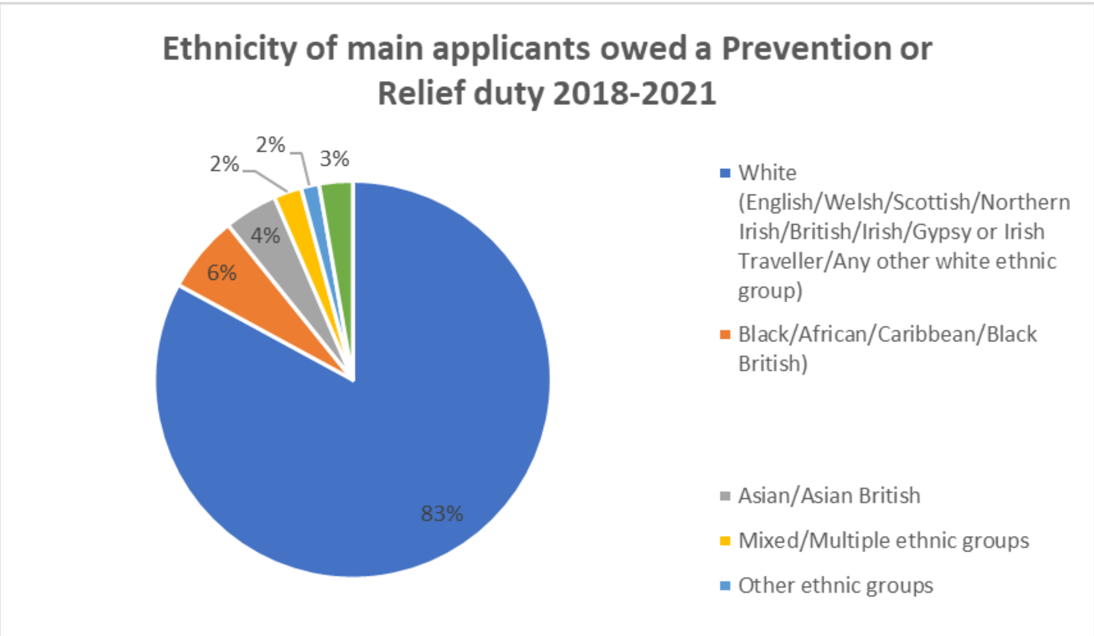
The graph above collates the most common support needs recorded during 2018-21. Over 3,200 support needs were identified by applicants. Mental ill-health is the most common single need accounting for 20 percent of all needs. This is followed by physical ill health or disability, and thirdly by risk of or having experienced domestic abuse, both of which account for 11 percent of needs. However, when you collate the two interconnected needs of having a history of rough sleeping and history of repeat homelessnes this becomes the second most common support need. Further analysis shows the combined sustance misuse groups, become one of the five most common support needs. The reality is that many applicants experience multiple needs and mental ill health unlies many other related support needs.

Homelessness and Age

More than half of all applicants owed a prevention or relief duty between 2018-21 fall into the 25-44 age group. Around an equal number of applicants fall into the 18-24 and 45-74 groups. This indicates homelessness tends to affect working age households, often with children.



Homelessness and ethnicity



The most common ethnicity of the main applicant owned a housing prevention or relief duty is White. In comparison to the last Homelessness Strategy, there has been a one percent increase in the proportion of White main applicants and a 4% decrease of Black applicants. The percentage of Asian applicants has remained the same with a decrease in acceptances from all other ethnic groups.

Homelessness & sexual identification

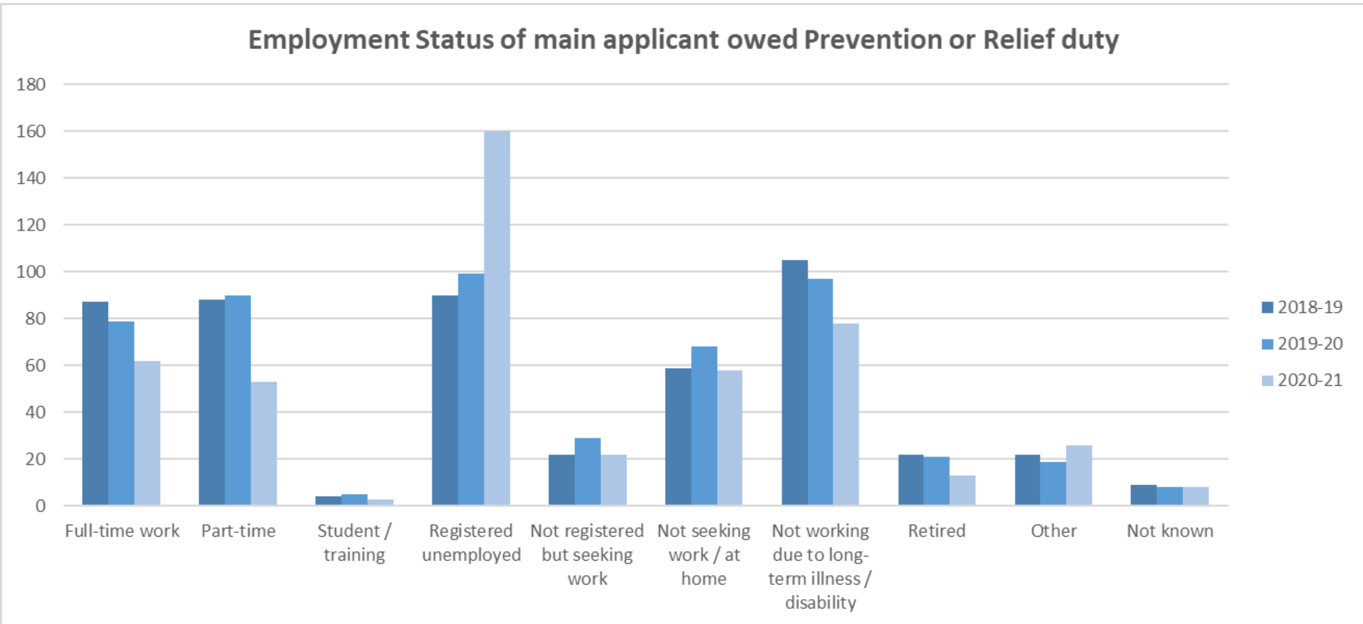
Understanding the specific housing issues facing the LGBTQ+ community helps to shape the advice, assistance, and accommodation options available. The following basic data has been recorded through the quarterly homelessness data collection to government.

Table 5: Sexual identification of homeless applicants

Sexual Identification	2019-20	2020-21
Heterosexual/Straight	450	431
Homosexual (Gay/Lesbian)	8	6
Other	15	10
Prefer not to say	43	42

Between 2019-21, a total of 88% of applicants owed a prevention or relief duty identified as heterosexual / straight and 1% as homosexual (Gay/Lesbian). The remaining 8% of applicants chose not to disclose, with 3% selecting 'Other'.

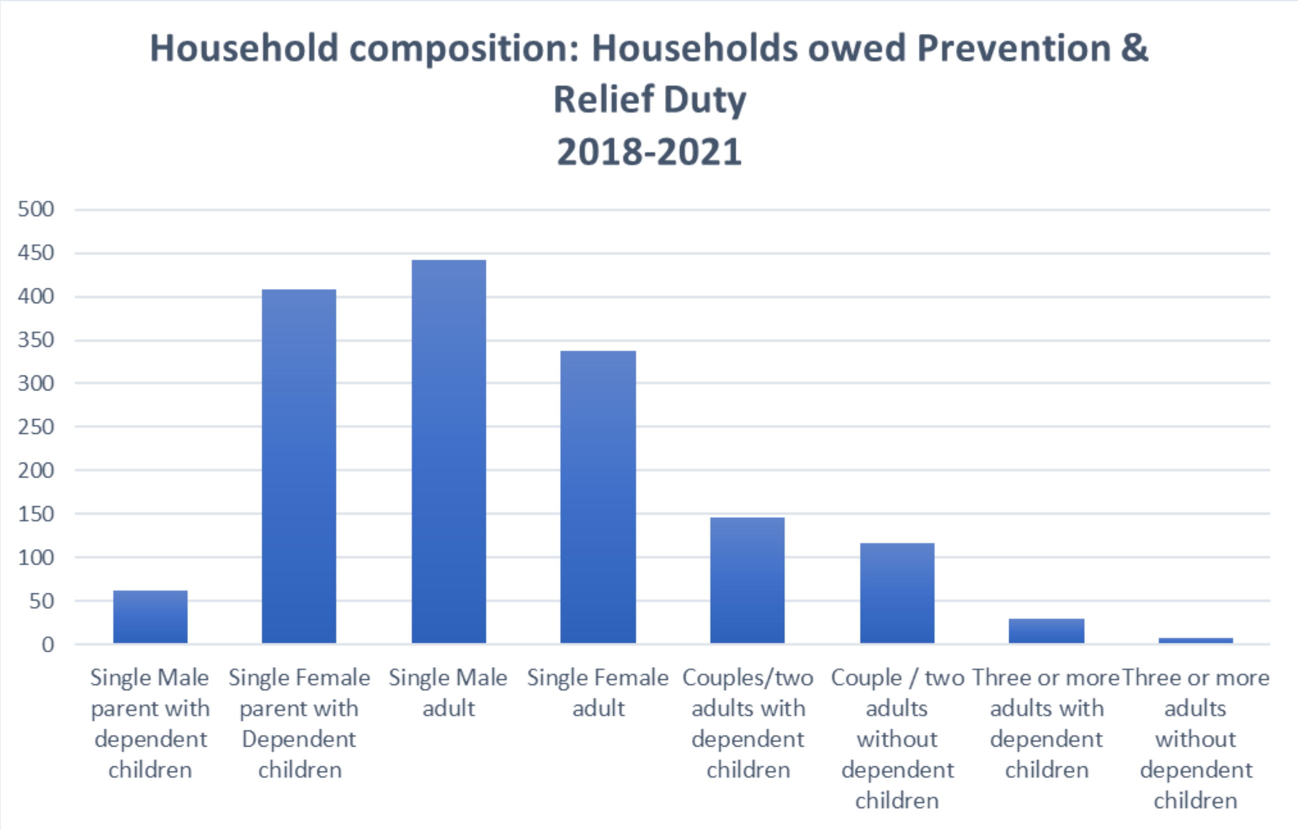
Homelessness and employment status



Although difficult to draw trends from such a short time period, in the two years up to the Pandemic the employment status of applicants was stable. This reflects the overall employment market in the borough in which there is high employment. But as the graph above shows, there was a significant increase in the proportion of applicants with an unemployed status in 2020-21. This reflects the economic impacts of the Pandemic during this time as many workers were made redundant. This is anticipated to be a temporary situation and already the employment market appears to be recovering in many sectors.

Looking closely at the data, we can see that the numbers of applicants not working due to a long-term illness or disability is relatively high. This corresponds with the numbers of households owed a housing duty reporting a support need related to physical ill health and disability and the numbers overall reporting one or more support needs.

Homelessness and household composition



Overall single people account for 50 percent of all prevention and relief duty acceptances. Looking in more detail at the prevention duty stage, slightly more single females (236) were owed a duty than males (209), but this switches at the relief duty stage to a higher number of single males (233) owed a duty than females (101). This change correlates with the data recorded about the accommodation status of households at the relief duty stage which shows increases in discharges from institutions, no fixed address and rough sleeping which tend to be more common situations for men than women. We also know a high proportion of households experience multiple support needs and that single people with complex needs continue to experience housing instability due to a lack of medium to high support accommodation and outreach housing support.

The next largest household type accepted for a relief duty is single female parents with dependent children at 26 percent. This correlates with data around non-violent relationship breakdown and domestic abuse and societal trends on caring responsibilities.

Causes of Homelessness

The main cause of homelessness at the point of first contact with the Housing Team has changed over the years from the end of a private rented tenancy being the most common cause prior to the HRA, to family / friend evictions being the most common cause. This also correlates with the increase in prevention and relief Duties owed to single people and rising housing costs.

Table 6: Prevention Duty reason for risk of homelessness

Cause of threat of homelessness	2018-19	2019-20	2020-21	Total
Family / friends eviction	87	105	121	313
End of private rent assured shorthold	93	95	68	256
Other	85	61	30	176
End of social tenancy	30	42	12	84
Non-violent relationship breakdown	28	27	24	79
Domestic abuse	18	25	21	64
Supported Housing eviction	7	10	5	22
End of non- assured shorthold private rent	4	7	6	17
Other violence / harassment	4	3	2	9

Source: Reigate and Banstead BC

Table 6 above shows the main causes of homelessness at the point a homelessness prevention duty is accepted. Family / friend eviction is the most common cause, followed by the end of a private rented assured tenancy. Whilst the 'other' category features strongly in years 2018-20 the numbers have declined year on year, reflecting changes in the categorisation of cases. Examples of 'other' causes include unaffordability, loss of tied accommodation, social tenancy succession cases, property guardians and mortgage repossessions. Putting the 'other' category aside, the third most common reason for threat of homelessness is the end of a social housing tenancy.

Table 7: Households owed a Relief Duty by reason for risk of homelessness

Cause Relief Duty	2018-19	2019-20	2020-21	Total
Family / friends eviction	**33**	**34**	**60**	**127**
Domestic abuse	**30**	**25**	**33**	**88**
Other	**32**	**21**	**24**	**77**
End of private rent assured shorthold	**20**	**17**	**10**	**47**
Supported Housing eviction	**11**	**15**	**20**	**46**
Non-violent relationship breakdown	**7**	**9**	**21**	**37**
End of social tenancy	**7**	**9**	**9**	**25**
Other violence / harassment	**6**	**2**	**8**	**16**
Left institution with no accommodation available	**3**	**5**	**7**	**15**
End of non- assured shorthold private rent	**1**	**3**	**7**	**11**

Source**:** Reigate & Banstead BC

In terms of cause of homelessness at the relief duty acceptance stage, the most common cause remains family / friend eviction. At this point domestic abuse as a cause becomes the second highest reason. Putting aside the homeless cause classified as 'other', the loss of an assured shorthold tenancy is the third most common reason. Overall, the reduction in numbers owed a duty transferring through from the prevention duty to the relief duty reflects the intensive casework undertaken by the Homelessness Prevention Team who negotiate with family / friends, private and social landlords to enable households to remain for the foreseeable future or to secure enough time to make a planned move.

Table 8: Accommodation type occupied at time of prevention duty

Accommodation type: Prevention Duty	2018-19	2019-20	2020-21	Total
Private rented	145	138	87	370
Living with family	102	120	125	347
Social rented sector	44	46	16	106
Living with friends	33	39	33	105
Other category	25	23	20	68

Source: Reigate & Banstead BC

The type of accommodation occupied at the point a prevention duty is accepted for a household reflects the cause of homelessness. The table above captures the main types. Extremely small numbers of prevention cases are homeowners, from institutions, refuges, temporary accommodation or national asylum seeker accommodation.

Table 9: Accommodation type at time of relief duty acceptance

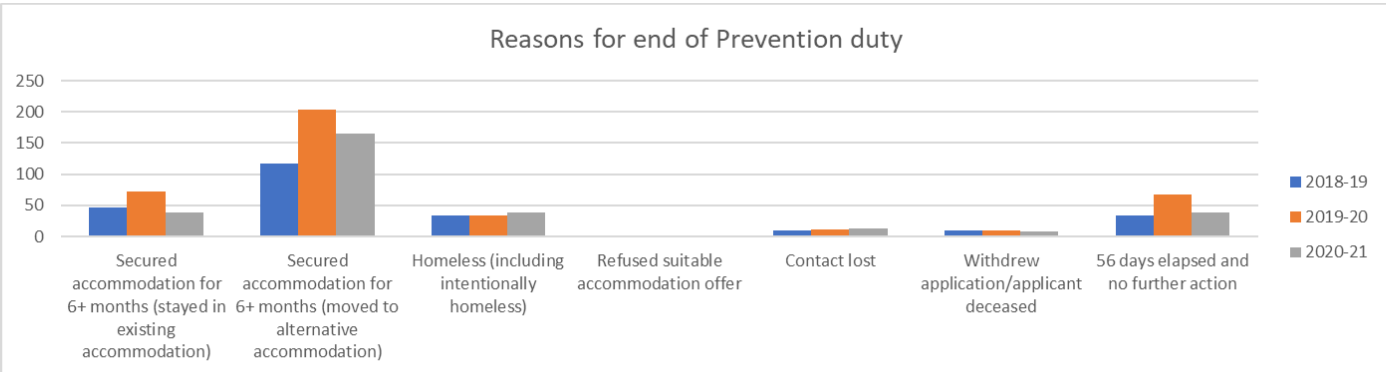
Accommodation type: Relief Duty	2018-19	2019-20	2020-21	Total
Living with family	35	41	55	131
No fixed abode	24	17	23	64

Private rented	**20**	**15**	**19**	**54**
Social rented sector	**10**	**15**	**23**	**48**
Homeless on leaving an institution	**10**	**11**	**22**	**43**
Refuge	**18**	**10**	**11**	**39**
Rough Sleeping	**4**	**13**	**21**	**38**
Living with friends	**15**	**13**	**9**	**37**

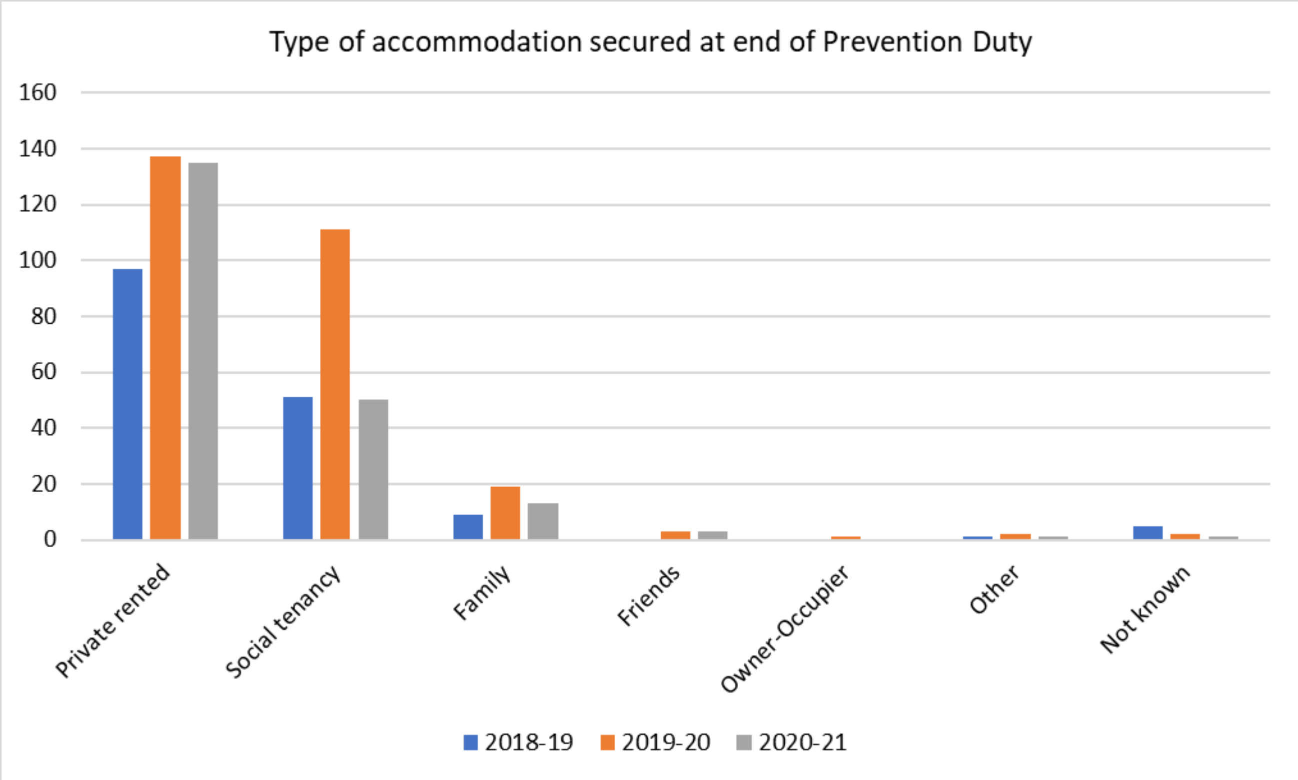
Source: Reigate & Banstead BC

As Table 9 above shows, the living arrangements of households owed a relief duty is different from those at the prevention duty stage. This reflects the different circumstances and acute housing need of households at this stage. At the relief stage, we can see higher proportions of applicants coming from insecure housing or without accommodation. The numbers of people at risk of or who are rough sleeping are higher.

Homelessness duty outcomes

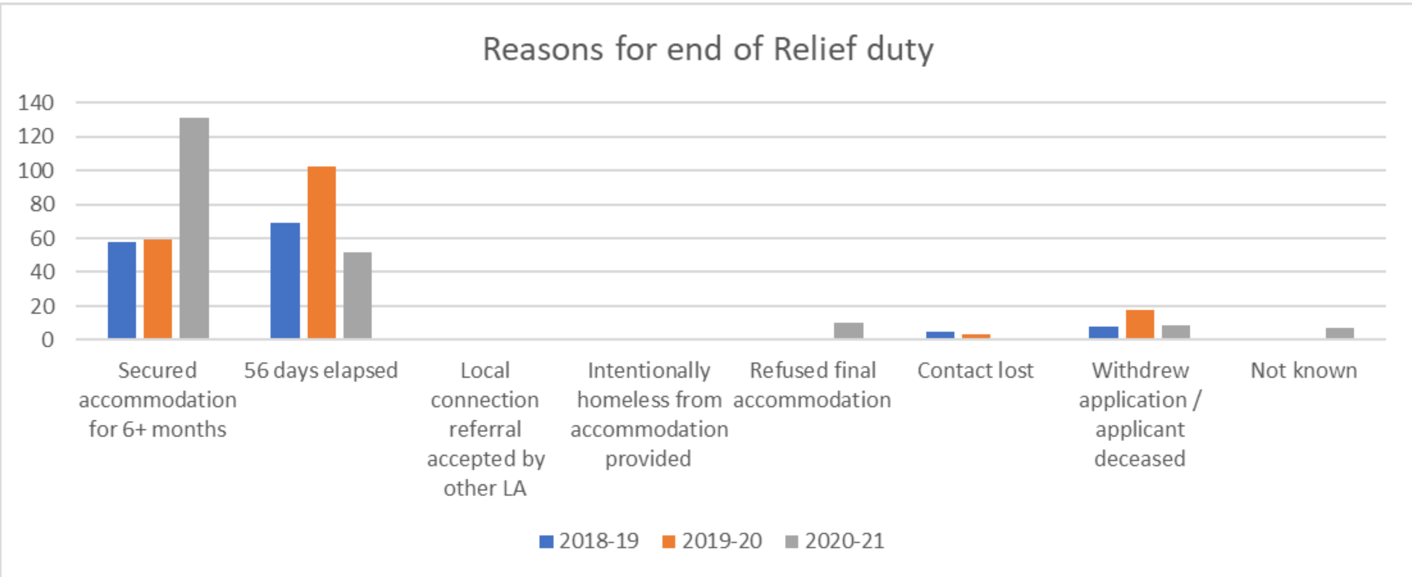


As the graph above shows, for 51 percent of prevention cases their housing issue was resolved by securing alternative accommodation. A good proportion (16 percent) of households are also assisted to remain in their existing homes which is the preferred outcome for many applicants. This is achieved through negotiation with landlords, family and friends, but also by helping with budgeting and money advice to support households to manage financial difficulties which may be impacting on housing affordability. The graph also shows that for 15 percent of cases the duty elapsed and there was no further action.

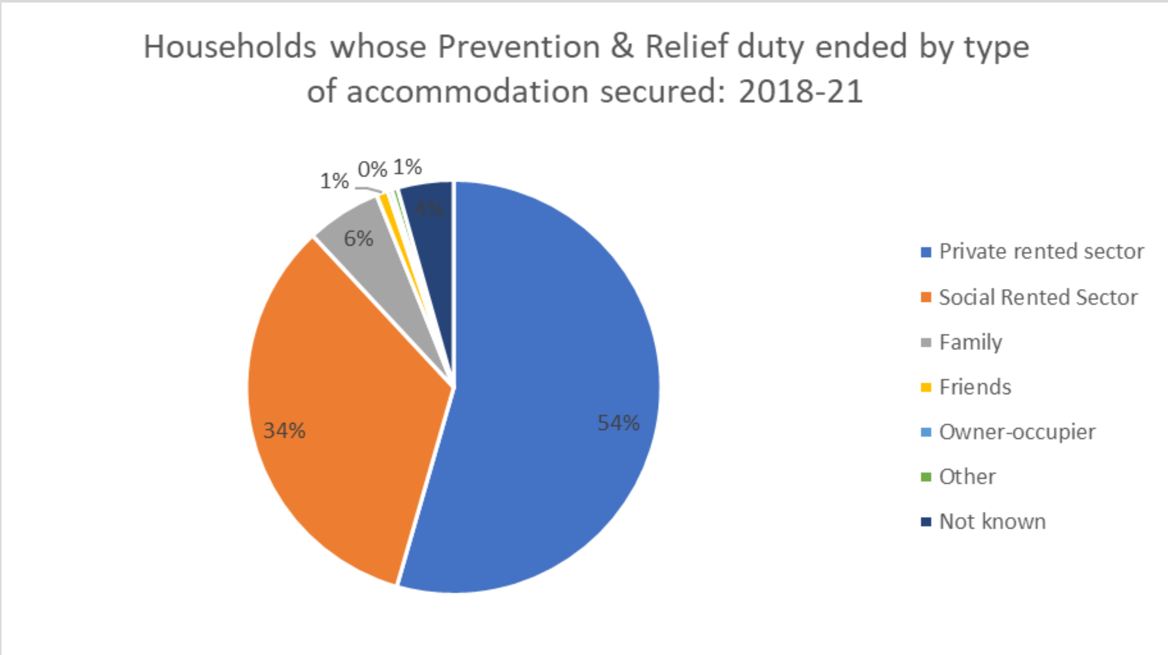


The graph above shows that most households who were assisted to prevent their homelessness secured or remained in private rented accommodation highlighting the importance of this tenure. A high number of new tenancies and the saving of ‘at risk’ private tenancies was achieved by the Housing Team, NextStep, and by applicants themselves having received the Team’s advice and sometimes financial assistance.

A good proportion were assisted to avoid eviction or secured a social tenancy through the housing register.



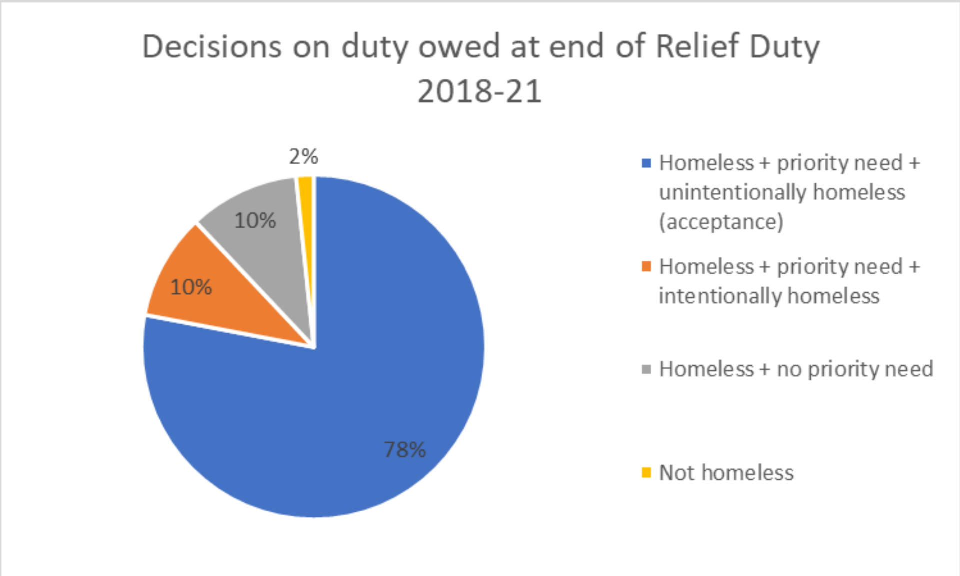
The reasons for end of a relief duty differ from the prevention duty due to the different circumstances of applicants at these stages. Overall, relief applicants are in more acute need. The 2020/21 period shows more than a 50 percent increase in relief duties ending by the securing of accommodation in comparison to the previous two years. The increased numbers of tenancies in 2020/21 reflect the fact more single people approached as a result of the ‘Everyone In’ initiative. It particularly assisted single people in insecure housing or at risk of or rough sleeping. The Council received additional government funding to assist single people and could help with meeting the costs of securing private housing.



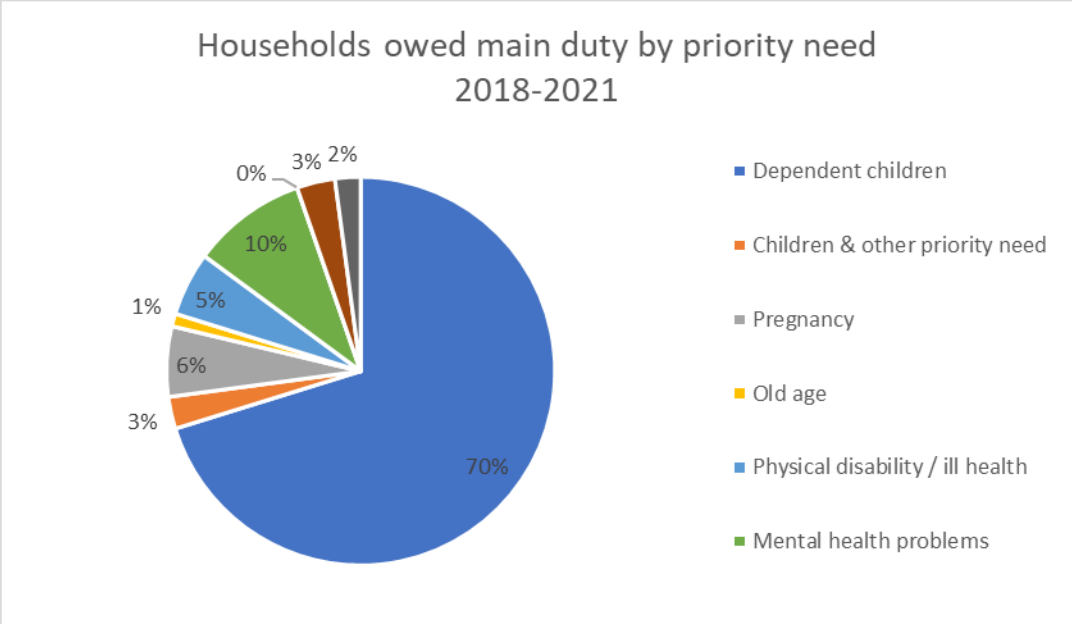
Over half of all prevention and relief duties that ended during 2018-21 secured private rented accommodation. More private rented tenancies were secured for prevention duty cases than relief duty cases. The social rented sector assisted a third of all households, these were households who had already joined and been waiting on the register for some time.

Looking in more detail at the type of accommodation secured by relief duty cases, whilst the securing of private tenancies accounted for 46 percent of successes, securing a supported housing placement accounted for 22 percent of outcomes, followed by 13% securing a social housing tenancy. This reflects the higher numbers of people with support needs being assisted at the relief duty.

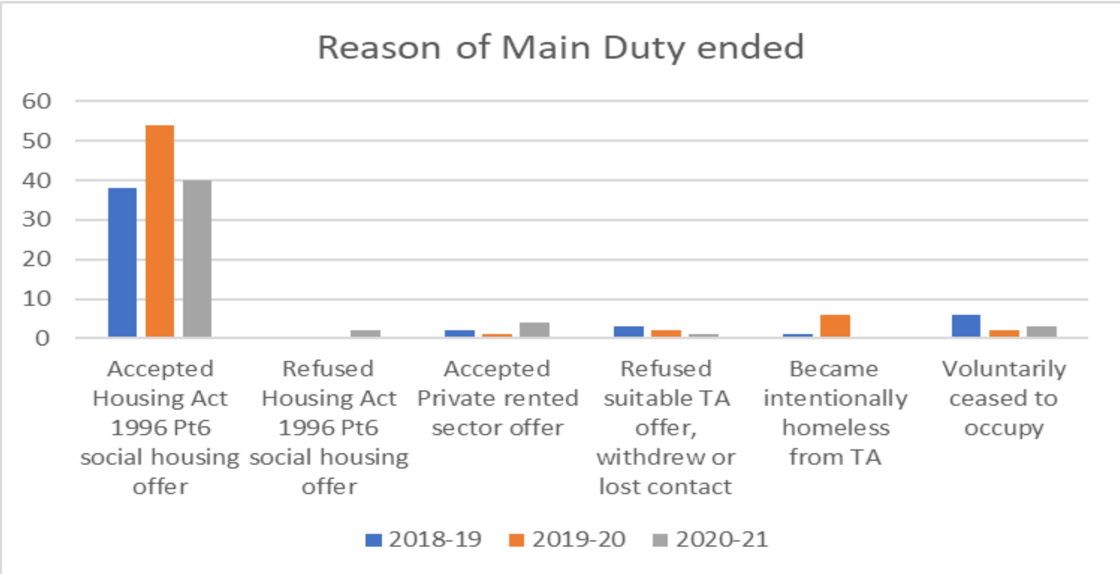
Main duty



At the point the relief duty ends a decision is made by the Council on the main duty owed to each household. During 2018-21 a total of 241 decisions were taken and a main duty accepted to 188 households. Much smaller numbers, were found to be either in priority need and intentionally homeless or homeless with no priority need. Only four households were found to be not homeless. Looking at the numbers accepted in each of the last three years, in the first year of the HRA 68 final duties were accepted, rising to 73 in 2019/20 and declining to 47 in 2020/21. This decline is linked to the particular impacts of temporary legislation during the Pandemic impacting on notice periods and evictions as well as court closures.



Looking in more detail at the household type to whom a main homelessness duty was accepted, 70 percent of the total, were households with dependent children. Despite mental health being the most common reported support need this priority need accounted for 10% of main duty cases.



Almost all households owed a main housing duty during 2018-2021 were placed in band H of the Housing Register and were made and accepted an offer of a social housing tenancy. Only two households declined this offer in 2020-21.

Furthermore, in 2020-21 more households accepted a private rented sector offer reflecting the higher numbers of single people approaching as homeless during this unusual year, the efforts of the Housing Team and applicants to secure private rented accommodation and the availability of additional government funding targeted at single people.

Rough Sleepers

Looking at street homelessness, based on the information received from various agencies on any given night, we estimate there to be a couple of people sleeping rough at any given time. Members of the public are encouraged to report any sightings to Streetlink. These notifications are overseen by East Surrey Outreach Service (ESOS). ESOS locates individuals, makes contact and helps them access an assessment bed as appropriate or other services whilst working closely with the Housing Team. During 2019/20 ESOS received 78 Streetlink alerts and 143 alerts in 2020/21. In terms of direct referrals from agencies, ESOS received around 67 referrals in 2019/20 and 100 referrals in 2020/21.

Generally, the street rough sleepers in the borough tend to be those who have migrated from the London area, or via Gatwick airport. Some are people we have had previous contact with or have assisted with accommodation in the past.

Government guidelines state that a count of street rough sleepers is not required where it is estimated there are less than 10 rough sleepers in a borough / district. However, each year all the Surrey authorities undertake a count in November, this is either an estimate or a street count. Reigate and Banstead usually undertakes a street count, we record on average 2-3 rough sleepers during this snapshot.

Rough sleeping also includes people who are of no fixed abode, so called sofa surfers, those in and out of prison or other institutions or leading chaotic lifestyles. Some of these individuals may find themselves street homeless for short periods. Our data analysis of the last three years shows a total of 62 percent of relief duties were for single people accounting for 334 duties. There is a gender split within this single cohort with males accounting for 70 percent of this single group and a lower proportion of females at 30 percent. Of these relief duties 13 percent reported they were of no fixed abode, 8 percent rough sleeping, and 9 percent homeless on leaving an institution, this is typically prison. The data recorded on support needs also highlights the high proportion of support needs around history of rough sleeping, repeat homelessness alongside other support needs. Many of the single people staying with friends or family usually with insecure arrangements are also vulnerable to homelessness and risk of rough sleeping.

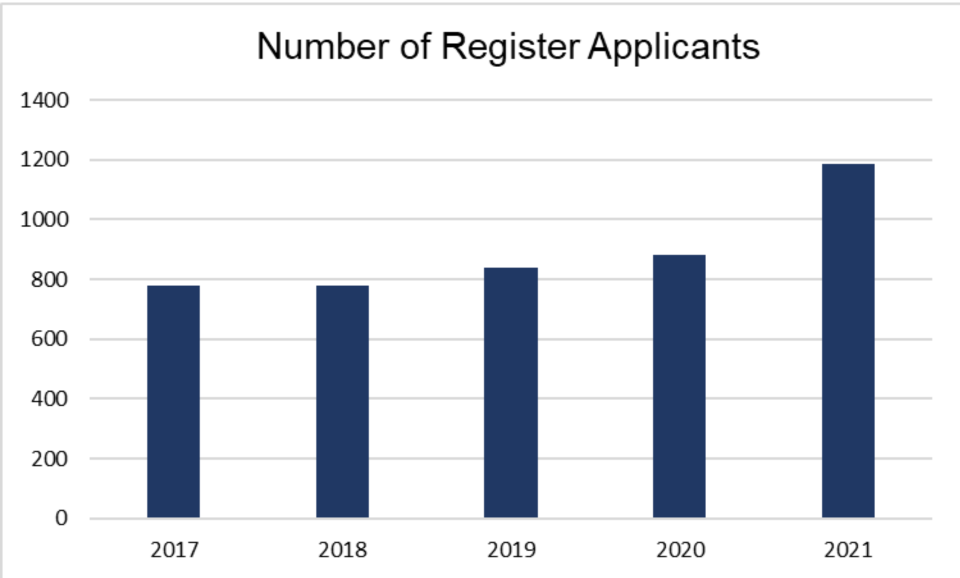
Housing Register

The Housing Register is a list of households with a housing need waiting for an allocation of social housing in the borough of Reigate & Banstead. The Council is a non-stock holding local authority all properties are owned and managed by various housing associations. We have the right to nominate households to a minimum of 75% vacant homes and in reality, local stockholders offer a higher proportion of vacant homes to the Council.

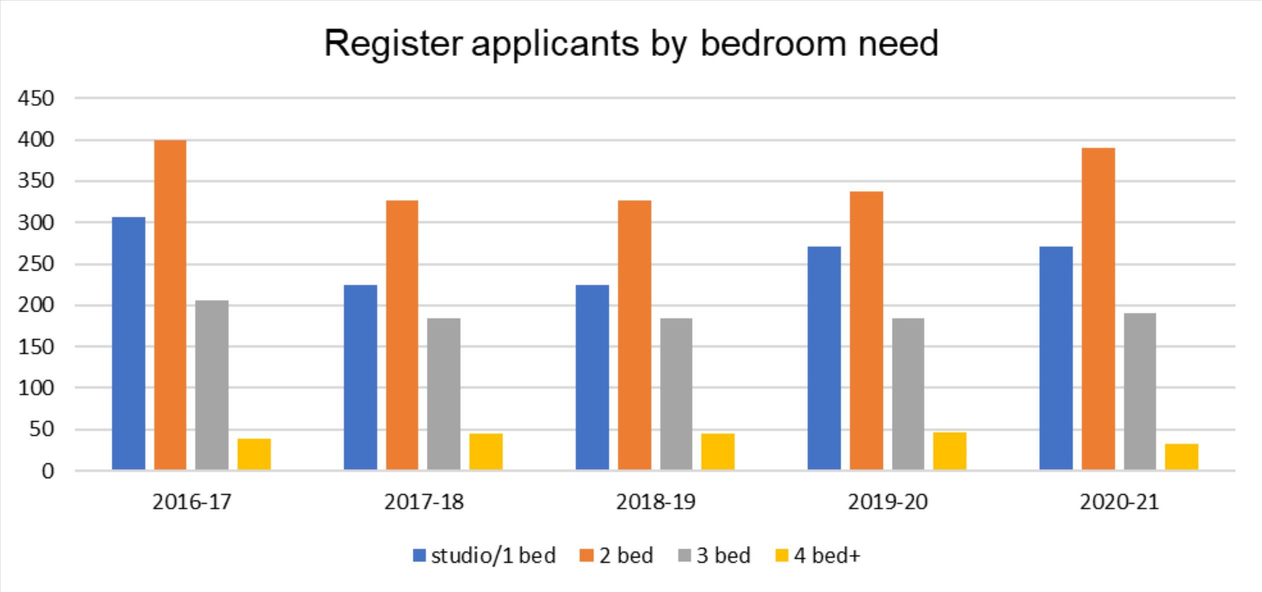
Applications are split into those waiting to move into the social rented sector and those already in social housing who need to transfer. Each application is assessed and placed into one of five bands (A-D or H) to reflect the level of housing need. In many cases, applicants making a community contribution through employment, volunteering or studying will be placed in a higher priority band than those who are not.

The Council operates an online choice-based lettings system called HomeChoice. Homes are advertised on the HomeChoice website where they are prioritised for one or more priority bands. Applicants can place bids on homes they would like to live in. After close of advertising, bids are assessed and placed in application effective date order. The successful bidder is nominated to the social landlord.

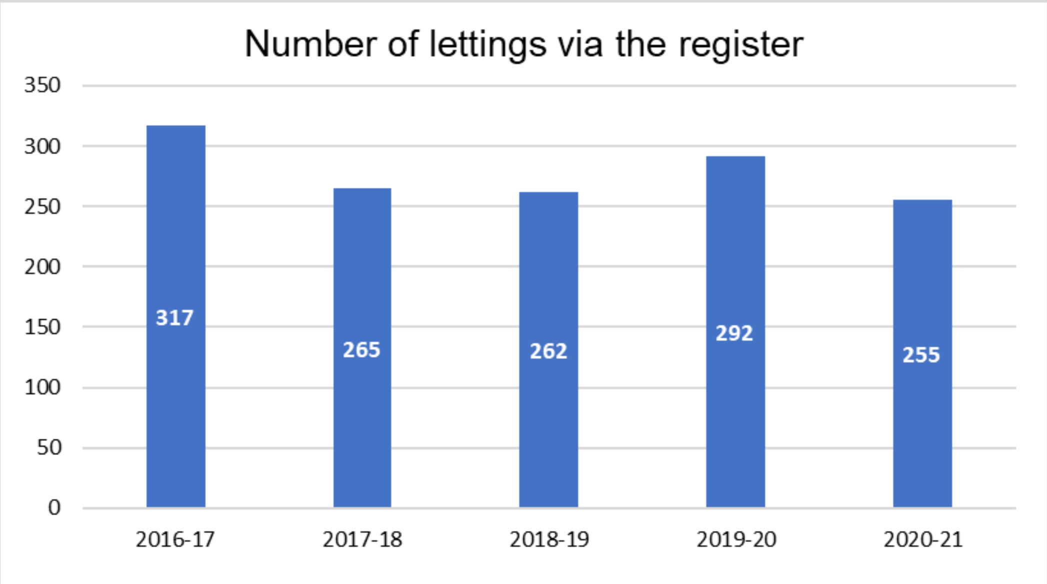
Not all homes are advertised, direct offers are made to band A and band H households, these are households in acute housing need or with specific accommodation requirements. There is a very limited supply of social housing in the borough and demand surpasses supply.



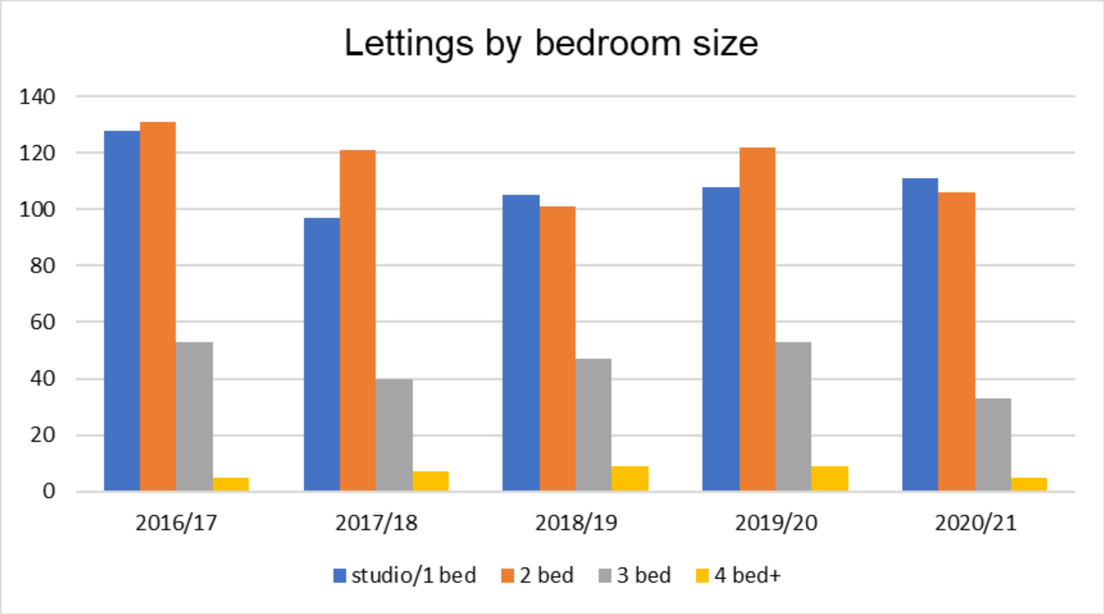
After a drop in the number of applicants on the register during 2017-19, applications have increased. This has created more housing pressure and increased the waiting time on the register for each household. One of the impacts of the Pandemic has been an increase in numbers of households applying to join the Register as households faced reduced incomes, loss in earnings or redundancy.



Over the last 5 financial years, the need by size of property has broadly remained stable. The majority of demand is for 2 bed properties and the least demand is for 4+ bed properties. Despite the relatively small numbers of households in need of 4+ bed homes, the wait time is longer for this group because there is a very limited supply.



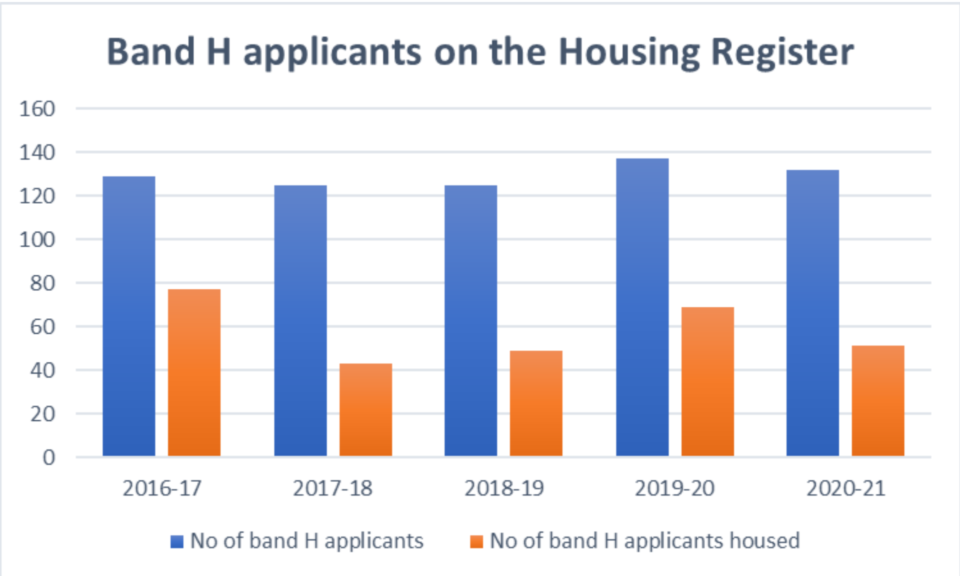
The graph above shows that in 2020/21 the lowest number of applicants were accommodated through the Housing Register into social housing tenancies. The decrease reflects the effects of Pandemic on numbers homes becoming vacant and a temporary slowing down in turn-around times for properties that became vacant.



The graph above shows that over the last 5 financial years, the most common letting is to studio/1 bed or 2 bed properties. This reflects the available social housing stock in the borough, with a higher proportion of smaller homes than larger family homes and also reflects the flow of households through the stock as household size changes. The highest number of lettings took place in 2016-17 after this time they have reduced slightly. During 2020/21 the number of three bedroom or larger homes available for letting reduced even further and the waiting time for larger homes has lengthened.

Band H

Band H applicants are high priority homeless households to whom the Council has accepted a duty to accommodate.



Over the last 5 years, the numbers of Band H applicants have remained fairly consistent. After a sudden decrease in the numbers of Band H applicants being housed through the register in 2017-18, numbers have increased. However, similarly to other applicants on the Register, Band H applicants were also subject to the effects of the Pandemic in 2020-2. With fewer void properties being available there was a slight reduction in band H applicants housed in social tenancies.

Homelessness Accommodation

The Council has access to around 115 self-contained temporary accommodation units in the borough operated by Raven Housing Trust, Accent & Hyde Housing and a very small number operated by the Council. The Council also has non self-contained accommodation in Horley used as emergency housing mainly for families.

In addition, the Council sources nightly paid self-contained accommodation for families and shared facility accommodation for single people both in and out of the borough. We aim to keep as many households as possible in the borough and place out of borough when local options are exhausted. Placements out of area are typically in Crawley, West Sussex and the Croydon area.

Homelessness & Rough Sleeping Strategy

2022-2027

March 2022

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

Contents

Foreword

I have great pleasure introducing the Council's Homelessness and Rough Sleeping Strategy 2022-27.

During the last five years, we have faced many new challenges including implementation of the Homelessness Reduction Act 2017, increasing numbers of households with complex support needs, and homeless single people. The pandemic brought an unexpected set of challenges for all. I am proud of the response by the Housing team, the quality of their service to those facing homelessness and their continuing efforts to manage the on-going impacts on local people.

Our achievements in the past five years are many and have set a strong foundation for this five-year Strategy. Our committed, motivated, and successful team implemented new practices and ways of working in response to new responsibilities and duties in the Homelessness Reduction Act. It was a huge effort and not without challenges but placed the Council in the best position to respond to the changing client groups we work with and the many complications arising from the Pandemic.

We achieved other successes such as delivering Council emergency accommodation and we plan to provide more so households can remain local with all the benefits that brings. Our in-house Money Advice Service has helped many households to access benefits, manage debts, learn to budget, and build financial resilience. Our highly motivated in-house housing tenancy support staff have supported many people to access services, obtain household items, use food banks, and access specialist accommodation.

Looking ahead to the next five years we will build on this strong foundation. We do not underestimate the value of our good relationships with our many partners. Strong and effective partnerships are important to delivering the right services which support people to make positive changes, try new experiences, feel valued and part of the wider community.

As ever, funding for new support and other services needed for the increasing numbers of people with complex needs, some of whom are rough sleepers, remains an issue for us to navigate. There are many more challenges ahead, but I am confident that our Housing Team is in an excellent position to deliver the Homelessness and Rough Sleeping Strategy and help those facing homelessness to get the support and help they need.

Councillor Caroline Neame
Executive Member for Housing & Support

1. Introduction

The past five years the social housing sector have been characterised by change, new ways of working and the need for even more innovation. New homelessness legislation introduced in 2018 has widened the Council's homelessness responsibilities and duties whilst also placing responsibilities on households themselves to undertake prevention activities.

Our Housing Service had already shifted its focus to the prevention of homelessness prior to the Homelessness Reduction Act. We recognise the importance of assisting households to avoid homelessness and the many impacts it has on relationships, employment, support networks and schooling. This approach has led to many positive housing outcomes for households over the years and placed us in a strong position to manage the unforeseen challenges of a Pandemic.

We remain committed to delivering positive results with and for our clients. Partnership work is embedded in our approach. Our close work with statutory agencies such as Probation, Surrey and Boarders Partnership, Adult Social Care, Children's Services, Surrey Police, primary care networks, and others is key to securing effective outcomes for our clients. Our many social housing providers which include Raven Housing Trust, our main local stockholder and a range of low support housing providers like Transform Housing and Support help us secure homes and stability for clients. Finally, the many charities we work with such as Furnistore, Stripey Stork and our local food banks provide our clients with items to turn a property into a home as well as delivering essential supplies to those in financial crisis.

Our five year priorities are driven by our on-going commitment to preventing homelessness at the earliest opportunity whenever possible. The borough is a high housing cost area, and this influences the availability of affordable housing options. Securing the supply of affordable social and affordable rent homes is essential alongside sourcing private rented tenancies. For many households, tenancies are one aspect of the housing journey, it is the support and advice, money advice, financial help, tenancy support and practical help that completes the process. This is built into our approach to tackling homelessness.

2. The National Strategic Context

A range of national priorities and policies, alongside legislation have influenced and shaped the Council's strategy and direction. The ending of rough sleeping and reduction in homelessness is a national priority and is linked to other national strategies and initiatives around reducing drug use, reducing delayed hospital discharges, supporting care leavers and those in the criminal justice system. These include the:

- Criminal Justice Act 2003
- National Services Act 2006 and Delayed Discharges Directions 2013
- HM Government Care Leavers Strategy 2013 updated 2014
- Localism Act 2011
- Homelessness Reduction Act 2017
- Working Together to Safeguard Children 2018
- The Rough Sleeping Strategy 2018
- Next Step Accommodation Programme 2020
- Rough Sleeping Accommodation Programme 2021
- Domestic Abuse Act 2021

These strategies and the legislation are set in the wider context of welfare reform which has implemented significant changes to the welfare benefit system, housing costs, benefit caps and sanctions.

3. Local Strategic Context

At a countywide level the main strategies and programmes that support tackling homelessness and delivering the right accommodation and services are:

- Community Vision for Surrey 2030
- Surrey Against Domestic Abuse Strategy 2018-2023
- Every Adult Matters agenda
- Surrey Health and Well Being Strategy

Heads of Housing Services across Surrey together with Registered Providers, Surrey County Council representatives and Homes England attend regular meetings of the Surrey Chief Housing Officer Association. This group champions stronger working relationships across organisations, the development and maintenance of strategic relationships and projects with Surrey County Council, health authorities as well as joint bids to Homes England and government funded programmes.

The Surrey Housing Needs Managers group meets regularly with a focus on homelessness agendas including housing waiting lists. It undertakes joint work responding to consultations, new national and local initiatives, benchmarks performance and indicators, develops joint protocols and joint working practices with other agencies and jointly bids for homelessness funding programmes.

At a local level the Reigate & Banstead 2025: Five Year Plan sets out the Council's vision and priorities for the borough. Within it, the housing objective is 'Secure the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size'. Our five year plan highlights the housing challenges facing the borough around affordability, numbers on the Housing Register, in temporary accommodation and delivery of new affordable housing.

In addition, the Council has published and begun implementing the priorities in the Housing Delivery Strategy. With a focus on delivering homes, it is supported by significant financial investment. Several of the projects being delivered through it will support the Homelessness Strategy and are explored in more detail in this document.

4. Objective One: Prevent homelessness and sustain tenancies

The Homelessness Reduction Act (HRA), enacted April 2018, placed new legislative requirements on local authorities and extended many of the duties and requirements on local authorities set out in the Housing Act 1996 and Homelessness Act 2002.

The legislative changes, which built upon the homelessness prevention approach already adopted by the team are embedded into the Housing Service. New software was installed to better support our strong casework approach and enable the team to manage the additional administration burden of the HRA. The team implemented new practices, changed its structure, and expanded to manage the new prevention duties and administration. A revised team structure is in place with a Prevention Team managing all initial housing enquiries, advice and homelessness prevention duties. The Relief Team provides overlap with the Prevention Team and in addition handles all homelessness relief and main duty cases.

4.1 Our Housing Options Team and new ways of working

The Housing Options Team expanded in 2018 in response to impacts of the HRA. Since 2018 four Prevention Officers, a Customer Support & Admin Officer and an additional Relief Officer post was created. The Housing Service receives the Government funded Homelessness Prevention Grant to support our activities and increased staffing.

To manage the impacts of additional and longer duties to households, as well as investment in ICT and staff, we have changed the appointment and duty phone systems. This has built in the additional time needed to undertake full and detailed assessments and comprehensive homelessness prevention activities. A daily Duty Officer from each of the Prevention and Relief Teams is available by telephone for advice, booking document check appointments and for emergency assistance.

The introduction of ‘document check’ appointments with a dedicated staff member, for every client at risk of homelessness means all relevant information regarding their case is collected in preparation for a detailed casework appointment and development of a personal housing plan (PHP). The Duty system also provides capacity for all staff to undertake intensive casework with individual clients.

Supporting the work of our four Prevention Officers and four Relief Officers is a Housing Support Coordinator. In place since 2018, this role provides more intensive support and practical assistance to individual homeless clients with medium to high support needs. The Housing Service also funds a post in the Fraud and Error Team. This Intelligence Officer assesses homelessness and housing register applications to ensure no fraud is occurring and that social housing and financial support is given appropriately. In 2020/21 344 Prevention and Relief cases were assessed and of these 8 cases being found to be potentially fraudulent. According to the Cabinet Office methodology for calculating financial saving through fraud prevention, the cases saved £25,920 in public expenditure.

Up to the start of the Pandemic, our clients were seen face to face. The Pandemic led to rapid changes to the way the team operated. With immediate effect from March 2020 the team moved to 100% telephone-based communication and electronic provision of documentation. This worked successfully. Many households have preferred the convenience of a telephone appointment, particularly working households and those with young children. A hybrid arrangement is likely to operate in the future, with the opportunity for everyone to have face to face interviews if preferred.

4.2 Supporting those at risk at the earliest opportunity

Early intervention is the best way to help people avoid homelessness.

Since the introduction of the HRA in April 2018, the number of households approaching us for housing options assistance remained fairly consistent at just over 1,000 a year. Many of those approaches are offered advice and are signposted without further detailed casework.

Between 2018/19 and 2020/21 a Prevention Duty was accepted to 1,017 households and a Relief Duty accepted to 489 households. Working closely with clients, the team achieved 948 positive outcomes with clients owed either duty during the same period, representing an average homelessness prevention rate of 60%. The number of households owed the main duty where homelessness could not be prevented was 188 over the three years.

In the borough, the most common causes of risk of homelessness are family or friend no longer willing to accommodate and threat of or loss of a private sector tenancy. Other reasons include threat of or loss of a social tenancy, relationship breakdown, eviction from a supported housing placement, domestic abuse, or other violence or harassment. Many households seeking housing advice also have other issues and pressures. Money concerns are common, as are mental ill-health, physical health problems, support needs and for some substance misuse needs.

The Prevention Team works to support households at risk of homelessness at the earliest opportunity with constructive advice, support and assistance. Close liaison and negotiation with clients, landlords, agents, and families and friends is crucial to finding solutions for clients to remain in their current accommodation or to agree timeframes to enable planned moves to avoid periods of homelessness.

We use a raft of tools and services to help people remain in their homes. They include financial and money advice, affordability assessments, on-going liaison, and negotiation with all parties to agree next steps, advice and support to domestic abuse survivors, assistance with benefit applications, use of discretionary housing payments and interest free loans. Our team refers to and works closely with other services, agencies, and partners to provide a wide range of more specialist services and support.

The use of Personal Housing Plans (PHPs) have proved to be an important prevention tool. PHPs provide a practical framework and checklist for applicants and staff to understand their responsibilities, what action each party needs to take and when. Their availability on-line makes them easy to access, see what actions need to be completed and to update them.

Our performance on homelessness prevention is good. The rate of positive housing outcomes achieved has increased from over 270 in 2018/19 to over 330 in 2020/21, a most challenging year. The Pandemic led to a change in the household type approaching the Council and a much higher number of single people. In comparison to 2019/20 the Council accommodated almost 100% more single people as a result of the Government ‘Everyone In’ initiative with a high proportion of this single person group having support needs.

Over the Pandemic, the numbers of families facing eviction declined mainly due to the temporary restrictions placed on landlords of all tenures regarding the service of notices and the closure of Court Services and then subsequent adjournment of many cases when they re-opened. We expect evictions to increase in 2021/22 as courts fully open with the potential of higher numbers of families placed in emergency and temporary accommodation over the coming few years. There are also indications that more landlords are planning to sell their properties, possible due to the financial impacts of the Pandemic on them.

4.3 Directing households to money advice services

Effective money advice is crucial to preventing some households becoming homeless. Many households seeking housing advice are experiencing money problems. The Prevention and Relief Team make referrals to specialist debt advisors and our internal Money Support Team. Clients with complex debt problems are referred to the local charity Community Debt Advice, the Citizen's Advice Bureau or other national agencies.

Set up in 2018, in response to the impacts of universal credit and an identified gap in money services, our in-house Money Support team now has three Money Support Advisors. It takes referrals from Council teams only and up to 2021 over 605 referrals have been received. The team's aims are to support residents to maximise income and develop confidence with budgeting to help prevent future debt. Developing independence and resilience is important to enable clients to thrive and get back into work or change jobs, improve their quality of life and manage money effectively.

All clients receive a full assessment within two weeks of referral and any urgent actions are completed. The service has a waiting list, which has remained consistently at 30-40 clients. Working with a caseload of 10 clients for up to 12 around weeks per client, each Advisor helps with budgeting, setting up bank accounts, managing bills online, document / money organisation, digital support, benefit entitlement, reducing debt and maximising income. Unfortunately, the Pandemic has impacted on the complexity of cases and case times extended to 15 weeks.

Of the 605 referrals, the team has successfully closed 305 cases in addition to many 'quick win' emergency interventions for clients. Looking at the 305 closed cases, the team completed 116 additional benefit claims, helped clients clear £30,600 rent arrears, cleared £8,200 Council Tax arrears and £25,100 of other debts. The team has also enabled clients to claim benefit underpayments of £21,600.

Sustaining budgeting is important, 53% of clients complete budgeting plans and only 1% of clients have returned for support.

Clients with complex debt problems need specialist debt support services. Money Support undertakes preparation work with clients ready for intensive debt management support, and referred 47 cases to specialist services after initial casework. Money Support also refers clients to the local Foodbank and around 60% of open cases have been referred or are currently using one.

The Pandemic has impacted many of those on the Money Support waiting list and during July - December 2020, the Money Support team had a 100% increase in referrals compared to the same time in 2019. Research in October 2020 showed that 20,300 borough residents were furloughed equating to 28% of employed residents. It could take months and years for many households to recover financially from the effects of the Pandemic and we expect this to impact on future housing.

Looking to the future, the team is considering options to expand referral routes to external partner agencies. It is also working on resourcing more ‘quick win’ emergency interventions to prevent tenancy loss and actions to support quicker access to a tenancy offers such as on-the spot budgeting, UC applications, and completing Council Tax Reduction forms.

4.4 Preventing the loss of a private rented tenancy

We estimate that around 9,600 households in the borough privately rent (Census 2011 uplifted by 26% in accordance with English Household Survey data). This equates to approximately 18% of households in the borough and indicates a 10% increase compared to 2011. Private rentals are an option for the many households who are waiting for the offer of a social housing tenancy and to households at risk of homelessness.

The number of households approaching the team seeking housing advice due to risk of homelessness has remained over 1,000 since 2018/19. The risk of or ending of a private rented tenancy together with family or friend eviction are the most frequent causes.

High local housing costs, affordability and rent arrears are more common reasons for a threat or loss of a private tenancy, although the sale of properties and relationship breakdown also occur. Effective negotiation with landlords and clients underpins our strategy to prevent homelessness. Wherever possible, we negotiate agreements to sustain tenancies and / or repay arrears.

We undertake detailed casework with each client taking a holistic approach to assessing the household. We consider individual circumstances, support needs, vulnerabilities, disabilities, safeguarding and financial circumstances which inform a realistic and achievable PHP for every client. As circumstances change, PHPs are undated by us and our clients to ensure they remain relevant and helpful.

During our casework with clients we complete financial assessments, give benefit and budgeting advice as well as basic debt advice. Where appropriate clients are referred to the Money Support Team and complex debt cases are referred to specialist advisors. Clients are also signposted to websites and given our in-house money advice and debt fact sheets, all of which are available on the Council’s website.

We support clients to access Discretionary Housing Payments (DHPs) as appropriate to bridge temporary affordability gaps. DHPs are also an important tool in assisting with rent in advance and deposits.

Our Homelessness Prevention Loan Scheme (HPLS) is also used to assist eligible households with financial difficulties who are at risk of or homeless. The scheme offers interest free loans which can assist with rent deposits, rent in advance, one off payments towards rent or mortgage arrears and other solutions. Funding for this discretionary scheme is dependent on the repayment of loans by those assisted. Applicants are subject to full assessment and not all applicants are suitable for the scheme. Between 2018/19 and 20120/21 132 loans have been made mainly towards rent in advance. We do provide rent deposits but we aim to directly register the funds in a Government approved rent deposit scheme so the funds are returned and can be recycled.

Our success rate with preventing the loss of a private tenancy is good. In some situations, a tenancy ends, and we work with clients directly and through NextStep to support clients to secure a new private rental.

Family or friend evictions are now overtaking private rental evictions in the borough. This number increased through the pandemic, particularly for single people. Our teams negotiate with the parties involved providing advice and support to help people remain in place or for as long as possible or for long enough to make a planned move to other accommodation. However, we recognise that staying put is not always an option in some situations.

4.5 Accessing private rented accommodation

Private rented accommodation is a good option for many households and it has a significant role in the Council's approach to preventing and relieving homelessness. We provide advice factsheets on our website to help households search, understand landlord and tenant responsibilities and consider affordability.

To maximise opportunities to access the private sector, we fund and work in partnership with NextStep YMCA East Surrey. Working with referred by the Council with a priority need, they assess affordability, suitability and source properties. NextStep has excellent working relationships with several local landlords and letting agents. As well as sourcing properties, landlords and matching clients to properties, the NextStep team provides on-going tenancy support to clients for at least six months. They assist clients with settling in, benefit applications, budgeting and managing their tenancies. Some 1,279 households have been referred to NextStep and they have secured 537 tenancies over the last five years averaging over 100 per year. They have also intervened when clients have started to struggle with managing tenancies and have prevented evictions or helped households find alternative accommodation.

Welfare reform has impacted on the private rental option. Universal Credit (UC) continues to provide challenges in securing private rented tenancies and interest from landlords. More landlords are concerned about the inability of agencies to liaise with the DWP about housing costs, consequently more are requiring additional security including up to six months' rent in advance or guarantors. Whilst Local Housing Allowance and UC rates rose temporarily in response to the Pandemic, the benefit cap has not changed, and this has further eroded affordability.

Private renting is not an option for almost all benefit capped households, excepting a very specific household type within a specific borough area. With a total family income capped at £1,667 a month equating to £20,000 a year and the cost of a 2 bed private rented flat starting upwards of £950 a month, the affordability gap is too wide. The cap introduces significant affordability problems for any household already privately renting. In the short-term, discretionary housing payments can assist these households, but are not a long-term solution.

Our Housing Options Team also works closely with clients, landlords and letting agents to help clients assess private rented homes. The Council will provide interest free loans to qualifying households for rent in advance and deposits and assists households to apply for discretionary housing payments towards these costs. On occasion, the Council will act as guarantor subject to limited liability, to eligible clients to secure accommodation.

Over recent years, an increasing number of private landlords and letting agents have raised the financial requirements placed on potential tenants. This trend has seen a prerequisite for households to have at least 30 times monthly rent income levels or a guarantor who is a homeowner. The earnings threshold for many households requiring private rentals has increased significantly.

Private rented options for single people on low incomes or benefits are also limited by affordability. The monthly cost of a room in House of Multiple Occupation (HMO) in the borough is typically around £600. This cost cannot be met by single people non-Care Leavers under 35 years, because their entitlement to housing costs is limited to the single room rate which set below £500 a month nationally. More good quality and affordable HMO accommodation in the borough would provide a settled accommodation option to single people.

4.6 Tenancy sustainment

For some households, securing a tenancy is the just the first step to having a home. Some households need short term or on-going support to maintain their emergency accommodation placement, private rented tenancy or social housing tenancies and avoid future homelessness.

Our in-house Housing Support Coordinator (HSC) works with single clients with medium to high support needs to help them settle into emergency housing, to access supported accommodation or self-contained private housing as appropriate. Working closely with the Options Team and statutory agencies, the HSC supports a caseload of around 10 clients with accessing basic services and necessities such as ID, bank accounts, benefits, GP registration and mobile phones. The HSC also has a critical role in helping clients to access, navigate and attend appointments with a variety of statutory and support services. In addition, the HSC makes funding applications for benefits, financial support and grants for clients with disabilities or health conditions. More clients now engage and continue to work with the HSC through to longer-term placement and secure better housing outcomes. This role works closely with our Accommodation (AC) Officer post. This post manages the Council's emergency and temporary accommodation, providing support and assistance to those placed.

A successful bid to the government Next Step Accommodation Programme with Transform Housing & Support, led to the appointment of a Tenancy Sustainment Officer for an initial period of 12 months. The primary focus of this role is to provide intensive tenancy support to former rough sleepers and those at risk of it who have moved into settled accommodation or are due to take up accommodation.

We also make referrals to Parashoot, a support service based at Raven Housing Trust, for people at risk of losing their home, or have been homeless and need help settling into their new homes. Parashoot supports households to set up their tenancy and to manage their responsibilities. This helps clients get off to the best start which improves the tenancy success rate. They also work with Raven tenants who are struggling to maintain their tenancies and are at risk of losing it without more support.

Tenancy sustainment extends to housing association tenants. We continue to work closely with all local housing associations in the borough to prevent evictions of tenants wherever possible and receive referrals from social landlords of tenants at risk of eviction. We make contact and work to engage tenants and prevent eviction. Our activities include joint work with the Money Advice team, negotiation, benefit applications, letters of support to Courts as well as agreeing responsibilities and actions.

For some households, basic necessities such as furniture, beds, mattresses and essential household items are completely unaffordable. We have an excellent working relationship with Furnistore, a local furniture charity. They have assisted many clients with beds, mattresses, sofas, storage furniture, white goods, and other items to turn a property into a home. We are also supported by the local charity Stripey Stork. They provide excellent quality clothing for babies through to teenagers, toys, books, baby equipment, personal hygiene and care items to households referred by our Council teams and other statutory agencies. We also assist clients to make applications to the Surrey Crisis Fund, a discretionary fund provided by Surrey County Council to assist with essential items where no other options are available.

4.7 Impacts of the Pandemic

The impact of the Pandemic has been far reaching for both the service and our users. The *Everyone In* Government initiative which began in March 2020 led to increased numbers of single people accommodated in emergency accommodation. The numbers accommodated peaked in the first months of the 2020 lockdown with an average of 44 households accommodated in emergency accommodation during the first quarter. Over half were accommodated due to COVID-19 duties.

To manage the numbers of single people needing accommodation we secured access to a local hotel facility we had not worked with previously alongside other bookings with other providers locally and out of area. We also arranged placement of 8 self-contained cabins on the Redhill leisure centre carpark to accommodate single homeless people and individuals with COVID or symptoms.

The cabins were retained beyond the initial period of crisis to provide capacity to cope with infection peaks and the loss of the winter night shelter. The local hotel block booking ended after 15 months. During the peak of the Pandemic we also took the decision to reduce occupancy levels at our shared facility homeless accommodation so occupiers could access a private bathroom to reduce the risk of COVID transmission. It opened fully during 2021/22.

Whilst the numbers of single people being accommodated rose, the numbers of families approaching the Council declined. The cessation of evictions as courts closed and changes to private rental notice periods led to a reduction in approaches for advice from families. The opening of courts in May 2021 and re-start of Bailiffs activity has led to an increase in approaches from family households. Our proactive prevention approach and early intervention is expected to limit impacts.

NEW ACTIONS:

- Secure the long-term funding of five housing posts in the event central government grant ceases
- Offer more choice to applicants on format for homelessness application interviews including face to face, telephone, on-line meetings, and monitor choices to inform service delivery
- Provide interest free loans to eligible households to secure accommodation, subject to the continued availability of grant funding
- Secure the long-term funding of two Money Advice posts in the event central government grant ceases
- Explore opportunities to encourage the provision of good quality affordable HMOs in the borough

5. Objective Two: Respond to support needs

Many of the households approaching for housing advice and assistance have support needs, these range from a single short-term low support need to complex multiple support needs requiring intensive long-term support. The proportion of households owed a homelessness duty with one or more support needs ranged from 65% in 2018/19 to almost 75% in 2020/21. Looking in more detail at these applicants, over two thirds have two or more support needs suggesting an increase in the complexity of support needs. The total number of support needs recorded was 1,001 in 2018/19, 1,085 in 2019/20 and 1,135 in 2020/21 demonstrating a year on year increase in total support needs.

Looking at 20 different support needs recorded since the implementation of the HRA in 2018, the three most common specific needs are a history of mental health problems, physical health and disability and being at risk of or having experienced domestic abuse. The following support needs fall within the ten most common supported needs, a history of repeat homelessness, an offending history, rough sleeping history, learning disability, and substance dependency. We know many of our clients experience multiple support needs, and with these needs come interrelated challenges which increase the risk of homelessness.

Our team provides comprehensive advice to clients with support needs, making multiple referrals to support providers in and out of the borough and to statutory agencies as appropriate. Wherever possible we place single people with support needs in local emergency accommodation, but sometimes clients are placed out of borough due to lack of availability. Out of borough placements negatively impact on client access to a range of services such as the Community Mental Health Recovery Services (CMHRS), support from I-Access (substance misuse agency) or Probation. Our HSC works to maintain client engagement and access to services and to source supported accommodation options.

Much of the supported housing in the borough is for people with low support needs. A proportion of our clients have needs too high for this accommodation but not high enough to secure individual Adult Social Care funding. The gap in options for complex needs clients has been an on-going issue. During the Pandemic it became more widely recognised by all agencies and has led to more joint working to look at ways to change this and improve access to support services.

5.1 Partnership approaches to supporting vulnerable people

We sit on the steering group for Surrey Adults Matter (SAM) which, through the Making Every Adult Matter (MEAM) approach, aims to design and deliver better coordinated services for people facing multiple disadvantages.

The SAM approach has been a catalyst to Surrey County Council leading a successful bid in partnership with public and voluntary sector partners under the national Changing Futures programme. This programme aims to support those who face a combination of homelessness, substance misuse, poor mental health, domestic abuse or contact with the criminal justice system. The award of £2.8 million to Surrey will be used to develop the Bridge the Gap person centred specialist trauma informed outreach service in conjunction with vulnerable people, homelessness organisations and experts in mental health, substance misuse and domestic abuse. As part of this work, staff and volunteers at Surrey's homelessness charities and organisations will be trained to assist those who have experienced and / or are living with trauma.

Our expectation is the funding will support a more coordinated local approach to this group who are at greater risk of homelessness, ill-health and increased contact with the criminal justice system. This in turns can led to greater pressure on services that respond to crises such as A&E, homelessness services and policing. Within the borough, Renewed Hope, eSOS and East Surrey Domestic Abuse Service are anticipated to join the Bridge the Gap alliance with Transform Housing also starting training on trauma.

5.2 Mental Health

Between 2018/19 and 2020/21 the most commonly identified support need for households owed a homelessness duty was a history of mental health problems accounting for 20% of identified support needs.

The Housing Options available for single clients experiencing mental ill-health depend on how stable their health is at the point they need housing help and their willingness to engage. The Borough benefits from a number of low support units of supported accommodation for clients with mental ill-health, many of these units also accommodate people with other support needs and are shared facility. Some clients are assisted into supported accommodation outside of the borough due to lack of local availability and they do retain their local connection on the Housing Register.

The complexity and challenges around mental ill-health mean different clients need different solutions. Some prefer self-contained housing and we support clients assessed as able to sustain a tenancy into it, working with partners such at the Forward Trust to source private self-contained housing. Unfortunately, the private sector options available to under 35s who were not care leavers are impacted by the Universal Credit shared room rate housing element restriction.

A number of organisations provide homes in our borough for a mix of client groups which is invaluable. Our current providers are Transform Housing & Support, Sanctuary, YMCA East Surrey and Wayside Community. Unfortunately, some clients with more significant mental ill-health or multiple needs, are deemed too high need for most providers. In some cases, these clients are also deemed below the threshold for specialist mental health Adult Social Care funded beds. This gap in provision means these households are often placed in general needs emergency or temporary accommodation with referrals to mental health outreach services.

Surrey has in place a Mental Health and Housing Protocol to be followed where a client is in hospital. This means housing officers visit wards, meet clients, attend ward round meetings and are involved in hospital discharge meetings and Care Plan Approaches. This process continued through the Pandemic. This joint multi-agency approach has led to some successful planned discharges for clients who were at risk of homelessness. We are aware that not all health staff and ward nurses are aware of the protocol and further training is needed. Within East Surrey, Mole Valley District Council's Housing Needs Manager provides this training offer on our behalf.

The Pandemic has facilitated opportunities for closer working and engagement with Surrey and Borders Partnership, Adult Social Care, and County Public Health to identify gaps in service provision, understand resourcing issues and opportunities for joined up working around mental health. The successful cross organisation bid for funding from the Changing Futures programme is a good example of this approach. This momentum will be exploited over the coming months and years with the aim of being able to refer our clients to mental health services at the earliest point, and for them to receive timely help to support tenancy success.

5.3 Domestic abuse

Of the households owed a homelessness duty, the third most commonly identified support need was being at risk of or having experienced domestic abuse. It accounts for around 11% of all the support needs identified during 2018-2021.

Due to higher numbers of domestic abuse cases in the borough, the regularity of Multi-Agency Risk Assessment Conferences increased in the borough from monthly to two weekly in 2020/21. MARAC is well attended and includes the Housing Team and Raven Housing Trust with attendees working together to support those experiencing domestic abuse through a range of measures including support to move if appropriate.

Within the team, staff are trained on recognising and responding to households experiencing domestic abuse. The Council has close working relationships with Reigate & Banstead Women's Aid and East Surrey Domestic Abuse Service who offer emotional and practical support alongside a range of services from supporting survivors at court hearings, home security measures, counselling and support for children.

Enrolled by Surrey County Council in 2020/21, the Housing Service is benefiting from becoming Affiliated Members of the Domestic Abuse Housing Alliance (DAHA). The Council received £34,000 funding from central Government to assist with implementation of the Domestic Abuse Act 2021 and took part in a project in which the DAHA standards of practice were shared, and our own practices were health checked. This supports our preparation for the full implementation of the Act in partnership with Surrey.

5.4 Prison Leavers and Ex-offenders

In more recent years the Housing Options team has worked with a rising number of prison leavers and ex-offender clients. The group are identified as the fifth most common support need for households owed a homelessness duty by the Council accounting for 8% of all support needs. However, this is only part of the picture and people in this group frequently have complex needs and can be hard to engage. Some are repeat offenders which is linked to repeat homelessness applications due to their unsettled status. Over the period 2018-21, having an offending history was identified as a support need 237 times.

In 2019/20 the Housing Service participated in a Prison Leaver Working Group led by the Cabinet Office and Ministry of Justice. The project purpose was to identify opportunities to improve social inclusion, implement change and work in collaboration. We undertook case studies of several repeat offender clients to understand their journey prior to prison release through to presentation to the Council, placement and outcome. It was clear that many had issues around substance misuse, mental ill-health, estrangement from family and a lack of support networks. A number of clients were known to the team, having presented as homeless repeatedly after failing to sustain their emergency accommodation or social housing tenancy or were re-called to prison. Although the project ended prematurely due to the Pandemic it showed a strong link between offending, mental ill-health and substance misuse and the need for greater service collaboration.

For 2020/21, the Council secured Government Rough Sleeper Initiative (RSI 4) funding to enable the appointment of a Prison Resettlement Worker. This post will facilitate timely Duty to Refers, enabling support to start prior to prison release. The Worker will work closely with the Prison Service, Probation Team, Ministry of Justice and other relevant agencies to support single person prison leavers with no fixed address. Clients will be assisted to apply for benefits, register with GPs, set up a bank account, engage with specialist support providers such a I-Access as appropriate and to access suitable housing options.

This post will complement the work underway at the National Probation Service to procure properties in Kent, Surrey and Sussex to be made available to prison leavers homeless on release or leaving other prison managed premises and homeless for a period of up to 12 weeks. A joined up approach across agencies, use of Duty to Refer, and the Prison Resettlement Officer post aim to assist prisoner leavers following a 12 week placement by Probation.

5.5 Looked After Children, 16/17 year olds and Care Leavers

Over the period 2018-21, 23% of applicants owned a prevention or relief housing duty were aged 18-24. Of all households owed a homelessness duty, young people account for four percent of reported support needs. This group includes young people agreed 16-17, 18-24 year olds, care leavers aged 18-20, care leavers aged 21. Since 2018 numbers in this group have remained steady.

We rarely place 16/17 year olds in emergency accommodation. This has been largely due to the joint working arrangements in place between Surrey Districts and Boroughs, Children's Services and the Homeless Prevention Support Service (HPSS). The HPSS worked with 16/17 year olds at risk to ensure homelessness was prevented or placements found. HPSS also ensured that appropriate assessments were made under the Children Act.

A protocol between the Districts and Boroughs and Children's Services underpins the process. It includes the working arrangements between all parties in relation to Looked After Children and Care Leavers. Following the HRA, a re-structure of Children's Services in 2019 and the HPSS being brought in-house to Surrey, a review of the protocol got underway, although it has been delayed by the Pandemic. Mole Valley District Council's Housing Need Manager is the local authority lead for this workstream.

The Council has amended the local connection rules applicable to care leavers wishing to join the housing register. The change makes an exemption to the local connection rules for care leavers who are subject to a Surrey County Council corporate parenting duty and they are also prioritised on the Register.

We attend quarterly meetings with the Looked After Children Team and Care Leavers Team to identify young people who may need social housing in the future. Together, we aim to ensure a smooth transition, from care into private rent tenancies, supported or social housing tenancies. The meetings have identified that many of the young people were not joining the register and highlighted to personal advisors and social workers this is essential to help ensure a housing pathway. Joined up work is underway with the Corporate Parenting Team to understand future housing provision for Care Leavers in the Borough and across Surrey.

Borough provision for young people and care leavers is good. We work closely with YMCA East Surrey who deliver Hillbrook House. This 44 room scheme mainly for young people aged 18-30 also takes placements of 16/17 year olds, unaccompanied asylum seekers and emergency care beds on behalf of Surrey County Council. The Council has provided capital funding to the YMCA towards delivering three move-on schemes for young people in the borough providing a total of 25 rooms. The most recent scheme in Horley delivered in 2021/22 received £600,000 capital funding from the MHCLG / Homes England 'Move-On' Fund and £350,000 Council capital funding enabling the provision of 12 rooms for young people with low support needs.

5.6 Substance misuse

Substance misuse accounts for 10% of all support needs of applicants owed a homelessness duty. Since 2018 the numbers of applicants owed a housing duty with drug dependency needs has risen from 49 in 2018/19 to 72 in 2020/21. There is supported accommodation available in the borough for ex-drug users and a limited number of spaces available for clients on prescription alternative drugs. For users owed a homelessness duty unwilling to engage or those on prescriptions unable to access supported accommodation for other reasons or simply due to lack of availability, the only option is placement in unsupported emergency accommodation. Our Tenancy Support Coordinator works to engage these clients, encourage, and support them to attend regular appointments with I-Access and other drug support services.

The numbers of homeless households with alcohol dependency have been rising each year from 46 in 2018/19 to 67 in 2020/21. These cases can be very difficult to engage, many have chaotic lives, sometimes linked to an offending history and mental ill-health. Some supported housing schemes will accept these clients, usually based on a commitment not to drink or complete abstinence. There remains an on-going need for accommodation options for those still drinking. Many of them need some form of settled accommodation to provide space and time to moderate their drinking or support to engage with cessation services. There are no ‘wet hostels’ in the Borough for those still drinking which means these clients tend to experience repeat street homelessness and rough sleeping. Most are placed in unsupported emergency accommodation whilst our Housing Support Coordinator works with the client to source suitable supported accommodation, usually out of Borough.

Our Housing Support Coordinator and Relief Officers have developed good networks with a variety of supported housing providers who specialise in accommodating those with challenging needs and behaviour. Clients are referred to multiple providers in and out of the borough. We support clients with all aspects of this process to achieve as many positive outcomes for clients as possible.

Joint work with Surrey County Council Public Health and Adult Social Care colleagues together with mental health teams will deliver new ways of working over the coming years. A combination of joined up approaches which streamline service delivery and additional resources will enable the provision of more support to the most vulnerable to enable them to engage fully and sustain their accommodation.

5.7 Duty to Refer and discharges from public sector facilities

Each year a number of people are discharged from hospital or prisons often with unknown support needs and no settled accommodation to return to. These individuals are at high risk of homelessness.

The HRA placed a Duty to Refer on specific agencies to identify individuals with a housing need and refer them to a local authority housing team so early intervention work can begin. Since the Duty commenced the Council has received some 115 referrals from a range of agencies subject to the duty and organisations not subject to the Duty. Referrers include the Prison Service, Probation, Hospital A&Es, as well as mental health wards. Already in 2021/22 there has been a significant increase in the referral rate, during the first two quarters 76 Duty to Refers have been made to the Council with a particular increase in prison referrals. The overall increase is linked to greater awareness and joint working on Surrey Adults Matter and Surrey-wide protocols around hospital discharges.

With a 1,000 bed prison in our borough, we are working to streamline the Duty to Refer process including the timing of the referral to allow time for earlier engagement and sourcing of appropriate accommodation. We are taking the lead in Surrey on Duty to Refer for prison leavers including out of area prisons. The combined referrals from Prisons and Probation accounted for the majority of referrals. To better support ex-offenders, the Council successfully applied to the Rough Sleeping Initiative 2020/21 to fund a dedicated Prison Resettlement Worker for one year.

Duty to Refer can provide an effective mechanism for non-housing agencies to secure housing advice and assistance for individuals under their care. It has taken time for all agencies to recognise the need to make early referrals and to provide the most meaningful information to support engagement with the Housing Team. The referral process has been streamlined with clear information on Surrey County Council's website and individual Council websites. We will continue to analyse referrals and outcomes.

NEW ACTIONS:

- Monitor the success and positive outcomes delivered by the Prison Resettlement Worker in post 2022/23 and identify longer term funding streams and accommodation options to assist this group
- Work with substance misuse support agencies and Surrey County Council to identify options for those clients unwilling to engage with substance reduction programmes and agree alternative support and / or housing options.

6. Objective Three: Tackle Rough Sleeping

The Borough has experienced an increase in rough sleeping over the last few years. Whilst the annual street count snapshot that takes place across Surrey, shows under 5 in the borough, the reality for the rest of the year can be different. Street homelessness is low, but the numbers of those at risk of it because they have no fixed abode has increased. During 2019/20 of the 138 Relief Duty acceptances 91 were from single people of which 39 had a history of rough sleeping as an identified support need. In 2020/21 of the 249 Relief Duty acceptances, 161 were single people of which 61 were identified as having a history of rough sleeping as a support need.

Of applicants owed a homelessness duty with a support need, having a history of rough sleeping was the fifth most identified support need accounting for 7% of support needs. Our experience is many of those sleeping rough or with a history of rough sleeping also have multiple support needs often including mental health and substance misuse.

East Surrey Outreach Support (eSOS) recorded 143 Streetlink referrals and 103 referrals from the Council and other agencies during 2020/21 for the borough. Of these around 44% had two or more support needs. Working in partnership with East Surrey Councils we have made successful bids to the various national Rough Sleeper Initiative funding programmes.

The Council has also secured funding directly for schemes. In Summer 2021 we submitted an Ending Rough Sleeping Plan to government setting out our plans over the next 12 months to move towards the goal of ending rough sleeping.

6.1 Complex need supported housing scheme

Accommodation for homeless single people with complex needs is identified as a priority in the Council's Housing Delivery Strategy. The data on the support needs of households owed a duty demonstrates the need for supported housing for people with complex needs typically including mental ill-health, substance misuse and a history of rough sleeping.

Options to deliver a shared facility scheme are being explored with partners. Liaison with Surrey County Council has also highlighted the gap in provision and services for these groups.

However, the cost of providing support services is high and external funding opportunities for support services are extremely limited. The on-going revenue funding challenge is significant. We continue to assess options around securing a single scheme for up to 12 clients and are also exploring options for a series of smaller schemes.

6.2 East Surrey Outreach Service eSOS

The Borough jointly funds the East Surrey Outreach Service (eSOS) run by Thames Reach. It provides an outreach service for rough sleepers and those at risk of it across Mole Valley, Tandridge and Epsom & Ewell. eSOS has a manager, two outreach workers and a complex needs outreach worker. The Housing Team has a close working relationship with eSOS in which the Housing Team focuses on housing options whilst eSOS offers practical and in-person support, accompanying clients to a variety of appointments including GPs, substance misuse agencies, applying for UC and other benefits.

eSOS clients can access emergency assessment beds for a period of up to six weeks enabling the input of intensive support whilst an individual is safely accommodated. The two beds available to East Surrey housing team are located within Leatherhead Start. The Council also accesses emergency beds from specific providers as necessary. Emergency beds are an important resource to providing an immediate placement for rough sleepers with chaotic lifestyles, often with other support issues.

In January 2020 and May 2021, Mole Valley Council led an East Surrey bid under the Rough Sleepers Initiative Year 3 monies (RSI3). The successful bid secured £131,000 in year 1 and £146,000 in year 2. The bid comprised three elements:

- Further assessment beds per authority bringing these to 4 beds for the Council
- A one-year funding extension to the complex needs outreach worker role within eSOS
- Additional funds for personalised budgets for the outreach worker's complex clients. Up to £1,000 per client can be used to facilitate their housing pathway. Examples include paying arrears which prevent access to the Housing Register, purchasing extra support hours to enable access to a supported housing related support provider.

6.3 Tenancy Support

Moving into settled accommodation can be a significant challenge to clients with a history of rough sleeping. Following a successful bid to the Government led rough sleeper Next Steps Accommodation Programme, a one year Tenancy Sustainment Officer post was created to provide support to single people about to be or placed in settled accommodation. This Officer works with a small caseload at a time to provide intensive support for 10-14 weeks on average, but usually until a client is settled, can manage, and has other support in place to assist them.

Clients are helped with tenancy sign ups, applying for benefits, setting up rent payments, sourcing furniture, ensuring linkages with statutory agencies are maintained and new linkages are made with non-statutory organisations. The Sustainment Officer will also mediate in any neighbour and landlord disputes to bring a resolution. This post is linked up with the Prison Resettlement Worker role and our own in-house Tenancy Support Coordinator role. We also access support from Parashoot which can assist with lower level short-term needs.

6.4 Winter Night Shelter

Every year the Winter Night Shelter has provided overnight accommodation for rough sleepers and those at risk during December to March. Operated by Renewed Hope in partnership with local churches, the scheme offers individuals a warm bed, access to showers, clean clothes, a hot meal, breakfast, a packed lunch, and a listening ear. Overnights stays are rotated between churches in the Borough. Clients are referred by the Options Team and during their stay the team continues to work with clients to support them with more secure accommodation.

One of the many impacts of the Pandemic was a cessation of the Shelter in 202/21 and 2021/22. Using a combination of Government funding from the Rough Sleepers Initiative Programme, Cold Weather Funding and Protect Plus, alternative provision was made in our temporary cabins and a local hotel. It is hoped that provision of a winter night shelter by Renewed Hope, most likely in a different format, will return in 2022.

6.5 Everyone In

In March 2020, the Government launched the E*veryone In* initiative to encourage all rough sleepers to come into accommodation during the Pandemic. The closure of many hotel and guest house facilities usually used to provide emergency housing combined with a need for accommodation for people with COVID-19 symptoms presented challenges. Working with a local hotel, closed due to the Pandemic, the Team arranged access to 13 rooms. The Team received funding from the Rough Sleeper Initiative 4 (RSI4) programme following a successful bid to support this. Clients were given access to kitchen facilities and regular food bank parcels were provided. Night Marshalls provided overnight safety and security to clients for several months.

In addition, the Team sourced and set up 8 self-contained cabins for single people in a leisure centre carpark. The cabins provided a resource for any individuals experiencing COVID symptoms, enabling them to self-isolate safely. Hot meals and food parcels were provided at the point of full lockdown in 2020. Cabin occupants were provided with microwaves, mini fridges, TVs, crockery, cleaning materials, toiletries, bedding and towels. A partnership with Surrey County Council enabled 3 cabins to be made available for their clients. The cabins were part funded by government Cold Weather Funding £6,400 for rough sleepers and Protect Plus Funding of £5,000.

Our Housing Options Team, eSOS and Renewed Hope worked closely with clients placed, providing them with welfare support, access to foodbanks, assistance with benefit applications, accessing GPs and other services and identifying housing pathways.

In summer 2020, the Council successfully bid for additional Next Steps Accommodation Programme Funding to support our work to find housing solutions for those assisted off the street during the Pandemic. Over £180,000 was awarded to enable the Housing Service to secure accommodation for those at risk of or rough sleeping up to March 2021, for a night accommodation security service, a scheme to offer landlord incentives, financial assistance to help clients to source furniture and a tenancy sustainment worker post.

6.6 Move on Scheme and Housing First pilot

A scheme to deliver four self-contained singe person bungalows is being delivered directly by the Council. The homes will be offered to single people rough sleeping or at risk of rough sleeping for a period of up to two years. A successful bid was been made to the Rough Sleeping Accommodation Programme for capital and revenue grant funding towards the scheme. The scheme is under construction and due to complete summer 2022.

Clients will be offered accommodation for up to two years. Support will be provided to clients with all aspects of managing their tenancies and the development of life skills. Our support workers will engage with statutory agencies as appropriate, support clients with basics such as setting up bank accounts, applying for benefits, managing budgets, arranging appointments with services statutory and non-statutory agencies, taking part in volunteering opportunities and getting into employment. All clients will agree a housing pathway so they can transition to more independent living.

We recognise that the Housing First model has become increasingly successful at assisting single people with support needs sustain long-term tenancies. It is based on a model of tenancy first with support brought to the client. The perceived risk of non-engagement from clients and potential tenancy sustainment issues has led to a reluctance from local housing providers have been reluctant to embrace this without strong assurances of support provision. The revenue cost of providing the intensive support has been a barrier to delivery of Housing First in the borough. However, we recognise the benefits of the model for many clients and will explore support funding options and will engage local social housing providers with the aim of trialling this model.

NEW ACTIONS:

- Work up options to deliver supported accommodation scheme(s) for single homeless cohort clients
- Work with local social landlords to deliver Housing First accommodation in the borough

7. Objective Four: Improve access to and the range of accommodation options

Continuing to deliver additional homes across a range of tenures to meet many different needs is a significant challenge in the borough. The primary focus of our Strategy is the prevention of homelessness by saving tenancies wherever possible. Assisting households into alternative housing is our option when tenancies cannot be saved or when clients require a specific type of housing such as specialist supported accommodation.

7.1 Housing Register & Choice Based Lettings

Joining our Housing Register is an option for many local households on lower incomes. Following implementation of the HRA, we reviewed the Allocation Policy and made small changes to reflect the new requirements. They included additions and amendments to bands to reflect duties owed to households. We have also invested in a new software system which provides a much improved customer portal and back office functions.

The number of homes let annually over the last five years has remained fairly stable although there was an uplift in 2019/20. Numbers declined in 2020/21 as a result of the impact of the Pandemic with 12 percent reduction in available properties, the greatest reduction was for larger family homes. During this time there was a slowing down of moves generally due to COVID restrictions, and fewer vacancies arising from evictions. There were concerns regarding the economic impacts of the Pandemic on tenants, but much positive work has also been taking place, with tenancy sustainment activities by social landlords and the Council's teams to help households manage the challenges.

As the number of vacant affordable homes reduced, the overall number of households joining the Register increased by 28 percent in 2020/21 compared to 2020/21. The register increased from 884 applicants to 1,177 at October 2021. During 2020/21 almost 1,400 applications were made to the housing register, a significant increase, although many do not meet our policy requirements. These increases appear to have been linked to the impacts of the Pandemic on employment, concerns about future financial security and affordability.

As the number of households on the Register increased, waiting times also lengthened across all bands and size of home, this has been exacerbated further by the reduction in vacant family sized homes. Waiting times vary according to area and property type preference. Some locations are extremely popular, and some types of property are more popular than others.

The wait for one bedroom homes has now increased from around a year to one up to two years. Whilst the wait time for two bedroom homes has slightly only slightly due to the continued availability of this size of home. However, waiting times have increased for households with a three bedroom need or larger. Since 2019/20, the average waiting time in band C increased from 2.5 years to around 4.5 years depending on property type and location. Similar waiting times are found for four bedroom plus, typically band C applicants wait up to 4 years.

Making the best use of existing housing stock is an important element of meeting housing need. To encourage households no longer needing larger family housing to downsize they are placed in band B, our second highest priority band. Raven, our largest provider, also works to encourage households to downsize and in 2019 delivered a new build social rent scheme in Redhill comprising one and two bedroom flats and two bedroom houses aimed at downsizers. Several homes were taken up by downsizers, freeing up family sized homes for others. Raven also offers other incentives to encourage downsizing.

In addition, Raven has reviewed its policy on the use of fixed term tenancies and will no longer grant fixed term tenancies to tenants of studio, one and two bedroom homes. Given the high demand for larger family sized and need to make best use of this resource, fixed term tenancies will continue to be granted to residents of three plus bedroom properties. Tenants will be supported to apply to transfer to smaller accommodation as appropriate or seek alternative accommodation before the end of the fixed term to enable under occupied homes to be used by larger households.

The Council is a signatory to the Armed Forces Covenant and makes provision for serving and former Armed Forces personnel within the Housing Register and Allocations Policy, although the number of applications from this group is small.

7.2 Delivering new affordable homes

Through policies in the Council's Local Plan, we aim to secure 30% affordable housing on all development sites delivering 11 units or more. On larger allocated sustainable urban extension sites, the threshold is 35% affordable housing. The annual planning delivery target for affordable new build homes is 100 a year, equating to 1,500 over the 15-year plan period.

Our most up to date assessment of housing need shows the balance of need in favour of social rented homes. The target tenure mix for on-site affordable housing was revised from 60 percent intermediate housing and 40% social rented housing in 2020 to 62 percent social rented homes and 38 percent intermediate delivered as shared ownership.

The Affordable Housing Supplementary Planning Document 2020 also sets bedroom number targets based on local needs. The highest target is for two-bedroom four person homes followed by three-bedroom homes to rent. The Council is broadly meeting the Core Strategy target to deliver 100 affordable homes per year through planning policies.

Our housing association partners continue to deliver homes on their own sites. During 2020/21 Rosebery Housing Association delivered a 21 unit affordable rent scheme in Horley, a mix of studios, one and two bedroom flats on an office to residential building conversion site. Raven Housing Trust, our largest social landlord continues to deliver a development programme in the borough. They are currently progressing a scheme of 23 social rent homes, providing a mix of 1 and 2 bedroom flats and 3 bedroom houses on the site of a former sheltered housing scheme in Tadworth.

Over the coming years larger sustainable urban extension sites will come forward and they will deliver a higher proportion of rented homes than was delivered under our previous planning policies.

7.3 Council led housing schemes

The Council's commitment to securing the delivery of homes that can be afforded by local people and which provides a wider choice of tenure, type and size is an objective in the Reigate & Banstead 2025: Five Year Plan. This objective recognises the financial challenge for many local people of securing a home in a high cost area. The Council's objectives include to develop and implement a housing delivery strategy, to deliver a minimum of 30% affordable housing on Council-owned land, to work with partner organisations and developers to deliver a mix homes for local people, to provide local temporary and emergency housing and continue to secure accommodation through the private rented sector and social housing sector to prevent homelessness. The Council is also committed to working with Raven, our largest stockholder to investigate opportunities for estate renewal, continue to give priority to local people for affordable housing and use our planning polices to deliver affordable housing as appropriate.

In 2020 the Council published the Housing Delivery Strategy, this was an objective in the Five Year Plan. Among the priorities being progressed through the delivery strategy are new Council led housing schemes to improve access to a range of accommodation options.

In June 2021 the Council completed a development of 25 new homes in Camelia Close (former Pitwood Park) Tadworth. This was the site of a former industrial unit, and delivered 14 shared ownership houses, securing 56% of the site as affordable housing.

Our Cromwell Road, Redhill development will complete in Spring 2022. This scheme pre-dated Reigate & Banstead 2025 and was intended as market sale only. However, a review of its tenure in the context of the Five-Year Plan and local housing need led to a proposed tenure switch. This scheme delivers 32 one and two bedroom flats. It is expected that a proportion of the homes, a mix of one and two bedroom properties, will be let at below market rents intended to assist lower income households. Initial tenancies will be offered for periods of up to three years to provide household with stability. These homes support our commitment to assisting households at risk of homelessness, those on our register in housing need or in unstable housing access lower cost homes where appropriate.

In addition, our scheme of four bungalows in Horley, due to complete Summer 2022, makes use of a small and underused piece of Council owned land for affordable housing for single homeless people. More sites like this will be considered.

The Council has access to 115 units of self-contained temporary accommodation in the borough operated by housing associations. The Council also owns and manages seven self-contained units in the borough and a shared facility property mainly used by families. We are also reliant on accessing nightly paid emergency accommodation. Some nightly paid facilities are located in the borough, but we also place out of borough in Crawley, the London area and Kent when local options are exhausted. To reduce our use of expensive out of borough accommodate we aim to secure additional borough based temporary accommodation. This means households can stay local, children can attend local schools, family and friend support networks are maintained and households in need can receive support from statutory agencies.

A scheme to redevelop an underused carpark in Horley town centre is also being progressed. The proposed scheme will deliver at least 40 new flats on an allocated site, alongside space for community use and retail. As a minimum the scheme will provide 30% affordable housing for local people to meet the Council's Corporate Plan 2025 affordable housing commitment for all Council led schemes. The timeframe for completion is 2023/24.

7.4 Funding our partners to deliver housing

Partnership work is vital to support delivery of a range of housing options. Working closely with supported housing providers such as Transform Housing & Support and YMCA East Surrey, the Council has supported and continues to support the delivery of additional homes. Council capital funding from developer contributions will assist Transform to deliver a scheme of eight flats in Redhill using modern methods of construction. Due to complete in 2021/22, four of the eight flats will accommodate single young parents facing homelessness. Transform Housing will provide support to help these households adjust and prepare for a move into a longer-term housing option.

Funding from the Council to the YMCA East Surrey, has enabled them to deliver three shared accommodation move-on schemes for young people aged 18-30 years. The most recent one, funded through a combination of government 'Move-on' funding and Council capital funding will deliver 12 low support places for young people, three of which will be self-contained.

We continue to liaise with supported providers and housing association partners to support them to maximise the numbers of affordable homes delivered in the borough.

ACTIONS:

- Investigate ways to assist and / or incentivise social housing tenants under occupying larger family homes to downsize
- Purchase family sized street properties for temporary accommodation
- Provide grant funding to registered provider partners and third sector partners to enable delivery of local supported housing, social and affordable homes

8. Funding and Resourcing the Strategy

Many of the actions in the Strategy will be delivered within existing budgets. Our staff are our greatest asset and options will be explored to bring existing grant funded posts within the Council's annual budget. We do have access to a range of government grants which contribute to the costs of many projects both across East Surrey and within our borough.

The Homelessness Prevention Grant, received directly from Government, has been used flexibly on a variety of initiatives and staffing to prevent homelessness. We recycle the grant wherever possible, including through interest free loans to our clients.

We have applied to the Rough Sleeper Initiative revenue funding rounds with some success, whilst we very much welcomed this, funding is short term, typically a year. We will continue to apply to future funding programmes, both capital and revenue offered by the Department of Levelling Up, Housing and Communities and Homes England with our East Surrey Partners, Surrey County Council and other partners as appropriate to support our initiatives.

In addition, we will continue the progress made during the Pandemic on strengthening joint working with statutory partners and agencies to secure new and long-term resources for households with high support needs.

Table 1: Approved Revenue Budget 2020/21

Revenue Budget	**2021/22 Approved Revenue Budget £M**
Housing general: salaries, IT & software, training, Sanctuary scheme, income from partners	0.655
RBBC Temporary accommodation (7 units): salary, repairs, maintenance, rental income – net income	(0.005)
RBBC Emergency accommodation (Massetts Rd, 11 rooms) – net income	(0.008)
Private Bed & Breakfast (emergency accommodation): nightly charges, rental income – net costs	0.292
YMCA NextStep: part payment for tenancy finding & maintaining service	0.066

Total	**1.000**

Table 2: Approved Capital Programme 2020/21:

Capital Programme	Approved Capital Programme 2021/22 to 2025/26 £M
Lee Street – funded from Section 106 contributions	0.850
Total	**0.850**

Table 3: Revenue funding secured from government programmes 2020/22:

Funding Received	Confirmed 2020/21 Allocation £m	Confirmed 2021/22 Allocation £m	Project / Staff posts
Cold Weather Funding	-	0.006	Covid secure emergency accommodation
Protect Plus Funding	-	0.005	Emergency accommodation for rough sleepers
Rough Sleeper Initial Year 4	-	0.141	Emergency accommodation, security, personal budgets, rent in advance & deposits, 1xFTE Prison resettlement worker (1 year only)
Rough Sleeper Initiative Year 4	-	0.040	Emergency accommodation for rough sleepers
Homeless Prevention grant	0.470	0.668	5x FTE additional housing staff (required to manage extra responsibilities brought in by HRA), 2x fraud officers, 2x money support officers, East Surrey Outreach Service, Rent in advance & deposit grants and loans to homeless applicants, YMCA NextStep private tenancy finder service.

Funding Received	Confirmed 2020/21 Allocation £m	Confirmed 2021/22 Allocation £m	Project / Staff posts
Domestic Abuse Act funding	-	0.034	To help fund extra support and accommodation required under the Act
Funding to help ex-offenders	-	0.048	Rent in advance and deposits to access private rentals
Support for vulnerable renters	-	0.140	To prevent renters becoming homeless
MHCLG's Next Steps accommodation Funding (rough sleepers)	0.199	-	Security in emergency accommodation, 1x FTE tenancy sustainment post, landlord incentive funding, emergency accommodation during covid, furniture.
Rough Sleeper Initiative Year 3	0.032	-	Funding towards East Surrey Outreach Service and assessment beds for rough sleepers
Homeless Reduction Act New Burdens Funding	0.111	-	Added to Homeless Prevention Grant budget
Rough Sleeper Accommodation Programme	-	0.018	Funding towards support service provided to 4 x 1 bed units in Horley 2022 – 2023.

Table 4: Capital Funding secured from government programmes:

Funding Programme	Confirmed 2020/21 Allocation £m	Confirmed 2021/22 Allocation £m	Project / Staff posts
Rough Sleeper Accommodation Programme	-	0.190	Towards the build costs of 4 x 1 bed units in Horley (RBBC owned & managed)
Rough Sleeper Accommodation Programme	-	0.150	Towards the purchase price of 2x street 1 bed properties for rough sleepers (full funding a partnership of RBBC, SCC, Homes England & Transform Housing) flats will be owned and managed by Transform and RBBC will have 100% nomination rights
MHCLG's Next Steps accommodation Funding	0.600	-	Capital towards 12 new YMCA move on beds for young people in a new scheme.

Homelessness Strategy Action Plan 2022 - 2027

We continually reflect, review and improve our working practices and our offer to clients. The actions below are new workstreams rather than the ‘business as usual’ work explained fully in the Strategy.

Objective One: Prevent homelessness and sustain tenancies

Action	Outcome	How	Lead	Target Date
1.Secure the long-term funding of five posts in the Housing Service delivering homelessness prevention activities currently funded by government grant, in the event grant ceases	Posts secured to achieve a success rate of over 50% positive outcomes for prevention and relief cases (Annual KPI)	Annual Homeless Prevention Grant (or equivalent) and monitor through annual Council’s Service & Financial Planning	Head of Housing Services	Review annually
2. Offer applicants more choice on the format of homeless application interviews	Applicants enabled to make telephone, video call and in person interviews	Providing access to alternative technologies	Housing Needs Manager	2022/23

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

Action	Outcome	How	Lead	Target Date
3. Secure the funding of two Council Money Advice posts in the event central government grant ceases	Posts secured to achieve a success rate of over 50% positive outcomes for prevention and relief cases (Annual KPI)	Annual Homeless Prevention Grant (or equivalent) and monitor through annual Council's Service & Financial Planning	Head of Wellbeing and Intervention	Review annually
4. Provide interest free loans to eligible households to secure accommodation, subject to the availability of funds	Scheme contributes to achieving over 50% positive outcomes for prevention and relief cases (Annual KPI)	Annual Homeless Prevention Grant (or equivalent) and monitor through annual Council's Service & Financial Planning	Housing Register & Prevention Team Leader	Reviewed annually
5. Explore opportunities to encourage the provision of good quality affordable HMOs in the borough	An additional HMO delivered per year to accommodate single people	Liaison with local private and social landlords and the third sector to identify opportunities to deliver homes	Housing Needs Manager	Annually

Objective Two: Respond to support needs

Action	Outcome	How	Lead	Target Date
6. Monitor the success and positive outcomes delivered by the new 12 month fixed term Prison Resettlement Worker currently funded from grant and identify longer term funding streams and accommodation options to assist this group	30 percent of clients assisted by worker to secure suitable accommodation	Prompt responses to Duty to Refers, casework to secure outcomes	Housing Needs Manager	2022/23 – 23/24
7. Work with substance misuse support agencies and Surrey County Council to identify options for those clients unwilling to engage with substance reduction programmes and agree alternative support and / or housing options	Two options delivered between 2022-27	Joint working with SCC Adult Commissioning Team, Public Health, local supported accommodation providers to explore options	Housing Needs Manager	Annual

Objective Three: Tackle Rough Sleeping

Action	Outcome	How	Lead	Target Date
8. Work up options to deliver supported	Reduced use of emergency	Use of s106 contributions to	Head of Housing Services	During the Strategy period

accommodation scheme(s) for single homeless cohort clients	accommodation by this group	purchase property, secure funding from SCC and others to provide support staff		
9. Work with local social landlords to deliver housing First accommodation	Grant funding secured for two units of accommodation used as Housing First	Partnership with Surrey County Council, supported housing providers to purchase and manage properties	Housing Needs Manager	2022/23

Objective Four: Improve access to and the range of accommodation options

Action	Outcome	How	Lead	Target Date
10. Investigate ways to assist and / or incentivise social housing tenants under occupying larger family homes to downsize	Achieve one downsize per year	Target under occupiers, understand barriers, work up proposals with Raven	Register Team Leader	Annual

11. Purchase family sized street properties for temporary accommodation	Reduction in number of families placed out of borough in emergency housing	Purchase of street properties using s106 contributions	Housing Strategy Manager	2023/24
12. Provide grant funding to registered provider, and / or third sector partners to enable delivery of local supported housing, social and affordable homes	A 5 percent increase in numbers of affordable rented homes in the borough	Regular liaison with partners	Head of Housing,	Annual Review

This page is intentionally left blank

Equality Impact Assessment

1. Introduction

1.1 Service:	Housing
1.2 Name of proposal, policy, strategy or project:	Homelessness & Rough Sleeping Strategy 2022-27
1.3 This is:	A change to an existing policy or strategy
1.4 Completing officer's name:	Alison Robinson
1.5 Date initially completed:	10/09/2021

2. About the proposal

2.1 What is the main purpose of the proposal? *Please explain in one or two short paragraphs*
There is a legal requirement to publish a Homelessness Strategy every five years setting out the local authority's approach to tackling it. The Strategy sets out the priorities for homelessness prevention and related housing activities.

2.2 Why is it being introduced / reviewed / changed now? *This could be, for example, because of new government legislation or guidance, because of changing service user needs, or for financial reasons.*
The term of the previous five year Strategy is ending, a replacement Strategy is required for the next five years.

2.3 Who is the intended audience or target group(s) for the proposal?
Internal audience or group: Staff and councillors
External audience or group: Multiple (please specify below)
Partner organisations delivering statutory and non-statutory services, social housing providers, supported housing providers, support providers, the voluntary sector and charities working with households with housing issues or facing homelessness who are usually borough residents.

3. Assessment of potential impact

Who could be affected by your proposal?

3.1 Will the proposal affect people - service users, employees or the wider community?	Yes	*If yes, please identify which group(s):* Service users, employees in other organisations
3.2 Will the proposal introduce a change which will significantly affect how services or functions are delivered?	No	The Homelessness Strategy underpins the services and activities being delivered to tackle homelessness based on existing legislative requirements, many of the activities are already being delivered. New actions are proposed which enhance existing services or accommodation provision.

Data and evidence

3.3 Please list the evidence / data sources you have considered in assessing the likely impact of your proposal	• Homelessness Data: high level and detailed data is collected about each client with whom casework is undertaken on the Locata case management system. Example information includes household composition ethnicity, support needs, age, causes of homelessness etc. • Housing Needs: Numbers on the register over time, by size of property, broad waiting times, number of social housing lettings • Borough wide data: earnings data, house price data, private rent costs data, unemployment data, new affordable housing delivery	
3.4 Are there any significant gaps in the evidence base that mean it is difficult to assess the likely impact of your proposal?	No	

Potential impact

3.5 Does your proposal relate to a service or function which information indicates is important to those with protected characteristics?	Yes	Households facing homeless frequently have a protected characteristic and ease of access to information, advice, assistance and the right accommodation is important to deliver an effective homelessness service.
3.6 Will the proposal intentionally target any particular protected characteristic group?	No	
3.7 Will the proposal intentionally exclude any particular protected characteristic group?	No	
3.8 Will the proposal be able to be equally accessed by all at every stage of the process? Or are there barriers that might inhibit access for some people?	May be barriers that could inhibit access	The activities and services offered under the umbrella of the Homelessness Strategy depend on the ability to access information, to access the internet, the ability to a communicate or have a representative who can assist. These are potential barriers to some people, however access to translation services, support workers, telephone information all contribute to minimising these.
3.9 Does the proposal have the potential to reduce inequalities or improve outcomes for protected characteristic groups?	Yes, Improve outcomes	Activities to prevent homelessness do improve outcomes for groups. For example, homeless women or families with a pregnancy, people with disabilities, long-term health problems are prioritised by legislation and, depending on their circumstances, are assisted to secure suitable accommodation and / or support. The Strategy sets out a broad and flexible range of activities to prevent homelessness and to assist those facing it.

3.10 Considering the above information, please summarise the likely impact on protected characteristic groups (within the organisation, outside the organisation or both)		
	Nature of impact	**Please briefly explain your answer**
Age *including children, young people or older people*	Positive	Children: depending on legislation, households with children facing homelessness have a priority and the strategy sets out a range of activities to help households prevent their

		homelessness, options to secure alternative accommodation and a range of support services for families with additional needs. Young people: The strategy identifies young people as a specific group with support needs, recognises the vulnerability of care leavers, identified joint working with partners to help young people who face financial and other barriers to secure settled housing and access support. Older people: whilst the strategy does not specifically mention older people, this group are prioritised under homelessness legislation.
Disability *including physical, sensory or learning disability or long-term health impairment*	Positive	Homelessness legislation and the Strategy has objectives specifically on people with support needs for example, long-term health impairments, mental ill-health, substance misuse, prison leavers, complex need clients and sets out activities to support these groups to move to settle accommodation.
Gender reassignment	Neutral	
Marriage and civil partnership	Neutral	
Pregnancy and maternity	Positive	Homelessness legislation, which underpins the Strategy, identifies this group as a priority. This means if a homelessness duty is accepted because homelessness couldn't be prevented, accommodation will be provided.
Race or ethnicity	Neutral	
Religion or belief	Neutral	
Sex	Neutral	
Sexual orientation	Neutral	
Deprivation	Positive	Homelessness households frequently have low incomes and this impacts on their housing options and can make them more vulnerable to risk of homelessness. The Strategy specifically supports activities to help manage debt, to budget, to assess affordability, to assess benefits, access food banks, furniture and clothing charities and to work in partnership with other organisations to assist those experiencing financial hardship and deprivation.

Other vulnerable group	Choose an item.	

3.11 Has there been any consultation with relevant interested parties or is any consultation planned?
Yes, already undertaken
A consultation took place during Sept – Oct 2021.This included an on-line survey available on the Councils website, seeking views on the Housing Service. It was designed with specific 'routing' to questions based on these respondent types: clients / members of the public, professionals, others. Specific questions were asked round support needs, services and accommodation for groups such as those with mental ill-health, disabilities, substance misuse etc. It was promoted on social media and on the Council's website. Housing staff also include a link to the survey within their email signatures which goes to clients and professionals. Housing staff also encouraged service users to complete the survey and offered assistance. A further qualitative survey will be undertaken with homelessness service uses many of whom have protected characteristics. A stakeholder workshop also took place to whom a variety of professionals were invited including mental health teams, support providers, the NHS, Surrey County Council services including children's services and mental health services, Probation, Police, domestic abuse services, local charities.

97

3.12 What actions have been, or could be, taken to increase the positive impacts for people with protected characteristic(s) or other vulnerabilities?
The Housing Team supports the most vulnerable and offers a flexible service which is tailored to the individual within the limits of legislation. No further actions are identified.

3.13 What actions have been, or could be, taken to reduce potential negative impacts on people with protected characteristic(s) or other vulnerabilities?
None.

3.15 Are there any remaining negative impacts for people with protected characteristic(s) or other vulnerabilities? *For example, physical, cultural or information access issues that cannot be resolved.*

No
If yes, please summarise which groups could be impacted and how. Click or tap here to enter text.

3.16 Is any remaining negative impact legal or intended?
No
If yes, please explain further. Click or tap here to enter text.

4. Monitoring and review

4.1 How do you proposed to monitor and review the impact of your proposal?
Data on high level indictors is assessed monthly, this identifies potential issues with our services, this is supported by regular meetings about the services and any issues. Following implementation, the strategy action plan will be reviewed annually alongside the data on our homelessness duties that is also published quarterly.

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

Signed off by	Chief Executive
Author	Richard Robinson, Head of Housing
Telephone	Tel: 01737 276367
Email	Richard.Robinson@reigate-banstead.gov.uk
To	Executive
Date	Thursday, 24 March 2022
Executive Member	Portfolio Holder for Housing and Support

Key Decision Required	Y
Wards Affected	Redhill West and Wray Common;

Subject	Ownership, tenure and management of Wheatley Court, Cromwell Road

Recommendations

(i) Approval of Option one, the direct Council ownership of Wheatley Court and provision of the 32 homes as Affordable rent tenure;

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

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

a) to procure and enter into contract with a selected Registered Provider for the future management and maintenance of the residential units in Wheatley Court.

b) To procure and enter into contracts to maintain the fabric of the building (capital spend).

Reasons for Recommendations

Options for the future ownership, tenure and management of Wheatley Court have been appraised. During this process three options were explored in depth, they were: direct

Council ownership of 100 percent Affordable rent homes, secondly ownership by a Council wholly-owned company of private rented homes, and thirdly the market sale of all homes. Having appraised all options in depth, the only financially viable option is direct Council ownership and delivery of 100 percent Affordable rent homes. It is recommended that this option is progressed together with procurement and appointment of a local Registered Provider to undertake management and maintenance of the homes.

Executive Summary

Wheatley Court is delivering 32 residential homes and ground floor commercial units in the centre of Redhill and makes a significant contribution to the on-going regeneration of the town centre.

Options for the future ownership, tenure and management of the scheme have been reviewed since the last report to the Executive in February 2020. Extensive modelling has been undertaken on three options and the outcomes are set out in the Part 2 report.

Having assessed and modelled all three options, Option One is the financially viable option, and has the benefit of delivering Affordable rent housing for households on the housing register.

To deliver Option One, it is proposed that the management and maintenance of the residential properties is subject to a procurement exercise seeking the appointment of a local Registered Provider.

Executive has authority to approve the above recommendations.

Statutory Powers

1. The Council has no statutory obligation to own and manage affordable housing 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. The Cromwell Road scheme was first considered at November 2015 Executive. At that time a building refurbishment was planned, and the Executive granted approval to refurbish the commercial units and update the derelict eight 3-bedroom maisonettes into 24 2-bedroom flats over two floors for market sale. This scheme was not progressed.
3. In April 2017 a further report was considered and approved by Executive with the aim of supporting the regeneration of this area. The revised approved scheme was demolition of the existing building and the construction of 32 flats for market sale with ground floor commercial units.
4. In April 2018 a revised scheme was approved by Executive in light of reduced indicative scheme profits, to comprise 50 per cent market sale and 50 per cent shared equity sale.
5. In February 2020 the Executive approved an updated capital expenditure forecast, approval to contract for the build and the option to revise the tenure mix, to be

revisited at a later stage. In June 2020, Neilcott Construction were appointed as main contractor and development commenced. The completed properties were handed over to the Council in February 2022.

6. As a ‘non-stock holding’ local authority, the Council can hold up to 199 properties in its General Fund without the requirement to establish a ring-fenced Housing Revenue Account. Currently the Council holds under 20 homes, the majority of which are managed by the Housing Team and let under the Council’s Homelessness powers on unsecure tenancies.

Key Information

7. During the last year, a review of the options available to the Council to hold and manage the Wheatley Court scheme have been considered. Officers across the Council and a team of external consultants and advisors have undertaken extensive financial modelling of options for this scheme. During this process the Government’s Public Works Loan Board rules and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on borrowing changed, therefore assumptions around costs and income realisation have had to be reviewed and re-modelled. Three main options for Wheatley Court were explored in detail and are summarised here.

Option One: Council direct ownership

8. In this option all 32 flats will be ‘affordable housing’ units, be let at Affordable rent levels and the building asset will remain in Council ownership.

9. Under this option all 32 tenants will be nominated direct from the Housing Register. Tenants will be offered an introductory tenancy for the first 12 months and following a satisfactory introductory period tenancies would become secure. Tenants who transfer from other Registered Providers would be granted a secure tenancy from the outset. The delivery of 32 Affordable rent homes would have the greatest impacts on the growing waiting list for social housing. Currently there are 406 applicants waiting for 1-bedroom properties and 429 families waiting for 2-bedroom properties.

10. The delivery of an affordable housing tenure also enables the Council to apply for Homes England capital grant funding. Initial discussions with Homes England have been positive. The Council has Investment Partner status and can apply for grants, therefore a capital grant application will be made to Homes England for the scheme.

11. The ground floor commercial units will be retained by the Council and a suitable tenant secured.

12. Under this model the residential units will be managed and maintained by a local Registered Provider (RP) under contract to the Council.

13. The Council is registered with the Regulator of Social Housing and the units will need to be managed according to the Regulator’s statutory requirements and annual reporting requirements. The managing RP will be required to comply with the Regulator’s Standards.

14. Financial analysis of this direct Council ownership model shows it is the only viable model. It is also the only option that delivers rented accommodation, in this case as 100 percent Affordable rent. This is because the model takes into account a Homes England grant towards eligible scheme costs (costs from ‘clear site’). In comparison

grant cannot be secured on Options two or three. The full financial appraisal for Option One is detailed in Part 2 of this report. This is the recommended option.

Option Two: Transfer of scheme to Council wholly-owned company

15. The option to set up a new Council wholly-owned company has been considered as part of a wider vision to facilitate a housing delivery programme, to enable the Council to take more commercial decisions, to secure more housing choice and provide the Council with flexibility to let residential units at a mix of market and submarket rents on assured shorthold tenancies.
16. In this model the units would be managed and maintained by a residential management company following a procurement exercise undertaken by the Council's company. The company will not be an RP, this means there are no monitoring or reporting arrangements in relation to the Regulator of Social Housing and tenancies are not secure. In this model the company will retain the commercial units and the Property Team will be contracted by the company to manage them.
17. Extensive and detailed financial modelling, including stress testing, has been undertaken to understand the viability of this option.
18. The costs of this model are higher than Option One. As mentioned above, under this model the scheme cannot access Homes England capital grant because the homes will not be delivered as affordable homes.
19. In addition, more stringent financial rules now apply to local authority borrowing from the Public Work Loans Board and the associated CIPFA guidance. These extend to forward lending to third parties, including wholly-owned companies, with the effect of significantly increasing costs to the Council of making these loans. Within this model there are the associated additional costs of maintaining a company that include payment of Non-Executive Directors and audit, other professional and statutory fees, and business plan production costs.
20. The key financial assumptions used in the Council wholly-owned company model are summarised in the Part 2 report and confirm that this option is not financially viable and therefore not recommended.

Option Three: Sell the residential units on the open market

21. The third option is sale of all the residential units at market value for a capital receipt and retention of the commercial unit/s by the Council. This means the scheme will not deliver affordable housing for local people and will not contribute to managing the growing housing waiting list. This option does not therefore fulfil the Council's Corporate Plan or Housing Delivery Strategy objectives.
22. A market sales forecast has been provided by a local estate agent. The details of the projected receipt compared to scheme costs are set out in the Part 2 report. In summary this confirms that the capital receipt generated from sales is unlikely to cover build costs and therefore this option is not recommended.

Options

23. **Option One:** Council direct ownership is the recommended option. Having undertaken extensive financial modelling, assessed legal and financial advice it is

the only option which delivers a financially viable scheme and delivers affordable housing.

This is the recommended Option.

24. **Option Two**: to set up a Council wholly-owned company, lend the company the capital to purchase the homes and use them as private rented accommodation.

    As the Part 2 report shows, this option is not financially viable mainly due to the recent changes imposed on the use of government loans obtained from the Public Works Loan Board. This option is not recommended.

25. **Option Three**: sell all the residential properties as market homes.

    Having assessed the financial viability of this option, the Part 2 report demonstrates this option is not financially viable. This option is not recommended.

Legal Implications

26. The Housing Revenue Account (HRA) is a ring-fenced part of the General Fund (GF)
27. The land and building at Wheatley Court would not be required to sit in the HRA as the legal tests for the Council to be required to do so are not met.
28. Regarding the recommended Option One:

    The threshold of 199 council held properties referred to in Paragraph 6 has no legal implication for the statutory provisions relating to Right to Buy or the Right to Acquire. Any eligibility an individual may have to these statutory rights is determined by the nature of the property and tenancies themselves; it is not linked to or determined by who holds the property.

    The Council will maintain legal responsibility for the occupiers, including any statutory rights, this is the case even though the property would be managed by a third party RP.

Financial Implications

Capital Programme Costs

29. The forecast capital cost of £8.600 million to deliver the scheme was approved by the Executive in February 2020 and is included in the Council's Capital Programme.
30. Construction of the units is being funded through borrowing from the Public Works Loan Board (PWLB).

Option One: financial implications

31. The financial appraisal for the recommend Option One is set out in Part 2 of this report alongside the financial appraisals for Options Two and Three.
32. The loan repayment period of 50 years for Option One has been modelled against a number of factors and assumptions regarding loan interest rates and repayments, rental income, voids, management and maintenance costs. The final outcome reflects current PWLB lending rules and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on borrowing.

33. The income, maintenance and management costs for the ground floor commercial units have also been factored into the long-term financial forecast as set out in Part 2 of the report.

Equalities Implications

34. No negatives implications have been identified. There are many positive benefits for several groups with a protected characteristic. The building has good access in terms of physical access to the homes which benefit from a lift service as well as the location benefits of being in central Redhill where all essential services can be accessed easily.

Communication Implications

35. There are no significant communication implications from this report. The proposal to deliver the 32 flats at Wheatley Court as Affordable rent homes for local people is a positive outcome and will be communicated by the communications team using their standard communication channels.

Environmental Sustainability Implications

36. The development has achieved a 19 percent reduction on the current building control carbon emissions target. This has been achieved using a variety of measures including an enhanced building fabric, gas saver units on all boilers which will achieve hot water savings of 7 percent and reduced gas use for heating of up to 37 percent annually. A heat-recovery ventilation system has been included in road-facing properties.

37. The design approach to Wheatley Court excluded parking spaces for the 32 residential units. This is in recognition of the development's town centre location with ready access to bus and train services. There is an expectation that the absence of parking spaces and the scheme's location will reduce car ownership in the block and therefore impacts on local ait quality and the wider environment.

Risk Management Considerations

38. There is a risk that Homes England offers less grant than the amount modelled in Option One. The scheme has been discussed with Homes England and their feedback at this stage is positive. Grant funding will be sought, however there is no guarantee the Council will be granted the full amount applied for. A reduced Homes England offer will require the input of funding from the Council's s106 developer contributions.

39. The costs associated with procuring and appointing a Registered Provider to manage and maintain the residential properties could be higher than expected and / or increase through the life cycle of the scheme impacting on revenue costs. This aspect of the scheme has been modelled and various options assessed alongside legal advice. There is no expectation that costs will exceed the financial forecast.

Consultation
40. The Wheatley Court development in its current building design has been considered by the Executive several times as detailed above. The Commercial Ventures Executive Sub-Committee has also been consulted about the development and the above options for holding the residential units.
Policy Framework
41. The Corporate Plan 2025 sets a housing objective to secure the delivery of homes that can be afforded by local people and choice of tenure, type and size. A series of actions explain how this will be achieved. Actions include working with partner organisations to deliver homes for local people, delivering a minimum of 30 percent affordable housing on housing schemes on Council-owned land, continuing to secure private rented and social housing to prevent homelessness, prioritising local people for affordable housing, and using or planning policies to secure affordable housing. The delivery of Wheatley Court as 100 percent Affordable rent for local people will make a significant contribution towards meeting these corporate housing objectives.
Background Powers
1. Corporate Plan 2025 - https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025

This page is intentionally left blank

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

SIGNED OFF BY	Interim Head of Finance
AUTHOR	David Brown, Finance Manager Pat Main, Interim Head of Finance Luke Harvey, Project & Performance Team Leader
TELEPHONE	Tel: 01737 276063 Tel: 01737 276519
EMAIL	David.Brown@reigate-banstead.gov.uk Pat.Main@reigate-banstead.gov.uk Luke.Harvey@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee Executive
DATE	Thursday, 17 March 2022 Thursday, 24 March 2022
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	Quarter 3 Performance Report 2021/22

RECOMMENDATIONS

That the Overview and Scrutiny Committee:

(i) Note the Key Performance Indicator performance for Q3 2021/22 as detailed in the report and Annex 1 and make any observations to the Executive;

(ii) **Note the Key Performance Indicators to be reported on in 2022/23 as detailed in Annex 1.1 and make any observations to the Executive;**

(iii) **Note the Budget Monitoring forecasts for Q3 2021/22 as detailed in the report and at Annexes 2 and 3 and make any observations to the Executive.**

That the Executive:

(i) **Note the Key Performance Indicator performance for Q3 2021/22 as detailed in the report and Annex 1;**

(ii) **Approve the Key Performance Indicators to be reported on in 2022/23 as detailed in Annex 1.1.**

(iii) **Note the Budget Monitoring forecasts for Q3 2021/22 as detailed in the report and at Annexes 2 and 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.

EXECUTIVE SUMMARY

This report provides an overview of the Council's performance for Q3 2021/22, 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 2022/23.

Of the ten KPIs reported on in Q3, seven are on target or within tolerance. Three indicators are off target

Underlying Service and Central budgets are currently forecast to be £0.674m (3.8%) lower than the Revenue Budget for 2021/22 that was approved in February 2021.

The approved budget included separate forecasts for the ongoing financial impacts of the COVID-19 pandemic and this report includes updated forecasts based on the current position. The impacts of the pandemic continue to be monitored closely and, while additional expenditure has continued to be contained within the funding provided by Government, use of Earmarked Reserves set aside for the purpose will be necessary to offset forecast income losses. Further details are provided in this report and at Annex 2.

The Capital Programme forecast for the year is £44.13m which is £96.95m (68.7%) below the approved Programme for the year. The variance is as a result of £93.36m slippage and a net underspend of £3.59m. Further details are provided in this report and at Annex 3.

The Overview and Scrutiny Committee and Executive have the authority to approve their respective 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 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

4. Each quarter the Overview and Scrutiny Committee and Executive receive an update on the Council's performance. The report provides an overview of KPI as well as budgetary performance.
5. KPIs are corporate performance measures and are set in order to demonstrate performance against key corporate objectives.
6. 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 2021/222

7. Ten KPIs are reported on in Q3 2021/22, the full detail of which is provided in Annex 1.
8. Of the ten KPIs reported on, seven are on target or within the agreed tolerance. Three indicators are off target, outside of their tolerance and are therefore red rated.
9. Of those that are off target:
   - KPI 1 – Council Tax collection. The non-achievement of the target is due to the impacts of Covid-19 and delays in recovery action as the courts were closed earlier in the year. Measures to improve collection performance are being actioned, including implementing process efficiencies and workload reviews, as well as recruiting additional staff.
   - KPI 2 – Business rates collection. The Covid-19 pandemic has had an impact upon the collection of business rates within the borough, due to rate recalculations arising from business rates relief and the wider economic situation. However, there has been a sustained increase in collection rates over the course of the financial year. Performance is expected to return to target levels as wider economic conditions improve, moving more towards the normal total collection rate by the end of Q4.
   - KPI 7 – Affordable Housing Completions. Affordable housing completions this quarter continue to be off target, however these units are often delivered in batches. With a significant number of housing development projects such as the

Horley North West Sector, RNIB and Quarryside Business Park expected to reach completion later in the year, the associated increase in affordable housing completions is expected to bring completions in line with the target.

Key performance indicators – 2022/23

10. Annex 1.1 sets out the KPIs to be reported on in 2022/23.

11. There are two new KPIs proposed for 2022/23:

    - Handling of complaints – information on complaints has previously been provided as a contextual indicator. However the Council is upgrading its complaints handling system and so the service expects to be in a position to be able to report on key metrics associated with complaints.
    - Sustainability – reduction in the Council's carbon footprint compared to the 2019/20 baseline.

Revenue Budget Forecast

12. The 2021/22 Original Revenue Budget approved by Council in February 2021 was £17.395m.

13. At 30 December the forecast outturn for Services and Central Budgets is £17.133m against a management budget of £17.807m, including one-off funding from Reserves, resulting in an overall net underspend of £0.674m (3.8%).

14. In addition, there are forecast continued income losses of £1.156m (net) following the COVID-19 pandemic that will have to be funded this year through a call on the Reserve that has been set aside to mitigate this risk.

Table 1: REVENUE BUDGET MONITORING at 31 Dec 2021	**Original Budget £m**	**In-Year Adjustments[1] £m**	**Management Budget £m**	**Forecast Outturn £m**	**Forecast Year-end Variance £m**
Service Budgets	16.240	0.412	16.652	15.934	(0.718)
Central Budgets	1.155	0.000	1.155	1.199	0.044
Revenue Budget Forecast at 31 Dec	**17.395**	**0.412**	**17.807**	**17.133**	**(0.674)**
Income losses due to ongoing COVID-19 impacts	0.000	0.000	0.000	1.511	1.511
Government Funding to offset Income Losses in Q1	0.000	0.000	0.000	(0.354)	(0.354)
Revenue Budget Forecast at 31 Dec Including COVID-19 Income Losses	**17.395**	**0.413**	**17.808**	**18.290**	**0.482**

Note: in-year budget adjustments reflect the drawdown of Earmarked Reserves during the year and amounts carried forward from the prior year to fund approved expenditure.

Service Budgets

15. The 2021/22 Original Budget for Services approved by Council in February 2021 was £16.240m.

16. At 31 December the full year outturn is forecast to be £15.934m against a management budget of £16.652m resulting in an underspend of £0.718m (4.3%).

17. The key variances are:

    Organisation:

    - Electoral Services - £0.253m underspend due to lower than expected election costs and review of long term contracts.
    - Land Charges - £0.192m underspend driven by higher than expected revenue due to Stamp Duty holiday.

    Place:

    - Planning Policy - £0.309m underspend due to lower staff costs because of vacancies.
    - Fleet - £0.189m underspend driven primarily by lower fuel costs compared to the budget forecast.

    People

    - Revenues, Benefits & Fraud - £0.399m overspend due to lower DWP subsidy and higher Housing Benefit overpayment, partially offset by lower staff costs due to vacancies and higher commercial income.

    Corporate

    - Management Team - underspend of £0.250m in anticipation of implementation of the new senior management structure

18. Further details of Service budget variances are provided at Sections 1 and 2 of Annex 2.

COVID-19 Expenditure & Funding

19. The Revenue Budget for 2021/22 that was approved by Council in February 2021 did not include specific budgets for ongoing expenditure relating to the Council's response to the pandemic but it did provide an outline of the types of spending and income losses that were likely to be incurred and assumptions regarding how they would be funded based on the information available at the time.

20. The latest forecast for additional expenditure and funding during 2021/22 are summarised below. This confirms that expenditure and associated funding are currently forecast to balance. These forecasts are based on current assumptions regarding national and local recovery following the pandemic and may change. Some of the forecast Government funding is also subject to final confirmation. The majority of pandemic funding is received direct from the Government but some continues to be paid via Surrey County Council.

Table 2: COVID-19 FORECAST ADDITIONAL EXPENDITURE & FUNDING at 30 Sept 2021	Forecast Expenditure £m	Forecast Funding £m
Welfare Response	0.299	
Financial Management & Monitoring	0.166	
Revenues & Benefits Team - additional temporary staff	0.134	
Communications/Contact Centre/Data & Insight Team - additional capacity	0.118	
ICT support costs	0.104	
Homelessness Prevention	0.103	(0.023)
'Welcome Back' Expenditure & Funding	0.100	(0.100)
Environmental Services/Waste Team - additional capacity	0.098	
Revenues & Benefits - in-house overtime, software etc	0.080	
Other expenditure (including Elections)	0.058	(0.039)
Surge Testing	0.026	(0.019)
Cultural, Sports, Leisure	0.019	
New Burdens Funding		(0.092)
Test & Trace Administration Funding		(0.102)
Contain Outbreak Management Funding		(0.274)
Government COVID-19 Funding Allocation 2021/22		(0.638)
Forecast Expenditure and Funding 2021/22	**1.306**	**(1.287)**
Net Expenditure / (Income)	**0.019**	

COVID-19 Income Losses

21. The main area for concern relates to ongoing income losses as a consequence of the pandemic. At 31 December the forecast total income loss is £1.157m after taking account of forecast Government funding for losses to 30 June (only).

Table 3: COVID-19 FORECAST INCOME LOSSES AND FUNDING at 30 June 2021	Forecast Income Loss £m
Car Parking	1.052
Leisure Services (management fee continued to be waived until September 2021; lower pitch income)	0.137
Planning Policy (lower fee income)	0.178
Property & Facilities (lower income from commercial properties)	0.051
Revenues & Benefits (lower commercial income)	0.040
Environmental Licencing (lower premises/taxi licencing & MOT income)	0.028
Harlequin (lower ticket sales, hire and catering income)	0.025
Forecast Income Loss	**1.511**
Government Funding (Q1 Losses Only)	(0.354)
Net Forecast Income Loss 2021/22	**1.157**

22. The net forecast shortfall can be funded on a one-off basis through drawing on the £2.0 million Earmarked Reserve that was set aside at the end of 2020/21 in anticipation of continued income losses.

23. These forecasts are based on the third quarter position and remain subject to review as recovery continues.
24. As detailed in the Budget report 2023/24 to Executive in January 2022, looking forward there remain concerns that ongoing income losses (in particular relating to car parking) add significantly to the forecast budget gap over the medium term as there is no prospect of further Government funding for these pressures.
25. The ongoing unfunded impacts have therefore had to be accommodated the 2022/23 budget and result in a further call on Reserves until sustainable solutions are implemented.
26. As previously reported, over the medium term, the main options for mitigating the financial impacts of COVID-19 include:
    - Continue to lobby Central Government for additional funding in recognition of the residual impacts of income losses on district Councils and their ability to deliver services;
    - Look to make offsetting savings and efficiencies where possible before calling on Reserves; and
    - 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.
27. As a final resort it would be necessary to apply for permission from Government to capitalise some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. This would place the Council in the spotlight as being at risk of financial failure. This course of action is not anticipated to be required for this authority.
28. 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 throughout 2021/22.

Central Budgets

29. The 2021/22 Original Budget for Central budgets approved by Council in February 2021 was £1.155m.
30. At 31 December the forecast outturn is £1.199m against a management budget of £1.155m resulting in an overspend of £0.043m (3.76%).
31. This overspend is mainly as a result of lower net interest receivable on treasury investments than was originally forecast.
32. Further details on Central Budget forecasts are provided at Annex 2.

Investment Income

33. Forecast income from property rents at Quarter 3 is £4.256m compared to the £4.568m that was received in 2020/21. This represents 24.5% of the net revenue budget for 2021/22.

Capital Programme Monitoring

34. At 31 December 2021, the Capital Programme budget was £141.08m (including £99.46m of approved carry-forward capital allocations from 2020/21).

35. The forecast outturn position is £44.13m which is £96.48m (68.7%) below the approved Programme for the year. The variance is driven by £93.36m slippage and a net underspend of £3.59m.

36. The main reasons for forecast slippage at the end of Quarter 3 were:

- Housing Delivery Programme (£20.0m slippage) – these capital funds have been allocated to fund investment in new affordable housing. There are no specific developments planned at this time. Forecasts will be updated when new business cases are developed.
- Commercial Investments Programme (£63.98m slippage) - these capital funds have been allocated to fund investment in new developments and commercial assets & activities to deliver a sustainable net income stream. There are no specific developments or asset purchases planned at this time. Forecasts will be updated when new business cases or investment opportunities are developed.

37. Slippage at 31 March would typically be carried forward to the Programme for 2022/23 onwards, however the Budget Report for 2022/23 that was approved by Executive in January 2022, included a recommendation that the remaining sums allocated for investment in the Housing Delivery Programme and Commercial Investments will in future be excluded from the reported Capital Programme going forward. This is because there are no firm plans at present for spending these allocations and their relative scale compared to the rest of the Programme means that variance reporting against budget is distorted. Going forward the funds will remain allocated in principle for future investment but will not be brought into the approved Programme until specific business cases are approved.

38. The forecast net underspend is mainly as a result of:

- Housing Delivery Programme - £2.838m lower than budgeted expenditure upon successful completion of the Cromwell Road and Pitwood Park housing schemes.
- ICT Disaster Recovery - £0.200m lower expenditure due to investment funded from elsewhere in the Capital Programme.
- Disabled Facilities Grant - £0.370m lower expenditure due to a lower level of referrals in 21/22.

39. Further details are provided at Annex 3.

OPTIONS

40. The Overview and Scrutiny Committee has two options:

- **Option 1**: note the report and make no observations to the Executive.
- **Option 2**: note the report and make any observations to the Executive.

41. The Executive has two options:

- **Option 1**: note the report and approve the KPIs to be reported on in 2022/23 as set out at Annex 1.1.

  This is the recommended option.

- **Option 2**: note the report and do not approve the KPIs for 2022/23.

  This is not the recommended option as it will delay the Council having KPIs in place for the new financial year.

LEGAL IMPLICATIONS

42. There are no legal implications resulting from this report.

FINANCIAL IMPLICATIONS

43. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

44. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

45. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

46. There are no risk management implications arising from this report.
47. The annual budget report and supporting strategies include a full risk assessment of budget proposals.

OTHER IMPLICATIONS

48. There are no other implications arising from this report.

CONSULTATION

49. The report has been reviewed by the Council’s Corporate Governance Group.
50. There are no other consultation implications arising from this report.

POLICY FRAMEWORK

51. Robust performance management is integral to measuring the extent to which policy objectives have been achieved.

BACKGROUND PAPERS

None.

This page is intentionally left blank

Q3 2021/22 Key Performance Indicators

KPI	Status	Portfolio Holder
KPI 1 – Council Tax Collection	RED	Cllr Schofield
KPI 2 – Business Rates Collection	RED	Cllr Schofield
KPI 3 – Staff Turnover	GREEN	Cllr Lewanski
KPI 4 – Staff Sickness	GREEN	Cllr Lewanski
KPI 5 – Homelessness Positive Outcomes	GREEN	Cllr Neame
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

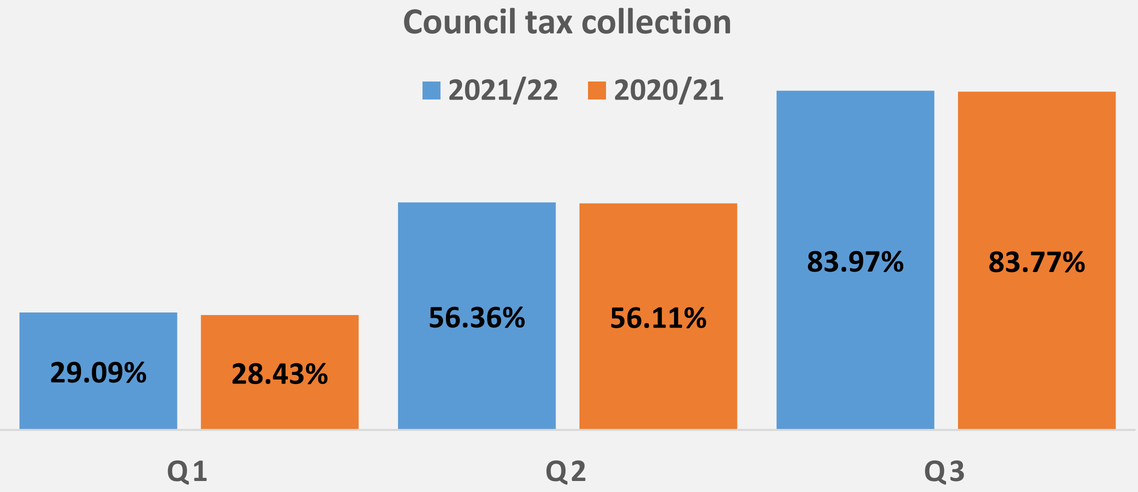
	TARGET	ACTUAL	STATUS
Q1	29%	29.09%	GREEN
Q2	57%	56.36%	AMBER
Q3	85%	83.97%	RED

Description

This indicator measures the percentage of Council Tax collected by the Council. The performance reported is cumulative for the year to date.

Narrative

Performance in Q3 of this financial year has remained consistent with that of the previous year. The non-achievement of the target is due to the impacts of Covid-19 and delays in recovery action as the courts were closed earlier in the year. Measures to improve collection performance are being actioned, including implementing process efficiencies and workload reviews, as well as recruiting additional staff.



KPI 2 – The % of Business Rates collected

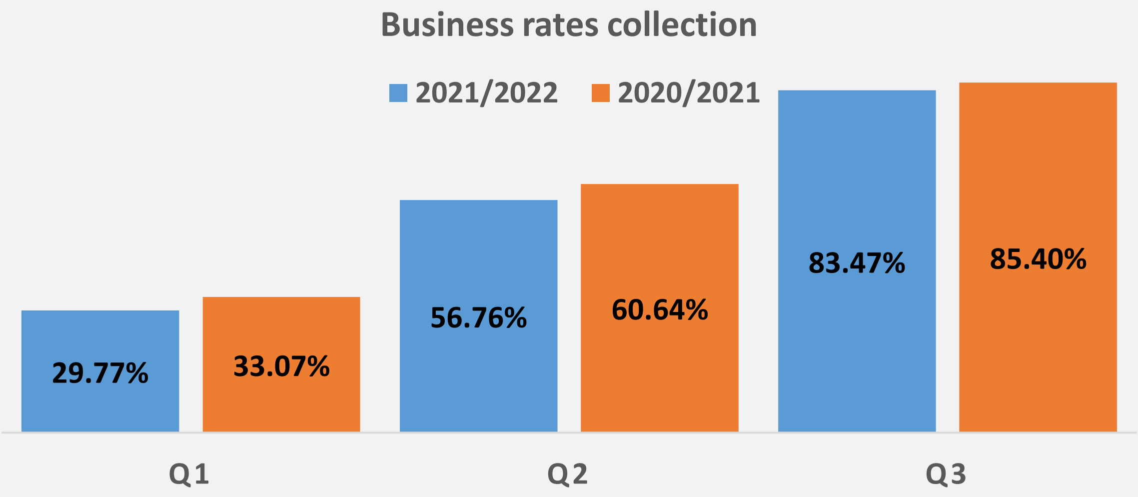
	TARGET	ACTUAL	STATUS
Q1	31%	29.77%	RED
Q2	58%	56.76%	RED
Q3	85%	83.47%	RED

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. A tolerance of 1% is applied each quarter.

Narrative

The Covid-19 pandemic has had an impact upon the collection of business rates within the borough, due to rate recalculations arising from business rates relief and the wider economic situation. However, there has been a sustained increase in collection rates over the course of the financial year. Performance is expected to return to target levels as wider economic conditions improve, moving more towards the normal total collection rate by the end of Q4.



KPI 3 – Staff turnover

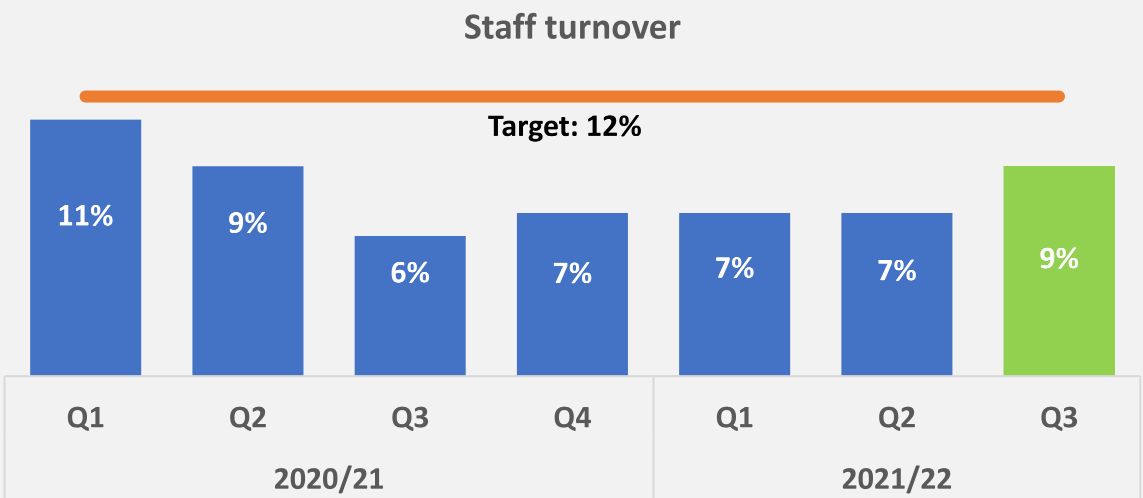
	TARGET	ACTUAL	STATUS
Q1	12%	7%	GREEN
Q2	12%	7%	GREEN
Q3	12%	9%	GREEN

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 be on target in Q3. The Employment Committee received an update on key workforce data at its meeting on 8 December 2021, which included additional information on staff turnover.



KPI 4 – Staff sickness absence

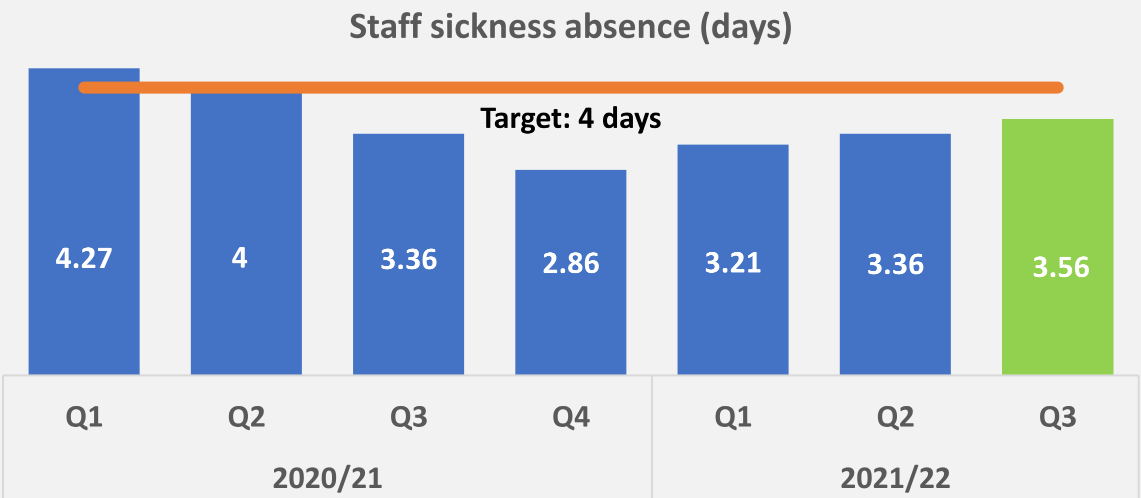
	TARGET	ACTUAL	STATUS
Q1	4 days	3.21 days	GREEN
Q2	4 days	3.36 days	GREEN
Q3	4 days	3.56 days	GREEN

Description

This indicator tracks the average duration of short term sickness absence per employee. The performance reported at the end of each quarter is for a cumulative rolling 12 month period. The indicator measures all non Covid-19 short term sickness absence.

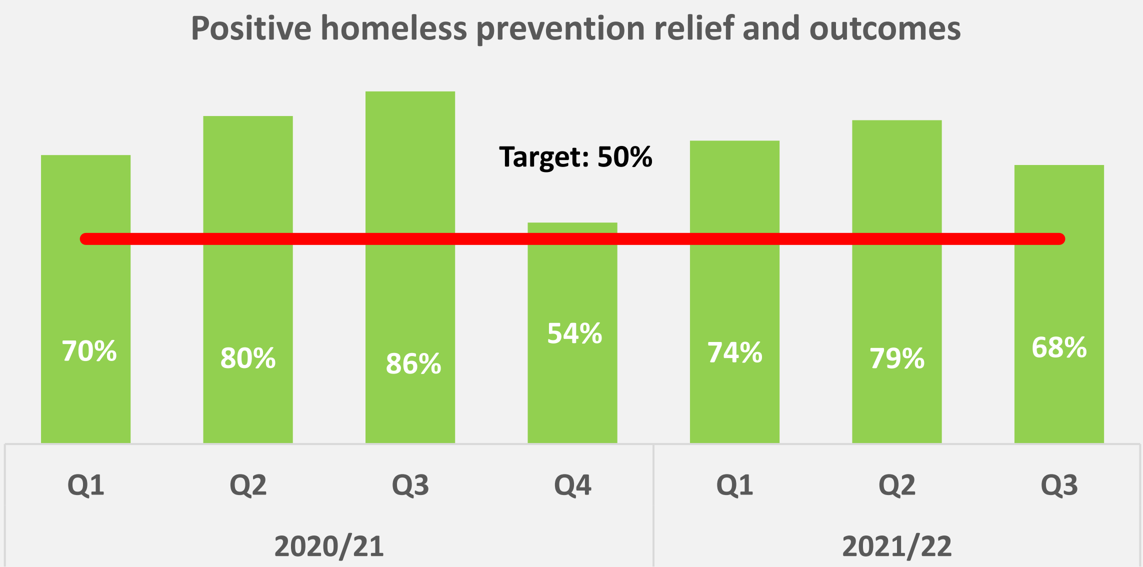
Narrative

Despite a small uptick, short-term staff sickness absence continues to be within target. The Employment Committee received an update on Key Workforce Data at its meeting on 8 December 2021, which included additional information on staff sickness.



KPI 5 – The % of positive homelessness prevention and relief outcomes

	TARGET	ACTUAL	STATUS
Q1	50%	74%	GREEN
Q2		79%	GREEN
Q3		68%	GREEN



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.

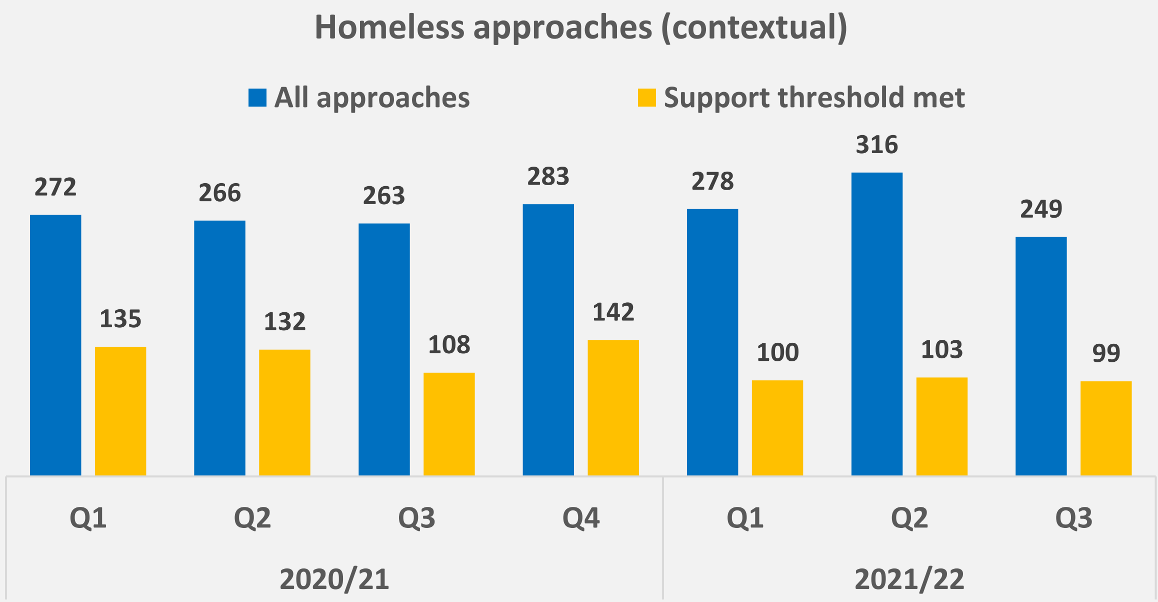
It measures the percentage of positive outcomes achieved in the quarter against approaches to the Council that were made in the quarter.

Narrative

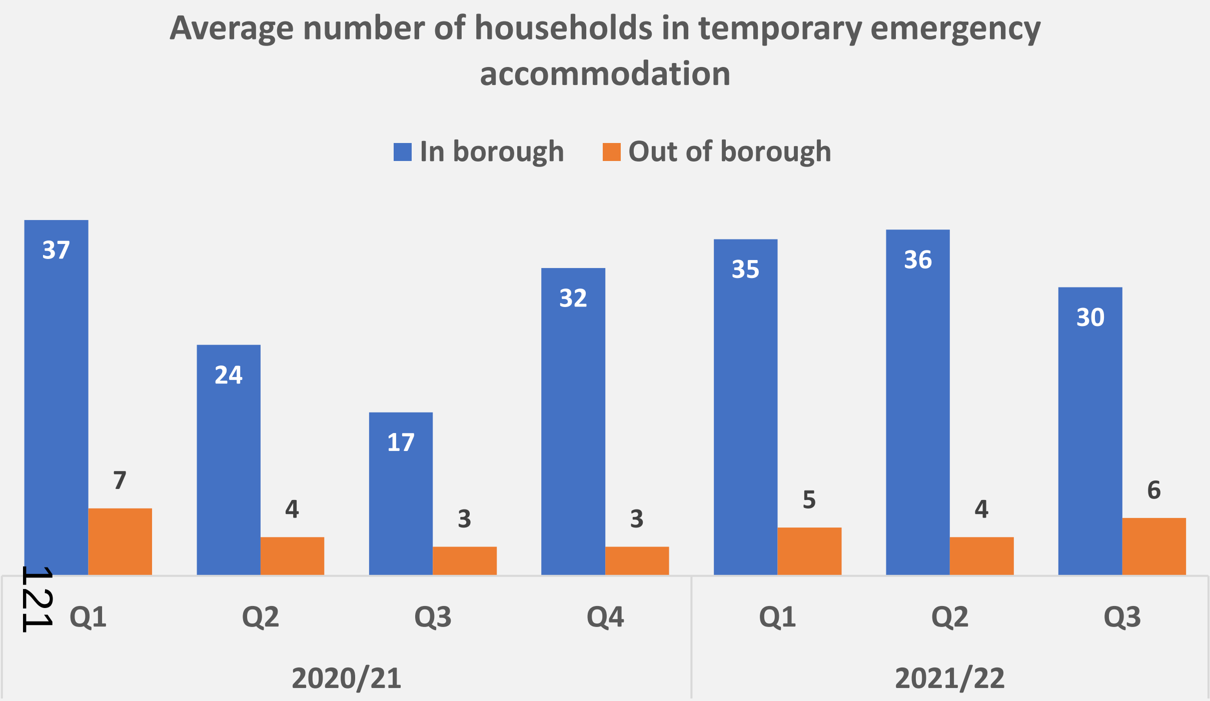
The Council has continued to maintain a high percentage of positive homelessness outcomes.

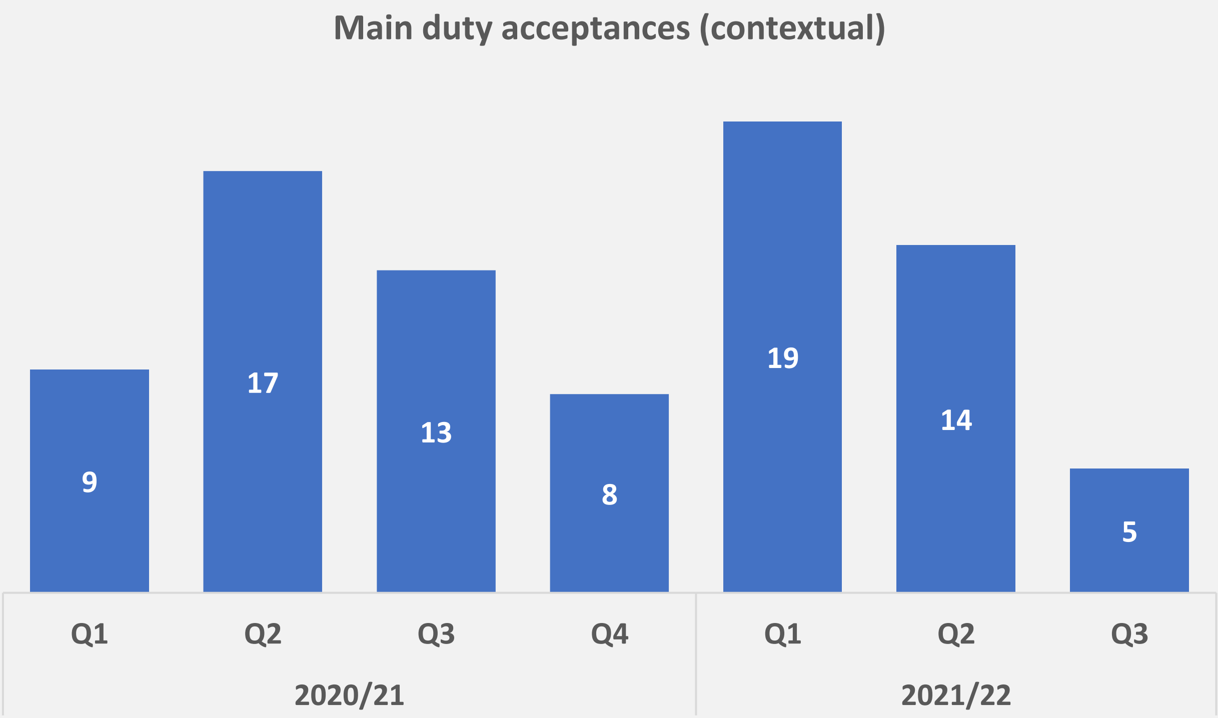
In Q3 there were 249 total homelessness approaches made to the Council. Homelessness approaches tend to decrease in December and pick back up in the early part of the new year.

Of the 249 approaches, there were 99 cases where the support threshold was met. In Q3 there were 67 positive prevention and relief outcomes.



KPI 5 – The % of positive homelessness prevention and relief outcomes (continued)





Temporary emergency accommodation

The average number of households placed in temporary emergency accommodation (not Council owned) has seen levels stabilise in Q3, although levels remain higher than at the same period in the previous year.

Single persons continue to make up an increasing share of those placed in temporary emergency accommodation. The Council had previously been successful in applying for a grant from the Department for Levelling Up, Communities and Housing to place and support single persons in temporary emergency accommodation who otherwise would not have met the threshold for support. The continuing support from this partly explains the continued higher level of placements.

Occupancy of the Council's owned and operated temporary emergency accommodation has increased to 75% (up from 50% in Q2) as Covid-19 restrictions are lifted.

Main duty acceptances

The main housing duty is to provide accommodation until more secure accommodation is found.

At the close of Q3 there were 5 main duty homelessness acceptances, a decrease on the 14 seen in Q2 and down by 8 from the 13 seen in Q3 2020/21.

KPI 6 – Net housing completions

	TARGET	ACTUAL	STATUS
Q1	115	112	AMBER
Q2	230	283	GREEN
Q3	345	513	GREEN

Description

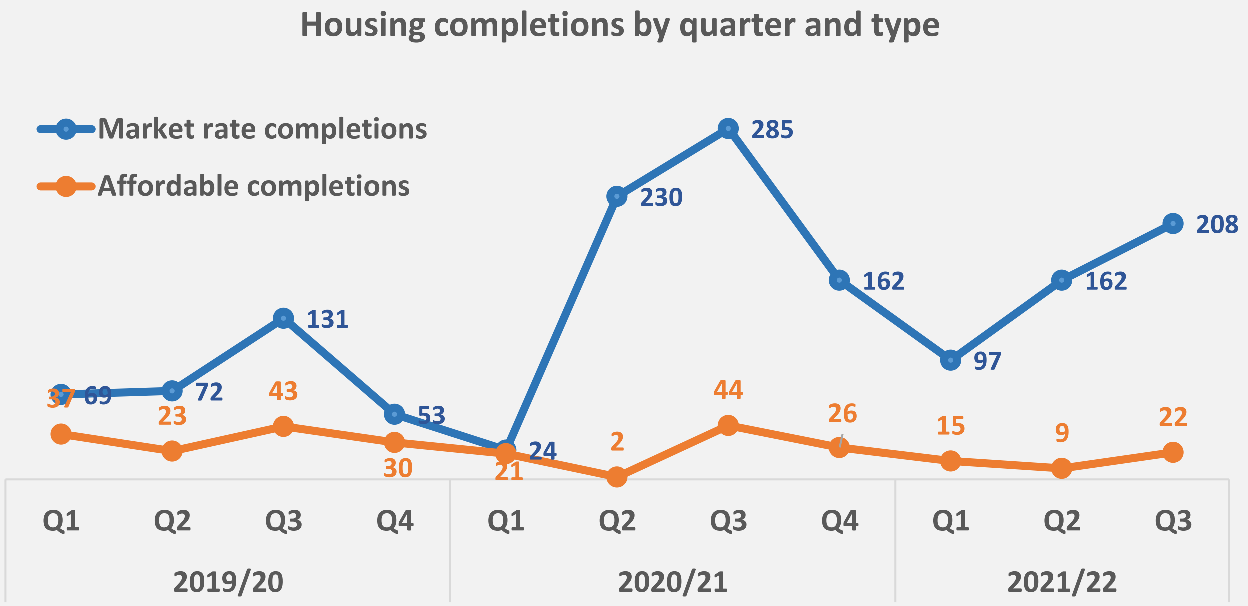
This indicator measures the net number of residential housing completions that have taken place in the borough. It includes all completions – i.e. at both market and affordable rates. The targets mirror those set in the Council's Development Management Plan. Performance reported is cumulative for the year. Given the fluctuations in housing completions throughout the year, a tolerance of 60 applies each quarter.

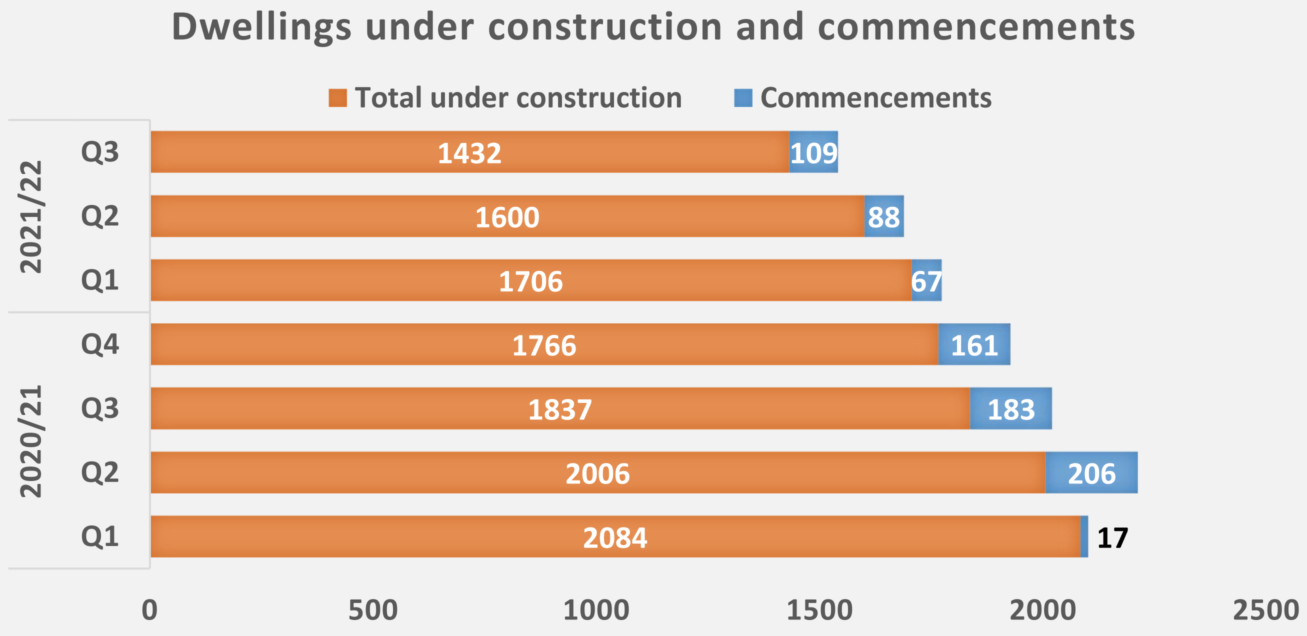
Narrative

Net housing completions for Q3 2021/22 remain on target, with the number of completions exceeding the target of 345, sitting at 513 completions at the close of the quarter.

The majority of completions have come from the Horley North West sector this quarter. There has also been completions from the De Burgh School site, 16-46 Cromwell Road, and at Cornerways, Smugglers and Mountfield on Outwood Lane.

At the end of Q3 there were 1,432 dwellings under construction, with 109 commencing during the quarter.





KPI 7 – Net affordable housing completions

	TARGET	ACTUAL	STATUS
Q1	25	15	AMBER
Q2	50	24	RED
Q3	75	46	RED

Description

KPI 7 measures the number of net affordable housing completions in the borough. 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 10 applies each quarter.

Narrative

Whilst affordable housing completions this quarter are off target, these units are often completed in batches. It is expected that future affordable dwelling delivery at large sites such as Horley North West Sector, RNIB site in Earlswood and the former Quarryside business park in Redhill will complete later in the year and will bring completions in line with targets.

All 22 affordable completions in Q3 came from the development in the Horley North West Sector.

Of the 1,600 dwellings under construction at the end of Q3, 208 are for affordable units. During Q3 a further 30 affordable units commenced.

Affordable completions by tenure (contextual)				
Reporting period		Social rent	Shared ownership	Total
2020/21	Q3	4	40	44
	Q4	5	21	26
2021/22	Q1	1	14	15
	Q2	2	7	9
	Q3	6	16	22

KPI 8 – Local Environmental Quality Surveys

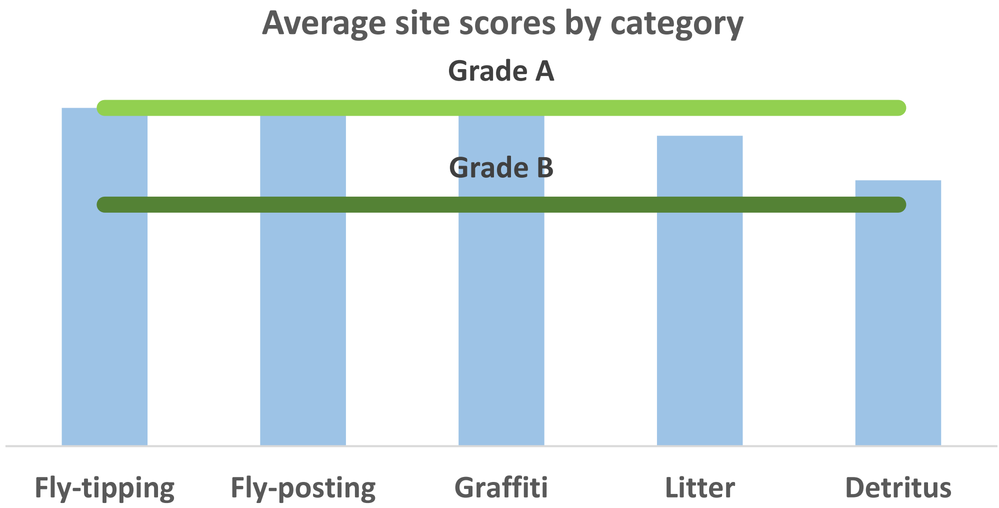
	TARGET	ACTUAL	STATUS
Q1	90% of sites at grade B	90%	GREEN
Q2		100%	GREEN
Q3		100%	GREEN

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 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 that is surveyed.

Narrative

Of the 119 surveys carried out in Q3, all scored at grade B and above.



KPI 9 – Number of missed bins per 1,000 collected

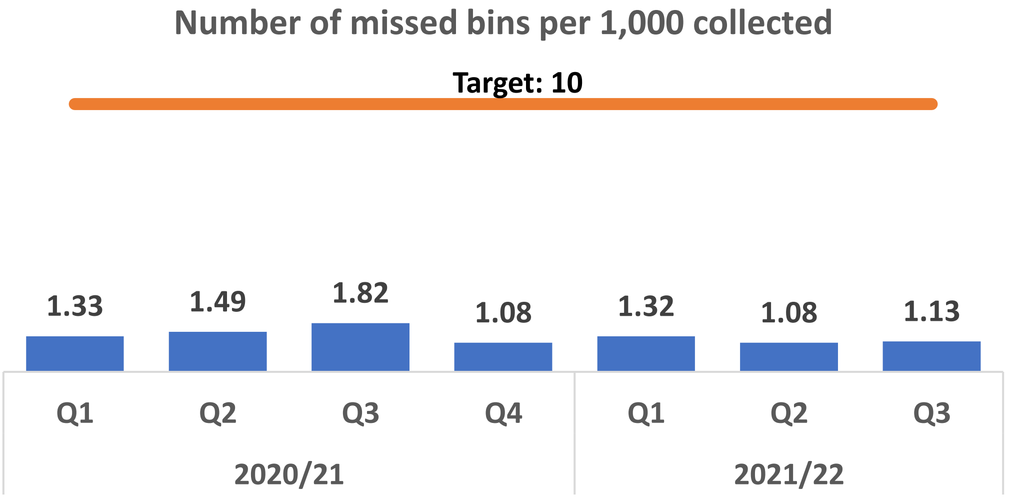
	TARGET	ACTUAL	STATUS
Q1	10	1.32	GREEN
Q2		1.08	GREEN
Q3		1.13	GREEN

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.

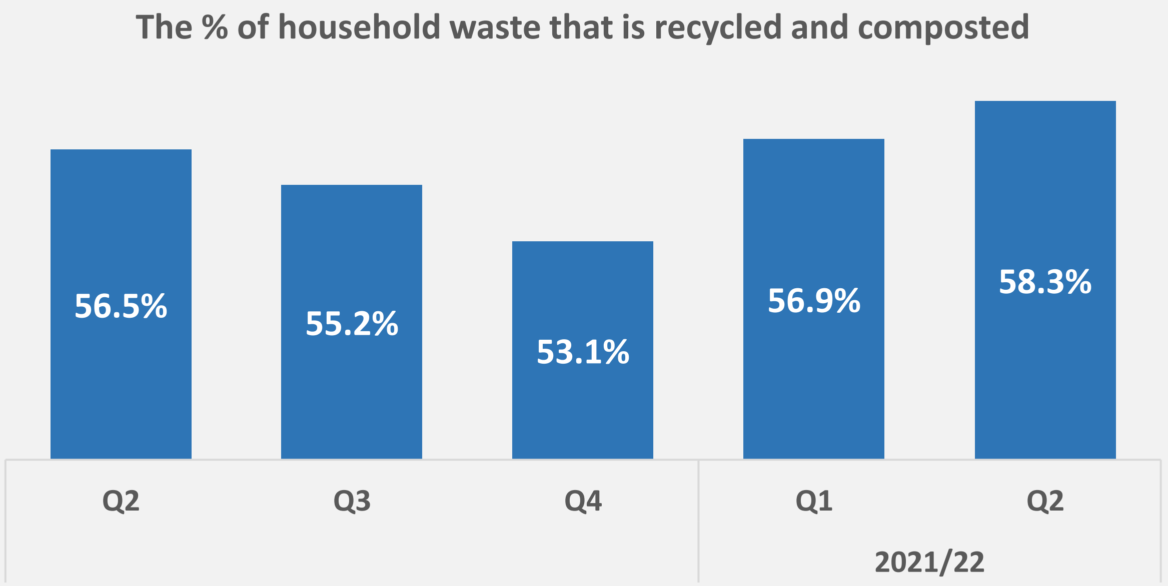
Narrative

Despite the challenges presented by the Covid-19 pandemic and the heightened levels of waste seen during the year, the Council has continued to maintain a reliable waste collection service for residents, with just over 1 bin reported as missed per 1,000 that were collected.



KPI 10 – The percentage of household waste that is recycled and composted

		TARGET	ACTUAL	STATUS
20/21	Q2	60%	56.5%	AMBER
	Q3		55.2%	AMBER
	Q4		53.1%	RED
21/22	Q1		56.9%	AMBER
	Q2		58.3%	AMBER



Description

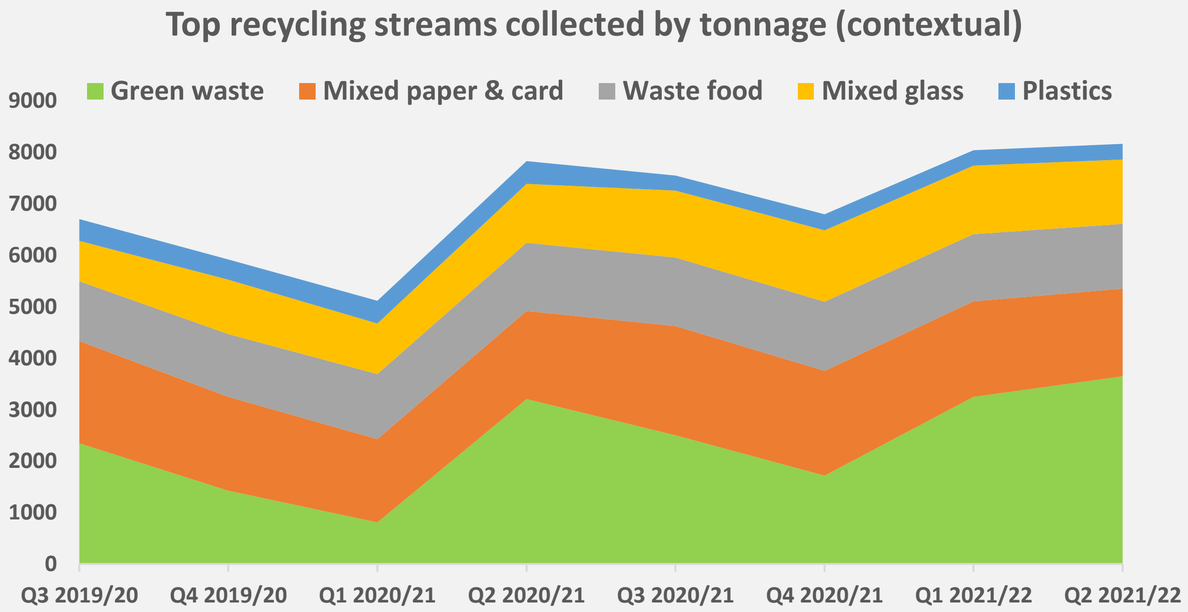
This indicator measures the percentage of household waste collected by the Council that is recycled and composted. Performance is reported one quarter in arrears. The target for this indicator is a stretch target, set in the Joint Waste Management Strategy to which the Council is a signatory, along with Surrey County Council and all Surrey Districts and Boroughs.

Narrative

At the close of Q2 Covid-19's impact continues to be felt on tonnages and the composition of household waste.

Despite falling short of the 60% target, the achievement of 58.3% is the highest recycling performance ever recorded by the Council.

The continued roll out to flats, reducing contamination and a rationalisation of bring sites has been planned to further improve upon these results. This will compliment a series of communications activities that are planned over the coming quarters to further improve upon this performance.



This page is intentionally left blank

Annex 1.1 - KPIs 2022/23

Ref.	Description	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 Neame
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 Sachdeva
KPI 12	Reduction in the Council's carbon footprint (Annual Q4)	Cllr Lewanski
KPI 13	Handling of complaints (Annual Q4)	Cllr Lewanski

Contextual indicators (annually reported in Q4):

Ref.	Description	Portfolio Holder
N/A	Intervention service performance	Cllr Sachdeva
N/A	Fraud performance	Cllr Schofield

This page is intentionally left blank

2021/22 Period 9: Revenue Budget Monitoring

Summary

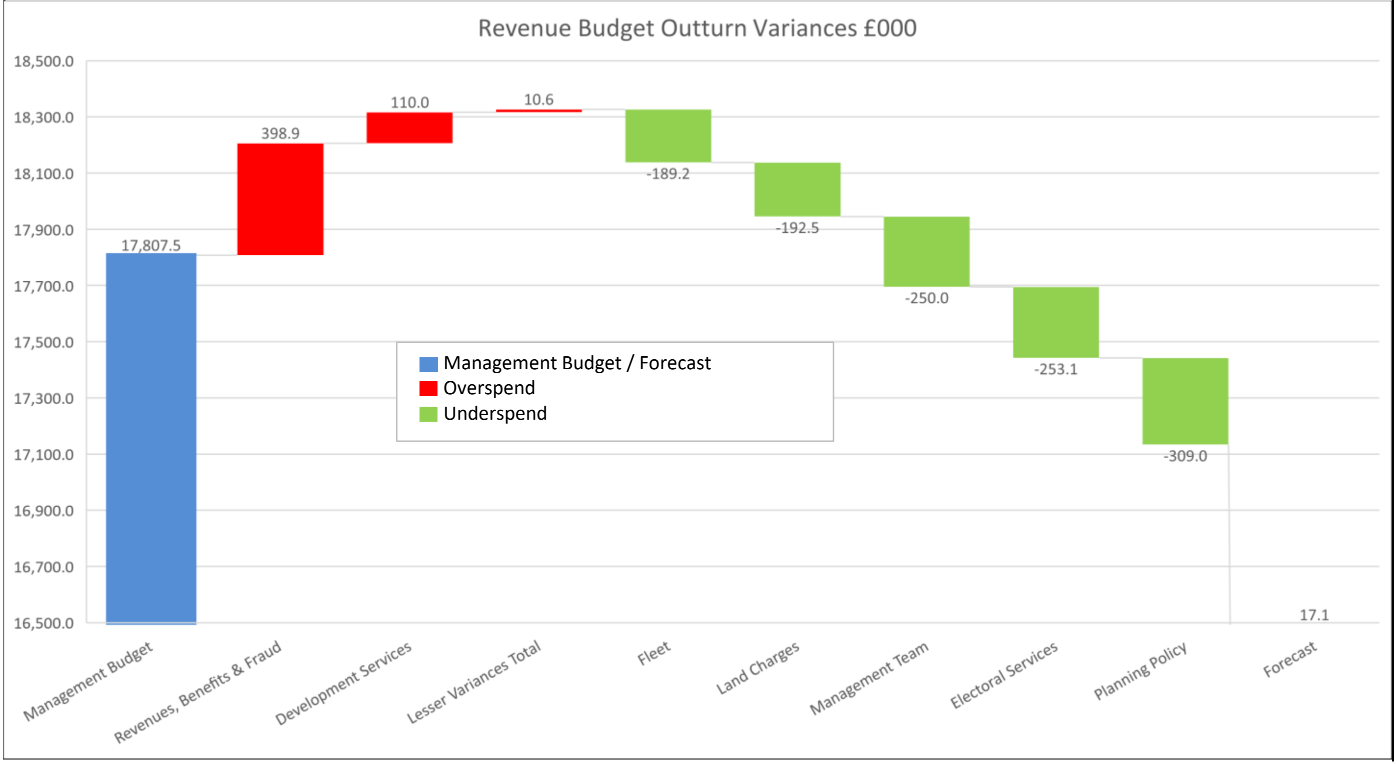
The full year forecast at the end of Quarter 3 for underlying Service budgets is £-0.718m (-4.3%) lower than the management budget; the Central budgets are reporting £0.043m (3.8%) higher than budget, resulting in an overall forecast of £-0.674m (-3.8%) lower than budget.
Ongoing COVID-19 income losses are forecast to be £1.511m, £0.354m of which are expected to be funded by the Sales, Fees & Charges grant from Government. Inclusion of these net losses results in a forecast of £0.483m (2.7%) higher than budget which will be funded by calling on the £2.000m COVID-19 Reserve that has been set aside for this purpose in 2021/22.

Reconciliation of Original Budget to Management Budget for 2021/22

	£000	£000
Original Budget		17,395.0
Unspent Budget brought forward from 2020/21	218.3	
Transfers from Reserves:		
Corporate Plan Delivery Fund Reserve	117.0	
Environmental Sustainability Reserve	77.2	
		412.5
Management Budget		17,807.5

Headline Revenue Budget Information 2021/22

		£000	
Management Budget		17,807.5	
Year End Forecast	- Service & Central Budgets	17,133.2	
Projected underspend	- Service & Central Budgets	**-674.3**	(-3.8% of the budget)
Year End Forecast	- ongoing COVID-19 income losses	**1,511.2**	
	- COVID-19 income losses funding	**-354.0**	
Projected overspend	- including ongoing net COVID-19 income losses	**482.9**	(2.7% of the budget)



Forecast for underlying Services is £-0.718m under budget. Significant variances summarised below:	
	Revenues, Benefits & Fraud: £0.399m overspend is mostly attributable to lower DWP subsidy, higher Housing Benefit overpayment and DHP, partially offset by £173k lower salary costs due to four vacancies in the team, and a £45k surplus on the trading account.
	Development Services: £0.110m overspend mostly driven by higher external consultancy costs that are offset by savings in staff costs in the Planning Policy area.
	Fleet: £0.189m underspend driven by lower fuel costs partially offset by smaller budget pressures
	Land Charges: £0.192m underspend driven by higher that expected revenue due to the Stamp Duty holiday.
	Management Team: £0.250m underspend as a result of the revised structure of the team.
	Electoral Services: £0.253m underspend. The forecast reflects £71k lower than budgeted election costs and £182k savings resulting from a review of long term contracts.
	Planning Policy: £0.309m underspend driven by vacancies across the team partially offset by higher external consultancy costs.
Forecast for Central Budgets is £0.043m over budget. There are no significant variances.	
COVID-19 Ongoing Income Losses	
	These are detailed at Section 2 and summarised above. To be funded by calling on the £2.000m COVID-19 Reserve set aside to mitigate this risk in 2021/22.
COVID-19 Ongoing Expenditure & Funding	
	These are detailed at Section 3

1. General Fund Reserve

		£000	£000
Balance at start of year			3,000.0
Add: Projected underspend	at 31 March 2022		674.3
Anticipated balance at End of Year before Reserves Review/Reallocations*			3,674.3
*Maximum General Fund Balance Required (2021/22 = £3m)		2,609.3	

2. Corporate Plan Delivery Fund (CPDF) Reserve

		£000	£000
Balance at start of year			860.6
V21-03 CPDF Community Centre Review	Community Centres	83.2	
V21-01 CPDF Community Centre Review	Community Centres	15.0	
V21-02 CPDF Community Centre Review	Community Centres	18.8	
Balance before any further transfers in year			743.6

3. Capital Schemes (Feasibility Studies) Reserve

The Capital Schemes (Feasibility Studies) 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 Capital Schemes (Feasibility Studies) Reserve.

	£000	£000
Balance at start of year		2,334.7
		2,334.7

4. Economic Development Initiatives Reserve

The Economic Development Initiatives Reserve was established to fund initiatives to raise awareness amongst local people of quality local employment opportunities.

	£000	£000
Balance at start of year		656.5
		656.5

5. Environmental Sustainability Reserve

The Environmental Sustainability Reserve was established to fund initiatives to improve RBBC's environmental impact

	£000	£000
Balance at start of year		247.5
ES21-02 Groundworks for Electric Vehicle Charging Points	63.2	
ES21-01 Fixed Term internal secondment	14.0	
		77.2
		170.3

Budget Monitoring: Summary 2021-22 **Revenue ANNEX 2: Section 2**

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
1. Service Budgets							
1a. Organisation							
Catherine Rose	Corporate Policy	227.8	63.2	291.0	295.6	**4.6**	Minor variance
	Projects & Business Assurance	204.4	14.0	218.4	218.4	0.0	
Carys Jones	Communications	700.8	24.7	725.5	725.5	0.0	
	Customer Contact	400.4	0.0	400.4	400.4	0.0	
Darren Wray	Information & Communications Technology	1,767.4	0.0	1,767.4	1,774.7	**7.3**	Minor variance
Kate Brown	Organisational Development & Human Resources	785.8	0.0	785.8	812.5	**26.7**	Overspend to cover two maternity posts and other minor variances.
Joyce Hamilton	Legal Services	816.6	-24.7	791.9	726.0	(65.9)	Variance mainly due to underspend in paycost budget.
	Land Charges	-105.6	0.0	-105.6	-298.1	(192.5)	Underspend due to higher than budgeted increase in revenue as a result of the stamp duty holiday.
	Democratic Services	861.1	0.0	861.1	853.3	(7.8)	Savings of £14k in training costs in Member Allowances and Support partially offset by an increase of 2k in casual wages, 3k in Data Protection Act Registration fees and £2k in Civic Allowances & Expenses.
	Electoral Services	447.9	169.3	617.2	364.1	(253.1)	£70.8k lower elections costs and £182.3k savings in Registers of Electors due to underspend in temporary staff costs (42.6k), training (£45.5k), equipment, tools & materials (£26.7k) publicity & promotional materials(£40k) and external printing & document production (£25.3k).
	Corporate Support	184.0	0.0	184.0	183.3	(0.7)	Minor variance
Pat Main	Finance	1,326.6	0.0	1,326.6	1,421.3	**94.7**	Higher staff costs relating to vacancy cover and service development activities
	Property & Facilities	-1,495.1	0.0	-1,495.1	-1,548.4	(53.3)	Improved income forecast in Forum House, Regent House, Old Town Hall, Redhill Distribution Centre and Banstead Down Golf Club, totalling £30k. Reduction in security costs at the Town Hall £9k and reduced Service charge of £14k at Forum House.
	Property & Facilities - ongoing COVID income loss	0.0	0.0	0.0	51.0	**51.0**	Redhill Hotel £40k, Horley Leisure Centre £9k, Priory Park Pavilion £2k.
	Commercial & Investment	143.4	0.0	143.4	143.4	0.0	
1b. Place							
Simon Bland	Economic Prosperity	353.6	0.0	353.6	348.9	(4.7)	Market Operations are likely to overspend by £17k due to reduced activity because of Covid. Business Engagement have a 12k overspend to reflect staff contractual payments in P4, there is an £8.5k favourable variance from increased sponsorships due to be paid this year, as well as a further £25k underspend reflecting a reduced spend in grants and donations to be paid in 21/22.
Morag Williams	Fleet	886.6	552.2	1,438.8	1,249.6	(189.2)	Underspend on fuel budgets has been partially offset by budget pressure in other areas.
	Refuse & Recycling	1,348.1	-417.4	930.7	889.2	(41.5)	£159k Temporary Staff and £48k Overtime forecast overspends are offset by a Recycling income forecast (£331k) due mostly to prices achieved in selling recyclables.
	Engineering & Construction	60.9	0.0	60.9	70.4	**9.5**	A capitalised salary assumption of (£18k) is no longer deliverable.
	Environmental Health & JET	1,101.4	66.6	1,168.0	1,133.2	(34.8)	Reduction of income in contaminated Land £8k and Pest Control £5k. Effective recovery of Public Funerals £15k. Salary overspend due to staff regrade and internal promotions - been corrected through salary setting for 2022-23.
	Environmental Licencing	-203.6	-70.0	-273.6	-198.9	**74.7**	Taxi Licences £102k.
	Environmental Licencing - ongoing COVID-19 income loss	0.0	0.0	0.0	28.2	**28.2**	Premises & Taxi Licences ©£16k, MOT & Testing ©£12k.
	Greenspaces	1,481.8	-37.0	1,444.8	1,444.6	(0.2)	Minor variance
	Car Parking	-2,024.8	-7.6	-2,032.4	-2,020.7	**11.7**	Minor variance
	Car Parking - ongoing COVID-19 income loss	0.0	0.0	0.0	1,052.0	**1,052.0**	Off-Street £982k, On-Street £70k (losses are recovering slowly).
	Street Cleansing	1,006.7	-86.8	919.9	939.6	**19.7**	Underestimated salary costs
Peter Boarder	Place Delivery	354.5	0.0	354.5	348.9	(5.6)	£24k underspend against consultancy budget, partially offset by £16k overspend against the salary budget (due to contractual payments made in P3) and a small overspend of just over £3k from other non-pay items.
Andrew Benson	Building Control	45.0	0.0	45.0	0.0	(45.0)	The Joint Venture managing the Building Control is expecting to re-invest the total income they expect to realise in 21/22 - hence the nil cost/income against the BC budget, resulting in a £45k favourable variance.
	Development Services	225.4	2.0	227.4	337.4	**110.0**	As of P9, Salaries is underspent by £282k due to 6 vacancies across the Planning team.. There is a plan to restructure the team; whereby 4/5 of the posts available will be recruited to, leaving a potential post to give up as a saving, althought this is currently under discussion and will be confirmed by January. In contrast, we are reporting an overspend of £195k against consultancy and a further £25k overspend against contractors, to fill
	Planning Policy	457.9	18.0	475.9	166.9	(309.0)	the vacant gaps within the team structure. Although these costs should see a reduction in their respective forecasts as we recruit to the vacant posts. A further £65k of staff contractual costs was incurred in P7.
	Planning Policy - ongoing COVID income loss	0.0	0.0	0.0	178.0	**178.0**	Planning Fees (worsening as recent months were poor).

Budget Monitoring: Summary 2021-22 **Revenue ANNEX 2: Section 2**

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
1c. People							
Justine Chatfield	Community Development	453.8	-6.5	447.3	418.3	(29.0)	Unallocated salary to be saved in 2022-23 S&FP.
	Partnerships	406.4	35.5	441.9	347.4	(94.5)	CCTV underspend £45.3k (2021-22 project realised savings), £33.2k unallocated Taxi Vouchers, to be saved in 2022-23 and £16k IRIS payment on hold for current financial year.
	Community Centres	292.1	117.0	409.1	409.1	0.0	
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Richard Robinson	Housing Services	999.3	0.0	999.3	1,009.4	**10.1**	Overspend mainly due to a £5k reduction in revenue and £3k in mechanical & electrical reactive work expenditure at 64 Massetts Road.
Simon Rosser	Benefits Paid/Subsidy Received	623.0	0.0	623.0	761.6	**138.6**	Salary underspend of £173k is based on 4 current vacancies across Revs & Bens. However, the underspend is masked by the fact that potential revenue streams may not be recognised as initially anticipated. For instance, Housing Benefit Overpayment (and PDP) budget is currently overstated by £150k. This will require growth as part of the 22/23 S&FP process. Furthermore, we had historically accounted for a high level of DHP income - however, it is now less than what was recovered last year, leaving an overspend of circa £118k agasint our budget. The subsidy rate on all Housing Benefit expenditure is expected to be 97% of net expenditure, less than the usual rate of 99.3% that was received in the years leading up to 2020/21. We have also incurred an additional £40k cost of Cloud Migration with NPS, however this is now part of IT's strategic plan from 22/23.
	Revenues, Benefits & Fraud	-112.9	136.4	23.5	329.3	**305.8**	
	Commercial Trading Account - Revenue & Benefits	118.0	-136.4	-18.4	-63.9	(45.5)	Commercial trading is now forecast to see a £24k surplus by year end (net of an increased contractual income and a small fall in salary expenses, due to maternity/vacancies and reduced casual wages).
	Commercial Trading Account - ongoing COVID income loss	0.0	0.0	0.0	40.0	**40.0**	External contract opportunity not pursued due to Covid staff redeployments.
Duane Kirkland	Supporting People	161.4	0.0	161.4	140.6	(20.8)	Variance due to £25k savings in unused budget for a project which never materialised partially offset against overspend in salaries (£4.5k)
	Supporting Families	90.0	0.0	90.0	85.9	(4.1)	Underspend mainly in training budget £2.1k and standby allowance budget £1k
	Harlequin	446.0	-16.2	429.8	521.5	**66.7**	Additional £85.4k relates to lower income and £6.3k relates to additional temp staff expenses.
	Harlequin - ongoing COVID income loss	0.0	0.0	0.0	25.0	**25.0**	Tickets, Catering, Room Hire, Equipment Hire.
	Leisure Services	-89.1	16.2	-72.9	-48.5	**24.4**	Overspend due to additional staff expenses
	Leisure Services - ongoing COVID income loss	0.0	0.0	0.0	137.0	**137.0**	GLL Leisure Fee waived £131k, Other/Pitch Hire £6k.
1d. Management Team							
Mari Roberts-Wood	Management Team	1,158.2	0.0	1,158.2	908.2	(250.0)	Forecast saving following management team restructure.
Frank Etheridge	Emergency Planning	39.7	0.0	39.7	39.7	0.0	
Total Services including COVID-19 income losses		**16,240.0**	**412.5**	**16,652.5**	**17,446.0**	**793.5**	**4.77%**
Ongoing COVID-19 income losses		0.0	0.0	0.0	1,511.2	1,511.2	
Total Services - underlying		**16,240.0**	**412.5**	**16,652.5**	**15,934.8**	**(717.7)**	**(4.31%)**

2. Central Budgets

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Pat Main	Insurance	460.1	4.9	465.0	458.2	(6.8)	Minor variance
	Treasury Management - Interest on Investments	-1,216.1	21.1	-1,195.0	-1,089.6	105.4	Lower than budgeted interest due to lower rates on new investments
	Treasury Management - Interest on Borrowing	165.0	-60.0	105.0	62.2	(42.8)	Lower than budgeted borrowing for capital expenditure
	Treasury Management - Interest on Trust Funds	18.0	0.0	18.0	14.0	(4.0)	Minor variance
	Minimum Revenue Provision	1,361.0	0.0	1,361.0	1,360.9	(0.1)	Minor variance
Kate Brown	Apprenticeship Levy	74.5	0.0	74.5	74.5	0.0	
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	
	Corporate Human Resources Expenses	86.8	0.0	86.8	86.8	0.0	
Pat Main	Central Budget Contingencies	0.0	50.2	50.2	50.2	0.0	
	Preceptor Grants	37.5	0.0	37.5	37.5	0.0	
	External Audit Fees	67.0	-14.0	53.0	45.2	(7.8)	Minor variance
	Internal Audit	61.2	-2.2	59.0	58.5	(0.5)	Minor variance
Total Central Items		**1,155.0**	**0.0**	**1,155.0**	**1,198.4**	**43.4**	**3.76%**
COVID-19 Income Losses funding		0.0	0.0	0.0	-354.0	-354.0	
Grand Total		**17,395.0**	**412.5**	**17,807.5**	**18,290.4**	**482.9**	**2.71%**

2021/22 COVID EXPENDITURE & FUNDING (latest forecast at December 2021)	Forecast Expenditure £m	Forecast Funding £m
Welfare Response	0.299	
Financial Management & Monitoring	0.166	
Revenues & Benefits Team - additional temporary staff	0.134	
Communications/Contact Centre/Data & Insight Team - additional capacity	0.118	
ICT support costs	0.104	
Homelessness Prevention	0.103	(0.023)
'Welcome Back' Expenditure & Funding	0.100	(0.100)
Environmental Services/Waste Team - additional capacity	0.098	
Revenues & Benefits - in-house overtime, software etc	0.080	
Other expenditure (including Elections)	0.058	(0.039)
Surge Testing	0.026	(0.019)
Cultural, Sports, Leisure	0.019	
New Burdens Funding		(0.092)
Test & Trace Admininistration Funding		(0.102)
Contain Outbreak Management Funding		(0.274)
Government COVID-19 Funding Allocation 2021/22		(0.638)
Forecast Expenditure and Income 2021/22	**1.306**	**(1.287)**
Net Expenditure / (Income)	**0.019**	

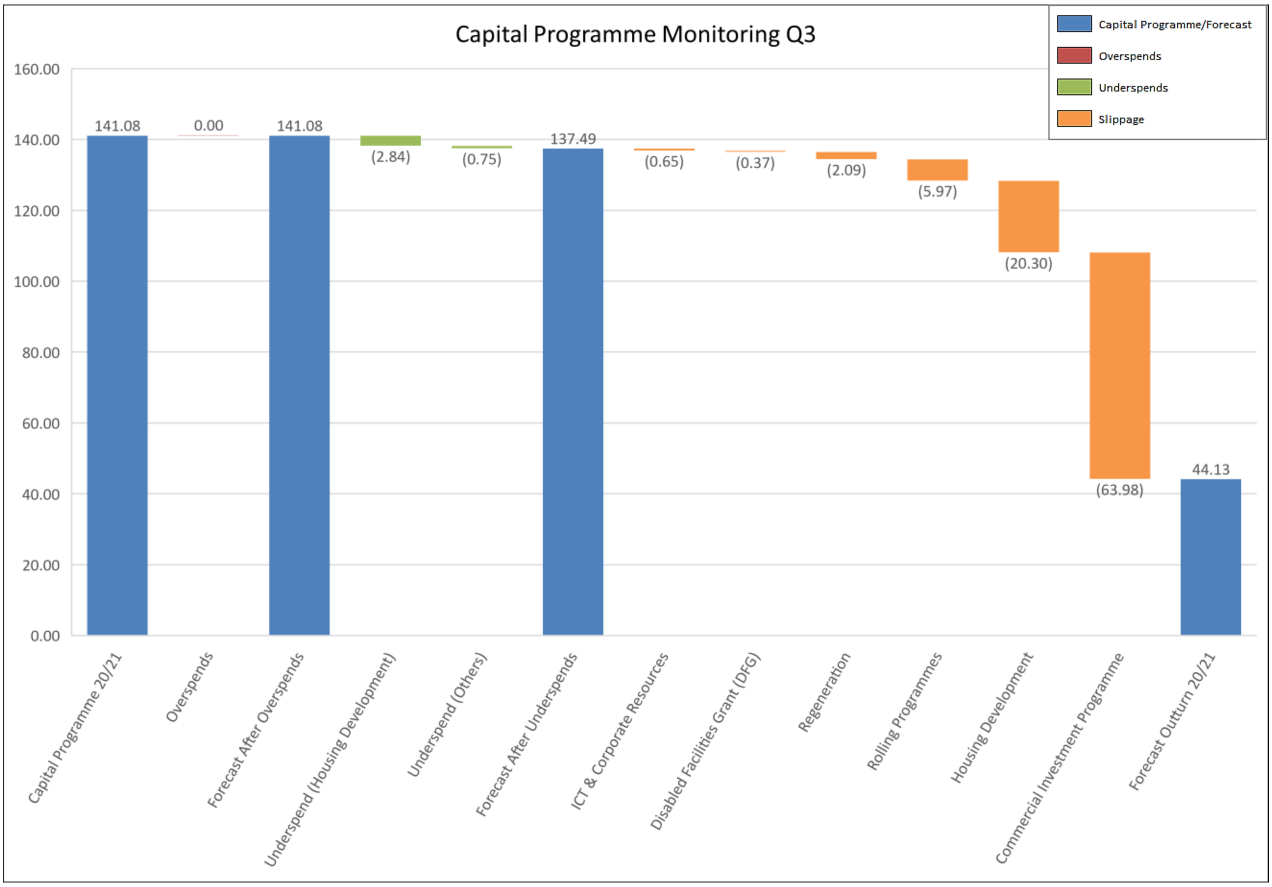
2021-22 Outturn Capital Programme Monitoring Q3

Summary

Forecast full year expenditure against the Capital Programme at the end of Quarter 3 is £44.13m which is £96.95m (68.7%) below the approved Programme for the year. The variance is predominantly a result of £20.00m slippage from Housing Delivery Programme and £63.98m from the Commercial Investment Programme, as well as savings in delivery of the Cromwell Road and Pitwood Park housing schemes.

Headline Capital Budget Information 2021-22

	£m	
Current Budget (Section 1):	**141.08**	
Projected Net Overspends	0.00	(or 0 % of Programme)
Projected Net Underspends	(3.59)	(or 3 % of Programme)
Projected Slippage	(93.36)	(or 66 % of Programme)
Total Capital Expenditure	**44.13**	



Underspends

Housing Development	**Cromwell Road (£1.809m underspend) -** Project now complete
	Pitwood Park (£1.029m underspend) - Project now complete
Others	**Disaster Recovery (£0.200m underspend) -** This spend will now be charged to the ICT Replacement Programme (CC61014) following the IT Strategy Review and hence this budget is no longer required and will be given up as a saving from the Capital Programme in 2022/23.
	CCTV Rolling Programme (£0.077m underspend) **-** Underspend reflects procurement timing for replacement equipment.
	Handy Person Scheme (£0.074m underspend) **-** COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.
	Contaminated Land - Investigation work (£30k underspend) **-** This is a contingency sum to be used when required.

Slippage

ICT & Corporate Resources	**ICT Replacement Programme and Projects (£0.650m slippage) -** Equipment replacement and projects delayed due to COVID and reprioritisation.
Disabled Facilities Grant (DFG)	**DFG (£0.372m slippage)** - COVID-19 has had an impact on the number of referrals for DFG works. Work is now underway again, but a lower than budget spend over the year is expected. Grants may also 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.
Regeneration	**Merstham Recreation Ground (£1.396m slippage)** - £100k spend to date to cover the planning and desiging phase of the project. Costs will increase in 22/23 as construction will start towards the latter part of the next financial year.
	Horley Public Realm Improvements (£0.568m slippage) - The High Street Public Realm Improvements design development will now pause whilst the Service undertake public engagement; spending will recommence in the latter part of Q4 or early Q1 2022/23.
Rolling Programmes	**Strategic Property (£4.979m slippage)** - £2.995m of this slippage relates to Beech House which will be deferred until a new tenant is identified. Expenditure on Town Hall will commence once further decisions have been made on the future of hybrid working.
	Great Workplaces Programme (£0.450m slippage). This budget will be spent once further decisions have been made on the future of hybrid working.
	Vehicle Wash Bay Replacement (£0.350m slippage). This project should now commence in 2022/23
Housing Development	**Housing Delivery Programme (£20.000m slippage)** - Capital funds allocated to fund investment in new affordable housing. There are no specific developments planned at this time. Forecasts will be updated when new business cases are developed.
Commercial Investment	**Commercial Investments Programme (£63.97m slippage)** - Capital funds allocated to fund investment in new developments and commercial assets & activities to deliver a sustainable net income stream. There are no specific developments or asset purchases planned at this time. Forecasts will be updated when new business cases or investment opportunities are developed.

Reconciliation of Capital Programme to Approved Budgets 2021-22

	£000
Original Capital Budget	41,624.4
Budget approved but not yet released[1]	0.0
	41,624.4
Additions	
Carry Forwards from previous year	99,455.6
Budgets released during the year[1]	0.0
Reprofiling of projects	0.0
Other Changes	0.0
Current Capital Budget	**141,080.0**

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 Budget Monitoring: Summary by Programme and Project 2021-22

Programme/Project	Original Budget	Carry Forwards	Current Budget	Year End Outturn (Agreed)	Year End Variance (Agreed)	*Quarter 3: Explanation of Significant Variances*
	£000	**£000**	**£000**	**£000**	**£000**	
Operational Buildings	145.0	132.0	277.0	18.0	-259.0	Project deferred due decisions on future hybrid working on the Town Hall site.
Day Centres Programme	85.0	16.0	101.0	101.0	0.0	
Existing Pavilions Programme	110.0	86.0	196.0	96.0	-100.0	
Leisure Centre Maintenance	30.0	9.0	39.0	39.0	0.0	
Harlequin Property Maintenance	140.0	41.0	181.0	50.0	-131.0	No significant further expenditure expected in 2021/22
Tenanted Properties	100.0	92.0	192.0	50.0	-142.0	No significant further expenditure expected in 2021/22
Crown House	135.0	75.0	210.0	0.0	-210.0	Project deferred
Units 1-5 Redhill Dist Centre Salfords	17.3	40.0	57.3	0.0	-57.3	Project deferred
Linden House, 51B High Street Reigate	11.3	17.0	28.3	0.0	-28.3	Project deferred
Unit 61E Albert Road North	11.5	55.0	66.5	30.0	-36.5	
Forum House, Brighton Road Redhill	100.0	70.0	170.0	0.0	-170.0	Project deferred
Beech House, London Road Reigate	0.0	3,000.0	3,000.0	5.0	-2,995.0	Project deferred until a new tenant can be found.
Regent House, 1-3 Queensway Redhill	50.0	25.0	75.0	0.0	-75.0	Project deferred
Commercial Investment Properties	76.0	0.0	76.0	30.0	-46.0	
Infra-structure (walls)	10.0	44.0	54.0	39.0	-15.0	
Car Parks Capital Works Programme	195.0	239.0	434.0	75.0	-359.0	
Earlswood Depot/Park Farm Depot	20.0	68.0	88.0	44.0	-44.0	
Public Conveniences	4.0	34.0	38.0	30.0	-8.0	
Cemeteries & Chapel	20.0	40.0	60.0	0.0	-60.0	Project deferred
Allotments	12.0	18.0	30.0	0.0	-30.0	Project deferred
Building Maintenance - Support Cost	50.0	0.0	50.0	50.0	0.0	
Pavilion Replacement - Woodmansterne	0.0	20.0	20.0	20.0	0.0	
Priory Park Maintenance	10.0	203.0	213.0	0.0	-213.0	Project deferred
Strategic Property	**1,332.0**	**4,324.0**	**5,656.0**	**677.0**	**-4,979.0**	

Capital Budget Monitoring: Summary by Programme and Project 2021-22

Programme/Project	Original Budget	Carry Forwards	Current Budget	Year End Outturn (Agreed)	Year End Variance (Agreed)	*Quarter 3: Explanation of Significant Variances*
	£000	£000	£000	£000	£000	
ICT Replacement Programme	425.0	325.0	750.0	400.0	-350.0	Projects delayed, mainly due to covid and re-prioritising IT work. A new IT Strategy is scheduled for approval in March 2022, with revised projects to start in Q1 2022/23.
Investment in Technology Projects	300.0	0.0	300.0	0.0	-300.0	
Disaster Recovery	200.0	0.0	200.0	0.0	-200.0	
Environmental Strategy Delivery	250.0	0.0	250.0	0.0	-250.0	
Corporate Resources	**1,175.0**	**325.0**	**1,500.0**	**400.0**	**-1,100.0**	
Great Workplace Programme - Phase 2	250.0	222.0	472.0	20.0	-452.0	Project deferred pending decisions on future hybrid working on the Town Hall site.
Workplace Facilities	10.0	0.0	10.0	10.0	0.0	
Organisational Development	**260.0**	**222.0**	**482.0**	**30.0**	**-452.0**	
Organisation Capital Budget	**2,767.0**	**4,871.0**	**7,638.0**	**1,107.0**	**-6,531.0**	

Capital Budget Monitoring: Summary by Programme and Project 2021-22

Programme/Project	Original Budget	Carry Forwards	Current Budget	Year End Outturn (Agreed)	Year End Variance (Agreed)	*Quarter 3: Explanation of Significant Variances*
	£000	£000	£000	£000	£000	
Handy Person Scheme	50.0	0.0	50.0	10.0	-40.0	
Home Improvement Agency SCC Grant	120.0	0.0	120.0	120.0	0.0	
Disabled Facilities Grant	1,134.0	0.0	1,134.0	762.0	-372.0	
Repossession Prevention Fund	30.0	0.0	30.0	0.0	-30.0	
Lee Street Bungalows	190.0	603.3	793.3	494.3	-299.0	
64 Massetts Road	0.0	0.0	0.0	0.0	0.0	
58 Massetts Rd (YMCA East Surrey)	100.0	0.0	100.0	100.0	0.0	
Housing Delivery Programmme	10,000.0	10,000.0	20,000.0	0.0	-20,000.0	
Development of Court Lodge Residential Site	0.0	0.0	0.0	0.0	0.0	
Cromwell Road Development 2016	0.0	5,815.2	5,815.2	4,006.0	-1,809.2	Project complete
Unit 1 Pitwood Park Tadworth	71.0	2,277.8	2,348.8	1,320.0	-1,028.8	Project complete
Housing	**11,695.0**	**18,696.3**	**30,391.3**	**6,812.3**	**-23,579.0**	
Harlequin - Service Development	100.0	100.0	200.0	86.0	-114.0	
Harlequin Maintenance	40.0	35.9	75.9	0.0	-75.9	No significant further expenditure expected in 2021/22
Leisure & Intervention	**140.0**	**135.9**	**275.9**	**86.0**	**-189.9**	
CCTV Rolling Programme	30.0	60.0	90.0	16.0	-74.0	There have been delays to the timing of procurement of replacement equipment.
Community Partnerships	**30.0**	**60.0**	**90.0**	**16.0**	**-74.0**	
People Services Capital Budget	**11,865.0**	**18,892.2**	**30,757.2**	**6,914.3**	**-23,842.9**	

Capital Budget Monitoring: Summary by Programme and Project 2021-22

Programme/Project	Original Budget	Carry Forwards	Current Budget	Year End Outturn (Agreed)	Year End Variance (Agreed)	*Quarter 3: Explanation of Significant Variances*
	£000	£000	£000	£000	£000	
Vehicles & Plant Programme	1,914.0	316.5	2,230.5	2,230.5	0.0	
Fleet Vehicle Wash-Bay Replacement	0.0	350.0	350.0	0.0	-350.0	Project deferred
Land Flood Prevention Programme	10.5	11.8	22.3	22.3	0.0	
Play Area Improvement Programme	230.0	0.0	230.0	230.0	0.0	
Parks & Countryside - Infrastructure & Fencing	45.0	23.8	68.8	68.8	0.0	
Air Quality Monitoring Equipment	40.0	0.0	40.0	40.0	0.0	
Contaminated Land - Investigation work	30.0	0.0	30.0	0.0	-30.0	Project deferred
Contribution to Surrey Transit Site	127.0	0.0	127.0	0.0	-127.0	
Neighbourhood Operations	**2,396.5**	**702.1**	**3,098.6**	**2,591.6**	**-507.0**	
Pay-on-Exit Car Parking at Central Car Park and Victoria Road	53.9	0.0	53.9	2.0	-51.9	No significant further expenditure expected in 2021/22
Horley Public Realm Improvements - Phase 2 and 3	500.0	100.0	600.0	32.0	-568.0	
Horley Public Realm Improvements - Phase 4	0.0	0.0	0.0	0.0	0.0	
Subway Refurbishment, Horley	0.0	0.0	0.0	26.5	26.5	
Marketfield Way Redevelopment	23,212.0	9,661.2	32,873.2	32,873.2	0.0	
Redhill Public Realm Improvements	30.0	0.0	30.0	30.0	0.0	
Merstham Recreation Ground	700.0	796.0	1,496.0	100.0	-1,396.0	Minimal further expenditure expected in 2021/22
Preston - Parking Improvements	0.0	456.0	456.0	456.0	0.0	
Preston - Landscaping	0.0	0.0	0.0	0.0	0.0	
Place Delivery	**24,495.9**	**11,013.2**	**35,509.1**	**33,519.7**	**-1,989.4**	
Vibrant Towns & Villages	100.0	0.0	100.0	0.0	-100.0	No expenditure now expected in 2021/22
Economic Prosperity	**100.0**	**0.0**	**100.0**	**0.0**	**-100.0**	
Place Services Capital Budget	**26,992.4**	**11,715.3**	**38,707.7**	**36,111.3**	**-2,596.4**	
Commercial Investments Programme	0.0	63,977.1	63,977.1	0.0	-63,977.1	No expenditure now expected in 2021/22
Corporate	**0.0**	**63,977.1**	**63,977.1**	**0.0**	**-63,977.1**	
Corporate Capital Budget	**0.0**	**63,977.1**	**63,977.1**	**0.0**	**-63,977.1**	
Total Capital Budget	**41,624.4**	**99,455.6**	**141,080.0**	**44,132.6**	**-96,947.4**	

This page is intentionally left blank

Agenda Item 9

SIGNED OFF BY	Head of Corporate Policy
AUTHOR	Luke Harvey, Project & Performance Team Leader Ross Tanner, Performance Officer
TELEPHONE	Tel: 01737 276 519 Tel: 01737 276 685
EMAIL	Luke.Harvey@reigate-banstead.gov.uk Ross.Tanner@reigate-banstead.gov.uk
TO	Audit Committee Executive
DATE	Audit Committee, Tuesday, 15 March 2022 Executive, Thursday 17 March 2022
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Risk management - Q3 2021/22

RECOMMENDATIONS

That the Audit Committee:

(i) Note the Q3 2021/22 update on risk management provided in the report and associated annexes and make any observations to the Executive.

That the Executive:

(ii) Note the Q3 2021/22 update on risk management provided by the report and associated annexes.

REASONS FOR RECOMMENDATIONS

Agenda Item 9

The Audit Committee and Executive's constitutional responsibilities require the regular receipt of updates on risk management.
EXECUTIVE SUMMARY
This report provides an update on risk management in Q3 2021/22. Additional detail is provided in the report as well as in the supporting annexes.
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. Heads of Service have responsibility for operational risks. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.
10. The Audit Committee has a constitutional responsibility to provide independent assurance to the Council of the adequacy of the risk management framework and

internal control environment. It provides independent review of Reigate and Banstead Borough Council's governance, risk management and control frameworks. A key component of fulfilling this responsibility is to regularly receive and review the Council's risks.

KEY INFORMATION

Q3 2021/22 risk management update

11. The full strategic risk register is available at annex 1 of this report.
12. In Q3 there were no new strategic risks identified and there were no strategic risks identified for closure.
13. In Q3 there was one RED rated operational risk, the detail of which is set out in the part 2 exempt annex.
14. The full risk registers, as well as the Council's risk management framework, are made available to all members via the ModernGov document library.

OPTIONS

15. The Audit Committee has two options:
    - Option 1: note this report and make any observations to the Executive
    - Option 2: note this report and make no observations to the Executive.
16. The Executive has one option:
    - Option 1: note this report.

LEGAL IMPLICATIONS

17. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

18. Financial risks are taken into account when preparing the Medium-Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
19. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

20. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

21. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

22. The Council's risk registers inform the development of the annual risk based internal audit plan.

23. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

24. There are no other implications arising from this report.

CONSULTATION

25. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK

26. The Council's risk management strategy and methodology provides additional information on how the council manages risk

BACKGROUND PAPERS

None.

Risk management

Strategic risk register

Quarter 3 – October to December 2021

Strategic Risks

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 the Medium-Term Financial Strategy. The Management Team has shared responsibility for strategic risks.

The Council's strategic risks are detailed in below table:

SR1	COVID-19 pandemic
SR2	Financial sustainability
SR3	Local government reorganisation
SR4	Organisational capacity and culture
SR5	Economic prosperity
SR6	Reliance on the welfare system
SR7	Cyber security
SR8	Fraud
SR9	Marketfield Way
SR10	Gatwick Airport
~~SR11~~	~~Reform of the planning system~~ (closed in Q1 2021/22)
SR12	Planning system reform

Risk rating

Each risk is scored using the potential impact of the risk and the likelihood of the risk happening. The risk score then determines the level of management action required:

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 if does not demand specific attention but should be kept under review.

Risk status

Tolerate	Decide to accept the risk and take no further measures. This should be a conscious and deliberate decision taken having decided that it is more cost effective to do so than attempt mitigating action.
Transfer	Transfer all or part of the risk. For example, to insurance or to other agencies/contractors.
Treat	Proactive action taken to reduce: • The probability of the risk happening by Introducing control measures • The impact of the risk should it occur.
Close	This could involve changing an aspect of the activity or ceasing to provide the service/function/project and thus eliminate the risk.

RISK RATINGS

IMPACT						
Grave	5					
Significant	4		SR7	SR3 SR4 SR9	SR2	SR5
Moderate	3			SR1 SR10 SR12	SR6 SR8	
Minor	2					
Almost none	1					
		1	2	3	4	5
LIKELIHOOD		Rare	Unlikely	Possible	More than likely	Almost certain

<table>
<tr><th colspan="2">SR1</th><th colspan="3">Covid-19 pandemic</th><th>AMBER</th></tr>
<tr><td colspan="2">Description</td><td colspan="4">The Council will continue to respond to the Covid-19 pandemic in supporting residents, businesses as well as other partner public sector organisations.
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.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Brunt</td></tr>
<tr><td>Officers</td><td colspan="3">Mari Roberts-Wood and Luci Mould</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">Ongoing planning for disruption caused by the pandemic, including maintaining organisational preparedness via emergency and business continuity planning as well as robust risk assessments.
Resumption of Covid-19 command and control processes and procedures if required.
Liaison with partners and the Surrey Local Resilience Forum.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">Operating within the confines of, and responding to, Covid-19 has now become ‘business as usual’ for the Council. Ongoing disruption is expected and continues to be proactively planned for.
The emergence of the Omicron variant during Q3 2021/22 resulted in the government invoking its Plan B measures to help prevent the NHS from coming under unsustainable pressure. These measures included asking people to work from home wherever possible. The Council was well prepared for this, and so despite the new variant the Council’s services have continued to operate as usual.
During 2021/22 several plans integral to the Council’s preparedness and response to the pandemic have been updated, including the: Pandemic Plan; Emergency Plan and Surge Testing Plan. Service business continuity plans continue to be reviewed and kept up to date as appropriate.
The Council continues to engage with partners in Surrey, including at the Local Resilience Forum and other districts and boroughs. Learning from partners continues to assist preparedness activities.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">Possible</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td colspan="2">Moderate</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">27 January 2022</td></tr>
</table>

SR2	Financial sustainability		RED
Description	In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty. 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. 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. The ongoing financial settlement with the Government also remains uncertain. 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.		
Owner	**Portfolio Holder**	Cllr Schofield	
	Officers	Pat Main	
Controls	The Council will continue to ensure that strong financial management arrangements are in place and will continue to invest in skills and expertise to support the delivery of the Council's financial and commercial objectives while managing risks. The Medium-Term Financial Plan (MTFP) sets out the forecast budget challenges over the coming five years and forms the basis for service and financial planning, while the Capital Investment Strategy provides an overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of Council services and how associated risk is managed. The Financial Sustainability Plan is the mechanism used to identify the actions required to address Medium Term Financial Plan budget pressures and ensure they are delivered. The annual budget sets out the budget allocations for the current year and confirms officer accountability for ensuring that expenditure and income are managed within limits approved by Members. In-year budget monitoring reports confirm compliance with these limits and report any action required to manage budget variances. The Treasury Management Strategy helps ensure that investments achieve target returns within approved security and liquidity limits and that borrowing to fund the Capital Programme is affordable. Creation and implementation of the Council's commercial strategy.		
Mitigating actions/progress	The COVID-19 pandemic resulted in material new financial risks, both in the previous and current financial years and over the medium term. The main area of ongoing concern remains the failure of income receipts to return to pre-COVID levels, particularly in relation to parking fees. There is also a risk that increased costs for goods, materials and labour, coupled with supply chain disruption, may impact on our ability to deliver and thereby secure income from development projects.		

<table>
<tr><th colspan="2">SR2</th><th colspan="3">Financial sustainability</th><th>RED</th></tr>
<tr><td colspan="2"></td><td colspan="4">The specific outcomes of the Government’s planned Fair Funding Review and Business Rates Reset continue to remain unknown; however, they are expected to result in significantly reduced funding.

The Council’s Medium-Term Financial Plan, approved by the Executive in July 2021, sets out the forecast budget challenge over the coming five years and forms the basis for service and financial planning for 2022/23 onwards. Budget setting for 2022/23 is now complete and budget proposals are scheduled to be approved in February 2022.

The Council’s Capital Investment Strategy was approved by the Executive in July 2021. Capital Programme proposals for 2022/23 were scheduled to be approved in February 2022.

Last year the Council adopted Part 1 of its Commercial Strategy and adopted Part 2 in Q3 2021/22. The Commercial Strategy sets out the overarching direction and parameters for the Council’s commercial activity, including guiding principles and the categories of commercial activity that the Council will focus on.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td>More than likely</td><td rowspan="2">Direction of travel</td><td rowspan="2" colspan="2">-</td></tr>
<tr><td>Impact</td><td>Significant</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">31 January 2022</td></tr>
</table>

<table>
<tr><th colspan="2">SR3</th><th colspan="3">Local government reorganisation</th><th>AMBER</th></tr>
<tr><td colspan="2">Description</td><td colspan="4">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.

The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Brunt</td></tr>
<tr><td>Officers</td><td colspan="3">Mari Roberts-Wood</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">Close working with neighbouring and partner authorities to develop alternative proposals for the future of local government in Surrey.

Lobbying central government where appropriate and necessary.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">Earlier in the year the government confirmed that it will not be pursuing a mandatory, top-down reorganisation of local government.

A government White Paper on devolution and 'levelling up', expected in autumn 2021, is now expected in early 2022.

It is anticipated that the White Paper will include proposals for 'county deals', a bespoke devolution of powers to county councils. Earlier in the year Surrey County Council submitted an expression of interest to the government to be a pilot area for the latter and are understood to be developing a proposal for this.

The Council will continue to seek to proactively influence the debate and proposals on the future structure of local government within Surrey.

[Note: in February 2022 – and outside of the Q3 reporting period – the government published its White Paper on Levelling Up. The White Paper provides details on the government's objectives on Levelling Up as well as details of a new devolution framework. Some county areas have been invited by the government to submit a proposal for accessing county deals. Surrey was not one such area. The Council will consider the detail of the White Paper and respond accordingly.]</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">Possible</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td colspan="2">Significant</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">27 January 2022</td></tr>
</table>

<table>
<tr><th>SR4</th><th colspan="3">Organisational capacity and culture</th><th>AMBER</th></tr>
<tr><td>Description</td><td colspan="4">The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.

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.

The Council will continue to be ambitious and new ways of working will need to be embraced by both members and officers for objectives to be achieved. Key to this is ensuring that staff welfare and wellbeing is maintained, particularly in the challenging circumstances caused by the pandemic.

The failure to remain ambitious and adapt to the ongoing challenges of the pandemic will risk the delivery of corporate objectives.</td></tr>
<tr><td rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Lewanski</td></tr>
<tr><td>Officers</td><td colspan="3">Mari Roberts-Wood and Kate Brown</td></tr>
<tr><td>Controls</td><td colspan="4">The creation and implementation of an Organisational Development strategy.

Development of an embedded Workforce Planning approach for the Council, with service and financial planning to appropriately resource the Council’s staffing requirements.

Recruitment, training and development.

Ongoing consultation and engagement with staff.

Succession planning.</td></tr>
<tr><td>Mitigating actions/progress</td><td colspan="4">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.

The Council is continuing to work differently due to the effects of the Covid-19 pandemic. Projects related to future ways of working, including ‘hybrid working’, are being taken forward by the Organisation Board.

A proposal for the future structure of the senior Management Team was presented to the Employment Committee in November 2021. The Committee accepted the report’s recommendations and implementation has commenced.

HR continue to proactively address staff wellbeing issues. A wider, strategic piece on staff welfare is continuing.

Staff are continuing to be encouraged to take annual leave, especially in teams where significant annual leave balances have accumulated during the pandemic.

HR continues to promote training and development opportunities for staff.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td>Possible</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td>Significant</td></tr>
<tr><td>Status</td><td colspan="4">Treat</td></tr>
<tr><td>Last update</td><td colspan="4">24 January 2022</td></tr>
</table>

<table>
<tr><th colspan="2">SR5</th><th colspan="3">Economic prosperity</th><th>RED</th></tr>
<tr><td colspan="2">Description</td><td colspan="4">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.

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.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllrs Humphreys and Schofield</td></tr>
<tr><td>Officers</td><td colspan="3">Luci Mould, Mari Roberts-Wood, Pat Main and Simon Bland.</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">The UK economy is outside the control and influence of the Council. However, the Council is able to provide support to residents and businesses, both through direct service delivery and the disbursement of grants and other sources of funding.

Our Business Engagement Team provides a range of support, advice and networking opportunities for local businesses, allowing the Council to receive feedback on economic performance and conditions.

Controls relating to the Council’s financial position are summarised in SR2.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">Following encouraging economic growth earlier in the year, Q3 saw the emergence of the Omicron variant of Covid-19. This, coupled with the introduction of the government’s Plan B measures to control it, had a dampening effect on the economy, with adverse effects on the retail, hospitality and leisure sectors. Following increasing inflation as recovery from the pandemic gathers pace, consumer prices are rising which could, in turn, result in further negative economic impacts. An example of the effects of the current negative outlook is that Council Tax and NNDR collection is under target, though in both instances a plan is in place to increase collection levels come the end of the financial year.

During Q3 two new support measures were introduced by the government: (i) the Omicron Hospitality and Leisure Grant and, (ii) the Additional Restrictions Grant. The Council administered these grants on behalf of the government to support eligible businesses.

The ‘R&B Works’ project continues to highlight local employment opportunities for residents.

Following the cessation of the government’s Jobs Retention Scheme (furlough) earlier in the year, the Council has not seen a notable increase in resident unemployment or demand for Council services. This will be closely monitored in the coming quarters, particularly in the context of the rising cost of living.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">Almost certain</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td colspan="2">Significant</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat/Tolerate</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">10 January 2022</td></tr>
</table>

SR6	Reliance on the welfare system		AMBER
Description	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.		
Owner	**Portfolio Holder**	Cllr Neame	
	Officers	Mari Roberts-Wood, Duane Kirkland, Justine Chatfield and Richard Robinson	
Controls	Increased staffing to manage legislative and welfare/benefit changes. Investing in IT packages, improving processes and staff training. The operation of council owned emergency accommodation. Applying for government grants to fund additional support services. Joint working and close collaboration with partners. Increased staff resource through redeployment if required.		
Mitigating actions/progress	Despite challenging economic circumstances, we have not seen a significant increase in residents approaching the Council for support. As the economy has reopened following the ending of Covid-19 restrictions, unemployment in the borough has decreased and the number of residents claiming Universal Credit has remained stable, albeit slightly up compared to before March 2020. Earlier in the year the temporary uplift to universal credit ended. The impacts arising from this will be closely monitored, particularly in the context of the wider cost of living increases seen in areas such as fuel and energy price rises. The Council continues to apply for government grants to support homeless residents, or those at risk of homelessness. In Q3 a further £140k has been provided by the Department for Levelling Up, Housing and Communities to support private renters and to accommodate and offer vaccinations for rough sleepers. Earlier in the year the Council was part of a successful cross-Surrey bid for an application to the government's Changing Futures Fund. The programme aims to improve outcomes for adults experiencing multiple disadvantage, including combinations of homelessness, substance misuse, mental health issues, domestic abuse and contact with the criminal justice system. The bid was awarded £2.8 million to be spent in Surrey over a three-year period. The trends of increased complex homelessness cases and the increase in larger households placed into temporary emergency accommodation continues. However, the Council's Housing team is continuing to work successfully in preventing and relieving homelessness in the borough. Within the borough there is a lack of affordable move on homes for larger households, both in the social and private rented sector. This has resulted in an increase in emergency temporary accommodation spend. This is being closely monitored and options are being considered to mitigate the impacts of this. Following an increase during the height of the Covid-19 pandemic, the Council's Money Support service has seen referrals return to more 'normal' pre-pandemic levels. It is possible, however, that following the end of the Jobs Retention Scheme, Universal Credit uplift and the increase in the cost of living, there may be an increase in referrals. Additional resourcing has been identified to support the service if necessary. In addition to our own service, the Council also		

SR6		Reliance on the welfare system		AMBER
		facilitates closer collaboration between the various other money and debt advice services operating in the borough. The Council continues to provide a scaled back Covid-19 welfare offer to residents. Consideration is continuing to be given to the provision of a pilot scheme to support residents with ongoing welfare needs and who do not meet the threshold of adult social care. The Council continues to closely liaise with voluntary sector partners and to participate in the Surrey wide fuel poverty group, which will look to reduce incidents of and support residents at risk of fuel poverty. The Council administers grants to eligible householders to help them insulate their homes. The Council also provides grants to local voluntary sector organisations to provide utilities top-ups to residents living in fuel poverty. The Council is supporting those affected by food poverty in the borough by facilitating food club initiatives. Food clubs support residents experiencing financial hardship with access to food and basic supplies. They can help provide a sustainable solution to food poverty and reduce the need to use emergency food banks. Last year the Council launched the East Surrey Work Local Youth Hub. The Hub supports young residents in receipt of Universal Credit through providing access to a wide range of coaching, mentoring and soft skills development opportunities, tailored to meet their career aspirations. In Q3 the Council was notified by the Department for Work and Pensions that funding for another twelve months has been agreed in principle. The Council continues to administer the government's household support fund. The fund supports vulnerable households across the country to help them with essentials as the country continues its recovery from the pandemic. Of the £500 million available nationally, approximately £750k has been made available for residents in Reigate and Banstead.		
Score	**Likelihood**	More than likely	**Direction of travel**	↓
	Impact	Moderate		
Status		Treat		
Last update		25 January 2022		

<table>
<tr><th colspan="2">SR7</th><th colspan="3">Cyber security</th><th>AMBER</th></tr>
<tr><td colspan="2">Description</td><td colspan="4">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.

More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.

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.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Lewanski</td></tr>
<tr><td>Officers</td><td colspan="3">Ann Slavin and Darren Wray</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">ICT has in-place several layers of defences protecting core data and systems from Internet and locally introduced threats. Including email scanning, internet browsing controls; device and server based anti-virus software and whole disk encryption for laptops.

Virus patterns are updated on a regular basis. Firewalls are placed at points on the network where external connections join the local network.

Creation and implementation of a new ICT strategy to further enhance the Council’s network resilience and cyber security capabilities.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">The ICT service has recently put in place a service level agreement (SLA) with the NCCGroup, which works on behalf of the Cabinet Office on heightening cyber security across local government. The SLA will provide support and instant access to their expertise in the event of a cyber security incident.

A proposal for significant enhancements to the Council’s cyber security and general ICT capabilities has been approved by the officer Organisation Board and Corporate Governance Group. These improvements will be delivered through the Council’s new ICT strategy, due to be presented to the Executive in March 2022 for approval. Assuming approval, implementation of the strategy will commence in Q1 2022/23.

In 2020/21 the Council’s internal auditors reviewed the Council’s cyber security capabilities. Implementation of two actions arising from the review are ongoing, the detail of which is reported to the Audit Committee as part of the quarterly internal audit progress report. It is expected, however, that one action relating to training will complete by the end of March 2022, with the other addressed as part of the future enhancements to the Council’s ICT capabilities.

ICT continues to report data security matters to the Senior Information Risk Officer (SIRO).

Staff are continuing to be kept informed of any specific threats and are continually reminded to be vigilant when opening email or browsing websites.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">Unlikely</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td colspan="2">Significant</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">17 January 2022</td></tr>
</table>

SR8	Fraud			AMBER
Description	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.			
Owner	**Portfolio Holder**	Cllr Schofield		
	Officers	Mari Roberts-Wood and Simon Rosser		
Controls	The Council maintains robust control measures to protect public funds from fraudulent activity. This includes the Counter Fraud, Corruption and Bribery Policy, Whistleblowing Policy and Prosecution Policies. The Council has a Fraud and Financial Investigations Team that are proactive and reactive. Investigations can be external and internal and cover all areas of corporate fraud. Staff induction also includes fraud awareness training, as well as awareness of established policies and procedures. Internal audit undertaking reviews into fraud risk areas.			
Mitigating actions/progress	The Council's internal auditors have audited systems and processes related to the new Covid-19 activity areas. Both reviews resulted in a 'substantial assurance' opinion, with no management actions recommended. A staff fraud awareness programme has been implemented, with training of the relevant teams taking place. With the end of the ban on bailiff evictions, there is an increased potential for fraudulent applications for joining the Council's housing register. This continues to be closely monitored and actioned where appropriate.			
Score	**Likelihood**	More than likely	**Direction of travel**	-
	Impact	Moderate		
Status	Treat			
Last update	12 January 2022			

SR9	Marketfield Way			AMBER
Description	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. 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.			
Owner	**Portfolio Holder**	Cllr Biggs		
	Officers	Luci Mould and Peter Boarder		
Controls	The terms within the building contract includes measures to minimise financial risks, including those related to COVID-19, to the Council. Similar protection provisions have been included in key contracts associated with the development to minimise risk. The main build contract with Vinci reduces financial risk by fixing outstanding costs. Regular meetings with the external development managers. The development managers provide a monthly report highlighting any risks and issues for management attention. Rigorous change management processes have been put into place. A flexibility-of-use methodology has been adopted for Marketfield Way's commercial units. Grant funding from the Local Enterprise Partnership.			
Mitigating actions/progress	A cinema operator for the scheme has now been selected, with an agreement for lease being entered into at the close of Q3 2021/22. In Q3 the Council has also exchanged on an agreement for lease with a major retailer. The Council has instructed a number of changes to the commercial units to enable flexibility in their letting, both now and in the future. The construction industry is currently experiencing a materials shortage. The Council's contractors are ensuring that materials are ordered well in advance and storing material both on and off site when required to avoid delays on site. A study into the development's market catchment has completed. In response, a planned rebranding of the development has commenced and is expected to conclude before the end of the financial year.			
Score	**Likelihood**	Possible	**Direction of travel**	-
	Impact	Significant		
Status	Treat			
Last update	17 January 2022			

<table>
<tr><th>SR10</th><th colspan="3">Gatwick Airport</th><th>AMBER</th></tr>
<tr><td>Description</td><td colspan="4">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.

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.

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.</td></tr>
<tr><td rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Humphreys</td></tr>
<tr><td>Officers</td><td colspan="3">Luci Mould and Simon Bland</td></tr>
<tr><td>Controls</td><td colspan="4">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.

However, where possible the Council will regularly liaise with relevant parties to understand any possible upcoming impacts, both in relation to the ongoing impacts of Covid-19 and expansion.</td></tr>
<tr><td>Mitigating actions/progress</td><td colspan="4">The situation at Gatwick continues to be monitored.

Despite expecting passenger growth in Q3, the emergence of the Omicron variant resulted in a reintroduction of travel restrictions, with a knock-on impact on the airport’s operations and a decrease in flights.

Some British Airways (BA) long-haul flights have recommenced from Gatwick, though short-haul flights largely continue to operate from Heathrow. However, BA has announced plans to resume short-haul flights from Gatwick in 2022 under a new short-haul standalone business, similar to that which operates from London City Airport.

As Covid-19 travel restrictions are lifted it is expected that Gatwick will return to pre-pandemic levels of flight movements, thereby resulting in an increase in economic activity at the airport.

Gatwick continues to pursue its plans for expansion. During Q3 the Council responded to a consultation in advance of the airport’s application for a development consent order, which is expected to be made towards the end of 2022.</td></tr>
<tr><td rowspan="2">Score — Likelihood</td><td colspan="2">Possible</td><td rowspan="2">Direction of travel</td><td rowspan="2">↓</td></tr>
<tr><td colspan="2">Impact: Moderate</td></tr>
<tr><td>Status</td><td colspan="4">Tolerate/Treat</td></tr>
<tr><td>Last update</td><td colspan="4">10 January 2022</td></tr>
</table>

<table>
<tr><th colspan="2">SR11</th><th colspan="3">Reform of the planning system</th><th>CLOSED</th></tr>
<tr><td colspan="2">Description</td><td colspan="4">Following the publication of the ‘Planning for the Future’ white paper, the government is consulting on changes to planning system.

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.

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%.

This change could therefore negatively impact delivery of affordable housing in the borough.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Biggs</td></tr>
<tr><td>Officers</td><td colspan="3">Luci Mould and Andrew Benson</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">Respond to the government’s consultation as it develops and as additional rounds of consultation are issued.

To continue to pursue the delivery of affordable housing as detailed in the Council’s housing strategy.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">In Q2 2020/21 the Council responded to the consultation by central government and lodged its opposition to the white paper’s proposals, principally in regard to the potential loss of affordable housing in the borough. The consultation closed on 29 October 2020.

In Q1 2021/22 the government confirmed that the plan to reduce the threshold for affordable homes from developments of 11 homes to 40 or 50 was being abandoned, meaning that medium sized developments will still be required to provide affordable housing.

With the plan to reduce the threshold for the provision of affordable homes dropped by the government, the impact of this risk has changed. As such, in Q1 2021/22 reporting this risk was closed, with a new strategic risk raised to reflect the current implications of the risk (see SR12).</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">N/A</td><td rowspan="2">Direction of travel</td><td rowspan="2">N/A</td></tr>
<tr><td>Impact</td><td colspan="2">N/A</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Risk closed</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">16 July 2021</td></tr>
</table>

<table>
<tr><td colspan="2">SR12</td><td colspan="3">Planning system reform</td><td>AMBER</td></tr>
<tr><td colspan="2">Description</td><td colspan="4">Following the publication of the ‘Planning for the Future’ White Paper, the government is considering changes to the planning system in England.

There is a risk that, if adopted in the form contained in the White Paper, these changes could result in a loss of local democratic control over planning matters.

Moreover, whilst the government have confirmed that they will not be increasing the threshold at which affordable housing is required from developments (which was included in the original consultation document), there is also a risk that the proposed changes could result in a reduction in the delivery of affordable housing in the borough.</td></tr>
<tr><td colspan="2" rowspan="2">Owner</td><td>Portfolio Holder</td><td colspan="3">Cllr Biggs</td></tr>
<tr><td>Officers</td><td colspan="3">Luci Mould and Andrew Benson</td></tr>
<tr><td colspan="2">Controls</td><td colspan="4">Respond to the government’s consultation as it develops and as additional rounds of consultation are issued.

To continue to pursue the delivery of affordable housing as detailed in the Council’s housing strategy.</td></tr>
<tr><td colspan="2">Mitigating actions/progress</td><td colspan="4">On 6 August 2020, the government published a consultation document on proposed changes to the planning system. The Council responded to this consultation and lodged its opposition to the proposals, principally regarding the potential loss of affordable housing in the borough.

The government’s response to the consultation was published in December 2020. This was followed up with second response in April 2021 which confirmed that a more immediate plan to reduce the threshold for affordable homes from developments of 11 homes to 40 or 50 was being abandoned.

As of the end of Q3 2021/22 there has been no further formal government announcement on the proposals for reforming the planning system.</td></tr>
<tr><td rowspan="2">Score</td><td>Likelihood</td><td colspan="2">Possible</td><td rowspan="2">Direction of travel</td><td rowspan="2">-</td></tr>
<tr><td>Impact</td><td colspan="2">Moderate</td></tr>
<tr><td colspan="2">Status</td><td colspan="4">Treat</td></tr>
<tr><td colspan="2">Last update</td><td colspan="4">28 January 2022</td></tr>
</table>

This page is intentionally left blank

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

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, Tuesday, 15 March 2022 Executive, Thursday 17 March 2022
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Strategic risks - 2022/23

RECOMMENDATIONS

That the Audit Committee:

(i) Note the identified strategic risks for 2022/23 as detailed in annex 1 and make any observations to the Executive.

That the Executive:

(ii) Approve the strategic risks for 2022/23 as detailed in annex 1.

REASONS FOR RECOMMENDATIONS

For appropriate risk management arrangements to be in place for 2022/23.

EXECUTIVE SUMMARY

This report identifies the Council's strategic risks for the 2022/23 financial year.

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. 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), and its ability to deliver against those.
7. Members of the Management Team and Executive Members have shared responsibility for strategic risks.
8. The Audit Committee's constitutional responsibilities regarding risk management require it to receive regular updates on the Council's risk management arrangements, including the identification of the Council's strategic risks for each financial year.
9. It is the responsibility of the Executive to formally endorse the strategic risks for each financial year.

KEY INFORMATION

Strategic risks 2022/23

10. The strategic risks for 2022/23 are available at annex 1.
11. The risks have been reviewed and updated to reflect the anticipated position as of 1 April 2022.
12. The key differences from the 2021/22 strategic risk register that are being recommended are as follows:
    - That the 2021/22 risk on 'Marketfield Way' (current risk reference SR9) is not carried over to 2022/23 due to good progress being made on site and in securing lettings, leaving the residual risk to be managed under business as usual. It is expected that this risk will be formally closed in Q4 reporting.
    - That the 2021/22 risk on 'Reliance on the welfare system' (current risk reference SR6) be combined with the 'Economic Prosperity) risk (current risk reference SR5) and therefore is not carried over to 2022/23. This is due to the close

alignment with the risk on economic prosperity, which already incorporates the impact of prevailing economic conditions on residents. Subject to this recommendation being agreed it is expected that the 'Reliance on the welfare system' risk will be formally closed in Q4 reporting.

- Updates to the risk on 'Local government reorganisation' (current risk reference SR3) to make reference to the government's recently published White Paper on Levelling Up.
- Updates to the 'Cyber security' risk (current risk reference SR7) making it broader in scope, factoring in general network resilience and capacity in addition to cyber security.
- Amendments to the 2021/22 'Gatwick Airport' (current risk reference SR10) risk to focus solely on the airport's expansion/intensification (rather than the impact of Covid on airport operations and local employment).
- New strategic risks on:
    i. Commercial investment (SR3 at annex 1).
    ii. 'Cost pressures affecting the viability of Council developments' (SR6 at annex 1).
    iii. Climate change (SR12 at annex 1).

13. Any new strategic risks identified as part of Q4 2021/22 reporting will also transfer over to the risk register for 2022/23.

OPTIONS

14. The Audit Committee has two options:
    - Option 1: note the strategic risks for 2022/23 and make no observations to the Executive
    - Option 2: note the strategic risks for 2022/23 and make any observations to the Executive.
15. The Executive has two options:
    - Option 1: approve the strategic risks for 2022/23. This is the recommended option.
    - Option 2: do not approve the strategic risks for 2022/23. 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 2022/23 financial year.

LEGAL IMPLICATIONS

16. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

17. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.

18. There are no additional financial implications arising from this report.
EQUALITIES IMPLICATIONS
19. There are no equalities implications arising from this report.
COMMUNICATION IMPLICATIONS
20. There are no communications implications arising from this report.
RISK MANAGEMENT CONSIDERATIONS
21. The Council's risk registers inform the development of the annual risk based internal audit plan. 22. The Council's approach to managing risk is a core component of the Code of Corporate Governance.
OTHER IMPLICATIONS
23. There are no other implications arising from this report.
CONSULTATION
24. The contents of this report have been considered by the Council's Corporate Governance Group.
POLICY FRAMEWORK
25. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.
BACKGROUND PAPERS
None.

Annex 1 – Strategic risks 2022/23

Ref.	Description	Portfolio Holder
SR1	**Covid-19 pandemic** The Council will continue to respond to the Covid-19 pandemic in supporting residents, businesses as well as partner voluntary and public sector organisations. However, the effects of, and the ongoing response to, the pandemic could result in significant disruption to the delivery of services and the wider achievement of corporate objectives.	Cllr Brunt
SR2	**Financial sustainability** The effects of the Covid-19 pandemic, coupled with current adverse macroeconomic conditions and the wider local government funding context, have created conditions of unprecedented financial uncertainty and challenge for the Council. The Council is therefore increasingly reliant on generating additional income and identifying savings and efficiencies from existing budgets. If not mitigated, these financial challenges risk an adverse impact on the Council's ability to deliver its Corporate Plan objectives.	Cllr Schofield
SR3	**Commercial investment** The generation of income from commercial investment is key to the Council's financial sustainability. Following several high-profile commercial investment failures by local authorities, the ability to invest for a commercial purpose is being further restricted by changes in legislation, regulations and codes of practice. Moreover, investing for commercial purposes – either in assets or in trading services – is not without risk due to market fluctuations and factors outside of the Council's control. The risks associated with commercial investment range from the non-achievement of budgeted income to significant capital and revenue losses, as well as governance, legal and reputational issues.	Cllrs Archer and Schofield
SR4	**Economic prosperity** 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 – including on sectors particularly impacted by restrictions – the effects of these will continue to be felt for some time. 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 which could result in cost pressures on the Council. The risk of the latter is exacerbated by household budgets being stretched by current high levels of inflation and rising consumer prices.	Cllrs Humphreys, Neame, Ashford and Sachdeva
SR5	**Organisational capacity and culture** The Covid-19 pandemic has had a significant impact on the Council, with additional demands and challenges arising alongside the need to continue to deliver on corporate objectives. The pandemic has also drastically changed the way the Council operates, the context within which it does so, with a resultant shift in the organisational culture and ways of working.	Cllr Lewanski

Ref.	Description	Portfolio Holder
	As we increasingly move into recovery, these factors underscore the importance of the Council prioritising its activities and being sustainably and efficiently resourced to meet the challenges ahead. In this new context, the embedding of a robust and resilient organisational culture that successfully supports officers and members and makes the Council an attractive place to work is similarly key. The failure to do will risk the delivery of the Council's objectives.	
SR6	**Cost pressures affecting the viability of Council developments** The UK construction sector has seen an increase in building material and labour costs arising from global supply chain disruption and inflationary pressures. This disruption and increase in costs may impact the Council's ability to deliver economically viable development projects. The effects of this are multifaceted but could result in negative financial implications as well as jeopardising the delivery of strategic corporate objectives.	Cllr Biggs
SR7	**Local government reorganisation, devolution and Levelling Up** 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 and 'Levelling Up' agenda. The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.	Cllr Brunt
SR8	**ICT network capacity and resilience** The Covid-19 pandemic has sparked a significant shift in the way that the Council works, with increasing demands placed on technology and the underlying supporting ICT infrastructure. As the reliance and demands placed upon technology continues to increase, there is a risk of significant disruption to service delivery in the event of network disruption and/or outage, particularly following a cyber-attack. It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities to manage this risk and maintain the delivery of services.	Cllr Lewanski
SR9	**Fraud** Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The risk of the latter is exacerbated by the new areas of activity as part of the Council's ongoing response to the Covid-19 pandemic.	Cllr Schofield
SR10	**Gatwick Airport** Despite the impact of the Covid-19 pandemic on international travel, Gatwick Airport is continuing to pursue its plans for expansion. Whilst the airport is a key local employer and its operations and supply chains have a significant bearing on the borough's economy, its expansion risks local environmental and infrastructural issues if not appropriately planned and managed.	Cllr Biggs
SR11	**Planning system reform** The government is considering changes to the planning system in England. There is a risk that, if adopted in the form contained in the consultation White Paper, these changes could result in a loss of local democratic control over planning matters. Although the government have confirmed that they will not be increasing the threshold at which affordable housing is required from developments (which was	Cllr Biggs

Ref.	Description	Portfolio Holder
	included in a past consultation document), there is a risk that the other proposed changes, if adopted into national policy, could result in a reduction in the delivery of affordable housing in the borough.	
SR12	**Climate change** It is widely recognised that the Earth's climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted. In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.	Cllr Lewanski

This page is intentionally left blank

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

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 and Scrutiny Committee, Thursday 17 March 2022 Executive - Thursday 24 March 2022 Council – Thursday 7 April 2022
DATE	Thursday 17 March 2022
LEAD MEMBER	Chair of Overview and Scrutiny Committee

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Overview and Scrutiny Committee: Proposed Work Programme 2022/23

RECOMMENDATIONS

(i) That the proposed Work Programme for 2022/23 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 2022/23 Municipal Year.

EXECUTIVE SUMMARY

The Overview and Scrutiny Committee proposed annual Work Programme 2022/23 sets out a programme of activity that is in line with the Council's priorities. The Work Programme for the coming year is considered and agreed by the Overview and Scrutiny Committee for consultation with the Executive.

Following consultation with the Executive and further consultation with the Leader, the Work Programme is submitted for approval by the Council so that it can be agreed before the start of the next Municipal Year.

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 2022/23 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 Commercial Strategy and Housing Delivery 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 2021/22** – The Committee is anticipated to complete its work programme in 2021/22, with no matters to roll forward.

11. **Portfolio Holder Objectives** – The Committee has continued to work closely with Executive Members during 2021/22 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 2022/23.

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 2022/23.

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 2022/23:

    - Quarterly Revenue and Capital budget monitoring forecasts
    - Quarterly Service Performance Management Monitoring
    - Corporate Plan performance (annual basis).

14. **Panels for 2022/23** – In addition to the annual Budget Scrutiny Panel, the Local Plan Scrutiny Panel will meet, if required.

15. **Budget Scrutiny Panel** – The Committee has established an annual Budget Scrutiny Panel. . The Budget Scrutiny Review Panel held one meeting in 2021/22 (1 December 2021) and reviewed the Service and Financial Planning 2022/23 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 2022/23 be based on considering the Provisional Budget proposals for 2023/24 (including any updated assumptions within the Medium Term Financial Plan, appropriate revenue projections and a progress report on the Capital Programme projections).

17. **Local Plan Scrutiny Review Panel** – The Local Plan Scrutiny Review Panel met once in 2020/21, to consider the public consultation responses to the draft Supplementary Planning Document on Sustainable Construction. The Council is not currently preparing an update to the Core Strategy or new Local Plan but will need to look at the Horley Business Park Supplementary Planning Document (SPD) at a Local Plan Scrutiny Review Panel.

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 2022/23 to consider a range of external challenges with partner organisations, including Banstead Commons Conservators.

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 2021/22 the Committee invited the Portfolio Holder for Community Partnerships, along with representatives of the Police and Community Safety Partnership to this meeting (on 24 February 2022) 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 2022/23.

21. **Council Corporate Scrutiny** – the 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 2021/22, updates on Council-owned companies were considered by the Committee bi-annually. An update was considered by the Committee in October 2021, and another was considered at its meeting on 17 March 2022.

23. **Call-Ins** – The Committee would also consider matters that have been called in for review. There were no Call-Ins of Executive decision in 2021/22.

OPTIONS

24. The Executive has the option to support the proposed Overview and Scrutiny Work Programme 2022/23 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 2022/23 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;
- 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 O&S Annual Forward Work Programme 2022/23.

Overview and Scrutiny Committee

Annex 1 - Proposed Annual Forward Work Programme 2022/23

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 and update in January 2023)
Performance Management Monitoring: • Quarterly Revenue and Capital Budget monitoring forecasts (includes Financial Sustainability Plan update) • Quarterly Service Performance Management Monitoring (KPIs) • Reigate and Banstead 2020-25 (Corporate Plan) – Performance Report 2021/22	Quarterly 16 June – Q4 2021/22 8 Sept - Q1 2022/23 8 Dec - Q2 2022/23 2023 16 March – Q3 2022/23 15 June– Q4 2022/23 1 meeting – June or July
Leader's Update	Twice yearly
Portfolio Holder updates: • 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 13 Oct /19 Jan/16 March 2022
Companies Performance Updates	Twice yearly (partial Exempt)

Environmental Sustainability Strategy update	Annually (Autumn)
Commercial Strategy update	Annually (Winter)
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 2022/23

Budget Scrutiny Review Panel	30 November 2022
Local Plan Scrutiny Panel – Horley Business Park SPD	Date tbc

Member Suggestions – additional scrutiny topics - Overview and Scrutiny Committee 2022/23

Work of the Banstead Common Conservators.
Review of how greenspaces across the Borough are managed, such as the SSSI on Reigate Heath.
Work of Raven Housing Trust

O&S Meeting dates 2022/23

Seven O&S Committee meetings a year (plus 1 - Annual Community Safety Partnership Scrutiny) and Budget Scrutiny Panel, and Local Plan Scrutiny Panel (if required).

16 June (Election of Chair/Vice-Chair), 14 July, 8 Sept, 13 Oct, 30 Nov (Budget Scrutiny), 8 Dec, 19 Jan 2023, (23 Feb 2023 - Annual Community Safety Partnership), 16 March 2023

(As at 23 February 2022)

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

SIGNED OFF BY	Interim Head of Finance
AUTHOR	Pat Main
TELEPHONE	Tel: 01737 276063
EMAIL	pat.main@reigate-banstead.gov.uk
TO	Audit Committee Executive Council
DATE	Tuesday 15 March 2022 Thursday 24 March 2022 Thursday 7 April 2022
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance and Governance

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Treasury Management Strategy Statement 2022/2023

RECOMMENDATIONS

Audit Committee:

i) Audit Committee is asked to consider and to provide feedback on the following which are to be finalised and submitted for approval by the Executive on 24 March 2022 and Council on 7 April 2022:

- **The Treasury Management Strategy Statement for 2022/23 as set out in this report; and**
- **The Treasury Management Prudential Indicators for 2022/23 as set out in this report**

Executive:

ii) Executive is asked to consider the following:

- **The Treasury Management Strategy Statement for 2022/23 set out in this report; and**
- **The Treasury Management Prudential Indicators for 2022/23 as set out in this report**

and recommend their approval by Council.

Council:

iii) Council is asked to approve the following for 2022/23:

- **The Treasury Management Strategy Statement for 2022/23 set out in this report; and**
- **The Treasury Management Prudential Indicators for 2022/23 as set out in this report.**

REASONS FOR RECOMMENDATIONS

To enable the adoption of the updated Treasury Management Strategy Statement for the 2022/23 financial year in order to comply with the Chartered Institute of Public Finance Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities. Also with Government (DLUHC) Investment Guidance.

EXECUTIVE SUMMARY

This report sets out the Treasury Management Strategy Statement for 2022/23 including the Treasury Management Indicators, Prudential Indicators and the Minimum Revenue Provision Policy.

CIPFA published new versions of their Codes in December 2021 and this report explains the consequent changes when implemented in 2023/24.

There is also a requirement to comply with guidance issued by the Government in respect of Local Authority Investments and the Minimum Revenue Provision for repayment of debt.

In November 2021 the Government published a consultation document on proposed changes to the capital framework relating to how the Minimum Revenue Provision is calculated. This report highlights the potential impacts of the proposed changes if they go ahead in 2023/24.

Council has authority to approve the Treasury Management Strategy Statement, Prudential Indicators, Minimum Revenue Provision Policy and Borrowing Limits.

STATUTORY POWERS

1. The Council is required to approve an annual Treasury Management Strategy Statement, Prudential Indicators, Minimum Revenue Provision Policy 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 guidance.

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, the Prudential Code for Capital Finance in Local Authorities, and the Government's (DLUHC) Investment Guidance.

BACKGROUND

4. The Council is required to approve an annual Treasury Management Strategy Statement ('the Strategy'), Prudential Indicators, Minimum Revenue Provision Policy and Borrowing Limits so that borrowing and investments are prudent, affordable and sustainable.

5. The Treasury Management Strategy for 2022/23 is attached at Annex 1.

6. The Strategy has been prepared in line with the CIPFA Codes and Government guidance. It comprises four sections plus appendices:
   1. Introduction
   2. Capital Prudential Indicators
   3. Borrowing
   4. Investment
   5. Appendices.

7. The Strategy has the following objectives:
   - To consider and effectively address the risks associated with Treasury Management activity;
   - To optimise the flow of cash through the organisation in order to maximise the potential for using it to earn investment income for the Council, and where required limit the borrowing costs;
   - To optimise the returns from investments while meeting the overriding need to protect the capital sum and ensure that the cash is available when required;
   - To align investments in relation to cash flow, within statutory constraints, in order to increase investment returns in future years;
   - To optimise the revenue budget costs of undertaking all treasury activities;
   - To monitor and review significant changes in the pattern of cash movements and interest rate movements and react accordingly; and
   - To incorporate any changes to CIPFA's Treasury Management Code of Practice and the Prudential Code that will affect effective treasury management.

KEY INFORMATION

Capital Investment Strategy and Capital Programme

8. The capital expenditure plans set out in this report are based on the Capital Programme 2022/23 to 2026/27 that was approved by Executive on 27 January and by full Council on 8 February 2022. The Capital Programme is supported by the Capital Investment Strategy that was approved by Executive in July 2021.

Prudential Indicators

9. The statutory Prudential Indicators provide a sound basis for future investment and borrowing decisions. A summary of the key indicators is provided in the table below and they are explained in the Treasury Management Strategy at Annex 1.

Table 1: PRUDENTIAL INDICATORS	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**
Capital Expenditure	£26.124m	£34.053m	£4.161m	£4.162m
Capital Financing Requirement (CFR)	£62.874m	£68.236m	£70.412m	£72.549m
Cumulative External Debt	£37.000m	£44.000m	£49.000m	£51.000m
Operational Boundary for External Debt	£63.500m	£69.000m	£71.000m	£73.500m
Authorised Limit for External Debt	£73.500m	£79.000m	£81.000m	£83.500m
Affordability – Gross Cost of Borrowing as a % of the Net Budget Requirement	7.9%	8.9%	9.1%	9.2%
Affordability – Net Cost of Borrowing as a % of the Net Budget Requirement	0.9%	3.8%	4.2%	4.4%
Principal sums invested for longer than 365 days (Upper Limit)	£20m	£20m	£20m	£20m
Current investments as at 31.12.21 in excess of 365 days maturing in each year	£nil			
Maturity Structure of Borrowing 2022/23 – Upper Limit	100%			
Maturity Structure of Borrowing 2022/23 – Lower Limit	100%			

Revisions to the CIPFA Codes

10. CIPFA published revised Prudential and Treasury Management Codes on 20th December 2021. The formal reporting requirements of the revised Codes will be implemented in 2023/24.

11. When implemented the revised Treasury Management Code will require investments and investment income to be attributed to one of three purposes:

(i) Treasury management
- Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

(ii) Service delivery
- Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in

cases where the income is '…*either related to the financial viability of the project in question or otherwise incidental to the primary purpose…'*

(iii) Commercial return

- Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

12. The authority's Treasury Investment Strategy will be required to include:
    - Classification of investments for service or commercial purposes:
    - The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
    - An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (ie. whether losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
    - Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
    - Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
    - Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the overall strategy);
    - Statement of compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.

13. The revised Treasury Management code also requires authorities to comply with the following in 2023/24 onwards:
    - Adopting a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
    - Long term treasury investments, (including pooled funds), to be classed as commercial investments unless justified by a cash flow business case;
    - Some pooled funds (longer term instruments, including those with no fixed maturity date) to be included in the indicator for principal sums maturing in years beyond the initial budget year;
    - Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the

size and complexity of the treasury management conducted by each council;
- Quarterly performance reporting to Members (as part of integrated revenue, capital and balance sheet reports), to include prudential indicators; and
- Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices.

14. The main requirements of the revised Prudential Code relating to service and commercial investments are:
    - The risks associated with service and commercial investments should be proportionate to their financial capacity – losses to be absorbed in budgets or reserves without unmanageable detriment to local services;
    - An authority must not borrow to invest for the primary purpose of commercial return. It is not prudent for local authorities to make any investment or spending decision that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority (where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose);
    - An annual review is to be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
    - A new Prudential Indicator is being introduced for the net income from commercial and service investments as a proportion of the net revenue stream; and
    - A new requirement for Investment Management Practices which set out how the Council will manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

15. Local authorities were already at an advanced stage with 2022/23 budget setting, including the preparation of their Treasury Management Strategy Statements, when these changes were announced. Therefore CIPFA has acknowledged that they view 2022/23 as a transitional year to embed these new requirements and has stated that there will be a 'soft' introduction of the revised Codes, with local authorities not being expected to have to change their Treasury Management reports for 2022/23; full implementation will be required for 2023/24.

16. The underlying principles, including that an authority must not borrow to invest primarily for financial return, do however apply with immediate effect, and align with the Government's changes to PWLB borrowing terms in 2020.

Proposed Minimum Revenue Provision Changes

17. In November 2021 DLUHC issued a consultation on changes to how the Minimum Revenue Provision (MRP) calculation will be applied in 2023/24 onwards. The consultation covers two main areas:
    - Some authorities use capital receipts in lieu of all or part of the revenue charge for the MRP; and

- Some authorities exclude investment assets from the MRP determination.

The Government's view is that both practices should not be permitted.

18. If implemented the implications for this authority relate to the Council's investment in Greensand Holdings Limited where MRP is not currently provided because the lending to the company is secured on the company's property assets. The authority does however make an assessment in its annual accounts of the risks of non-payment and reduced (impairs) the asset value of the loans.

Environmental, Social and Governance (ESG) Considerations

19. The revised Treasury Management Code now includes specific reference to ESG considerations relating to credit and counterparty risk management: '*…The organisation's credit and counterparty policies should set out its policy and practices relating to ESG investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will include ESG scoring or other real-time ESG criteria at individual investment level…*'

20. CIPFA has indicated that they will be working with the local authority sector during 2022/23 to develop an ESG scoring methodology for treasury management investments. In the meantime CIPFA expect local authorities to have a general regard to their own existing policies for ESG issues, such as climate change, for investment decisions.

21. At this stage, to attempt to overlay this Council's Treasury Management Strategy and policies with ESG considerations which are not supported by tangible or measurable factors could lead to difficulties in making and managing treasury investment decisions. As such ESG considerations are not yet included within the investment criteria outlined in the Strategy attached.

OPTIONS

22. There are the three options:

(i) For Audit Committee:

Option 1 – Receive the report and provide any feedback for consideration by Executive
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
DLUHC Investment Guidance requires approval of the Treasury Management Strategy Statement prior to the financial year to which it relates.

Option 3 – To reject the report
This would also lead to delays in approving the Treasury Management Strategy Statement by the deadline.

(ii) For Executive and Council:

Option 1 – Approve the 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
DLUHC Investment Guidance requires approval of the Treasury Management Strategy Statement prior to the financial year to which it relates.

Option 3 – To reject the report
This would also lead to delays in approving the Treasury Management Strategy Statement by the deadline.

23. Delays in approving the Treasury Management Strategy Statement by the deadline would mean there is a risk that Officers will not have authority to undertake treasury management activities, which may result in minimal returns on investments and prevent borrowing to fund planned capital investment. It would also mean that the Council is not compliant with DLUHC statutory guidance and the CIPFA Codes of Practice, which is likely to result in criticism from the Council's auditor.

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

25. The financial impacts of this Strategy have already been reflected within the Council's approved 2022/23 Budget. There are therefore no additional financial implications that arise from this report.

EQUALITIES IMPLICATIONS

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

COMMUNICATION IMPLICATIONS

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

RISK MANAGEMENT CONSIDERATIONS

28. These are detailed in Annex 1.

CONSULTATION

29. The Treasury Management Strategy Statement will be reviewed by the Audit Committee on 15 March 2022.

30. The Finance Portfolioholder, the Chair of Overview & Scrutiny and Audit Committee Members also had an opportunity to discuss the Council's approach to treasury management at a briefing with the Council's treasury advisors Link Group and the Council's Finance team in March 2022.

31. Audit Committee's feedback will be considered when preparing the final Treasury Management Strategy Statement that is scheduled to be reported to Executive on 24 March 2022 and Council on 7 April 2022.

POLICY FRAMEWORK

32. 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 in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ('the Code')
- CIPFA Treasury Management Guidance Notes 2018 and 2021
- DLUHC Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities (2021) (Prudential Code)
- CIPFA Prudential Code for Capital Finance in Local Authorities (2021) Guidance Notes
- DLUHC Consultation on changes to the capital framework - Minimum Revenue Provision (November 2021)
- Budget and Capital Programme 2022/23, report to Executive, 27 January 2022

This page is intentionally left blank

TREASURY MANAGEMENT STRATEGY STATEMENT

Minimum Revenue Provision Policy Statement
Annual Treasury Investment Strategy
January 2022

INDEX

1. INTRODUCTION

1.1 Background

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."

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.

The second main function of treasury management is 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.

The contribution that treasury management makes to the authority's financial health 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.

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.

Objectives: the Treasury Management Strategy has the following objectives:

- To consider and effectively address the risks associated with Treasury Management activity;
- To optimise the flow of cash through the organisation in order to maximise the potential for using it to earn investment income for the Council, and where required limit the borrowing costs for the Authority;
- To optimise the returns from investments while meeting the overriding need to protect the capital sum and ensure that the cash is available when the Council requires it;

- To align investments in relation to cash flow, within statutory constraints, in order to increase investment returns in future years;
- To optimise the revenue costs of undertaking all treasury activities;
- To monitor and review significant changes in the pattern of cash movements and interest rate movements and react accordingly; and
- To incorporate any changes to the Treasury Management Code of Practice and the Prudential Code that will affect effective treasury management.

1.2 Reporting Requirements

Capital Investment Strategy: The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare, a Capital Investment Strategy, which provide 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

The aim of the Capital Investment Strategy is to ensure that all elected Members on the Council fully understand the overall long-term policy objectives and resulting Capital Investment Strategy requirements, governance procedures and risk appetite.

The 2022/23 Capital Investment Strategy was reported to Executive in July 2021; the next update is due to be reported in summer 2022.

Treasury Management Reporting: 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.

(i) Treasury Management Strategy and Prudential Indicators (this report) - the first, and most important, report is forward-looking and covers:
   - Capital Plans including the Prudential Indicators and the Capital Financing Requirement (CFR);
   - the Minimum Revenue Provision (MRP) Policy, demonstrating how residual capital expenditure is charged to revenue over time; and
   - the Treasury Investment Strategy, describing the parameters for how investments are to be managed.

(ii) 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.

(iii) Annual Treasury Outturn 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.

1.3 Scrutiny

All Treasury Management reports must be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.4 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

(i) Capital Issues
- the capital expenditure plans and the associated prudential indicators; and
- the MRP policy.

(ii) Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.5 Treasury Management Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. A briefing for members was conducted with the Council’s Treasury Advisors (LINK Group) in March 2022 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed. They take up opportunities to attend training courses and are expected to meet their Continued Professional Development (CPD) requirement.

1.6 Treasury Management Consultants

The authority employs LINK Group, as its external treasury management advisors.

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.

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.

2. CAPITAL PRUDENTIAL INDICATORS

The Council's capital expenditure plans are the key driver of treasury management activity. 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.

2.1 Capital Expenditure Plans

The first **Prudential Indicator** is a summary of the authority's capital expenditure plans which are the key driver of treasury management activity.

The following capital expenditure forecasts were included in the Budget 2022/23 budget report to Executive on 27 January 2022 and Members are asked to approve the capital expenditure forecasts:

Table 1: CAPITAL EXPENDITURE TO BE FINANCED	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Actual £m	**Estimate £m**	**Estimate £m**	**Estimate £m**	**Estimate £m**
People Services	8.333	5.523	11.875	1.425	1.425
Place Services	15.887	20.039	16.742	0.874	0.991
Organisation Services	1.541	0.562	5.436	1.862	1.746
Total	**25.761**	**26.124**	**34.053**	**4.161**	**4.162**

The Council does not currently have any planned Capital Programme expenditure which is solely for investment purposes.

Other Long-Term Liabilities: the introduction of IFRS16 may change some of the Prudential Indicators due to additional lease liabilities being recognised on the balance sheet. CIPFA is currently consulting on options for delaying implementation of IFRS16 to 2023/24.

Capital Financing: the table below summarises the above capital expenditure plans and how they are to be financed through use of capital or revenue resources. Any shortfall of resources results in a borrowing requirement.

Table 2: CAPITAL FINANCING PLANS	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Actual £m	**Estimate £m**	**Estimate £m**	**Estimate £m**	**Estimate £m**
Capital Grants / Contributions	1.843	1.660	1.247	1.247	1.247
Capital Receipts	4.403	4.402	26.778	-	-
Revenue	-	-	-	-	-
Capital Reserves	-	7.000	-	-	-
External Funding	**6.246**	**13.062**	**28.025**	**1.247**	**1.247**
Net borrowing need - General Fund (Core)	19.515	13.062	6.028	2.914	2.915
Net financing need for the year	**19.515**	**13.062**	**6.028**	**2.914**	**2.915**

2.2 Borrowing Need (the Capital Financing Requirement)

The second **Prudential Indicator** is 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.

The CFR does not increase indefinitely, as the 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.

Council is recommended to approve the CFR projections below:

Table 3: MOVEMENT IN THE CAPITAL FINANCING REQUIREMENT	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Closing CFR	**50.326**	**62.874**	**68.236**	**70.412**	**72.549**
Movement in CFR	**19.221**	**12.548**	**5.362**	**2.176**	**2.137**
Movement in CFR represented by:					
Net financing need for the year (above)	19.515	13.062	6.028	2.914	2.915
Less MRP/VRP and other financing movements	(0.294)	(0.514)	(0.666)	(0.738)	(0.778)
Movement in CFR	**19.221**	**12.548**	**5.362**	**2.176**	**2.137**

2.3 Core Funds and Expected Investment Balances

Expected Investment Balances: 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 4: EXPECTED BALANCES TO INVEST OR FUND CAPITAL	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
General Fund Balance	3.246	3.000	3.000	3.000	3.000
Earmarked Reserves	36.044	33.767	30.000	30.000	30.000
Capital Receipts/Grants	15.698	15.698	15.000	15.000	15.000
Provisions	181	181	181	181	181

Table 4: EXPECTED BALANCES TO INVEST OR FUND CAPITAL	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Revenue Grants	-	-	-	-	-
Total Core funds - General Fund	**55.169**	**52.646**	**48.181**	**48.181**	**48.181**
Working Capital[1]	7.000	7.000	7.000	7.000	7.000
Under / (Over) Borrowing[2]	41.326	25.874	24.236	21.412	21.549
Expected Investments	**6.843**	**19.772**	**16.945**	**19.769**	**19.632**

1. Working capital balances shown are estimated year-end; these may be higher mid-year
2. This table has been prepared on the basis that the current level of under borrowing is sustained across the period.

2.4 Liability Benchmark

A new requirement under the Treasury Management Code 2021 is to publish a liability benchmark for a minimum of 10 years in chart format, with material differences between the liability benchmark and actual loans explained. This will be developed for inclusion in the 2023/24 Strategy.

2.5 Minimum Revenue Provision (MRP) Policy Statement

Local Authorities have a duty to *"determine for the current financial year an amount of MRP which it considers prudent".* In principle councils must arrange for debt liabilities to be repaid over a period commensurate with asset lives.

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).

DLUHC guidance 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.

Council is recommended to approve the following MRP Statement for 2022/23:

> 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 guidance 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:
>
> - Operational land and buildings - 50 years annuity method;
> - Investment Properties - 50 years annuity method;
> - General Fund Housing - 50 years annuity method;
> - Infrastructure - 50 years straight line method;
> - Plant and Equipment- 30 years straight line method;

- Investment in share capital – 20 years straight line method;
- ICT- 5 years straight line method; and
- Vehicles - 8 years straight line method.

MRP on Capital Loans and Share Capital: 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 authority has made loans to its companies (Greensand Holdings Limited and Horley Business Park Development LLP).

The CFR includes the value of the loans and investments (share capital). Funds repaid by the companies are classed as capital receipts and offset against the CFR.

A recently-published Government consultation document on MRP is proposing a requirement that MRP is set aside to repay the debt liability for this type of loan in the interim period. Depending on the outcome of the consultation the policy on MRP may have to be revised for 2023/24 if these proposals go ahead. They are not expected to be retrospective.

MRP Overpayments: DLUHC 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 2022 the cumulative voluntary overpayments by this authority were forecast to be £nil.

3. BORROWING

3.1 External Debt

Borrowing Strategy: the capital expenditure plans at Section 2 provide a summary of the service activity of the Council.

The treasury management function ensures that the authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to fund service activity and the Capital Investment Strategy. This will involve both the organisation of cash flows and, where capital plans require, the organisation of appropriate borrowing facilities. The Treasury Management Strategy covers the relevant treasury/prudential indicators, current and projected debt positions and the annual Treasury Investment Strategy.

3.2 Current Portfolio Position

The treasury management portfolio position at 31 March and at 31 December is set out below:

Table 5: INVESTMENT PORTFOLIO	Actual 31/03/2021 £m	%	Actual 31/12/2021 £m	%
Treasury Investments				
Cash at Bank	12.469	25.7%	22.559	42.1%
Building Societies - unrated	13.000	26.8%	10.000	18.7%
Building Societies - rated	-	-	-	-
Local Authorities	-	-	-	-
DMADF (HM Treasury)	-	-	-	-
Money Market Funds	23.000	47.5%	21.000	39.2%
Certificates of Deposit	-	-	-	-
Total Managed In-House	48.469	100%	53.559	100%
Bond Funds	-	-	-	-
Property Funds	-	-	-	-
Total Managed Externally	0	0%	0	0%
Total Treasury Investments	**48.469**	**100%**	**53.559**	**100%**
Treasury External Borrowing				
Local Authorities	9.000	100%	-	-
PWLB	-	-	-	-
Total External Borrowing	**9.000**	**100%**	**0**	**0%**
Net Treasury Investments / (Borrowing)	**39.469**	**-**	**53.559**	**-**

The total CFR at the table below is based upon the total approved capital programme expenditure as reported to Executive and Council as part of budget setting. The authority has no external borrowing at present.

The table below sets out the **Prudential Indicator** for gross debt compared to the underlying capital borrowing need (the CFR), highlighting any over- or under-borrowing. Borrowing is forecast based on the approved capital programme rather than the capital expenditure forecast and will be revised at the year-end in line with the actual expenditure outturn.

Table 6: CUMULATIVE EXTERNAL DEBT	**2020/21 Actual £m**	**2021/22 Estimate £m**	**2022/23 Estimate £m**	**2023/24 Estimate £m**	**2024/25 Estimate £m**
Debt at 1 April	14.000	9.000	37.000	44.000	49.000
Expected Change in Debt	(5.000)	28.000	7.000	5.000	2.000
Other Long-Term Liabilities	-	-	-	-	-
Expected Change in Other Long-Term Liabilities	-	-	-	-	-
Gross Debt at 31 March	**9.000**	**37.000**	**44.000**	**49.000**	**51.000**
The Capital Financing Requirement (CFR)	50.326	62.874	68.236	70.412	72.549
Under/ (Over) Borrowing	**41.326**	**25.874**	**24.236**	**21.412**	**21.549**

3.3 Treasury Indicators: Limits to Borrowing Activity

Within the range of prudential indicators there are a number of key indicators to ensure that the authority operates within well-defined limits.

One of these is that the authority 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 estimate for any additional CFR for the current and following two years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative reasons.

The Chief Financial Officer reports that the authority complied with this prudential indicator in the current year and does not envisage difficulties in future. This opinion takes into account current commitments, existing plans and the approved budget.

The Operational Boundary for External Debt: 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.

The recommended **Operational Boundary** is based on the forecast maximum CFR over the Capital Programme period 2022/23 to 2026/27 (details above) plus the forecast value of leases under IFRS16.

Council is recommended to approve the following Operational Boundary for 2022/23:

Table 7: OPERATIONAL BOUNDARY	**2021/22 Estimate £m**	**2022/23 Estimate £m**	**2023/24 Estimate £m**	**2024/25 Estimate £m**
Borrowing - General	63.000	68.500	70.500	73.000
Other long term liabilities	500	500	500	500
Operational Boundary	**63.500**	**69.000**	**71.000**	**73.500**

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 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.

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 recommended **Authorised Limit** is set £10M above the Operational Boundary to provide sufficient headroom to allow borrowing for any unforeseen circumstances.

Council is recommended to approve the following Authorised Limit for 2022/23:

Table 8: AUTHORISED LIMIT	**2021/22 Estimate £m**	**2022/23 Estimate £m**	**2023/24 Estimate £m**	**2024/25 Estimate £m**
Borrowing - General	73.000	78.500	80.500	83.000
Other long term liabilities	500	500	500	500
Authorised Limit	**73.500**	**79.000**	**81.000**	**83.500**

3.4 Prospects for Interest Rates

Part of LINK Group's service as the authority's treasury advisor is to assist the in-house treasury team in formulating a view on interest rates. LINK Group provided the following forecasts on 7 February 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	7.2.22												
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Further commentary from LINK Group is provided at Appendix 5.2.

3.5 Borrowing Strategy

The authority continues to maintain an under-borrowed position. This means that the capital borrowing need (the CFR), has not been funded with loan debt because 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.

Against this background, and the risks within the economic forecast, caution will continue to be exercised for treasury management 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.

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.

3.6 Policy on Borrowing in Advance of Need

The authority 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 that the authority can ensure the security of such funds.

3.7 Approved Sources of Long- and Short-term Borrowing

Access may be limited due to the authority's quantum of borrowing relative to the minimum loan required by some of these instruments.

On Balance Sheet	Fixed	Variable
PWLB	●	●

Municipal Bonds Agency	●	●
Other local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	-	-
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	-
Local authority bills	●	●
Overdraft	-	●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	-
Medium Term Notes	●	-
Finance leases	●	●

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a "cost of carry" or to achieve refinancing certainty over the next few years).

The revised Prudential Code states (at paragraph 51) that in order to comply with the Code, an authority must not borrow to invest primarily for financial return. Paragraph 53confirms that '…*Authorities with existing commercial investments (including property) are not required by this Code to sell these investments. Such authorities may carry out prudent active management and rebalancing of their portfolios. However, authorities that have an expected need to borrow should review options for exiting their financial investments for commercial purposes and summarise the review in their annual treasury management or investment strategies. The reviews should evaluate whether to meet expected borrowing needs by taking new borrowing or by repaying investments, based on a financial appraisal that takes account of financial implications and risk reduction benefits. Authorities with commercial land and property may also invest in maximising its value, including repair, renewal and updating of the properties*….'.

The authority is not planning to purchase any new investment assets primarily for yield within the next three years so has full access to PWLB borrowing.

The PWLB has also recently increased the settlement period for taking up new loans from 3 to 5 working days to provide more time to check borrowing applications made by local authorities for compliance with their arrangements. Additionally, in a move to protect the PWLB from negative interest rates, the minimum interest rate for PWLB loans has been set at 0.01%. These changes are not expected to have any material impact on this authority's borrowing plans.

4. INVESTMENT

4.1 Annual Treasury Investment Strategy

The Government (DLUHC) 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).

The authority's investment policy has regard to the following:

- DLUHC'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

The authority's investment priorities remain 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.

4.2 Investment Policy – Management of Risk

The guidance from DLUHC and CIPFA places a high priority on the management of risk.

DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the in-house treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Investment Strategy (a separate report).

The above guidance from the DLUHC 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 the following means:

1. 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. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information:** ratings will 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. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the authority will engage with its treasury advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will 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.

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use:

   - **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; and

   - **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.

5. **Non-specified and loan investment limits.** The 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 40%.

6. **Lending limits**, (amounts and maturity), for each counterparty will be set.

7. **Transaction limits** are set for each type of investment.

8. This authority will set a limit for its investments which are invested for **longer than 365 days**.

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

10. This authority has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling**.

12. As a result of the change in accounting standards for 2022/23 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 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 March 2023.

This authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy: the primary principle governing the authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the authority's prudential indicators covering the maximum principal sums invested.

The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by LINK Group, the authority's treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating 'Watches' (notification of a likely change), rating 'Outlooks' (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for achieving a pool of high-quality investment counterparties, (for both specified and non-specified investments) are set out below. The authority uses credit ratings and other market intelligence to access the credit quality of any potential counterparty.

The authority sets limits as to the minimum level of credit rating that it will accept for any individual counterparty. The current minimum levels are set out at Appendix 5.3.

Use of additional information, other than credit ratings: additional requirements under the Code require the authority to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments: the authority sets a maximum exposure level, expressed in '£' that can be invested with any one organisation. The current limits are set out at Appendix 5.3.

UK banks – ring-fencing: the largest UK banks, (those with more than £25bn of retail and/or Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019; known as 'ring-fencing'. Ring-fencing mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and 'riskier' activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The authority continues to assess the newly-formed entities in the same way that it does others. Those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Other Limits

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

Non-specified investment limit: the authority has determined that it will limit the maximum total exposure to non-specified investments as being 40% of the total investment portfolio.

Country limit: the authority has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition:

- no more than 10% will be placed with any non-UK country at any time; and

- limits in place above will apply to a group of companies.

4.4 Treasury Investment Strategy

In-house funds: 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.

Investment returns expectations: LINK Group's current forecast includes a forecast for Bank Rate to reach 1.25% by December 2022. The budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year are as follows:

Table 9: AVERAGE EARNINGS IN EACH YEAR	Now	Previously
2022/23	0.20%	0.10%
2023/24	0.20%	0.10%
2024/25	0.20%	0.10%
2025/26	0.20%	0.10%
Years 6 to 10	0.20%	0.10%
Years 10+	0.20%	0.10%

For its cash flow-generated balances, the authority 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 treasury indicator and limit: total principal funds invested for greater than 1 year. These limits are set with regard to the authority'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.

Council is recommended to approve the following **Prudential Indicator and Limit**:

Table 10: UPPER LIMIT FOR PRINCIPAL SUMS INVESTED FOR LONGER THAN 365 DAYS	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
Principal sums invested for longer than 365 days	20.0	20.0	20.0	20.0

Table 10: UPPER LIMIT FOR PRINCIPAL SUMS INVESTED FOR LONGER THAN 365 DAYS	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Current investments as at 31.12.21 in excess of 365 days maturing in each year	£nil			

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the authority is exposed to.

Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Investment Performance/Risk Benchmarking: To date the authority has used the 7-Day LIBID (London Inter Bank Bid Rate) as an investment benchmark to assess the performance of its investment portfolio.

Publication of LIBOR (London Inter Bank Bid Rate) figures (and related LIBID calculations) ceased at the close of 2021 and the replacement is SONIA (Sterling Overnight Index Average) the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

End of Year Investment Report: At the end of the financial year, the authority will report on its investment activity as part of its Annual Treasury Report.

External Fund Managers: External fund managers (where employed) will comply with the Annual Treasury Investment Strategy. The agreement(s) between the authority and the fund manager(s) will stipulate guidelines and duration and other limits in order to contain and control risk. The authority does not currently employ external fund managers.

5. APPENDICES

5.1 Capital, Prudential and Treasury Indicators

5.2 Interest Rate Forecasts & Economic Background – LINK Group

5.3 Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

5.4 Investment Portfolio at 31.12.21

5.5 Approved Countries for Investment

5.6 Treasury Management Scheme of Delegation

5.7 Treasury Management Role of the Section 151 Officer

5.8 Treasury Management Risk Assessment

Appendix 5.1

Capital, Prudential and Treasury Indicators

The authority's capital expenditure plans are the key driver of treasury management activity. 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.

Capital Expenditure

Council is asked to approve the **Prudential Indicator** for Capital Expenditure:

Table 11: CAPITAL EXPENDITURE TO BE FINANCED	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
People Services	8.333	5.523	11.875	1.425	1.425
Place Services	15.887	20.039	16.742	0.874	0.991
Organisation Services	1.541	0.562	5.436	1.862	1.746
Total	**25.761**	**26.124**	**34.053**	**4.161**	**4.162**

Affordability Prudential Indicators: The previous section covers the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are also required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the authority's overall finances.

Ratio of financing costs to net revenue stream: this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

The financing costs are the interest payable on borrowing, finance lease or other long-term liabilities and the amount defined by statute which needs to be charged to revenue to reflect the repayment of the principal element of borrowing. Any additional payments in excess of the statutory amount or the cost of early repayment or rescheduling of debt would be included within the financing cost. Financing costs are expressed net of investment income.

The Medium Term Financial Plan has already been adopted and within it the Chief Financial 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.

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.

Council is asked to approve the affordability **Prudential Indicator**:

Table 12: RATIO OF FINANCING COSTS TO NET REVENUE BUDGET	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Actual	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Gross cost of borrowing as % of net budget requirement	2.4%	7.9%	8.9%	9.1%	9.2%
Net cost of borrowing including investment income as % of net budget requirement	(3.5%)	0.9%	3.8%	4.2%	4.4%

The estimates of financing costs include current commitments and the proposals in the 2022/23 Budget Report.

Maturity Structure Of Borrowing: these gross limits are set to reduce the authority's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Council is required to approve the following **Treasury Indicators and Limits**:

Table 13: MATURITY STRUCTURE OF BORROWING 2022/23		
Fixed & Variable Rate Borrowing	**Lower**	**Upper**
Under 12 months	100%	
12 months to 2 years		
2 years to 5 years		
5 years to 10 years		
10 years to 20 years		
20 years to 30 years		
30 years to 40 years		
40 years to 50 years		

The authority does not currently have any external borrowing; the limit will be reviewed and refined as borrowing takes place.

Appendix 5.2:

Interest Rate Forecasts & Economic Background – LINK Group

INTEREST RATE FORECASTS

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 and then to 0.50% at its meeting of 4th February 2022.

As shown in the forecast table above, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%.

Significant risks to the forecasts

- ***Mutations*** *of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns.*
- ***Labour and supply shortages*** *prove more enduring and disruptive and depress economic activity.*
- ***The Monetary Policy Committee*** *acts 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.*
- ***The Monetary Policy Committee*** *tightens monetary policy too late to ward off building inflationary pressures.*
- ***The Government*** *acts too quickly to cut expenditure to balance the national budget.*
- ***UK / EU trade arrangements*** *– if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.*
- ***Longer term US treasury yields*** *rise strongly and pull gilt yields up higher than forecast.*
- ***Major stock markets*** *e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.*
- ***Geopolitical risks,*** *for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.*

The balance of risks to the UK economy: -

- *The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.*

Forecasts for Bank Rate

The Monetary Policy Committee is now very concerned at the way that forecasts for inflation have had to be repeatedly increased within a matter of just a few months. Combating this rising tide of inflation is now its number one priority and the 5-4 vote marginally approving only a 0.25% increase on 4th February rather than a 0.50% increase, indicates it is now determined to push up Bank Rate quickly. A further increase of 0.25% is therefore probable for March, and again in May, followed possibly by a final one in November. However, data between now and November could shift these timings or add to or subtract from the number of increases.

However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- *We do not know whether there will be further mutations of Covid and how severe they may be, nor how rapidly scientific advances may be made in combating them.*
- *The economy was running out of steam during the second half of 2021 and Omicron will mean that economic growth in quarter 1 of 2022 is likely to be flat, though on the rise towards the end of the quarter as the economy recovers. However, 54% energy cap cost increases from April, together with 1.25% extra employee national insurance, food inflation around 5% and council tax likely to rise in the region of 5% too - these increases are going to hit lower income families hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.*
- *Consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. But most of those holdings are held*

by more affluent people whereas poorer people already spend nearly all their income before these increases hit and have few financial reserves.

- *These increases are already highly disinflationary; inflation will also be on a gradual path down after April so that raises a question as to whether the MPC may shift into protecting economic growth by November, i.e., it is more debatable as to whether they will deliver another increase then.*
- *The BIG ISSUE – will the current spike in inflation lead to a second-round effect in terms of labour demanding higher wages, (and/or lots of people getting higher wages by changing job)?*
- *If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.*
- *If the UK were to invoke article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this would have the potential to end up in a no-deal Brexit.*

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

Forecasts for PWLB rates and gilt and treasury yields

Gilt yields. *Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.*

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on gilt yields. ***As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.***

US treasury yields. *During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. This was in addition to the $900bn support package previously passed in December 2020. Financial markets were alarmed that all this stimulus was happening at a time when: -*

1. *A fast vaccination programme roll-out had enabled a rapid opening up of the economy during 2021.*
2. *The economy was growing strongly during the first half of 2021 although it has weakened during the second half.*
3. *It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.*
4. *And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.*

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023.

- ***At its 3rd November Fed meeting****, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its* ***15th December meeting*** *it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that treasury yields will rise over the taper period, all other things being equal.*
- *It also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024. This would take rates back above 2% to a neutral level for monetary policy. It also gave up on calling the sharp rise in inflation as being 'transitory'.*
- *At its* ***26th January meeting****, the Fed became even more hawkish following inflation rising sharply even further. It indicated that rates would begin to rise very soon, i.e., it implied at its March meeting it would increase rates and start to run down its holdings of QE purchases. It also appears likely that the Fed could take action to force longer term treasury yields up by prioritising selling holdings of its longer bonds as yields at this end have been stubbornly low despite rising inflation risks. The low level of longer dated yields is a particular concern for the Fed because it is a key channel through which tighter monetary policy is meant to transmit to broader financial conditions,*

particularly in the US where long rates are a key driver of household and corporate borrowing costs.

There are also possible ***DOWNSIDE RISKS*** *from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.*

There is likely to be ***exceptional volatility and unpredictability in respect of gilt yields and PWLB rates*** *due to the following factors: -*

- *How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising higher in the US than in the UK; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.*
- *Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?*
- *Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?*
- *How strong and enduring will inflationary pressures turn out to be in both the US and the UK, and so impact treasury and gilt yields?*
- ***Will the major western central banks implement their previously stated new average or sustainable level inflation monetary policies when inflation has now burst through all previous forecasts and far exceeded their target levels? Or are they going to effectively revert to their previous approach of prioritising focusing on pushing inflation back down and accepting that economic growth will be very much a secondary priority - until inflation is back down to target levels or below?***
- *How well will central banks manage the running down of their stock of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?*
- *Will exceptional volatility be focused on the short or long-end of the yield curve, or both?*
- *If Russia were to invade Ukraine, this would be likely to cause short term volatility in financial markets, but it would not be expected to have a significant impact beyond that.*

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

The balance of risks to medium to long term PWLB rates: -

- *There is a balance of upside risks to forecasts for medium to long term PWLB rates.*

A new era for local authority investing
– a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going <u>*above*</u> *a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US, before consideration would be given to increasing rates.*

- *The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that* *inflation averages out the dips down and surges above the target rate, over an unspecified period of time.*

- *The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' before starting on raising Bank Rate and the ECB now has a similar policy.*
- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- *Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures once economies recover from the various disruptions caused by the pandemic.*
- *Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.*

Investment and borrowing rates

- ***Investment returns*** *have started improving in the second half of 21/22 and are expected to improve further during 22/23 as the MPC progressively increases Bank Rate.*
- ***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 and still remain at historically low levels. 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 current 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.*** *Our long-term (beyond 10 years) forecast for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, borrowing strategy will need to be reviewed, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if a client is seeking to avoid a "cost of carry" but also wishes to mitigate future re-financing risk.*

ECONOMIC *BACKGROUND*

COVID-19 and vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This dashed such hopes and raised major concerns that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that although this mutation is very fast spreading, it does not cause severe illness in fully vaccinated people. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time focused on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection., It also placed restrictions on large indoor gatherings and hospitality venues over Christmas and into January and requested workers to work from home. This hit sectors like restaurants, travel, tourism and hotels hard which had already been hit hard during 2021.Economic growth will also have been lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds in early 2022 although some sectors have learned how to cope well with Covid. The big question still remains as to whether any further mutations of this virus could *develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.*

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- *The threat from Omicron was a wild card causing huge national concern at the time of December's MPC meeting; now it is seen as a vanquished foe disappearing in the rear-view mirror.*
- *The MPC shifted up a gear last week in raising Bank Rate by another 0.25% and narrowly avoiding making it a 0.50% increase by a 5-4 voting margin.*
- *Our forecast now expects the MPC to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to get the job done and dusted.*
- *The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November.*
- *The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.*
- *However, 54% energy cap cost increases from April, together with 1.25% extra employee national insurance, food inflation around 5% and council tax likely to rise in the region of 5% too - these increases are going to hit lower income families hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.*
- *Consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. But most of those holdings are held by more affluent people whereas poorer people already spend nearly all their income before these increases hit and have few financial reserves.*
- *The increases are already highly disinflationary; inflation will also be on a gradual path down after April so that raises a question as to whether the MPC may shift into protecting economic growth by November, i.e., it is more debatable as to whether they will deliver another increase then.*
- *The BIG ISSUE – will the current spike in inflation lead to a second-round effect in terms of labour demanding higher wages, (and/or lots of people getting higher wages by changing job)?*
- *If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.*

PWLB RATES

- *The yield curve has flattened out considerably.*
- *We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate.*
- *It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields once Bank Rate rises to 1%: it is likely to act cautiously as it has already started on not refinancing maturing debt. A passive process of not refinancing maturing debt could begin in March when the 4% 2022 gilt matures; the Bank owns £25bn of this issuance. A pure roll-off of the £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding. Last August, the Bank said it would not actively sell gilts until the "Bank Rate had risen to at least 1%" and, "depending on economic circumstances at the time."*
- *It is possible that Bank Rate will not rise above 1% as the MPC could shift to relying on quantitative tightening (QT) to do the further work of taking steam out of the economy and reducing inflationary pressures.*
- *Increases in US treasury yields over the next few years could add upside pressure on gilt yields though, more recently, gilts have been much more correlated to movements in bund yields than treasury yields.*

MPC MEETING 4TH FEBRUARY 2022

- *After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by another 0.25% rise to 0.50%, in the second of what is very likely to be a series of increases during 2022.*
- *The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% with the minority preferring to increase Bank Rate by 50bps to 0.75%. The Committee also voted unanimously for the following: -*
    - *to reduce the £875n stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets.*

  - *to begin to reduce the £20bn stock of sterling non-financial investment-grade corporate bond purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023.*
- *The Bank again sharply increased its forecast for inflation – to now reach a peak of 7.25% in April, well above its 2% target.*
- *The Bank estimated that UK GDP rose by 1.1% in quarter 4 of 2021 but, because of the effect of Omicron, GDP would be flat in quarter 1, but with the economy recovering during February and March. Due to the hit to households' real incomes from higher inflation, it revised down its GDP growth forecast for 2022 from 3.75% to 3.25%.*
- *The Bank is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers - who are in a very favourable position to increase earnings by changing job.*
- *As in the December 2021 MPC meeting, the MPC was more concerned with combating inflation over the medium term than supporting economic growth in the short term. However, what was notable was the Bank's forecast for inflation: based on the markets' expectations that Bank Rate will rise to 1.50% by mid-2023, it forecast inflation to be only 1.6% in three years' time. In addition, if energy prices beyond the next six months fell as the futures market suggests, the Bank said CPI inflation in three years' time would be even lower at 1.25%. With calculations of inflation, the key point to keep in mind is that it is the rate of change in prices – not the level – that matters. Accordingly, even if oil and natural gas prices remain flat at their current elevated level, energy's contribution to headline inflation will drop back over the course of this year. That means the current energy contribution to CPI inflation, of 2% to 3%, will gradually fade over the next year.*
- *So the message to take away from the Bank's forecast is that they do not expect Bank Rate to rise to 1.5% in order to hit their target of CPI inflation of 2%. The immediate issue is with four members having voted for a 0.50% increase in February, it would only take one member more for there to be another 0.25% increase at the March meeting.*
- ***The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative tightening) holdings of bonds is as follows: -*
  1. *Raising Bank Rate as "the active instrument in most circumstances".*
  2. *Raising Bank Rate to 0.50% before starting on reducing its holdings.*
  3. *Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.*
  4. *Once Bank Rate had risen to at least 1%, it would start selling its holdings.*

OUR FORECASTS

a. Bank Rate

- *Covid remains a major potential downside threat as we are most likely to get further mutations. However, their severity and impact could vary widely, depending on vaccine effectiveness and how broadly it is administered.*
- *If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.*

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

b. PWLB rates and gilt and treasury yields

Gilt yields. *Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period*
While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on gilt yields. ***As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.***
US treasury yields. *During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. This was in addition to the $900bn support package previously passed in December 2020. Financial markets were alarmed that all this stimulus was happening at a time when: -*

1. *A fast vaccination programme roll-out had enabled a rapid opening up of the economy during 2021.*
2. *The economy was growing strongly during the first half of 2021 although it has weakened during the second half.*
3. *It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.*
4. *And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.*

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023.

- ***At its 3rd November Fed meeting**, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its **15th December meeting** it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that treasury yields will rise over the taper period, all other things being equal.*
- *It also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024. This would take rates back above 2% to a neutral level for monetary policy. It also gave up on calling the sharp rise in inflation as being 'transitory'.*
- *At its **26th January meeting**, the Fed became even more hawkish following inflation rising sharply even further. It indicated that rates would begin to rise very soon, i.e., it implied at its March meeting it would increase rates and start to run down its holdings of QE purchases. It also appears likely that the Fed could take action to force longer term treasury yields up by prioritising selling holdings of its longer bonds as yields at this end have been stubbornly low despite rising inflation risks. The low level of longer dated yields is a particular concern for the Fed because it is a key channel through which tighter monetary policy is meant to transmit to broader financial conditions, particularly in the US where long rates are a key driver of household and corporate borrowing costs.*

*There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.*

Globally, our views are as follows: -

- ***EU.** The ECB joined with the Fed by announcing on **16th December** that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases during the first half of 2022. The ECB did not change its rate at its **3rd February** meeting, but it was clearly shocked by the increase in inflation to 5.1% in January. The President of the ECB, Christine Lagarde, hinted in the press conference after the meeting that the ECB may accelerate monetary tightening before long and she hinted that asset purchases could be reduced more quickly than implied by the previous guidance. She also refused to reaffirm officials' previous assessment that interest rate hikes in 2022 are "very unlikely". It, therefore, now looks likely that all three major western central banks will be raising rates this year in the face of sharp increases in inflation - which is looking increasingly likely to be stubbornly high and for much longer than the previous oft repeated 'transitory' descriptions implied.*
- ***China.** The pace of economic growth has now fallen back after the initial surge of recovery from the **pandemic** and China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. However, with Omicron having now spread to China, and being much more easily transmissible, lockdown strategies may not prove so successful in future. To boost flagging economic growth, The People's Bank of China cut its key interest rate in December 2021.*

- ***Japan.*** *2021 was a patchy year in combating Covid. However, recent business surveys indicate that the economy is rebounding rapidly now that the bulk of the population is fully vaccinated, and new virus* ***cases*** *have plunged. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back towards its target of 2% any time soon.*
- ***World growth.*** *World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is 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, and vice versa. This is likely to reduce world growth rates from those in prior decades.*
- ***Supply shortages****. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have* ***been*** *highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.*

The balance of risks to the UK economy: -

- *The overall balance of risks to economic growth in the UK is now to the downside.*

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

- ***Mutations*** *of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed or unable to be administered fast enough to stop the NHS being overwhelmed.*
- ***Labour and supply shortages*** *prove more enduring and disruptive and depress economic activity.*
- ***Bank of England*** *acts 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.*
- ***The Government*** *acts too quickly to increase taxes and/or cut expenditure to balance the national budget.*
- ***UK / EU trade arrangements*** *– if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.*
- ***Geopolitical risks,*** *for example in Ukraine/Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows. If Russia were to invade Ukraine, this would be likely to cause short term volatility in financial markets, but it would not be expected to have a significant impact beyond that.*

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

- *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 later rapid series of increases in Bank Rate faster than we currently expect.*
- *Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.*

LINK Group
February 2022

Appendix 5.3:

Treasury Management Practice (TMP1)
Credit and Counterparty Risk Management

DLUHC issued Investment Guidance in 2018, and this forms the structure of the authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

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 on 9 April 2020 and will apply its principles to all investment activity. In accordance with the Code, the Chief Financial Officer has produced treasury management practices (TMPs). This part, TMP 1(1), covering Investment Counterparty Policy requires approval each year.

Annual Treasury Investment Strategy: the key requirements of both the Code and the investment guidance are to set an annual Treasury 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 Authority will use. These are high security (i.e. high credit rating, although this is defined by the Authority, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year; and
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall value/categories that can be held at any time.

Strategy Guidelines: the main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments: DLUHC 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:

  (i) 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.

This Authority 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

The Authority 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 14: COUNTERPARTY LIST			**Credit Rating & Duration**			
			Fitch	**Standard & Poor**	**Moody's**	**Comments**
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

Table 14: COUNTERPARTY LIST			**Credit Rating & Duration**			
			Fitch	**Standard & Poor**	**Moody's**	**Comments**
UK Banks	Covers UK Retail & Clearing Banks	Medium-Term	A+	A+	A1	• £10m with any individual counterparty
UK Banks	Covers UK Retail & Clearing Banks	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
		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				• £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		• Unlimited • To maturity
Local authorities, parish councils etc.	No credit rating - UK government guarantee	N/A	N/A	N/A		• £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 above where additional due diligence would be required.

Monitoring of Investment Counterparties: the credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from LINK Group 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 Chief Financial Officer, and if required new counterparties which meet the criteria will be added to the list.

Accounting treatment of investments: the accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, the treasury team will review the accounting implications of new transactions before they are undertaken.

Appendix 5.4

Investment Portfolio at 31.12.21

Table 15: INVESTMENT PORTFOLIO - DETAILS	Actual 31/03/2021 £m	%	Current 31/12/2021 £m	%
Treasury Investments				
Cash at Bank – Lloyds Bank	12.469	25.7%	11.759	22.0%
Cash at Bank - Bank of Scotland	-	-	0.800	1.5%
Cash at Bank - Santander	-	-	10.000	18.7%
Building Societies - unrated - Principality Building Society	13.000	26.8%	10.000	18.7%
Building Societies - rated	-	-	-	-
Local Authorities	-	-	-	-
DMADF (HM Treasury)	-	-	-	-
Money Market Funds - Aberdeen Liquidity Fund	5.000	10.3%	10.000	18.7%
Money Market Funds - Black Rock ICS GBP LVNAV Heritage	5.000	10.3%	1.000	1.9%
Money Market Funds - Federated Hermes Short-Term GBP Prime Class 3	5.000	10.3%	-	-
Money Market Funds - GS Sterling Liquid Reserve	5.000	10.3%	-	-
Money Market Funds - LGIM Sterling Liquidity 4	3.000	6.2%	-	-
Money Market Funds - Morgan Stanley GBP Liquidity Institutional	-	-	10.000	18.7%
Certificates of Deposit	-	-	-	-
Total Managed In-House	**48.469**	**100.0%**	**53.559**	**100.0%**
Bond Funds	-	-	-	-
Property Funds	-	-	-	-
Total Managed Externally	-	-	-	-
Total Treasury Investments	**48.469**	**100.0%**	**53.559**	**100.0%**
Treasury External Borrowing				
Local Authorities - Portsmouth City Council	5.000	56%	-	-
Local Authorities - Elmbridge Borough Council	4.000	44%	-	-
PWLB	0	0%	-	-
Total External Borrowing	**9.000**	**100.0%**	**-**	**-**
Net Treasury Investments / (Borrowing)	**39.469**	**-**	**53.559**	**-**

Appendix 5.5

Approved Countries for Investment

This list is based on those countries which have sovereign ratings of AAA or higher (based on the lowest rating from Fitch, Moody's and S&P) and also [except - at the time of writing - for Norway and Luxembourg] have banks operating in sterling markets which have credit ratings of green or above in LINK Group's credit worthiness reports.

Based on lowest available rating

AAA

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

This list may change during the year

Appendix 5.6

Treasury Management Scheme of Delegation

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

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.

Audit Committee
- scrutinising treasury reports and making recommendations to the Executive.

Appendix 5.7

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 Investment Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the Capital Investment 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.*

Appendix 5.8

Treasury Management Risk Assessment

Table 16: TREASURY MANAGEMENT RISK ASSESSMENT			
Risk	**Impact**	**Likelihood**	**Mitigation actions/controls included within the Treasury Management Strategy**
Interest Rate Risk Rates varying significantly compared to forecast.	High	Medium	With a forecast increasing borrowing requirement rising interest rates would be detrimental. The Council would need to consider taking out fixed borrowing to help mitigate this risk and/or use further internal borrowing if resources are available. Falling interest rates would be broadly beneficial given the increasing borrowing requirement.
Market Risk Adverse market fluctuations affect value of investment capital.	Medium	Low	Limits are placed on the value of principal sums that are invested.
Credit Risk Risk to repayment of capital	High	Medium	The Council's investment policy restricts counterparties to those of the highest quality and security.
Liquidity Risk Risk that cash will not be available when needed.	Medium	Medium	The Council's investment portfolio is structured to reflect future liquidity needs. Temporary borrowing is available to meet short term liquidity issues.
Liquidity Risk Changes to Capital Programme forecasts and/or revenue streams	High	Medium	Cash flows are calculated weekly and regular projections are made to identify changes to the Council's funding requirements. Prudential borrowing to support capital expenditure can be used for schemes expected to provide a financial benefit to the Council. There may be some slippage in capital expenditure between years and the impacts are monitored.

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

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 24 March 2022
EXECUTIVE MEMBER:	Deputy Leader and Portfolio Holder for Finance and Governance

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

SUBJECT:	**DEBT WRITE OFF & RECOVERY 2021/22**

RECOMMENDATIONS:

Executive is recommended to approve:

(i) **That thirteen irrecoverable debts totalling £148,119.89 (Annex 1) be written out of the Council's accounts.**

REASONS FOR RECOMMENDATIONS:

Five of these debts relate to National Non Domestic Rates (NNDR or Business Rates), three debts relate to Council Tax, four relate to debts for Benefit overpayments, and one relates to sundry debts.

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 thirteen debts proposed for write-off totalling £148,119.89. It also provides an overview of debt recovery performance for 2021/22.

The Executive has authority to approve the above recommendation.

STATUTORY POWERS

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 represent an accurate 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:

   (i) The Head of Revenues, Benefits and Fraud:

   - 46 debts valued under £500 totalling £9,983.74 relating to NNDR, Council Tax and Benefit overpayments

   (ii) The Chief Finance Officer

   - 16 debts valued under £500 totalling £2,023.99 relating to sundry debts;
   - 87 debts valued between £501 and £5,000 totalling £168,629.00 relating to Council Tax, NNDR, Benefit overpayments and sundry debts.

Debt Recovery Performance

5. A schedule of performance information relating to the Debt Management function is set out at Annex 2. It confirms that the Council continues to perform well and remains in the top quartile nationally for its low write-off levels.

OPTIONS

Option 1 – Approve the recommendations in this report so that the write-offs can be updated in the authority's accounts

This is the recommended option.

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

This would potentially mean that the write-offs are not reflected in the authority's 2021/22 statement of accounts.

Option 3 – To reject the recommended write-offs.

This would potentially mean that assets (debtors) are over-stated in the authority's statement of accounts.

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

7. The total value of the debts is approximately 0.4% of the Council's gross budget and is the equivalent of 9% of the provision that has previously been set aside for bad debts in the Council's accounts.

COMMUNICATIONS IMPLICATIONS

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

EQUALITIES IMPLICATIONS

9. 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

10. There are no additional risk management implications.

CONSULTATION

11. The Portfolio Holder for Finance and Governance has been consulted on proposals in this report.

POLICY FRAMEWORK

12. 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

ANNEX 1.1

NNDR Write Offs Over £5,000

Account No	Taxpayer	Period of Liability From	To	Reason for recommendation for Write Off	Liability (£) Due	Paid	Outstanding (£)
2414038	Gatwick Residential Limited 30 Balcombe Road, Horley, Surrey, RH6 9AA	27/10/2016	29/03/2021	The company was dissolved on 30.3.21 and debt is no longer recoverable	28,778.34	0.00	28,778.34
2360637	Mr Saed Ogona 11 High Road, Chipstead, Coulsdon, Surrey, CR5 3QN	04/11/2008	12/11/2017	The ratepayer has absconded and all traces negative. The property has since been sold and removed from the rating list.	16,379.72	0.00	16,379.72
2439165	Sara Alexander Ltd 39 Bell Street, Reigate, Surrey, RH2 7AQ	11/09/2018	06/11/2019	The company was dissolved on 30.3.21 and can no longer be recovered.	11,496.00	0.00	11,496.00
2442718	Bowland Snails Lancashire (4) Ltd 3rd Floor Reigate Place, 43 London Road, Reigate, RH2 9PW	06/01/2020	01/06/2020	The company was dissolved on 23.3.21 and recovery can no longer continue.	9,106.60	0.00	9,106.60
2439684	Bon Marche Limited 4 High Street, Redhill, Surrey, RH1 1RH	01/14/2019	21/09/2021	The company went into liquidation on 22.9.21 and recovery can no longer continue.	22,258.57	(13,658.26)	8,600.31
				Total			**74,360.97**

ANNEX 1.2

Council Tax Write Offs Over £5,000

Account No	Taxpayer	Period of Liability From	Period of Liability To	Reason for Recommendation for Write Off	Liability (£) Due	Liability (£) Paid	Outstanding (£)
45484155	Mr E	13/10/2014	21/11/2020	Absconded and all traces negative	12,222.81	(45.00)	12,177.81
45548813	Mr A	11/07/2015	31/03/2021	Bankruptcy 23/03/2021 - debt cannot be recovered	10,683.25	(250.00)	10,433.25
44431076	Exors of Mr S	01/04/2006	16/07/2012	Deceased - no funds within estate	5,810.27	(155.30)	5,654.97
				Total			**28,266.03**

ANNEX 1.3

Benefit Overpayments Write Offs Over £5,000

Account No	Claimant	Period of Liability From	Period of Liability To	Reason for Recommendation for Write Off	Liability (£) Due	Liability (£) Paid	Outstanding (£)
516263	Mrs P	07/04/2008	08/03/2015	Claimant deceased, no response from Next of Kin and no probate or will found.	13,654.89	(1,354.89)	12,300.00
516393	Mrs B	01/10/2007	21/09/2018	Claimant declared bankrupt therefore cannot pursue debt.	8,186.34	0.00	8,186.34
523234	Miss A	01/10/2018	01/11/2020	Claimant had Debt Relief Order approved on 24th January 2022 therefore cannot pursue the debt.	6,939.82	(339.82)	6,600.00
529957	Mr L	22/07/2013	12/01/2020	Claimant filed for Debt Relief Order on 15/09/2021 therefore cannot pursue the debt.	6,219.48	0.00	6,219.48
				Total			**33,305.82**

Sundry Debt write offs over £5,000

Ref	Customer	Service or Goods Supplied	Reason for Recommendation for Write Off	Date of invoice	Liability (£)		Outstanding (£)
					Due	Paid	
354683	Mrs P	Statutory recovery of works and officer time	A Notice of Discontinuance has been served on both the Court and the debtor on 20 September 2021. Recovery of the debt is therefore not possible.	12/08/2020	12,187.07	0.00	12,187.07
				Total			**12,187.07**

ANNEX 2

Debt Write-Offs: 1 April 2020 to 4 March 2022

Performance 2020/21 %	Category	Debt Raised £	Write-Off Target 2021/22 [Less than] %	Performance 2021/22 %
0.13%	Council Tax	129.5m	1%	0.07%
0.0002%	Business Rates	49.6m	1%	0.19%
2.38%	Benefit Overpayments[1]	0.58m	2%	6.77%
0.00%	Sundry Debts	10.4m	1%	0.17%

Note 1: Benefit Overpayment Debt Raised is the most recent available information – to the end of Q3 2021/22. Benefit write offs reflect two financial years – 2020/21 and 2021/22.

Debt Collection Performance: 1 April 2021 to 4 March 2022

Performance 2020/21 %	Category	Collection Target 2021/22 %	Performance 2021/22 %
98.06%	Council Tax	99.0%	97.2%
99.99%	Business Rates	99.7%	99.6%
102.37%	Benefit Overpayments	55.0%	96.19%
97.0%	Sundry Debts	97.0%	99.1%

Agenda Item 14

Signed off by	Head of Legal and Governance
Author	Alex Vine, Democratic and Electoral Services Manager
Telephone	01737 276182
Email	Alex.vine@reigate-banstead.gov.uk
To	Executive
Date	Thursday, 24 March 2022
Executive Member	Portfolio Holder for Neighbourhood Services

Key Decision Required	N
Wards Affected	Banstead Village; Lower Kingswood, Tadworth and Walton; Nork; Tattenham Corner and Preston;

Subject	Appointments to the Board of Banstead Commons Conservators (2022)

Recommendations

1) **To consider each of the nominations to the Banstead Commons Conservators and elect two Conservators for the period March 2022 to March 2025.**

2) **To appoint one landowner representative for the period March 2022 to March 2025 or until they no longer serve as a Councillor.**

3) **To confirm Councillor Harp's appointment in 2020 to the Banstead Commons Conservators as one of the two landowner representatives.**

Reasons for Recommendations

To ensure that positions on the Board of the Banstead Commons Conservators are suitably filled, and that there is clarity on landowner appointments.

Executive Summary

This report covers the annual appointment of representatives to serve on the Banstead Commons Conservators. Officers have delegated authority to accept those nominations (paragraph 1.14 of Officer Scheme of Delegation). In the event that the number of

nominations received exceed the number of vacancies, or where nominations come from non-members the matter is passed to the Executive for determination.
Executive has authority to approve the above recommendations.

Statutory Powers

1. Representation on outside bodies is made in accordance with Local Government Acts 1972 and 2000.
2. The appointment of Banstead Commons Conservators is laid down by the Scheme set out in the Schedule to the Metropolitan Commons (Banstead) Supplemental Act 1893.

Background

3. The Council works with several bodies to ensure high standards of care and ensuring effective access to public open space owned by the Council. The Banstead Commons Conservators (BCC) carries out an important role in one of the largest areas being 1350 acres of Metropolitan Common land in the Borough (Banstead Heath, Banstead Downs and Park Downs).
4. These areas form a strategically important part of the Green Belt, separating North Surrey from Greater London and make up almost 50% of total Reigate and Banstead Borough Council public open space. They provide recreation for both the local population and visitors from farther afield and are widely used for dog walking, horse riding etc. They form an important part of the local landscape and are acknowledged as an important wildlife habitat with nationally rare and unusual species of plants and animals. Banstead Downs and Park Downs are designated as Sites of Special Scientific Interest (SSSI) and Burgh Heath and Banstead Heath are Sites of Nature Conservation Interest (SNCI).
5. The primary and statutory duties of the Banstead Commons Conservators are to ensure the integrity of the Commons and free legal access to all. Site management includes general amenity management, maintaining rights of way and ensuring the various wildlife habitats are maintained and improved.
6. Management objectives fall into two distinct categories. Firstly, those demanded by statute:
    - To maintain and protect the integrity of the Banstead Commons,
    - To ensure the free, legal, and safe access of all to the Commons,
    - To provide safe and healthy working environment for employees.

    Secondly, those related to recognition of the commons as important amenity and activity areas for residents and visitors from farther afield, together with recognition of the diversity of wildlife in these areas:
    - To maintain and improve the Commons as an amenity for all,
    - To maintain and improve the Commons as a wildlife habitat.

Key Information

Board membership and meetings

7. The board consist of eight conservators appointed on a rolling basis and each serving a three-year term of office.
8. Two of the eight positions are appointed by the Council to represent the Council as landowner. The appointed landowner representatives should be the liaison between the Conservators and the landowner to support environmental and land management objectives.
9. The remaining six positions are elected in accordance with the criteria listed at paragraph 14. However, both the appointed and elected Conservators have the same statutory responsibilities and their function as a conservator should not therefore be influenced by public opinion.
10. It is proposed to confirm and clarify that Councillor Harp's appointment in 2020 to the board was for one of the two positions to represent the Council as landowner.
11. Board meetings are held on a quarterly basis.
12. The posts are voluntary and unpaid. Whilst the bodies nominating conservators has changed over the 125 years since the Commons areas were defined, the position has now settled so that all appointments are made by the Council.
13. Acknowledging the contribution made by the London Borough of Sutton, which adjoins the Commons along its northern boundary, Reigate and Banstead Borough Council invites the London Borough of Sutton to nominate a representative periodically, which is subsequently appointed by RBBC. The term of office for the London Borough of Sutton's representative ends in March 2023 and is therefore not up for election this municipal year.

Suggested selection criteria

14. Elected representatives should ideally demonstrate the following criteria:
    - A local person with knowledge and interest in local community development matters
    - A regular user of one or more of the commons with an interest in habitat and access preservation and improvement
    - Ability to attend regular evening/weekend meetings
    - Existing knowledge, and prior experience of land management or ecology/botany would be a distinct advantage
    - Professional competencies that would support the Conservators in delivering their objectives, such as:
        - Legal
        - Financial
        - Marketing
        - Public Relations

Nominations

15. Three of the Conservators terms conclude at the end of March 2022, including one of the positions nominated by the Council to represent it as landowner. The nominations received are set out below:

Representative	Term ends	Role	Nominees
Cllr Nadean Moses	March 2022	Landowner representative	Cllr Nadean Moses
Dr Peacock	March 2022	Elected representative	1. David Hatcher 2. Nathan Mollett
Ian Mockford	March 2022	Elected representative	

16. The nominees' expressions of interest are attached as an exempt report to the agenda.

Options

Option 1: The Executive have the authority to appoint a nominated person.

Option 2: The Executive may ask officers to seek new nominations.

Legal Implications

17. Representation on outside bodies is made in accordance with Local Government Acts 1972 and 2000.
18. The appointment of Banstead Commons Conservators is laid down by the Scheme set out in the Schedule to the Metropolitan Commons (Banstead) Supplemental Act 1893.
19. The provisions of the Act make it clear that the Council may appoint such persons as it sees fit. There is no stipulation restricting who may be appointed except that someone who is bankrupt or has compounded with his creditors is not eligible.

Financial Implications

20. There are no financial implications relating to the appointments.

Equalities Implications

21. 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. 1

22. 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 civic partnership status applies to the first part of the duty.

23. The method of nominations for this position will comply with all necessary equality legislation and duties.

24. It is important that appointments to outside bodies are made by the Council in a fair and representative way best suiting the interests and diversity of Borough residents.

Communication Implications

25. A public notice inviting applications was posted on notice boards across the Commons.
26. The appointments will be publicised on noticeboards across the Banstead Commons and nominees notified of the outcome of the Executive decision.

Environmental Sustainability Implications

27. The Conservators play an important role in maintain and protecting the Commons.

Risk Management Considerations

28. None.

Other Implications

29. None.

Consultation

30. The positions have been notified to all Members through Group Leaders.
31. The Board’s clerk notified the current representatives whose terms were expiring to determine whether they would stand for re-appointment.

Policy Framework

32. There are no policy framework implications.

Background Powers

None.

This page is intentionally left blank