

# Public Document Pack

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Head of Legal and Democratic Services



## FINANCIAL POLICY PANEL

Thursday 2 February 2017 at 7.30 pm

Committee Room 1 - Epsom Town Hall

The members listed below are summoned to attend the Financial Policy Panel meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Eber Kington (Chairman)  
Councillor Richard Baker  
Councillor John Beckett  
Councillor Graham Dudley

Councillor Omer Kokou-Tchri  
Councillor Barry Nash  
Councillor Keith Partridge  
Councillor Vince Romagnuolo

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Young', written over a faint, larger version of the same signature.

Head of Legal and Democratic Services

For further information, please contact Fiona Cotter,  
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### AGENDA

#### 1. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting

#### 2. 2017/18 BUDGET AND COUNCIL TAX REPORT PRESENTATION (Pages 3 - 24)

This report provides an update on the preparation of the budget for 2017/18, following the announcement of the provisional local government finance settlement. The report seeks any final guidance from the Panel prior to the preparation of the 2017/18 Budget and Council Tax report for the Council meeting on 14 February 2017.

**3. MINUTES** (Pages 25 - 28)

The Panel is asked to confirm the Minutes of the Meeting of the Panel held on 6 December 2016 (attached) and to authorise the Chairman to sign them.

**2017/18 BUDGET AND COUNCIL TAX REPORT PRESENTATION**

|   |  |
|---|--|
| <u>Report of the:</u>                         | Head of Financial Services   |
| <u>Contact:</u>                               | Lee Duffy  |
| <u>Annexes/Appendices (attached):</u>         | Annexe 1: Overview of 2017/18<br>Estimates<br>Annexe 2: Updated Four Year Financial<br>Plan<br>Annexe 3: Updated Efficiency Plan |
| <u>Other available papers (not attached):</u> | Budget Book 2017/18<br>Policy Committee Budget Reports<br>2017/18  |

**REPORT SUMMARY**

This report provides an update on the preparation of the budget for 2017/18, following the announcement of the provisional local government finance settlement. The report seeks any final guidance from the Panel prior to the preparation of the 2017/18 Budget and Council Tax report for the Council meeting on 14 February 2017.

**RECOMMENDATION**

That the Panel provides the Director of Finance and Resources with any final guidance needed to finalise the 2017/18 Budget and Council Tax report:

- (1) Notes the provisional Government financial settlement and changes to the criteria for the award of New Homes Bonus grant and its impact on future funding
- (2) Notes the latest position on Retained Business rates and the funding available for 2017/18
- (3) Confirms support that there will be no use of working balances (revenue reserves) in the 2017/2018 Budget
- (4) Agrees to support a recommendation to Council of a council tax increase of £4.95 for a Band D equivalent property
- (5) Notes the updated four year Financial Plan and Efficiency Plan (Cost Reduction Plan

*Notes*

## **1 Implications for the Council's Key Priorities, Service Plans and Community Strategy**

- 1.1 The Medium Term Financial Strategy includes the following objectives for Council Tax and the revenue budget:-

### Council Tax

- Ensure that Council Tax stays below the average payable of the Surrey Districts

### Budget Position

- Produce a balanced revenue budget each year.
- Maintain a minimum working balance of £2.5 million at 31 March 2020.
- Maintain a prudent level of strategic reserves and a minimum of £1 million in the Corporate Projects Reserve.
- Utilise reserves pro-actively to manage major risks to Council's finances.

## **2 Introduction**

- 2.1 Service estimate reports have been prepared for each of the three policy committees. The estimates are contained in the draft Budget Book 2017/18 which has been issued to all Councillors.
- 2.2 The overall budget target for 2017/18 was agreed at Strategy & Resources Committee on 27 September 2016 as follows:-
- 2.2.1 Estimates are prepared including options to reduce organisational costs by £556,000, to minimise the use of working balances and maintain a minimum working balance of £2.5m in accordance with the medium term financial strategy.
- 2.2.2 That at least £200,000 additional revenue is generated from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3% in 2017/18.
- 2.2.3 That a provision for 2017/18 pay award is made of £180,000 which represents 1% pay increase and 0.6% for progression.
- 2.2.4 That further efficiencies be identified to address the anticipated budget shortfall of £220,000 in 2017/18.
- 2.2.5 That the Capital Member Group seeks to limit schemes included within the capital expenditure programme that enable the retention of agreed minimum level of capital reserves.

- 2.3 The estimates were prepared on the basis of budget guidelines agreed by the Council last September, except for the pay budget which includes a provision for a 1.5% pay award.
- 2.4 The funding of the capital programme was agreed in December, subject to schemes being supported by the policy committees in the January Committee cycle.
- 2.5 Subject to the decisions of the policy committees, the proposed increases to discretionary fees and charges are estimated to generate £198,000 in 2017/18.
- 2.6 The policy committees have also received detailed service estimates and proposals for fees and charges. All of these proposals are reflected in the Budget Book 2017/18 which has been made available in the Members Room. The Panel will be advised if there are any changes recommended to the estimates presented and the impact on the overall budget position.
- 2.7 The general fund summary position as contained in the 2017/18 Budget Book reflects the draft service estimates with no use of working balances. There are, however, external financing income levels that still need to be finalised:-
- The 2017/18 final local government finance settlement, including revenue support grant
  - The level of business rates that will be retained by this Council
  - Revenue from council tax depending on the level of any increase for next year
- 2.8 This report:-
- provides details of the provisional 2017/18 local government finance settlement
  - provides analysis on the current position of business rates
  - suggests council tax options for inclusion in the budget report

### **3 Provisional Government Funding Proposals**

- 3.1 The Government made an offer of a fixed, four-year Local Government Finance Settlement in February 2016, covering the years 2016/17 to 2019/20. The offer made to each local authority is conditional on the authority producing and publishing an Efficiency Plan that will outline how it will achieve its objectives within the available resources set in the settlement.

3.2 The Council agreed to accept the offer of the four year settlement and rename the Cost Reduction Plan, agreed in the Medium Term Financial Strategy, the Efficiency Plan.

3.3 Details of the provisional local government finance settlement for 2017/18 were sent by e-mail to all councillors on 16 December 2016.

3.4 The following table shows the provisional settlement figures:-

| <b>2017/18 SETTLEMENT FUNDING ASSESSMENT</b> | <b>Revenue Support Grant</b> | <b>Transitional Grant</b> | <b>Baseline Funding (Business Rates)</b> | <b>Total</b> |
|--|------------------------------|---------------------------|--|--------------|
|  | <i>£000</i>                  | <i>£'000</i>              | <i>£000</i>                              | <i>£000</i>  |
| Total  | 0                            | 83                        | 1,324                                    | 1,407        |

3.5 The following table compares the provisional 2017/18 settlement funding with the current year (2016/17) final settlement figures:-

| <b>Reduction in Funding</b>    | <i>£000</i> | <i>£000</i>        |
|--------------------------------|-------------|--------------------|
| 2016/17 Funding Settlement     | 1,810       |                    |
| 2017/18 Provisional Assessment | 1,407       | - 403<br>(- 22.3%) |

3.6 The latest settlement figures received show that there only minor changes to the four year settlement provided in February 2016. The latest settlement includes a tariff adjustment of £624,000 in 2019/20 and there still remains uncertainty on how the changes to business rates proposed for 2020/21 will impact on this Council.

|   | <i>2016/17</i> | <i>2017/18</i> | <i>2018/19</i> | <i>2019/20</i> |
|---|----------------|----------------|----------------|----------------|
|   | <i>£'000</i>   | <i>£'000</i>   | <i>£'000</i>   | <i>£000</i>    |
| <b>Provisional Settlement</b>                   |                |                |                |                |
| Revenue Support Grant                           | 417            | 0              | 0              | 0              |
| Retained Business Rates - Baseline              | 1,300          | 1,326          | 1,368          | 1,417          |
| Tariff Adjustment                               | 0              | 0              | 0              | (625)          |
| <b>Government Baseline Funding</b>              | <b>1,717</b>   | <b>1,326</b>   | <b>1,368</b>   | <b>792</b>     |
| Transitional Grant                              | 93             | 83             | 0              | 0              |
| <b>Government Settlement Funding Assessment</b> | <b>1,810</b>   | <b>1,409</b>   | <b>1,368</b>   | <b>792</b>     |

|   |              |              |              |            |
|---|--------------|--------------|--------------|------------|
| <b><i>Projections within Financial Plan</i></b> |              |              |              |            |
| Revenue Support Grant                           | 417          | 0            | 0            | 0          |
| Retained Business Rates - Baseline              | 1,300        | 1,324        | 1,364        | 1,407      |
| Tariff Adjustment                               | 0            | 0            | 0            | (624)      |
| Transitional Grant                              | 93           | 83           | 0            | 0          |
| <b>Total Funding</b>                            | <b>1,810</b> | <b>1,407</b> | <b>1,364</b> | <b>783</b> |
| <b>Changes in Funding</b>                       | <b>0</b>     | <b>2</b>     | <b>4</b>     | <b>9</b>   |

#### 4 Core Spending Power

- 4.1 In its spending announcements the Department of Communities and Local Government (DCLG) also refers to changes in 'spending power'. This is a term used to measure the impact of all government grant changes on local authority budgets. Core Spending Power is different from Government funding as this includes income received from council tax and New Homes Bonus Grant.

|                            | 2016/17<br>£'000 | 2017/18<br>£'000 |
|----------------------------|------------------|------------------|
| Grants                     |                  |                  |
| Revenue Support Grant      | 417              | 0                |
| Transitional Grant         | 93               | 83               |
| Retained Business Rates    | 1,300            | 1,326            |
| <b>Total Grant Funding</b> | <b>1,810</b>     | <b>1,409</b>     |
| New Homes Bonus            | 2,120            | 1,558            |
| Council Tax*               | 5,829            | 6,066            |
|                            | <b>7,949</b>     | <b>7,624</b>     |
| <b>Core Spending Power</b> | <b>9,759</b>     | <b>9,033</b>     |

\*figure from provisional financial settlement

- 4.2 Nationally the reduction in spending power for 2017/18 is 1.1%. Epsom and Ewell Borough Council's spending power will reduce by 7.4%.

#### 5 New Homes Bonus

- 5.1 The Council additionally benefits from the award of New Homes Bonus grant, based upon the number of new residential properties in the borough in the preceding year, with a supplement for affordable housing.

- 5.2 As expected for 2017/18 New Homes Bonus allocations and details of the consultation on the future of the scheme have been announced. The number of years that the scheme will be based upon (currently 6 years' in 2016/17) will reduce to 5 years in 2017/18 and 4 years from 2018/19 onwards. The scheme will now also only reward growth in homes above 0.4% per annum.
- 5.3 The changes have resulted in a significant reduction in the overall award with this grant falling by nearly £700,000 for 2017/18 and by even more for 2018/19.

|                    | <b>Award under original<br/>scheme<br/>£'000</b> | <b>Award under revised<br/>scheme<br/>£'000</b> |
|--------------------|--|---|
| 2012/13            | 500  | 0   |
| 2013/14            | 344  | 344   |
| 2014/15            | 596  | 596   |
| 2015/16            | 411  | 411   |
| 2016/17            | 158  | 158   |
| 2017/18            | 212  | 45  |
| <b>Grant Award</b> | <b>2,221</b>                                     | <b>1,554</b>                                    |

- 5.4 The provisional payment for 2017/18 is £1,554,000 compares to the forecast included within the Financial Plan of £2,116,000.
- 5.5 Under the New Homes Bonus protocol, £500,000 of this grant has been allocated to help fund services in 2017/18 and the balance of £1,054,000 will be made available for capital investment or corporate projects.
- 5.6 Further significant reductions in funding available from New Homes Bonus are expected for 2018/19 through to 2019/20 and the latest projections show that by 2019/20 there will be insufficient New Homes Bonus available to fund services as agreed under the protocol.



|                        | <b>2018/19<br/>£'000</b> | <b>2019/20<br/>£'000</b> | <b>2020/21<br/>£'000</b> |
|------------------------|--------------------------|--------------------------|--------------------------|
| 2015/16                | 411                      | 0                        | 0                        |
| 2016/178               | 158                      | 158                      | 0                        |
| 2017/18                | 45                       | 45                       | 45                       |
| 2018/19*               | 50                       | 50                       | 50                       |
| 2019/20*               |                          | 50                       | 50                       |
| 2020/21*               |                          |                          | 50                       |
| <b>Projected Grant</b> | <b>664</b>               | <b>303</b>               | <b>195</b>               |

\* forecast

5.7 The reduced levels of grant for New Homes Bonus need to be incorporated into the updated Financial Plan with funding available to fund services reduced to levels of expected grant for 2019/20 and 2020/21.

## 6 Budget Overview

6.1 The service estimates, as recommended to the policy committees, are contained in the Budget Book 2017/18.

6.2 The Budget Book currently shows no use of working balances: however, this is based on the expectation that the Council acquires a further commercial property, generating a net rental income of c£100,000. If the acquisition does not proceed then officers will be tasked with finding the equivalent savings from within the proposed 2017/18 revenue budget prior to the start of the new financial year.

6.3 There are a number of risks arising from unsettled budget items:-

- The estimate of retained business rates
- The pay settlement currently included at 1.5% (for decision by Strategy and Resources on 7 February)
- The council tax decision
- The continuing impact of welfare changes on budgets such as homelessness and housing benefits
- Net rental income included for still to be acquired property and assumes disposal of interest in Ebbisham Centre

- 6.4 The Strategy and Resources Committee budget currently includes a £50,000 general contingency to mitigate any unforeseen costs in implementing changes to services identified as part of the 2017/18 budget process, or due to unforeseen additional expenditure on agreed policies and priorities. This budget reduces the need for services to hold their own individual contingencies.

## 7 Council Tax Options

- 7.1 As part of the Government four year settlement it allowed a relaxation of the capping limits for council tax, allowing District Councils to increase their council tax by either £5 per annum (property D equivalent) or 2% before needing to hold a referendum.
- 7.2 For financial planning purposes, the Medium Term Financial Strategy includes an annual council tax increase of £4.95 for a band D equivalent property.
- 7.3 Within the Budget Book, income from the council tax charge has been increased by £4.95 for a band D equivalent property.
- 7.4 To the average band 'D' council tax payer (those not receiving discounts or support) the charge for borough services is currently £182.07 per property.
- 7.5 For the Council's finances, revenue from council tax provides critical income to pay for services, assisting in replacing funding lost from government revenue support grant.
- 7.6 The Panel may feel it's appropriate for options of 0%, 1.98% and 2.72% to be included in the budget report.
- 7.7 **Annexe 1** comprises an overview of the draft budget for 2017/18 showing the impact of different council tax options, with increases shown between 0% and £4.95 for a band D property.
- 7.8 The Panel may wish to consider the following options in the budget report.

| <b>Increase:</b>   | <b>0%<br/>(Freeze)</b> | <b>1.98%</b> | <b>2.72%<br/>(£4.95 increase<br/>on Band D)</b> |
|--------------------|------------------------|--------------|---|
| Council Tax        | £182.07                | £185.67      | £187.02   |
| Increase per annum | £0                     | £3.60        | £4.95   |
| Increase per week  | 0p                     | 7p           | 10p   |

| <b>Increase:</b>                               | <b>0%<br/>(Freeze)</b> | <b>1.98%</b>       | <b>2.72%<br/>(£4.95 increase<br/>on Band D)</b> |
|--|------------------------|--------------------|---|
| Income Generated 2017/18                       | £0                     | £116,000           | £160,000  |
| Adjustment needed to Draft Budget Book         | £160,000<br>adverse    | £44,000<br>adverse | 0   |
| Income Generated Future Years Council Tax Base | 0                      | £116,000           | £160,000  |

7.9 At the time of writing this report it appears likely that Surrey County Council will trigger a referendum to consult on increasing their share of council tax by 15%, a further update to the Panel on the County's position will be provided when this has been confirmed. At the time of writing this report Surrey Police position is unclear. The Surrey County Council and Surrey Police Authority charges (precepts) will be determined early in February.

## **8 Financial Outlook as a Context for Council Tax and Budget Decisions**

8.1 The Financial Plan 2016-2020 was approved by the Council in February 2016 and contains a detailed four year financial forecast.

8.2 The Council's Medium Term Financial Strategy, also approved last February, reflects the public spending figures in central government's four year settlement. The strategy anticipates that savings of £3.2 million will be required between 2016 and 2020.

8.3 The Council also approved as part of the MTFS an Efficiency Plan (previously called the Cost Reduction Plan) this specified where and in which year the total of £3.2 million needed to be achieved. As of February 2016 £2.3 million of savings had been identified, leaving savings of £900,000 still to be found over the four year period.

8.4 The four year Plan also assumed the following:-

- The forecast covers existing services plus makes contingencies for government reforms
- £500,000 of New Homes Bonus receipts are used to fund revenue services.
- Council tax charges have been increased by £5 per annum for a band D property and other charges by 3% per annum

- 8.5 The four year forecasts has been updated and shown below, figures will need further revision once the final grant settlement figures are available and to take account of latest forecasts of retained business rates.

|   | <u>2016/17</u> | <u>2017/18</u>      | <u>2018/19</u>  | <u>2019/20</u>  |
|---|----------------|---------------------|-----------------|-----------------|
|   | <u>Budget</u>  | <u>Draft Budget</u> | <u>Forecast</u> | <u>Forecast</u> |
|   | <u>£000</u>    | <u>£000</u>         | <u>£000</u>     | <u>£000</u>     |
| Cost of Service b/f                           | 9,530          | 8,581               | 8,365           | 8,566           |
| Pay & Prices Increases                        |                | + 380               | + 370           | + 370           |
| Contingency for Service Changes and Pressures |                | + 471               | + 395           | + 174           |
| Increases in Fees & Charges                   |                | - 200               | - 200           | - 200           |
| Contributions from Reserves / Provisions      |                | -225                | + 225           | 0               |
| Star Chamber / Service Savings                | -949           | -642                | - 589           | - 527           |
| <b>Forecast Net Cost of Services</b>          | <b>8,581</b>   | <b>8,365</b>        | <b>8,566</b>    | <b>8,383</b>    |
| Interest on Balances                          | -220           | -220                | -220            | -220            |
| Use of New Homes Bonus                        | -634           | -500                | -500            | -303            |
| <i>Funding Shortfall</i>                      | 0              | -0                  | -37             | -436            |
| Transfer from Working Balance                 | 0              | 0                   | 0               | 0               |
| <b>Forecast Net Expenditure</b>               | <b>7,727</b>   | <b>7,645</b>        | <b>7,809</b>    | <b>7,424</b>    |
| Formula Grant Forecast                        | 417            | 0                   | 0               | 0               |
| Transitional Grant                            | 93             | 83                  | 0               | 0               |
| Business Rates Forecast                       | 1,435          | 1,527               | 1,558           | 964             |
| Council Tax Income Forecast                   | 5,829          | 6,045               | 6,251           | 6,460           |
| Collection Fund Surplus / (Deficit)           | -47            | -10                 | 0               | 0               |
| <b>Collection Fund Income</b>                 | <b>7,727</b>   | <b>7,645</b>        | <b>7,809</b>    | <b>7,424</b>    |

- 8.6 Although progress has been made to reduce the level of unidentified savings required to balance the budget by 2019/20 from £895,000 originally in the MTFS to latest projection of £436,000 there is still work to be undertaken to achieve this objective.

## 9 Business Rates Retention

- 9.1 The current year (2016/17) settlement included £1,810,000 for this Council comprising of £417,000 Revenue Support Grant, £93,000 Transitional Grant and £1,300,000 Business Rates Baseline funding. Whilst the Revenue Support Grant and Transitional Grant were fixed, the business rate figure depended on rates actually collected in year.
- 9.2 The baseline funding distribution was based on the central government's Needs and Resources formula and was calculated to provide a neutral position, where there would be no Councils benefitting or penalised from the changes to the new funding regime. The following table shows an overview of central government's calculation of business rates retained by this Council contained within the 2016/17 funding settlement:-

| <b>2016/17</b>                                      | <b>Gov't<br/>Baseline<br/>£'000</b> | <b>EEBC<br/>Budget<br/>£'000</b> | <b>EEBC<br/>Latest<br/>Forecast<br/>£'000</b> |  |
|---|-------------------------------------|----------------------------------|---|--|
| Rates Collectable                                   | 23,894                              | 24,025                           | 23,884  |  |
| Less: payable to central government                 | (11,947)                            | (12,013)                         | (11,942)                                      | 50%  |
| Less: payable to SCC                                | (2,389)                             | (2,402)                          | (2,388)                                       | 10%  |
| <b>Epsom &amp; Ewell Share<br/>(NNDR Baseline)</b>  | <b>9,558</b>                        | <b>9,610</b>                     | <b>9,554</b>                                  | <b>40% of collection</b>                               |
|   |                                     |                                  |   |  |
| Less 'Tariff'                                       | (8,258)                             | (8,258)                          | (8,258)                                       | Tariff set by govt. to go to 'top-up authorities'      |
|   | 1,300                               | 1,352                            | 1,296   |  |
| Small Business Rate Relief Grant                    | 0                                   | 219                              | 223   | Grant funding to offset relief given on business rates |
| <b>EEBC Gross Share of<br/>Income prior to Levy</b> | <b>1,300</b>                        | <b>1,571</b>                     | <b>1,519</b>                                  |  |
| Baseline Funding                                    | 1,300                               | 1,300                            | 1,300   | Funding baseline set by central government             |
| Estimated Growth above baseline                     | 0                                   | 271                              | 219   |  |
| 50% Levy due to Government                          | 0                                   | 136                              | 110   |  |
| <b>Net Retained</b>                                 | <b>1,300</b>                        | <b>1,435</b>                     | <b>1,409</b>                                  |  |

- 9.3 As reported last year, the Council anticipated that there would be some growth in business rates with a sum collected of £24,025,000 and with a sum of £135,000 anticipated as retained growth above the baseline funding level.
- 9.4 Until 2012/13 formula grant funding, including redistributed business rates, had been fixed in the local government finance settlement and this allocation was not varied during the year. Under the local retention scheme, councils enjoy gains or suffer losses from variations to the business rates collected, whether due to changes in collection rates or more/fewer businesses.
- 9.5 The business rates collected this year is currently forecast at £142,000 below the original budget forecast. There was also unfunded deficit brought forward from last year of £200,000. This results in a combined deficit on the fund of £342,000 with the Council's share being £110,000.
- 9.6 The funding position for 2017/18 still needs to be finalised, but based on provisional NNDR1 information, the Council can anticipate retaining £1,527,000 of income.

| <b><u>2017/18</u></b>                          | <b>EEBC Latest Forecast<br/>£'000</b> |  |
|--|---------------------------------------|--|
| Rates Collectable                              | 24,675                                |  |
| Less: payable to central government            | (12,338)                              | 50%  |
| Less: payable to SCC                           | (2,467)                               | 10%  |
| <b>Epsom &amp; Ewell Share (NNDR Baseline)</b> | <b>9,870</b>                          | <b>40% of collection</b>                               |
|  |                                       |  |
| Less 'Tariff'                                  | (8,431)                               | Tariff set by govt. to go to 'top-up authorities'      |
|  | 1,439                                 |  |
| Small Business Rate Relief Grant               | 290                                   | Grant funding to offset relief given on business rates |
| EEBC Gross Share of Income prior to Levy       | 1,729                                 |  |
| Baseline Funding                               | 1,326                                 | Funding baseline set but central government            |
| Estimated Growth above baseline                | 403                                   |  |
| 50% Retained                                   | 201                                   |  |
| <b>Net Retained</b>                            | <b>1,527</b>                          |  |

- 9.7 The deadline for submitting the business rate estimates for 2017/18 is 30 January 2017 and officers are working on estimates using the experience of the impact of appeals and other variations to rates collected in 2016/17.
- 9.8 The Panel will note that the safety net threshold for 2017/18 is estimated at £1,226,000 compared to £1,527,000 used as income in the draft estimates. This limits the exposure of losses to £301,000 next year compared to the estimate used in the Budget Book.

## **10 Updated Efficiency Plan**

- 10.1 The majority of savings scheduled to be made within the Efficiency Plan have now either been made or in the process of being delivered. However, there are a few items within the original Plan that have either been deferred to a later year or removed from the Plan as it has been decided that at this time they will not proceed.
- 10.2 The updated Efficiency Plan can be found on Annexe 3, the major changes from the original approved as part of the Financial Plan last year are as follows;
- 10.2.1 Savings from operational efficiencies have increased by £57,000 over the four year period, £22,000 of the savings relating to 2017/18.
- 10.2.2 Capping discretionary rate relief has been removed from the Plan which was originally expected to deliver £22,000 of savings in 2017/18.
- 10.2.3 Additional income from the acquisition of commercial properties of £172,000 has been incorporated into the Plan.
- 10.2.4 The option to cease additional cuts to highway verges was not approved but other savings around the service have been agreed.
- 10.2.5 Homelessness costs have been reduced planning to save the Council £75,000 in 2017/18.
- 10.2.6 Parks savings totalling £15,000 deferred into 2018/19

## **11 Local Government Finance Settlement**

- 11.1 Any changes in the finalised local government finance settlement will be made available to the Panel, once they have been issued or reported to all councillors if not available for the meeting.

## **12 Financial and Manpower Implications**

- 12.1 The forecast budget position for 2017/18 is summarised in this report.
- 12.2 The staff budget will be finalised once the budget and council decisions are taken.
- 12.3 The planned transfers to reserves are as follows:-
- Approximately £1,054,000 of New Homes Bonus transferred to the Corporate Project Reserve for funding capital or corporate projects
- 12.4 The planned use of reserves includes:-
- The revenue budget incorporates £200,000 use of strategic reserves (£70,000 from the Business Rates Equalisation Reserve and £73,000 from the PPP Reserve) and no contribution from working balances to fund service expenditure;
  - Approximately £643,000 of capital reserves used to fund capital schemes (excluding carried forward schemes);
  - Use of £46,000 commuted sums / section 106 reserves to fund affordable housing and other revenue and capital schemes (excluding carry forward schemes);
  - Capital schemes to be funded from strategic revenue reserves £25,000.

## **13 Proposals**

- 13.1 It is requested that the Panel provides the Director of Finance & Resources with any final guidance needed to finalise the 2017/18 budget and council tax report and specifically on the following proposal:-
- The Budget report includes the Council tax options as contained in this report

## **14 Risk Assessment and Conclusions**

- 14.1 The Council is providing services during a period of sustained significant cuts to public spending that provide a higher than normal level of risk to Council finances and services.
- 14.2 Financial forecasting is particular difficult over the next four years due to predicting the impact of any benefit reforms on services provided by the Council.



- 14.3 The provisional settlement removes RSG funding for this Council in 2017/18 and the Council will only receive funding through either its share of retained business rates or New Homes Bonus. However, there remains a risk to the Council's finances that the Government could still reduce our share of business rates that we can retain and therefore increase the funding gap to achieve a balanced budget for future years.
- 14.4 The 2017/18 revenue budget has been prepared without use of revenue reserves. Capital reserves will still be required to help fund the capital programme.
- 14.5 The major challenge in the Financial Plan is the delivery of the £3.1 million of savings to match the cuts in Government funding, of which £2.7 million has been identified but this still leaves further savings of £436,000 to be found by 2019/20.
- 14.6 Budget and Council Tax decisions for 2017/18 should be consistent with the draft Medium Term Financial Strategy and the Financial Plan for 2016 – 2020.
- 14.7 Public spending cuts continue to provide a higher than normal level of risk to Council finances.
- 14.8 Changes to Council resources under the Local Government Finance Act 2012 have transferred risks from central to local government and business rate retention in particular has provided significant funding uncertainty
- 14.9 The Council will continue to benefit from additional funding from the New Homes Bonus scheme but this source of funding is expected to reduce dramatically over the next couple of years with the introduction of a revised scheme. The revised four year forecast expects this to fall to around £200,000 by 2020/21, below the £500,000 annual planned use of NHB originally built into the MTFS.
- 14.10 Changes to the local government finance settlement for 2017/18 received after preparing this report will be tabled at the meeting, if available. Any changes to the figures will also be updated as required for the Budget report to Council.
- 14.11 The Budget and Council Tax Council meeting is on 14 February 2017.

**WARD(S) AFFECTED: (All Wards);**

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AGENDA ITEM 2  
ANNEXE 1

| <b>BUDGET OVERVIEW FOR 2017/18</b>   |                       | <i>figures may be subject to minor rounding errors</i> |                |                 |                 |
|--|-----------------------|--|----------------|-----------------|-----------------|
| <b>BASED ON SERVICE ESTIMATES RECOMMENDED TO POLICY COMMITTEES</b>                 |                       |  |                |                 |                 |
| <i>(policy committee estimates rounded to £000)</i>                                |                       |  |                |                 |                 |
|  |                       | <b>2016/17</b>   | <b>2017/18</b> | <b>2017/18</b>  | <b>2017/18</b>  |
| <b>Illustrated Council Tax Increase:</b>   |                       |  | <b>0.00%</b>   | <b>1.98%</b>    | <b>£4.95</b>    |
|  |                       | <b>£000</b>  | <b>£000</b>    | <b>£000</b>     | <b>£000</b>     |
| Strategy & Resources Committee   |                       | 2,348  | 2,403          | 2,403           | 2,403           |
| Environment Committee  |                       | 1,990  | 1,877          | 1,877           | 1,877           |
| Community and Wellbeing  |                       | 6,268  | 6,244          | 6,244           | 6,244           |
| Less: Internal Asset Rents   |                       | -2,879   | -2,879         | -2,879          | -2,879          |
| Policy Committee Net Expenditure   |                       | 7,727  | 7,645          | 7,645           | 7,645           |
| Use of Working Balance   |                       | 0  | 160            | 43              | 0               |
| <b>Net Expenditure</b>   |                       | <b>7,727</b>   | <b>7,485</b>   | <b>7,602</b>    | <b>7,645</b>    |
| Business Rate Income   |                       | 1,435  | 1,527          | 1,527           | 1,527           |
| Revenue Support Grant  |                       | 417  | 0              | 0               | 0               |
| Transitional Grant   |                       | 93   | 83             | 83              | 83              |
| Council Tax Surplus  |                       | 74   | 101            | 101             | 101             |
| Business Rates Deficit   |                       | -121   | -111           | -111            | -111            |
| Sub-Total  |                       | 1,898  | 1,600          | 1,600           | 1,600           |
| Council Tax Income   |                       | 5,829  | 5,885          | 6,002           | 6,045           |
| <b>External Funding Income</b>   |                       | <b>7,727</b>   | <b>7,485</b>   | <b>7,602</b>    | <b>7,645</b>    |
| Council Tax Base (Band D Equiv. Properties)  |                       | 32,013.50  | 32,324.01      | 32,324.01       | 32,324.01       |
| <i>(reduced due to Localisation of Council Tax Support)</i>                        |                       |  |                |                 |                 |
| <b>Basic Amount of Council Tax</b>   |                       | <b>£182.07</b>   | <b>£182.07</b> | <b>£185.67</b>  | <b>£187.02</b>  |
| <u>1/9ths</u>  | <u>Valuation Band</u> |  |                |                 |                 |
| 6  | A                     | £121.38  | £121.38        | £123.78         | £124.68         |
| 7  | B                     | £141.61  | £141.61        | £144.41         | £145.46         |
| 8  | C                     | £161.84  | £161.84        | £165.04         | £166.24         |
| 9  | D                     | £182.07  | £182.07        | £185.67         | £187.02         |
| 11   | E                     | £222.53  | £222.53        | £226.93         | £228.58         |
| 13   | F                     | £262.99  | £262.99        | £268.19         | £270.14         |
| 15   | G                     | £303.45  | £303.45        | £309.45         | £311.70         |
| 18   | H                     | £364.14  | £364.14        | £371.34         | £374.04         |
| <b>EPSOM &amp; EWELL BOROUGH COUNCIL - CHANGES</b>                                 |                       |  |                |                 |                 |
| <b>2016/17 Council Tax at Band D = £182.07</b>                                     |                       |  |                |                 |                 |
| Increase in Council Tax (per annum)  |                       | £0.00  | £0.00          | £3.60           | £4.95           |
| Increase in Council Tax (%)  |                       | 0.00%  | 0.00%          | 1.98%           | 2.72%           |
| Increase in Council Tax (per month)  |                       | £0.00  | £0.00          | £0.30           | £0.41           |
| Increase in Council Tax (per week)   |                       | £0.00  | £0.00          | £0.07           | £0.10           |
| <b>Income Generated from Council Tax Increase</b>                                  |                       | <b>£0</b>  | <b>£0</b>      | <b>£116,366</b> | <b>£160,004</b> |
| Use of Working Balance   |                       | £0   | £160,000       | £43,000         | £0              |
| Equivalent Council Tax support from use of working balance (per Council Tax payer) |                       | £0.00  | £4.95          | £1.33           | £0.00           |
| <i>Note: Budget Requirement</i>  |                       | 7,727  | 7,485          | 7,602           | 7,645           |
| <i>Change</i>  |                       |  | -242           | -125            | -82             |
| <i>% Change in Budget Requirement</i>  |                       |  | -3.2%          | -1.6%           | -1.1%           |
| <i>Note: Council Tax Requirement</i>   |                       | 5,829  | 5,885          | 6,002           | 6,045           |
| <i>Change (includes tax increase and property number increase)</i>                 |                       |  | 57             | 173             | 217             |
| <i>% Change in Council Tax Requirement</i>   |                       |  | 1.0%           | 2.9%            | 3.6%            |

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| REVENUE BUDGET FOUR YEAR FORECAST  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
|  |              |              |              |              |              |
| Forecasts  |              |              |              |              |              |
| FOUR YEAR BUDGET PROFILES  | 2016/17      | 2017/18      | 2018/19      | 2019/20      | 2020/21      |
|  | Budget       | Proposed     | Forecast     | Forecast     | Forecast     |
|  | £000         | £000         | £000         | £000         | £000         |
| <b>NET SPEND B/F FROM PREVIOUS YEAR</b>  |              | <b>7,727</b> | <b>7,645</b> | <b>7,847</b> | <b>7,859</b> |
| add back: Use of New Homes Bonus in Previous Year  |              | 634          | 500          | 500          | 304          |
| add back: Interest on Balances as credited to the revenue account in previous year   |              | 220          | 220          | 220          | 220          |
| add back: Use of Reserves/Provisions in Previous Year  |              |              | 225          |              |              |
| <b>Net Expenditure on Services before changes (Base Budget excluding use of interest on Balances and use of working balance)</b> | <b>8,581</b> | <b>8,581</b> | <b>8,590</b> | <b>8,567</b> | <b>8,383</b> |
| <b>Allowance for Pay and Price Inflation</b>   |              |              |              |              |              |
| General Inflation - price base   |              | +180         | +190         | +190         | +190         |
| General Inflation pay bill base  |              | +230         | +180         | +180         | +180         |
| Other  |              | -30          |              |              |              |
| <b>Prices Increases net of Increased Fees &amp; Charges</b>  |              | <b>+380</b>  | <b>+370</b>  | <b>+370</b>  | <b>+370</b>  |
| <b>Regulation &amp; Legislative Changes</b>  |              |              |              |              |              |
| Pension Fund Valuation 2019  |              |              |              |              | +100         |
| IT and bin replacement programmes transferred from capital   |              |              | +200         |              |              |
| Increase in Business Rates for EEBC property   |              | +280         |              |              |              |
| Loss of Housing Benefit Admin Grant  |              | +41          | +45          | +24          |              |
| Increase in provision for property maintenance   |              | +50          | +50          | +50          |              |
| Provision for impact on services of latest benefit reforms   |              | +100         | +100         | +100         |              |
| <b>Legislation Impacts</b>   |              | <b>+471</b>  | <b>+395</b>  | <b>+174</b>  | <b>+100</b>  |
| <b>New Home Bonus</b>  |              |              |              |              |              |
| Estimated New Homes Bonus  | -2,116       | -1,554       | -665         | -304         | -196         |
| Transfer to Corporate Project Reserve  | +1,482       | +1,054       | +165         | +0           | +0           |
| <b>NHB Funding used to support General Fund services</b>   | <b>-634</b>  | <b>-500</b>  | <b>-500</b>  | <b>-304</b>  | <b>-196</b>  |
| <b>Identified Savings</b>  |              |              |              |              |              |
| Restructuring of Senior Management Team  |              |              | -60          |              |              |
| Star Chamber   |              | -343         | -476         | -406         |              |
| Acquisition of Commercial Property   |              | -172         |              |              |              |
| Disposal of Ebbisham Centre  |              | -52          | -52          |              |              |
| Reduction in homelessness costs through new properties   |              | -75          |              | -122         |              |
| <b>Identified savings</b>  |              | <b>-642</b>  | <b>-588</b>  | <b>-528</b>  | <b>+0</b>    |
| <b>Contributions from Reserves/Provisions</b>  |              |              |              |              |              |
| Land charges provision   |              | -55          |              |              |              |
| S106 Admin   |              | -100         |              |              |              |
| Business Rates Equalisation Reserve  |              | -70          |              |              |              |
|  |              | -225         | +0           | +0           | +0           |
| <b>Fees and Charges</b>  |              |              |              |              |              |
| Increased yield on discretionary Fees and Charges  |              | -200         | -200         | -200         | -210         |
|  |              | -200         | -200         | -200         | -210         |
| <b>Interest on Balances (excludes interest credited to strategic reserves)</b>   |              |              |              |              |              |
| Capital Reserves   | 2,841        | 2,667        | 1,994        | 1,000        | 1,000        |
| Working Balance  | 4,623        | 4,623        | 4,623        | 4,623        | 4,623        |
| Section 106  | 2,250        | 1,500        | 750          | 0            | 0            |
| Other Balances   | 500          | 500          | 500          | 500          | 500          |
| Investments (average)  | 10,214       | 9,290        | 7,867        | 6,123        | 6,123        |
| Interest rate used (supplemented by interest equalisation reserve)   | 1.25%        | 1.00%        | 1.25%        | 1.50%        | 2.00%        |
| Interest on Reserves   | -128         | -93          | -98          | -92          | -122         |
| Interest on Cash Flow / Tax Collection credited to General Fund  | -50          | -40          | -50          | -60          | -80          |
| <b>Total Interest Forecast</b>   | <b>-178</b>  | <b>-168</b>  | <b>-148</b>  | <b>-152</b>  | <b>-202</b>  |
| Interest separately allocated to Strategic Reserves  |              |              |              |              |              |
| Add: Use of interest equalisation reserve  | -42          | -52          | -72          | -68          | -18          |
| <b>Interest credited to General Fund to Finance Services</b>   | <b>-220</b>  | <b>-220</b>  | <b>-220</b>  | <b>-220</b>  | <b>-220</b>  |

AGENDA ITEM 2  
ANNEXE 2

| FOUR YEAR BUDGET PROFILES   | 2016/17      | 2017/18      | 2018/19      | 2019/20      | 2020/21      |
|---|--------------|--------------|--------------|--------------|--------------|
|   | Budget       | Proposed     | Forecast     | Forecast     | Forecast     |
|   | £000         | £000         | £000         | £000         | £000         |
| <b>SUMMARY OF FORECASTS</b>   |              |              |              |              |              |
| Net Expenditure on Services before changes (Base Budget excluding use of interest on Balances and use of working balance) | 8,581        | 8,581        | 8,590        | 8,567        | 8,383        |
| Price Increases (inflation)   |              | +380         | +370         | +370         | +370         |
| Legislation Impacts   |              | +471         | +395         | +174         | +100         |
| NHB Funding used to support General Fund services   | -634         | -500         | -500         | -304         | -196         |
| Identified savings  |              | -642         | -588         | -528         | +0           |
| Contributions from Reserves/Provisions  |              | -225         | +0           | +0           | +0           |
| Fees and Charges  |              | -200         | -200         | -200         | -210         |
| Interest credited to General Fund to Finance Services   | -220         | -220         | -220         | -220         | -220         |
| <b>Forecast Net Cost of Services</b>  | <b>7,727</b> | <b>7,645</b> | <b>7,847</b> | <b>7,859</b> | <b>8,227</b> |
| <b>SETTLEMENT ASSESSMENT FUNDING FORECAST</b>   |              |              |              |              |              |
| RSG   | +417         | +0           | +0           | +0           | +0           |
| Transitional Grant  | +93          | +83          | +0           | +0           | +0           |
| Tariff Adjustment   | 0            | 0            | 0            | -625         | -625         |
| Retained Business Rates   | 1,216        | 1,238        | 1,558        | 1,589        | 1,620        |
| Small Business Rate Relief Grant  | 219          | 289          | 0            | 0            | 0            |
| Localism Relief Grant   | 0            | 0            | 0            | 0            | 0            |
| <b>Formula Grant / Business Rate Retention</b>  | <b>1,945</b> | <b>1,610</b> | <b>1,558</b> | <b>964</b>   | <b>995</b>   |
| Base Income from Council Tax  |              | 5,885        | 6,045        | 6,251        | 6,460        |
| Increase in council tax base  |              |              | +45          | +47          | +48          |
|   | 5,829        | 5,885        | 6,090        | 6,298        | 6,509        |
| Forecast for increase in Council Tax income £5 per Band D equivalent (2.8%)   |              | +160         | +161         | +162         | +164         |
| <b>Council Tax Income Forecast</b>  | <b>5,829</b> | <b>6,045</b> | <b>6,251</b> | <b>6,460</b> | <b>6,673</b> |
| Deficit on Retained Business Rates  | -121         | -111         |              |              |              |
| Collection Fund Surplus   | 74           | 101          | 0            | 0            | 0            |
| <b>Assumed Collection Fund Income (Formula Grant + Council Tax)</b>   | <b>7,727</b> | <b>7,645</b> | <b>7,809</b> | <b>7,424</b> | <b>7,668</b> |
| <b>Forecast Budget Shortfall (required use of working balance)</b>  | <b>0</b>     | <b>0</b>     | <b>37</b>    | <b>436</b>   | <b>559</b>   |
| <b>GENERAL FUND WORKING BALANCE PROJECTION: AFTER SERVICE COST REDUCTION</b>  |              |              |              |              |              |
| Estimated Working Balance b/f   | 3,171        | 3,171        | 3,171        | 3,134        | 2,698        |
| Resulting Working Balance c/f   | 3,171        | 3,171        | 3,134        | 2,698        | 2,140        |

AGENDA ITEM 2  
ANNEXE 3

FOUR YEAR EFFICIENCY PLAN - 2016/17 to 2019/20

|   | Saving           |                  |                  |                  | Total<br>£'000 |
|---|------------------|------------------|------------------|------------------|----------------|
|   | 2016/17<br>£'000 | 2017/18<br>£'000 | 2018/19<br>£'000 | 2019/20<br>£'000 |                |
| Operational efficiencies and income generation                      | 253              | 237              | 405              | 324              | 1,219          |
| <b>Strategy &amp; Resources Committee</b>                           |                  |                  |                  |                  |                |
| Reduce hardship fund  | 5                |                  |                  |                  | 5              |
| Alternative payroll provision                                       |                  | 10               |                  |                  | 10             |
| Acquisition of investment properties                                |                  | 172              |                  |                  | 172            |
| Restructuring of Senior Management Team                             |                  |                  | 60               |                  |                |
| <b>Environment Committee</b>  |                  |                  |                  |                  |                |
| Introduce Planning Performance Agreements                           | 12               |                  |                  |                  | 12             |
| Charging to variations to Section 106 Agreements                    | 4                |                  |                  |                  | 4              |
| Charging for Enabling Officer                                       | 2                | 3                |                  |                  | 5              |
| Parking income above 6% yield                                       | 367              |                  |                  |                  | 367            |
| Cease sweeping up highway verge cuttings after cutting              |                  |                  | 52               |                  | 52             |
| Highways Horticultural Restructure of Team                          |                  | 41               |                  |                  | 41             |
| Cease additional cuts to highway verges                             |                  | 52               |                  |                  | 52             |
| <b>Community and Wellbeing Committee</b>                            |                  |                  |                  |                  |                |
| Allotments – introduce water charging                               | 8                |                  |                  |                  | 8              |
| Allotments – self management  |                  |                  | 4                |                  | 4              |
| Extend Housing Act charges  | 4                |                  |                  |                  | 4              |
| Cease extended out of hours service                                 | 24               |                  |                  |                  | 24             |
| Reduction of homelessness costs through delivery of new properties  |                  | 75               |                  | 122              | 197            |
| Charge for Handyman Service   | 10               |                  |                  |                  | 10             |
| Introduce administration charge for Home Improvement Agency service | 10               |                  |                  |                  | 10             |
| Cemeteries increase charges for inscriptions                        | 12               |                  |                  |                  | 12             |
| Increase of fees in cemetery  | 11               |                  |                  |                  | 11             |
| Merging Routecall Service   | 152              |                  |                  |                  | 152            |
| Social Centre Review  | 73               |                  |                  |                  | 73             |
| Issuing of licences for professional users of parks                 |                  |                  | 10               |                  | 10             |
| Advertising on litter bins  | 2                |                  |                  |                  | 2              |
| Review of operation of parks  |                  |                  |                  | 77               | 77             |
| Introduce vending in parks  |                  |                  | 5                | 5                | 10             |
| Venues Service Review   |                  | 52               | 52               |                  | 104            |
| <b>Total Identified Savings</b>                                     | <b>949</b>       | <b>642</b>       | <b>588</b>       | <b>528</b>       | <b>2,707</b>   |
| <b>Unidentified savings Target</b>                                  | <b>-</b>         | <b>-</b>         | <b>37</b>        | <b>399</b>       | <b>436</b>     |
| <b>Forecast Total Savings Required to Deliver Balanced Budget</b>   | <b>949</b>       | <b>642</b>       | <b>625</b>       | <b>927</b>       | <b>3,143</b>   |

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**Minutes of the Meeting of the FINANCIAL POLICY PANEL held on 6 December 2016**

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**PRESENT -**

Councillor Eber Kington (Chairman); Councillors Richard Baker, Graham Dudley, Omer Kokou-Tchri, Barry Nash, Keith Partridge and Vince Romagnuolo

Absent: Councillor John Beckett

Officers present: Kathryn Beldon (Director of Finance and Resources), Brian Thompson (Interim Head of Financial Services), Mark Shephard (Head of Property), Lesley Shields (Senior Accountant) and Fiona Cotter (Democratic Services Manager)

**13 DECLARATIONS OF INTEREST**

No declarations of interest were made by councillors regarding items on the Agenda.

**14 MINUTES**

The Minutes of the Meeting of the Financial Policy Panel held on 27 October 2016 were agreed as a true record and signed by the Chairman.

**15 PLANNED MAINTENANCE UPDATE**

The Panel received a report which reviewed progress in relation to the Planned Maintenance Programme and adjustments to that programme.

The Panel was reminded of the recent approval by Council of a Property Acquisition Fund and the Head of Property informed members that he would be reviewing the Asset Management Plan and looking to regularise property maintenance.

The Schedule of works appended to the report set out the current position regarding spend and commitments for the year to date. The total proposed spend on schemes of £399,000 included £156,000 of works in progress or works not started brought forward into 2016/17. The latter works were to be funded by drawdown from the property maintenance reserve. The balance on this reserve as at 1 April 2016 had been £239,000.

The report highlighted that budget virements had been made to cover a shortfall in the cost of works to the roof at Bourne Hall and for urgent health and safety works to the lift shafts at the Town Hall of £15,000 and £10,000 respectively.

The shortfall in relation to the roofing works had been covered by cancelling a planned refurbishment of the top pavilion in Alexandra Recreation Ground and using unspent monies from the water mains replacement at the same Recreation Ground. The urgent lift works had been covered by a virement from the property maintenance reserve. It was confirmed that, as a result, taking into account the drawdown of £156,000 referred to above, the property maintenance reserve currently stood at £81,000.

Accordingly, having received the progress report on the Planned Maintenance Programme, the Panel noted changes made to the programme by Officers in accordance with authority delegated to them.

## 16 CAPITAL PROGRAMME 2017/18

The Panel received and considered a report which sought guidance on the preparation of the draft capital programme for 2017/18 and on funding to be released for capital investment.

The report highlighted that the Capital Member Group had reviewed bids for 2017/18 of £2.589 million and recommended progression of bids totalling £1.249 million (as summarised in Annexe 3 to the report). It was confirmed that the legal responsibility for the maintenance of closed churchyards rested with the Borough Council and that the reference to the use of grants for externally funded schemes in paragraph 3 of the report referred to funding received from the Government to provide disabled facilities grants. It had been assumed that the Council would be receiving £535,000 for this purpose in 2017/18.

It was noted that current receipts from the administration of the Community Infrastructure Levy would be earmarked for financing Phase 1 of Plan E and subsequent phases and the potential Kiln Lane Link Road. £476,009 had been earmarked for Plan E Phase 1 and at least £1 million had been provisionally allocated for the Kiln Lane scheme. A clearer picture of how much CIL currently remained uncommitted would emerge following subsequent meetings of the Joint Infrastructure Group.

It was confirmed that the IT equipment to be replaced at a cost of £70k as part of the £250k ICT programme of work was equipment owned by this Council and would not impact on the shared service with Elmbridge. The Panel was reminded that the Council had recently approved an ICT Digital Strategy which aimed, inter alia, to continue to ensure that the Council was flexible and agile in providing services with mobile working increasing in importance.

The proposed core programme to be funded from capital reserves was as follows:

| <b>Scheme/Funding from Capital Reserves</b> | <b>£'000s</b> |
|---|---------------|
| Installation of LED Lighting Various Sites  | 21            |
| ICT Programme of Work                       | 250           |

| <b>Scheme/Funding from Capital Reserves</b>                                      | <b>£'000s</b> |
|--|---------------|
| ICT - Legal Case Management System   | 20            |
| Container Replacement Programme  | 68            |
| Improvement Works (Depot Rd) & Pay Machines (Depot Rd & Upper High St) Car Parks | 174           |
| Rosebery Park Pond Refurbishment   | 110           |
| <b>Total proposed capital programme 2017/18 funded from reserves</b>             | <b>643</b>    |

It was further proposed that a scheme to refurbish the tennis and basketball courts at Alexandra Recreation Ground at an estimated cost of £46,000 be included in the capital programme to be funded from outdoor sports facility S106 funding from various developer contributions.

Finally, in ensuring the capital reserves did not fall below £1 million, the report highlighted that the waste strategy containers project (£50,000) had been fully funded over two years – 2016/17 (£25,000) and 2017/18 (£25,000) - from the operational services Repairs and Renewals fund.

Accordingly, the Panel recommended that, based on the advice of the Capital Member Group, the following Capital Programme for 2017/18 should be presented to Council in February 2018:

- (1) Prioritised schemes totalling £714,000 to be added to the capital programme and funded from capital reserves (£643,000), S106 developer contributions (£46,000) and revenue reserves (£25,000), subject to the relevant policy committees receiving and approving project appraisals;
- (2) Schemes totalling £535,000 to be included in the capital programme, subject to external funding sources and subject to support for the scheme appraisals by the relevant policy committees.

*The meeting began at 7.30 pm and ended at 8.01 pm*

COUNCILLOR EBER KINGTON (CHAIRMAN)

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