

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE9 September 2021 at 7.30 p.m.

Members of the Committee present: Councillors N Prescott (Chairman), T Gracey (Vice-Chairman), A Alderson, D Cotty, M Cressey, L Gillham, J Gracey, M Maddox, P Snow, D Whyte, J Wilson and M Willingale.

Members of the Committee absent: None

197 FIRE PRECAUTIONS

The Chairman read out the Fire Precautions.

198 NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

The Group mentioned below had notified the Chief Executive of their wish that the changes listed below be made to the membership of the Committee. The changes were for a fixed period ending on the day after the meeting and thereafter the Councillors removed would be reappointed.

<u>Group</u>	<u>Remove From Membership</u>	<u>Appoint Instead</u>
Conservative	Councillor M Heath	Councillor J Wilson
Conservative	Councillor C Howorth	Councillor P Snow

The Chief Executive had given effect to these requests in accordance with Section 16(2) of the Local Government and Housing Act 1989.

199 MINUTES

The Minutes of the meeting held on 22 July 2021 were confirmed and signed as a correct record.

200 STATEMENT OF ACCOUNTS 2020/21 – NARRATIVE REPORT

The Committee considered the Narrative Report to the Statement of Accounts for 2020/21. The accounts for 2020/21 had been submitted for audit by the Council's appointed auditor. It was noted that the Council had not yet received the final audit certificate for 2019/20. The Council's external auditors had advised the Council that they were anticipating issuing the final audit certificate for the 2019/20 accounts by the end of September 2021 and the final audit certificate for the 2020/21 accounts by Christmas 2021. The Narrative Report gave Members an overview of the year and set the scene for preparing the revised estimate for the current year, next year's detailed budget and the Medium Term Financial Strategy (MTFS).

In November 2019, the Council had estimated that close to £60m of business rates (formerly described as National Non-Domestic rates) would be collected. During the pandemic that estimate had fallen to £42.9m. Surrey County Council and the Government had advised that they expected to receive their share of the £60m in full regardless of what was actually collected which gave the Council a potential cash flow difficulty. In November 2020, the Council had advised the Government that the Council's estimated business rates deficit, in cash, would be around £9.5m to £10m. In response, the Government had paid the Council's General Fund, not the Collection Fund, a grant under section 31 of the Local Government Act 2003 of £9.7m. As a result of this, the Council's Collection Fund was in

deficit by approximately £9.4m. Before the pandemic any surplus or deficit had to be recovered in the following financial year. However, in view of the adverse effects of the pandemic, this deficit of £9.4m could now be recovered in 2022/23, 2023/24 and 2024/25 through three equal instalments which would be paid into the Collection Fund from the Business Rates equalisation reserve, which was an earmarked reserve. The Government had paid section 31 grants to a number of other local authorities to cover business rates deficits and some of these grants were for larger amounts than for Runnymede. It was noted that the Government spending review might take into account the large balances which the Council held in its reserves and that the Council should therefore take a cautious approach in its future financial planning.

Officers were working on the financial impact on the Council of the increase in employee national insurance contributions from April 2022. It was noted that there had been a significant increase in refuse collection of around 22% with more people being at home as a result of Covid. Runnymede had deployed additional resources to maintain a full refuse service. The Council's customer services section had been staffed 7 days a week between March and July 2020 taking 135,000 calls. Early in the 2020/21 financial year, the Government had provided financial support to Runnymede to cover additional Covid costs and lost income and £14m for the Council to reduce the rates liability of many commercial premises in the borough.

In 2020/21, the Council's income had fallen to £30,371,000 compared to an original estimate of £36,791,000. It had been originally thought that Covid would be over and that the country would be returning to normal in March 2021 but the recovery had been delayed with consequent effects on income which was not expected to return to pre-Covid levels until 2023. Another surge of Council tax support claimants was also expected in October/November 2021 when furlough would end.

Most of the Council's income was derived from renting the commercial property that it owned. The Council's commercial income results had been good during Covid and had generated a surplus of £13m in 2020/21 although the pandemic had slowed down the letting of units and some tenants had struggled to pay rent. On the commercial asset portfolio, since 2018/19 the Council had reduced costs by employing more permanent rather than agency staff and the value of the assets had increased which had a beneficial effect on the Council's gearing ratio on borrowing. Council tax collection performance had been good with 98.8% of the tax due being collected.

The Council's companies traded at a surplus of £1.428m before interest was paid to the Council which put them in a loss making position so that a working capital loan was required. The company assets were valued higher than the debt to the Council. The interest charges of £1.463m meant that the companies would not be in profit for another fourteen years. However, the continued support of the Council with working capital loans and the increase in asset value showed the companies to be in a healthy position.

The General Fund Summary Revenue Account for 2020/21 had moved from a call on the General Fund balance of £5.6 million to a contribution of £2.8 million which was an adverse swing of £8.4 million. All Council expenditure had been limited to that which was Covid related or provided front line services and a number of underspends were included in the variance analysis for actual against probable for 2020/2021.

On the Housing Revenue Account (HRA) the pandemic had reduced the spend on repairs by more than anticipated which had increased the HRA balances by £5.5 million so that there were total reserves of just over £35 million. The Council's General Fund working balance at 31 March 2021 was £15,188,000, an increase in the year of £2,819,000. The Council's earmarked reserves at 31 March 2021 totalled £22,591,000, an increase in the year of £8,412,000.

The Council had not been able to generate a net surplus of around £2 million by investing in assets as originally envisaged. Covid and restrictions on borrowing meant that the Council could not implement this strategy. As a result the Council had an underlying deficit of approximately £2 million. A small restructure together with a voluntary redundancy programme had generated over £0.5 million net savings in a full year for 2022/23 onwards, which left a deficit of 1.5 million. The Council had a number of years to make its required savings, unlike other local authorities. Another £700,000 of savings was in the pipeline, which left about £800,000 of savings to be found over two years.

**RESOLVED that –**

**the Narrative Report to the Statement of Accounts 2020/21 be approved as an accurate reflection of the Council’s financial and corporate strategies.**

201 TREASURY MANAGEMENT ANNUAL REPORT 2020/21

The Committee noted the annual report on treasury management activity and performance for the 2020/21 financial year.

The Committee noted that the policy of avoiding new borrowing by running down spare cash balances known as Internal Borrowing had served the Council well over the last few years. Internal Borrowing at the end of the year amounted to just over £51,000 as increased Government grants and increased balances had negated the need to borrow. This policy would be kept under review to avoid incurring higher borrowing costs in the future when the Council might not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt. The Committee also noted that the Council’s actual interest rate performance during the year was 0.34% and that the Council’s overall performance compared favourably with the Council’s benchmark rates.

202 BUDGET MONITORING REPORT – APRIL 2021 TO JUNE 2021

The Committee noted the latest financial projections for the 2021/22 financial year for the General Fund, Housing Revenue Account and Capital Programme. The continuing effects of Covid were still causing delays in the levels of income increasing.

The original Medium Term Financial Strategy set a £2m savings target over two years with £0.5m included as a target for 2021/22. As a result of the increased working balance at the start of the year, the achievement of these savings could now be programmed in over a longer period although they still needed to be made to balance future budgets. The Council had £12m in the General Fund which was uncommitted which gave it some time to consider how to make the required savings.

203 UPGRADE OF HOUSING IT SYSTEM

It was noted that this item would be referred from the Housing Committee meeting on 8 September 2021 to the 23 September 2021 meeting of the Corporate Management Committee in order to take account of any further information required by Members.

204 URGENT ACTION – STANDING ORDER 42

The Committee noted proforma 982 detailing action taken after consultation with the Chairman and Vice-Chairman of the Committee and the Chairman and Vice-Chairman of the Housing Committee. Approval by email had been given by the Chairman of the Housing Committee to this Urgent Action and a copy of the signed and dated proforma would be forwarded to officers when physically possible.

In view of the humanitarian crisis unfolding in Afghanistan, the Government had invited all local authorities to take part in a scheme with a support funding package in the form of a

grant allocation provided by the Government which would be available for 12 months. Under this scheme local authorities would welcome Afghan Locally Employed Staff (LES) who had worked for the United Kingdom (UK) and risked their lives alongside British Forces in Afghanistan over the last twenty years and had now relocated to the UK with their families. If they remained in Afghanistan, LES and members of their families were at high risk of injury or death.

Under this Urgent Action approval had been given for Runnymede Borough Council to take part in the scheme by offering settlement to three families of up to five/six people per family and the required support had been approved including and additional to housing needs. The costs of housing, managing and settling in the families would met from the grant allocation. It was noted that these families were currently in quarantine.

It was noted that if members of the public in Runnymede wished to make donations towards the settlement of the LES families they were advised to make financial donations to the Mayor's charitable fund in view of the operational and logistical challenges, as well as Covid control considerations, which were associated with making donations of goods and clothing.

A Member of the Committee referred to news items released by Elmbridge Borough Council advising that 199 Afghan nationals had arrived and by Spelthorne Borough Council advising that 58 Afghan refugees had arrived to receive support in both cases in those local authorities. This Member queried whether it would be possible for Runnymede to settle more families.

It was noted that Runnymede had a history of offering humanitarian assistance and in 2016 had approved the settlement of ten Syrian households. Up until now, only about 100 local authorities out of about 300 in total had agreed to take Afghan refugees. It was also suggested that the figures quoted by Elmbridge and Spelthorne might have referred to their capacity to provide support. It was noted that around 3,000 Afghan nationals including families had been brought to the UK and had been accommodated in hotels pending settlement in the regions and therefore the lives of these Afghans were not in imminent danger.

It was noted that Runnymede had agreed to settle three LES families and would review whether it was possible to settle more Afghan families but that if it did so, it would need to be satisfied that a full support package was available to be offered to them.

## 205 REVIEW OF PARKING SERVICES – SYSTEM REVIEW

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

At its meeting on 22 July 2021, the Committee had agreed that the Council's Parking Services Review would be undertaken in three phases. The Committee considered a report on the second phase of the Review which related to a review of the case management system and new ways of working including integration with the Council's new website, blue tooth technology for hand held devices for Civil Enforcement Officers, supporting the green agenda and future integration with Automated Number Plate Recognition and Electric Vehicle Charging in some of the Council's car parks. The Council's existing case management system supplier was not able to provide the functionality needed for these new ways of working. It was noted that the proposals for future Automated Number Plate Recognition would be set out in the third phase of the Review and would only apply to some of the larger car parks in the borough.

Officers had identified a new supplier who could provide the case management system and new ways of working that the Council required and who had provided Automated Number Plate Recognition and enforcement in some of the other car parks in the borough. The costs of this new Parking case management system were noted. There would be a small increase in support and maintenance revenue costs to cover new software and website integration but it was anticipated that this additional cost would be offset by the additional income generated by the increased number of Parking Enforcement Officers which had been agreed by the Committee at its meeting on 22 July 2021. The Committee agreed that a direct award be made to this new supplier using the ESPO Framework 509: Car Park Solutions for a six year period to align with the contract dates for the Council's new website. Capital expenditure in the sum reported was approved for the migration and implementation of the new system and it was agreed that the contract with the existing supplier be extended for a period of three months to allow the implementation of the new system.

**RESOLVED that –**

- i) the procurement of a Parking Case Management system from the new supplier identified in the report via a direct award using the ESPO Framework 509: Car Park Management Solutions for a six year period be approved;**
- ii) the use of capital expenditure in the sum reported from the Digital Transformation provision held within the Capital Programme be approved for the migration and implementation of the new system;**
- iii) the extension of the contract with the existing Parking Case Management supplier be approved for a period of three months to allow the implementation of the new system; and**
- iv) the ongoing increase in support and maintenance revenue costs in the sum reported per annum to cover new software and website integration be noted.**

206 MAGNA SQUARE (FORMERLY KNOWN AS EGHAM GATEWAY WEST) COMMERCIAL LETTINGS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report on three offers for three different commercial units in the Magna Square (formerly known as Egham Gateway West) development. One of the three prospective tenants were now seeking revised terms for their lease which were set out in a Part II Addendum to the agenda and the Committee approved the granting of this lease on these revised terms which officers considered were acceptable in view of the current volatile market.

The Committee approved the granting of the leases for the other two prospective tenants on the terms outlined in the body of the report. The Committee approved delegated authority in respect of each of the three leases as set out in resolution iii) below, as time was of the essence to progress legal documentation and subsequent completion in situ to enable the tenants to commence fitting out.

A key anchor tenant for the development was seeking a Deed of Variation in view of the effects of the pandemic. The Committee noted the reasons for this Deed of Variation and the financial implications for the Council. The Committee approved delegated authority in respect of this Deed of Variation as set out in resolution iv) below.

**RESOLVED that –**

- i) leases be granted for two of the commercial units in the Magna Square development on the terms outlined in the body of the report;**
- ii) a lease be granted for one of the commercial units in the Magna Square development on the terms outlined in the Part II Addendum to the agenda;**
- iii) delegated authority be granted to the Chief Executive or Assistant Chief Executive, along with the Corporate Head of Law and Governance and the Corporate Head of Assets and Regeneration to approve adaptations to the leases at resolutions i) and ii) above if so required in consultation with the Chairman and Vice-Chairman of the Committee, as the terms have been accepted by the prospective tenants advisors but have yet to receive Board approvals; and**
- iv) a Deed of Variation be agreed for the key anchor tenant for the development as highlighted in the report and delegated authority be granted to the Chief Executive or Assistant Chief Executive or Corporate Head of Law and Governance along with the Corporate Head of Assets and Regeneration to finalise the terms in respect of this Deed of Variation to ensure that the Council obtains the best possible outcome.**

207 URGENT ACTION – STANDING ORDER 42

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee noted proformas 977, 978, 980 and 981 detailing action taken after consultation with the Chairman and Vice-Chairman of the Committee.

(The meeting ended at 8.40.p.m.)

Chairman