

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE16 December 2021 at 7.30 p.m.

Members of the Committee present: Councillors N Prescott (Chairman), T Gracey (Vice-Chairman), D Cotty, L Gillham, J Gracey, M Heath, C Howorth, M Maddox, I Mullens, D Whyte and M Willingale.

Members of the Committee absent: Councillor M Cressey.

354 Fire Precautions

The Chairman read out the Fire Precautions.

355 Notification Of Change To Committee Membership

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

Group	Remove From Membership	Appoint Instead
Runnymede Independent Residents'	Councillor A Alderson	Councillor I Mullens

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

356 Apologies for Absence

None received.

357 Declarations Of Interest

None declared.

358 Review and Replacement Of Runnymede's Council Tax Discount Scheme For Empty Properties

The Committee considered a report advising them of the implications associated with any changes to the Council's current policy on Council tax discount for empty dwellings and the Council tax premium for dwellings that were empty for a long period of time. Local authorities had been given powers to amend the time period for Council Tax discount for empty dwellings (which were defined in the legislation as unoccupied and substantially unfurnished dwellings), and to increase the Council Tax premiums for longer term empty dwellings.

Currently the Council gave a 100% Council Tax discount for empty dwellings for up to 3 months and increased the additional amount payable (or premium) for Council Tax by 50% for dwellings empty for more than 2 years. If it chose to do so, the Council was able to reduce the time period for the 100% discount for empty dwellings from up to 3 months to up to 28 days and to increase the premium for Council Tax for dwellings empty for more than 2 years from 50% to 100%, for dwellings empty for more than 5 years from 50% to 200% and for dwellings empty for more than ten years from 50% to 300%. The Committee noted the

consequences which would result from making these changes and considered whether or not to recommend that to Full Council that they be made.

At its meeting on 15 July 2021, Full Council had considered a Motion from Councillor D Whyte seeking the support of Full Council to fully enact Empty Dwelling Council Tax premiums from April 2022 to encourage empty dwellings in Runnymede to be brought back into use as legislated by the Government. This Motion had been lost and the Leader of the Council had stated that a report would be submitted to the Corporate Management Committee as part of the Medium-Term Financial Strategy (MTFS). As decisions on these issues were related to Council Tax rather than to the MTFS, the report was submitted to the Committee for it to make a recommendation to the Council Tax setting meeting of Full Council which would be held on 10 February 2022.

The Committee noted the policies of the other Surrey local authorities on this discount and on these premiums. Runnymede was the only Surrey authority that granted a 100% discount for up to 3 months. Most of them had reduced the discount period to 28 days or 1 month. Several Surrey authorities had applied Council Tax premiums of 100%, 200% and 300% to dwellings that had been empty for more than 2, 5 and 10 years respectively.

The estimated potential additional Council Tax raised by reducing the discount period from 3 months to 28 days was £87,662 and Runnymede's share of this sum would be £7,889. The estimated potential empty homes premium raised by increasing premiums at 2, 5 and 10 years by the percentages referred to above would be £317,785 and Runnymede's share of this sum would be £28,600.

Surrey County Council had indicated that it would be willing to reallocate its share of the Council tax premium funding (estimated at approximately £245,000) that would potentially directly result from changes in empty homes premium policies. This reimbursement would be available to fund new or extend existing initiatives and projects that directly supported a County initiative or specific project. However, it was noted that Runnymede would not derive benefit from this offer by Surrey County Council until 2023/24 and that the offer would only last for two years. Surrey County Council would require an audit of the sums that had been collected which would not be available until June/July of 2023.

The Committee noted that the overall potential approximate cost to the Housing Revenue Account of making these changes in respect of vacant properties would be £37,500 and that the potential cost of these changes to the Council in respect of other current vacant properties could be in the region of £93,000.

Properties left empty by deceased persons were exempt from Council Tax until 6 months after probate had been granted. The Committee noted details of numbers of properties in Runnymede paying Council Tax empty for more than 6 months but less than two years and those paying Council Tax that had been empty for more than 2 years. The Committee also noted the equality and environmental/sustainability/biodiversity implications in respect of considering a change to the Council Tax discount period and the Council Tax premium payable for empty properties.

A minority of Members of the Committee considered that given the increasing pressures on housing within the Borough, reducing the time period for the 100% discount and introducing the new premiums would provide a greater incentive for owners of empty properties to bring them back into use in a timely manner which would be a positive development. Additional revenue for Runnymede could also result if these changes were made.

However, a majority of Members of the Committee considered that the Council's policy on the time period for empty dwelling Council Tax discount and on the Council Tax premium for dwellings empty for more than two years should be unchanged for a number of reasons. The potential additional income which would result from these changes was speculative and uncertain. There would be potential costs to the Council in respect of current vacant

properties as outlined above. Tracing persons liable for these additional amounts of Council Tax and obtaining summonses and court orders would be difficult and costs would be incurred by the Council's officers in pursuing these matters. It would be possible to avoid paying these extra sums quickly and legally. Making these changes would also have an adverse impact on bereaved families.

Recommend to Full Council on 10 February 2022 that with effect from 1 April 2022 -

- i) the Council Tax discount for unoccupied and substantially unfurnished dwellings be retained at 100% for up to 3 months (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012); and**
- ii) in accordance with Section 11B of the Local Government Finance Act 1992 and Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 the additional amount payable for Council Tax for dwellings that are unoccupied and substantially unfurnished for more than two years be retained at 50%.**

359 Council Tax Base and Collection Fund Surplus

The Committee considered a report on the 2022/23 Council Tax base and the projected Collection Fund surplus for the year ending 31 March 2022. The Council was required to undertake a formal calculation of the 2022/23 Council Tax base in accordance with the requirements of the Local Government Finance Act 1992. The precepting authorities had to be provided with details by 31 January 2022 to allow them to set their precept.

The Council had to make a judgement on the level of Council Tax support and the collection rate. In normal years the number of households claiming Council Tax support had remained fairly constant and a consistent slightly over 98% of Council tax was collected within the financial year. As a result of the ongoing impact of Covid-19 on the collection rate, the estimated collection rate for 2021/22 had reduced from 98% to 96%. The Committee noted that the collection rate had increased to pre-pandemic levels and that in October 2021, the Council was slightly above its collection target of 98%. The Committee expressed its appreciation of the very high Council Tax collection rate that had been achieved by officers.

Any surplus or deficit on the Collection Fund account had to be paid over or collected by the preceptors in proportion to their precepts set for the year. The Committee noted a table showing the Collection Fund estimated surplus for the year ending 31 March 2022. There were over three months to go to the end of the financial year and the best estimate from the Council's Finance officers was a surplus of £1,907,737. The Committee noted the apportionment of this surplus to Surrey County Council, to Surrey Police and to Runnymede Borough Council.

In December 2020, the Government had changed the legislation to require the surplus or deficit to be spread. The surplus for Runnymede Borough Council would be £165,770 spread over three years from 2022/23 to 2024/25. The Band D equivalent tax base, after increasing the collection rate from 96% to 98%, from 33,404 to 34,524, would increase the expected Council Tax income to the Council in 2022/23.

Resolved that -

- i) the Council tax base (showing the Band D equivalent dwellings for tax setting purposes for the Borough for the financial year 2022/23) be approved as 34,524; and**

- ii) **the estimated surplus on the Collection Fund for 2022/23 be declared at £1,907,737 and split among the precepting authorities as reported and it be noted that Runnymede Borough Council's proportion after the spreading adjustment is £165,770.**

360 **Medium Term Financial Strategy 2022/23 to 2024/25**

The Committee considered a report on the draft budget for 2022/23 and the Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25. The report contained the Section 25 report and the detailed risk analysis. The process of preparing the detailed 2022/23 budget and MTFS had begun in September 2021. The report contained the Section 25 report and the detailed risk analysis. The Section 25 report was compiled annually by the Section 151 officer (the Chief Financial Officer) and dealt with the robustness of the estimates included in the budget and the adequacy of reserves. The major review of how the Government intended to fund local authorities, known as the Fair Funding Review, had been delayed by the pandemic and was to be implemented in 2023/24. In late 2021 or early 2022 the Council would receive the detail behind the local government settlement, which would be a one year settlement for 2022/23 only.

In the winter of 2021/22, the impacts of Covid were still being felt across the UK and the emergence of the Omicron variant had led to increased numbers of Covid cases. In the early part of 2021, it had been anticipated that the threat from Covid would be receding. In 2021, the UK was not in the Covid recovery phase which was now anticipated to take place later in 2022 continuing into 2023. The MTFS was based on current forecasts and showed a reasonable, risk-based view of the Council's financial position. The MTFS was highly indicative at this stage. It was not known whether the Council's income streams would return to pre-pandemic levels in 2022 and 2023. One of the effects of the pandemic was that the variances between the original and the actual budgets were much larger than normal. The report covered the budget and medium term financial plans.

Since Business Rates Retention had been introduced, Runnymede had been in every Surrey business rates pool. The objects of the pool were to maximise the resources retained by each member of the pool and to minimise the collective risk of a significant fall in income collected across the pool. The 2022/23 Surrey business rates pool included those Surrey local authorities who were best placed to make the most financial gain for the pool members. Runnymede would be in the Surrey business rates pool for 2022/23 and the inclusion of the London Borough of Sutton in the 2022/23 pool resulted in Runnymede gaining an additional £900,000.

In 2020/21, the Government had paid the Council a grant of £9.6m to cover all the deficit relating to Covid, with a further £3.3m in 2021/22 to cover any future deficits. The Council would use those funds to repay Collection Fund deficits over three financial years. When the Council set its final budget for 2022/23 in February 2022 an allowance would be made for inflation for the year. There was some uncertainty on inflation rates, mainly due to supply and demand issues. The original budget assumed an increase in costs of £329,000. Recent developments had meant that a further £429,000 had been added in 2022/23 and all subsequent years.

The projected commercial income that the Council would receive had held firm and Commercial Services had contacted all of the Council's tenants to arrange payment plans to pay existing rents and any arrears caused during lockdown. The Council was able to reduce its provision for voids and bad debts from £4,180,000 to £3,115,000. The original provision of 15% had been reduced to 11.5%. Monthly budget monitoring meetings would identify any corrective measures required. The interest charge to the revenue account remained lower than budgeted as officers had borrowed internally when interest rates were relatively high. From 31 March 2019 to 31 March 2021, the Council's commercial assets had appreciated in value by £29m.

The Committee noted that over the next few years, the Council was setting aside prudent sums to cover void periods and bad debts for its commercial income. The Council maintained two earmarked reserves to manage risk around dilapidation costs and to fund any large reductions in income. Some significant tenants had break clauses between 2026 to 2028. These earmarked reserves mitigated the risk of a re-gear of a lease including a rent free or rent reduction agreement. Officers were satisfied that the provision made in these reserves was adequate to cover this risk. In 2027 there was a potential need for more than £7 million to be included in the investment property income equalisation reserve for rent free lease periods. The balance on this reserve was estimated to increase from £3,750,000 at 31 March 2021 to £6,750,000 at 31 March 2025. The reserves would be reviewed every year to check that they were realistic and Commercial Services officers were negotiating with tenants on arrangements for regearing of leases in the future.

The Committee noted a MTFS 2021/22 to 2024/25 General Fund Summary. Adjustments to the 2021/22 base budget were noted. The Committee noted a table summarising the adjustments showing corporate property income or cost reduction/efficiency savings and increased costs. For 2021/22 the main reasons for the additional spending of £1.1million included Covid related income shortfalls and projects planned to start in 2020/21 which could not be completed due to the pandemic where the budgets had been carried forward as a previous year underspend.

The Council had undertaken a senior management restructure and a voluntary redundancy programme would reduce net costs by £380,000 every year from April 2022 onwards. This saving was made after creating new posts including a Bid Officer and a Climate Change Officer. It was noted that there was no extra provision in the budget for spending associated with the Climate Change Officer as it was anticipated that only small amounts of money would be required for environment related events (e.g. a green week) which could be contained within existing provision. It was noted that traveller provision in the budget had not as yet been spent as further work needed to be done before the traveller site which was located in Surrey but was outside Runnymede could be made available for use.

The Committee noted the new cost pressures identified for 2022/23 and potential income generation and revenue reduction ideas. Some of these schemes were included in the draft budgets but had not been approved by Members but as most of these schemes were in an advanced planning stage they had been included in the budget, subject to Member final approval.

The Council would maintain a working balance to fund any unforeseen new costs or reductions in income to the year ending March 2023 when it approved a budget in February 2022. The Committee noted a General Fund Revenue Reserves Calculation Of Minimum Prudent Balance which showed the minimum recommended level of unallocated General Fund reserves based on an assessment of risks and uncertainties. The General Fund Working Balance would remain at no lower than £3 million. The Council had sufficient reserves to continue to provide the same level of service using reserves for several years. The Committee noted a table showing how the reserves were likely to be used until 31 March 2025.

The Committee noted a summary of the capital programme up until 2025/26 and a scheme break down over a five year period. All capital expenditure, unless funded by selling other assets to generate a capital receipt, or by capital grants or contributions, had to be funded from the Council's annual revenue stream. The main schemes to be funded in the capital programme included a contribution of up to £5m towards the Thames flood relief scheme, a contribution of up to £2m to Surrey County Council for improvement to the A320, Egham regeneration, raising energy efficiency ratings and developing digital services infrastructure. The Committee noted the maturity profile of the Council's loan portfolio. The Council set aside cash reserves to repay debt which was known as the Minimum Revenue Provision (MRP). The MRP allowed the Council to fully repay debt when it matured and to not refinance loans at higher interest rates.

Runnymede had the lowest Council Tax in Surrey and one of the lowest in England. For several years now, the Government had set referendum limits so that local authorities could not raise the Council Tax beyond a certain level without holding a referendum, at the cost of the authority, to seek the local electorate's approval to set a higher tax rate. The draft budget assumed that the limit for low Council Tax rate Councils would be set at an increase in the Band D Council tax rate of 3% or £5 a year, whichever was the higher. In Runnymede a £5 a year increase would yield more than a 3% increase. The Committee agreed to recommend that Runnymede should increase its Council Tax in 2022/23 by the maximum amount allowable without holding a referendum. The Committee noted the effect on the Council's income for 2022/23, 2023/24 and 2024/25 if it did not increase the Council Tax by this amount.

The report centred on the risks faced by the Council and how those risks had been evaluated in financial terms to give the Council the resilience to deal with them. The Council's current Section 151 officer was retiring in December 2021 and he had gone through the budget with the Council's new section 151 officer who was content that the budget, reserves and financial position of the Council were robust.

Recommend to Full Council on 10 February 2022 that –

- i) the Medium – Term Financial Strategy be approved;**
- ii) the Band D Council Tax rate be increased by £5 subject to Government referendum limits; and**
- iii) the revised budget for 2021/22 and 2022/23 be approved.**

361 Update For Shareholders In Respect Of RBC Companies

This item was withdrawn under Standing Order 27.7.

362 Re – Establishment Of Post In Development Management and Building Control

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 paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report which proposed that a full time post of Technical Administrator be re-established within the Council's Development Management and Building Control service. The Committee noted the specialist duties of the technical administration team within the Council's Development Management and Building Control service. In 2019, a Technical Administrator post had been removed from the team and an apprentice had been put in post. This apprentice post was for a period of just over 2 years and the apprenticeship would end early in 2022.

The workload of the team had been steadily increasing, the nature of the work had become more complex and Runnymede's staffing levels for the functions of the team were low when compared to a number of other local authorities. Officers had considered not recruiting to the post, delivering the services of the team in a different way, recruiting a new apprentice or re-establishing the post. Officers had recommended that the Technical Administrator post be added to the Council's establishment in order to maintain the level of performance and resilience within the team.

The Committee agreed that the best option was to reintroduce the post and to recruit a full time permanent member of staff. This new post could be funded from existing budgets in at least the short to medium term. The apprentice funds would become available for other

roles, either within the Development Management and Building Control service, or in other services of the Council.

Resolved that –

a full time post be added to the Council’s establishment for the reintroduction of a Technical Administrator : Development Management and Building Control (Grade 6/7) at a maximum cost in the sum reported (including on-costs).

363 Addlestone One 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.

Approval was sought for the proposed letting of two commercial units in the Addlestone One development. It was noted that a previous offer from another business for one of these units had fallen through. The details of the proposed business operations and the proposed Heads of Terms for both businesses were noted. The Committee commended officers on bringing these proposals forward which would enhance the development and approved the proposed Heads of Terms for both units. The Committee agreed that delegated authority be given to the Chief Executive for the final sign off of the financial vetting for these two commercial units.

Resolved that –

- i) the agreed Heads of Terms outlined in the body of the report for two of the commercial units in the Addlestone One development be approved and leases be granted for these two commercial units; and**
- ii) delegated authority be given to the Chief Executive for the final sign off of the financial vetting for these two commercial units.**

364 Law and Governance Service 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.

This item was withdrawn under Standing Order 27.7.

365 Mr Peter McKenzie – Assistant Chief Executive

It was noted that Mr Peter McKenzie, the Council’s Assistant Chief Executive and Section 151 officer (Chief Financial Officer), would be retiring in December 2021. Members thanked Mr McKenzie for his years of service to the Council and expressed their best wishes to him for the future.

(The meeting ended at 8.49.p.m.)

Chairman