



COUNCIL

13 February 2020

To: The Mayor and Members of
WOKING BOROUGH COUNCIL

SUMMONS TO A MEETING

You are hereby summoned to attend an ORDINARY MEETING of the COUNCIL to be held in the Council Chamber, Civic Offices, Gloucester Square, Woking on THURSDAY, THE THIRTEENTH DAY OF FEBRUARY 2020 at 7.00 pm to transact the business specified in the agenda overleaf

RAY MORGAN
Chief Executive

Civic Offices,
Woking

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website (www.woking.gov.uk). The images and sound recording will also be used for training purposes within the Council. Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed.



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AGENDA

Prior to the commencement of business, Mr Steve Petch, Pastor of the Welcome Church, Woking will say prayers.

1. MINUTES

To approve the minutes of the Meeting of the Council held on 5 December 2019, as published.

2. APOLOGIES FOR ABSENCE.

3. MAYOR'S COMMUNICATIONS.

4. URGENT BUSINESS.

To consider any business which the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.

5. DECLARATIONS OF INTEREST. (Pages 7 - 8)

- (i) To receive declarations of interest from Members and Officers in respect of any item to be considered at the meeting.
- (ii) In accordance with the Members' Code of Conduct, Councillor D J Bittleston declares a non-pecuniary interest in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that speaking and voting are permissible.
- (iii) In accordance with the Members' Code of Conduct, Councillor A Azad declares a non-pecuniary interest in any items concerning the companies of which she is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that speaking and voting are permissible.
- (iv) In accordance with the Members' Code of Conduct, Councillor C S Kemp declares a non-pecuniary interest in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that speaking and voting are permissible.
- (v) In accordance with the Members' Code of Conduct, Councillor D Harlow declares a non-pecuniary interest in any items concerning the companies of which she is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that speaking and voting are permissible.
- (vi) In accordance with the Members' Code of Conduct, Councillor G S Cundy declares a non-pecuniary interest in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that speaking and voting are permissible.
- (vii) In accordance with the Officer Employment Procedure Rules, the Chief Executive, Ray Morgan, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Morgan may advise the Council on those items.

- (viii) In accordance with the Officer Employment Procedure Rules, the Deputy Chief Executive, Douglas Spinks, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Spinks may advise the Council on those items.
- (ix) In accordance with the Officer Employment Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Bryant may advise the Council on those items.
- (x) In accordance with the Officer Employment Procedure Rules, the Finance Director, Leigh Clarke, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mrs Clarke may advise the Council on those items.
- (xi) In accordance with the Officer Employment Procedure Rules, the Director of Housing, Louise Strongitharm, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mrs Strongitharm may advise the Council on those items.
- (xii) In accordance with the Officer Employment Procedure Rules, the Finance Director, Leigh Clarke, declares a disclosable personal interest (non-pecuniary) in any items concerning Woking Football Club and/or the GolDev Woking Limited development. The interest arises from (i) her husband having a small shareholding in Woking Football Club and (ii) being a Council-appointed director of Kingfield Community Sports Centre Limited. The interest is such that Mrs Clarke may advise the Council on those items.
- (xiii) In accordance with the Officer Employment Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, declares a disclosable personal interest (non-pecuniary) in any items concerning Woking Football Club and/or the GolDev Woking Limited development. The interest arises from (i) him being a member of the Cards Trust (the supporters' club for Woking Football Club), (ii) providing occasional unpaid assistance to Woking Football Club, e.g. acting as returning officer at the election of directors and (iii) being a Council-appointed director of Kingfield Community Sports Centre Limited. The interest is such that Mr Bryant may advise the Council on those items.

6. QUESTIONS.

To deal with written questions submitted by Members under Standing Order 8.1. Copies of the questions and of the draft replies (which are subject to amendment by the Leader of the Council) will be laid upon the table.

7. COUNCIL TAX 2020/21 - WBC20-003.

8. RECOMMENDATIONS OF THE EXECUTIVE - WBC20-004. (Pages 9 - 14)

To receive and consider recommendations from the Executive.

- 8a. General Fund, Service Plans, Budgets and Prudential Indicators 2020-21 EXE20-001
- 8b. Housing Revenue Account Budgets 2020-21 EXE20-002
- 8c. Investment Programme 2019-20 to 2023-24 EXE20-003
- 8d. Capital, Investment and Treasury Management Strategies EXE20-004

- 8e. Recommendation from Climate Change Working Group - Climate Emergency - Planning for Carbon Neutrality EXE20-010
- 8f. Homelessness and Rough Sleeping Strategy EXE20-007
- 8g. Housing Infrastructure Fund - Funding Allocation of £95Million to Woking Town Centre EXE19-060

9. SHEERWATER REGENERATION - WBC20-001 (Pages 15 - 72)

10. PAY POLICY STATEMENT 2020-21 AND GENDER PAY GAP DATA - WBC20-002 (Pages 73 - 90)

11. NOTICES OF MOTION (Pages 91 - 94)

To deal with any motions received in accordance with Standing Order 5.0. Any motions received before the deadline has passed for the receipt of motions will be published and a copy of the list will be tabled at the meeting.

12. EXCLUSION OF THE PRESS AND PUBLIC

In the event any Member of the Council wishes to discuss information set out in the confidential supporting information in respect of Agenda Item 8g – Recommendations of the Executive – Housing Infrastructure Fund – Funding Allocation of £95Million to Woking Town Centre, considered by the Executive at its meeting on 6 February 2020, the Mayor will move, and the Deputy Mayor will second:-

"That the press and public be excluded from the meeting during consideration of item 13 in view of the nature of the proceedings that, if members of the press and public were present during this item, there would be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A, to the Local Government Act 1972."

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

PART II – PRESS AND PUBLIC EXCLUDED

13. RECOMMENDATIONS OF THE EXECUTIVE - HOUSING INFRASTRUCTURE FUND – FUNDING ALLOCATION OF £95MILLION TO WOKING TOWN CENTRE - WBC20-004.

AGENDA ENDS

Date Published - 5 February 2020

Note: At the close of the meeting the Worshipful the Mayor, Councillor Mrs Beryl Hunwicks, would like to invite the following to join her in the parlour:-

The Deputy Mayor, Councillor Hussain, Councillors Ashall, Aziz, Barker, Bittleston, Bond, Chrystie, Davis, Forster, Harlow, Hughes, Johnson, Leach, Lyons, Mohammed and Whitehand, together with Officers attending the meeting.

Schedule Referred to in Declaration of Interests

Council-appointed directorships

Councillor D J Bittleston	
Export House Limited	Thameswey Guest Houses Limited
Rutland Woking (Carhouse Lane) Limited	Thameswey Housing Limited
Rutland (Woking) Limited	Thameswey Limited
Rutland Woking (Residential) Limited	Victoria Square Residential Limited
Thameswey Developments Limited	VSW Hotel Limited
Victoria Square Woking Limited	

Councillor A Azad	
Thameswey Central Milton Keynes Limited	Thameswey Housing Limited
Thameswey Developments Limited	Thameswey Limited
Thameswey Energy Limited	Thameswey Maintenance Services Limited
Thameswey Guest Houses Limited	Thameswey Solar Limited
Thameswey Sustainable Communities Limited	

Councillor C S Kemp	
Thameswey Guest Houses Limited	Thameswey Housing Limited
Thameswey Limited	

Councillor D Harlow	
Thameswey Guest Houses Limited	Thameswey Housing Limited
Thameswey Limited	

Councillor G S Cundy	
Brookwood Cemetery Limited	Brookwood Park Limited
Woking Necropolis and Mausoleum Limited	

Ray Morgan, Chief Executive	
Export House Limited	Thameswey Limited
Rutland Woking (Carthouse Lane) Limited	Victoria Square Residential Limited
Rutland Woking (Residential) Limited	VSW Hotel Limited
Rutland (Woking) Limited	Victoria Square Woking Limited
Thameswey Maintenance Services Limited	Woking Shopping Limited

Douglas Spinks, Deputy Chief Executive	
Brookwood Cemetery Limited	Thameswey Energy Limited
Brookwood Park Limited	Thameswey Limited
Energy Centre for Sustainable Communities Limited	Thameswey Solar Limited
Export House Limited	Thameswey Sustainable Communities Limited
Thameswey Central Milton Keynes Limited	Woking Necropolis and Mausoleum Limited
Woking Shopping Limited	

Peter Bryant, Head of Democratic and Legal Services	
Brookwood Cemetery Limited	Thameswey Energy Limited
Brookwood Park Limited	Thameswey Guest Houses Limited
Energy Centre for Sustainable Communities Limited	Thameswey Housing Limited
Kingfield Community Sports Centre Limited	Thameswey Limited
Rutland Woking (Carthouse Lane) Limited (alternate for Ray Morgan)	Thameswey Maintenance Services Limited
Rutland (Woking) Limited (alternate for Ray Morgan)	Thameswey Solar Limited
Thameswey Central Milton Keynes Limited	Thameswey Sustainable Communities Limited
Thameswey Developments Limited	Woking Necropolis and Mausoleum Limited

Leigh Clarke, Finance Director	
Kingfield Community Sports Centre Limited	

Louise Strongitharm, Housing Director	
Thameswey Developments Limited	Thameswey Housing Limited
Thameswey Guest Houses Limited	Thameswey Limited

COUNCIL – 13 FEBRUARY 2020

RECOMMENDATIONS OF THE EXECUTIVE

The Council is invited to consider the recommendations from the meeting of the Executive held on 6 February 2020, as set out in this report. The minutes of the Executive will be published in due course.

Procedure to be followed.

The Mayor will take the report on Council Tax 2020-21 (Agenda Item 7) first, together with the recommendations of the Executive meeting on 6 February 2020 relating to the following:

- a. General Fund, Service Plans, Budgets and Prudential Indicators 2020-21.
- b. Housing Revenue Account Budgets 2020-21.
- c. Investment Programme 2019-20 to 2023-24.
- d. Capital, Investment and Treasury Management Strategies.

The items above will be debated after the Leader of the Council's Budget Statement.

The remaining recommendations from the meeting of the Executive, as set out in this report, will be considered once the Council Tax for 2020-21 has been agreed.

- e. Recommendation from Climate Change Working Group – Climate Emergency – Planning for Carbon Neutrality
- f. Homelessness and Rough Sleeping Strategy
- g. Housing Infrastructure Fund – Funding Allocation of £95Million to Woking Town Centre

EXECUTIVE – 6 FEBRUARY 2020

A. GENERAL FUND, SERVICE PLANS, BUDGETS AND PRUDENTIAL INDICATORS 2020-21

RECOMMEND TO COUNCIL That

- i) the Revenue Estimates and Human Resource requirements for 2020/21 be approved;**
- ii) a Band D Council Tax for the Borough of Woking for 2020/21 of £245.46 be approved;**
- iii) the charge for overnight car parking in the town centre car parks be amended to apply from 6pm from 1 April 2020;**
- iv) a long-term empty premium of 200% be added to the Council Tax payable for properties empty and substantially unfurnished for between 5 and 10 years from April 2020, and of 300% to be added to the Council Tax payable for properties empty and substantially unfurnished for over 10 years from April 2021;**
- v) the Prudential Indicators at Appendix 3 to the report be approved, subject to any changes arising from consideration of the Investment Programme, revenue budgets and Final Government Settlement;**
- vi) the Service Plans for 2020/21 at Appendix 4 to the report be approved; and**
- vii) the Food Safety Plan and Health and Safety Plan at Appendix 4a and 4b to the report be approved.**

B. HOUSING REVENUE ACCOUNT BUDGETS 2020-21

RECOMMEND TO COUNCIL That

- i) the Housing Revenue Account budget for 2020/21 as set out in Appendix 1 to the report be approved; and**
- ii) with effect from 6 April 2020, rents be increased by 2.7%.**

C. INVESTMENT PROGRAMME 2019-20 TO 2023-24

RECOMMEND TO COUNCIL That

- i) the Investment Programme 2019/20 to 2023/24 be approved subject to reports on projects where appropriate;**
- ii) the proposed financing arrangements be approved;**
- iii) additional loan facility of £500,000 to Thamesway Energy Ltd be approved on the same basis as previous loans; and**
- iv) capital and revenue grants for Brookwood Cemetery for 2021/22 be approved.**

D. CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES

RECOMMEND TO COUNCIL That

- i) the Capital and Investment Strategies for 2020/21 be approved; and**
- ii) the Treasury Management Prudential Indicators set out in table 1 of Section 4 of the Treasury Management Strategy and the MRP policy set out in Appendix A be approved, subject to any changes arising from consideration of the Investment Programme, revenue budgets and Revenue Support Grant Settlement.**

E. RECOMMENDATION FROM CLIMATE CHANGE WORKING GROUP – CLIMATE EMERGENCY – PLANNING FOR CARBON NEUTRALITY

RECOMMEND TO COUNCIL That

- i) officers be authorised to implement initial actions for 2019/20 and 2020/21 as recommended in the report; and**
- ii) delegated authority be given to the Assistant Director (Place) in consultation with the Portfolio Holder and Shadow Portfolio Holder for Environment and Sustainability to agree new actions as they are identified.**

F. HOMELESSNESS AND ROUGH SLEEPING STRATEGY

RECOMMEND TO COUNCIL That

- i) the Homelessness and Rough Sleeping Strategy 2020-2024 be approved; and**
- ii) the Director of Housing, in consultation with the Portfolio Holder for Housing, be delegated authority to make minor amendments to the Strategy and to update the action plan as required.**

G. HOUSING INFRASTRUCTURE FUND – FUNDING ALLOCATION OF £95MILLION TO WOKING TOWN CENTRE

RECOMMEND TO COUNCIL That

- i) the £95m grant awarded to the Council by Homes England be accepted, and that delegated authority be given to the Chief Executive to agree the terms of the contract in consultation with the Leader and Portfolio Holder, and to undertake necessary prerequisite work to develop the project;**
- ii) the Council accepts that it will be responsible for any project cost overruns;**
- iii) any underspend of the grant award, and/or any surplus funds from the sale of the Triangle site, will be made available to fund project cost overruns, with any balance to be reinvested into local infrastructure that supports housing delivery;**

- iv) the Council authorises advance funding of £10m, in the form of a 15 year annuity loan from the PWLB for the scheme, to be recovered from a proportion of Community Infrastructure Levy and from site specific S.106 tariffs, over the next 15 years;
- v) the Council commits to use reasonable endeavours, including use of Compulsory Purchase Order powers, to acquire the Triangle site, land required for the replacement of Victoria Arch, land required for widening of the A320, and land required for development sites as outlined in the bid, if not brought forward by current owners;
- vi) the Council commits to the delivery of homes, as outlined in the bid, on the sites owned by it or its subsidiary Thamesway;
- vii) the Council approves the Recovery Strategy set out at Appendix 7 to the report; and
- viii) the Deputy Chief Executive be authorised to undertake a review of Community Infrastructure Levy and to establish a Section 106 Tariff for town centre infrastructure associated with the HIF project.

Background Papers:

None.

Reporting Person:

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Ray Morgan, Chief Executive
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Douglas Spinks, Deputy Chief Executive
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Louise Strongitharm, Director of Housing
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Contact Person:

Frank Jeffrey, Democratic Services Manager
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Portfolio Holders:

Councillor Ayesha Azad
Email: cllrayesha.azad@woking.gov.uk

Councillor David Bittleston
Email: cllrdavid.bittleston@woking.gov.uk

Councillor Kevin Davis
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Councillor Debbie Harlow
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Date Published:

7 February 2020

REPORT ENDS

COUNCIL – 13 FEBRUARY 2020

SHEERWATER REGENERATION

Executive Summary

This report updates the Council on, and seeks Council's approval of four matters concerning, the Sheerwater Regeneration Scheme:-

- the funding of the remainder of the Scheme;
- the giving of an undertaking in respect of the affordable housing forming part of the Scheme;
- an update on progress towards making the proposed Compulsory Purchase Order and confirmation of the Council's commitment to make that Order; and
- the authorisation of the Housing Director, in consultation with the Housing Portfolio Holder and Head of Democratic and Legal Services, to seek possession of Housing Revenue Account (HRA) properties when required for the Scheme.

The regeneration of Sheerwater will enable the Council to achieve its long standing ambition to address the inequalities of health, income and amenity of the area.

Recommendations

The Council is requested to:

RESOLVE That

- (i) the Loan Finance for the delivery of the Sheerwater Regeneration scheme, as summarised below, be approved;

	Facility £m	Term	Type	Rate	Arrangement fee
Thameswey Developments Ltd (during construction)	115	Up to 5 years	Maturity	relevant PWLB rate	No
Thameswey Housing Ltd (until construction complete)	290	Up to 5 years	Maturity	relevant PWLB rate	No
Thameswey Housing Ltd Operational	290	50 years	Annuity	relevant PWLB rate	No
Thameswey Housing Ltd Revolving Loan facility	116	Up to 30 years	Maturity	relevant PWLB rate	No
Thameswey Energy Ltd	5.25	20 years	Annuity	relevant PWLB rate	No

- (ii) following consideration of the matters contained in this report relating to the proposed compulsory purchase order:-
- (a) Council re-affirms its commitment to using its compulsory purchase powers as set out in Section 226(1)(a) of the Town and Country Planning Act 1990 to compulsorily purchase the Order Land, and
- (b) authority is delegated to the Head of Democratic and Legal Services to settle the final form and content of the Order and all associated documentation so that a final decision on the making of the Order can be made at the Council meeting on 2 April 2020.

- (iii) authority is delegated to the Director of Housing, in consultation with the Portfolio Holder for Housing and the Head of Democratic and Legal Services to seek, at the appropriate time, possession (under the Housing Act 1985) of Housing Revenue Account (HRA) properties within the Sheerwater Regeneration Area.

The Council has the authority to determine the recommendations set out above.

Background Papers: None.

Reporting Person: Peter Bryant, Head of Democratic and Legal Services
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Date Published: 7 February 2020

1.0 Introduction

- 1.1 Council has previously agreed to proceed with the Sheerwater Regeneration Scheme and appointed Thamesway Developments Limited as its developer.
- 1.2 The construction of the new leisure facilities at Bishop David Brown School started in July 2019. The first phase of the residential development (purple phase), comprising 92 residential properties (46 affordable), started in August 2019.
- 1.3 This report deals with four matters, i.e.
 - the funding of the remainder of the Scheme.
 - the Executive Undertaking for the affordable housing forming part of the Scheme.
 - confirmation of the Council's commitment to make the proposed compulsory purchase order.
 - ensuring that the Council can obtain possession of Housing Revenue Account (HRA) properties when they are required for the Scheme.

2.0 Funding

Financial Modelling

- 2.1 During 2017 the Council engaged EY to build a financial model for the Sheerwater project. The model incorporated functionality to assess changes in both Thamesway Developments Ltd (TDL) and Thamesway Housing Ltd (THL). The key variables in the model are the total development costs, timing of works and market sales values for TDL, and the rental levels, inflation and interest rates for THL.
- 2.2 The model has been updated by Thamesway as the project has progressed and now reflects the latest proposals, costs and assumptions. It covers 60 years from 2018 to 2078, with construction forecast to be completed in 2025/26, and THL managing the rental properties as they are completed, through to 2078.
- 2.3 The Council has already approved release of funding for:
 - Acquisition of properties (£37m at 31 January 2020)
 - £5m to work up final proposals and planning permission (2017/18)
 - £26m for leisure facilities at Bishop David Brown School site (April 2018)
 - £48.4m for Purple phase (April 2019)

Thamesway are now seeking approval for the remaining project loan facility.

- 2.4 Over time the regeneration project has developed with an improved design and outcomes for the Council, however the financial position has become more challenging. This has been due to increases in the costs estimates, assumed property market inflation to date not being realised and interest rate increases due to the government 1% increase in PWLB rates from October 2019.
- 2.5 It has become clear that following these changes the project cannot afford to make all the contributions towards the Council costs which had previously been assumed and it will be necessary to vary these expectations in order that the project can proceed.

Financial Assumptions

- 2.6 The project had originally included a refund to the Council for the £3.8m underwrite of New Vision Homes costs when Thamesway took over the project. This was funded by the HIP reserve in 2017/18. It was also proposed that there would be a £8m contribution towards the leisure facilities at the Sportsbox, related to the relocation of the Athletics track. The Council would also be reimbursed the £2.1m costs of removing the overhead power line in Sheerwater which was completed in 2017/18. Both the sports facilities and the power line have been funded by borrowing pending the receipt of contributions.
- 2.7 Whilst it is accepted that the Council will not be able to recover these costs previously expended in the short to medium term, it is proposed that mechanisms be put in place for the contributions to be made from the project in future when the finances allow.
- 2.8 In March 2012 the government required the Council's Housing Revenue Account (HRA) to pay £98m to buy out of the Housing funding arrangements which were in place at the time. This was known as 'self-financing' and the debt calculation was supported by a debt allocation for each property in the HRA. It has been agreed that the project should compensate the HRA for the debt relating to the properties that are part of the regeneration area. The value of the debt for these properties in 2012 was £8m. The model assumes this will be paid to the HRA as the properties are taken for the project.
- 2.9 The current model is based on the following key assumptions:

Inflation	3% on development costs, sales prices and rent levels
Value engineering	2.6% applied on development costs to all phases except Leisure Centre and Purple
Interest Rates	2.79% Short term maturity rate during construction, 3.57% Long term annuity rate on completion 3.42% Revolving loan facility No margin to WBC No arrangement fees
Grant income	£9.384m from Homes England towards the leisure centre
Sales & Marketing fees	1%
THL Operating costs	Management Fees 6% Void 1% Minor Refurbishment £1000 per property per annum start in year one Major Refurbishment £10,000 per property every 10 years, commencing after 20 years

- 2.10 In total the project is forecast to cost £492m. The majority of this is the construction cost, £412m, which has been estimated by Synergy (Construction and Property Consultants). A breakdown of this cost is provided in Appendix 1. £70m is land acquisition, £8m project costs and £2m sales and marketing costs.
- 2.11 Earlier versions of the financial modelling assumed that all of the market properties would be sold to subsidise the affordable housing and to enable the repayment of a proportion of the debt associated with the development. It was always envisaged that if market conditions

were not favourable, Thameswey could hold some of these properties for rent at market rents. The housing market has not seen prices increase over the last 3 years as the model had forecast. It is therefore now assumed that 40% of the market provision will be property for rent. This will continue to be reviewed throughout the project as an upward movement in the market could mean that it is possible to sell a higher proportion. The property numbers for rent and sale are shown in Appendix 1.

- 2.12 Unlike the typical THL funding approach, where loans are interest only for 25 years, the Sheerwater model assumes that debt will be repaid on an annuity basis from the start. This places greater pressure on the cashflows as the affordable rents are not sufficient to cover the full financing costs for some time. The model assumes that a revolving loan facility operates to provide funds for THL to make these repayments.

Model outputs

- 2.13 Based on the assumptions above, the model shows debt of £314m on completion of the construction works. The project peak debt is £347m in September 2046, 21 years after the project is completed. This comprises an outstanding balance on the 50 year annuity of £236m and £111m revolving loan facility reflecting the need to provide further funding to support the rental levels in these years. The revolving loan facility increases to a peak of £115m in 2055, however from 2046 onwards the net debt (loans less cash balances) reduces. The revolving loan is no longer needed from 2069. THL net debt becomes positive in 2073, 47 years post completion. The closing cash balance in 2078 is £177m. A summary of the debt profile with graphs showing the balances is included in Appendix 1.
- 2.14 On completion of the construction phase THL acquires the final rental properties from TDL. The model shows a balance of £4.6m cash held within TDL on completion of construction in 2025/26. Peak debt in TDL is £115m based on current construction and sales profiles.
- 2.15 Thameswey Energy Limited (TEL) will acquire the Energy Station within the development. This is estimated to cost TDL £5m and it is proposed that TEL would pay a 5% premium, a total cost of £5.25m.
- 2.16 The Thameswey group therefore requires the following loan facilities to complete the project.

	Facility £m	Term	Type	Rate	Arrangement fee
Thameswey Developments Ltd (during construction)	115	Up to 5 years	Maturity	relevant PWLB rate	No
Thameswey Housing Ltd (until construction complete)	290	Up to 5 years	Maturity	relevant PWLB rate	No
Thameswey Housing Ltd Operational	290	50 years	Annuity	relevant PWLB rate	No
Thameswey Housing Ltd Revolving Loan facility	116	Up to 30 years	Maturity	relevant PWLB rate	No
Thameswey Energy Ltd	5.25	20 years	Annuity	relevant PWLB rate	No

- 2.17 The facilities shown above are for the whole Sheerwater project. Any loans already drawn down under existing facilities will be allocated against these new totals. It is proposed that rates previously agreed and arrangement fees paid will be retained, however for new drawdowns the new arrangements will apply. No arrangement fees have been paid for the Purple phase or acquisitions.
- 2.18 Any properties outside of the development area but acquired by Thameswey to facilitate the relocation of Sheerwater residents are not included in the above loan facilities or project costs. These will be funded through the existing Thameswey Housing Loan facilities.
- 2.19 Some long term loans have been taken by Thameswey for the Purple phase while long term interest rates have been attractive. It is proposed that Thameswey be allowed the flexibility

to choose to continue to take long term annuity loans during the construction period. This would be utilising the THL Operational facility for TDL, and the loans would transfer from TDL to THL on completion. This provides the flexibility to achieve the optimal rates available while funds are drawn during the construction.

- 2.20 In addition to the closing cash balances, Thamesway Housing Ltd will own the freehold properties. Assuming a 3% increase in property values per annum, applied to the 2020 price base, the 246 market rental properties would be worth approximately £470m by 2078. Including the social and affordable rented properties, the open market valuation of all the residential assets would be £1,141m. The asset values have not been considered in evaluating the project.

Sensitivity analysis

- 2.21 The model is shown to work in the base case as illustrated by the outputs above, however it requires ongoing financial support for many years and remains sensitive to changes in the underlying assumptions. Relatively small changes in interest rates and inflation assumptions affect the time taken for income generated to cover the financing costs (period of increasing revolving loan) and for the debt to be repaid (date of positive cash balance).
- 2.22 Current interest rates, together with the latest forecasts from Link (the Council's treasury management advisors), are shown in Appendix 1. These are currently within the Sheerwater model assumptions, but the forecast increases rates over the construction period and at the end would exceed the assumed rate. Interest rates applicable into the future are difficult to forecast and the project would remain exposed to borrowing rates while the revolving loan facility applies.
- 2.23 The assumed rental increases, at 3%, are in line with current Thamesway policy. After a period of rental reductions imposed by the government, HRA rents are now increasing at CPI + 1%. For April 2020 this equates to an increase of 2.7%, however, the government target for CPI is 2%, which would result in an increase at the assumed rate. Historically CPI has increased by 2.38% on average over the last 10 years.
- 2.24 Annual average 3% house price increases are considered reasonable although it is expected that there will be years when this is significantly higher or lower, including reductions in value.
- 2.25 High level sensitivity analysis is shown in Appendix 1 and demonstrates that a 0.5% increase in interest rates or a 0.5% reduction in rental inflation could result in closing negative cash balance (debt outstanding) in THL of £142-185m. There are associated increases in the peak debt as the revolving loan would also be increasing for a longer period. Compounding both increased interest rates and reduced inflation results in closing debt of £527m at the end of the model, with debt still increasing. This analysis does not take any account of the asset valuation at 2078 which, as set out in paragraph 2020 above, could be in total circa £1.1bn.
- 2.26 Given the sensitivity of the model, and the long term nature of the assumptions, it is proposed that further work be undertaken to improve the financial position providing more scope for negative pressures to be contained. The Council will request that the government award a 'project rate' PWLB which would reduce interest rates by up to 1.4% on the current published rate. Further work will be undertaken to try to secure additional contributions to the scheme which would reduce the long term debt to be financed by THL. There will be continual review of the project proposals and phasing to ensure the programme achieves the best value.
- 2.27 The next key decision point for Thamesway is on completion of the tender exercise for the next programmed phases. A summary delivery timetable together with other scheme details

was included in the presentation to Members which is attached at Appendix 4. Once tenders are received there will be more certainty on a proportion of the construction costs, and an indication of the accuracy of current estimates. It is forecast that the cost incurred in getting to this next stage is approximately £7m.

- 2.28 It is proposed that Thameswey report the results of the next tender exercise, together with an updated model and assumptions prior to acceptance of tenders. This will provide an opportunity to take stock and ensure there has been no negative impact on the modelling and to take a view on future trends. It may be that further adjustments then need to be taken to the base proposals which could include review of starting rental levels for affordable properties, amending the proportion of market sales and rentals or considering amendments to the scope of works.

3.0 Executive Undertakings

- 3.1 The Sheerwater Regeneration Scheme has, through its development, been the subject of three planning permissions. The first permission (PLAN/2015/1260) was obtained by New Vision Homes. The two most recent permissions (PLAN/2018/0337 and PLAN/2018/0374) were obtained by Thameswey Developments Limited, and were granted in 2019. The permissions were the subject of Section 106 Agreements (Thameswey) and Executive Undertakings (Council, as landowner).
- 3.2 The evolution and improvement of the Sheerwater Regeneration Scheme has resulted in there being some minor discrepancies between the various Section 106 Agreements and Executive Undertakings insofar as the affordable housing is concerned.
- 3.3 The number of properties rented at “Kingsmoor Park”/social rent levels will be the same as existed before the regeneration (the previous social rented properties comprised Council secure tenancies and Registered Provider tenancies). There will also be additional properties let at affordable rents.
- 3.4 It would be beneficial for the Section 106 Agreements and Executive Undertakings to be “tidied-up”. The LPA is being requested to agree appropriate amendments to ensure that they correctly reflect the affordable housing included in the Scheme. It is anticipated that the proposed amendments will be considered at the Planning Committee on 25 February 2020. To provide the assurance the Planning Committee will require, Council (as landowner) will need to provide a formal undertaking in respect of the affordable housing, i.e. confirming that it will be provided. The wording of the undertaking is currently being discussed with the local planning authority. This will be the subject of a supplementary report to Council, which will be circulated before its meeting on 13 February 2020.

4.0 Compulsory Purchase

- 4.1 The Head of Democratic and Legal Services has instructed Davitt Jones Bould (“DJB”), solicitors with expertise in compulsory purchase matters, to act for the Council in preparing and progressing the proposed compulsory purchase order. DJB have prepared the addendum attached to this report (Appendix 2). This addendum contains DJB’s comments and advice on the proposed compulsory purchase order (“Order”).
- 4.2 This report (which term includes the addendum) updates the Council on progress made with regard to the regeneration of Sheerwater and outlines proposals for a mixed use regeneration scheme (“the Scheme”). The purpose of the report is to enable the Council to consider the use of compulsory purchase powers and whether or not there is a compelling case in the public interest for doing so. On the basis of the analysis set out in this report, it is recommended that, subject to the matters identified as requiring further action, the Council re-affirms its commitment to making an Order to facilitate the carrying out of the Scheme.

- 4.3 The extent of the interests and rights in land proposed to be acquired are set out in this report as the Order Land, shown on the Order Map, a copy of which is attached to this report (Appendix 3).

This report sets out the background to and need for the Scheme and explains the relevant powers of the Council to acquire the Order Land compulsorily. It also sets out the relevant factors for the Council's consideration in determining whether or not to exercise compulsory purchase powers, including the Scheme's adherence to planning policy, prospects for delivery and, with the financial report contained earlier in this report, its financial viability and deliverability. This report also includes matters for consideration in relation to the Council's Public Sector Equality Duty and the implications for the Human Rights of those who might be affected by the Order (see sections 6.9 - 6.20 below)

- 4.4 Significant progress has been made in purchasing the 120 residential properties forming part of the Order Land. As at 31 January 2020, only 6 homeowners had failed to engage with the Council. The Council has made it clear that the enhanced terms in the Sheerwater Community Charter apply to negotiated acquisitions agreed before the Order is made. Upon making the Order, negotiations for further voluntary acquisitions will be based on the statutory regime for determining compensation.
- 4.5 From a procedural point of view, Council should formally resolve to make the Order after the Planning Committee has considered the proposed clarification of the affordable housing provision referred to in section 3 of this report. This should be at the Planning Committee on 25 February 2020. A short report will, therefore, be brought to Council on 2 April 2020. This will update the Council on any material changes since this (February) report to Council, and contain the formal resolution for the Order.

5.0 Housing Revenue Account (HRA) Properties

- 5.1 The Council's Sheerwater Housing Team was established in 2017 and provides dedicated staff to support residents with the re-housing process. Officers have been engaging with tenants at the earliest opportunity to assess their respective needs for new accommodation. At the time of writing this report, the Team has engaged with 298 secure tenants. There are currently 28 households who have not yet responded to contact.
- 5.2 Based on the individual discussions, 71% of tenants want to leave Sheerwater with the other 29% looking to remain and wait for the new properties. In 2017, there were 326 remaining secure tenants, of which 159 have now moved out of Sheerwater on a voluntary basis.
- 5.3 Where possible, the Council intends to continue to work with secure tenants to agree a suitable move. However, where this is not possible the Council reserves the right to seek possession through the legal process, in which case the criteria for re-housing will be as defined by legislation and not as defined in the Sheerwater Community Charter. Legal action to gain possession of tenanted properties will be a last resort.
- 5.4 The Council has powers under the Housing Act 1985 to seek possession of a property that is earmarked for redevelopment. Schedule 2 of the Housing Act 1985 contains a number of grounds on which the Council may seek possession of a secure tenancy. These include where the Council intends to demolish and/or redevelop a property within a reasonable time and suitable alternative accommodation is available.
- 5.5 To ensure the successful delivery of the regeneration scheme, Notices of Seeking Possession will be served on all secure tenants within a phase or across the whole regeneration area. This will not require a secure tenant to move immediately, but is a safeguard to ensure that the re-housing programme is not disrupted where agreement cannot be reached.

- 5.6 In the unfortunate circumstances that the Council is unable to reach agreement with a secure tenant, the Council may apply to the court for a possession order the Housing Act 1985. This report seeks delegated authority for the Director of Housing, in consultation with the Portfolio Holder for Housing and the Head of Democratic and Legal Services, to proceed with possession proceedings under the Housing Act 1985 at the appropriate time.
- 5.7 It is anticipated that Notices of Seeking Possession will be served approximately 12 months' before the Council requires possession to commence the redevelopment.

6.0 Implications

Financial

- 6.1 Implications of loss of contribution in the short/medium/long term.
- 6.2 The Council has incurred costs to date on the NVH Underwrite, Pylons, and provision of alternative athletics facilities at the Sportsbox. There was an expectation that these costs would be recovered from the Sheerwater regeneration project. Whilst there is no immediate impact as the costs have already been incurred, and financing costs are already being covered, there will be an impact on medium term forecasts. The £3.8m NVH underwrite, was funded by the HIP reserve which will have less resources available to invest in other projects if it is not recovered. The Medium Term Financial Strategy (MTFS) assumed a reduction in financing costs of £370k relating to the contribution for the Sportsbox. No adjustment had been assumed for the recovery of the Pylons. No margin from loans for Sheerwater had been assumed in the MTFS.
- 6.3 With the base assumptions as set out in this report, the financial modelling shows that the Sheerwater project can generate sufficient income over the long term to repay the construction debt and provide the proposed sub-market rentals. Thameswey would also be left with a substantial asset base which, due to budgeted maintenance during the period, should have continued useful life beyond 2078.
- 6.4 Until tenders are received for the various phases of works, there remains uncertainties around the total construction costs. Variations in interest rates and inflation also could result in an increased peak debt and longer time required to repay the borrowing. With the revolving loan facility required for 30 years in the base scenario there remains an exposure to interest rate fluctuations over this period.
- 6.5 It is proposed that work continues to provide further financial flexibility within the model and that Thameswey report back to the Council prior to accepting the tenders for the next phases.
- 6.6 The Council can approve the funding facilities requested in accordance with the arrangements in this report.

Human Resource/Training and Development

- 6.7 None, directly arising from this report.

Community Safety

- 6.8 None, directly arising from this report.

Risk Management

- 6.9 As set out in this report.

Sustainability

6.10 None, directly arising from this report.

Equalities

6.11 The Council is required to comply with its Public Sector Equality Duty (as set out in Section 149 of the Equality Act 2010). In addition, the Council has had regard to relevant guidance in this regard. The decision to make the Order is one that this duty applies to and accordingly, the Council has commissioned the preparation of the EqIA to assess the potential impacts of the Scheme on groups with protected characteristics. This is set within the context of the Council's Priority Places Action Plan identifying the objective of delivering transformational change in Sheerwater as a Strategic Priority.

6.12 The EqIA contains a number of recommendations for the Council to adopt as the plans for, and delivery of, the Scheme progresses. These are set out in full within the EqIA. Accompanying the EqIA is a detailed Action Plan setting out recommendations from the EQulA in respect of specific "themes" and/or groups with protected characteristics and suggestions to mitigate any adverse impacts. The Council has put in place measures and strategies to implement this Action Plan and mitigate the impacts identified within it.

6.13 The EQulA and its accompanying Action Plan was presented to a meeting of the full Council on 5th April 2018 and to the Sheerwater Oversight Panel at its meeting on 27th June 2018. At both meetings the EQulA and Action Plan were endorsed, together with all of their recommendations.

6.14 The conclusions of the EqIA are set out in full within the EqIA, however, can be summarised as:-

- (a) The Scheme is considered overall to have a positive impact on the local population;
- (b) Mechanisms built into the delivery of the Scheme mitigate the potential for negative impacts, particularly on low income groups;
- (c) The provision of community recreation and leisure facilities at an early stage in the Scheme are considered positive in their impact on residents, providing tangible evidence of progress.
- (d) The re-provision of open space will be positive in terms of its potential impact on the health and future wellbeing of residents.
- (e) Proposals in respect of employment and training are considered to have the potential for positive impact.
- (f) The consultation underpinning the Scheme has been extensive and intensive.

6.13 Consideration as to the Council's equality duty has formed an integral part of the evolution of the Scheme and Officers are satisfied that proportionate steps have been taken to comply with its duty in this regard.

Human Rights Act

6.14 Section 6 of the Human Rights Act 1998 prohibits public authorities from acting in a way which is incompatible with the European Convention on Human Rights. The parts of the Convention rights which should be considered in the course of the making of the Order and leading up to the confirmation of the Order Article 1 of the First Protocol and Articles 6 and 8 of the Convention.

6.15 Article 1 of the First Protocol of the Convention provides that:

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.

If confirmed by the Secretary of State, the Order will affect the Article 1 rights of the present leaseholders/occupiers resident within the Order Land. However, there will be no violation of those rights where the steps taken are in the public interest and are lawful, as is required by Article 1 of the First Protocol (above) and Article 8 of the Convention (below).

6.16 Article 6 of the Convention provides that:-

In the determination of his civil rights and obligations.....everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law.

The Order proposals have been extensively publicised and consultation has taken place with the communities that will be affected by the Order. All those affected by the Order will be notified of its making and have the opportunity to make objections to the Order and to be heard at a public inquiry before a decision is made on whether or not the Order should be confirmed by the Secretary of State. Those persons directly affected by the Order will also be entitled to compensation proportionate to any losses that they may incur as a result of any compulsory acquisition made pursuant to the Order.

6.17 Article 8 of the Convention provides that:

Everyone has the right to respect for his private and family life, his home and his correspondence.

There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedom of others.

Article 8(1) is a qualified right and interference with it may be justified in appropriate cases by reference to Article 8(2).

6.18 If made, the Order will be made pursuant to section 226(1)(a) of the 1990 Act which authorises the Council to acquire land compulsorily subject to procedures laid down in the 1981 Act. To justify interference with the above rights, the Council must consider that there is a compelling case in the public interest such that if the Order Land is acquired the public benefit will outweigh the private loss arising from that acquisition. Further, interference with Convention rights must be proportionate and justified in the public interest.

6.19 In preparing this Report, Officers have carefully considered the balance to be struck between individual rights and the wider public interest and consider that, to the extent that the Order would affect those individual rights, the proposed interference with them would be in accordance with the law, necessary in the public interest and proportionate. Appropriate compensation will be made available to those entitled to claim it under the relevant provisions of the statutory Compensation Code.

6.20 It is therefore considered that the Scheme and the Order will not unduly infringe the rights of individuals which are provided by the European Convention on Human Rights.

Safeguarding

6.21 None, directly arising from this report.

7.0 Conclusions

7.1 This report provides the Council with the ability to complete the authorisations for the implementation of the Sheerwater Regeneration project. There will still be much work to do in securing all the remaining property interests, relocating tenants, and securing contract prices within the budgets. Regular updates will be provided to the Project Board and, if necessary, Council should there be any significant variations from the delivery proposals set out in this report.

REPORT ENDS

SHEERWATER SUPPORTING FINANCIAL SUMMARY

Table 1 – Total Cost of Development

TOTAL COST OF DEVELOPMENT	£
Synergy programme Costs (including Pre-budget cost)	411,658,145
Land Acquisition costs	70,101,332
Non-Synergy Development Costs	8,128,786
Sales & Marketing Costs	1,768,760
TOTAL Development Costs	491,657,023

Table 2 – Summary of Synergy Development Cost Plan

Development cost plan	£
Construction cost	356,260,501
Provision for Contingencies	7,701,371
Allowance for inflation	28,054,385
Synergy professional fees inc pre-planning	10,940,127
Other Professional fees	8,701,762
TOTAL	411,658,145

Table 3 – Additional Development Costs

Additional Development Costs	£
Professional fees (Sewer & Power lines)	177,132
CIL	3,626,500
SAMM	594,586
Gas main diversion	176,478
Temporary Access- Highways	125,000
Temporary Access- Drainage	125,000
Highways (Say s278)	250,000
Legal Cost - EY model	200,000
Asbestos Removal	1,037,497
Staff cost	1,816,592
TOTAL	8,128,786

Table 4 – Land Acquisition Costs

Details	Woking BC	Woking BC not HRA	Woking BC already staircase to 100%	Woking BC/Private Shared Ownership	Housing Association	Birch & Pines Pub	Commercial properties	£'s/units
Number of properties/Units	381	9	4	8	42	1	24	469
Disturbance Allowance/Home loss	2,014,000	47,700	21,200	42,400	137,800	-	-	2,263,100
Compensation	1,024,400	29,150	13,700	76,600	91,400	-	-	1,235,250
Packing and moving cost	167,700	4,657	2,075	-	-	-	-	174,432
HRA Stock Valuation/Other cost	8,080,000	-	-	-	9,078,281	231,924	-	22,280,785
Properties acquired by WBC - Long time ago /SO	-	2,260,000	341,603	-	-	-	-	2,601,603
Market value of share % to be agreed with WBC	-	-	-	1,471,000	-	-	-	1,471,000
Market value of share % own privately	-	-	-	766,000	-	-	-	766,000
Total to be paid	11,286,100	2,341,507	378,578	2,356,000	9,307,481	231,924	-	25,901,590

Private Ownership	126
Estimate cost of purchase	36,027,574
17.5 % compensation	5,949,209
SDLT to be paid	1,887,119
Solicitors fees	284,600
Valuation fees	51,240
Total to be paid	44,199,742

LAND ACQUISITION	70,101,332
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Table 5 – New properties for Sale/Rent

	No of Properties	Proportion of total
Social Rent	439	38%
Affordable Rent	84	7%
Open Market Sales	373	33%
Open Market Rent	246	22%
TOTAL	1142	100%

Sheerwater Model Financing Summary Dashboard

Base Sheerwater Model SUB5 V13 BASE

Dashboard_1

Navigate

Financing Macro

All checks are OK and Negative cash balance alert - THL and There are no inputs in the Unit Flex Tab

Summary of key metrics (Forecast - ALL PHASES)

TDL

Summary	Units	Forecast	Budget	Variance
Open Market Sales	£'000	176,876	176,876	-
THL Sales	£'000	310,850	310,850	-
Other Income	£'000	17,384	17,384	-
Total Income	£'000	505,109	505,109	-
Development Costs	£'000	470,882	470,882	-
Infrastructure Costs	£'000	20,774	20,774	-
Total Costs	£'000	491,656	491,656	-
Total Interest Charge	£'000	8,925	8,925	-
Total Arrangement Fee	£'000	-	-	-
Total Financing Costs	£'000	8,925	8,925	-
Interest on Cash	£'000	39	39	-
Grant paid to THL	£'000	-	-	-
Distribution 1	£'000	-	-	-
Distribution 2	£'000	-	-	-
Total Distribution	£'000	-	-	-
Net Loan	£'000	-	-	-
Closing Cash Balance in TDL	£'000	4,567	4,567	-
Closing Cash Balance Check		OK	OK	

Sources & Uses	Units	Actuals	Budget	Variance
Sources				
Total Revenue	£'000	505,109	505,109	-
Development Loan 1 - Drawdn	£'000	201,087	201,087	-
Development Loan 2 - Drawdn	£'000	-	-	-
Interest on Cash	£'000	39	39	-
Total Sources	£'000	706,236	706,236	-
Uses				
Total Costs	£'000	491,656	491,656	-
Interest Loan 1	£'000	8,925	8,925	-
Interest Loan 2	£'000	-	-	-
Repayment Loan 1	£'000	201,087	201,087	-
Repayment Loan 2	£'000	-	-	-
Arrangement Fee	£'000	-	-	-
Grant & Distributions	£'000	-	-	-
Total Uses	£'000	701,669	701,669	-
Closing Cash Balance in TDL	£'000	4,567	4,567	-
Closing Cash Balance Check		OK	OK	

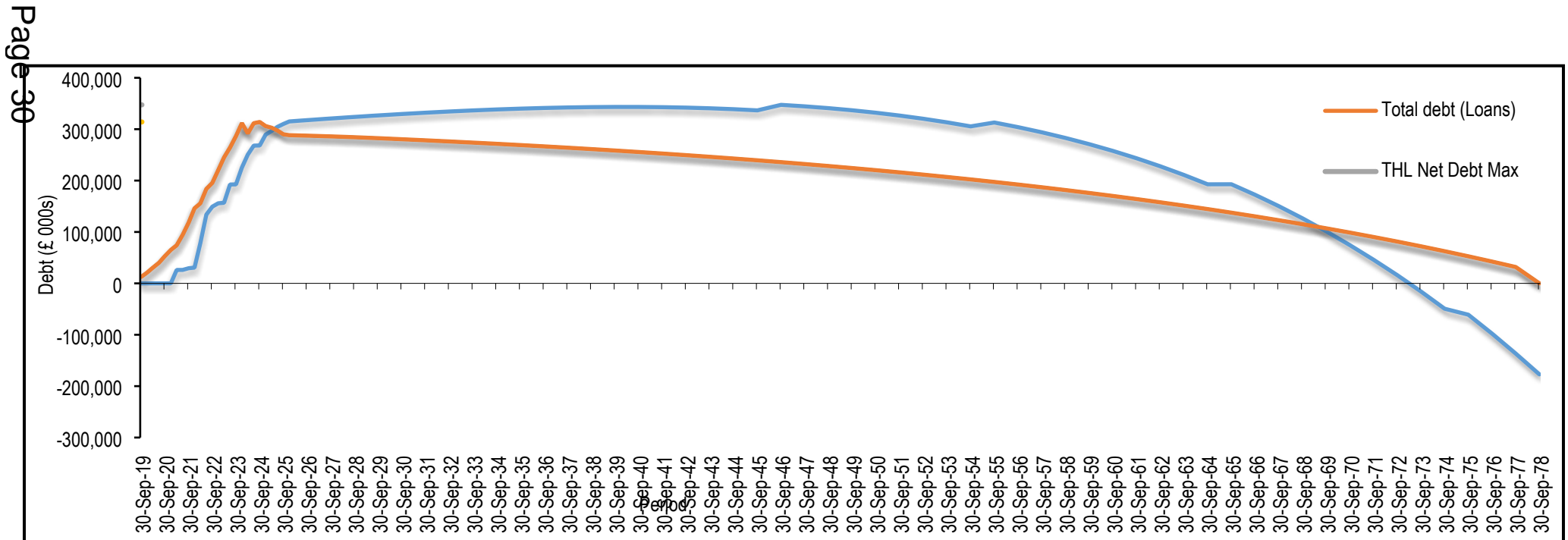
THL

Summary	Units	Actuals	Budget	Variance
Rental Revenue	£'000	1,219,855	1,219,855	-
Grant Received from TDL	£'000	-	-	-
Total Income	£'000	1,219,855	1,219,855	-
THL Units Bought Costs	£'000	310,850	310,850	-
Operating Costs	£'000	240,835	240,835	-
Total Costs	£'000	551,685	551,685	-
Total Interest Charge	£'000	395,537	395,537	-
Total Financing Costs	£'000	395,537	395,537	-
Interest on Cash	£'000	(95,482)	(95,482)	-
Equity Injected	£'000	1	1	-
Closing Cash Balance in THL	£'000	177,151	177,151	-
Closing Cash Balance Check		OK	OK	

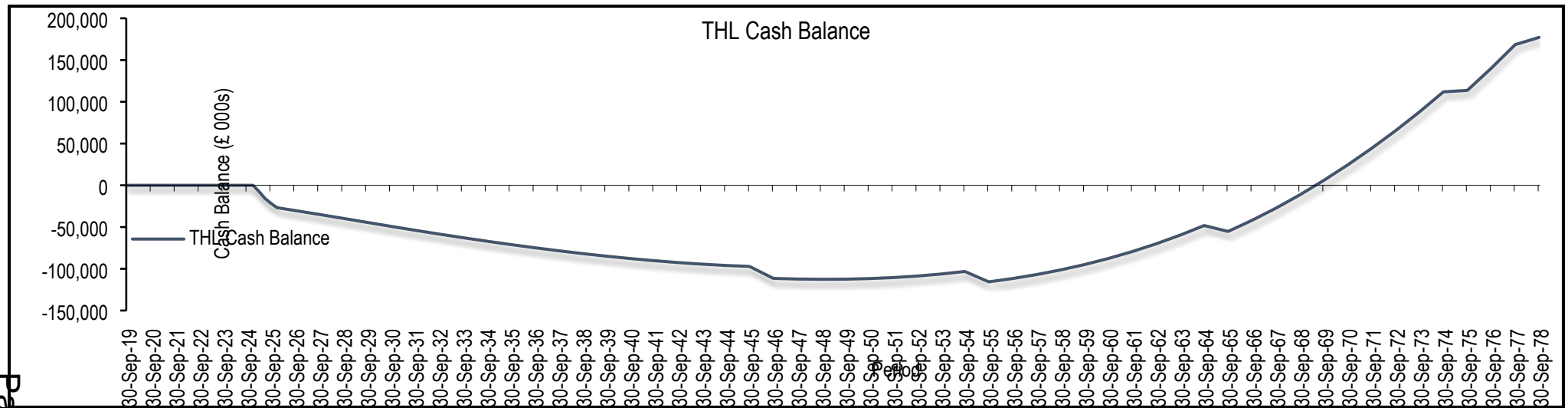
Sources & Uses	Units	Actuals	Budget	Variance
Sources				
Total Revenue	£'000	1,219,855	1,219,855	-
Operating Loan 1 - Drawdown	£'000	289,449	289,449	-
Operating Loan 2 - Drawdown	£'000	289,449	289,449	-
Share Capital	£'000	1	1	-
Interest on Cash	£'000	(95,482)	(95,482)	-
Total Sources	£'000	1,703,272	1,703,272	-
Uses				
Total Costs	£'000	551,685	551,685	-
Interest Loan 1	£'000	15,075	15,075	-
Interest Loan 2	£'000	380,463	380,463	-
Repayment Loan 1	£'000	289,449	289,449	-
Repayment Loan 2	£'000	289,449	289,449	-
Total Uses	£'000	1,526,121	1,526,121	-
Closing Cash Balance in THL	£'000	177,151	177,151	-
Closing Cash Balance Check		OK	OK	

Source of Funding	Peak Debt £'000	Peak Debt Date
Development Loan 1 (TDL)	115,432	31-Dec-21
Operating Loan 1 (THL during construction)	268,308	30-Sep-24
Operating Loan 2 (THL on completion)	289,449	31-Dec-24
Total Debt	314,081	30-Sep-24
THL Negative Cash	115,632	30-Sep-55
THL Net Debt	347,370	30-Sep-46

THL Debt Balance



THL Cash Balance



Sensitivity Analysis

Scenario Sensitivity Summary	Closing Cash (£ 000)		Peak Debt (£000)	
	TDL	THL	THL	
BASE Sheerwater Model	4,567	177,150	347,370	Sep-46
0.50% increase on all Interest rates	3,943	-142,588	434,315	Sep-55
0.5% reduction in Rental inflation (from 3% to 2.5%) All Rents	4,567	-185,251	386,823	Sep-55
0.5% Increase in interest rates <u>and</u> 0.5% reduction in Rental inflation	3,934	-527,171	527,171	Sep-78

Link Asset Services Interest Rate Forecasts – February 2020

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

ADDENDUM TO REPORT DAVITT JONES BOULD

1. GENERAL STATEMENT

The purpose of seeking to acquire the Order Land compulsorily is to facilitate its comprehensive redevelopment and to deliver the Scheme in full. The Scheme has been identified by the Council as the best means by which to meet the Council's adopted strategic planning objectives for the regeneration of Sheerwater¹. The role of the Order Land is identified in the Council's planning policy documents and its regeneration is a necessary and vital part of this plan.

Compulsory purchase of the requisite land is considered essential to enable the Scheme to be fully implemented and for the Council to achieve its policy objectives within a reasonable timescale. It is also considered that there is a compelling case in the public interest for making the Order. Consequently it is considered appropriate for the Council to make the Order to secure the outstanding interests required to facilitate implementation of the Scheme.

2. BACKGROUND, THE NEED FOR REGENERATION AND THE SCHEME,

Background to Regeneration Plans for Sheerwater

The Sheerwater area has long been identified as being in need of major capital investment having been predominantly built during the 1950s by the former London County Council as housing for areas of London damaged in World War 2. The Sheerwater area contains a large number of smaller houses, representing the Council's largest single stock of smaller social housing. Much of the housing within the Order Land is in poor condition and is ill suited to the needs of existing residents. The existing public open spaces are poor, unattractive, lack sufficient play facilities and feel unsafe due to them having limited opportunities for passing surveillance. The Council has carried out significant public consultation with residents concerning the condition of housing and open space within the Order Land and its impact on their day to day lives. The outcome of such consultation (as previously provided to the Council) reinforces the view that there is a need for comprehensive redevelopment of the area.

The Borough of Woking is generally relatively affluent, but with pockets of extreme deprivation, one of which includes Sheerwater and the Order Land. The Sheerwater area is typically characterised by poor housing conditions and issues of deprivation when assessed against Indices of Multiple Deprivation including Income deprivation (ranking the worst in Surrey), Health deprivation and disability (ranking the worst in Surrey), Education, skills and training (ranking 4th worst in Surrey and below average within Surrey, Woking and nationally) and Employment deprivation (ranking the worst in Surrey). Large parts of the Order Land are ranked among the 20% most deprived neighbourhoods in the country. The area is characterized by low incomes, high unemployment, low educational attainment, poor health, and high incidence of crime and fear of crime. Sheerwater has been identified as a "Priority Place" by the Council and Surrey County Council and its designation means that the resources of the Council and its partners are targeted at addressing the issues faced within the area through a range of measures and initiatives. The Council has approved a Priority Places Action Plan to set out how and where those targeted resources are best deployed.

It has long been considered that physical regeneration of the Sheerwater area had the potential to deliver transformational change and the Scheme intends to create a new sustainable place to live and work, stimulating the regeneration of the Sheerwater area. The Council initially appointed New Vision Homes (its housing management partner at the time) in mid-2013 to develop a masterplan for the regeneration of Sheerwater. This initial masterplan was developed with residents, local stakeholders and the Council. The current Sheerwater Masterplan was submitted and approved in connection with the 2019 Permission and this built upon that initial work, reflecting the evolution of the Scheme.

The Scheme seeks to address the decline in the physical fabric of the Order Land and capitalise on opportunities for developing and stimulating wider social and economic benefits. The Scheme

¹ Sheerwater is located in the north east of the District (and referred to by that name throughout this Report, notwithstanding that it is now known as the Canalside Ward).

proposes a sustainable and deliverable package of physical redevelopment through the phased delivery of new housing, associated development and infrastructure. The Scheme will help to deliver a thriving, balanced and sustainable community for the future.

The regeneration proposals that are the subject of the CPO will deliver:-

- high quality new homes and first class community, leisure and retail facilities within a green and healthy environment;
- modern, energy efficient homes that are economic to maintain and flexible enough to satisfy diverse and changing needs;
- economic benefits for local people and businesses, both during the construction phases (the use of a Local Labour Agreement creating local employment opportunities and retaining expenditure within the local supply chain) and once completed (with new jobs and training opportunities);
- improved access to services, including healthcare and community facilities through a new local centre that will provide convenient access to everyday shops, services and community facilities;
- significant improvements to the quality of public open space;
- enhanced recreation facilities with a new leisure centre, sports pitches and play facilities for children and young people;
- improvements to public realm and public transport provision through the carrying out of road widening and providing space for the installation of bus stops through the central spine of the proposed Scheme (improving upon the current route for public transport);
- improvements to cycle transport routes separating them from the highways within the Scheme to allow free and safe cycle routes and access within the Scheme;
- improvements to parking provision and public realm to create an accessible environment;
- a safe environment where natural surveillance is intrinsic and where direct routes across the Order Land are provided to enable access to neighbouring communities, retail and commercial facilities.

The phased programme of delivery has been designed with 5 priorities in mind:-

- (1) Minimising disruption for residents. The phased design seeks to maximise the opportunity for residents within the Order land to buy or move into a new property within the Sheerwater area before their property is required for demolition in connection with the Scheme. The phasing also seeks to ensure that, as far as possible, existing properties and buildings are not demolished until re-provision is complete
- (2) Preserving continuity of service for community facilities. The design ensures that the new community facilities being delivered by the Scheme are open and available for use before any existing community facilities are closed for demolition.
- (3) Delivering effective sustainable drainage systems (SUDs) across the Scheme as a whole. Each phase has been modelled in detail with drainage and flooding in mind to ensure that no phase adversely affects any other, nor the wider Sheerwater area.
- (4) Maintaining open space and green space provision and accessibility. The design seeks to ensure that the new open space, green space and leisure space within the Scheme is re-provided before any existing open space, green space and leisure space is removed.
- (5) Preserving the wider property market viability. The design takes account of local market conditions and the potential for the Scheme to saturate the local housing market.

The Order Land

The Order Land makes up some 29.94 ha of land lying within the Sheerwater area, a large proportion of which is owned by the Council. A plan showing the land owned by the Council is attached to this Report.

In considering the boundary of the Order Land, Officers have balanced competing priorities, seeking to deliver the most efficient scheme with the maximum benefit to the local community, while attempting to minimise the interference with private property interests. Officers have considered site acquisition, land assembly and development costs and considered the extent of third party interests required to deliver the Scheme in defining an optimum boundary for the Order Land. As part of the process leading to the Planning Permission, the boundary of the Order Land has been re-drawn to remove the need to

demolish four properties along Devonshire Avenue.

The Order Land is located entirely within the area covered by the Sheerwater Masterplan. The primary land use within the Order Land is residential, with 573 residential units lying inside the boundary of the Order Land. The northern part of the Order Land is made up of Sheerwater Recreation Ground, Woking Athletics Club and David Bishop Brown School playing fields. The majority of buildings in the area are two storey, with the local centre defined by a four storey mixed use block and surrounding three storey residential blocks. The Order Land includes a parade of shops containing convenience stores and food outlets, a post office, hairdresser and small retailers. The Order Land encompasses a number of community and recreation buildings, including Sheerwater Health Centre, Waterside Dental Centre, a nursery, Woking Children's Centre, Parkview Centre for the Community, Birch and Pines Public House (now demolished), and facilities for Woking Athletics Club and Sheerwater Football Club.

Sheerwater Recreation Ground is registered as an Asset of Community Value under the provisions of the Localism Act 2011. Notwithstanding this designation, Officers remain of the view that the compelling public interest in the Scheme (set out in this Report), justify the use of compulsory purchase powers and the inclusion of the Sheerwater Recreation Ground within the Order Land.

The Order Land includes a number of areas of open space, as shown on the Order Map. The design and provision of sufficient areas of high quality open space and public realm has been an integral part of the Scheme from its inception and the Scheme will deliver significantly enhanced open space, both in terms of its quality and design and its accessibility and availability to the residents of Sheerwater.

31-33 Dartmouth Avenue benefits from a temporary planning permission authorising a change of use from a butcher's shop to a place of worship (specifically, a Mosque), that includes 2 prayer halls and associated facilities. Officers have consulted with the Sheerwater Muslim Education and Welfare Trust regarding the services provided from this site and the need for such a site within the local area. This has identified the need for a replacement site within close proximity to the residents of Sheerwater and the Council is re-providing facilities for a Mosque within Sheerwater with the intention being that the new facility should be available before the closure of the current one.

Further detail of the Scheme

This section of the Report provides detail as to the nature of the Scheme

The Scheme has been designed to:-

- Build upon the strengths (and address the weaknesses) of the existing natural and built environment;
- Provide sustainable mixed use development that will reinforce Sheerwater as a place to live and work;
- Provide accessible community facilities and services at the heart of Sheerwater to increase vibrancy and vitality and increase long term economic sustainability;
- Provide a wider range of property sizes, types and tenures to create a more varied housing offer and address the need for specialist accommodation;
- Create a distinctive urban environment by the use of high quality design solutions;
- Promote energy efficiency and the efficient use of resources;
- Improve connectivity within Sheerwater and with the wider areas of Woking Town Centre and West Byfleet;
- Encourage walking, cycling and the use of public transport;
- Improve the design, access and use of areas of open space and ensure that the public realm is safe, accessible and of a high quality; and
- Create enhanced education, training and employment opportunities for local people.

As both Local Planning Authority for the area in which the Order Land is situated, the majority landowner of the Order Land and the proposed acquiring authority under the Order, the Council was unable to enter into a Planning Agreement under Section 106 of the Town and Country Planning Act 1990. However, the Council has resolved to give effect to a number of "Executive Obligations" that take the place of planning obligations. These include:-

- Obligations relating to the provision of Affordable Housing as part of the Scheme, including

the number of units to be provided overall and on a phase by phase basis, the size and tenure make up of such units and the ownership of such units;

- Obligations in connection with the implementation of a local labour agreement;
- Obligations in respect of off site tree planting; and
- Obligations in respect of Sustainable Urban Drainage Systems.

Overall, the Scheme delivers residential development that is mixed in tenure with a balance between market and affordable tenures.

The following are additional key features of the Scheme

- All new affordable dwellings will meet Lifetime Homes standards and will be designed to comply with Building Regulations Approved Document Part M(4) category 2.
- The specialist residential accommodation will include self-contained units with communal facilities where residents can interact with the wider community and address the changing needs of the local population.
- The Health Centre will include a dentist, surgery and pharmacy, located in close proximity to the specialist residential accommodation.
- The Community and Youth Centre will provide a community centre located adjacent to a skate/BMX track and a multi use games area overlooking a central linear park. The Nursery and Children's Centre will be located adjacent to this building.
- The Retail Units are identified as comprising 1845 sqm of flexible retail space and have been designed to complement the nearby ASDA Superstore and nearby retail facilities. The precise details will come forward as a reserved matters application as the Scheme progresses.
- The design of landscaping and public realm has been an integral part of the Sheerwater Masterplan. To address deficiencies in the current public open space, a range of different types and areas of public open space have been incorporated within the Scheme.
- The Scheme redistributes the existing publicly accessible open space, improves the quality of the open space provision and increases their catchment areas to ensure the widest possible use can be made of them. The public open space being provided by the Scheme will be of a much higher quality and value, with natural surveillance and good accessibility built in as fundamental tenets of its design. The Council has commissioned a report into the open space proposed as part of the Scheme, to assess the existing open space within Sheerwater against the proposed provision once the Scheme is implemented. The conclusions of this report include:-
 - The combined indoor and outdoor sporting provision will be significantly improved in terms of provision and quality through the development of a new high quality leisure centre and new 3G pitches. There will also be an updating of existing playing pitches at the Bishop David Brown school through the introduction of improved drainage, landscaping and maintenance
 - The existing Borough athletics ground, which was not publicly accessible, has been re-provided elsewhere in Woking
 - The new sporting provision was supported by Sports England as part of the planning process
 - The quantum of parks and gardens are improved both in terms of quantity and quality over the existing range. The location is to be moved to a more central position in Sheerwater, which will benefit new and existing residents
 - The quantum and quality of play areas is going to be significantly enhanced
- The Order Land includes the Sheerwater Recreation Ground and Athletics Track. As part of the Scheme, both facilities are being redeveloped. To account for these areas being removed from the Order Land, they are to be re-provided by the Council as part of the Scheme. The Council has delivered "The Hoe Valley School and Recreation Centre" Project, a Council led

initiative with financial support from the Education Funding Agency. The project includes an eight lane all weather track, areas for track and field sports and two grass sports pitches as well as three all weather 5 a side football pitches, two multi use games areas and an indoor leisure centre providing a sports hall, gym and studios with changing facilities. The re-provided facilities created as part of this project will represent significantly enhanced recreation and sports facilities when compared to the existing Sheerwater Recreation Ground and Athletics Track. The sports clubs that previously made use of facilities within the Order Land (and specifically Sheerwater Recreation Ground) have all successfully relocated to this site, or have been accommodated elsewhere. In particular, Sheerwater Football Club has relocated temporarily to shared facilities with Woking Football Club under an arrangement brokered and funded by the Council. The junior football teams are now using facilities at Hoe Valley School. The Athletics Club has also successfully relocated to the Hoe Valley School site and indications are that subscribers to the club have increased since the relocation.

- The new Leisure Centre to be provided as part of the Scheme will be a two storey community leisure centre, designed in consultation with all relevant bodies (including the Bishop David Brown Secondary School, Surrey County Council Education Department, Sport England and Sheerwater Football Club). The Leisure Centre will contain:-
 - A 5 court sports hall and changing facilities
 - A 6 lane (25mx13m) swimming pool with spectator seats and a 13mx10m learner pool
 - Shared changing village for both pools
 - 2 studio rooms with partitions for flexible use of space
 - 80 station gym/fitness suite
 - A function room
 - Sports hall with dining and catering facilities
 - 4 changing rooms to service outdoor pitches
 - 1 3G all weather football pitch
 - Markings for 2 junior/5 a side football pitches
 - An U16 grass football pitch and an U13/14 grass football pitch
 - A grass rugby pitch
 - Markings for a 200m grass running track
 - A cricket square with artificial wicket and 2 practice nets
 - Access to the 6 existing tennis courts.

A community use agreement will be put in place to ensure the leisure facilities can be shared between relevant users (including local Schools, Community Groups and Local Sports Clubs) and this is a Condition of the Planning Permission.

- Where relevant, all facilities will be supported by appropriate car parking in compliance with the Councils Parking Standards Supplemental Planning Document.

3. THE PLANNING POSITION

The Scheme is considered compliant with all relevant National, Regional and Local Planning Policies and has the benefit of the Planning Permission.

National Planning Policy

The NPPF promotes a presumption in favour of sustainable development and recognises three dimensions of this – economic, social and environmental. Local authorities are encouraged to maintain an up-to-date development plan and the NPPF provides that planning applications in accordance with the development plan should be determined positively without delay. The most relevant policies of the NPPF to the Scheme are: achieving sustainable development; delivering a sufficient supply of homes; building a strong, competitive economy; promoting healthy and safe communities, promoting sustainable transport; making effective use of land; and achieving well-designed places. Officers consider the Scheme compliant with the NPPF.

Regional Planning Policy

Surrey County Council's SSPP forms part of the evidence base for the Core Strategy and sets out ten priorities, including:-

- To improve learning, health and employment outcomes for children and young people, particularly the vulnerable and disadvantaged;
- To promote healthy lifestyles, particularly targeting groups and communities at most risk;
- To help people in Surrey to achieve more sustainable lifestyles;
- To achieve better standard of development to deliver more social, environmental and economically sustainable benefits.

With regard to Priority Places, the SSPP states that "*some action plans will be focused around specific regions, areas and neighbourhoods, especially those where the work of several partnerships would need to be co-ordinated.*" Sheerwater is identified as one of four areas in Surrey that are in the most deprived 25% of areas in England. Sheerwater is therefore identified as having specific concerns for all delivery partnerships around skills, employment, health, crime, housing and safeguarding children and young people. The SSPP is an overarching policy document, but where relevant, the Scheme supports the objectives and addresses the concerns and challenges identified within it.

The Order Land is also covered by a saved policy from the Regional Spatial Strategy for the South East, Policy NRM6: Thames Basin Heaths Special Protection Area. This policy requires that new residential development likely to have a significant effect on the ecological integrity of Thames Basin Heaths Special Protection Area will be required to demonstrate that adequate measures are put in place to avoid or mitigate any potential adverse effects. The Scheme is considered to comply with this policy.

Local Planning Policy

The Council adopted its Core Strategy on 25th October 2012. The principal purpose of this document is to "*facilitate the delivery of a Borough of high environmental quality and standards where people choose to live, work and visit, an exemplar in the achievement of sustainable growth*". The following are the key policies from the Core Strategy that the Scheme contributes towards/is in compliance with:-

Core Strategy Policy CS1 – A Spatial Strategy for Woking Borough. The Council's Strategy is to deliver 4,964 net additional dwellings, with an overall affordable housing provision target of 35%, as well as additional office, warehousing and retail floor space. The Sheerwater area is identified as a Priority Place "*for specific actions to address pockets of deprivation*". The Council will target specific types of development to address the underlying causes of deprivation in those areas designated as Priority Places.

Core Strategy Policy CS5 – Priority Places. The Council will work with partners to target resources to Priority Places, including the ward of Maybury and Sheerwater. The Council will

- Enable the provision of around 250 additional homes in Maybury and Sheerwater to 2027. In Sheerwater these homes will primarily be provided by bringing forward land in the Council's ownership for development.
- Seek to address the current tenure imbalance by requiring new affordable housing dwellings to be family homes (2 bedrooms or more) and giving priority to intermediate rent and shared ownership tenures.
- Safeguard land within existing employment areas and encourage proposals that create new opportunities for local employment within them.
- Promote local labour agreements with developers to enable local people to secure employment and skills development.
- Seek to increase the choice of retail offer in Sheerwater and support in principle the development of a convenience retail outlet, subject to assessing the full impacts of such proposal on the vitality and viability of the Sheerwater local centre.
- Work with partners to achieve this, making use of CPO powers if necessary. Protect the vitality of the Sheerwater local centre to ensure the community has a genuine choice of shopping and services. The loss of existing retail units will be resisted in Sheerwater (Note

– it is acknowledged that the Scheme does not comply with this part of Policy CS5 relating to the loss of existing retail units. Nevertheless, taken as a whole, the Scheme is considered compliant with Policy CS5).

- Seek to improve the image of Sheerwater by promoting high quality design of public realm, the enhancement of open spaces and public amenity areas. Proposals will be expected to have built in natural surveillance that designs out crime and fear of crime, creates direct, safe routes to neighbouring communities and nearby retail and commercial facilities and provides a safe environment.
- Channel developer contributions to deliver infrastructure in line with relevant policies of the Core Strategy.
- Work with Surrey County Council and public transport providers to improve bus services, existing cycle networks and provide secure cycle parking facilities. In addition, to assess the role of parking provision to increase trade and protect businesses and promote investment in a local community transport scheme to increase access to services.
- Use its CPO powers and other means to assist with site assembly where it is necessary to do so.

The Scheme has been planned and designed to contribute towards the objectives of Policy CS5. Policy CS5 also clearly envisages that in order to deliver its policy objectives, the Council may have need of CPO powers to assemble the necessary land.

Core Strategy Policy CS10 – Housing Provision and distribution. The Council will make provision for at least 4,964 net additional dwellings in the Borough to 2027. Within Policy CS5, reference is made to the intention that, within the Sheerwater area, new homes will primarily be provided by bringing forward land in the Council's ownership for redevelopment, which includes the Order Land.

Core Strategy Policy CS11 – Housing Mix. The Scheme includes the delivery of a wide range of types of homes by tenure, unit size and for particular needs. This also includes a proportion of larger family sized homes.

Core Strategy Policy CS12 – Affordable Housing. The majority of the Order Land is within public ownership and therefore, while the Scheme provides affordable housing at 47%, it is not considered fully compliant with Policy CS12. However, Policy CS12 does recognise that the proportion of affordable housing to be provided by a particular site will take into account a number of factors, including in the case of the Scheme, Policy CS5. Taking this into account, the Scheme is considered to be compliant with Policies CS5 and CS12.

Core Strategy Policy CS13 – Older people and vulnerable groups. The Scheme includes an Assisted Living Facility and has been designed to meet the needs of local residents in accordance with this policy.

Core Strategy Policy CS16 – Infrastructure Delivery. The Scheme attracts both a Community Infrastructure Levy Liability as well as Planning Obligations (although since the Council is both the major landowner and Local Planning Authority, the Planning Obligations are expressed as Executive Obligations, accepted by the Council on 21st July 2016). The burden of discharging planning obligations will be passed onto TDL when implementing the Scheme proposals.

Core Strategy Policy CS17 – Open space, green infrastructure, sport and recreation. The Scheme will enhance and improve the public realm, open space and leisure facilities within the Order Land and the Sheerwater area and the Scheme has been designed in compliance with this policy objective.

Core Strategy Policy CS18 – Transport and accessibility. The existing highway network and access routes in and around the Order Land will be improved and enhanced as part of the Scheme. These include the provision of a network of streets that will encourage pedestrian movements and that will enhance the environment for all. In addition, cycle routes accessing Basingstoke Canal have been included to encourage car free access to the town centre and nearby railway.

Core Strategy Policy CS19 – Social and community infrastructure. The Scheme will deliver improved and enlarged community facilities, with enhanced pedestrian and cycle infrastructure as part of an overarching scheme to improve both the quality of and access to social and community infrastructure.

Core Strategy Policy CS21 – Design. The Scheme has been designed to comply with this policy, incorporating all Council requirements and representing a wholesale improvement to the current conditions of the Order Land.

Core Strategy Policy CS22 – Sustainable construction. The Council requires new residential development to meet the energy and CO2 and water components of the Code for Sustainable Homes Level 5 from 1 April 2016. New non-residential development of 1,000 square metres or more is required to comply with BREEAM “very good” standards. The residential units will be designed to maximise solar thermal opportunities.

Note: Since the publication of the Core Strategy, a written Ministerial Statement was delivered to Parliament (25th March 2015) effectively repealing the Code for Sustainable Homes. Therefore, in applying Policy CS22, the Council has modified its approach. The Council considers that the Scheme is compliant with Policy CS22 (as now being applied).

Planning Permission

Alongside the planning policy framework in support of the regeneration of the Order Land which is outlined above, the Scheme has the benefit of the Planning Permission. The Planning Permission is a hybrid planning permission (a combination of the detailed elements of the 2015 Permission and the 2019 Permission, itself a hybrid planning permission). The Planning Permission operates to provide detailed planning consent for the early phases of the Scheme and outline planning consent for the Scheme as a whole.

4. **USE OF COMPULSORY PURCHASE POWERS AND BENEFITS OF THE SCHEME**

Objectives and the use of Compulsory Purchase Powers

The objective in seeking to make the Order and acquire the Order Land is to assemble in its ownership the land and interests included in the Order, so as to continue to facilitate and enable the implementation of comprehensive regeneration within Sheerwater, identified as a Priority Place within the Council’s Core Strategy. The Order seeks to acquire all estates and interests in the Order Land, including rights, easements, the benefit of covenants, rent charges and options in the Order Land, except where otherwise expressly stated. The Order Land also includes land in unknown ownership, or land reputed to be in unknown ownership, which needs to be compulsorily acquired to facilitate the delivery of the Scheme. In considering making the Order, the Council has had regard to the Guidance.

It is proposed that the Council exercises its powers of compulsory purchase to acquire the Order Land, under Section 226(1)(a) of the 1990 Act. Section 226(1)(a) of the 1990 Act empowers an acquiring authority, on being authorised by the Secretary of State, to acquire compulsorily any land in their area:

- (1) if the acquiring authority thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to that land; and
- (2) the development, redevelopment or improvement is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of their area.

The power under Section 226(1)(a) of the 1990 Act is intended to provide a positive tool to help acquiring authorities to assemble land where this is necessary to implement proposals within its Core Strategy or where strong planning justifications exist. Officers are satisfied that the use of the powers contained in section 226(1)(a) of the 1990 Act is the most appropriate power available for its purposes and will facilitate the carrying out of development, redevelopment or improvement on or in relation to the Order Land and that it will contribute to the development, redevelopment or improvement of that area, thus meeting the statutory tests. The Scheme will amount to a comprehensive regeneration initiative for the Sheerwater Area, complementing the other initiatives being promoted by the Council

and its partner agencies.

Benefits of the Scheme within the tests of Section 226(1)(a) of the 1990 Act

The Guidance stipulates that, where a compulsory purchase order is promoted under the provisions of section 226 (1)(a) of the 1990 Act, the Secretary of State will take into account the following issues when deciding whether to confirm an order:

(1) whether the purpose for which the land is being acquired fits in with the adopted Local Plan for the area or, where no such up to date Local Plan exists, with the draft Local Plan and the NPPF

As set out in this Report the Scheme benefits from the Planning Permission which grants full detailed planning permission for the early phases of the Scheme. The remainder of the Scheme benefits from outline planning permission. The Scheme complies with national, regional and local planning policies. There are no relevant made or emerging neighbourhood plans. Officers are satisfied that the Scheme complies with the strategic objectives of the adopted planning policy framework for the area. These proposals will deliver significant economic, social and environmental benefits to the area.

(2) the extent to which the proposed purpose will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the area

It is considered that the Scheme will facilitate the comprehensive redevelopment of the Order Land in a manner which will positively contribute to the improvement of the economic, social and environmental wellbeing of the Council's administrative area.

The benefits that will arise are referred to in Section 2 of this Report and also include:

- Significant physical transformation of the Order Land and surrounding area
- The provision of an additional 569 new dwellings across the Order Land and with the Scheme delivering an affordable housing provision of 45.80%
- Increasing the number of new homes, as described above and addressing the current tenure imbalance to provide a higher percentage of family homes while aligning the housing mix of the Scheme to meet identified local housing need
- The provision of specialist housing for elderly residents, in close proximity to the new community facilities
- Improvements to community facilities by the provision of updated facilities for a nursery/children's centre, community/youth centre and health centre
- Improvements to leisure facilities by the provision of a leisure centre and associated facilities. The leisure centre will be available for use by nearby schools and will contain dining facilities for the Bishop David Brown Secondary School. As such, it will support the strategic need for expansion at that School
- Improvements to the public realm, highways and open spaces within the Order Land;
- Fostering a greater sense of community cohesion with enhanced community facilities integrated within the development and which are centrally located within the Order Land to improve accessibility
- Reduction in barriers to cycle and pedestrian movement in the area
- Improvements to retail facilities in the area
- Provision of infrastructure to enable future public transport providers to use the neighbourhood spine, improving accessibility to the wider area
- Improvements to drainage infrastructure and flood mitigation measures
- Removal of overhead electricity pylons (being re-sited below ground) (already undertaken)
- The Scheme and wider proposals for Sheerwater will help to transform the status of Sheerwater and act as a catalyst for further investment and economic growth and unlock the potential for further redevelopment and regeneration of the area

(3) whether the purpose for which the authority is proposing to acquire the land could be achieved by any other means.

The extent of the Order Land has been influenced by a number of factors, including its location, surrounding land uses and environmental impacts as well as the Council's overall objectives for the regeneration of Sheerwater.

The Order Land may be capable of piecemeal development with individual areas of land being brought forward in isolation, provided satisfactory arrangements for access to serve such development could be made. However, the combined approach of using the whole site to secure comprehensive development (including highway access) to serve the Scheme is considered to yield a significantly better redevelopment outcome for the area.

The logistical challenges of piecemeal development are considered likely to make the overall development impractical and non-viable, adding both cost and delay to the process. The extent of community infrastructure being provided by the Scheme is, in the Council's opinion, non-viable were the development to come forward in a piecemeal manner. The critical mass of development proposed by the Scheme is a key factor in the Scheme's viability. It is the Council's view that a comprehensive approach is required to deliver the Scheme and the benefits it will bring.

The Council has, as a result of a number of concerns expressed about the 2015 Permission, significantly re-designed the Scheme, resulting in the 2019 Permission. The detailed elements of the 2015 Permission sit alongside the 2019 permission, specifically:-

- (a) The provision of ancillary additional space at Bishop David Brown School
- (b) The provision of 139 residential units (115 open market and 24 affordable)
- (c) The provision of the leisure centre including artificial grass pitch, spectator seating, sports amenity lighting and improvements to the playing fields at Bishop David Brown School
- (d) The creation of improved car parking facilities
- (e) Hard and soft landscaping

And in addition, improves the Scheme by:-

- (a) Increasing the amount of open space being delivered
- (b) Increasing the amount of car parking available for the new homes being delivered
- (c) Introducing three new surface car parks for the community facilities and existing schools
- (d) Improving the layout of car parking to remove the need to demolish four properties along Devonshire Avenue
- (e) Altering the location of community facilities to ensure they occupy a central position, reflecting their importance to the community
- (f) Increasing the number of dwellings being delivered, but aligning the housing mix of those dwellings to meet local housing need, while delivering a significant proportion of family size dwellings
- (g) improving the overall design approach to the Scheme to deliver a high quality walkable neighbourhood comprised of different character areas connecting to the wider area

The Council has, at all times, listened to comments from its officers, communities and stakeholders and demonstrated that it is committed to delivering the best possible outcomes, even if that means re-evaluating the nature of the proposed development.

Overall therefore, it is concluded that there is no credible alternative which could deliver a comprehensive scheme on the Order Land to meet the planning policy objectives within a

reasonable timeframe. The scope for alternative locations is limited by the purposes of the Order, which is to facilitate the Scheme in line with the Planning Permission granted for it.

(4) the potential financial viability of the Scheme (including the timing of any funding, which may be important).

The funding position for the Scheme is considered elsewhere within this Report.

5. DELIVERY OF THE SCHEME AND PROGRESS OF VOLUNTARY ACQUISITIONS

Thameswey Companies

Delivery of the Scheme will be undertaken by the Thameswey Group of Companies, a group of companies wholly owned by the Council as delivery and investment vehicles. The Council has a controlling influence over these Companies with representation on the Board of Directors (with both Councillors and officers sitting in Board positions) and as majority shareholder. The two Thameswey companies involved in the Scheme are TDL and THL). Given the nature of the two companies and the purposes for which they have been incorporated, it is proposed that, in order to effectively deliver the Scheme, it is appropriate for the Order Land to be transferred to THL, while the physical delivery of the Scheme is carried out by TDL. The affordable housing delivered as part of the Scheme will be owned by THL and managed by them from completion.

The benefit of using TDL and THL to deliver the Scheme are that:-

- The Council will retain any development profit within the Borough of Woking;
- The Council will control profit levels to ensure rents for affordable homes remain affordable; and
- TDL can enter into commercial arrangements if it is advantageous to the progress of the Scheme, retaining some advantages of private sector involvement while ensuring a degree of control is retained by the Council.

Voluntary Acquisitions, Treatment of Residents and Community Charter

The Order is being proposed to ensure that all the land required for the Scheme can be secured within a reasonable timescale, thereby maintaining the affordability and deliverability of the Scheme and of the wider regeneration of the Sheerwater area. The Guidance provides that an acquiring authority must be able to demonstrate that it has taken reasonable steps to acquire all of the land and rights included in an order by agreement. In accordance with that Guidance, the Council has been carrying out negotiations with owners of the Order land and entering into negotiations with a view to acquiring all of the Order Land by agreement. The Sheerwater Community Charter (referred to below) has been one element of those attempts to secure land by negotiation and the Council has been actively promoting the use of the Charter by residents within the Order Land.

The Council (whether itself or in the name of THL), owned the majority of the Order Land at the outset of this process. However, in respect of those parts of the Order Land not in Council ownership, the drive to acquire land by negotiation and the implementation of the Charter has resulted in the Council acquiring some 100 properties within the Order Land by negotiation (approximately 80% of the properties not already in Council ownership). Contracts for the purchase of 4 further properties have been exchanged. A plan showing those interests within the Order Land owned by the Council/THL is attached to this report.

As referenced above, a central part of seeking to acquire land by negotiation is the Charter. As a central principle, the Charter states that wherever possible, all residents, owners, occupiers and tenants who wish to remain within Sheerwater will have the opportunity to do so. The Charter sets out the Council's commitments to occupiers within the Order Land, which the Council believes to be an enhanced package of measures beyond that required by statute. The Council has made it clear that the Charter applies to negotiated acquisitions agreed before making the Order. Upon making the Order, negotiations for further voluntary acquisitions will be based on the statutory regime for determining compensation. There are a wide range of commitments contained within the Charter and those relevant to the proposed Order and the delivery of the Scheme are as follows:-

General

- All occupiers of the Order Land will be given no less than 12 months notice of any requirement to vacate their properties.
- Particular assistance will be given to elderly and vulnerable residents to manage any concerns they might have and assist them with the process.
- Discussion will be held over timescales and moving and re-housing arrangements, with each household's needs being assessed.
- Advice and assistance will be provided/facilitated as required. A dedicated Housing Support Team has been put in place to assist with this.

Freehold/Leasehold Occupiers

- Resident homeowners whose property needs to be acquired will receive market value plus 17.5% and a right of first refusal to buy a new property built as part of the Scheme. Non-resident homeowners whose property needs to be acquired will receive market value plus 17.5%. This applies where the ownership pre-dated 3 December 2015.
- The Council will arrange for a valuation of the property being acquired by an accredited chartered surveyor.
- Losses caused by virtue of having to transfer a mortgage as part of the move will be subject to compensation.
- An assisted purchase scheme will apply where a resident homeowner is required to move and cannot afford a new property within those built as part of the Scheme. The Council would take a share of the equity in a new property, subject to a cap of 33% of its market value, or £100,000, whichever is less. The Council's share could be bought out, or recovered on subsequent disposal of the property.

Shared Ownership Residents

- The Council will offer the opportunity to purchase an equity share of 20% or more in one of the new properties built as part of the Scheme.
- The Council will pay the market value of the equity share owned in current properties, plus a home loss payment of 10% of that share (from a minimum of £6,400 to a maximum of £64,000).
- Reasonable removal costs and expenses will be paid.
- Reasonable legal and surveying fees will be paid.
- An alternative of compensation is offered, with the residents sourcing alternate accommodation in the open market.

New Initiatives

In addition to the commitments set out in the Charter, the Council has sought to implement a system of continual improvement, learning from the experiences of residents to deliver an improved package of measures and assist residents in relocating from the Order Land. Measures have included:-

- The Council has built up a reserve of properties that could be used to offer residents a "ready made" home where they could not find somewhere on the open market. This is entirely voluntary, but sought to increase the options available to residents.
- The Council is implementing a "help to move" service that provides physical assistance to those residents who needed it. This has proven sufficiently successful that the Council is considering rolling out throughout its administrative area.
- The Council is seeking feedback from those residents who have relocated or engaged with the Council to assess where the Council's involvement can be improved.
- The Council has directly employed a mental health worker to provide support to residents, funded through a local charity, Cornerhouse.
- The Council was made aware of concerns among residents that the Council's appointed valuer may not be fully independent. To address these concerns the Council has made the District Valuer service available to residents (both as an option for the valuation of their property and as a second opinion to demonstrate transparency on the question of valuation).

Construction work in respect of the Scheme began on 22nd July 2019, with preliminary works to create the Leisure Centre, swimming pool and associated sports facilities. The first phase of residential development forming part of the Scheme has also commenced and will deliver 92 residential properties once complete. The programme for delivery of the phases within the Scheme provides for a total demolition and re-building programme over 76 months from commencement of development and has been designed to minimise interference for residents.

Notwithstanding the implementation of the Charter and the drive to acquire interests within the Order Land by negotiations, the scale and nature of the Scheme means that there remain interests within the Order Land still to be acquired and which are unlikely to be acquired within a reasonable time period such that the Order remains necessary to enable the assembly of the Order Land and for the Scheme to be delivered with certainty and in a timely fashion.

6. CONCLUSION

For the reasons set out in this Report and the accompanying documents, Officers consider there is a compelling case in the public interest for the making and confirmation of the Order and that the Order comprises a proportionate response to secure those objectives. The need for the comprehensive development of the Order Land is acknowledged and supported in the adopted national and local planning policy framework. Delivery of the Scheme would fulfil the Council's key planning policy objectives for the area and transform the Order Land. It would contribute significantly to the improvement of the economic, social and environmental well-being of Sheerwater.

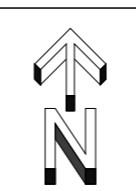
The Council is confident that there is more than a reasonable prospect of the Scheme proceeding, given the commitment to the delivery of the Scheme demonstrated to date, in securing planning consent for it, the acquisition of interests by agreement in the Order Land and the steps it is taking to deliver the Scheme. The Council also believes that there are no credible alternatives to compulsory purchase to achieve the purposes of the Order. It is highly unlikely that all the outstanding interests required could be assembled by agreement within a reasonable timescale, if at all.

MAP REFERRED TO IN THE WOKING BOROUGH COUNCIL (SHEERWATER ESTATE) PROPOSED COMPULSORY PURCHASE ORDER 2020
SHOWING WOKING BOROUGH COUNCIL & THAMESWEY OWNERSHIP

DRAFT

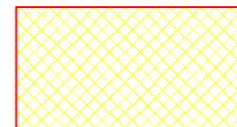
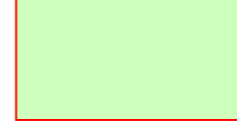


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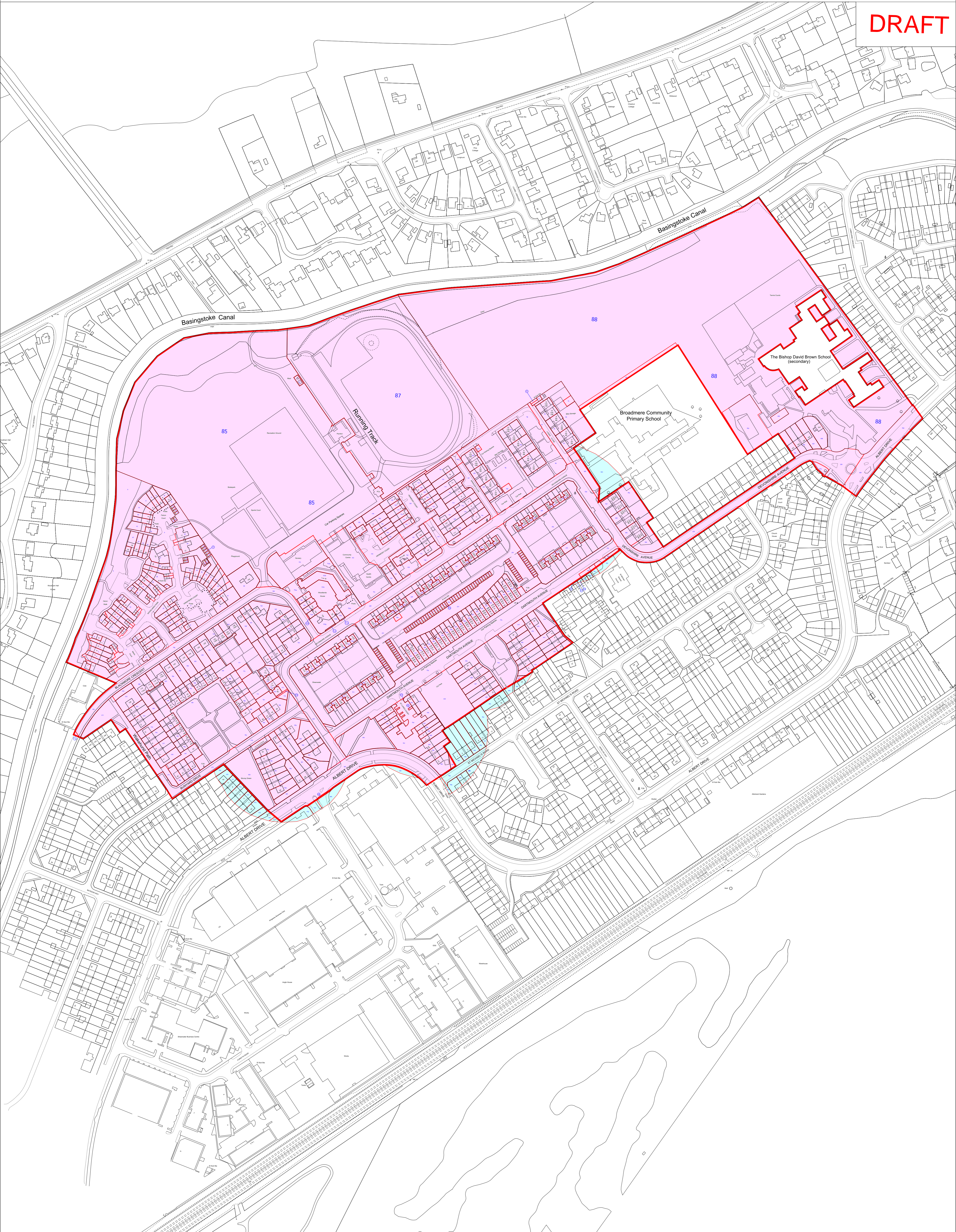
KEY

-  **Woking Borough Council & Thameswey Ownership**
-  **Other Ownership**


Where applicable the plot boundaries show the general boundary of the registered land, it does not show the exact line of the boundaries. Measurements scaled from this plan may not match measurements between the same points on the ground.

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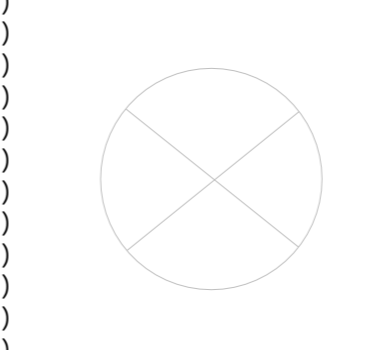
KEY

 Land to be Acquired

 New Rights to be Acquired

THE COMMON SEAL OF THE MAYOR AND BURGESSES
 OF WOKING BOROUGH COUNCIL WAS
 HERETO AFFIXED IN THE PRESENCE OF:

.....
 (AUTHORISED SIGNATORY)
 Page 49
 DATED THIS DAY OF 2019



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Sheerwater Regeneration Members' Briefing

28 January 2020

Ray Morgan OBE
Chief Executive

Towards tomorrow today





Towards tomorrow today



Comprehensive Regeneration Producing

- 1,142 new homes
- Extensive new leisure facilities at Bishop David Brown
- New Central Park
- New commercial and community buildings

Towards tomorrow today



Project Cost

	£m
Land Acquisition	70
Development Cost	412
Project Cost	8
Sales & Marketing	<u>2</u>
	492

New Homes

	Rent	Sale	Total
1 Bed Flat	315	59	374
2 Bed Flat	170	43	213
3 Bed Flat	25	15	40
2 Bed House	45	39	84
3 Bed House	145	130	275
4 Bed House	67	84	151
5 Bed House	2	3	5
Total			
	769	373	1142

Homes to Rent

	Kingsmoor	Affordable	Market	Total
1 Bed Flat	192	84	39	315
2 Bed Flat	141	0	29	170
3 Bed Flat	17	0	8	25
2 Bed House	14	0	31	45
3 Bed House	66	0	79	145
4 Bed House	9	0	58	67
5 Bed House	0	0	2	2
Total	439	84	246	769

Delivery Timetable

Phase	Start	Finish
Leisure	Jul-19	Dec-21
Purple	Aug-19	Mar-21
Red	May-21	Jun-22
Yellow	May-21	Mar-23
Emerald	Feb-22	Mar-23
Cyan	Apr-22	May-23
Blue	Dec-22	Nov-24

Delivery Timetable

Phase	Start	Finish
Orange	Dec-22	Nov-24
Bronze	Sep-23	Oct-24
Gold	Jul-24	Jul-25
Cobalt	Sep-24	Sep-25
Platinum	Sep-24	Sep-25
Copper	Dec-24	Dec-25
Park (Green)	Sep-22	Nov-24

TDL Contribution to WBC

- £8m HRA debt as properties demolished.
- New commercial units at no cost.
- New community buildings at no cost.

WBC Costs

- Overhead Power Line £2.1m
- Pinnacle £3.8m
- Athletic Track £8m

Loan Facility

- TDL Development Loan £116m
- THL Asset Loan £290m
- THL Revolving Loan £116m
- Peak Aggregate Debt £350m

- THL loan repayments greater than net income.
- Rents forecast to increase by CPI + 1%.
- Revolving loan needed until 2068.
- THL loan repaid by 2078.
- Forecast THL surplus 2078 - £150m.

- Council can authorise funding to deliver the scheme.
- Risk mitigation to include:
 - Seeking a project rate from PWLB.
 - Reviewing tender returns in October 2020.
 - Updating rental and sales outlook in October 2020.

Compulsory Purchase

- *“Compulsory Purchase Powers are an important tool to use as a means of assembling the land needed to help deliver social, environmental and economic change.”* DCLG Circular, February 2018.
- Major regeneration projects not possible without a CPO.



Compulsory Purchase

- CPO made as a last resort.
- Particularly useful where land is in unknown ownership, or ancient rights of way exist.
- Significant progress in the voluntary purchase of residential properties:-



INVESTOR IN PEOPLE



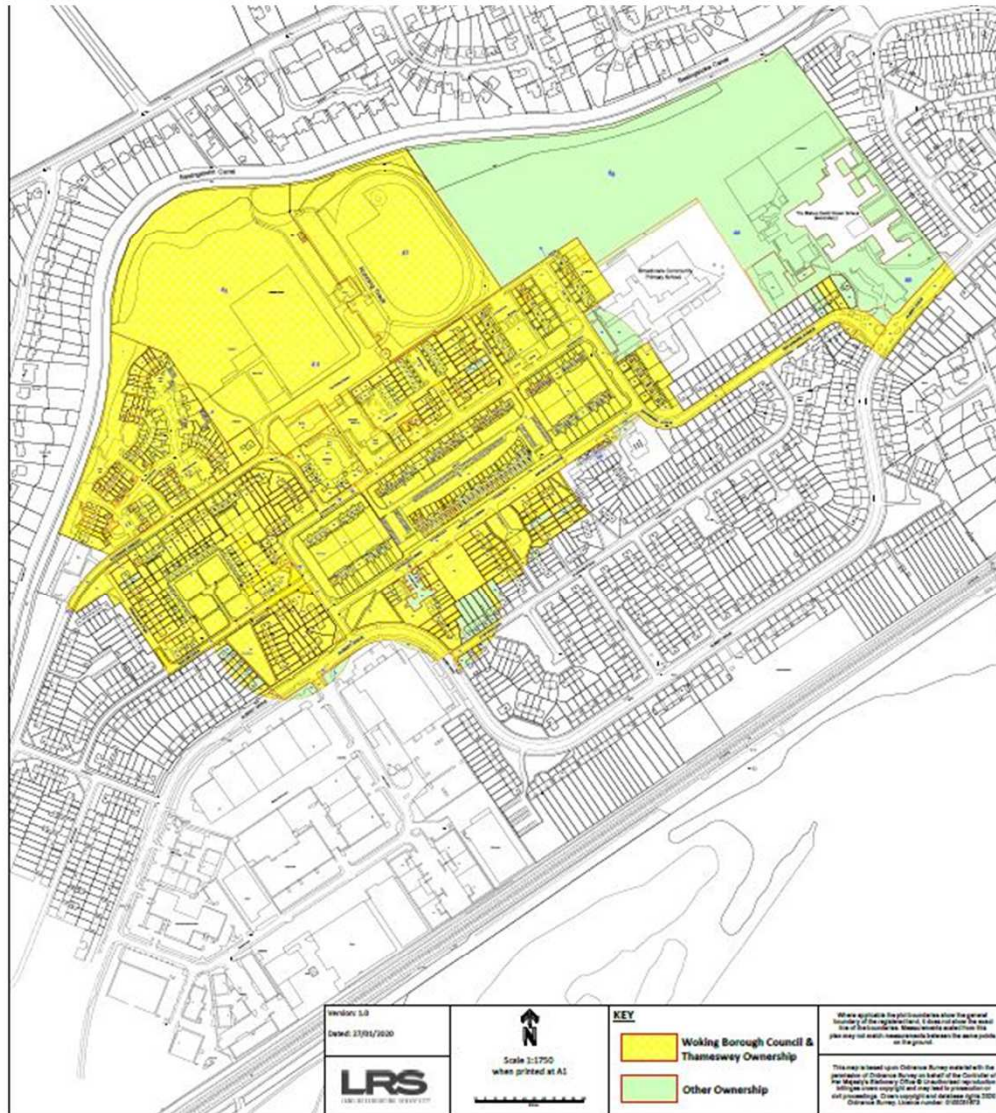
Towards tomorrow today



Compulsory Purchase

- Voluntary Purchases:-
 - 120 properties to acquire
 - Of which,
 - only 6 homeowners have not engaged with Council
 - 100 completed purchases
 - 4 contracts exchanged
 - 10 at “legals”/offer stage





Indicative Land Ownerships



INVESTOR IN PEOPLE



Towards tomorrow today



Secure Tenants

- 2017 – 326 secure tenants in red-line area.
- Housing team sought to contact all secure tenants (letter/phone/door knock).
- 28 secure tenants not engaged with Council.
- January 2020 – 159 secure tenants moved to new accommodation.



Secure Tenants

- Projection is that 71% of secure tenants will want to leave Sheerwater, with 29% wishing to remain and occupy a new property.
- Last resort – notice of seeking possession coupled with offer of suitable alternative accommodation.



Next Steps

Council February 2020

- Approve funding
- Approve Executive undertaking
- Approve process for CPO
- Approve process for possession of secure tenancies



Next Steps

Council April 2020

- Make CPO

Council December 2020

- Approve tender return
- Authorising start of next phase(s)



COUNCIL – 13 FEBRUARY 2020

PAY POLICY STATEMENT 2020/21 AND GENDER PAY GAP DATA

Executive Summary

Pay Policy

Sections 38 to 43 of the Localism Act 2011 require local authorities to prepare an annual pay policy statement for each financial year.

The statement must specifically cover the authority's policies relating to:

- the remuneration of its chief officers;
- the remuneration of its lowest-paid employees, and
- the relationship between –
 - the remuneration of its chief officers, and
 - the remuneration of its employees who are not chief officers
- the definition of 'lowest-paid employees' adopted;
- the level and elements of remuneration for each chief officer;
- remuneration of chief officers on recruitment;
- increases and additions to remuneration for each chief officer;
- the use of performance-related pay for chief officers;
- the use of bonuses for chief officers;
- the approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority;
- the publication of and access to information relating to remuneration of chief officers;

The statement may also cover the authority's policy relating to:

- policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

Chief Officer is defined to include:

- the head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- its monitoring officer under section 5(1) of that Act;
- a statutory chief officer under section 2(6) of that Act;
- a non-statutory chief officer under section 2(7) of that Act;
- a deputy chief officer in section 2(8) of that Act.

The pay policy statement has to be approved by a resolution of the authority. Following approval, the statement must be published as soon as possible on the authority's website. The Council may amend the pay policy statement in-year and this also requires a resolution.

The Act specifies that the functions relating to pay accountability are not executive functions and also that section 101 of the Local Government Act 1972, which gives local authorities powers to

Pay Policy Statement 2020-21 and Gender Pay Gap Data

arrange for the discharge of their functions by committees, officers or other local authorities, does not apply to these functions. This means that the resolution must be approved by full Council.

Gender Pay Gap

Woking Borough Council is required by law to publish annual gender pay gap data. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require all employers with 250 or more employees to publish data based on the snap-shot date 31 March 2019. In addition the Council has to depict pay quartiles by gender whereby the workforce is divided into four equal-sized groups based on hourly pay rates, with the Upper Quartile covering the highest paid 25% and the lower quartile containing the lowest paid 25%. The data has to be published on the Council's website annually. The figures set out in the following report have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

These provisions add to the range of transparency obligations already placed upon the Council such as the Accounts and Audit Regulations 2011 which already require historic expenditure on chief officers within specified pay bands to be disclosed in the annual statement of accounts

Ethnicity Pay Gap

The Government has consulted on whether organisations should collect and publish information on its Ethnicity Pay Gap and we are awaiting the outcome. The Council has calculated its Ethnicity Pay Gap for 2019.

Recommendations

The Council is invited to approve the Pay Policy Statement for the financial year 2020/21 and in so doing comply with the provisions of the Localism Act 2011.

The Council is invited to note the gender pay gap data based on the snap-shot date of 31 March 2019 and in doing so comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The Council is invited to note the ethnic pay gap data based on the snap-shot date of 31 March 2019.

The Council is requested to:

RESOLVE That

- (i) the Pay Policy Statement be approved for publication;
- (ii) the Gender Pay Gap data be approved for publication; and
- (iii) the Ethnicity Pay Gap data be noted.

The Council has the authority to determine the recommendations set out above.

Background Papers: Sustainability Impact assessment
Equalities Impact Assessment.

Reporting Person: Ray Morgan, Chief Executive
Email: ray.morgan@woking.gov.uk, Extn: 3333

Pay Policy Statement 2020-21 and Gender Pay Gap Data

Contact Person: Amanda Jeffrey, Head of Human Resources
Email: amanda.jeffrey@woking.gov.uk, Extn: 3904

Date Published: 7 February 2020

Pay Policy Statement 2020-21 and Gender Pay Gap Data

1.0 Introduction

- 1.1 This Pay Policy Statement is provided in accordance with Sections 38 - 43 of the Localism Act 2011.
- 1.2 This Pay Policy Statement sets out Woking Borough Council's policies relating to the pay of its workforce for the financial year 2020-21.

2.0 Background

- 2.1 The Council has developed its own local terms and conditions including pay. The local pay scale covers all employees of the Council.
- 2.2 As required by law, the Council provides all of its employees with the opportunity to join the Local Government Pension Scheme.

3.0 Definition

- 3.1 For the purpose of this pay policy the following definitions will apply:

'Remuneration', in addition to salary this includes taxable earnings and non-taxable benefits (and is more particularly defined in section 46 of the Localism Act 2011).

'Chief officer' refers to the following statutory and non-statutory roles within Woking Borough Council as follows:

- Chief Executive, as Head of Paid Service
- Deputy Chief Executive
- Strategic Directors
- Section 151 Officer/Chief Finance Officer and Monitoring Officer
- Senior Managers who report directly to those listed above

- 3.2 'Lowest paid Employees' refers to employees employed within grade W1 of the Council's current pay grading structure, other than apprenticeships or traineeships. This definition for the 'lowest paid employees' has been adopted because grade W1 is the lowest grade on the Council's grading structure on which employees are paid. The bottom point on this pay scale is £17,364. To enable meaningful comparison the Council uses employees on full time contracts for this definition.

4.0 Pay Framework and Remuneration

- 4.1 Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the Council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not unnecessarily excessive. The Council has responsibility for balancing these factors. The overall pay bill is controlled within a financial envelope agreed at least annually by the Council/Executive.
- 4.2 It is essential for good governance that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way and that there is an accountable process for recommending the levels of top salaries. Our policy is to pay appropriately to attract competent and experienced senior employees to lead the organisation. Our aim is to be regarded as competitive as compared to the level of pay locally and neighbouring local authorities.

Pay Policy Statement 2020-21 and Gender Pay Gap Data

- 4.3 All Woking Borough Council employees are on local conditions. The pay and reward structure and the performance management process apply to all employees including chief officers. Targets for both objectives and behaviours are set and performance against those targets is assessed.
- 4.4 The Authority has a salary and grading structure for all employees which includes the grades and salaries applicable to chief officers. The grade allocated to a post is determined by the duties, level of responsibility and behaviours required as outlined in the job description, person specification and role map.
- 4.5 The grade framework comprises of 12 grades. Outside the main framework there are 4 trainee grades. All employees are placed within the grade framework on a fixed salary based on an assessment of the job role. Progression through a grade is based on an assessment of behaviour, skill and performance following the outcome of an annual performance and development review (PDR). Each employee receives an overall grading which determines the amount of performance pay to be awarded. Payments are made against a pre-determined amount to ensure the scheme remains affordable.
- 4.6 Indexation is considered annually for all employees in consultation with UNISON.
- 4.7 In addition to basic pay all chief officers and employees are eligible to receive the following benefits:
- If the officer is a member of the Local Government Pension Scheme the employers' contribution.
 - Payment of an annual subscription to one professional institution where this has a clear benefit or is a requisite to the job.
 - A flexible benefit paid in monthly instalment. This can be used to purchase a public sector season ticket, obtain a vehicle through the Council's car leasing scheme or as a cash alternative. Normal tax and national insurance rules apply.
- 4.8 The Council does not have a lump sum performance related pay or bonus scheme.

5.0 Policy on the lowest paid employees

- 5.1 When determining any pay award the Council considers the needs of the lowest paid and the Living Wage (outside London rate).
- 5.2 The Council is supportive of the principle of equal pay in employment and has made a commitment to involve and work positively with UNISON to develop and maintain an open and transparent process and dialogue.

6.0 Policy on the Remuneration Multiple (Ratio) Between Lowest and Highest Paid Employees

- 6.1 Our policy is that the ratio is broadly in line with comparator authorities.
- 6.2 The average (median) chief officer remuneration is £72,856; the average (median) remuneration for employees other than the chief officers is £32,417. Therefore the ratio of average chief officer remuneration to the average remuneration of other employees is 2.2:1.
- 6.3 The ratio between the highest paid earner, the Chief Executive, to the average (median) remuneration of the whole workforce is 3.9:1.

7.0 Remuneration on Employment

7.1 Our policy is to appoint at, or near, the bottom taking into account the relevant skills and experience of the person appointed. Progression through the grade is as outlined in section 4 above. Appointments at chief officer level below Chief Executive are made by more senior officers with Member involvement as appropriate. On occasion the Council will request input from neighbouring authorities or other experts in the recruitment process particularly when the post requires specialist knowledge. Appointments to the post of Chief Executive are made by the leading Members and approved by the Council.

8.0 Approach to the Payment of Officers in the Event of their Ceasing to Hold Office or be Employed by the Authority

8.1 The Council's redundancy framework sets out a consistent method of calculating redundancy pay which is applied to all redundant employees. The level of redundancy pay is calculated using the statutory system with a multiplier of 2.2 and no cap on weekly earnings. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

8.2 Officers who leave the Council's employment, where appropriate, will receive compensation in line with the Council's redundancy payments policy or through a negotiated settlement.

9.0 The Publication of and Access to Information Relating to Remuneration of Chief Officers.

9.1 The annual Pay Policy statement will be published on the website where it can be easily accessed. Information about senior officer remuneration has been published on the Council's website as part of the Final Statement of Accounts and transparency agenda. The grade framework for all employees is published on the Council's website.

10.0 Additions to Remuneration for Chief Officers

10.1 One or more chief officers will be eligible for payments for election duties (e.g. as Returning Officer or Deputy Returning Officer/s) which is calculated based on the number of electors in each ward in the election. There is an agreed Surrey wide scale of fees and charges which sets out the amounts used to calculate this.

10.2 Fees for borough, county and Police Commissioner elections vary according to the size of the electorate and number of postal voters. Payments for General and European elections are set by central government and are not paid by the Council as the money is reclaimed.

11.0 Policy on Employing Someone Who Has Taken Redundancy from another Authority.

11.1 If there is less than a 4 week gap between someone being made redundant from another council and joining Woking Borough Council they will be required to repay their redundancy payment to their previous employer. If the gap is longer than 4 weeks they can retain their payment but their continuous service is broken, which means that they would have no eligibility for redundancy payments until they have 2 years continuous service with this authority.

12.0 Policy on Employing Someone Who is Also Drawing a Pension

12.1 The Council will consider all requests from employees who wish to draw their pension but continue working.

13.0 Policy on Additional Employments

13.1 The Council's Conditions of Service provide for employees:- to have one or more employments with the Council, in which cases the arrangements outlined above apply; private employment or outside activity conditional upon such employments or activity not prejudicing their main employment with the Council; and appointments to remunerated roles directed or authorised by the Council.

14.0 Gender Pay Gap

14.1 Woking Borough Council is now required by law to publish an annual gender pay gap data. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require all employers with 250 or more employees to publish data based on its figures on a snap-shot date of 31 March. This is our third report.

14.2 The data has to be published on the Council's website annually.

Definitions

14.3 For the purpose of the gender pay gap data gathering the following definitions will apply:

14.4 The mean gender pay gap is the difference between average hourly earnings of men and women.

14.5 The median gender pay gap is the difference between the mid-point in the range of hourly earnings of men and women, when arranged from the highest to lowest.

14.6 In addition the Council has to depict pay quartiles by gender. The workforce is divided into four equal-sized groups or quartiles based on hourly pay rates, with the upper quartile covering the highest paid 25% and the lower quartile containing the lowest paid 25%.

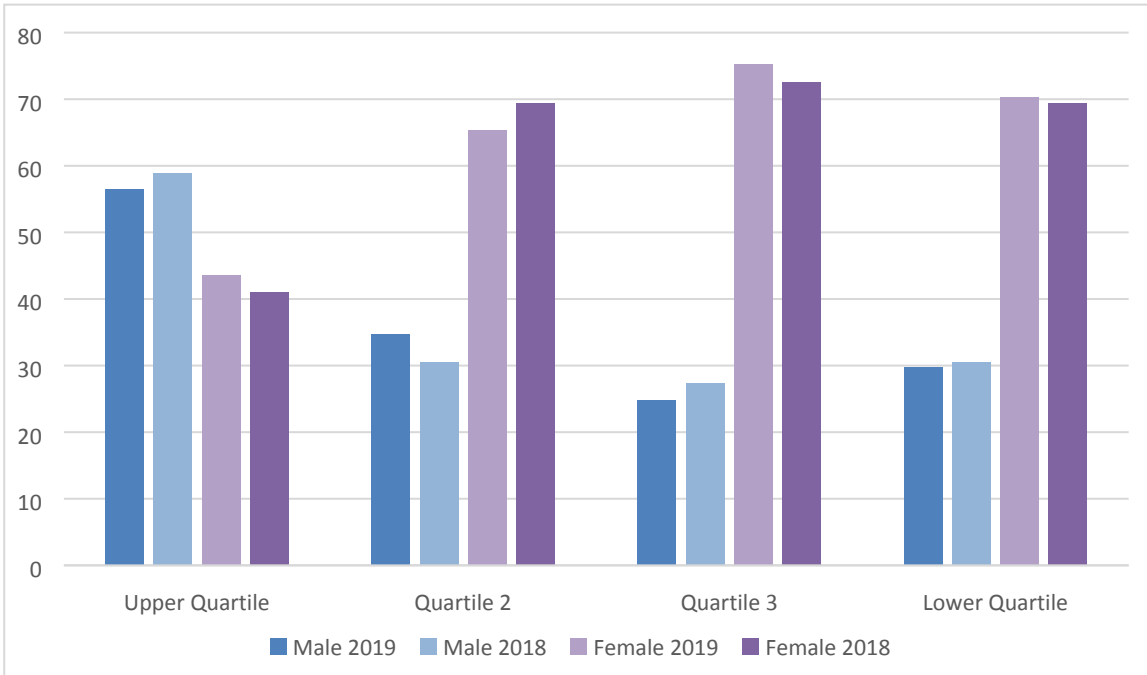
Pay Gap Data

14.7 The mean gender pay gap for the Council is 18.26% (19.31% for 2018). The median gender pay gap for the Council is 15.76% (16.20% for 2018). The tables below set out the relevant data for the Council.

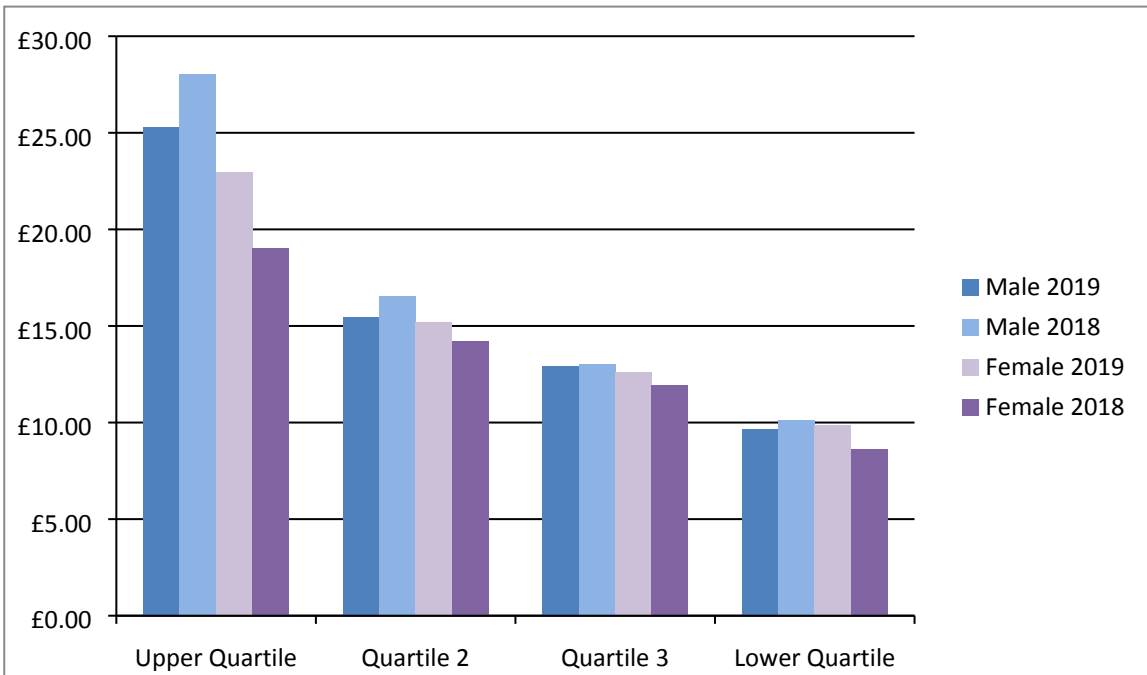
Pay Quartiles by Gender (figures for 2018 in brackets)

Quartile	Male	Female	Description
Upper	56.44% (58.9%)	43.56% (41.1%)	Includes all employees whose standard hourly rate places them above the upper quartile
Quartile 2	34.65% (30.5%)	65.35% (69.5%)	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
Quartile 3	24.75% (27.4%)	75.25% (72.6%)	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
Lower	29.70% (30.5%)	70.30% (69.5%)	Includes all employees whose standard hourly rate places them at or below the lower quartile

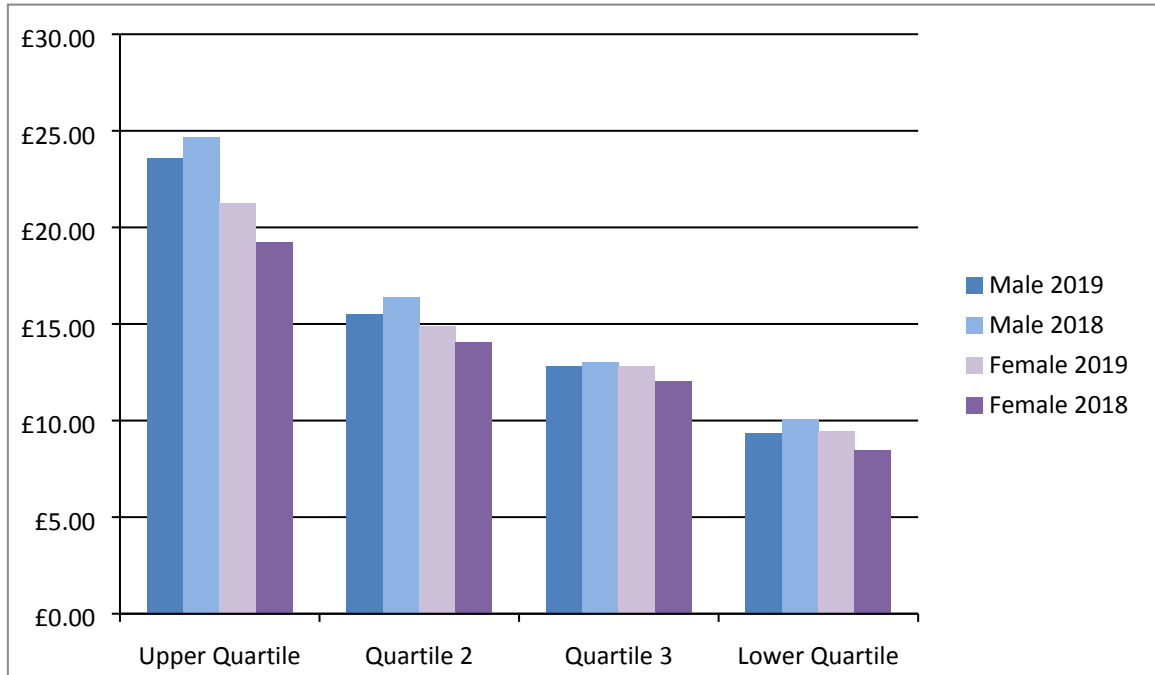
Organisational make-up – quartiles



Mean hourly pay – quartiles



Median hourly pay – quartiles



Difference between men and women

Quartile	Mean hourly rate - male	Mean hourly rate - female	Mean gender pay gap	Median hourly rate - male	Median hourly rate - female	Median gender pay gap
Upper	£25.31 (£28.03)	£22.97 (£19.03)	9.25% (32.11%)	£23.59 (£24.65)	£21.23 (£19.23)	10% (21.99%)
Quartile 2	£15.46 (£16.55)	£15.22 (£14.23)	1.55% (14.02%)	£15.48 (£16.40)	£14.87 (£14.03)	3.94% (14.45%)
Quartile 3	£12.92 (£13.01)	£12.61 (£11.95)	2.40% (8.15%)	£12.79 (£13.03)	£12.79 (£12.03)	0% (7.67%)
Lower	£9.67 (£10.11)	£9.86 (£8.63)	-1.96% (14.64%)	£9.35 (£10.05)	£9.47 (£8.46)	-1.28% (15.82%)

(Figures for 2018 in brackets)

Data in context

14.8 The Council’s Pay structure and policies ensure all employees are paid equally for the same or equivalent work, regardless of their sex or any other characteristic protected under the Equality Act 2010. The analysis shows that the Council still has a significant gender pay gap, however it is an improving picture and analysis of the quartiles is very positive, e.g. the pay gap for the upper quartile has reduced from 32% in 2018 to 9.25% in 2019 and small or negative gap exists for the other quartiles.

14.9 Across the UK as a whole, men are more likely than women to be in senior roles, especially very senior roles at the top of organisations. This is true for the Council. Stability at senior management level has meant opportunities for women to progress into the upper quartile have been limited. Generally women are more likely than men to be in front-line roles often

Pay Policy Statement 2020-21 and Gender Pay Gap Data

paid at the lower end of pay scales. This is reflected in the picture for the Council. The Council's pay policy has focused on raising the level of pay for the lowest grades, to ensure that the roles are valued and paid the living wage, set by the Living Wage Foundation.

- 14.10 The upper quartile is 56% male. These are the most senior roles in the highest pay bands, hence the pay gap is larger.
- 14.11 The pattern from the UK economy as a whole is reflected in the figures found in our upper quartile where men are more likely to be in senior roles. Women are more likely to have had breaks from work which have affected their career progression, for example to bring up children.
- 14.12 The mean gender pay gap for the public sector 15.9% according to the October 2019 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures. The figure is 6.1% for Local Government.

Addressing the pay gap

- 14.13 Woking Borough Council is committed to reducing our gender pay gap. An Action Plan has been developed, covering 5 key areas, Pay and Performance, Recruitment and Promotion, Training and Development, Flexible and Part-time Working and General. This is attached (appendix 1).
- 14.14 Detailed analysis of the salary structure, including levels, pay grade and working hours has been carried out and no significant issues were identified indicating our pay arrangements are rational, fair and transparent. The exercise will be repeated every three years. We have carried out analysis of recruitment statistics, applications for promotion and analysis of PDR's and pay reviews. Again no issues were identified.
- 14.15 We aim to recruit from the widest possible talent pool. We will look at whether we can improve this, including looking at language used in adverts. Our application process is blind and has no personal details available for shortlisting. HR carry out spot-checks on shortlisting to ensure no bias is taking place. Managers are trained on how to recruit using competency based interview techniques that aim to avoid unconscious bias; ensuring all managers are consistent and competent in recruitment.
- 14.16 We offer our employees a wide range of flexible working options to enable them to effectively manage their work/life balance. These options include part-time working, condensed working weeks, job share, home working, agile working and a generous flexi-time scheme. In addition we offer an additional leave purchase scheme. We will look into the uptake of the various options across the organisation and continue to promote these to employees.
- 14.17 We are committed to offering advancement opportunities and training to all employees, including Management Development, coaching and mentoring for those moving into senior positions. We will look at the Performance Review process and ensure it is robust and fit for purpose and that we are able to identify from within our current workforce those employees who have the potential to grow into more senior roles. We will offer training, support and development opportunities to those employees including coaching and mentoring both within and outside of our organisation. We will also gather qualitative data through a consultation exercise across the organisation to identify the barriers (and the drivers) for women employees.

15.0 Ethnicity Pay Gap

- 15.1 The Government has consulted on whether organisations should collect and publish information on its Ethnicity Pay Gap and we are awaiting the outcome. In anticipation of this the Council has calculated its Ethnicity Pay Gap for 2019.

Pay Policy Statement 2020-21 and Gender Pay Gap Data

White British	307 employees (75.99%)
Other Ethnicity	92 employees (22.77%)
Not known/prefer not to say	5 employees (1.24%)
Mean hourly rate (White British)	£15.91
Mean hourly rate (other ethnicity)	£13.91
Mean ethnicity pay gap	12.57%
Median hourly rate (White British)	£14.33
Median hourly rate (other ethnicity)	£12.79
Median ethnicity pay gap	10.76%

Pay Quartiles by ethnicity

Quartile	White British	Other ethnicity	Not known	Description
Upper	90.1	9.9%		Includes all employees whose standard hourly rate places them above the upper quartile
Quartile 2	81%	16.83%	2.17%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
Quartile 3	64.36%	34.65%	0.99%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
Lower	68.32%	30.69%	0.99%	Includes all employees whose standard hourly rate places them at or below the lower quartile

Quartile	Mean hourly rate – White British	Mean hourly rate – other ethnicity	Mean ethnicity pay gap	Median hourly rate – White British	Median hourly rate – other ethnicity	Median ethnicity pay gap
Upper	£24.53	£22.13	9.78%	£23.19	£21.86	5.74%
Quartile 2	£15.25	£14.37	5.77%	£14.87	£14.00	5.85%
Quartile 3	£12.58	£12.69	-0.87%	£12.79	£12.79	0%
Lower	£9.58	£9.94	-3.78%	£9.35	£9.90	-5.88%

15.2 Currently national and local ethnicity pay gap data is unavailable to allow any comparisons to be drawn. As mirrored in the gender data a pay gap occurs in the upper quartiles of the Councils employee structure. Further analysis of the data is required to enable officers to draw any conclusions at this stage. This will be reported in the next Pay Policy statement.

16.0 Implications

Financial

16.1 To foster a transparent pay and reward framework which is accountable and managed appropriately.

Human Resource/Training and Development

16.2 Ensure compliance with current legislation and brief managers appropriately.

Pay Policy Statement 2020-21 and Gender Pay Gap Data

Community Safety

16.3 There are no community safety implications arising from this report.

Risk Management

16.4 There are no risk management implications arising from this report.

Sustainability

16.5 There are no sustainability implications arising from this report.

Equalities

16.6 To ensure the Council continues to comply with Equal Pay legislation.

Safeguarding

16.7 This policy complies with Safeguarding requirements.

17.0 Conclusions

17.1 The Council is invited to approve the Pay Policy Statement for the financial year 2020/21 and in so doing comply with the provisions of the Localism Act 2011.

17.2 The Council is invited note the gender pay gap data based on the snap-shot date of 31 March 2019 and in doing so comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

17.3 The Council is also invited note the ethnicity pay gap data.

REPORT ENDS

Gender Pay Gap Action Plan 2018/20

PAY AND PERFORMANCE	TIMESCALE	RESPON SIBILITY	ACTION/PROGRESS
Undertake detailed analysis of salary structure.	June 2019	AJ/SR	To identify if any inconsistencies are occurring across job level, pay grade, full/part-time. Completed. To be repeated every 3 years.
Analyse data on starting salaries of appointments and promoted posts.	May 2019	RB	Completed. No discrepancies found.
Analyse PDR rating by gender.	June 2019	SR	Assess evidence of gender based differences. Completed for 2019. To be completed annually.
RECRUITMENT AND PROMOTION			
Introduce recruitment and selection guidelines.	1 October 2020	SH	To cover good practice on shortlisting/HR involvement/gender balance on interview panel/gender neutral language in adverts & job descriptions.
Ensure employees involved in the recruitment process receive training, including non-discrimination & fair treatment in recruitment.	September 2019	All	Investigate e-learning provision Classroom based course held May 2019 Induction for new recruiting managers – ongoing.
Assess suitability of each new role advertised for flexible working.	Ongoing	HR Managers CMG	Assess wording on adverts/website
Increase women's access to networking and informal development opportunities, e.g. In-house mentoring programme.	2020	HR Managers	Undertake focus groups to assess requirements. Investigate setting up The Looking Glass networking events in Woking.
Ask senior employee who works flexibly/part-time to become a flexible working champion/share story.	2020	HR	For inclusion in employee communications.

Pay Policy Statement 2020/21 and Gender Pay Gap Data

Review employee survey questions to include a question on how well particular policies are implemented, e.g. flexible working/carers leave.	2020	HR	Review survey questions Next Employee Survey due February 2020 In progress
Review employee survey to see how responses could be analysed in a more meaningful way, e.g. by gender & teams.	For February 2020 survey release	SR	Review metrics requested. In progress
Amalgamate family friendly policies into Caring for Children and Young People Policy. Communicate & promote the benefits to employees once approved.	June 2019	SH/LL CMG Unison	Updated policy to CMG (Jan 2020) and then Unison for consultation
Evaluate the Working Forward Campaign	January 2020	SH/LL CMG	Designed to make the workplace the best it can be for pregnant women and new parents.
Review Harassment Policy, including sexual harassment, to ensure it is fit for purpose.	July 2019	RZ CMG Unison	Research best practice – ACAS. Major review of Bullying & Harassment carried out in 2019, including survey, updating policy & procedures, awareness raising and training.
Review exit interview process.	September 2020	LL	Assess why employees are leaving the organisation.
TRAINING AND DEVELOPMENT			
Continue to promote learning & development opportunities across the organisation. Look into introducing secondment opportunities.	Ongoing	SR/AJ	Work in progress
Assess talent management programmes/women in leadership programmes to see if appropriate for organisation.	During 2019	SR/AJ	Work in progress
Investigate a return to work programme.	During 2020	RZ	Designed to assist new/returning mothers with opportunities to enhance their skills.

Pay Policy Statement 2020/21 and Gender Pay Gap Data

FLEXIBLE AND PART-TIME WORKING			
Map what types of flexible working are used in the organisation and look at this by team & gender.	2020	HR	Anonymous survey
Review how flexible working e-forms and guidelines are communicated to employees to ensure it is easily accessible & understood by everyone.	During 2020	HR	Change approach if required.
GENERAL			
Consultation exercise with employees (using Facilitation Network) re. gender pay & related areas.	During 2020	RZ	Seek views of employees and test assumptions.

COUNCIL – 13 FEBRUARY 2020

NOTICES OF MOTION

Executive Summary

The following Notices of Motion were received by the deadline of midday on Thursday, 6 February 2020.

1 Councillor A-M Barker

Provision of Walk in health service provision in Woking

Council notes that

- Woking Walk in Centre is a much valued local health facility.
- North West Surrey Clinical Commissioning Group is currently reviewing provision of urgent care and walk in facilities across the area.
- NHS England policy is towards a model of GP led services at Urgent Treatment Centres.
- A number of options for walk in health provision are under consideration for North West Surrey but in several scenarios Woking would no longer have a Walk in facility in the borough.

Council understands that

- No decisions on future walk in provision have been made
- Consultation will take place before any changes are made to local walk in provision

Council instructs

The Chief Executive to write to North West Surrey CCG highlighting:

- The huge value this Council and local residents place on the Walk in Centre.
- The number of new properties being built or planned in the town centre that will put additional pressure on existing GP services.
- The need to fully involve the Council and local residents in any proposals to change current walk in provision for the borough..

2. Councillor A-M Barker

Fireworks

A number of councillors have been contacted by residents in relation to the RSPCA initiative to reduce the impact of fireworks and Sky Lanterns on animals, and have asked their Council to support a motion to support measures which will help ensure people can enjoy fireworks responsibly whilst minimising the risk to animal welfare, horses, farm animals and wildlife and residents.

Woking Council can play its part in this by direct action or by lobbying other Government departments and retailers to play their part. Accordingly, the Council resolves to:

- Request all publicly organised firework displays within the Woking area to be advertised on the Woking Council website in advance of the event, so that everyone can enjoy the celebrations and residents are able to take precautions for their animals and vulnerable people.
- Actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people including the precautions that can be taken to mitigate risks.
- Write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private display.
- Encourage trading standards to enforce more rigorously the regulations of the selling of fireworks both in terms of age appropriateness, licencing and CE markings.

3. Councillor G G Chrystie

Confidential Reporting at Council & Committees

Following upon various issues arising recently and current apparent paucity of member involvement it is proposed that adjustments are made to the current classification practice as follows :

1. Member input is vital and the Monitoring Officer must consult the Council Leader and Leader of the Opposition prior to making a decision upon a Part 2 designation.
2. In all cases where there is a statutory requirement for confidentiality then the Monitoring Officer's recommendation shall be automatically endorsed by the said 2 Councillors.
3. The principle guiding Part 2 designations must be transparency is required unless there is a substantial material commercial reason for confidentiality.
4. All matters deemed subject to Part 2 must be regularly reviewed and as soon as possible an item must be declassified (unless there is a statutory bar on declassification).

Background Papers: None.

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REPORT ENDS

