

Public Document Pack

Legal and Democratic Services



STRATEGY AND RESOURCES COMMITTEE

Thursday 1 February 2018 at 7.30 pm

Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Strategy and Resources Committee 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 Clive Smitheram (Vice-Chairman)
Councillor Tony Axelrod
Councillor Kate Chinn
Councillor Neil Dallen

Councillor Hannah Dalton
Councillor Omer Kokou-Tchri
Councillor Humphrey Reynolds
Councillor Mike Teasdale
Councillor Clive Woodbridge

Yours sincerely

Chief Executive

For further information, please contact Fiona Cotter, 01372 732124 or fcotter@epsom-ewell.gov.uk

AGENDA

1. QUESTION TIME

To take any questions from members of the Public

Please Note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question at the meeting

2. 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.

3. FUTURE USE OF THE WELLS SITE (To Follow)

4. REVENUE BUDGET 2018/19 (Pages 3 - 14)

This report sets out estimates for income and expenditure on services in 2018/19.

5. CAPITAL PROGRAMME 2018/19 (Pages 15 - 22)

This report summarises the proposed 2018/19 capital programme and the provisional programme for 2019-21. Committee approval is sought for the programme to be submitted to Council in February 2018.

6. S106 UPDATE REPORT (Pages 23 - 30)

This report provides an update on the funds held under Section 106 (S106) planning agreements

7. MINUTES OF PREVIOUS MEETING (Pages 31 - 40)

The Committee is asked to confirm as a true record the Minutes of the meeting of the Strategy and Resources Committee held on 28 November 2017 and to authorise the Chairman to sign them.

8. EXCLUSION OF PRESS AND PUBLIC (Pages 41 - 42)

The Committee is asked to consider whether it wishes to pass a resolution 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 involves the likely disclosure of exempt information as defined in paragraphs 1, 2, and 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 outweighs the public interest in disclosing the information.

9. PROPERTY DISPOSAL (Pages 43 - 60)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Revenue Budget 2018/19

| | |
|---|--|
| Report of the: | Chief Finance Officer |
| Contact: | Lee Duffy |
| Urgent Decision?(yes/no) | No |
| If yes, reason urgent decision required: | N/A |
| Annexes/Appendices (attached): | Annexe 1: Fees and Charges |
| Other available papers (not attached): | Budget Target Report (Strategy and Resources Committee) dated 26 September 2017 Draft Budget Book 2018/19 |

Report Summary

This report sets out estimates for income and expenditure on services in 2018/19.

Recommendation (s)

That the Committee:

- (1) Authorises the Chief Finance Officer to vary fees and charges for items generating income under £1,000 per annum and/or for one-off services or items;
- (2) Recommends the 2018/19 service estimates (including the increases to fees and charges as set out in the report) for approval at the budget meeting of Full Council on 20 February 2018.

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

- 1.1 The Medium Term Financial Strategy and Efficiency Plan aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 1.2 The Service Plan for the Corporate Priority "Managing Resources" includes service targets designed to maintain a balanced budget.

2 Background

- 2.1 Government reductions to the revenue support grant, welfare benefit changes and the long term impacts of a weak economy continue to create pressure on Council finances and are likely to do so for the foreseeable future. The Council's budget strategy has been, as far as practical, to make operational and efficiency savings to minimise service reduction affecting residents.
- 2.2 The recommendation in this report is consistent with the Council's four year Medium Term Financial Strategy (MTFS) and Efficiency Plan for 2016/17 to 2019/20.
- 2.3 The overall Council revenue budget target for 2018/19 was agreed by Strategy & Resources Committee on 26 September 2017 as follows:-
- Estimates should include options to reduce organisational costs by £588,000 in order to minimise the use of working balances and maintain a minimum working balance of £2.5m in accordance with the MTFS;
 - That at least £200,000 in additional revenue be generated from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3% in 2018/19;
 - That a provision for 2018/19 pay award be made of £228,000 which represents an increase in the staffing budget of 1.5%;
 - That further efficiencies be identified to address the budget shortfalls of £90,000 in 18/19, £577,000 in 19/20 and £791,000 in 2020/21;
 - That the Capital Member Group seeks to limit schemes included within the capital expenditure programme in order to retain the agreed minimum level of capital reserves.
- 2.4 At the subsequent Strategy and Resources Committee meeting of 28 November 2017, members agreed to increase the 2018/19 pay award provision to £246,000.
- 2.5 The figures in this report are final and are representative of the local government finance settlement. Any subsequent changes to service estimates should either be self-financing or produce a saving within the Committee's overall recommended budget.
- 2.6 The service estimates for this Committee are to be included in the draft Budget Book 2018/19 that will be distributed to all Councillors.
- 2.7 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.8 No general allowance for price inflation has been utilised for the revenue estimates 2018/19. However, where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly.

- 2.9 For pay inflation, a budgeted increase £246,000 has been allowed for within the Medium Term Financial Strategy, as agreed by this Committee on 28 November 2017.
- 2.10 Aside from income and rents, there are a limited number of services provided by the Committee for which fees and charges are levied. The impact of changes to Town Hall Room Hire charges and Land Charge tariffs have been estimated and incorporated in the estimates for 2018/19. The proposed tariffs are set out in Annexe 1 to this report.
- 2.11 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 3%, after making allowance for any further changes in service. Proposals have been included in a separate report on this agenda. Certain charges for Committees are being proposed at above-inflation levels, either to reduce service subsidy levels or to enable the Council to achieve a balanced budget.
- 2.12 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- The Budget Book contains the service estimates for 2018/19.
 - All unavoidable cost increases and income reductions are reflected in the estimates.
 - All operational savings identified to date are reflected in the base estimates.
 - Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
 - All increases in charges are subject to approval by the Council.

3 Revised Estimates 2017/18

- 3.1 Before considering the revenue estimates for 2018/19, this section provides a summary of the forecast outturn for the current financial year. Variations identified with on-going effects have been taken into account in preparing next year's budget.
- 3.2 The Council's probable revenue outturn at Q2 monitoring for all Committees in 2017/18 anticipates an underspend of £45,000. This would effectively mean a contribution to working balances at year end of £45,000, assuming that this level of underspend continues through to 31 March 2018. The Council's working balance currently stands at £3,333,000 before any further contribution is made.
- 3.3 The probable outturn specifically for the S&R Committee only for 2017/18 is an underspend of £121,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

| Service Group | Published Budget 2017/18 £'000 | Current Approved Budget 2017/18 £'000 | Probable Outturn 2017/18 £'000 | Variation from Current Budget £'000 |
|---------------------------------------|---|--|---|--|
| Democratic & Civic | 694 | 758 | 763 | 5 |
| Corporate Functions | 722 | 682 | 683 | 1 |
| Corporate Financial Management | 471 | 425 | 336 | (89) |
| Tax Collection & Benefits | 1,299 | 1,418 | 1,364 | (54) |
| Land Charges | (67) | (67) | (49) | 18 |
| Land & Property | (1,077) | (1,032) | (1,178) | (147) |
| Economic Dev. & Prosperity | 135 | 107 | 91 | (16) |
| Community Consultation | 140 | 133 | 130 | (3) |
| Other Accounts | 86 | (198) | (35) | 164 |
| Total | 2,403 | 2,226 | 2,105 | (121) |

- 3.4 The current approved budget in the table above represents the published budget updated with authorised transfers of funds since the budget was approved in February 2017.
- 3.5 For Corporate Financial Management an underspend of £89,000 is forecast. This is comprised of £40,000 reduced interest on balances following use of reserves to fund property acquisitions and £31,000 additional expenditure following the use of property provisions to carry out remedial fire safety works. A favourable £100,000 variance is the provision for benefits reforms which will not be needed this year,
- 3.6 Tax collection shows a favourable variance of £54,000 following receipt of an unbudgeted Local Council Tax Support admin grant from the DCLG.
- 3.7 Land Charges income is projecting an adverse variance of £18,000 as a slowing housing market results in fewer land searches. It should be noted that a Council provision exists for anticipated drops in income and this will be utilised in 2017/18 to compensate for the loss of income. The Land Charges provision will stand at £80,000 after allowing for this.

- 3.8 Land and property has a net favourable variance of £147,000. An additional net income stream from the EEPIC property at Marlow of £311,000 is offset by a projected net £71,000 overspend on transport activity, following increased spot hire of vehicles this year to smooth the major changeover to a new fleet; and an under recovery against budget for other property rentals of £110,000.
- 3.9 There is an adverse variance for Other Accounts of £164,000 and this exists due to a £60,000 overspend on ICT licences and other costs of exiting the IT shared service with Elmbridge BC. A further £100,000 budgeted contribution from S106 provisions to salaries will not be realised.
- 3.10 The Committee's probable outturn (estimated net expenditure) for 2017/18 is included in the draft Budget Book on each cost centre page, with a detailed analysis on variations to original budget. The outturn forecasts are all based on the quarter two budget monitoring reports used by all Managers.

4 Budget Proposals 2018/19

- 4.1 The service estimates are included in the draft Budget Book 2018/19, circulated to Councillors in January.
- 4.2 A summary of the Committee's revenue estimates for 2018/19 is set out below:

| SERVICE GROUP | PUBLISHED BUDGET 2017/18 £'000 | BASE POSITION 2018/19 £'000 |
|----------------------------|---|--|
| Democratic & Civic | 694 | 776 |
| Corporate Functions | 722 | 684 |
| Corp Financial Management | 471 | 1,275 |
| Tax Collection & Benefits | 1,299 | 1,369 |
| Land Charges | (67) | (12) |
| Land & Property | (1,077) | (1,797) |
| Economic Dev. & Prosperity | 135 | 96 |
| Community Consultation | 86 | 125 |
| Other Accounts | 173 | 153 |
| Total | 2,403 | 2,669 |

- 4.3 The following table comprises a summary of the main changes to the Committee's proposed budget 2018/19 compared with the published budget for 2017/18. Detailed changes from 2017/18 to 2018/19 are contained in the draft Budget Book 2018/19.

| STRATEGY AND RESOURCES COMMITTEE | | BUDGET £'000 |
|---|--|-------------------------|
| Published Budget 2017/18 | | 2,403 |
| Service Group | Change | |
| All | Variation in pay, pension (IAS19) & support service recharges | 181 |
| Land & Property | Net receipt from Epsom & Ewell Property Investment Company | (806) |
| Land & Property | MRP adjustment | (181) |
| Land & Property | Operational property rentals relocated to service committees | 165 |
| Corporate Financial Management | Revenue contribution to capital schemes | 540 |
| Corporate Financial Management | Reduction in contribution to corporate project reserve | (889) |
| Corporate Financial Management | Reduction of New Homes Bonus receipt | 888 |
| Corporate Financial Management | Provisions for various contingencies | 163 |
| Corporate Financial Management | Net change to interest receipts | 100 |
| Tax Collection & Benefits | Additional contribution from business rates equalisation reserve | (23) |
| Democratic & Civic | Additional civic event and increased electoral expenses | 26 |
| Land Charges | Removal of contribution from Land charge provision | 56 |
| All | Other changes | 46 |
| Base Position 2018/19 | | 2,669 |

- 4.4 Pay and pension costs include all charges for employees, including pension fund liabilities under International Accounting Standard 19, for this Committee. Support service recharges are for the provision of statutory and administrative services carried out by back office departments of the Council.
- 4.5 At Financial Policy Panel of 05/12/17, Members noted that the Council's capital receipts reserves would reduce to £1.87m by 31 March 2019, should all provisional 2018/19 schemes be funded from capital receipts. The agreed minimum threshold of capital receipts is £1m. In order to slow the depletion of capital reserves, FPP supported the proposal that any surplus revenue funds, arising principally from dividend income received from Epsom & Ewell Property Investment Company (EEPIC), should be allocated to fund the capital programme in 2018/19.

- 4.6 A further opportunity to fund capital from revenue sources has been identified by officers, by amending the MRP calculation method used for the investment properties at Parkside and 70 East Street. Currently, the calculation uses the 'straight line' method, which spreads MRP payments evenly over the property assets' estimated 50 year life. The alternative 'annuity' method allows for lower MRP payments in the early years of the asset life, with compensating higher payments in later years. By changing to the annuity method, the MRP charge becomes more closely aligned to the expected future rental income benefits and generates a £181k saving in 2018/19. This amendment is within the Council's existing agreed MRP policy framework, therefore, Members are informed for information only.
- 4.7 In total, MTFS projections show that £540k revenue funds, subject to the risk identified in paragraphs 10.2 to 10.5, are available to fund the capital programme in 2018/19, specifically the following provisional schemes:
- 4.7.1 Financial Management System Upgrade: £65k
 - 4.7.2 Document Management System replacement: £50k
 - 4.7.3 ICT programme of work: £60k
 - 4.7.4 Replacement of Customer Relationship Management system and Data Warehouse: £250k
 - 4.7.5 Renewal of Town Hall lift controls: £80k
 - 4.7.6 Upgrade of Car Park credit card machines: £35k
- 4.8 The revenue contribution to capital will be reviewed annually to ensure the Council retains a balanced revenue budget position.
- 4.9 Further information on detailed budget changes is shown in the Budget Book which will be available for Council Members.
- 4.10 Operational / efficiency savings towards the Medium Term Financial Strategy and Efficiency Plan that were agreed by this Committee on 26 September 2017 have been included within the base position. The base position also includes changes identified by officers to reduce organisation costs.

5 Fees and Charges 2018/19

- 5.1 Fees and Charges with in the remit of this Committee are set out in **Annexe 1**.
- 5.2 In January 2013, the Committee agreed that the Director of Finance and Resources should have delegated authority to vary fees and charges for items generating income under £1,000 per annum and/or for one-off items not included in the fees and charges schedule. In order to reflect the current management structure, the Committee is asked to reconfirm this delegation to the Chief Finance Officer.

- 5.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 3.3% and 4.9%. The budgeted income is £497.
- 5.4 Increases to Land Charge tariffs are between 3.2% and 7.8% with the only exception being LLC1 which has been increased from £22 to £25 – an increase of 13.6%. The new charge is now more comparable with other local authorities in Surrey. The annual budget for land charges is £120,000.
- 5.5 Changes to legislation with effect from 1 January 2018 prohibit the application of fees to payments made to the Council by credit card. This income stream has therefore been removed from the 2018/19 budget.

6 Financial and Manpower Implications

- 6.1 Consultation processes will be progressed should operational changes affect staffing levels or staff duties.
- 6.2 Any questions or queries with the Budget Book 2018/19 should be sent to relevant Officers in advance of this Committee meeting.
- 6.3 **Chief Finance Officer's comments:** *Financial implications are contained within the body of this report.*

7 Legal Implications (including implications for matters relating to equality)

- 7.1 The Council will fulfil its statutory obligations and comply with its policy on equalities.
- 7.2 **Monitoring Officers comments:** *There are no direct legal implications arising from this report. However, decisions taken about the budget will impact the services which can be delivered. It is important that statutory services are appropriately funded, which the recommended budget seeks to achieve*

8 Sustainability Policy and Community Safety Implications

- 8.1 Whilst there are no particular implications for the Sustainability Policy or the Community Safety Strategy arising out of this report, the allocation of resources by the relevant policy committees will be needed to deliver actions in these areas of work.

9 Partnerships

- 9.1 Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.

10 Risk Assessment

10.1 In preparing the revenue budget estimates officers have identified the main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

| Service | Risk | Budget Estimate 2017/18 £'000 | Risk Management |
|---|---|--|---|
| Employee costs | Medium : Not achieving budgeted staff savings to meet the vacancy provision | 11,335 | Recruitment management Salaries monitoring |
| Treasury management – income from interest on balances | Medium: Achievement of budgeted return | 120 | Prudent budgeting Treasury Management Policy including use of specialist external advisers and fund managers Use of Interest Equalisation Reserve |
| Land and property | Medium: Loss of tenants and commercial rentals. Negative movements in the value of commercial property (EEPIC only). | 2,562 EEBC 806 EEPIC | Asset Management Plan – property and rent reviews |

10.2 A further risk has arisen following a recent DCLG consultation on proposed changes to Minimum Revenue Provision (MRP) guidelines. MRP is an annual charge against the general fund, to ensure resources are set-aside to repay any borrowing incurred for capital purposes. The consultation ended on 22 December 2017 and the outcome is not yet published. DCLG proposed in the consultation that, for directly owned assets, Local Authorities should spread MRP charges over a maximum of 40 years for buildings and 50 years for land from 2018/19.

10.3 Existing guidelines do not mandate a maximum term and EEBC currently spreads its MRP charges over 50 years. If implemented in its current form, the proposed change could increase the annual MRP charge at EEBC, and indeed at many other Local Authorities. This could impact the revenue funds available to support the capital programme.

- 10.4 In this scenario, the Capital Programme report includes a proposal that any affected capital schemes, earmarked in paragraph 4.7 to be funded from revenue, would still proceed but revert to funding from capital receipts.
- 10.5 Officers will continue to monitor the DCLG's proposals and, once formalised, any changes will be incorporated into the Treasury Management Strategy presented to S&R Committee in April.

11 Conclusion and Recommendations

- 11.1 The Committee is asked to agree the service revenue estimates as set out in the draft Budget Book 2018/19. As noted in the body of the report, the impact of the changes in fees and charges has been incorporated into the revenue estimates.
- 11.2 The Council will consider the budget at its meeting on 20 February 2018.

Ward(s) Affected: (All Wards);

Service: Town Hall
 Service Manager: Andrew Lunt

| Service | Charged At | Description | Unit | 2017/18 | 2018/18 | % Change |
|------------------|-------------------|---|----------|---------|---------|----------|
| Town Hall | | | | | | |
| | Room Hire | | | | | |
| | | Atrium (Evening 18:00 to 24:00) | Per hour | 75.50 | 78.00 | 3.31% |
| | | Committee Room 1 (Mon-Fri 08:00 to 24:00) | Per hour | 45.25 | 47.25 | 4.42% |
| | | Committee Room 2 (Mon-Fri 08:00 to 24:00) | Per hour | 38.00 | 39.50 | 3.95% |
| | | Council Chamber (Mon-Fri 08:00 to 24:00) | Per hour | 75.50 | 78.00 | 3.31% |
| | | Atrium (Evening 18:00 to 24:00) | Per hour | 152.00 | 158.00 | 3.95% |
| | | Committee Room 1 (Mon-Fri 08:00 to 24:00) | Per hour | 91.00 | 95.00 | 4.40% |
| | | Committee Room 2 (Mon-Fri 08:00 to 24:00) | Per hour | 71.00 | 74.00 | 4.23% |
| | | Council Chamber (Mon-Fri 08:00 to 24:00) | Per hour | 152.00 | 158.00 | 3.95% |
| | | Atrium (Evening 18:00 to 24:00) | Per hour | 38.00 | 39.50 | 3.95% |
| | | Committee Room 1 (Mon-Fri 08:00 to 24:00) | Per hour | 22.25 | 23.25 | 4.49% |
| | | Committee Room 2 (Mon-Fri 08:00 to 24:00) | Per hour | 19.00 | 19.75 | 3.95% |
| | | Council Chamber (Mon-Fri 08:00 to 24:00) | Per hour | 38.00 | 39.50 | 3.95% |
| | Staff Hire | | | | | |
| | | Staff hire | Per hour | 51.00 | 53.50 | 4.90% |
| | | Staff hire (Commercial) | Per hour | 51.00 | 53.50 | 4.90% |
| | | Staff hire (Community) | Per hour | 51.00 | 53.50 | 4.90% |

Service: Land Charges
Service Manager: Joy Stevens

| Service | Charged At | Description | Unit | 2017/18 | 2018/19 | % Change |
|---------------------|------------|---|--------------------------|---------|---------|----------|
| Land charges | | | | | | |
| | | Land charges | | | | |
| | | Additional enquiries: Covering 1 hour's work | Per enquiry | 31 | 32 | 3.20% |
| | | Additional enquiries: each additional hour's work or part thereof | Per hour or part thereof | 31 | 32 | 3.20% |
| | | Con29O Optional - highway enquiries | Per enquiry | 16.8 | 17.5 | 4.20% |
| | | Con29O Optional - other enquiries | Per enquiry | 13.8 | 14.5 | 4.20% |
| | | Con29R component (Paper) | Per question | 2.8 | 2.9 | 3.60% |
| | | Con29R component (Public Access) | Per question | 1.8 | 1.9 | 5.60% |
| | | LLC1 | Per search | 22 | 25 | 13.60% |
| | | LLC1 and Con29R Commercial (Paper) | Per search | 197 | 208 | 5.29% |
| | | LLC1 and Con29R Commercial (Public Access) | Per search | 146 | 155 | 5.81% |
| | | LLC1 and Con29R Commercial NLIS (INTERNAL USE ONLY) | Per search | 197 | 208 | 5.29% |
| | | LLC1 and Con29R Residential (Paper) | Per search | 172 | 182 | 5.49% |
| | | LLC1 and Con29R Residential (Public Access) | Per search | 121 | 128 | 5.47% |
| | | LLC1 and Con29R Residential NLIS (INTERNAL USE ONLY) | Per search | 172 | 182 | 5.49% |
| | | Parcel Fee (LLC1 and Con29R) | Per parcel | 29.53 | 31 | 4.74% |
| | | Parcel Fee (LLCR) | Per parcel | 8.35 | 9 | 7.80% |
| | | Personal Search/LLCR (Public Access) | Per search | 0.5 | 0.55 | 0.00% |

Capital Programme 2018/19

| | |
|---|---|
| Report of the: | Chief Finance Officer |
| Contact: | Lee Duffy, Sue Emmons |
| Urgent Decision?(yes/no) | No |
| If yes, reason urgent decision required: | N/A |
| Annexes/Appendices (attached): | Annexe 1 - Proposed Capital Programme |
| Other available papers (not attached): | Financial Policy Panel papers 5 December 2017 Capital Strategy Individual capital appraisal bid forms |

Report Summary

This report summarises the proposed 2018/19 capital programme and the provisional programme for 2019-21. Committee approval is sought for the programme to be submitted to Council in February 2018.

Recommendation (s)

That the Committee:

- (1) Submits the Capital Programme for 2018/19 as identified in section 4 of this report to the Council for approval on 20 February 2018;
- (2) Confirms that it supports all of the schemes included in the provisional programme for 2019-21 as identified in section 5 of this report;
- (3) Agrees that £540k revenue funds, as set-out in paragraphs 2.4 to 2.5, be used to fund the 2018/19 capital programme, subject to:
 - a) Approval of the 2018/19 revenue budget estimates by this same Committee
 - b) Should DCLG implement Minimum Revenue Provision changes that reduce the level of revenue funds available to support the capital programme, any affected schemes should proceed but revert to funding from capital receipts, as set out in section 10 of this report.

(4) Notes that:-

- a) schemes subject to external funding from Disabled Facilities Grant only proceed when funding has been received;**
- b) schemes for 2019-21 are provisional pending an annual review of funds available for capital investment.**

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

1.1 The Council's Medium Term Financial Strategy (MTFS) includes the following guidelines relevant to investment in services:-

1.1.1 Prioritise capital investment to ensure retained property is fit for purpose.

1.1.2 Maximise the use of external funding opportunities to deliver improvements to the community infrastructure, including affordable housing.

1.1.3 Maintain a minimum uncommitted level of capital reserves of £1 million.

2 Background

2.1 The Capital Strategy was last agreed by Council on 14 February 2017, at which time the capital programme was approved for 2017/18. Schemes for 2018-2020 were provisional pending the annual budget review and an annual assessment of funds for capital investment.

2.2 The Financial Policy Panel ('the Panel') provided the Capital Member Group (CMG) with a remit for the preparation of a capital programme for 2018/19. Under this remit, CMG assessed all capital bids and recommended a programme, which the Panel approved on 5 December 2017.

2.3 The programme presented to the Panel assumed funding from capital receipts and government grants. The Panel were advised that the proposed level of investment of £3.2 million over three years 2018/19 to 2020/21, of which £1.475 million was to be funded from capital receipts, would reduce the available capital receipts balance to £1.6 million at the end of this period. The agreed minimum threshold of capital receipts is £1 million. In order to slow the depletion of capital reserves, FPP supported a proposal that any surplus revenue funds, arising principally from dividend income received from Epsom & Ewell Property Investment Company (EEPIC), should be allocated to fund the capital programme in 2018/19.

- 2.4 In total, MTFs projections show that £540k revenue funds are available to fund the capital programme in 2018/19, subject to the risk identified in paragraphs 10.4 and 10.5 of this report. It is recommended that the entirety of the Strategy & Resources capital programme be funded from these funds and also £35k for Environment Bid 5, which is the upgrade of the car park card payment machines, altogether totalling £540k.
- 2.5 The use of £540k of revenue funds for these schemes would ease the use of capital receipts and maintain the reserves at £2.16 million at the end of this period.
- 2.6 The Panel's guidance relevant to this policy committee was as follows:-
- 2.6.1 Priority schemes identified by the Capital Member Group should be presented with project appraisals to the policy committees in January to establish support for the individual projects, with any projects not supported being removed from the draft programme.
- 2.6.2 Schemes identified in section 4 of this report, requiring £505k of funds, should be included in the capital programme, subject to support for the project appraisal by this Committee.

3 Proposals

- 3.1 The Committee is asked:-
- 3.1.1 To approve the proposed capital programme for 2018/19;
- 3.1.2 To agree the provisional programme for 2019/20;
- 3.1.3 To agree that £540k revenue funds, as set-out in paragraphs 2.4 to 2.5, be used to fund the 2018/19 capital programme, subject to:
- a) Approval of the 2018/19 revenue budget estimates by this same Committee
- b) Should DCLG implement Minimum Revenue Provision changes that reduce the level of revenue funds available to support the capital programme, any affected schemes should proceed but revert to funding from capital receipts, as set out in section 10 of this report.
- 3.2 The timing of the programme should be based on the ability to deliver with a realistic number of projects in any one year.
- 3.3 If all schemes in the proposed corporate capital programme for 2018/19 were to progress, and given the use of £540k of revenue funds to support the capital programme, this would reduce the capital reserves to £2.16 million at 31/03/2021. The MTFs requires the Council to maintain a minimum uncommitted level of capital reserves of £1 million. Where

possible the Council will prioritise the use of other funding sources such as revenue, external grants, S106 and Community Infrastructure Levy to preserve the level of capital receipts. A report will be submitted to the Joint Infrastructure Group (JIG) to propose the use of £771k CIL monies to fund two existing capital schemes; the Cemetery extension and works to the weir at Lower Mill Pond. Should the use of CIL be approved by JIG and subsequently by S&R Committee, the forecast balance of capital receipts reserves would increase to £2.93 million at 31/03/2021.

4 Core Programme 2018/19 Funded from Revenue Funds

- 4.1 The Financial Policy Panel recommended that the following schemes should be considered by this Committee for inclusion in the capital programme in 2018/19, subject to the Committee approving the projects. If S&R Members have any comments or queries about specific schemes, please can these be raised with officers prior to the meeting.
- 4.2 The proposed core programme for 2018/19 can be fully funded from revenue funds, subject to the risk identified in paragraphs 10.4 and 10.5:-

| Capital Appraisal form reference (in prioritised order) | Scheme | 2018/19 £000s |
|--|--|------------------|
| Strategy & Resources Bid 2 | Replacement of CRM and Data Warehouse | 250 |
| Strategy & Resources Bid 5 | ICT programme of work | 60 |
| Strategy & Resources Bid 3 | Document Management System replacement | 50 |
| Strategy & Resources Bid 1 | Financial Management System Upgrade | 65 |
| Strategy & Resources Bid 4 | Renewal of Town Hall lift controls | 80 |
| Total | | 505 |

5 Provisional Capital Programme 2019/20 to 2020/21

- 5.1 The provisional programme proposed for 2019-21 is:-

| Capital Appraisal form reference | Scheme | 2019/20 (£'000) | 2020/21 (£'000) | Funding |
|----------------------------------|--|--------------------|--------------------|------------|
| Strategy & Resources Bid 2 | Replacement of CRM and Data Warehouse | 250 | 0 | 250 |
| | Total proposed capital programme 2019/20 to 2020/21 | 250 | 0 | 250 |

- 5.2 This scheme will be included within the capital programme for 2019/20 subject to future Capital Member Group meetings reaffirming their support.

6 Financial and Manpower Implications

- 6.1 The Committee will wish to ensure that the Council has the capacity to deliver the recommended schemes.
- 6.2 **Chief Finance Officer's comments:** *All financial implications are included in the body of the report.*

7 Legal Implications (including implications for matters relating to equality)

- 7.1 A baseline criteria for schemes is 'Investment required to meet Health and Safety or other new legislative requirements' as identified in the project appraisals.
- 7.2 **Monitoring Officer's comments:** *There are no significant legal implications arising from this report. It is important when considering whether to approve capital schemes that the Council's legal obligations are considered. This appears to have been done in the preparation of the Capital Programme.*

8 Sustainability Policy and Community Safety Implications

- 8.1 None for the purpose of this report.

9 Partnerships

- 9.1 There are no schemes dependent upon partnership agreement or funding. Schemes may, subject to evaluation, involve partnership for procurement or service delivery.

10 Risk Assessment

- 10.1 The CMG have used the Capital Strategy to balance the need for prioritised investment against a reducing level of capital reserves.
- 10.2 To help manage risks to the General Fund revenue account business case investment has been prioritised where it demonstrates a payback within 5 years or 7 years for renewable energy projects.
- 10.3 Funding has been identified to enable the delivery of the capital programme for 2018/19 and officers believe that there should be sufficient capacity to deliver these projects.
- 10.4 There is a risk associated with the £540k revenue funding, following a recent DCLG consultation regarding proposed changes to Minimum Revenue Provision (MRP) guidelines. MRP is an annual charge against the general fund, to ensure resources are set-aside to repay any borrowing incurred for capital purposes. The consultation ended on 22 December

2017 and the outcome is not yet published. DCLG proposed in the consultation that, for directly owned assets, Local Authorities should spread MRP charges over a maximum of 40 years for buildings and 50 years for land from 2018/19.

- 10.5 Existing guidelines do not mandate a maximum term and EEBC currently spreads its MRP charges over 50 years. If implemented in its current form, the proposed change could increase the annual MRP charge at EEBC, and indeed at many other Local Authorities. This could impact the revenue funds available to support the capital programme.
- 10.6 In this scenario, it is proposed that any affected capital schemes, earmarked above to be funded from revenue, would still proceed but revert to funding from capital receipts.
- 10.7 Officers will continue to monitor the DCLG's proposals and, once formalised, any changes will be incorporated into the Treasury Management Strategy presented to S&R Committee in April.

11 Conclusion and Recommendations

- 11.1 A programme of £505k, excluding any carry forward provisions from 2017/18, is recommended for this committee in 2018/19.
- 11.2 To agree the provisional programme for 2019 - 2021.
- 11.3 To agree that £540k revenue funds be used to fund the 2018/19 capital programme, subject to:
 - a) Approval of the 2018/19 revenue budget estimates by this same Committee
 - b) Should DCLG implement Minimum Revenue Provision changes that reduce the level of revenue funds available to support the capital programme, any affected schemes should proceed but revert to funding from capital receipts, as set out in section 10 of this report.

Ward(s) Affected: (All Wards);

Strategy & Resources Committee Proposed Capital Programme 2018/19 - 2020/21

| | Original Budget 2018/19 | Proposed Budget 2019/20 | Proposed Budget 2020/21 | Total Provision 2018/19- 2020/21 |
|--|--|--|--|---|
| | £'000 | £'000 | £'000 | £'000 |
| S&R Bid 2: Replacement of CRM and Data Warehouse | 250 | 250 | 0 | 500 |
| S&R Bid 5: ICT programme of work | 60 | 0 | 0 | 60 |
| S&R Bid 3: Document Management System replacement | 50 | 0 | 0 | 50 |
| S&R Bid 1: Financial Management System Upgrade | 65 | 0 | 0 | 65 |
| S&R Bid 4: Renewal of Town Hall lift controls | 80 | 0 | 0 | 80 |
| Total Strategy and Resources Committee | 505 | 250 | 0 | 755 |

This page is intentionally left blank

S106 Update Report

| | |
|---|----------------------------------|
| Report of the: | Chief Finance Officer |
| Contact: | Lee Duffy, Richard Appiah-Ampofo |
| Urgent Decision?(yes/no) | No |
| If yes, reason urgent decision required: | N/A |
| Annexes/Appendices (attached): | None |
| Other available papers (not attached): | None |

Report Summary

This report provides an update on the funds held under Section 106 (S106) planning agreements.

Recommendation (s)

That the Committee:

- (1) Notes the current position on S106 funds;
- (2) Approves the use of S106 funds as set out in paragraph 5 of the report for: for floodlight LED replacement to tennis courts and 3G football pitch at Court Recreation ground,
- (3) Approves the use of S106 funds as set out in paragraph 6 of the report for floodlight LED replacement to the running track and sports areas at Poole Road Recreation ground
- (4) Notes that a Capital Member Group meeting will be convened to discuss potential uses of uncommitted S106 funds.

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

- 1.1 The Capital Strategy Statement was approved by the Council on 14 February 2017 as Appendix 10 to the Budget Report. Section 106 funding supports the achievement of Key Priorities in the Corporate Plan where investment can be funded from developer contributions.

2 Current Position

- 2.1 The Council holds funds from S106 agreements totalling £2.18 million at 30 November 2017. From this balance £0.57 million is committed within the capital programme for such items as affordable housing or earmarked for schemes awaiting further approval. Included within this balance is £103,000 that needs to be transferred to Surrey County Council and other organisations as they are responsible for utilising these funds.
- 2.2 The current position of Section 106 funds held as at the end of November 2017 is summarised below:-

| | £'000 | £'000 |
|--|-------|--------------|
| Section 106 funds held as at 1 April 2017 | | 2,285 |
| Section 106 Receipts received in 2017/18 | | 28 |
| Section 106 Payments made in 2017/18 | | (107) |
| Section 106 Payments write offs in 2017/18 | | (22) |
| Balance of S106 Funds held as 30 November 2017 | | 2,184 |
| Less: | | |
| Funds held due to SCC and other organisations | (103) | |
| Funds committed and approved for specific schemes in or before 2017/18 | (573) | |
| | | (676) |
| Unallocated S106 funds as at 30 November 2017 | | 1,508 |

- 2.3 The unallocated funds can be broken down further with £311,000 earmarked against future expenditure awaiting further approval or requiring further negotiation with developer to amend terms of agreement.

| | £'000 | £'000 |
|--|-------|--------------|
| Unallocated S106 funds as at 30 November 2017 | | 1,508 |
| Affordable Housing | (213) | |
| Monitoring Fee | (78) | |
| TS Foxhounds – Use for footpaths on Longmead estate (needs further approval) | (20) | |
| Earmarked Funds | | (311) |
| Available S106 Funds | | 1,197 |

3 S106 Agreements with Expiry Dates

3.1 Some developers' contributions are time limited. Under the terms of the S106 agreement, if the contribution has not been spent in line with the conditions applied in the agreement, the Council is liable to return the contribution to the developer. The agreements written under the Developer Contribution Supplementary Planning Document (SPD) tend not to have time limits outlined within the legal agreements. The table below shows those agreements that do have time limit and whether they have been earmarked for a specific project.

| S106 Dbase Ref | S106 Agreement | Restrictions | Contribution £ | Use | Deadline to be used |
|----------------|----------------------------------|---|----------------|---|---------------------|
| 268 | The Lintons Centre, Lintons Lane | Open Space (Children) within the vicinity or serving the Development | 4,462 | Unallocated | 14/12/2024 |
| 268 | The Lintons Centre, Lintons Lane | Open Space (Parks and Gardens and Amenity Green Space) within the vicinity or serving the Development | 12,916 | Unallocated | 14/12/2024 |
| 268 | The Lintons Centre, Lintons Lane | Open Space (Outdoor Sports Facilities) within the vicinity or serving the Development | 124,364 | Section 5 of this report seeks to allocate £18,000 of this sum, the balance of £106,364 is unallocated. | 14/12/2024 |
| Total | | | 141,742 | | |

4 Current Uncommitted S106 Contributions Held over £10,000

- 4.1 Of the £1,508,000 of unallocated S106 funds the majority, £1,122,362 is from large contributions (in excess of £10,000). The following significant contributions remain uncommitted against schemes. However, some funds have schemes earmarked against them but have yet to be formally approved.
- 4.2 A Capital Member Group meeting will be convened in the coming months to discuss potential uses of S106 funds.

| S106 Ref | S106 Agreement | Restrictions | Contribution £ | Current Status |
|-----------------|--|---|---------------------------|--|
| 5 | TS Foxhound, 1a Blenheim Road, Epsom | Improvements to the open space which adjoins the site and lies between Blenheim Road, Longmead Road and Hook Road | 20,000 | Officers are negotiating with the developer to agree the use of the contribution to renew paths on the Longmead Estate |
| 132 | Wilberforce Court, Heathcote Rd, Epsom | Various under SPD | 30,981 | No use currently identified |
| 53/304 | West Park | Community facilities, monitoring and environmental improvements | 768,022 | £693,639 Earmarked for Horton Chapel |
| 183 | Magistrates & County Court Site, The Parade | Green infrastructure within the borough | 20,326 | No use currently identified |
| 199 | 468 Chessington Road | Various under SPD | 12,278 | No use currently identified |
| 258 | Land rear of 23 Stoneleigh Broadway | Various under SPD | 12,512 | No use currently identified |
| 293 | Pine Lodge, Horton Lane | Various under SPD | 31,701 | No use currently identified |

| S106 Ref | S106 Agreement | Restrictions | Contribution £ | Current Status |
|-----------------|---|---------------------|-----------------------|-----------------------------|
| 298 | Highridge Court, Highridge Close, Epsom | Various under SPD | 13,864 | No use currently identified |
| 344 | Ryebrook Studios, Woodcote Side, Epsom | Affordable Housing | 104,147 | No use currently identified |
| 349 | School Bungalow, Longmead Road, Epsom | Affordable Housing | 87,000 | No use currently identified |
| 353 | 37-37a Cheam Road | Affordable Housing | 21,531 | No use currently identified |
| Total | | | 1,122,362 | |

5 Court Recreation Ground Energy Improvements - Flood light LED Replacement to tennis courts and 3G football pitch

- 5.1 The existing lighting is approximately 20 years old and located in difficult positions to access. Maintenance of the existing lights is expensive as certain vehicles cannot fit through the gates of the 3G pitch and any large vehicles may damage the surface of the pitch. Towers have to be manually constructed.
- 5.2 Officers are proposing the installation of new LED high level, low energy flood lighting. The benefits of carrying out the project are energy savings, a reduction in maintenance costs and improved quality of light. The revenue savings as a direct result of the project are estimated at £2,000 per annum.
- 5.3 The total cost of the project is estimated at £18,000, consisting of £12,000 for fittings and brackets, £5,000 for labour and £1,000 for contingency.
- 5.4 This report seeks approval to fund the cost of this project from the following S106 funds:

| S106 Ref | S106 Agreement | Conditions | Contribution Required £ |
|-----------------|----------------------------------|--|--------------------------------|
| 268 | The Lintons Centre, Lintons Lane | Open Space- Outdoor Sports Facilities (£124,364) | 18,000 |

5.5 Linton's Lane is located 0.7 miles from Court Recreation Ground.

6 Poole Road Recreation Ground Energy Improvements - Flood light LED Replacement to running track and sports areas

6.1 The existing flood lights at Poole Road Recreation ground are also approximately 20 years old and are located in difficult positions to access. Maintenance has been a problem as vehicular access is not possible therefore tower scaffolding has to be manually constructed.

6.2 Officers are proposing the installation of low energy LED lighting to replace the existing lights. This will also result in energy savings and a reduction in access and maintenance costs. Annual ongoing revenue savings are estimated at £1,000 per annum.

6.3 The total cost of the project is estimated at £18,000, consisting of £12,000 for fittings and brackets, £5,000 for labour and £1,000 for contingency.

6.4 This report seeks approval to fund the cost of this project from the following S106 funds:

| S106 Ref | S106 Agreement | Conditions | Contribution Required £ |
|-----------------|------------------------------------|--|------------------------------------|
| 167 | 42 Meadow Walk | Open Space - Outdoor Sports Facilities | 1,054 |
| 250 | 1A Corner House Parade, Ewell | Open Space - Outdoor Sports Facilities | 1,315 |
| 273 | 379 - 393 Kingston Road, Ewell | Open Space - Outdoor Sports Facilities | 3,832 |
| 275 | The Lane House, 33 Epsom Rd, Ewell | Open Space - Outdoor Sports Facilities | 873 |
| 297 | 413A Kingston Road, Ewell | Open Space - Outdoor Sports Facilities | 1,573 |
| 285 | Public Convenience High St Ewell | Open Space - Outdoor Sports Facilities | 2,630 |
| 283 | 178A Kingston Road, Ewell | Open Space - Outdoor Sports Facilities | 1,383 |
| 270 | 31 High Street, Epsom | Open Space - Outdoor Sports Facilities | 3,146 |
| 271 | 31 High Street, Epsom | Open Space - Outdoor Sports Facilities | 2,160 |
| Total | | | 17,967 |

7 Financial and Manpower Implications

- 7.1 S106 receipts provide an opportunity for additional investment. There may be no budget impact on new schemes so long as schemes funded do not result in additional on-going running costs. Some may even reduce future maintenance liabilities.
- 7.2 The relevant policy committee will need to ensure that there are no additional resource implications for new schemes that would have an adverse impact on budgets for other services.
- 7.3 **Chief Finance Officer's comments:** *All financial implications are reflected in the body of this report.*

8 Legal Implications (including implications for matters relating to equality)

- 8.1 **Monitoring Officer's comments:** *Before any money is committed, Officers must ensure that the terms of individual S106 agreements are compiled with for each project.*

9 Risk Assessment

- 9.1 This report forms part of on-going work on S106 planning agreements that will lead to better management of expenditure funded from these monies.
- 9.2 The main risks at present are that investment funded from agreements is not properly prioritised, that investment is not made in a timely manner or that receipts are not claimed against agreements.

10 Conclusion and Recommendations

- 10.1 The report gives details of the current position of S106 funding.
- 10.2 This report seeks approval for S106 funding to be applied to:
- Court Recreation Ground Energy Improvements - Flood light LED Replacement to tennis courts and 3G football pitch
 - Poole road Recreation Ground Energy Improvements - Flood light LED Replacement to running track and sports areas
- 10.3 Officers will continue to prioritise the investigation of opportunities to apply time-barred funds within the deadline and conditions of the agreement as appropriate.

Ward(s) Affected: (All Wards);

This page is intentionally left blank

**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)

Document is Restricted

This page is intentionally left blank

Exclusion of Press And Public

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the public from the Meeting for Part Two of the Agenda on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph (s) 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 outweighs the public interest in disclosing the information.

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank