

COUNCIL – 17 OCTOBER 2019

## [NOTE: DECLARATIONS OF INTEREST

In accordance with the Officer Employment Procedure Rules, Leigh Clarke, (Finance Director) has declared a disclosable personal interest (non-pecuniary) interest in Questions 1, 4, 13, 22, 23 and 24 arising from (i) her husband having a small shareholding in Woking Football Club and (ii) a Council appointed director of Kingfield Community Sports Centre Limited. The interest does not prevent Mrs Clarke from advising the Council on this matter.]

## QUESTIONS TO COUNCIL – 17 OCTOBER 2019

The following questions have been received under Standing Order 8.1. The draft replies, which are subject to amendment, are set out below.

“Councillors are thanked for their questions.”

1. Question from Councillor D E Hughes

“The development at the Westfield stadium site is stated to be an enabling function to provide not only a new stadium, but to provide a sustainable income for the football club. As this is such a crucial part of the plan, can the Council be assured that modelling has been done on the commercial and retail elements proposed to ensure a level of confidence that this will indeed be the case?”

Reply from Councillor A Azad

“The Council would expect such modelling to be completed by the football club to ensure that the stadium provides the revenue required to put the club in a sustainable position.”

2. Question from Councillor D E Hughes

“Following the change in legislation regarding blue badge holders, which will open up this facility for wider users, is there sufficient provision in the borough to accommodate this increase without putting increased pressure on existing blue badge holders.”

Reply from Councillor C S Kemp

“This is a situation that the Parking Services Team will continue to monitor. However, it is likely that the available on street parking provision will continue to be under high demand. In contrast we invariably have good provision of disabled persons parking spaces within our Town Centre car parks which also allow parking for a longer duration.”

3. Question from Councillor A-M Barker

“What assessment has been made of the impact a non-deal Brexit would have on residents and the local economy.”

Reply from Councillor D J Bittleston

“In order to prepare for a no deal Brexit work has been undertaken to assess the impact to WBC services, and to our residents in general. Using the information provided to local government by central government we have assessed any potential impact to each of our services. This has included looking at any changes to regulations, impact to supply chains, transportation issues and the rights of our employees that are from other countries in the EU. The majority of issues highlighted have been addressed, as far as is practical. The remaining issues will be addressed prior to the 31st October, again, as far as is practical. As this is an international issue there is a limit to our influence and control. If any large scale or unpredictable issues arise then our Emergency Planning and Business Continuity procedures will be in place to resolve those issues, but it is considered unlikely that this will be necessary.

In terms of the wider impact on our residents it is our most vulnerable residents that are most likely to be effected. The most immediate impact is likely to be disruption to supply chains. We are preparing to mitigate the worst effects of this by holding extra Community Meals in reserve and purchasing a stock of food for local food banks. We will also be convening a group with representatives from across our front line services with the primary aim to report on any negative consequences of a no deal Brexit that are effecting our residents. The possible impacts of Brexit are unpredictable, but this will allow us to notice any issues quickly and conduct a coordinated response.

While we will continue to support our residents in any way possible, our primary role is in communication and sign posting residents to the appropriate central government guidance. In March, when we were last due to leave the EU, front line staff and the Marketing and Communications team agreed that we would put together a document listing the most likely enquiries regarding Brexit and determine the best place to direct those enquiries. All staff were made aware of this document at that time and again on Friday 11th October. We have also encouraged our employees, and through our business liaison, those of other employers, who are here due to the freedom of movement to ensure they register to remain.

While we have taken a detailed look at possible effects of no deal Brexit, a full scale economic assessment has not been made on the impact of Brexit to Woking. This would be costly and difficult to do accurately, and as this is an international issue that we have no control of, unlikely to assist us. Our current economic policies, such as bringing jobs to Woking and building affordable housing, are the best steps that we can take to make us resilient to any economic change, Brexit included. This, combined with our actions listed above to mitigate the short term consequences of no deal Brexit mean that we are confident that WBC is as prepared as possible for the UK to leave the EU on the 31st October.”

4. Question from Councillor D E Hughes

“It has come to my attention that a Research company has been contacting residents asking detailed demographic questions and seeking views on the proposed football stadium development. Is the Executive aware of this survey? Has WBC had any involvement in this at any level?”

Reply from Councillor A Azad

“The Council has not been involved in any surveys relating to the proposed scheme and the Executive was not aware of the survey to which you refer.”

5. Question from Councillor W P Forster

“Please can the Council confirm how many residential properties it believes have been empty in Woking Borough for 6 months or more? How many have been empty for 2 years or more?”

Reply from Councillor D J Bittleston

“As at 1 October 2019, there were 416 empty homes for over 6 months but less than 2 years, including 113 empty homes in Sheerwater awaiting regeneration. There are a further 82 homes empty over 2 years. This gives a total of 498 long-term empty properties.

The Council has been successfully bringing back into occupation around 5-8 properties per month through proactively contacting the owners and offering advice and assistance. There are a number of complex, long term empty properties, which continue to require substantial intervention over a number of years to reach a successful outcome.”

6. Question from Councillor W P Forster

“Please can the Council confirm how much funding from the Government it received this financial year for Discretionary Housing Payments? How much of this money has been granted to Woking residents, and how much is unspent?”

Reply from Councillor A Azad

“The Discretionary Housing Payments (DHP) funding from the Government for applications for the period 1st April 2019 to 31st March 2020 is £162,457.

The final DHP spend for the period 1st April 2019 to 31st March 2020 won't be known until after the last Housing benefit payment run at the end of March 2020.

To date the DHP current spend total (after 6 months of the year) is £84,420.65 to 82 applicants.”

7. Question from Councillor G G Chrystie

This question will be dealt with under Part II of the agenda.

8. Question from Councillor G G Chrystie

“Decisions Taken by Members under Delegated Authority

The Openness of Local Government Regulations Regulations 2014 sets out the responsibility of Officers. WBC sets out in its own web-site under the banner of Council and Democracy the procedures for compliance under the heading ‘Decisions taken under Delegated Authority’. In particular an officer making an executive decision, under delegated powers is required to produce a written statement to include 4 issues.

Does WBC maintain a register of officer decisions and if so where? Also do individual officers maintain their own register/file?”

Reply from Councillor A Azad

“Woking Borough Council has published details of Officer delegated decisions since the Government adopted the Openness of Local Government Bodies Regulations 2014. The Council has developed an e-form to be completed by Officers which captures the information required under the Regulations. The forms are published automatically to the Council's website.

A briefing paper on the Regulations was prepared for Members in July 2014, setting out the implications and the measures adopted by the Council. That document remains available to Members through their iPads under Member Development Briefing papers.

The requirement to publish details of decisions has not replaced the need for Officers to maintain their own records.”

9. Question from Councillor G G Chrystie

“Officer Comment made for Executive Meeting on 10th October 2019, Agenda Item 10

At an Executive Meeting on 10th October 2019 in response to a Notice of Motion by Cllr A-M Barker, the Officer Comment was that a decision had been made by him under delegated authority. What was the basis of that alleged delegated authority?”

Reply from Councillor A Azad

“The approval of plans is consequential on the decision of the Council to enter into the Agreement. It has never been the practice to take such matters to Members as the timescales for such decision making are too tight. Further to this, Peter Bryant Head of Democratic and Legal Services has Ostensible Authority under paragraph 1.3 of the Scheme of Delegations. In accordance with the Terms of Reference for the Ostensible Authority Standing Panel paragraph 6 such a decision would not need to be considered by the Panel as when quantified the decision would not give rise to any expenditure or liability at all.”

10. Question from Councillor M Ali

“In response to my question on green spaces in the meeting held on 25<sup>th</sup> July Cllr Cundy replied that ‘there has been no net loss’ he further said that ‘sheerwater regeneration will provide a net gain’. This is contrary to what the reports at the time had shown with a net loss. Do you wish to recheck your figures.”

Reply from Councillor D J Bittleston

“If Cllr Ali would care to provide me with the figures he is referring to, I will consider the matter further and advise him outside the meeting.”

11. Question from Councillor M Ali

“In relation to question above, do you expect residents of sheerwater to travel all the way to sportsbox (and how will children manage that) and utilise those facilities? What about the added travel, will that not conflict with your environmental aim.”

Reply from Councillor D J Bittleston

“The facilities at the Sportsbox are available to all members of the community should they choose to use them. It is unrealistic to expect every neighbourhood to have its own facilities, but in the case of Sheerwater extensive new open space is being provided in the centre of the community and significant new sports facilities are currently being built at Bishop David Brown School and will include public use.”

12. Question from Councillor M Ali

This question will be dealt with under Part II of the agenda.

13. Question from Councillor M Ali

“Regarding above: why are you not sharing this criteria publicly, you can strip sensitive info but share the criteria.”

Reply from Councillor A Azad

“The answer provided in July set out that the reasons why the Council entered into the Agreement with GoIDev. GoIDev are the developer for the Kingfield site in which the Council has an interest. The proposed development (i) complied with the Council’s policy objective and (ii) was viable. In April 2018 the Council agreed to enter into the Development Agreement if it was demonstrated that the project was viable. In July 2018 the Council approved, in public (Part 1), that that scheme be considered viable which enabled the Council to enter into the Development Agreement.”

14. Question from Councillor M Ali

This question will be dealt with under Part II of the agenda.

15. Question from Councillor M Ali

“Referring to question 12 of 25<sup>th</sup> July 2019. Do you now have the costs for heathside? Why are these not available?”

Reply from Councillor D J Bittleston

“Proposals to demolish and rebuild Heathside Car Park have not been sufficiently advanced to warrant the development of a detailed cost plan.”

16. Question from Councillor M Ali

“The 95M grant secured for Victoria arch was awarded by the government solely for Victoria arch? Without playing word games: does the award state that this is meant for Victoria arch?”

Reply from Councillor D J Bittleston

“The HIF bid sought funding for the replacement of Victoria Arch and highway improvements on the A320 under the Arch and on the Guildford Road south of the Arch. This is what has been approved by the Government.”

17. Question from Councillor M Ali

“Regarding the proposed expansion of Victoria arch. How do you feel about demolishing a building of town center merit? Because you and the CEO have openly said as if the project is approved.”

Reply from Councillor D J Bittleston

“There is always a balance to strike between conservation of buildings and addressing wider needs. On balance it is considered to be in the best interests of the Borough to enable the proposed new highway layout which requires demolition of existing building.”

18. Question from Councillor M Ali

“Letters have been written to owners within the ‘triangle’ for Victoria arch expansion. In these you are referring to CPO as an option. Do you not think this is harassment and bullying? The CEO nor council has any such power called CPO (Compulsory Purchase Order). It is granted on a case by case basis and is not your or CEO’s right. Yes you are indeed using words like ‘option’ etc. to cover yourself but the effect remains as if a person threatens another one with consequences should they not listen. Do you believe the council should act in this way.”

Reply from Councillor D J Bittleston

“The Council is taking all possible steps to voluntarily purchase all of those properties within the triangle site. However, given the timescales involved it may be necessary to start the Compulsory Purchase Order process before it is possible to do so. It would be disingenuous to not bring this possibility to the owner/occupiers attention as soon as possible.”

19. Question from Councillor M Ali

“Referring to question 16 of 25<sup>th</sup> July 2019. I regret that you did not answer the question. The question was specific, please read again. Will this move the problem upstream? Do your studies cover the surrounding roads and do they confirm that we are not simply moving the problem further upstream of traffic either way. e.g. Guildford Road is not being expanded so it will experience congestion.”

Reply from Councillor D J Bittleston

“My previous answer explained that the highways and transportation consultants have prepared proposals which will improve conditions to the south of Victoria Arch. If Cllr Ali would find it helpful, I would be happy to arrange for the consultants to meet him to address any concerns he has.”

20. Question from Councillor M Ali

This question will be dealt with under Part II of the agenda.

21. Question from Councillor M Ali

“Regarding question 20 above, Peter Bryant’s name was mentioned. Can you specify that he has delegated authority to actually bypass the council? And keep it in the dark?”

Reply from Councillor A Azad

“The Council has not been bypassed or kept in the dark. I refer Councillor Ali to my answer to Question 10.”

22. Question from Councillor M Ali

“In the executive the CEO informed that the owner company of Woking Football club (I forget the full name community sports etc.) was given money by the council. This was registered as a charge against the asset. Then the council purchased the company and hence the charge came off. Can you then confirm how much the charge was? What was the market value of the asset at the time? And that the council did get a discount off the value equal to or more than the loan the company had taken. By way of example if the loans amounted to £20, the full market value was £100, then the council paid not more than £80 to acquire the asset. Because otherwise it would be like a loan write off.”

Reply from Councillor A Azad

“The Council charge over Kingfield Community Sports Centre Limited (KCSC) was £1.6m. This represented the funding made available to the club to construct a new stand. The loan was only repayable if the football club was promoted to the Football League. The construction of the new stand and the charge pre-dated the ownership of KCSC from which the Council acquired the site. As such the ‘loan’ has not been treated as an asset in the Council’s accounts. The purchase of the shares of the company was £2m as shown in the Green Book. This represented the negotiated price for the land and assets owned by the company.”

23. Question from Councillor M Ali

“Referring to question 22 of 25<sup>th</sup> July 2019. Who is then Dukelease? We were clearly told in the briefing that DukeLease is GolDev’s partner.”

Reply from Councillor A Azad

“Two of the Directors of GolDev Woking are also Directors of Dukelease.”

24. Question from Councillor M Ali

“In the members briefing on GolDev held on 10<sup>th</sup> July 2019 we requested some documents and plans. We were told after great reluctance that we will get those. So far we have got nothing. Can you confirm we will get those project plans etc. or the request of councilors were simply ignored.”

Reply from Councillor A Azad

“Following public consultation, a Members briefing has been organised for 22 October. This will enable GolDev to update Members prior to the Planning Application being submitted. The project plan requested will be made available in due course.”

25. Question from Councillor M Ali

“In one of the meetings when we approved the funds for the red car park, we were told that we had to approve these fund as the surveyor had made a mistake. The CEO stood up and said that we will seek to recover cost from the Surveyor. What has been done in that regard?”

Reply from Councillor D J Bittleston

“Mr Morgan has no recollection of stating the surveyor had made a mistake or that we would seek to recover costs. The initial structural survey did not identify the same level of defects that the subsequent more detailed survey relayed. This was reported to the Council. The Council was not told it had to approve the funds but was advised to do so as it was considered more economic to renew the car park than reinforce it.”

26. Question from Councillor M Ali

“Some statistics show that the CEO is the director of as many as 25 private companies and the leader of almost same. The amount of money that these companies are handling is not under the direct control of the wider council and is as much as 40%. Several questions then arise:

- a. How can people be such superhuman and manage 25 companies while still serve their actual and main job of delivering council services
- b. Why are all these interests not being declared as has been pointed out several times! This is not something you should take lightly
- c. Why the public are not given the full picture of how many companies the council has created
- d. Why is companies house is not kept up to date. This is not to be taken lightly.”

Reply from Councillor A Azad

“The Council currently holds a total of 23 wholly owned or joint venture companies. The constitution of the Board of Directors of those companies varies from Company to Company. The Chief Executive is a Director of 10 of those Companies. The Leader is a Director of 11 of those companies. The companies are managed professionally and efficiently. All interests are declared, when appropriate to do so, in accordance with the Members Code of Conduct on the Agenda of each Committee or Council Meeting.

Information in respect of the companies is in the public domain and can be accessed free of charge at Companies House. Companies House is kept up to date and accurately records the current appointment of Directors.”

27. Question from Councillor M Ali

“Why the earnings, benefits, salaries, dividends or any other such items of benefits direct or indirect not made public and declared? These directors like CEO and Leader are serving the public. Its not their private money that has gone in to these companies, its public money. Why was then my question moved into part II to hide this information from the public?”

Reply from Councillor A Azad

“Council Officer and Councillor Directors do not receive any remuneration whatsoever as payment for their role(s) as Director(s) of any of the Council wholly owned or joint venture companies.”

28. Question from Councillor G G Chrystie

“PWLB lending rate increase for new drawdown

1. Has our E & Y Model set up for Victoria Square been tested using the new PWLB rates? If not then surely it must be done soonest as WBC seems to require further borrowing to complete the contract.
2. What steps have been taken to estimate the impact of the new PWLB rates upon which WBC have based costings and contracts? Can the E & Y model for Victoria Square be adjusted to suit Sheerwater and other major contracts?
3. What Insurance has WBC put in place to protect itself from adverse PWLB loan rate changes which apply where application has only been made for part of the total contract cost?
4. Are there any alternative funding sources available which could grant new funding at a similar rate to the PWLB?
5. How long will it take for officers to supply an estimate the total impact upon WBC of the PWLB increased rate? ( to include Thameswey etc )”

Reply from Councillor A Azad

1. “The Victoria Square model allows for changes to the average borrowing rate to be evaluated. On approving the project to proceed, the base case assumed borrowing at 2.5% with sensitivity analysis up to an average of 2.75%. It was noted that a combination of annuity, maturity, longer and shorter length loans may be taken in order to secure the optimum borrowing position as there was no guarantee on interest rates during the period of construction. Interest rates have been historically low, and the Council has taken advantage of these low rates in particular since March 2019, by securing some borrowing in advance of the drawdowns for the project. The government increased the margin applied to PWLB borrowing on Wednesday 9th October. At this date the interest rate on a PWLB 50 year annuity was 2.79%. No long term borrowing has been taken from the PWLB since the change was implemented. Long term borrowing will continue to be secured when rates are considered advantageous. The Council has the flexibility to take some borrowing short term to manage the timing of long term decisions, and currently has cash balances which will cover expected commitments until January 2020.

2. The 2019/20 budget assumed long term borrowing would be at 3%. The rates used are forecasts provided by the Council's Treasury Management Advisors. Since setting the 2019/20 budget in February 2019, interest rates have fallen substantially due to National and International economic conditions. This has enabled the Council to secure borrowing well below the levels budgeted, reducing the long term costs of the Council's Investment Programme. A significant proportion of the Council's Investment Programme relates to funding being advanced to Group Companies and Joint Ventures, where the impact on the Council's own finances is the margin charged, not the underlying borrowing rate. The impact of revised forecast PWLB rates will be assessed when preparing the draft budgets for 2020/21.

The Sheerwater regeneration has a bespoke model built by EY and managed by Thamesway to model the financial implications of cost and income assumptions of the project. The Victoria Square model is specific to the town centre regeneration project and it would not be appropriate to use it for other major contracts.

3. It is not possible to insure the Council against adverse PWLB rate changes. The Council has managed the interest risk by securing long term borrowing for approximately half of the project to date.
4. There are alternative funding sources, although they require substantially greater administration so have not been pursued while PWLB rates have been competitive. It is likely that the private financial markets will be increasingly interested in Local Government lending if they are now able to offer rates below those available from the PWLB.
5. Revised PWLB forecasts will be used to prepare the draft budgets for 2020/21 onwards which will be considered by the Executive in November. Interest rates remain volatile so estimates will continue to be reviewed."

29. Question from Councillor J E Bond

"During last Week's Executive meeting I requested that companies related to Woking Council should be shown on Woking's website for real transparency, but was told that this is not necessary as they are on the website of the Thamesway group of companies.

Unfortunately this is not the case. It is not possible to find information on all of Woking's related companies from that website - some examples are: Brookwood Park Ltd, Kingfield Community Sports Centre Ltd and Woking Necropolis and Mausoleum Limited. There are at least 8 such companies and it is not at all easy for members of the public to identify these companies or their directors.

While it is very easy to find basic and up-to-date information on all of Woking Council's elected members, this is not true for the people in charge of the 23 companies which spend almost half of Woking Council's funds. I must therefore again ask why this information - all the related companies and all their directorships - is not provided by this Council."

Reply from Councillor A Azad

"I have already asked the Chief Executive to put details of Council owned companies on the Council website."

30. Question from Councillor J E Bond

"Last week's large increase in the interest charged on government loans was unexpected and it seems that this was aimed specifically at four Councils who have particularly high levels of debt.

Has the effect of this increased been fully assessed yet? Woking seems particularly vulnerable as there is still a need to borrow more funds for Victoria Square and other projects. Will this increase necessitate a rethink of the planned expenditure on Victoria Square and the many other projects being promoted by the Conservative group?"

Reply from Councillor A Azad

"I am not aware that this increase was aimed at four Councils who have particularly high levels of debt. The government increased the margin on PWLB borrowing for all Councils and set out that this was to bring historically low interest rates back in line with 2018 levels.

The rates are currently still in line with those budgeted for 2019/20. The impact on the forecast for future borrowing will be reviewed on setting the budget for 2020/21. The financial modelling and sensitivity analysis for Victoria Square allowed for variations in interest rates. It has been positive that a significant proportion of long term borrowing has already been secured at less than the base interest rate assumed."

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REPORT ENDS

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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