

**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
28 November 2017**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Tony Axelrod, Kate Chinn, Neil Dallen, Hannah Dalton, Omer Kokou-Tchri, Humphrey Reynolds, Mike Teasdale and Clive Woodbridge

In Attendance: Councillor Graham Dudley; Ade O Oyerinde (Audit Manager) (Grant Thornton UK LLP)

Officers present: Kathryn Beldon (Chief Executive), Simon Young (Head of Legal and Democratic Services), Brendan Bradley (Chief Accountant), Rod Brown (Head of Housing and Community), Judith Doney (Head of Revenues and Benefits), Shona Mason (Head of Human Resources and Organisational Development), Mark Rouson (Corporate Communications Officer), Mark Shephard (Head of Property) and Teresa Wingfield (Senior Accountant)

26 QUESTION TIME

No questions were asked or had been submitted by members of the public.

27 DECLARATIONS OF INTEREST

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

28 EXTERNAL AUDIT PROGRESS REPORT

The Committee received and considered a report that provided an update on the work that the Council's External Auditors were carrying out.

Mr. Ade Oyerinde, Audit Manager, Grant Thornton UK LLP was in attendance. Mr. Oyerinde reported that Elizabeth Jackson was currently on maternity leave and the role of Engagement Lead was being covered by Sarah Ironmonger.

Mr. Oyerinde reminded the Committee that the closure of accounts had been brought forward and the financial statement audit would be scheduled for June 2018. In relation to technical matters, Mr. Oyerinde did not anticipate any significant impact on the Council resulting from the forthcoming changes in IFRS 9 and 15. Further guidance would follow. In respect of certification of the Council's Housing Benefit subsidy claim for 2016/17 Mr. Oyerinde confirmed that

work was now complete and that the claim had been certified without amendment or qualification.

Mr. Oyerinde reported no issues he wished to highlight in respect of the Annual Audit Letter.

The Committee:-

- (1) Received the External Audit Progress Report
- (2) Received the Annual Audit Letter

29 REVISED PAY & PERFORMANCE SCHEME

Note: Councillor Hannah Dalton in the Chair

The Committee received and considered a report that provided an overview of the proposed new Pay and Performance Scheme for the Council and which set out the recommendations of the Human Resources Panel in relation to the new scheme.

It was noted that the Panel had taken into consideration feedback from a staff survey and consultation undertaken by the Staff Consultative Group. Whilst recognising the financial constraints on the Council, the Panel recommended an improved settlement of 1%, rather than 0.5%, to be paid across the board to all employees in 2019/20.

The report highlighted that the Medium Term Financial Strategy (MTFS) submitted to Council in February 2017 had included provision of £182k for an increase in the pay bill for 2018/19. A similar amount had been included for 2019/20.

The proposed settlement for 2018/19 was likely to cost £246k – an increase in the expected cost of pay of £64k and the report highlighted that, if approved, the additional cost of the proposed new scheme would need to be found from additional savings or income incorporated into the 2018/19 budget.

The proposed settlement for 2019/20 was expected to cost £260k. This was also in excess of that anticipated within the MTFS (£78k) and would again need to be found from within existing budgets or from additional income.

Accordingly, the Committee:

- (1) Approved and adopted the proposed new Pay & Performance scheme set out in Annexe 4 for implementation from April 2018;
- (2) Agreed that the proposed new Pay & Performance scheme be phased in over two financial years as follows:
 - a) No cost of living increase across the board or performance pay to be made in 2018/19 and

- b) the Bonus A scheme be discontinued from the end of 2017/18 financial year;
 - c) Annual Progression on a 9 point scale be introduced in 2018/19 with assimilation from 20 Market Anchors to 12 Market Anchors;
 - d) All employees on SCP 9 be awarded a one off 1% (consolidated) plus a one off 1% non-consolidated payment in April 2018;
 - e) 1% be paid across the board to all employees in 2019/20 (an increase from the proposed 0.5%)
- (3) the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book) be adopted.
- (4) the additional £64k for 2018/19 and £78k for 2019/20 to be found from within existing budgets

30 BOROUGH INSIGHT

Note: Councillor Hannah Dalton in the Chair

A report setting out the benefits of producing Borough Insight, the Council's magazine, was presented to the Committee, seeking approval to continue with its production at its current frequency and in its current formats.

The Committee concurred with the view that it was important to offer a number of channels to deliver the Council's messages. It was recognised that the digital medium was the way forward and was a means of accessing information that was and would continue to be actively promoted. However, customer feedback indicated that there was still a demand for hardcopy. The County Council had recently ceased production of its hard copy magazine and this Council, on the County Council's behalf, continued to promote matters of significant interest in print.

Accordingly, the Committee agreed that:

- (5) Borough Insight should continue as a printed magazine delivered to households and venues in the Borough three times a year.
- (6) The Council continues to produce e-Borough Insight in-house and continues to endeavour to increase views and subscription numbers.
- (7) The above to be produced within an annual budget of £27,000

31 PLANNED MAINTENANCE 6 MONTH UPDATE

Note: Councillor Eber Kington resumed Chairmanship for the remainder of the meeting.

The Committee received a report reviewing progress and changes to the planned maintenance programme at mid-year. The report also advised members of changes made to the agreed programme in accordance with authority delegated to Officers.

Progress on the current programme was noted as follows:

Scheme	2017/18 The Works	Forecast Spend £	Progress
Bourne Hall	Provide air conditioning to office	3,901	Complete
Ewell High Street car park	Resurfacing	38,119	Complete
Ashley Centre Car Park	Health & Safety works	----	These works now included in Capital bid for next year
Cemetery chapel	External decoration to entrance	4,689	Complete
Cox lane	External decoration & window Replacement	27,000	Due to complete end of November
Longmead Depot	Refurbishment of WC's	21,090	Complete
Various	Hard surface repairs	20,000	Ongoing at various sites
Alex Rec Main pavilion	Damp Proofing works	41,565	Complete
Auriol Pavilion	New boiler & associated works	35,000	Currently out to tender
Harriers Centre	Redecorations internal & External	20,535	Complete
Asbestos	Re-inspections	7,730	Surveys complete
Fire Risk Assessments	Remedial works	12,186	Ongoing
Electrical works	Testing and remedial electrical works	45,000	Ongoing
Energy Efficiency	Various improvements and repairs to meters	11,083	Ongoing
Water Efficiency	Repairs to leaks & water efficiencies	10,000	Ongoing
Watercourses	Clearance of large amounts of rubbish dumped in watercourses	4,675	Ongoing
Total		302,573	

The Committee noted that the following changes had been made to the approved programme in accordance with authority delegated to Officers:

- a) Additional spend on Bourne Hall Lodge to carry out repairs and redecorations as a result of water damage to the kitchen (£2,350);
- b) Additional spend on re-surfacing Ewell High Street Car Park following tender process (£2,546);
- c) Additional spend on Longmead Depot toilet refurbishment as a result in a change to the scope of works and resultant tender process (£6,000)
- d) Energy efficiency works necessitated by failure of old energy meters (£6,083)

These works did not result in an additional cost to the programme. It was noted that the Ashley Centre Car Park health and safety repairs (£20K) was now a capital bid.

The budget at this stage appeared to cover the completed and intended works for 2017/18. The property reserve held at 1 April 2017 was £402k. This balance was forecast to reduce to £297k as at 31 March 2018 following the use of reserves in 2017/18. The report highlighted that beyond 2017/18, the existing budget of £210k would be insufficient to continue to maintain Council buildings and assets. A budget increase would be considered in the revised Asset Management Plan to be proposed by the Head of Property at a later date.

Accordingly, the Committee:

- (1) Received the current position and progress on the planned maintenance programme;
- (2) Noted changes made to the programme under delegated authority.

32 CIL JIG LOCAL PROJECTS SCHEME

This item was withdrawn in view of a number of comments and suggestions that required further consideration.

33 VAT PARTIAL EXEMPTION MITIGATION OPTIONS REPORT

A comprehensive report was presented to Committee that set out the complex issues surrounding the Council's current VAT position and suggestions as to how the Council might mitigate the risk of having to repay the Her Majesty's Revenue and Customs (HMRC) VAT recovered on expenditure relating to exempt income.

The Committee was assured that nothing in the report committed the Council to a particular course of action if a solution could be found to the problem. However, the implementation of some or all of the proposals set out in the report would demonstrate to the HMRC that the Council was committed to achieve the

forecast percentages and stay within the 5% recovery over the seven-year period. The timing, location and extent of proposed capital projects and revenue works on properties such as Bourne Hall, the Playhouse and Parks Pavilions would need to be carefully considered, being mindful of the Council's statutory obligations on the services it provided.

In order to mitigate the risk of having to repay VAT recovered from HMRC in 2016/17 totalling £176,468, plus any Capital Goods Scheme adjustments that might be required, the following action was necessary:

- Postponement of the renovation works on the two residential flats in South Street until after March 2019. In the meantime, expert VAT advice would be sought;
- Disposal of the Ebbisham Centre by March 2018 without any interim non-essential works;
- Review of the private sector leasing scheme & Council temporary owned accommodation to ensure that exempt income was avoided.

Accordingly, the Committee:

- (1) Noted the implications of the Council's limited VAT recovery position.
- (2) Agreed to the actions summarised above and set out in more detail in paragraph 4.9 of the report to mitigate the risk of having to repay in excess of £176,468 of recovered VAT to HMRC.
- (3) Noted that officers would investigate and report back on further actions that might be required at other buildings to improve the Council's VAT position and mitigate the risk of future repayments.

34 LEASING OPTION OF DEFOE COURT

The Committee received and considered a report regarding the principle of acquiring the use of 24 units of accommodation at Defoe Court, East Street, Epsom as additional in-borough temporary accommodation.

The report highlighted that, as expenditure on these units was being incurred to discharge the Council's statutory homelessness duties, there would be no impact on the Council's VAT position.

The acquisition of these units would reduce the reliance on out-of-borough nightly paid accommodation and could result in further direct reductions in temporary accommodation costs.

Accordingly, the Committee agreed:

- (1) That the Council should acquire the use of 24 additional units at Defoe Court, 87 East Street from Sanctuary Housing Association for use as temporary accommodation subject to negotiation and the identification of

savings in the annual cost of nightly paid emergency temporary accommodation;

- (2) That the method of acquiring the units and negotiating the cost including the management of the units and any service charge be delegated to the Head of Housing and Community in consultation with the Chairman of the Strategy and Resources Committee and the Section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

35 SCHEME FOR MEMBERS' ALLOWANCES

The Committee was asked to consider the report of the Independent Remuneration Panel and to make recommendations to Council on its Scheme for Members' Allowances.

The report highlighted that regulations required councils to establish and maintain an Independent Remuneration Panel that had the function of providing the local authority with advice on its allowances scheme, the amounts to be paid and the pensionability of allowances, were relevant. Whilst local authorities had to have regard to the advice of the Panel, it was for each council to decide its allowances scheme and the amount paid under that scheme.

The Committee reflected a variety of opinions on elements of the Panel's recommendations and the recommended scheme in general. Following defeat of the proposal that this Committee recommend that the Council accept the recommendations of the Independent Remuneration Panel, it was decided that Council be requested to consider the report of the Independent Remuneration Panel and make the final determination on the matter.

36 WRITE-OFF - SECTION 106 AGREEMENT

A report was presented to the Committee that sought to write-off sums invoiced pursuant to a Section 106 Agreement in relation to a development at Linton's Lane, Epsom.

The report highlighted that it had to be recognised that the sums invoiced, totalling £374,498.27, were no longer recoverable and therefore it was recommended that the sum be written off.

Accordingly, the Committee agreed to write off the sum of £374,498.27.

37 REVENUES WRITE-OFFS OVER £20,000

It was with a certain amount of frustration with the current legal framework that the Committee had to agree to write off a debt totalling £21,254.67 in relation to Business Rates.

38 MINUTES OF PREVIOUS MEETING

The Minutes of the Meetings of the Special and Ordinary Meetings of the Strategy and Resources Committee held on 19 September 2017 and 26

September 2017 respectively were agreed as a true record and signed by the Chairman.

39 EXCLUSION OF PRESS AND PUBLIC

The Committee resolved to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

40 ICT SERVICE

The Committee agreed a way forward as set out in the Minutes.

Note: The details are considered officially sensitive at this time and the Minute for this item will be exempt from publication.

The meeting began at 7.45 pm and ended at 9.15 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)