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Agenda and minutes

Budget meeting, Council - Tuesday, 21st February, 2023 6.05 pm

- [Attendance details](#)
- [Agenda frontsheet](#)  PDF 492 KB
- [Agenda reports pack](#)  PDF 16 MB
- [Printed minutes](#)  PDF 174 KB

Venue: Council Chamber, Council Offices, The Burys, Godalming

Contact: Fiona Cameron Interim Democratic Services Manager

Note: or at the rise of the preceding Extraordinary meeting

Items

No.	Item
CNL80/22	APOLOGIES FOR ABSENCE <p>The Mayor to report apologies for absence.</p> <p>Minutes:</p> <p>Apologies for absence were received from Cllrs Peter Clark, Brian Edmonds, Jan Floyd-Douglass, Chris Howard, Dan Hunt, Julia Potts, Anne-Marie Rosoman, and Michaela Wicks.</p> <p>Cllrs Carole Cockburn and Mary Foryszewski had given apologies that they would be arriving late.</p> <p>Cllr Foryszewski arrived at 6.30pm; Cllr Christine Baker arrived at 6.55pm; and Cllr Cockburn arrived at 7.30pm.</p> <p>.</p>

CNL81/22 [MINUTES](#) PDF 366 KB

To confirm the Minutes of the Council meeting held on 13 December 2022 and the Extraordinary Council meeting held on 10 January 2023 (herewith).

Additional documents:

- [Minutes Public Pack, 10/01/2023 Council](#)  PDF 142 KB

Minutes:

The Minutes of the Meeting of the Council held on 13 December 2023, and the Extraordinary Meeting held on 10 January 2023, were confirmed.

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CNL82/22 DECLARATIONS OF INTEREST

To receive from Members, declarations of interest in relation to any items included on the agenda for this meeting in accordance with the Waverley Code of Local Government Conduct.

Minutes:

82.1 Cllr Hyman declared a Disclosable Pecuniary Interest in Agenda Item 7 (HRA Business Plan – Revenue Budget and Capital Programme 2023/24) as a Waverley Tenant. Cllr Hyman left the Council Chamber for the debate and vote on that item.

82.3 Cllr John Robini and Cllr Jacquie Keen declared Disclosable Pecuniary Interests in Agenda Item 6 (General Fund Budget 2023/24 and MTFP 2023/24-2025/26) as they rented a garage from the Council. Cllrs Robini and Keen left the Council Chamber for the debate and vote on that item.

CNL83/22 MAYOR'S ANNOUNCEMENTS

Minutes:

83.1 The Mayor updated the Council on his activities since the last meeting. He had enjoyed attending a wide range of events, including

- carol services at the Rotary Club and Age Concern,
- performances of Dick Whittington and The Pirates of Penzance,
- the Grenadier Guards Best of Britain concert,
- the Wintershall Nativity, and
- Farnham Sports Council awards.

CNL84/22 LEADER'S ANNOUNCEMENTS

Minutes:

84.1 The Leader took the opportunity to remind councillors and members of the public watching of the need for Voter Identification at the upcoming local elections. The Leader also drew attention to the events taking place in Godalming and across the borough to mark the one-year anniversary of the invasion of Ukraine by Russia and to show support to Ukrainian nationals in Waverley's local communities.

84.2 In view of the lengthy agenda, the Leader and Executive had agreed to waive any additional updates.

- [View the declarations of interest for item CNL85/22](#)
- [View the background to item CNL85/22](#)
- [View the decision for item CNL85/22](#)




This report sets out the draft General Fund Budget for 2023/24 and Medium-Term Financial Plan (MTFP) ending 2026/27. The MTFP sets out the key work streams for the Council to focus on over this period which, collectively, aim to address the significant shortfall in annual budget projected.

Recommendation

The Executive makes the following recommendations to Council, to:

- i) **agree a 2.99% increase in Waverley's Band D Council Tax Charge for 2023/24 with resultant increases to the other council tax bands;**
- ii) **agree to continue the Council's existing Council Tax Support Scheme at the current levels;**
- iii) **agree to a general inflationary increase to Fees and Charges for 2023/24 except for car parking charges and some exceptions as proposed in Annexe 4;**
- iv) **note the appropriation of garages from the HRA to General fund and approve an increase of 4% to the weekly charge for all garages from 1 April 2023;**
- v) **approve the General Fund Budget for 2023/24 as summarised in Annexe 2, incorporating the baseline net service cost variations included at Annexe 1 and Annexe 3;**
- vi) **approve the General Fund Capital Programme as detailed in Annexe 5; and,**
- vii) **approve the reserve movements as set out in Annexe 6.**

Additional documents:

- [GF Annexe 1 - MTFP](#)  PDF 229 KB
- [GF Annexe 2 - GF Summary 2223 - 2526](#)  PDF 63 KB
- [GF Annexe 3 - Service Movements](#)  PDF 176 KB
- [GF Annexe 4 - new fees and charge](#)  PDF 555 KB
- [GF Annexe 5 - Draft General Fund Capital Programme 23-24](#)  PDF 169 KB
- [GF Annexe 6 - reserves statement 23-24](#)  PDF 37 KB

Minutes:

- 85.1 The Leader of the Council briefly introduced the General Fund Budget 2023/24 and Medium Term Financial Plan (MTFP) 2023/24 – 2025/26, and thanked the Section 151 Officer, Financial Services

Manager and Senior Accountant for the work put into developing the budget and the MTFP, which provided a high level of confidence and assurance that the numbers presented were accurate and valid.

85.2 The Leader went on to thank Cllr Mark Merryweather, Portfolio Holder for Finance, Commercial and Assets, for the patience he had shown with Members in explaining budgetary matters over the past four years. The Leader commended the budget to Council, which was duly seconded by Cllr Kika Mirylees, and invited Cllr Merryweather to present the detailed budget proposals.

85.3 Cllr Merryweather referred the Mayor and Members to their agenda papers (pages 35-106) and presented the detailed proposals for the General Fund Budget 2023/24:

“Our General Fund provides the funding for most of our activities except most notably our Social Council Housing which is covered as a separate item later in the agenda this evening.

Even pre-Covid, cost based inflation was running ahead of our ability to replace the income we were losing from central government. Since then and on top of Covid we now also face the more structural and perhaps more sustained consequences of eye-watering cost inflation that will compound that structural gap.

We expect **cost inflation** will add a further £3m to our cost base next year alone: a total impact to date of over £4.5m annually since before Covid. Inflation is a rate increase, and we also have net activity cost increases for unavoidable and other necessary growth items, including:

- a provisional allocation of £330k for the beefing up of staffing for our development management team, to restructure it following the sustained increase in applications post-Covid, although this is still subject to the confirmation of a business case, and
- £150k toward the provisional budget for the Local Plan Update, the balance of which will be spread over the following years if necessary, but which should at least be a one-off cost if it crystallises.


In terms of the **cost focussed measures** and other cost mitigations we expect:

- New Service savings and the ongoing Head of Service Costs review programme to continue to deliver a number of recurring benefits - including for example from our new insurance arrangements – which all add up;
- As we consider necessary future cost increases, we will try where possible to contain them at least to one-offs too;
- While we are cautious about savings from the Business Transformation strategy in 2023/24 - as both the new corporate structure settles in and as office costs inflate with everything else - further savings from further reviews of both customer services and staff travel are expected from 2024/25, and

- Our collaboration with Guildford is on target to achieve net savings of at least the £700k - annually – as originally projected.

Turning next to the **pressures on our income** from ... [view the full minutes text for item CNL85/22](#)

Recorded Vote

Title	Type	Recorded Vote text	Result
General Fund Budget 2023/24 and Medium Term Financial Plan 2023 - 2026	Resolution		 Carried

- [View Recorded Vote for this item](#)

- [View the declarations of interest for item CNL86/22](#)
- [View the background to item CNL86/22](#)






This report sets out the proposed Housing Revenue Account (HRA) Business Plan, Revenue Budget and Capital Programme for 2023/24.

Recommendation

The Executive recommends to the Council, that:

1. the rent level for Council dwellings be increased by up to 4% from the 22/23 level with effect from 1 April 2023 within the permitted guidelines contained within the Government's rent setting policy;
2. the service charges in senior living accommodation be increased by 4% per week from 1 April 2023 to £20.90;
3. the recharge for energy costs in HRA properties be increased by 4% per week from 1 April 2023;
4. the revised HRA Business Plan for 2023/24 to 2052/53 as set out in Annexe 1 be approved;
5. the approval change for the fees and charges as set out in Annexe 4 is noted
6. the Housing Revenue Account Capital Programmes as shown in Annexe 5 & Annexe 6 be approved; and,
7. the financing of the capital programmes be approved in line with the resources shown in Annexe 7.
8. to deliver the works identified in the maintenance budgets it is recommended that authority is delegated to the Executive Head of Housing, in consultation with the s151 Officer and Co-Portfolio Holder for Housing, to procure and enter into contracts valued over £100,000 shown in Annexe 8.

Additional documents:

- [HRA Annexe 1 - HRA Business Plan 23-24 to 52-53](#)  PDF 478 KB
- [HRA Annexe 2 - HRA Business Plan Movements 23-24](#)  PDF 367 KB
- [HRA Annexe 3 - HRA Key Budget Variances 23-24](#)  PDF 370 KB
- [HRA Annexe 4 - Fees & Charges](#)  PDF 336 KB
- [HRA Annexe 5 - Capital Programme 23-24](#)  PDF 453 KB
- There are a further 3 documents. [View the full list of documents for item CNL86/22](#)

Minutes:

86.1 Cllr Jerry Hyman left the Council Chamber having previously declared a Disclosable Pecuniary Interest in relation to this item.

86.2 The Leader introduced the HRA Business Plan, Revenue Budget and Capital Programme and recommended it to Council for approval, which was duly seconded by Cllr Mirylees. Before passing to Cllr Merryweather to provide a detailed presentation on the proposals, the Leader again thanked the Finance Officers for their hard work over many months to develop a balanced budget despite the ad hoc approach of the government in releasing information on various funds available to local authorities, even as late as January.

86.3 Cllr Merryweather, Portfolio Holder for Finance, Commercial and Assets, presented the budget proposals for the HRA:

“We now turn to the ring-fenced account into which our social housing rental incomes are received, which, together with some other income can only be used for legally prescribed purposes. These include not only the recurring annual costs of operating, administering and maintaining our Council homes but also:

- Major repairs and upgrades;
- New affordable home developments, and
- The servicing and repayment of a £189m mortgage that the Council was required to take out in 2012 to transfer the HRA to the self-financing basis that it's been on since then.


The HRA is self-financing which means that it is our Council house tenants alone who most directly experience the financial costs and benefits of the decisions that we take. We work to a long-range business plan that extends out by a rolling 30-year horizon but this year's review cycle has been extraordinary on at least 4 counts:

- First, the impacts of Covid have been transitioning into impacts of the cost-of-living / inflation crunch which is affecting not only our tenants but also our own ability to provide our Landlord services;
- Second, the government has provided us with a limited opportunity to increase rents by up to 7% ostensibly to mitigate for the cost inflation we experience.
- Third, the pressing need to plan for the improvement of our housing stock to meet our energy performance and efficiency goals which are at least in line with those that are being set nationally by central government, and
- Fourth, we have started to plan for the repayment of the 2012 mortgage by 2040/41 which will release a very significant net permanent improvement in the annual HRA operating account.

So it was in December 2022 that we agreed to change the mortgage debt strategy so as to rephase our net debt principal repayments to free up rent income now to fund housing maintenance and the energy efficiency programme.

Excluding both activity growth and cost savings, we expect that inflation will increase our costs by around £1.4m in 2023/24 – including legacy impacts from 2022/23 - but that, after allowing for compensating interest and receipts, the net impact will be contained to about £1.0m. This approximates to the 4% rent increase that is proposed in the recommendation which is also consistent, we believe, with the good intentions behind ... [view the full minutes text for item CNL86/22](#)

Recorded Vote

Title	Type	Recorded Vote text	Result
HRA Business Plan - Revenue Budget and Capital Programme 2023/24	Resolution		 Carried

- [View Recorded Vote for this item](#)

CNL87/22 [Council Tax Setting 2023/2024](#)  PDF 234 KB

The purpose of the attached report is to enable the Council to make the necessary resolutions in relation to the setting of Council Tax for 2023/2024.

Waverley, as a billing authority for the purposes of Council Tax, is required to set its Council Tax before 11 March in the financial year preceding that for which the Council Tax is set. This report summarises all of the appropriate budgetary decisions that will have been taken to enable the level of Council Tax for 2023/2024 to be determined and specifies all of the individual levels of Council Tax for approval by the Council.

Recommendation

It is recommended that Council agrees the Council Tax resolutions as set out in the attached report, sections 2.1 (a) to (h), 2.2, and 2.3.

Additional documents:

- [FINAL Annexe 1 to Council Tax setting 2023-2024](#)  PDF 14 KB

Minutes:

87.1 The Mayor introduced the Council Tax Setting report. This was a technical report that summarised all of the appropriate budgetary decisions that had been taken by precepting authorities to enable the level of Council Tax for 2023/24 to be determined, and specified all of the individual levels of Council Tax for approval by the Council.

87.2 The Mayor moved the recommendation and it was

RESOLVED that the Council Tax Setting resolutions as set out in the Council agenda report be approved.

At 7.35pm the Mayor called an adjournment for 10 minutes. Cllr David Munro gave his apologies and left the meeting to attend a Parish Council meeting.

The Mayor resumed the meeting at 7.50pm.

- [View the background to item CNL88/22](#)

Whilst it is a statutory requirement for local authorities to produce an annual Capital Strategy it is also a best practice approach to longer-term strategic planning and investment to ensure the Council's long-term priorities can be delivered as well as the day-to-day provision of services.

The Capital Strategy (Item 1) brings together the Council's detailed policies, procedures and plans relating to capital expenditure, capital financing and treasury management activity. It incorporates the Treasury Management Framework, Prudential Indicators and Asset Investment Strategy. It also gives an overview of how associated risk is managed and the implications for future financial sustainability.

Recommendation

The Executive makes the following recommendations to Council:

- 1. That the five-year Capital Strategy for 2023/2028, incorporating the Treasury Management Strategy, Prudential Indicators and Asset Investment Strategy, is approved.**
- 2. That Full Council delegate authority to the Executive for the financial year 2023/2024, subject to a positive recommendation from the Asset Investment Advisory Board and agreement from the Chief Executive and Strategic Director:**
 - a. to bid, negotiate and complete on property acquisitions and investments in land and buildings with a total individual cost of up to £10m, subject to the decision fully satisfying all criteria and process requirements set out in this Strategy; and**
 - b. to determine a funding strategy for the acquisition or investment in line with the Treasury Management Strategy; and**
 - c. to appoint advisors and undertake appropriate due diligence for each property acquisition and investment proposal as necessary; and**
 - d. to complete the legal matters and signing of contracts to execute the transactions referred to above.**

Additional documents:

- [Item 1 - Annual Capital Strategy 2023-24](#)  PDF 850 KB
- [Item 2 Annexe 1 - Capital Strategy infographic 23-24](#)  PDF 514 KB
- [Item 3 Annexe 2 - Asset Management Plan and Capital Ambition 23-24](#)  PDF 287 KB
- [Item 4 Annexe 3 - Treasury Management Strategy 2023-24](#)  PDF 712 KB
- [Item 5 Annexe 4 - Asset Investment Strategy 2023-24](#)  PDF 907 KB

Minutes:

- 88.1 The Leader introduced the Capital Strategy, incorporating the Treasury Management Strategy and Asset Management Investment Strategy and commended it to Council for approval. The recommendations were seconded by the Portfolio Holder for Finance, Commercial and Assets, Cllr Merryweather, who went on to present the detail of the Strategy.
- 88.2 Cllr Merryweather outlined the main elements of the Capital Strategy that governed how the council managed capital investments and expenditure in a prudent, sustainable and resilient manner, and in accordance with regulations and Government lending terms. He drew attention to the recommendation for the renewal of the delegated authority to the Executive, which was considered necessary in order for the Council to participate in the market, where appropriate, on an equal footing with the private sector.
- 88.3 Finally, Cllr Merryweather thanked the Executive Head of Finance and Finance Officers for their work on developing the Capital Strategy.
- 88.4 Cllr Mulliner spoke to reiterate comments made by the Overview & Scrutiny Committee, that the Capital Strategy was a difficult document to understand for anyone without a finance background, and work was needed to make it more accessible for councillors and residents of all backgrounds. He looked forward to working with the Portfolio Holder to develop a revised version that could be more easily understood. Cllr Merryweather accepted the criticism of the document and welcomed Cllr Mulliner's interest in making the content more accessible.
- 88.5 The Mayor moved the vote, and it was

RESOLVED that

- 1. the five-year Capital Strategy for 2023 – 2028, incorporating the Treasury Management Strategy, Prudential Indicators and Asset Investment Strategy, be approved.**
- 2. authority be delegated to the Executive for the financial year 2023/24, subject to a positive recommendation from the Asset Investment Advisory Board and agreement of the Chief Executive and Strategic Director,**
 - a) to bid, negotiate and complete on property acquisitions and investments in land and buildings with a total individual cost of up to £10m, subject to the decision fully satisfying all criteria and process requirements set out in this Strategy; and**
 - b) to determine a funding strategy for the acquisition or investment in line with the Treasury Management Strategy; and**
 - c) to appoint advisors and undertake appropriate due diligence for each property acquisition and investment proposal as necessary; and**
 - d) to complete the legal matters and signing of contracts to executive the transactions referred to above.**

- [View the background to item CNL89/22](#)
- [View the decision for item CNL89/22](#)

Local Plan Part 1 (LPP1) was adopted in February 2018. There is a statutory requirement to review LPP1 within five years from its adoption (i.e., by the end of February 2023) to decide if an update to the Plan is required.







This report presents the findings of the review of LPP1 and concludes that the plan requires updating. The recommendations seek endorsement of this conclusion so that work can proceed on identifying the scope of an updated plan and the timetable for its preparation, including the approach to engaging local communities. These matters are not for determination now and will be the subject of a further report to allow the Council to consider in detail how it wishes to update its strategic policies.

Recommendation

The Executive recommends to Full Council that:

Having undertaken a review of LPP1 in accordance with [regulation 10A of The Town and Country Planning \(Local Planning\) \(England\) Regulations 2012 \(as amended\)](#), the Council resolves that LPP1 requires updating to a greater or lesser extent. However, the Local Plan as a whole continues to provide an up-to-date statutory development plan for Waverley, which must remain the starting point for decisions on planning applications while an update is brought forward.

Additional documents:

- [Annex A - Extract of Minutes of the Services O&S 240123](#)  PDF 541 KB
- [Annex 1 - Summary of proposed planning reforms relating to Local Plans](#)  PDF 369 KB
- [Annex 2 - Summary of responses on LPP1 Review](#)  PDF 231 KB
- [Annex 3 - LPP1 Review Compliance of LPP1 Policies with NPPF](#)  PDF 488 KB
- [Annex 4 - LPP1 Review PAS Toolkit](#)  PDF 951 KB
- [Annex 5 - Changes to Local Housing Need](#)  PDF 9 KB

Minutes:

89.1 The Mayor invited the Leader to introduce the item. The Leader began by thanking Farnham Town Council and Farnham members for a constructive meeting the previous day to discuss the review of LPP1 and the need for an update. He recognised that this was an emotive topic and emphasised the need for evidence, the primacy of Government planning rules, and the need to consider the review and the update in the correct order. The Leader invited the Portfolio Holder for Planning and Economic Development, Cllr Liz Townsend, to present the details of the matter.

89.2 Cllr Townsend reminded Members that the council had a legal requirement to review LPP1 now that it was five years old. That review had been carried out by officers using the Planning Advisory

Service (PAS) toolkit and their recommendation was that LPP1 needed to be updated. Independent legal advice had confirmed that a significant factor in this recommendation was the introduction, since LPP1 was adopted in 2018, of the standard method of calculating housing targets. This resulted in a new starting point of 743 dwellings per annum, a 26% increase on the target in LPP1 of 590 dwellings per annum. It would be hard to argue that this was not a significant difference, although there would be an opportunity to present a detailed assessment of the borough's constraints and capacity to accommodate the higher number. The scope and timeline of the update had not been determined, and all options from a partial to full update would be investigated. However, the recommendation before Members now was to agree that LPP1 needed updating. Cllr Townsend went on to outline the potential risks of trying to set the scope of the update without evidence. The council had clear legal advice that the Development Plan would remain the starting point for decision-making, in accordance with section 38.6 of the Planning and Compulsory Purchase Act 2004. Furthermore, officers advised that the protection offered to Neighbourhood Plans under paragraph 14 of the National Planning Policy Framework (NPPF) was not dependent on the borough having an updated housing figure, and this view was supported by independent legal advice.

89.3 Cllr Townsend recognised the effort that went into making Neighbourhood Plans, and the councils strongly supported the proposed changes to the NPPF to extend the protection for Neighbourhood Plans from two to five years. However, whilst the need for innovative and different solutions for the planning system were needed, the council had to work within the current system to produce an updated Local Plan that worked for the whole borough. Cllr Townsend concluded by thanking officers for their work in reviewing LPP1, whilst also completing work on Local Plan Part 2.

89.4 The Mayor next invited Cllr David Beaman to speak, as Cllr Beaman had given notice of an amendment that he wished to move. Cllr Beaman thanked the Leader and Cllr Townsend for meeting with Farnham Members and whilst this had been constructive, Farnham residents remained greatly concerned about the impact ... [view the full minutes text for item CNL89/22](#)

- [View the background to item CNL90/22](#)

The Localism Act 2011 (Section 39) requires all public authorities to publish an Annual Pay Policy Statement. The Council is required to adopt the Annual Pay Policy Statement each year and the Council is not legally permitted to depart from the policies set out in that statement when it considers actual decisions in relation to individuals' remuneration, including redundancy and/or severance.

The Annual Pay Policy Statement for the 2023/24 financial year is attached at Annexe 1. It has been updated in line with the requirements of the Localism Act 2011 and harmonised in terms of wording with the Guildford Pay Policy. The table below highlights the key changes.

Recommendation

The Executive recommends to Council that the Pay Policy Statement for the 2023/24 financial year, attached at Annexe 1, be approved.

Additional documents:

- [Pay Policy 2023- 24 Waverley Updated](#)  PDF 644 KB

Minutes:

90.1 The Leader introduced the Annual Pay Policy Statement and moved the recommendation, which was seconded by Cllr Liz Townsend.

RESOLVED that the Pay Policy Statement for the 2023/24 financial year be approved.



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