

Public Document Pack

Legal and Democratic Services



STRATEGY AND RESOURCES COMMITTEE

Thursday 31 January 2019 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 Richard Baker
Councillor Kate Chinn

Councillor Hannah Dalton
Councillor Colin Keane
Councillor Omer Kokou-Tchri
Councillor Barry Nash
Councillor Clive Woodbridge

Yours sincerely

A handwritten signature in black ink that reads 'K. Beldan'.

Chief Executive

For further information, please contact Democratic Services on 01372 732124

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. EXTERNAL AUDIT UPDATE (Pages 5 - 26)

This report sets out Grant Thornton's plan for the external audit of the Council's 2018/19 accounts.

Grant Thornton have also provided the Grant Certification Letter for the year ended 31 March 2018.

Both of these items have to be received by this Committee in accordance with audit regulations.

4. NNDR RETAIL RELIEF AND COUNCIL TAX LONG-TERM EMPTY PREMIUM (Pages 27 - 40)

This report details changes announced in the government's Autumn Statement upon which the Council need to agree its position.

5. DATA PROTECTION POLICY (Pages 41 - 66)

Following changes introduced by the General Data Protection Regulations and the Data Protection Act 2018, to adopt a new Data Protection Policy.

6. EPSOM & EWELL BOROUGH COUNCIL PAY POLICY STATEMENT (Pages 67 - 82)

This report introduces the draft Epsom & Ewell Borough Council Pay Policy Statement for 2018/19 and seeks approval of the statement by the Committee, prior to its presentation to full Council and subsequent publication on the Council's website.

7. ASHLEY CENTRE CAR PARK SAFETY FENCING (Pages 83 - 86)

The report requests the agreement of additional funding to complete the Ashley Centre car park safety fencing scheme, subject to Environment and Safe Communities Committee supporting the request for additional budget.

8. FINANCIAL REGULATIONS REVIEW (Pages 87 - 126)

The Financial Regulations form part of the Constitution and ensure that there are adequate rules to govern the Council's financial affairs. This report proposes amendments to the Financial Regulations.

9. EMILY DAVISON STATUE (Pages 127 - 130)

This report seeks approval for £20,000 of s106 funding be made available for the Council to make a contribution towards the funding of the Emily Davison statue within Epsom Town centre.

10. REVENUE BUDGET 2019/20 (Pages 131 - 140)

This report sets out estimates for income and expenditure on services in 2019/20.

11. CAPITAL PROGRAMME 2019/20 (Pages 141 - 152)

This report summarises the proposed 2019/20 capital programme for Strategy & Resources Committee. Approval is sought for the programme to be submitted to Council in February 2019.

12. MINUTES OF PREVIOUS MEETING (Pages 153 - 158)

The Committee is asked to confirm as a true record the Minutes of the meeting of the Strategy and Resources Committee held on 27 November 2018 and to authorise the Chairman to sign them.

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External Audit Update

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1 – 2018/19 External Audit Plan Annex 2 – 2017/18 Grant Certification Letter
Other available papers (not attached):	None

Report summary

This report sets out Grant Thornton's plan for the external audit of the Council's 2018/19 accounts.

Grant Thornton have also provided the Grant Certification Letter for the year ended 31 March 2018.

Both of these items have to be received by this Committee in accordance with audit regulations.

Recommendation (s)

- (1) That the Committee receives the External Audit Plan (Annexe 1)
- (2) That the Committee receives the Grant Certification Letter (Annexe 2).

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

- 1.1 This report supports the Council's Key Priority Managing Resources.

2 Background

- 2.1 Grant Thornton are the Council's current independent external auditors, appointed through Public Sector Audit Appointments Limited (PSAA).
- 2.2 The Council's wholly-owned subsidiary, Epsom & Ewell Property Investment Company, has a separate external auditor; Epsom-based firm, Williams & Co.

- 2.3 The Council's 2018/19 Statement of Accounts incorporate disclosures that show the combined financial position of the Council and Epsom & Ewell Property Investment Company. These disclosures are known as group accounts.
- 2.4 As part of their Statement of Accounts audit, Grant Thornton will perform sufficient work to gain assurance that the group accounts are materially accurate.

3 Proposals

- 3.1 Grant Thornton have prepared an audit plan for the 2018/19 accounts as shown in Annexe 1. Grant Thornton staff are in attendance at this meeting to present the plan and answer any questions.
- 3.2 Officers are satisfied that the audit plan addresses the key financial and governance issues.
- 3.3 Grant Thornton have also certified the Council's housing benefit subsidy claim for the year-ended 31 March 2018, with no amendments or qualification to the original claim necessary, as per the attached letter at Annexe 2. The auditors found that the Council had put in place adequate arrangements to compile and complete, accurate and timely claims for audit certification.
- 3.4 The Committee is asked to receive the External Audit Plan (**Annex 1**) and the Grant Certification Letter (**Annex 2**).

4 Financial and Manpower Implications

- 4.1 Grant Thornton's 2018/19 scale fee for the main audit is provisionally £34,425, as set by PSAA. This represents a 23% reduction compared to the prior year, when the scale fee was £44,708. An additional fee of £2,250 for group accounts work (£3,000 in 2017/18) is subject to ratification by PSAA.
- 4.2 The 2017/18 housing benefit subsidy certification work has been completed within the agreed £8,976 budget.
- 4.3 The Finance Team have plans in place to ensure that the accounts are closed by the required deadlines and will have regular contact with Grant Thornton during the process.
- 4.4 ***Chief Finance Officer's comments:*** *The annual audit plan sets out the key stages for the audit process for the 2018/19 accounts. The Council has budgeted for the audit fee and has a plan in place to achieve its financial year end and closing of accounts deadlines.*

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

5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.

5.2 ***Monitoring Officer's comments:** The work of external audit is a key part of the controls in place to ensure that the Council is doing the right thing in the right way at the right time.*

6 Sustainability Policy and Community Safety Implications

6.1 There are no implications for the purpose of this report.

7 Partnerships

7.1 There are no implications for the purpose of this report.

8 Risk Assessment

8.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

9 Conclusion and Recommendations

9.1 The Committee is asked to receive the External Audit Plan (**Annexe 1**) and the Grant Certification Letter (**Annexe 2**).

Ward(s) affected: (All Wards);

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External Audit Plan

Year ending 31 March 2019

Epsom & Ewell Borough Council

31 January 2019

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Your key Grant Thornton
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Agenda Item 3
Annex 1

Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Epsom & Ewell Borough Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Epsom & Ewell Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Strategy & Resources committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Strategy & Resources Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.

Significant risks

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Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- revenue cycle includes fraudulent transactions
- management override of controls
- valuation of property, plant and equipment
- valuation of pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.08 million (PY £0.8 million) for the Authority, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.054 million (PY £0.04 million).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Financial sustainability in the medium term

Audit logistics

Our interim visit will take place in January and February 2019 and our final visit will take place in June and July 2019. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the financial statements audit will be £34,425 (PY: £44,708) for the Authority, subject to the Authority meeting our requirements set out on page 12.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Agenda Item 3
Annex 1

Key matters impacting our audit

External Factors			Internal Factors	
<p>The wider economy and political uncertainty</p> <p>Local Government funding continues to be stretched with increasing cost pressures and demand from residents.</p> <p>You set a balanced budget for 2018/19 which initially anticipated no use of general fund reserves. However as at Quarter 2 the overall forecast outturn is for an overspend of £144,000 against the £7.783 million budget. You expect to use your general fund reserves to meet this overspend with the general fund balance forecast to reduce from £3.348 million to £3.204 million at year end.</p>	<p>Brexit</p> <p>There is uncertainty surrounding the outcome of the 'deal/no deal' decision to be made on 29th March 2019. The decision has the potential to impact asset valuations and the costs of some services in particular</p>	<p>Changes to the CIPFA 2018/19 Accounting Code</p> <p>The most significant changes relate to the adoption of:</p> <ul style="list-style-type: none"> IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model. IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition. 	<p>New audit methodology</p> <p>We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation and more easily incorporate our knowledge of you into our risk assessment and testing approach.</p>	<p>EEPIC Subsidiary</p> <p>In September 2017 you set up a wholly owned property investment company, EEPIC, formed principally for the purposes of purchasing and managing out of borough investment property purchases.</p> <p>For 2018/19 MHCLG has issued Statutory Guidance on Local Government Investments and through its recommendations aims to restrict the ability of Local Authorities to purchase out-of-Borough investment properties.</p>
Our response				
<ul style="list-style-type: none"> We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion. We will consider whether your financial position leads to material uncertainty about your going concern assumption and will review related disclosures in the financial statements. 	<ul style="list-style-type: none"> We will have on-going discussions to understand the emerging impact and the potential effect on your Value for Money arrangements We will liaise with your property valuation experts to understand the potential effect on your asset base and confirm the impact of Brexit has been considered. 	<ul style="list-style-type: none"> We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops. As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code. 	<ul style="list-style-type: none"> You will see changes in the terminology we use in our reports that will align more closely with the ISAs We will ensure that our resources and testing are best directed to address your risks in an effective way. 	<ul style="list-style-type: none"> You have suspended the purchase of further out-of-Borough investment properties in light of MHCLG's Guidance. We will evaluate the impact of this on your arrangements for Value for Money conclusion.

Agenda Item 3 Annex 1

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>The revenue cycle includes fraudulent transactions (rebutted)</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of your revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Epsom & Ewell Borough Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Epsom & Ewell Borough Council</p>

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness; • evaluate the rationale for any changes in accounting policies or significant unusual transactions.
Valuation of land and buildings	<p>You revalue your land and buildings on a rolling five-yearly basis.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£75 million of PPE in 2017-18) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into your asset register • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of the pension fund net liability</p>	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£34 million in your balance sheet in 2017-18) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of your pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that your pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out your pension fund valuation; • assess the accuracy and completeness of the information provided by you to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of you.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to you under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

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Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about your ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

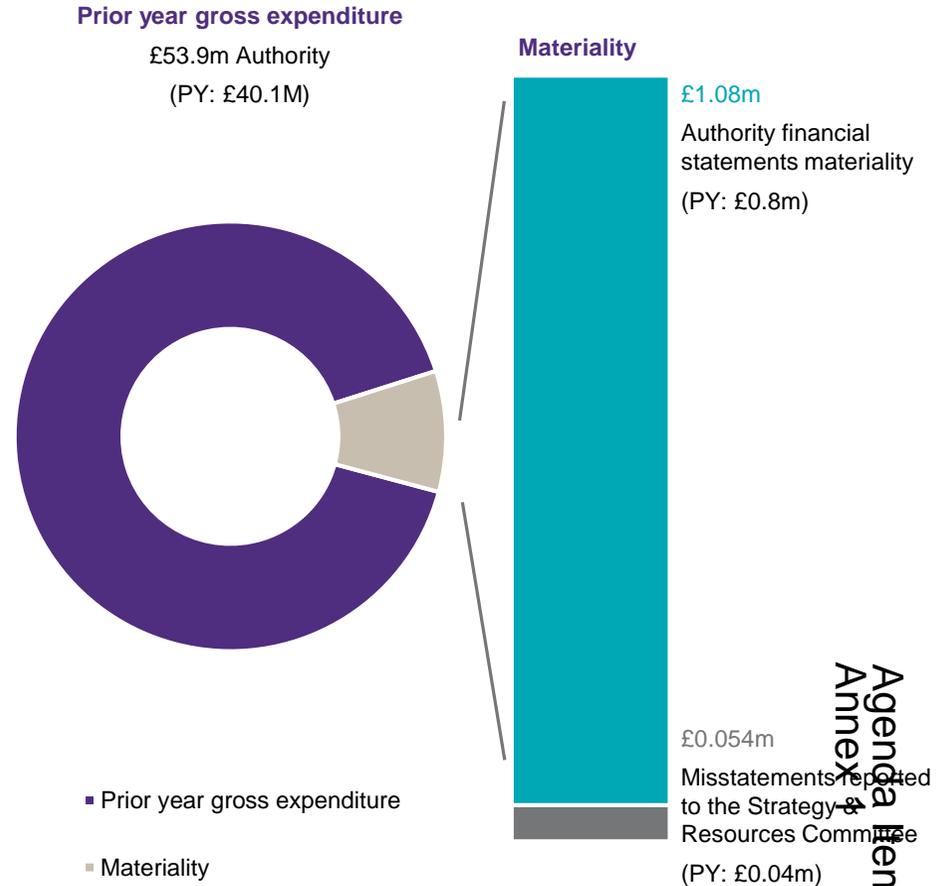
We have determined financial statement materiality based on a proportion of your gross expenditure for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.08 million (PY £0.89 million), which equates to 2% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In your context, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.054m (PY £0.04m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Strategy & Resources Committee to assist it in fulfilling its governance responsibilities.



Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Epsom & Ewell Borough Council	Yes		See pages 5-7 of this report	Full scope UK statutory audit performed by Grant Thornton UK LLP
Epsom and Ewell Property Investment Company (EEPIC)	Yes		<p>EEPIC constitutes a significant component of your group, and is wholly owned by you.</p> <p>Elements of the financial statements of EEPIC including the PPE investment is material to your financial statements.</p>	<p>The audit of EEPIC will be delivered by a separate auditor.</p> <p>We will perform sufficient work to enable us to gain assurance that your group financial statements are not materially misstated.</p>

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements

Value for Money arrangements

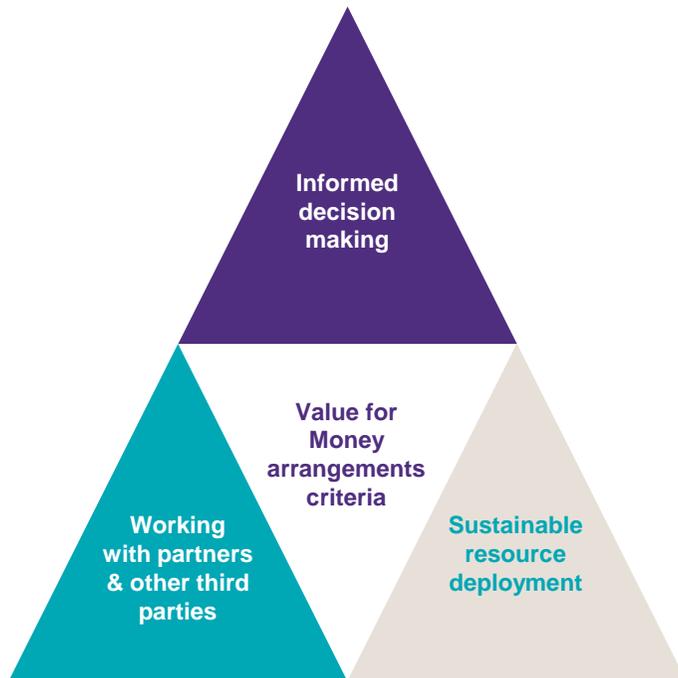
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether you have proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



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Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Financial Sustainability in the Medium Term – Sustainable Resource Deployment

The overall Local Government sector has been facing a challenging financial outlook in recent years, which is to continue for 18/19 and for the medium term. Further pressure is expected across the sector as a result of continued increasing demand for services and falling central government funding, factors which are also affecting Epsom & Ewell Council.

In the prior year Epsom & Ewell Borough Council made a small surplus although for the year to date you are showing some small overspends, which may signal further financial challenges ahead.

As at Q2 the overall forecast outturn for 2018/19 is a £144,000 overspend against the £7.783 million budget, agreed in February 2018. Looking forward budgetary pressures are likely to continue into 2019/20 where the forecast budget shortfall is £113,000 and over the next 3 years financial years (inclusive of 2019/20) the total deficit is estimated at £2.612 million. You anticipate that the £113,000 gap for 2019/20 can be met from efficiency savings, property related cost reduction and income generation review.

Planned Response

We will update our understanding of your financial arrangements. Evaluating the robustness of your medium term financial plan, savings plans and budgeting to ensure that resources are deployed to achieve planned and sustainable outcomes for local tax payers.

Annex Item 3

Audit logistics, team & fees



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Sarah Ironmonger
Engagement Lead



Amber Banister
Audit Manager

Audit fees

The planned audit fees are £34,425 (PY: £44,708) for the financial statements audit completed under the Code, which are in line with the scale fee published by PSAA, as well as a fee variation of £2,250 (PY: £3,000) for group accounts. In addition £16,000 of fees are planned for the for the grant certification. Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Any proposed fee variations will need to be approved by PSAA.

Appendix Item 3
Annex 1

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July. This was a significant challenge for local authorities and auditors alike. For you, the time available to prepare the accounts was curtailed, while, for us as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

Overall we felt that the process to meet the earlier deadline in 2017/18 was successful from both perspectives. We successfully brought forward much of work and completed testing earlier in the year. We received the final draft accounts and narrative report on from yourselves on 31 May 2018 and a complete set of good quality working papers by the first day of our fieldwork. This allowed us to commence the audit immediately and provide our final by the brought forward deadline.

Going into 2018/19 we have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline, as we did successfully in the prior year.

On occasions individual clients experience difficulties in producing accounts on time, providing appropriate working papers or identified errors in the accounts are challenging to resolve. If this happens, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 12). Where either the elapsed time to complete an audit exceeds that agreed or additional audit resources are required to resolve issues arising, we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, our expectation is that you will:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of Housing Benefit grant	16,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £16,000 in comparison to the total fee for the audit of £34,425 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None			

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Strategy & Resources Committee. Any changes are full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

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Lee Duffy
Chief Finance Officer
Epsom and Ewell Borough Council
Town Hall
The Parade, Epsom
Surrey KT18 5BY

28 November 2018

Dear Lee

Grant Thornton UK LLP
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Certification work for Epsom and Ewell Borough Council for year ended 31 March 2018

As you are aware, we are required to certify certain claims and returns submitted by the Council. Certification arrangements are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return. The Audit Commission arrangements require us to report the outcome of certification work.

We certified one claim for the financial year 2017/18 relating to expenditure of £19.7 million on 5 November 2018 before the deadline.

We found the Council had put in place adequate arrangements to compile and complete, accurate and timely claims for audit certification. There are no amendments arising from our certification work which we wish to highlight for your attention.

The indicative scale fee set by the Audit Commission for the Council for 2017/18 is £8,976. We are not proposing to make any changes to the indicative scale fee (see appendix).

Yours sincerely



For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£19,677,755	No	n/a	No	None

NNDR Retail Relief and Council Tax Long-Term Empty Premium

Head of Service	Judith Doney, Head of Digital and Service Transformation
Contact:	Siobhan Gavigan, Revenues Manager
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/a
Annexes/Appendices (attached):	Annex1 – NNDR Retail Relief Scheme
Other available papers (not attached):	

Report summary

This report details changes announced in the government's Autumn Statement and for which the Council need to agree its position

- A) A proposed scheme on how to administer the Business Rates Retail Relief scheme from April 2019.**
- B) Recommends changes to the Council Tax Long Term Empty Premium, enabled under Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.**

Recommendation (s)

- (1) The scheme set out in Annex 1 be adopted as the method of awarding Retail Relief to Business Rates payers in Epsom & Ewell, with effect from 1 April 2019 to 31 March 2021.**
- (2) From 1 April 2019 Epsom & Ewell Borough Council will charge a Council Tax Long Term Empty Premium of 100% on properties that have been left empty for longer than 2 years.**
- (3) From 1 April 2020 Epsom & Ewell Borough Council will charge a Council Tax Long Term Empty Premium of 200% on properties that have been left empty for longer than 5 years.**
- (4) From the 1 April 2021 Epsom & Ewell Borough Council will charge a Council Tax Long Term Empty Premium of 300% on properties that have been left empty for longer than 10 years.**

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

Retail Relief

- 1.1 The implementation of this policy will enhance the Council's key priority of supporting local businesses and our local economy by providing rate relief for qualifying properties.
- 1.2 The relief will also assist with the Council's sustainability plans by promoting our borough as an excellent place to do business.

Council Tax Long Term Empty Premium

- 1.3 The implementation of this scheme would support the Council's Empty Property Strategy by encouraging property owners to bring their properties back into use.
- 1.4 This can help the council to deal with homelessness in the borough and also improve the appearance of the borough by keeping empty homes to a minimum.
- 1.5 Any additional income will assist with funding council services.

2 Background

Retail Relief

- 2.1 Within Epsom & Ewell there are approximately 1700 non-domestic properties. It is generally recognised that Business Rates is already one of the largest financial burdens for small local businesses.
- 2.2 The government have been under pressure from business groups to help businesses reduce this burden. This comes particularly in the light of the loss of a number of big high street brands this year and increasing concern about the viability of high streets across the country.
- 2.3 In the face of this pressure the Government announced in the October 2018 budget, that it will provide a Business Rates Retail Relief Scheme for occupied retail properties with a rateable value of less than £51,000, in each of the years 2019-20 and 2020-21. However it is for the council to agree the qualifying criteria for the scheme.

Council Tax Long Term Empty Premium

- 2.4 An additional Council Tax Charge for domestic properties was first introduced in April 2013, when the regulations were amended by the Local Government Finance Act 2012, allowing authorities to charge an additional 50% premium on long term empty properties.

- 2.5 The Government introduced the premium as part of a package of measures to enable councils to increase their income to offset the cut in funding available for the new Local Council Tax Support scheme.
- 2.6 The introduction of the premium was aimed at encouraging owners of the increasing numbers of empty properties to bring their properties back into use to aid in alleviating the continuing affordable housing crisis.

3 Retail Relief Scheme

- 3.1 The Council must adopt a local scheme for the administration of Retail Relief and Annex 1 of this report provides details of how the relief could operate locally. It incorporates the published Government guidance which is being used by the majority of Councils.
- 3.2 Relief can only be granted to properties with a Rateable Value of less than £51,000 of which there are 1,492 properties in the Council's area. However, many of these smaller properties already receive 100% small business rate relief and therefore have no rates to pay. Currently 193 businesses would be eligible for relief.
- 3.3 Relief will be applied as a reduction of one third of the bill after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
- 3.4 The scheme will only apply for a two years from 1 April 2019 to 31 March 2021, the period for which the government will fund the scheme.
- 3.5 In a similar way to other reliefs (such as Charity Relief), this is a test on use of the property, rather than occupation. Therefore, properties which are occupied but not wholly, or mainly used for the qualifying purpose will not qualify for the relief.

4 Council Tax Long Term Empty Premium

- 4.1 Following the change in legislation in 2012 the Council decided to introduce the Long Term Empty Premium of 50% from 1 April 2013. For the purposes of these regulations a 'long term empty property' is defined as a dwelling which had been continuously empty for a period of at least two years.
- 4.2 From the 1 April 2019, long term empty properties can be charged an additional 100%, doubling the current premium.
- 4.3 From 1 April 2020, long term empty properties which have been empty for longer than five years, can be charged an additional 200%.
- 4.4 From 1 April 2021 long term empty dwellings which have been empty for longer than ten years can be charged an additional 300%.

- 4.5 The legislation does not limit the length of time for which the Council can levy these additional charges.

5 Financial and Manpower Implications

Retail Relief

- 5.1 The government have made it clear that they do not want councils to be financially disadvantaged by having to award the new Retail Relief. They have confirmed that the cost of awarding the Retail Relief will be refunded to the council by way of a Section 31 grant. These grants are provided on an annual basis based on the NNDR government returns which are completed by the council.
- 5.2. Although the functionality for local reliefs is available within the Revenues software, due to the complexity and the relationship with established reliefs, each case will have to be manually calculated and input. This will mean factoring in that the Business Rates annual billing process is likely to take substantially longer than normal.
- 5.3. Ongoing however, the revenues software should be able to cope with the new relief and no additional staff are sought for these changes.

Long Term Empty Premium

- 5.4. The revenue generated will depend both on the number of properties affected in future years and on the Council's ability to identify and collect the additional liabilities due.
- 5.5. Currently there are 58 properties attracting the long term empty premium at 50% which produces an income of £56,000.
- 5.6. For 2019, using the current level of Council Tax and increasing the premium to 100% for properties empty over two years, the potential additional income would be £56,000.
- 5.7. Whilst the further premiums for long term empty properties cannot be levied until 2020 or 2021 the current position is that there are 22 properties that have been empty for five years or more with eight of these being empty for ten years or more.
- 5.8. Based on the current level of Council Tax and the number of properties which have been empty for longer than five years remaining at 22, the potential additional income in 2020 would be £77,000
- 5.9. In 2021 the additional income would be £37,000 for properties empty over ten years.

- 5.10. There is likely to be some additional administrative work in the identification and collection of Council Tax liabilities however, this will be significantly less than the Borough's share of the revenue collected. No additional staff are sought for these changes.
- 5.11. The additional revenue is shared by Surrey County Council (76%) and Surrey Police (13%) with this Council retaining 11%. The Council as billing authority is responsible for any additional collection costs.
- 5.12. Additional revenue raised may be used to help fund services and is not ring-fenced by regulation for any particular purpose.
- 5.13. Central government has also suggested that the additional revenue could be applied to offset the reduction in central government funding.
- 5.14. **Chief Finance Officer's comments:** *The Borough Council's share of any additional income generated by the Long Term Empty Premium will be available to help fund services and will be incorporated into the Council's Medium Term Financial Strategy.*

6. Legal Implications (including implications for matters relating to equality)

- 6.1. The legal framework for both of these changes is contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.
- 6.2. This Act makes amendments to the Local Government Finance Act 1988 for the Retail Relief and the Local Government Finance Act 1992 and the Local Government Finance Act 2012 for the Long Term Empty Premium.
- 6.3. Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013). Ratepayers will be responsible for informing the council, if their award of Retail Relief causes them to exceed European State Aid limits. Details of the State Aid regulations are contained in the Retail Relief Scheme in Annex 1.
- 6.4. The Council is required to adopt a Retail Relief Scheme under the new legislation but can set the criteria for its own scheme to accommodate specific local requirements within the categories shown in the Scheme at Annex 1.
- 6.5. Whilst the legislation has been passed to enable the Council to levy additional charges for certain long term empty properties it is the Council's decision on whether to apply the additional premiums
- 6.6. **Monitoring Officer's comments:** *No comments arising from the contents of this report.*

7. Sustainability Policy and Community Safety Implications; Partnerships

- 7.1. Locally the Council and our partners have already put much resource in to improving our commercial areas. Assisting with Business Rates liabilities where possible, supports this objective and helps to maintain diverse and healthy commercial sectors, which in turn bring people and additional revenue into the borough.
- 7.2. Increasing the Long Term Empty Premium supports the council's Empty Property Strategy and may encourage property owners to embrace the assistance the council can provide to bring their properties back into use.

8. Risk Assessment

Retail relief

- 8.1. The legislative nature of the Retail Relief means that the council must implement a Retail Relief Scheme. Although the Government have allowed authorities a degree of discretion in determining the qualifying properties failure to adopt a scheme could undermine the Council's relationship with local businesses.
- 8.2. Detailed guidance on the type of properties the government feel should benefit from the relief was also provided with the new legislation and is at the heart of this proposal. Any deviation from this guidance including widening the criteria to other categories of business would result in the Council being required to fund such relief itself and could not be shared with our preceptors.

Long Term Empty Premium

- 8.3. The main concern on increasing the premium is non-collection of the charge.
- 8.4. Since the introduction of the 50% premium there has been an increase in attempts to avoid the additional charge. We expect this to increase and will have to modify our inspection routines to accommodate this.

9. Conclusion and Recommendations

- 9.1. The implementation of the Retail Rate Relief up to the 31 March 2021, will fulfil Epsom & Ewell Borough Council's legal obligations and support businesses within our local commercial areas.
- 9.2. The increasing of the Long Term Empty Premium would support the council's strategy for bringing empty homes back into use for local residents. In addition the extra revenue which can potentially be realised, can be used to further support the funding of local services.

Ward(s) affected: (All Wards);



National Non- Domestic Retail Relief Scheme 2019/20 and 2020/21

Version number 1
January 2019

Tracking

Policy Title	National Non-Domestic Retail Relief 2019/20 and 2020/21		
LT sign off	N/a		
Committee	Strategy and resources	Date approved	
Review due date	N/A	Review completed	N/A
Service	Revenues		

Revision History

Revision Date	Revisor	Previous Version	Description of Revision

Document Approvals

Each revision requires the following approvals:

Sponsor Approval		Name	Date
Chief Legal Officer			

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Introduction

- 1.1. This document sets out Epsom & Ewell Borough Council's ('the Council') policy for awarding Retail Relief to Non-Domestic properties in the borough.
- 1.2. In the Budget on 29 October 2018, the Government announced that it will provide a business rates Retail Relief scheme for occupied retail properties with a rateable value of less than £51,000, in each of the years 2019-20 and 2020-21. However, it is for the Council to agree the qualifying criteria for the relief.
- 1.3. The value of the relief should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants, have been applied.

Qualifying properties

- 2.2. Properties that will benefit from the relief must be **occupied and** with a rateable value of £51,000 or less, that are **wholly, or mainly** being used as shops, restaurants, cafes and drinking establishments.
- 2.3. The Council considers shops, restaurants, cafes and drinking establishments to mean:

Properties that are being used for the sale of goods to visiting members of the public:

- Florists
- Bakers
- Butchers
- Grocers
- Greengrocers
- Jewellers
- Double glazing
- Caravan show room
- Petrol stations
- Stationers
- Off licences
- Chemists
- Newsagents
- Hardware stores
- Supermarkets
- Garage doors
- Second hand car lots
- Garden centres
- Charity shops
- Opticians
- Post Offices
- Furnishing shops
- Display Shops
- Car Showrooms
- Markets
- Carpet Shops
- Galleries where art is for sale or hire

Properties that are being used for the provision of the following services to visiting members of the public:

- Beauty salons
- Hair Salons
- Ticket Offices
- PC/TV repair
- Photo processing
- Car hire
- Tanning shops
- Dry cleaners
- DVD/Video rentals
- Shoe repairs
- Nail bars
- Travel agents
- Laundrettes
- Funeral directors
- Tool Hire
- Key cutting
- Domestic appliance repairs

Properties that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Coffee shops
- Takeaways
- Public Houses
- Sandwich shops
- Bars

- 2.4. In a similar way to other reliefs (such as charity relief), this is a test on use of the property, rather than occupation. Therefore, hereditaments which are occupied but not wholly, or mainly used for the qualifying purpose will not qualify for the relief.
- 2.5. The lists above are not intended to be exhaustive and may be added to. It is based on the types of uses that the Government considers to be retail use for the purpose of this relief.

Non-Qualifying properties

- 3.1. The list below is of properties that do not qualify for Retail Relief and is based on the types of uses that the Government does not consider to be retail use for the purpose of this relief.

Properties that are being used for the provision of the following services or similar to visiting members of the public:

- Financial services
- Cash points
- Betting shops
- Letting agents
- Dentists
- Chiropractors
- Accountants
- Tutors
- Banks
- Bureaux de change
- Pawn brokers
- Medical services
- Doctors
- Professional services
- Insurance agents
- Post Office Sorting Offices
- Building Societies
- Payday lenders
- Estate agents
- Veterinary services
- Osteopaths
- Solicitors
- Financial advisers
- Employment Agencies

Properties that are not reasonably accessible to visiting members of the public

- Shops providing Bluetooth services
- Shops used for advertising purposes only
- Shops used for marketing purposes only

- 3.2. Generally speaking, the Council does not consider other assembly, or leisure uses beyond those listed above to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described at paragraph above. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the relief

Amount of relief available

- 4.1. The total amount of Retail Relief available for each property for each of the years under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their discretionary relief powers which are not funded by section 31 grants (e.g. hardship relief). There is no relief available under this scheme for properties with a rateable value of more than £51,000.

- 4.2. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula will be used to determine the amount of relief to be granted for a chargeable day for the particular hereditament in the financial years 2019-20 and 2020-2021

$$\text{Amount of relief to be granted} = \frac{V}{3}$$

Where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, as above.

- 4.3. This will also be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
- 4.4. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

Splits, mergers and changes to existing properties

- 5.1. The relief will be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the relief on that day.

Other discretionary reliefs reimbursed by Section.31 grants

- 6.1. If a property is eligible for relief under other schemes for which section 31 grant is payable, relief should be first awarded under those schemes, for example Local Discretionary Relief or Supporting Small Businesses Relief.
- 6.2. Ratepayers can be eligible for both Local Discretionary Relief and the Retail Relief Scheme.

Application process

- 7.1. The scheme entitlement is established based on information already held within the Council's Business Rates system. Therefore, awards will be applied automatically where entitlement is found and this will be shown on the bill. Further explanation of all the reliefs available will be detailed in the explanatory notes which are published on the council's website and referred to on the bill. Ratepayers may request we review their account where no automatic award has been made.

Appeals process

- 8.1. There is no statutory right of appeal against a decision regarding Retail Relief, since it is a local discretionary relief. Decisions can be challenged by way of judicial review in the normal way, but are unlikely to be set aside unless the decision was so unreasonable that no reasonable person could have reached it ('Wednesbury Rules').

- 8.2. However, the Council recognises that ratepayers should be entitled to have a retail relief decision reviewed if dissatisfied with the outcome. Only the ratepayer, or authorised agent may appeal against the decision not to award relief or the level of relief awarded. Appeals must be made within four weeks of the notification of decision.
- 8.3. The appeal process for this relief will follow our current appeal procedure for discretionary rate relief:-
- Appeals must be in writing specifying reasons why a decision should be amended and supported by relevant new or additional evidence.
 - An appeal will be deemed to be discontinued if further evidence requested from the ratepayer has not been received within four weeks of the request.
 - Appeals against decisions made under delegated authority by Revenues Manager will be considered by Head of Revenues and Benefits and the Chief Finance Officer.

State aid limits

- 9.1. European Union competition rules generally prohibit Government subsidies to businesses. Non-domestic rate relief can constitute state aid. Generally speaking, this can apply to all discretionary reliefs for commercial bodies. There is, however a “de minimis” threshold for this of €200,000 for any business over a rolling three year period under EC1407/2013. This is a cumulative figure for all Government grants including business rates relief.
- 9.2. The UK is scheduled to leave the EU on 29 March 2019. If there is an Implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.
- 9.3. If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation, with only technical modifications to correct deficiencies with the transposed EU law to ensure the regime operates effectively in a domestic context.
- 9.4. The Council has been advised by central government to continue to apply State Aid rules, including De Minimis, to the relief for 2019/20 and 2020/21. This relief will be applied following legislative requirements and any constraints placed on the authority by government at the appropriate time.
- 9.5. If we award relief that you feel would lead to you exceeding the threshold you must contact us for the relief to be cancelled.

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Data Protection Policy

Head of Service/Contact:	Amardip Healy, Chief Legal Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1: Data Protection Policy document
Other available papers (not attached):	No

Report summary

Following changes introduced by the General Data Protection Regulations and the Data Protection Act 2018, to adopt a new Data Protection Policy.

Recommendation (s)

The Committee is asked:

- (1) to approve the Data Protection Policy, attached at Annex 1;
- (2) to delegate to the Chief Legal Officer to make such amendments as may be necessary to the Data Protection Policy as may be required to reflect legislation or good practice.

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

- 1.1 Adopting the Data Protection policy will ensure the Council complies with legislative requirement set out in the General Data Protection Regulations (GDPR) and the Data Protection Act 2018 (DPA).

2 Background

- 2.1 The General Data Protection Regulations (GDPR) came into force on 25 May 2018. The Data Protection Act 2018 (DPA 2018) also came into force this year on 13 November 2018. This legislation replaces the previous Data Protection Act 1998. While some provisions remained unchanged, the new legislation introduces new obligations on organisations and significant individual personal data rights. The legislation requires organisations to implement procedures and processes to ensure personal data is protected.

2.2 The Council's current Data Protection Policy is out of date. It was not possible to simply update it and therefore a new policy has been prepared.

2.3 The Data Protection Policy is attached as **Annex 1**.

3 Proposals

3.1 That the Council adopt the Policy.

4 Financial and Manpower Implications

4.1 There are no financial implications regarding this policy.

4.2 **Chief Finance Officer's comments:** *It is important that the Council's Data Protection Policy is maintained up-to-date, in order to mitigate the risk of data breaches occurring and the Council incurring associated fines.*

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

5.1 Data protection legislation sets out fines for failure to comply with the legislative provisions. The Council could also be fined in the event of a data breach or for a failure to report a data breach. The adoption of this policy ensures there are procedures in place to comply with the provisions under GDPR and the DPA.

5.2 The policy also includes the Data Protection Breach Notification Procedure which will ensure the Council and the Data Protection Officer (DPO) swiftly deal with any potential data breaches in a manner consistent with the legislation.

5.3 **Monitoring Officer's comments:** *none arising from the contents of this report.*

6 Sustainability Policy and Community Safety Implications

6.1 None for the purposes of this policy.

7 Partnerships

7.1 None for the purposes of this policy.

8 Risk Assessment

8.1 The Council's Data Protection policy is currently out of date and inconsistent with current legislation. Furthermore, at present the Council has no policy on data protection breaches and personal data loss. The adoption of this policy would ensure the Council adheres to its legal obligations and implements a robust and transparent procedure for reporting any personal data breaches.

9 Conclusion and Recommendations

9.1 That the Council agree to adopt the Data Protection Policy.

Ward(s) affected: (All Wards);

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Data Protection Policy

Version number 1
November 2018

Tracking

Policy Title	Data Protection Policy		
LT sign off	11.2018		
Committee	S&R	Date approved	
Review due date	12 months	Review completed	
Service	Legal		

Revision History

Revision Date	Revisor	Previous Version	Description of Revision

Document Approvals

Each revision requires the following approvals:

Sponsor Approval		Name	Date
Chief Legal Officer			

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1. Introduction

- 1.1. This Policy sets out Epsom & Ewell Borough Council's ('the Council') how the Council complies with its duties under the EU General Data Protection Regulation (GDPR) (referred to in this document as 'the legislation').
- 1.2. All staff and elected Members are expected to comply fully with this policy and the principles laid down in the legislation (set out in Section 3 below). Elected Members should adhere to the policy so as to ensure compliance with the Members' Code of Conduct and the Council's obligations in relation to confidentiality.
- 1.3. The Council supports the objectives of the legislation. This policy is intended to maintain the confidentiality of personal data held or processed either on computer or in manual files and to increase the access given to individuals to information relating to them.
- 1.4. This policy also covers what to do in the event of a Data Breach. In the event of a Data Breach, an employee should contact their manager immediately and notify the Data Protection Officer (DPO). The DPO is responsible for determining whether a breach has occurred and must be made aware of all the facts immediately. Please see Appendix 2 for the Data Protection Breach Notification Procedure.
- 1.5. This policy can be found on eHub on the Legal and Democratic Services webpage and can be found at this link: xxxxxxxxxx [this document will be uploaded to the website hyperlink will be added once the policy has been approved]. This policy should be read in conjunction with other Council policies such as IT Security, Information Assurance and HR policies.
- 1.6. The legislation is intended to strengthen and unify data protection for individuals. It also addresses the export of personal data outside the EU. The primary objectives of the GDPR are to give citizens back control of their personal data and to simplify the legislation.
- 1.7. The law covers both written and computerised information and regulates any processing operation, including collection, storage, use, disclosure and destruction. The legislation ensures an individual's right to see such records. It is important to note that the legislation also cover records relating to staff and volunteers.
- 1.8. The Council needs to process personal data and, sometimes, sensitive personal data about people with whom it deals in order to carry out its statutory duties, perform its functions and to comply with terms of contracts it has entered. This includes information on current, past and prospective service users, employees, suppliers, clients, customers, and others with whom it communicates. It may include all persons who live, work or visit the Borough and many others who do not.

- 1.9. The Council regards the lawful and correct treatment of personal information as critical to the success and effectiveness of its operations, and to maintaining the confidence of those it serves. It is essential that it respects the rights of all persons whose personal information it holds, that it treats personal information lawfully and correctly in accordance with the legislation and that it is able to show that this is the case.
- 1.10. Failure to comply with the legislation infringes the rights of individuals and may place them at risk of loss or harm. It also exposes the Council to challenge, legal claims and substantial financial penalty.

2. Data Protection Principles

As data controller, the Council is required to comply with the principles of Data Protection legislation and GDPR. The legislation places a responsibility on every data controller to process any personal data in accordance with the data protection principles set out below.

2.1. These principles require the Data Controller to:

- 2.1.1. Process personal data fairly, lawfully and in a transparent manner;
- 2.1.2. Obtain personal data only for one or more **specified** and **lawful purposes** and to ensure that such data is not processed in a manner that is incompatible with the purpose or purposes for which it was obtained;
- 2.1.3. Ensure that personal data is **adequate, relevant and not excessive** for the purpose or purposes for which it is held;
- 2.1.4. Ensure that personal data is **accurate** and, where necessary, **kept up-to-date**;
- 2.1.5. Ensure that personal data is not kept for any longer than is necessary for the purpose for which it was obtained;
- 2.1.6. Processed in a manner that ensures appropriate security of the personal data.

2.2. Therefore, in practice the Council must ensure that:

- 2.2.1. Personal data should only be processed when an appropriate lawful basis in the legislation can be identified;

- 2.2.2. Personal data should only be accessed by those who need to for work purposes;
- 2.2.3. Personal data should not be divulged or discussed except when performing normal work duties (see Paragraph 8 below for provisions on Data Sharing);
- 2.2.4. Personal data must be kept safe and secure at all times, including at the office, public areas, home or in transit;
- 2.2.5. Personal data should be regularly reviewed and updated; and
- 2.2.6. Queries about data protection, internal and external to the Council must be dealt with effectively and promptly.

3. Lawful Basis for Processing

- 3.1. When processing personal data, there must be a valid reason for processing it, known as 'a lawful basis for processing'.
- 3.2. The lawful basis for processing are defined in Article 6 of the GDPR. At least one of these must apply whenever you process personal data:

Consent:	the individual has given clear consent for you to process their personal data for a specific purpose.
Contract:	the processing is necessary for a contract you have with the individual, or because they have asked you to take specific steps before entering into a contract.
Legal obligation:	the processing is necessary for you to comply with the law (not including contractual obligations).
Vital interests:	the processing is necessary to protect someone's life.
Public task:	the processing is necessary for you to perform a task in the public interest or for your official functions, and the task or function has a clear basis in law.
Legitimate interests:	the processing is necessary for your legitimate interests or the legitimate interests of a third party unless there is a good reason to protect the individual's personal data which overrides those legitimate interests. (This cannot apply as a public authority processing data to perform your official tasks.)

Sensitive Personal Data

- 3.3. Sensitive personal data, also known as special category data, is data which relates to a person's racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, sex life data, sexual orientation data, gender reassignment data, criminal convictions or offences or health data. If the information we are processing is 'sensitive personal data', we need to identify both a lawful basis for processing and a special category condition for processing in compliance with Article 9.
- 3.4. To process sensitive personal data, you need one of the conditions above and one of the following grounds:
- Explicit consent for specified purpose
 - Legal obligations of the Council
 - Vital interests of the individual or another where the individual cannot consent
 - Not for profit in relation to members only
 - Manifestly made public by the data subject
 - Exercise or defence of legal claim
- 3.5. When processing sensitive personal data, you must document both the lawful basis for processing and your special category condition so that you can demonstrate compliance and accountability.

4. Rights of an Individual

- 4.1. Under the legislation an individual has the following rights with regard to those who are processing his/her data:

The right to be informed

- 4.2. The right to be informed covers some of the key transparency requirements of the GDPR. It is about providing people with clear and concise information about what you do with their personal data.
- Transparent information and communication
 - Fair processing notices when collected from the individual or from third party

The right of access

- 4.3. This is the right of the individual to request a copy of their personal data (formally known as a subject access request).

The right to rectification

- 4.4. The right to have information amended if it is incorrect or out of date.

The right to erasure (or right to be forgotten)

- 4.5. Individuals have a right to have their data erased and to prevent processing in specific circumstances:
- Where data is no longer necessary in relation to the purpose for which it was originally collected
 - When an individual withdraws consent (where the information is processed on the basis of consent)
 - When an individual objects to the processing and there is no overriding legitimate interest for continuing the processing
 - Personal data was unlawfully processed
- 4.6. If processing is necessary in some way, the individual may not have the right to erasure but may be able to restrict processing (see below).

The right to restrict processing

- 4.7. An individual has a right to restrict processing. Where processing is restricted, the Council is permitted to store the personal data but not further process it. The Council will only be able to process it for the legal obligation or public task for which we require the information (an individual cannot restrict processing or request erasure where the Council is required to perform a public function, ie collecting council tax).

The right to data portability

- 4.8. This relates to a person's right to have a data set from the data controller. However, it only relates to certain data. The data must be automated and held electronically. The information must also have been provided either by consent or as a means of processing a contract. Therefore, information collected by the Council for the purpose of a public tasks will be excluded. There may be other circumstances in which it does apply.

The right to object

- 4.9. Individuals have the right to object to the processing of their personal data. The right to object only applies in certain circumstances. Whether it applies depends on your purposes for processing and your lawful basis for processing.

When does the right to object apply?

- 4.10. Individuals have the absolute right to object to the processing of their personal data if it is for direct marketing purposes.
- 4.11. Individuals can also object if the processing is for:
- a task carried out in the public interest;
 - the exercise of official authority vested in you; or
 - your legitimate interests (or those of a third party).
- 4.12. An individual must give specific reasons why they are objecting to the processing of their data. These reasons should be based upon their particular situation.
- 4.13. In these circumstances this is not an absolute right, and you can continue processing if:
- you can demonstrate compelling legitimate grounds for the processing, which override the interests, rights and freedoms of the individual; or
 - the processing is for the establishment, exercise or defence of legal claims.

Rights in relation to automated decision making and profiling

- 4.14. Automated decision-making is a decision made by automated means without any human involvement. The GDPR restricts decisions based solely automated decisions, including those based on profiling, that have a legal or similarly significant effect on individuals. **Profiling relates to** any form of automated processing of personal data consisting of the use of personal data to evaluate certain personal aspects relating to a natural person, in particular to analyse or predict aspects concerning that natural person's performance at work, economic situation, health, personal preferences, interests, reliability, behaviour, location or movements.
- 4.15. In relation to automated decision making and profiling, individual has the right to request a human to review the decision.

Processing requests from data subjects

- 4.16. The Data Protection Officer will ensure appropriate processes are in place to ensure the Council enables the exercise of these rights, according to the provisions of the legislation.
- 4.17. Any information rights requests are processed by the Data Protection Officer and her team. Individuals will be expected to submit requests in writing and provide any necessary proof of identification as part of the request.
- 4.18. The Council aims to respond promptly to these information rights requests and, in any event, within the statutory time limit of one calendar month. The deadline may be extended a further two months if the request is complex or if we have received a large number of requests from the same person. Requests will be managed and tracked by the Legal Secretary.

5. Data Security

- 5.1. Epsom and Ewell Borough Council processes personal data and must take appropriate measures against unauthorised or unlawful processing and against accidental loss, destruction of or damage to personal data.
- 5.2. The 7th Principle of the Data Protection Act 1998 (DPA 1998) sets out that all Data Controllers have a responsibility to ensure appropriate and proportionate security of the personal data they hold. To ensure compliance with this provision, all Borough Council staff must adhere to the following policies: Data Protection Policy, Information Assurance Policy, ICT Assurance and Acceptable Use Policy.
- 5.3. These policies safeguard our information security and ensure staff act in a manner that protects personal data. It is important we ensure we do everything possible to minimise the risk of a data breach occurring.
- 5.4. All staff must comply with the Council's policies and procedures concerning data security. These include ICT policies including the ICT Security and Acceptable Use Policy and the Information Assurance Policy.
- 5.5. All staff are responsible for ensuring that personal data which they use or process is kept securely and is not disclosed to any unauthorised person or organisation. Access to personal data should only be given to those who have and can show a need for access to the data for the purpose of their duties.
- 5.6. Personal data should not be left where it can be accessed by persons not authorised to see it or have access to it by reference to this policy and the principles in the legislation.
- 5.7. Personal data which is no longer required must be destroyed appropriately, for example, by shredding or, in the case of computer records, secure deletion. When required, computers must have all personal information securely deleted using the appropriate software tools. Personal data must be destroyed in accordance with the Council's retention schedule.
- 5.8. Staff and elected Members who work from home must have particular regard to the need to ensure compliance with this policy. The security and proper processing of data outside offices and usual places of work and whilst travelling must be ensured.
- 5.9. The DPO is responsible for determining whether a breach has occurred and must be made aware of all the facts immediately. Please see Appendix 3 for the reporting form.

1. Data Breach

What is a data breach?

- 6.1. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data. In short, there will be a personal data breach whenever any personal data is lost, destroyed, corrupted or disclosed; if someone accesses the data or passes it on without proper authorisation; or if the data is made unavailable, for example, when it has been encrypted by ransomware, or accidentally lost or destroyed.
- 6.2. The table below sets out types of breaches with examples:

Breach Type	Definition	Example
Information disclosed in error	Where personal data is disclosed to an unauthorised party due to human or technical error	Email forwarded on to incorrect email address; fax sent to wrong number; paperwork posted to wrong person
Lost information or lost hardware	Where personal data or hardware containing personal data has been lost or misplaced	Lost memory stick, camera, lost paper file
Information lost in transit	Where personal data has been lost or gone missing after being sent from A to B by post or email	Royal Mail post lost in transit; fax not received
Non-secure disposal of information or hardware	Where personal data is not disposed of securely	Confidential paperwork was not shredded; redundant laptop has not been decommissioned/wiped; CD storage not shredded
Stolen information or hardware	Where personal data or hardware containing personal data has been stolen	Theft of IT equipment, paper files stolen due to insecure filing
Technical or procedural failure	Where personal data is not necessarily disclosed but we are advised of a breakdown in security arrangements which placed data at risk of disclosure	Virus detected, website/email encryption failure, terminal left logged in and unattended in public area
Other	When you are unsure what definition	If none of the Breach Types are suitable

- 6.3. If the breach has occurred externally with one of our contractors or external systems providers, they have an obligation to notify us immediately and we must follow this procedure upon becoming aware of the breach.

Who do we report a breach to?

- 6.4. In the event of a potential data breach, the relevant staff member and manager must alert the Data Protection Officer (DPO). The DPO is responsible for determining whether a breach has occurred and must be made aware of all the facts immediately. If the DPO determines a data breach has occurred, the DPO shall ensure that personal data breaches are investigated and, where the breach is likely pose a risk to the rights and freedoms of individuals, reported to the Information Commissioner’s Office in line the requirements of the legislation. Appendix 2 sets out the reporting process for a data breach.

How much time do we have to report a breach?

- 6.5. The DPO must report a notifiable breach to the ICO without undue delay, but not later than 72 hours after becoming aware of it. If it takes longer than this, reasons for the delay are required to be given. The DPO needs to report to the ICO within this time period, whether or not we have collected all the relevant information. Supplemental information can provided after the initial reporting (but again this needs to be done with reasonable haste and proper prioritisation given to the reporting).
- 6.6. If the breach is likely to result in a high risk of adversely affecting individuals’ rights and freedoms, the Council must also inform those individuals without undue delay.

What to do when a data breach occurs?

- 6.7. If you think a data breach has occurred (or may have occurred), it is important to escalate the incident immediately by completely the following steps. The DPO is responsible for determining whether a breach has occurred and must be made aware of all the facts immediately. This process is in place to ensure you are not the only employee dealing with the matter and the appropriate team members become involved immediately.

Table: Steps to take of a data breach occurs

Step	Action
1	Inform your Manager and the Data Protection Officer (DPO) immediately
2	Manager needs to immediately inform ICT
3	Fill out the Information Security Incident reporting form
4	Send the form to the DPO and your manager as a matter of urgency
5	After you have reported the incident to the DPO using the reporting form, you will need to liaise with the DPO regarding next steps.

6	You will need to contact ICT and any potential third parties involved in the matter. In consideration with your manager and the DPO, you may need to contact the individuals whose personal data has been mishandled.
7	The DPO will then assess the Information Security Incident reporting form. The DPO will determine whether the ICO needs to be informed of the breach.

What information must a breach notification contain?

6.8. When reporting a breach, the GDPR says you must provide:

- a description of the nature of the personal data breach including, where possible;
- the categories and approximate number of individuals concerned; and
- the categories and approximate number of personal data records concerned;
- the name and contact details of the data protection officer (if your organisation has one) or other contact point where more information can be obtained;
- a description of the likely consequences of the personal data breach; and
- a description of the measures taken, or proposed to be taken, to deal with the personal data breach, including, where appropriate, the measures taken to mitigate any possible adverse effects.

6.9. The Information Security Incident reporting form sets out the information needed to report a breach.

Confidentiality Issues

6.10. If you feel you cannot tell your manager or other staff members via this reporting procedure, you must report the incident via Internal Audit, Confidential Reporting Procedure (Whistle Blowing Procedure)

What breaches do we need to notify the ICO about?

6.11. When a personal data breach has occurred, you need to establish the likelihood and severity of the resulting risk to people’s rights and freedoms. If it’s likely that there will be a risk then you must notify the ICO; if it’s unlikely then you don’t have to report it. However, if you decide you don’t need to report the breach, you need to be able to justify this decision, so you must document it.

6.12. In assessing risk to rights and freedoms, it’s important to focus on the potential negative consequences for individuals.

6.13. A breach can have a range of adverse effects on individuals, which include emotional distress, and physical and material damage. Some personal data breaches will not lead to risks beyond possible inconvenience to those who need the data to do their job. Other

breaches can significantly affect individuals whose personal data has been compromised. You need to assess this case by case, looking at all relevant factors.

When do we need to tell individuals about a breach?

- 6.14. If a breach is likely to result in a high risk to the rights and freedoms of individuals, the GDPR says you must inform those concerned directly and without undue delay. In other words, this must take place as soon as possible.
- 6.15. The DPO will need to make an assessment, based on the facts of the breach, to determine the level of risk to the rights and freedoms of the individuals involved. In making that determination, the DPO will assess both the severity of the potential or actual impact on individuals as a result of a breach and the likelihood of this occurring.

What information must we provide to individuals when telling them about a breach?

- 6.16. You need to describe, in clear and plain language, the nature of the personal data breach and, at least:
 - the name and contact details of your data protection officer (if your organisation has one) or other contact point where more information can be obtained;
 - a description of the likely consequences of the personal data breach; and
 - a description of the measures taken, or proposed to be taken, to deal with the personal data breach and including, where appropriate, of the measures taken to mitigate any possible adverse effects.

7. Information Sharing

- 7.1. Personal data may need to be shared with third parties in order to deliver services or perform our duties. The Council will only share personal data when a lawful basis from the legislation can justify that sharing, where it is necessary to achieve a clear purpose and, with that purpose in mind, it is fair and proportionate to do so.
- 7.2. Disclosure within the Council either to staff or elected Members will be on a need to know basis or to enable the most effective discharge of their responsibilities. Such disclosure may only be carried out when a lawful basis from the legislation can justify that disclosure. It will be carried out in accordance with the principles laid down in the legislation.
- 7.3. Data Sharing Agreements should be concluded when setting up on-going or routine information sharing arrangements with third parties. All Data Sharing Agreements must be signed off by the Data Protection Officer, who will keep a register of all Data Sharing Agreements.

- 7.4. The Council must ensure that personal data is not transferred to a country outside the European Economic Area unless the country to which it is sent ensures an adequate level of protection for the rights (in relation to the information) of the individuals to whom the personal data relates.

8. Accountability and Governance

Contracts

- 8.1 Third parties such as partners, public and private organisations or contractors with whom the Council shares personal data or who hold data on the Council's behalf will be expected to enter into and adhere to formal agreements or contractual obligations with the Council incorporating the principles of this policy and the requirements of the legislation. Such agreements or contracts must define the purposes for which personal data is supplied to or held by the other party and require contractors to have in place appropriate organisational and technical measures to protect the data and processes to enable the exercise of the rights of individuals.

Documentation

- 8.2. The legislation sets out documentation obligations for every organisation. The Council is required to keep records demonstrating compliance with the legislation. The Council must records on the following:
- The lawful basis for processing (as set out in paragraph 4 above)
 - Data sharing arrangements
 - Retention Schedule
 - Description of technical and organisation security measures
- 8.3. The Council is maintaining these records within its Asset Registers. Every Service Area has an Asset Register detailing the required information as set out above. Each Head of Service will review their Asset Registers on an annual basis and send a copy to the Information Governance Officer.

Data Protection Impact Assessments

- 8.4. As required by the legislation, Data Protection Impact Assessments ('DPIAs') will be completed in instances when the processing of personal data is likely to result in a high risk to the rights and freedoms of individuals.
- 8.5. Such instances may include, but are not limited to:
- Introduction of new technologies;

- Systematic and extensive processing activities;
- Use profiling or automated decision-making to help make decisions on someone's access to a service, opportunity or benefit;
- Large scale processing of sensitive or special categories of data or personal data relating to criminal convictions or offences;
- Large scale, systematic monitoring of public areas, such as CCTV; and
- Before entering a data sharing agreement.

9. Training

- 9.1. Data protection training is important so that all staff and elected Members understand their responsibilities. Legal advice and guidance on data protection matters are available to all staff and elected Members.
- 9.2. Mandatory e-Learning training has been rolled out to all staff and made available to elected Members. Core guidance, practice, procedures and policies shall be held on the Council's intranet. The Data Protection Officer shall ensure that training resources are up to date and promote and ensure the take up of training and advice by staff.

Appendix 1: Definitions

Key definitions from the GDPR are set out below.

Term	Meaning
Data Controller	<p>means the entity with overall responsibility for data collection and management. The data controller is responsible for determining the purpose and manner in which personal data is processed. Data controllers are required to be registered.</p> <ul style="list-style-type: none"> • Epsom and Ewell Borough Council (and its employees) is a Data Controller for the purpose of the Act and is registered as such • The EEBC Councillors are all separately registered in their own right as Data Controllers. • The Electoral Registration Officer and Returning Officer are also Data Controllers and are also separately registered as such.
Data Processor	means an individual (other than an employee of the Council) or organisation handling or processing data on behalf of the Council.
Data Protection Officer	<p>means the Chief Legal Officer.</p> <p>A DPO is responsible for monitoring internal compliance, advising on data protection obligations and compliance, reviewing Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the supervisory authority (Information Commissioner's Office).</p>
Data Subject	means an individual about whom data is held.
Personal data	means any information which enables a person to be identified either through their name or another identifier such as an identification number.
Processing of information	means how information is held and managed. Processing can be any operation performed on personal data, whether or not by

Term	Meaning
	electronic or automated means, such as collection, use, storage, disclosure or destruction.
Profiling	relates to any form of automated processing of personal data consisting of the use of personal data to evaluate certain personal aspects relating to a natural person, in particular to analyse or predict aspects concerning that natural person's performance at work, economic situation, health, personal preferences, interests, reliability, behaviour, location or movements.
Sensitive personal data/ also known as special categories of personal data	<p>means special category data is more sensitive, and so needs more protection. Therefore to process these, there are extra conditions for processing.</p> <p>Special categories personal data include information relating to:</p> <ul style="list-style-type: none"> • racial or ethnic origin of the data subject • his or her political opinion • his or her religious beliefs or other beliefs of a similar nature • whether he or she is a member of a trade union • his or her physical or mental health or condition • genetics • biometrics (where used for ID purposes) • his or her sexual life • sexual orientation

Appendix 2: Data Protection Breach Notice Procedure

What must you do first?

1. Inform your Manager and the Data Protection Officer (DPO) immediately
2. Manager needs to immediately inform ICT
3. Fill out the [Data Protection Breach Notice Form](#)
4. Send the form to the DPO and your manager as a matter of urgency
5. After you have reported the incident to the DPO using the reporting form, you will need to liaise with the DPO regarding next steps.
6. You will need to contact ICT and any potential third parties involved in the matter. In consideration with your manager and the DPO, you may need to contact the individuals whose personal data has been mishandled.
7. The DPO will then assess the Data Protection Breach Notice Form. The DPO will determine whether the ICO needs to be informed of the breach.

What information must a breach notification contain?

When reporting a breach, the GDPR says you must provide:

1. a description of the nature of the personal data breach including, where possible;
2. the categories and approximate number of individuals concerned; and
3. the categories and approximate number of personal data records concerned;
4. the name and contact details of the data protection officer (if your organisation has one) or other contact point where more information can be obtained;
5. a description of the likely consequences of the personal data breach; and
6. a description of the measures taken, or proposed to be taken, to deal with the personal data breach, including, where appropriate, the measures taken to mitigate any possible adverse effects.

Most of this information is all included in [the Data Protection Reporting Form](#).

Appendix 3: Breach Record/Assessment Form

Data Breach Record/Assessment Form

Please see [Data Protection Act \(DPA\) Breach Notification Procedure](#) for further information how to fill out this form.

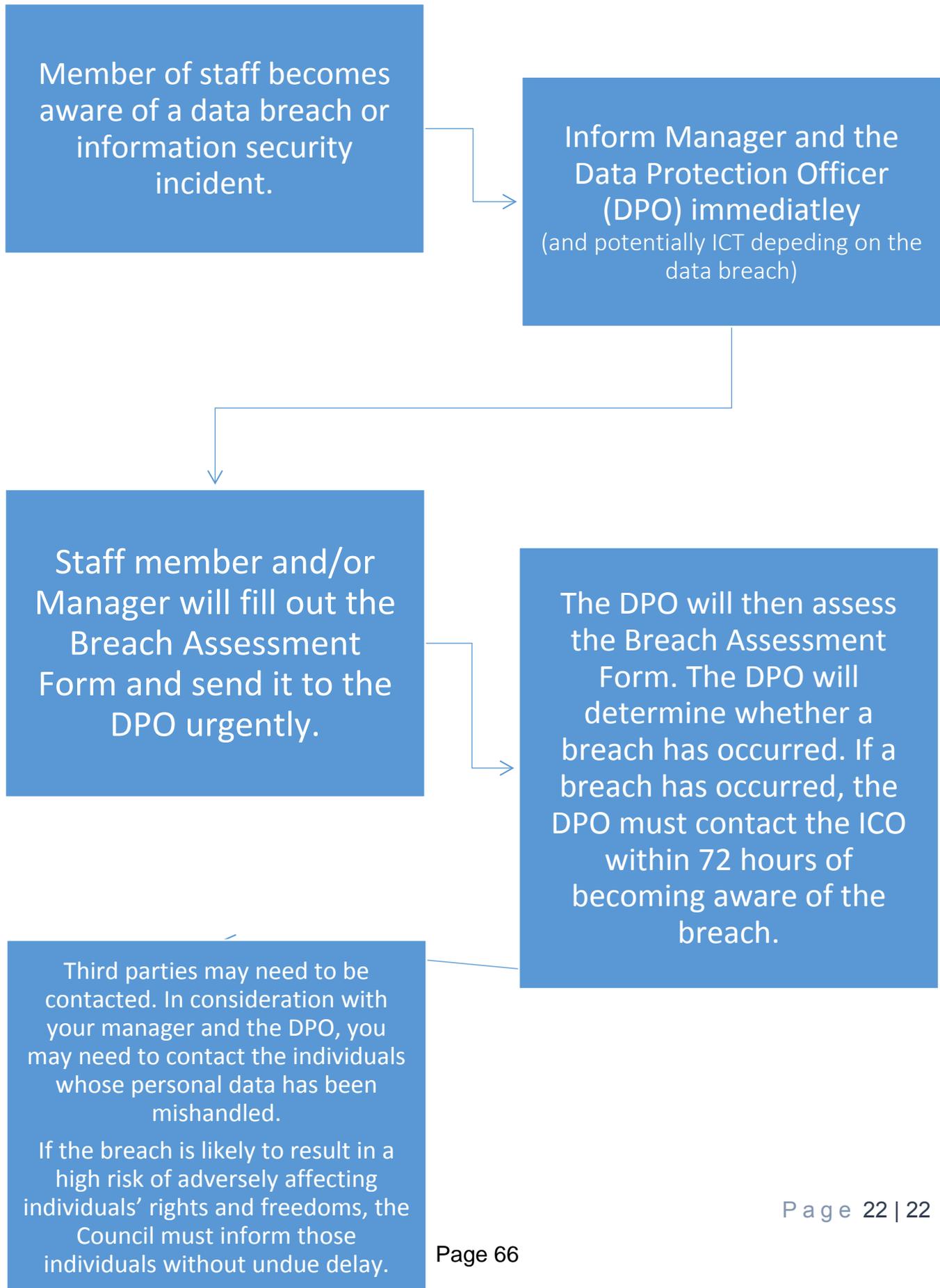
Reporting Department	
Officer reporting Breach	
Nature of potential data security breach (please include category of personal data involved ¹ , how many individuals have been involved and the type of individuals involved ²)	
What happened?	
Please describe the possible impact on the data subjects as a result of the breach. Please state if there has been any actual harm to the data subjects and also assess the likelihood of whether they will experience significant consequences.	
What has been done to contain the breach and/or recover the data?	
What are the risks?	

¹ Data revealing sensitive personal data = racial or ethnic origin, Political opinions, Religious or philosophical beliefs, Trade union membership, Sex life data, Sexual orientation data, Gender reassignment data, Criminal convictions or offences, Health data. Basic personal identifiers = eg name, address, contact details, Identification data eg usernames, passwords, Economic and financial data eg credit card numbers, bank details, Official documents eg driving licences, Location data, Genetic or biometric data, Not yet known, Other (please give details).

² Employees, Users, Subscribers, Students, Customers or prospective customers, Patients, Children, Vulnerable adults, Deceased individual, Not yet known, Other (please give details)

Does the Information Commissioner need to be notified?	
Do any individuals need to be notified?	
Have you notified or are you planning to notify any other external organisations about the breach? ³	
Do we need to review or make changes to our policies or how we operate as a result of this breach?	
Describe the actions you have taken, or propose to take, as a result of the breach Include, where appropriate, actions you have taken to fix the problem, and to mitigate any adverse effects, eg confirmed data sent in error has been destroyed, updated passwords, planning information security training.	
If there has been a delay in reporting the breach, please explain why	
DPO Use	
Entered into Central Log (Y/N)	
Date Completed	
Completed by	
Signed off by	
Follow up	

³ You may need to consider notifying third parties such as the police, insurers, other regulators or supervisory authorities, or bank or credit card companies who can help reduce the risk of financial loss to individuals.



Epsom & Ewell Borough Council Pay Policy Statement

Head of Service/Contact:	Shona Mason, Head of HR & Organisational Development
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1: Draft Epsom & Ewell Borough Council Pay Policy Statement Annex 2 Election Fees
Other available papers (not attached):	

Report summary

This report introduces the draft Epsom & Ewell Borough Council Pay Policy Statement for 2018/19 and seeks approval of the statement by the Committee, prior to its presentation to full Council and subsequent publication on the Council's website.

Recommendation (s)

The Committee approves the Pay Policy Statement for 2018/19 and recommends its publication to full Council.

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

- 1.1 The Council's Pay Policy Statement is a statutory requirement, which supports the council's Key Priorities, Service Plans and Sustainable Community Strategy.

2 Background

- 2.1 The Localism Act requires each local authority to publish a statement which identifies the Council's approach to pay and in particular sets out pay arrangements for the senior chief officer posts. Under Section 38(1) of the Localism Act 2011 the Council is required to prepare a Pay Policy Statement, for the financial year, which is approved by full Council.

- 2.2 The statement sets out the levels of remuneration for the Council's senior officers as well as a general approach to pay which is lifted from the Council's HR Employee Pay Policy.
- 2.3 Once agreed by the Council, the Pay Policy Statement will form part of the basis on which the Council remunerates employees particularly those at the senior officer level, as required by Section 41 of the Localism Act 2011.
- 2.4 The information set out in the pay policy statement meets the requirements of the legislation and details the relationship between those employees who are lowest paid and Chief Officers.
- 2.5 The policy statement outlines the following key areas:
- Level and elements of remuneration for each senior officer
 - Remuneration of chief officers on recruitment
 - Increases and additions to remuneration for each chief officer
 - The use of performance related pay for chief officers
 - The approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority
 - The publication of and access to information relating to remuneration of chief officers
 - Pay multiple (ratio) between Chief Officers' pay and all other employees
 - Election fees
 - Policy on employing someone who has taken redundancy
 - Policy on employing someone who is also drawing a pension
 - Policy on lowest paid
- 2.6 Currently senior salary information has been published as part of the Final Statement of Accounts. However the Localism Act 2011 (Section 38) requires the Council to publish an annual Pay Policy Statement.

- 2.7 The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (in force from 31 March 2017) require public sector employers operating in England to provide gender pay reports by 30 March 2018 covering mean gender pay gap in hourly pay for year from 31 March 2017. This data is also required to be published publicly on the Government website. The headline statistic within the Gender Pay Gap Information, of mean hourly rate, shows a positive picture in favour of women of 14.1% and positions the Council as one of the most positive organisations in terms of women's mean pay.
- 2.8 Once approved by Full Council the pay policy statement will be published on the Council's website.

3 Proposals

- 3.1 The Pay Policy Statement, which is prescribed in terms of content, sets out the Council's policies in respect of remuneration. The statement is simply a summary of the key provisions as required by the Localism Act.
- 3.2 The Committee is therefore not being asked to approve the policies, but simply approve the statement which sets out existing policies.
- 3.3 The proposed Pay Policy Statement is attached at **Annex 1**
- 3.4 It is proposed that the Pay Policy Statement is approved by Strategy & Resources Committee to then be presented to Full Council for approval prior to publication on the Council's website.

4 Financial and Manpower Implications

- 4.1 There are no implications arising directly from this report.
- 4.2 **Chief Finance Officer's comments:** *The pay policy statement is a statutory requirement and its content is consistent with the Council's budgets.*

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

- 5.1 The draft Pay Policy Statement complies with the requirements of Section 38 of the Localism Act 2011 which required all local authorities to prepare a Pay Policy Statement every financial year. The Localism Act 2011 sets out the information which a pay policy statement must contain. Section 40 of the Act also requires the Council to have regard to any guidance issued or approved by the Secretary of State.
- 5.2 Guidance under Section 40 was issued in February 2012 and the attached pay policy statement takes account of this guidance.

- 5.3 Additional guidance under Section 40 of the Localism Act was issued in February 2013. This new guidance included commentary on how local authorities had complied with the original guidance. The new guidance also introduced a requirement that full council is required to vote in relation to any severance packages of over £100,000 (including redundancy pay, holiday pay and pension entitlements).
- 5.4 HR are currently reviewing key HR policies which include the Council's Employee Pay & Remuneration Policy and Local Government Pensions Discretions Policy which will incorporate these aspects of the guidance.
- 5.5 These policies will be presented to Committee in due course for approval.
- 5.6 **Monitoring Officer's comments:** *None arising from the contents of this report.*

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no implications arising directly from this report.

7 Partnerships

- 7.1 There are no implications for partnerships arising directly from this report.

8 Risk Assessment

- 8.1 There is a legal requirement for the Council to publish a Pay Policy Statement and therefore is at risk of not meeting its legal duties if a statement is not agreed and published.

9 Conclusion and Recommendations

- 9.1 The Committee approves the Pay Policy Statement for 2018/19.

Ward(s) affected: (All Wards);



Pay Policy Statement

Version number: 1
Date: December 2018

Tracking

Policy Title	Pay Policy Statement		
LT sign off	18.12.2018		
Committee	Strategy & Resources Full Council	Date approved	31 January 2019 (TBC) 19 February 2019 (TBC)
Review due date	12 months	Review completed	
Service	HR		

Revision History

Revision Date	Revisor	Previous Version	Description of Revision

Document Approvals

Each revision requires the following approvals:

Sponsor Approval		Name	Date
Chief Legal Officer			

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1. Introduction and background summary

Under the Localism Act 2011 the Council is required to publish an annual pay policy statement which has been approved by full Council. The information is set out under headings which have been prescribed by the Localism Act and relates to 2018/19 financial year.

Purpose

The statement sets out the levels of remuneration for the Council's senior officers as well as a general approach to pay which is lifted from the Council's HR Employee Pay & Remuneration Policy.

The information set out in the pay policy statement meets the requirements of the legislation and details the relationship between those employees who are lowest paid and Chief Officers.

The policy statement outlines the following key areas:

- Level and elements of remuneration for each senior officer
- Remuneration of chief officers on recruitment
- Increases and additions to remuneration for each chief officer
- The use of performance related pay for chief officers
- The approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority
- The publication of and access to information relating to remuneration of chief officers
- Pay multiple (ratio) between Chief Officers' pay and all other employees
- Election fees
- Policy on employing someone who has taken redundancy
- Policy on employing someone who is also drawing a pension
- Policy on lowest paid

2. Level and elements of remuneration for each senior officer

All staff are employed on an Epsom & Ewell Borough Council contract of employment and therefore are subject to PAYE. All employees are on local conditions and the pay structure applies to all employees, including Chief Officers. The grade allocated to a post is determined by the qualifications, skills and knowledge required as outlined in a role profile and person specification. The Council has a job evaluation scheme which is used to evaluate the grades of posts.

For the purposes of this policy statement chief officers is taken to include the Chief Executive, Chief Operating Officer and Heads of Service. Their salary scales are set out in the table below:

Post	Bottom of salary range p.a.	Top of salary range p.a.
Chief Executive	£97 769	£116 170
Chief Operating Officer	£77 971	£92 647
Heads of Service	£55 844	£66 382

In addition to basic pay these officers may receive the following benefits, where applicable:

- Payment into the pension scheme (employer's contribution at 15.5% of pensionable pay) if the employee has opted in and pays contributions at the required employee level themselves
- Chief Executive and Chief Operating Officer lump sum payment of 4% of basic salary in respect of subsistence and other expenses thereby reducing administration and providing a cap on the cost
- Payment of an annual subscription to one professional institution where this has clear benefit to the job. Costs of memberships vary but most are around £200.
- Monitoring Officer and Section 151 Officer allowance of 15% of basic salary for the additional responsibilities for the statutory requirements of each role
- Lump sum payment is for the requirement to have a car for the effective performance of duties. The amount varies according to the role of the individual.

Our policy is to pay appropriately to attract competent and experienced senior staff to lead the organisation, we do not aim to be in the upper quartile of payment levels locally but nearer the mid-point or median.

We recognise that the cost of housing in Epsom & Ewell is amongst the highest in the Southeast and that we are within commuter distance of London and the higher salaries there, and we take this into account when determining salary levels from the benchmarking information.

The overall consideration is what is reasonable and financially affordable.

3. Remuneration of chief officers on recruitment

Our policy is to appoint at the bottom of the salary scale, or near the bottom taking into account relevant skills and experience, progression through the grade is subject to successful performance in accordance with our performance management scheme.

On occasion it may be necessary to appoint above the bottom point, in this case consideration will be given to the justification for doing so and will depend upon factors such as experience and market conditions.

As outlined in the Council's Constitution, Chief Officers are appointed by the Appointments Panel which then reports its decision to Council. Appointments to the post of Chief Executive are made by the Council.

Increases and additions to remuneration for each chief officer

Cost of living pay increases, for all staff are considered annually (every four years – from 2020) through consultation with the Staff Consultative Group, which is made up of employee representatives and is the body which the Council consults with on terms and conditions of employment and other employee related matters.

1% cost of living increase budgeted for 2019/20.

The latest financial forecasts include an annual 2% cost of living increase for 2020/1 – 2024/5 and this is based on the Government's target for CPI.

When determining pay awards we take into account financial affordability as well as the increase in cost of living for all staff.

Chief Officers and employees can be awarded a single increment on the salary scale annually. This is dependent on satisfactory performance with no automatic progression through grades. All employees are expected to perform their duties to a satisfactory standard to progress through the grade.

Once an employee reaches the top of their salary scale there is no opportunity for further progression, however, any cost of living increase will apply.

4. The use of performance related pay for chief officers

Increases in pay for Chief Officers are subject to the processes outlined above in section 3. The Chief Executive's performance is assessed by the Appointments Panel.

5. The approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority

Our Managing Workforce Change policy sets out a consistent method of calculating redundancy pay which uses the Modified Statutory Redundancy ready reckoner which is applied to all redundant employees including Chief Officers. The level of redundancy pay is calculated on weekly earnings using the statutory system. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

The Council has a Local Government Pension Scheme Discretions Policy which is applicable to all officers including Chief Officers.

6. The publication of and access to information relating to remuneration of chief officers

Our annual pay policy statement will be published on the website where it can be easily accessed by any interested parties such as tax payers and external organisations. Information about Chief Officer remuneration is also published as part of the Final Statement of Accounts. The pay scales for all employees can also be found on the website.

7. Pay multiple (ratio) between Chief Officers' pay and all other employees

The pay of all employees is set according to the Council's pay scales. There is a fixed relationship between each point on each of the grades there are no predefined pay ratios between different groups of employees or specific posts.

The bottom of our lowest pay scale is £18,557 and the top of the Chief Executive scale is £115,019 is a pay multiple of 1:6.2.

This is well within the maximum ratio 1:20 identified as a maximum pay multiple in the Hutton Review of Public Sector Pay.

The mean average pay for employees other than Chief Officers is £27,461; therefore currently the ratio of mean average Chief Officer pay to mean average pay of other employees is 1:2.5.

8. Election fees

Fees in respect of the role of Returning Officer for, borough and county elections are paid separately from and in addition to the relevant officer's salary package. The amount payable varies according to the size of the electorate and number of postal voters and is calculated as set out in the attached Annex 1: ELECTION OF

COUNTY/ BOROUGH / PARISH COUNCILLORS IN SURREY: SCALE OF RETURNING OFFICER'S FEES AND CHARGES - 2018/2019.

Payments for employees at Head of Service and below for Local Election duties are made in accordance with the same scale.

9. Gender Pay Gap Information

In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on the 31 March 2017, employers with at least 250 employees are required to publish annual information as at 31 March each year. This information is published on the Council's website and also externally and on the Governments Gender Pay Gap website.

10. Policy on employing someone who has taken redundancy

Employees who leave the council voluntarily are free to apply for jobs that are advertised.

Employees who leave the Council with a redundancy payment and subsequently apply and are successful for a position within the Council must repay any redundancy payment if the appointment is within 4 weeks of their termination date.

If the appointment start date is longer than 4 weeks the employee can return to work in the position offered in accordance with the Redundancy Modifications Order and will lose any contractual rights to have their continuous service recognised for all purposes.

11. Policy on employing someone who is also drawing a pension

We employ staff on merit and pay the full salary applicable to the role. We would not take into account whether a person was already in receipt of a pension in respect of previous employment with the Council or otherwise.

We will consider requests from staff who wish to draw their pension but continue working in a reduced capacity either through a reduction in working hours or levels of salary / responsibility.

12. Policy on lowest paid

When determining any pay award we will take into account the needs of the lowest paid along with national living wage requirements set out by Government.

No employee will be paid below the UK National Living Wage.

ELECTION OF COUNTY/ BOROUGH / PARISH COUNCILLORS IN SURREY: SCALE OF RETURNING OFFICER'S FEES AND CHARGES - 2018/2019				
The scale of Fees and Charges specifies the maximum recoverable amounts available for each electoral area.				
It also sets maximum recoverable amounts for specified services and specified expenses.				
Neither of these can be exceeded but the Returning Officer is entitled to disburse funds on the different functions specified in the fee scale as he/she sees fit, provided the expenditure is accounted for properly and only spent on what is necessary for the efficient and effective conduct of the election.				
This scale of Fees and Charges is also to be used at any referendum held under the regulations listed in the Notes at the bottom of Annex 1.				
All references in this document to the Returning Officer or County DRO are to be read and interpreted as applying to the Counting Officer at any Referendum covered by the list of regulations in the Notes at the bottom of Annex 1.				
Part A -	Note: The Returning Officer or County DRO may allocate some of his/her fee to deputies or vire them to another expenditure head.			
	Calculated by using CBZX 12 month rolling index on National Statistics website	2016/17	2017/18	2018/19
	for 2007/8 and 2008/9 and average rate of increase in pay across County authorities during 2008 for 2009/10.	2% increase	No increase	Minor increases to bring in line with neighbouring counties
	No increase in fees since 2009/10.			
1	(a) Separate County, Borough or Parish Elections			
	First 500 electorate	£31.96	£31.96	£32.00
	For every additional 500 electors, or part thereof	£15.62	£15.62	£16.00
	(b) Combined County / Borough and Parish Elections			
	First 500 electorate (in combined part of area only)	£43.38	£43.38	£43.00
	For every additional 500 electors, or part thereof (in combined part of area only)	£21.27	£21.27	£21.00
	Note 1: Where a combined fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.			
	Note 2: Where a single election is payable from this fee scale in combination with an election paid by central government, the combination element will only be paid by this local fee scale if there is no payment for combination in the government fee scale.			
	Note 3: Where more than two elections are combined from this fee scale, the following payment will be made per 500 electors or part thereof for each extra election. This is only applicable in the areas in which those elections apply.	£5.65	£5.65	£6.00
	(c) Uncontested Election *	£26.67	£26.67	£27.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested.			
2	In each contested electoral area, for services in connection with the despatch and receipt of postal ballot papers			
	For first 100 postal voters	£7.26	£7.26	£7.00
	For each additional 75 postal voters or fraction thereof	£5.88	£5.88	£6.00
3	In each contested electoral area, for services in connection with the preparation and issue of Official Poll Cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll)			
	First 2000 poll cards	£20.13	£20.13	£20.00
	For every additional 250 poll cards, or fraction thereof	£1.37	£1.37	£1.00
4	NOTE: At a contested by-election the total fee payable to the Returning Officer must be at least equal to the sum of the Presiding Officer and Count Assistant fees stated at B1(a) and B4(a)(i) respectively and the amount opposite	£89.54	£89.54	£90.00
5	Max fee for training Presiding Officers and Poll Clerks per session (min 25 people at ordinary election. One session only at by-election if training deemed necessary). This fee to be distributed direct to the Trainer(s).	£162.00	£162.00	£162.00
Part B -	Expenses of Returning Officer or County DRO for which maximum amounts are specified			
In no case shall a charge exceed the sum actually and necessarily payable or paid by the Returning Officer or County Deputy Returning Officer. Subject thereto the MAXIMUM charges shall be as follows:				
1	For the Presiding Officer at each Polling Station			
	(i) (a) at separate Borough or Parish Polls (including payment for use of mobile phone)	£199.00	£199.00	£217.00
	(i) (b) at combined Borough / Parish Polls (including payment for use of mobile phone)	£244.41	£244.41	£255.00
	(i) (c) for each extra election above a combined election	£30.60	£30.60	£30.00
	(ii) Where at a polling place there is more than one polling station, the maximum recoverable amount in respect of one only of the presiding officers at the polling station at such a polling place is increased by	£9.10	£9.10	£20.00
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B1 (a) & (b) are increased by	£39.79	£39.79	£40.00
	Max fee per session for training of Presiding Officers as necessary	£43.19	£43.19	£43.00
2	For each Poll Clerk at each Polling Station			
	(a) at separate Borough or Parish Polls (including payment for use of mobile phone)	£119.44	£119.44	£125.00
	(b) at combined Borough / Parish Polls (including payment for use of mobile phone)	£147.86	£147.86	£150.00
	(c) for each extra election above a combined election depending on local circumstances and as the Returning Officer thinks fit	£15.30	£15.30	£15.00
	Part time Poll Clerk			Will be calculated on hourly rate
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B2 (a) & (b) are increased by	£39.79	£39.79	£40.00
	Max fee per session for training of Poll Clerks as necessary	£43.19	£43.19	£43.00
3	For the remuneration of persons employed in the despatch and receipt of postal ballot papers. (NB. See C3 below. If external contractors are used to prepare/despatch ballot paper packs then the total fee is actual costs.)			

	For each 100 postal ballot papers, or fraction thereof in each electoral area of the County / Borough / Parish		£73.33	£73.33	£75.00
4	For the remuneration for persons employed in connection with the count				
	(a) Counting Assistants				
	(i) For the first two hours or part thereof		£51.16	£51.16	£52.00
	(ii) For each additional hour or part thereof		£11.37	£11.37	£14.00
	(b) Count Supervisors				
	(i) For the first two hours or part thereof		£73.90	£73.90	£75.00
	(ii) For each additional hour or part thereof		£23.88	£23.88	£24.00
	(c) Senior Count Supervisors				
	(i) For the first two hours or part thereof				£90.00
	(ii) For each additional hour or part thereof				£30.00
5	For all Clerical and other assistance employed by the RO or DRO				
	For each Electoral Division, Ward or Parish Ward				
	(a) Contested Elections: * County/Borough Councillors and Parish Councillors				
	(i) Separate Polls				
	First 500 electorate		£34.52	£34.52	£35.00
	For every additional 500 electorate, or part thereof		£17.20	£17.20	£17.00
	(ii) Combined Polls (County/Borough & Parish)				
	First 500 electorate (in combined part of area only)		£46.02	£46.02	£46.00
	For every additional 500 electorate, or part thereof (in combined part of area only)		£22.75	£22.75	£23.00
	Note: Where a combined clerical fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.				
	(b) Uncontested Elections * :		£27.61	£27.61	£28.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested. The Fee is also applicable at Ordinary Elections where the Parish or Parish Ward is contested but the Borough Ward is uncontested.				
6	Preparation and issue of poll cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll)				
	For every 100 cards or fraction thereof		£2.15	£2.15	£2.00
Part C -	Expenses of Returning Officer for which NO maximum amounts are specified				
1	For travelling and overnight subsistence expenses of:				
	(a) the Returning Officer				
	(b) the Deputy Returning Officer(s)				
	(c) any Presiding Officer or Poll Clerk				
	(d) any clerical or other assistants employed by the Returning Officer				
2	Expenses in printing or otherwise producing the ballot papers				Actual costs
3	Expenses in printing or otherwise producing the postal ballot ballot paper packs by external contractors. (NB See B3 above. If external contractors are used to prepare/despatch ballot paper packs then the total actual costs apply).				Actual costs
4	Expenses in printing or otherwise producing the official poll cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll) and in delivering them to voters, excluding the expenses referred to in paragraph 6 of Part B above.				Actual costs
5	Expenses in printing or otherwise producing and, where appropriate, publishing notices and other documents required by the Representation of the People Acts				
6	Expenses in renting, heating, lighting and cleaning any building or room for the purpose of the election				Actual costs
7	Expenses in adapting any building or room and in restoring it to a fit condition for its normal use				Actual costs
8	Expenses in the provision of voting compartments and any other furniture necessary for polling stations. Prior agreement to be sought from paying authority.				
9	Expenses in the provision of ballot boxes and instruments to stamp on the ballot papers the official mark and also the provision of devices to record the signatures relating to the issue of ballot papers. Prior agreement to be sought from paying authority.				
10	Expenses in the conveyance to and from the polling stations of:				
	(a) the ballot boxes and ballot papers, and				Actual costs
	(b) the voting compartments, any other furniture necessary for polling stations and the instruments to stamp on the ballot papers the official mark or any other equipment required in the administration of the election.				Actual costs
11	Expenses in the provision of stationery and writing implements and in postages, including postal ballot paper postages (but excluding official poll cards - see paragraph 4 of Part C above) telephone, bank charges and other miscellaneous items				Actual costs
12	Expenses in connection with the provision of security measures				Actual costs
13	Expenses in connection with the employer's portion of superannuation contributions for the Returning Officer, Deputy Returning Officer(s), etc.				
14	Expenses in the provision of equipment and software for the checking of personal identifiers on the postal voting statements. Prior agreement to be sought from paying authority.				

15 Reimbursement of up to 50% of the costs of any elections management software licence charge in the year in which local elections are held. Further scaled down to a proportionate amount if a by-election held.

For maximum levels of expenditure for certain duties under Part C above - see Annex 1 attached.

ANNEX 1

Maximum Levels of Expenditure under Part C of Scale of Fees and Charges for County / District / Borough / Parish Elections within Surrey

Head	Duty				
C1(c)	Presiding Officer Travel - Fixed w		£14.11	£14.11	£25.00
C1(c)	Poll Clerk Travel - Fixed w		£8.45	£8.45	£10.00
	<i>Mileage rates applicable in rural areas where fixed travel is not appropriate</i>		£0.48	£0.48	£0.48
C1(d)	Fixed Travel of staff to transport boxes at the Count (if not delivered by Presiding Officer)		£21.15	£21.15	£21.00
C1(d)	Count staff travel - fixed w		£9.10	£9.10	£10.00
C2	Checking Ballot Papers - per 10,000 ballot papers or part thereof ww		£17.91	£17.91	£18.00
C4	Poll Cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll) - Hand delivery		£0.19	£0.19	£0.19
C7	Polling Station Inspectors - maximum payable per person 1 w		£262.10	£262.10	£262.00
C8	Preparation of Ballot Boxes & stamping instruments (each polling station)		£7.16	£7.16	£7.00
C8	Preparation of Stamping Instruments used at postal vote issue		£1.76	£1.76	£2.00
C10	Transport of Postal Votes to Count - 2 per District / Borough 1 w		£84.64	£84.64	£85.00
C10	Staff to transport boxes at Count - per District / Borough 1 ww		£634.79	£634.79	£635.00
C10	Remove bundles of counted votes - 3 per District / Borough 1 w		£141.07	£141.07	£141.00
C11	Mobile telephones (where no land lines available).		£5.53	£5.53	This will now be part of the payment for the duties undertaken
C12	Security at Count - per District / Borough 1 ww		£253.92	£253.92	£254.00
C12	Security at Count - Fixed Travel 1 w		£14.11	£14.11	£14.00
	Note: C12 restriction on ordinary day of election only to be removed				
NOTES	1 Applicable only at the Ordinary Day of Election for County /Borough / Parish Councillors				
	w payable per person				
	ww maximum payable to be disbursed appropriately				
	Referendum regulations applicable to this fee scale:				
	The Local Authorities (Conduct of Referendums) (England) Regulations 2012				
	The Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012				
	The Neighbourhood Planning (Referendums) Regulations 2012				

ANNEX 2

Proposed calculation and distribution of core payments - see Word document annexed to this document. Actual payments agreed by each Surrey authority to be recorded in the 'Actual Core Staff Payments' worksheet. Core staff will be paid overtime as per agreed Council policy or if no policy in place a minimum of normal hourly rate is paid

Signed
James Whiteman, Returning Officer Guildford Borough Council

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Ashley Centre Car Park Safety Fencing

Head of Service/Contact:	Mark Shephard, Head of Property and Regeneration
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	Project Appraisal Form – Environment Committee Bid 4, Environment Committee, 30 January 2018

Report summary

The report requests the agreement of additional funding to complete the Ashley Centre car park safety fencing scheme, subject to Environment and Safe Communities Committee supporting the request for additional budget.

Recommendation (s)

That the Committee approves the use of £23,000 from the capital receipts reserve to fund the additional budget, subject to the Environment and Safe Communities Committee supporting the increase in budget at the meeting on 29 January 2019.

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 guideline relevant to investment in services:-

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

2 Background

2.1 In September 2017 a capital bid was made to install security fencing on levels 4C and 5 of the Ashley centre car park. Preventing anti-social behaviour, such as things being dropped from top floor of car park and to deter potential attempts from those wishing to self-harm.

2.2 The proposal was split as follows:

Fencing	£97,240
Stairwell railings	£18,000
Stairwell windows	£18,000
Fire Protection doors	£20,000
Contingency	£11,760
Total	£165,000

- 2.3 The proposal and bid was agreed and funds were made available at the start of the financial year 2018/19. The works for the fencing and stairwell windows were tendered in July 2018 with return date of 17th August 2018. Out of five contractors invited only two returned with fixed price tenders, one of £168,502 and another of £153,495.
- 2.4 The project was highlighted as most urgent priority due to the serious issues of suicides at the car park, the most recent incidents occurring on 24th September 2017 and 14th June 2018. This highlighted the urgency, with the Police and Ashley Centre shopping management calling for urgent action.
- 2.5 The initial works order was placed on 28/09/18, but after investigations it was deemed that the floor surface of level 4D was not suitable to fix to, as this would damage the waterproofing between the floors and cause leaks into Waitrose shops.
- 2.6 Additional structural investigations were carried out to ascertain a safe fixing mechanism to prevent wind from blowing the railings off the roof. This prevented orders being made for all materials in a single process, splitting the ordering into 2 phases. The two separate deliveries required two cranes to lift materials on to the roof rather than one.
- 2.7 The project commenced on 19 November 2018 and is due for completion by 8 February 2019.

3 Proposals

- 3.1 The budget of £165,000 for the project has been exceeded due to the following issues:
- 3.1.1 Instructions to proceed most urgently - this required a quick turnaround of computer aided design drawings by consultant which cost an additional £5,390.
- 3.1.2 To proceed quickly, an initial order for the first phase of fencing was made rather than waiting for structural investigations to be completed, saving 2 weeks in time. An additional crane hire was required at an unbudgeted cost of £3,451.

- 3.1.3 Fencing extra works – additional areas agreed at pre-start meeting between the Playhouse and car park, where previous issues occurred with youths throwing shopping trollies off of roof. This area was not proposed in original capital bid paperwork and cost £5,655.
- 3.1.4 Structural investigation as detailed in paragraph 2.6 cost £4,760.
- 3.1.5 Cost of lightening protection measures not initially included in bid - £4,869.
- 3.2 These unexpected extra costs total £24,125, and when offset by a small favourable variance, result in additional budget requirement of £23,000.
- 3.3 This project has been undertaken in consultation with the shopping centre who have agreed a contribution to the works.
- 3.4 A report is being taken to Environment and Safe Communities Committee on 29 January 2019 to request support for the additional budget required to cover these extra costs. The proposal is to fund this additional expenditure from capital receipts, the approval for which is the responsibility of the Strategy & Resources Committee.

4 Financial and Manpower Implications

- 4.1 It is proposed that the additional budget of £23,000 be met from the capital receipts reserve. The expected uncommitted balance of capital receipts at 31 March 2019, assuming the current capital programme is implemented, is £3.18 million.
- 4.2 The 2019/20 Capital Programme which will be submitted to Council in February 2019 for approval, requests a sum of capital receipts totalling £364,000, reducing the uncommitted capital receipts balance to £2.82 million.
- 4.3 Utilising £23,000 of capital receipts for the additional funding requirement of this project will further reduce that projected balance to £2.8 million. Under the Medium Term Financial Strategy, Council has agreed to maintain a minimum uncommitted balance of £1 million in the capital receipts reserve.
- 4.4 **Chief Finance Officer's comments:** *all financial implications are included in the body of the report.*

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

- 5.1 **Monitoring Officer's comments:** *none arising from the contents of this report.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The works undertaken as a result of this project contribute to Community Safety as they help prevent anti-social behaviour, such as things being dropped from the top floor of car park, and deter potential attempts from those wishing to self-harm.

7 Partnerships

- 7.1 The undertaking of these works is being done following consultation with the Police and the Ashley Centre management team, taking into account the interests of both groups.

8 Risk Assessment

- 8.1 The only risks foreseen with this project are those health and safety issues related to the works not being undertaken. As all aspects of the project were investigated at commencement, there are no further anticipated risks and the project is nearing completion.

9 Conclusion and Recommendations

- 9.1 That assuming the additional sum is supported by Environment and Safe Communities Committee for the Ashley Centre car park safety fencing capital scheme, £23,000 of capital receipts be agreed to cover the additional costs associated with expediting the works and unforeseen issues.

Ward(s) affected: Town Ward;

Financial Regulations Review

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1 – Updated Financial Regulations
Other available papers (not attached):	None

Report summary

The Financial Regulations form part of the Constitution and ensure that there are adequate rules to govern the Council's financial affairs.

This report proposes amendments to the Financial Regulations.

Recommendation (s)

That the Committee:

- (1) Note the comments of Financial Policy Panel on the proposed amendments to the Financial Regulations at paragraphs 3.4 and 3.5;
- (2) Recommend the updated Financial Regulations for approval by Full Council.

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

- 1.1 The updated Financial Regulations will support the delivery of the Council's Corporate Plan, particularly the key priority of 'Managing our Resources' and the delivery of the Medium Term Financial Strategy, by ensuring that there are adequate rules to govern the Council's financial affairs.

2 Background

- 2.1 The Financial Regulations form part of the Council's Constitution and were last updated in 2013. Since then, the Council has undergone a number of changes to officer structures.

- 2.2 The Financial Regulations need updating to reflect these organisational changes, and to ensure its processes and procedures meet the needs for organisational efficiency and achieve good governance.

3 Proposals

- 3.1 The updated Financial Regulations are attached at Annexe 1. Job titles have been amended to reflect the current organisational structure and references to statutory regulations have also been updated as appropriate.
- 3.2 The other main changes are summarised in the following table and are shown as tracked changes at Annexe 1:

Section	Description of Change
4. Financial Planning - Revenue Reserves	<p>New authorisation limits are proposed for the use of revenue reserves, as follows;</p> <ul style="list-style-type: none"> • Up to £20,000 – Chief Finance Officer • From £20,000 to £50,000 – Chief Finance Officer in consultation with the relevant Committee Chairman • Above £50,000 – Committee approval required <p>Previously, no authorisation limits were specified in the Financial Regulations. The introduction of limits is intended to clarify the responsibilities of officers and members.</p> <p>The limits do not apply to reserves held for accounting purposes.</p>
6. Revenue Budget Control - Virements	<p>Virement rules have been clarified and there is a proposed increase in the threshold - from £20,000 to £50,000 - for virements that require Committee approval.</p> <p>The proposed increase reflects that the previous threshold has been unchanged since the Regulations were introduced in 2001.</p>
6. Revenue Budget Control – Supplementary Estimates	<p>Following feedback from Financial Policy Panel on 4 December 2018, paragraph 6.9 has been added to clarify the recommended course of action for adverse budget variances.</p>
6. Revenue Budget Control - Emergencies	<p>Regulations for emergencies have been updated to ensure consistency with the Constitution's Scheme of Delegation.</p>

Section	Description of Change
7. Capital Programme	<p>Where capital schemes are expected to exceed the budget, a new provision would permit the Chief Finance Officer to authorise additional expenditure of up to £5,000.</p> <p>The CFO, in conjunction with the Committee Chairman, could also authorise additional expenditure between £5,000 and £20,000.</p> <p>Any additional expenditure >£20,000 will still require Committee approval.</p>
12. Treasury Management	<p>The annual Treasury Management Strategy will now to be presented to Full Council in February (previously S&R Committee in April), in line with recommended CIPFA practice.</p>
15. Income - Writing-Off Debts	<p>A new provision would permit the Head of Digital and Service Transformation, in conjunction with the Chief Finance Officer, to authorise the write-off of business rates debts, where the liable party is subject to insolvency action as prescribed in the Insolvency Act 1986 and the Council is not legally able to continue with recovery action.</p> <p>Previously, all business rate debt write-offs > £20,000 required the authorisation of Strategy & Resources Committee.</p>
20. Partnerships and External Arrangements	<p>A new provision allows Heads of Service, the Chief Operating Officer and Chief Executive to bid for external funds, provided they first inform the Chief Finance Officer, and if appropriate the Chief Operating Officer and Chief Executive, and can evidence that the bid will have no negative impact on the Council's budget. Should a proposed bid involve a significant issue of policy, it should also be reported to the relevant policy committee for approval.</p>

- 3.3 The proposed changes were considered at Financial Policy Panel (FPP) on 4 December 2018.
- 3.4 FPP requested one further change to the Financial Regulations – *“the inclusion of the definition of a ‘material sum’”* in relation to adverse budget variances.
- 3.5 Subject to this change, which has now been incorporated into the updated Financial Regulations at Annexe 1 paragraph 6.9, FPP recommended that Strategy & Resources approve the updated regulations.

- 3.6 Strategy & Resources Committee are now asked to recommend the updated Financial Regulations for approval by Full Council.

4 Financial and Manpower Implications

- 4.1 There are no additional cost implications to the implementation of the Financial Regulations.

- 4.2 **Chief Finance Officer's comments:** *It is important that the Financial Regulations be kept up-to-date, in order for the Council to properly manage its financial affairs and discharge its duties.*

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

- 5.1 None for the purposes of this report.

- 5.2 **Monitoring Officer's comments:** *None for the purposes of this report.*

6 Sustainability Policy and Community Safety Implications

- 6.1 No implications for the purposes of this report.

7 Partnerships

- 7.1 No implications for the purposes of this report.

8 Risk Assessment

- 8.1 Failure to update the Financial Regulations would place the Council at risk of having unclear officer/member responsibilities following organisational changes. This could result in business being conducted less effectively or failure to achieve value for money or best practice.

9 Conclusion and Recommendations

- 9.1 The Financial Regulations need updating to reflect organisational changes and to ensure the processes and procedures meet the needs for organisational efficiency and achieve good governance.

- 9.2 Members are asked to;

- 9.2.1 Note the comments of Financial Policy Panel on the proposed amendments to the Financial Regulations;

- 9.2.2 Recommend the updated Financial Regulations for approval by Full Council.

Ward(s) affected: (All Wards);

SECTION 5 - Financial Regulations

Issued: July 2002; Revised July 2013, xxxx 2019

1 About Financial Regulations

The role and function of Financial Regulations

- 1.1 Financial Regulations are a set of rules (standing orders) that govern the financial affairs of the Council. They are approved by the Council and apply to all members and officers of the Council and anyone acting on its behalf must comply with the Regulations.
- 1.2 The Regulations identify the financial responsibilities of the full Council, Committees and Panels, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer, Heads of Service and Budget Managers.
- 1.3 Any reference to the Chief Finance Officer should be interpreted as meaning the Council's S151 Officer. The Chief Finance Officer is the Council's S151 Officer.
- 1.4 Where decisions have been delegated or devolved to other responsible officers, references to the relevant Head of Service in the Regulations should be read as referring to those officers.
- 1.5 All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is lawful, correctly authorised, provides value for money and achieves best value. Compliance with Financial Regulations will help discharge this responsibility.

Finance Rule Book & other procedures

- 1.6 The Finance Rule Book sets out in more detail some of the procedures to which staff who manage budgets or carry out financial transactions need to adhere, although we try to avoid detailed prescription wherever possible. All members and officers **must** comply with Financial Regulations.
- 1.7 Although the Financial Regulations and the Finance Rule Book cover all major financial systems and processes, the Council has other procedures which set out how Council funds are managed. Regard must be had to the requirements of the Council's Procurement and Capital Strategies as well as Standing Orders for Contracts.

- 1.8 Financial Regulations are complementary to the Council's Standing Orders for Contracts, which are about the systems and procedures for procuring goods and services. The Financial Regulations and the Finance Rule Book deal with the financial and control issues relating to the procurement of goods and services.

What do Financial Regulations cover?

- 1.9 The Financial Regulations set out the financial management policies of the Council. The list on the "Contents" page sets out the subjects covered.
- 1.10 Financial Regulations are not detailed procedure notes. The Finance Rule Book provides greater detail, although will not necessarily cover all eventualities. Where appropriate Managers should maintain their own operating procedure notes to fit in with the needs of their own service.

What if something is not clear?

- 1.11 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, Officers and others acting on behalf of the Council are required to follow.
- 1.12 If you are not clear what a regulation means to your work area, or how to apply it, please ask for guidance. You can ask the Chief Finance Officer, Chief Accountant, Head of Policy, Performance and Governance, or your service accountant.

What will happen if I don't comply?

- 1.13 If it is minor non-compliance then you will be asked to correct the situation as appropriate. A serious breach will be reported to the Chief Finance Officer, Leadership Team, and may require to be reported to Scrutiny Committee dependent upon the nature of the breach. The rules in the Council's Disciplinary Procedure may also be engaged.

FINANCIAL MANAGEMENT

2 Financial Management – General

Status of Financial Regulations

- 2.1 It is the responsibility of each Committee, Head of Service and Budget Manager to ensure compliance with all the requirements of these Regulations.

- 2.2 The Regulations also apply to services carried out under agency arrangements for any other Authority or organisation except where it is has been agreed in advance by the Chief Finance Officer, to comply with another organisation's regulations. Agents acting for the Council will be expected to comply with these Regulations unless otherwise agreed by the Chief Finance Officer.
- 2.3 These Regulations also apply to arrangements with any other Authority, partnership or organisation except where it is otherwise specifically agreed by the Chief Finance Officer.
- 2.4 The Financial Regulations do not override any statutory provisions.
- 2.5 The Regulations must be read in conjunction with current schemes of delegation to Committees and Officers.

Responsibilities of the Chief Finance Officer

- 2.6 The Chief Finance Officer is the Council's S151 Officer and has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden.
- 2.7 The statutory duties arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 201~~5~~⁴
- 2.8 The Chief Finance Officer is responsible for:
- the proper administration of the authority's financial affairs
 - setting and monitoring compliance with financial management standards
 - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - providing financial information
 - preparing the revenue budget and capital programme
 - treasury management

- determining the Council Tax Base
 - determining the Business Rates Base
- 2.9 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council and the external auditor if the Authority or one of its Officers:
- (a) Has made or is about to make a decision which involves or would involve the Council incurring unlawful expenditure.
 - (b) Has taken, or is about to take, a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss or deficiency; or
 - (c) Is about to enter an item of account, which is unlawful.
- 2.10 Section 114 of the 1988 Act also requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.
- 2.11 The Chief Finance Officer is responsible for maintaining a regular review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, serious breaches of the Financial Regulations to the Scrutiny Committee.

Responsibilities of Heads of Service

- 2.12 Heads of Service are responsible for ensuring that Committee members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- 2.13 It is the responsibility of Heads of Service to consult with the Chief Finance Officer and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.
- 2.14 Heads of Service are responsible for ensuring that all staff in their division are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. A copy of the document will be available on the Council's Internet and intranet site.

- 2.15 Heads of Service shall control expenditure and income, monitor performance, and take the necessary action to avoid exceeding any budget. The Chief Finance Officer shall provide appropriate financial information or the means by which budgets may be monitored effectively.
- 2.16 Where expenditure or income involves a contractual agreement with a third party, the Heads of Service must follow procedures laid down in the Contracts Standing Orders.
- 2.17 Heads of Service shall establish sound arrangements for the planning, appraisal, authorisation and control of their operations to ensure that economy, efficiency and effectiveness are achieved.
- 2.18 Heads of Service may nominate staff – called Budget Managers - to manage budgets on their behalf. This delegation does not in any way reduce the overall responsibilities of the Heads of Service. Budget Managers shall carry out their responsibilities in line with these Regulations and the Finance Rule Book.

Authorised Signatories

- 2.19 Heads of Service shall determine who is authorised to sign official documents on their behalf, and shall provide the Chief Finance Officer with up-to-date lists of specimen signatures of authorised Officers. The Chief Finance Officer will refuse to accept any document submitted where the authorising signature does not correspond to that notified.

3 Accounting Arrangements

Accounting policies

- 3.1 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting records and procedures

- 3.2 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council. The Chief Finance Officer will ensure that the accounting systems are observed and that the accounts of the Council and supporting records are kept up to date.

The Annual Statement of Accounts

- 3.3 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).
- 3.4 The Strategy and Resources Committee is responsible for approving the Annual Statement of Accounts in accordance with the requirements of the Accounts and Audit Regulations 2015.

Allocation of Accounting Duties

- 3.5 The following principles shall be observed in the allocation of accounting duties:
- (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

Subsidies and Grants Receivable

- 3.6 The Chief Finance Officer will take such action and establish procedures to ensure that the Council's subsidy and grant entitlement are maximised.

FINANCIAL PLANNING

4 Financial Planning - General

Policy Framework

- 4.1 The full Council is responsible for agreeing the Council's policy framework and budget. In terms of financial planning, the key elements are:-
- The Corporate Plan and Key Priorities
 - The Four Year Financial Plan
 - The Annual Budget
 - The Capital Strategy and Capital Programme.
 - The Treasury Management Strategy

- 4.2 The Council is responsible for approving the policy framework and budget which will be proposed by the Strategy and Resources Committee.
- 4.3 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.

Revenue Reserves

- 4.4 It is the responsibility of the Chief Finance Officer to advise the Strategy and Resources Committee and/or the full Council on prudent levels of reserves for the Authority.
- 4.5 The Chief Finance Officer is responsible for ensuring that reserves are used only for the purposes for which they were earmarked.
- 4.6 The Chief Finance Officer may authorise the use of reserves for their intended purpose up to the following limits:

<u>Value</u>	<u>Level of Responsibility</u>
<u>Up to £20,000</u>	<u>Chief Finance Officer</u>
<u>From £20,000 to £50,000</u>	<u>Chief Finance Officer in consultation with the relevant Committee Chairman</u>
<u>Above £50,000</u>	<u>Committee approval required</u>

- 4.7 The above limits do not apply to reserves held for accounting purposes. Reserves held for accounting purposes are used at the discretion of the Chief Finance Officer and include:

- Property Income Equalisation Reserve
- Business Rates Equalisation Reserve
- VAT Reserve
- Interest Reserve
- Insurance Reserve

Financial Plan

- 4.8 The Chief Finance Officer shall maintain a forward Financial Plan. The Financial Plan will show the financial implications of changes in Council policy, legislation, service levels, activity and other factors for at least three years ahead. The Chief Finance Officer will review financial projections annually. The plan will show, in summary, the estimated impact of future spending plans on the General Fund.
- 4.9 In order that the information requirements of the Financial Plan and Medium Term Financial Strategy are satisfied, reports to Committees with significant financial implications shall show the full year effect of the proposals and the implications for at least the next three financial years.
- 4.10 Budget Targets including updates of the financial projections should be presented to the Strategy and Resources Committee by the Chief Finance Officer no later than October each year.

Review and Notification to the Chief Finance Officer

- 4.11 Heads of Service and Budget Managers must regularly review the financial implications of changes in policy and other factors, and must notify the Chief Finance Officer promptly of the impact on current and future budgets.

5 Revenue Budget Preparation

Budget format

- 5.1 The general format of the budget will be approved by the Strategy and Resources Committee on the advice of the Chief Finance Officer.
- 5.2 The detailed form of the revenue estimates shall be determined by the Chief Finance Officer and must be consistent with the general directions of the Strategy and Resources Committee.

Budget preparation

- 5.3 Heads of Service shall prepare estimates of income and expenditure reflecting agreed key service priorities in consultation with the Chief Finance Officer in accordance with guidelines issued by the Strategy and Resources Committee.
- 5.4 The Chief Finance Officer shall report on the estimates to the appropriate policy committees. They shall in turn report the estimates to the Council with such recommendations as are deemed necessary.

- 5.5 The Chief Finance Officer shall advise the Strategy and Resources Committee and other committees as necessary on budget matters.
- 5.6 The Heads of Service shall supply the Chief Finance Officer with such information as is necessary to support the estimates.

Budget Timetable

- 5.7 The Chief Finance Officer will prepare a budget timetable each year. All budget submissions shall be made in accordance with the timetable.

6 Revenue Budget Control

Budget monitoring and control

- 6.1 It is the responsibility of each Head of Service to manage and direct resources to achieve the objectives of the budget. This involves the monitoring of expenditure and income and the regular review of performance. Where budgets are delegated to Budget Managers they are charged with the same responsibility.
- 6.2 Once approved by the Council, the revenue budget will give authority for expenditure to be incurred in the appropriate year unless:
- (a) It would cause the appropriate budget head to be overspent,
 - (b) It is a long-term financing agreement that will have implications for government capital controls in which case the Chief Finance Officer must be consulted.
 - (c) It is a contingency sum requiring the approval of the relevant committee before expenditure is incurred.
- 6.3 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- 6.4 The Chief Finance Officer must report to all Members on the overall budget position on a regular basis.

New Services and Extension of Service Provision

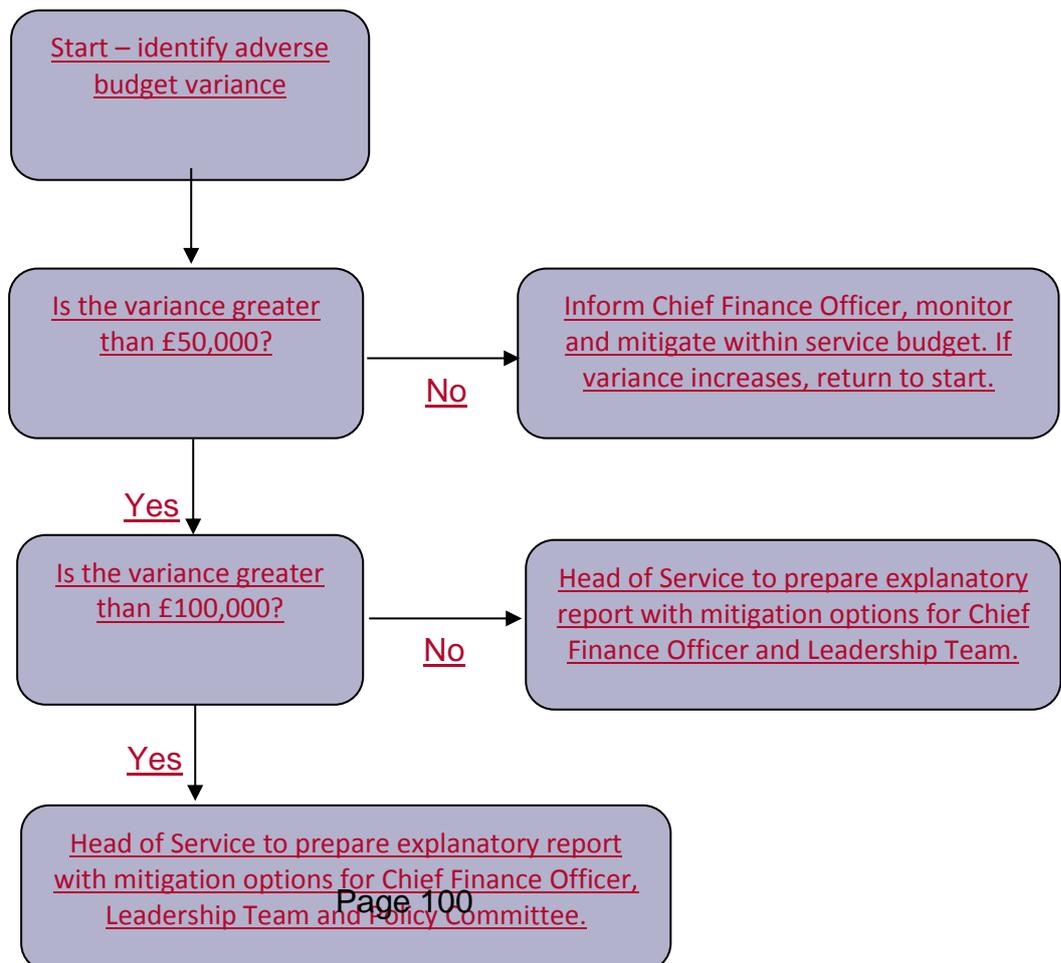
- 6.5 Any proposal to incur expenditure relating to the adoption of a new policy or extension of an existing policy not already sanctioned by the Council, must be accompanied by a report to the relevant policy committee with the financial implications agreed in advance with the Chief Finance Officer.

- 6.6 Proposals which commit future budgets to a level of expenditure greater than that provided for in the current year shall be reported to the relevant policy committee and the Strategy and Resources Committee and clearly show the total level of future annual commitment.

Supplementary Estimates

- 6.7 Policy Committees are required to manage services within the overall revenue and capital budget allocations. The Council will exceptionally consider supplementary estimates for significant added expenditure that cannot be managed within the total agreed budget.
- 6.8 Where it is apparent that the budget for a service may be exceeded (or there will be a shortfall of income) by a material sum (see flowchart at 6.9), the Head of Service must prepare a written report setting out the reasons and proposing how the shortfall may be met, and submit it to the Chief Finance Officer. The Chief Finance Officer will advise on the action to be taken, which may include proposals for a report to Leadership Team and/or Policy Committee, virement or exceptionally a request for supplementary estimate.

- 6.9 The following flowchart sets out the recommended course of action and thresholds for adverse budget variances. Exceptions to the recommended action should only be permitted with the agreement of the Chief Finance Officer.



- 6.10 Expenditure may be authorised in an emergency by the Chief Finance Officer with the agreement of the Chairman of the relevant Committee and shall be reported to the next meeting of that Committee. This procedure will only be adopted if the emergency does not provide sufficient time to follow the procedure set-out at 6.25.

Virement of revenue budgets

- 6.11 A revenue virement is the transfer of resources from one revenue budget to another. The Financial Policy Panel is responsible for agreeing procedures for revenue virements.
- 6.12 The delegated approvals for virements within the same Committee are --

Value	Level of Responsibility
Up to £5,000 within Cost Centre	Budget Managers
Up to £5,000 within Service Group	Divisional Manager/ Head of Service
<u>From £5,000 Up to £2050,000 within Committee</u>	<u>Relevant Head(s) of Service or and Chief Finance Officer</u>
Above £ 2050 ,000	Committee approval required

- 6.13 Virements between committees require the approval of the Strategy and Resources Committee and the other relevant Committee(s).
- 6.14 Virement between revenue and capital budgets will not be permitted due to the different sources of funding.
- 6.15 All virements must be completed on approved virement documentation.
- 6.16 Virements out of cost centre will be monitored in aggregate, based on the limits specified above, during the financial year by the relevant service accountant.
- 6.17 Virement between revenue income and expenditure will be permitted only where the additional expenditure will generate the income and with the approval of the Chief Finance Officer. ~~will not be permitted, without committee approval.~~
- 6.18 Virements in or out of the salary budget must be within control totals maintained by the Chief Finance Officer.
- 6.19 The virement of training budgets for any purpose other than training requires an express recommendation of the Human Resources Panel.

- 6.20 Virements must not be made in or out of the Epsom and Walton Downs Conservators and Nonsuch Park Joint Management Committee accounts.
- 6.21 Where the proposed virement involves a significant issue of principle, or a significant proportion of the original budget, the approval of the Strategy and Resources Committee is required.
- 6.22 The above virement arrangements do not apply to adjustments to budgets that arise due to accounting or technical reasons such as correcting errors, budget restructuring due to internal reorganisation, capital and pension charges, and changes to grant regimes, provided these do not impact on the net budget of the Council.
- 6.23 Where an approved budget is a contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that its use is in accordance with the purposes for which it has been established and has been approved by the Chief Finance Officer.

Treatment of year-end balances

~~Treatment of year-end balances~~

- ~~6.21 For Capital Schemes not completed by the 31st March a schedule of capital budgets carried forward will be presented to the Strategy and Resources Committee by June.~~
- 6.24 Underspends on the revenue account will not normally be carried forward. Exceptionally such requests to allow the fulfillment of commitments will require the approval of the Strategy and Resources Committee

Emergency or Urgent Action Requests

~~Matters of Urgency (Procedures of the Council/Standing Order 45)~~

- 6.25 Where a decision cannot wait until the next Council or relevant policy committee meeting, then under the Constitution the Chief Executive and the Chief Operating Officer are empowered to take all necessary decisions in cases of emergency or urgency (Constitution Part 3, Section 7 - Scheme of Delegation to Officers, paragraph 7.4d). The definition of emergency and urgency is set-out in the Constitution in Part 3, at Section 7, paragraph 7.5.
- 6.26 Delegated Authority Forms should be used for such decisions and are can be obtained from Democratic Services.

- ~~6.22 — Where it is proposed to seek approval for expenditure under the “Matters of Urgency” rules in the Council’s Standing Orders or the “Matters of Urgency” proposal has any other financial implication, the appropriate Director must consult with the Director of Finance and Resources who will advise on the action to be taken. The consultation with the Director of Finance and Resources must take place prior to seeking the approval of the relevant Committee Chairman.~~
- ~~6.23 — Further guidance on the Urgent Actions procedures to be followed is contained in the Finance Rule Book.~~

7 Capital Programme

Preparation of the capital programme

- 7.1 The Chief Finance Officer is responsible for maintaining a rolling capital programme and this is reported annually for consideration by the Financial Policy Panel who will also advise the Strategy and Resources Committee on funding implications.
- 7.2 The programme will include spending plans for the ensuing three years. The detailed form of the programme shall be determined by the Chief Finance Officer and must be consistent with the general directions of the Strategy and Resources Committee.
- 7.3 Projects that are reliant on the receipt of government or other third party funding, including central government and other grants must follow the normal capital programme procedures.

Capital Member Group and Capital Officer Group

- 7.4 The Financial Policy Panel will advise Strategy and Resources Committee on the capital programme and capital funding. The Capital Member Group has responsibility for advising on the development of the Capital Strategy for the capital programme review in consultation with the Chief Finance Officer.
- 7.5 The Capital Officer Group is responsible for the appraisal of all capital schemes submitted annually by budget managers. The assessment process will take into account key strategies including the Key Priorities and Asset Management Plan and the available capital resources. (More detail is provided in the Finance Rule Book).

New capital schemes

- 7.6 New schemes will be assessed based on the criteria within the Capital Strategy and recommended to the relevant committee within the capital funding released by the Strategy and Resources Committee, prior to approval from full Council. Each new scheme must have a capital project appraisal form completed and approved by the Capital Member Group.

Status of capital programme approval

- 7.7 Inclusion in the capital programme does not of itself confer authority to incur expenditure before:
- (a) The relevant Committee has approved a project appraisal in accordance with the procedures set out in the Capital Strategy and the Asset Management Plan;
 - (b) A tender or quotation has been received which does not exceed the amount included in the programme and any other relevant cost limits;
 - (c) All necessary statutory approvals have been received;
 - (d) External funding has been secured where relevant;
 - (e) Spend to Save Schemes have been appraised and demonstrated pay-back of investment.

Variations to capital projects

- 7.8 The size, content or specification of a scheme shall not be significantly changed without the approval of the relevant service committee.

Virement

- 7.9 The guidance for virement of the capital programme is as follows:-

Value	Level of Responsibility
Within Cost Centre/ Capital Scheme	Relevant Budget Manager/ Project Manager
Moving budget from one scheme to another within committee up to £20,000	Director, following consultation with relevant Committee Chairman & Chairman of Strategy and Resources

Moving budgets between committees	Relevant committee and full Council approval
----------------------------------------------	---------------------------------------------------------

7.10 All virements must be completed on the approved virement documentation

Monitoring of progress

7.11 The detailed monitoring is the responsibility of the Capital Officer Group. It is the Chief Finance Officer’s responsibility to report to Members on a quarterly basis and to submit any major variances of the Capital Programme to the Financial Policy Panel.

7.12 An officer who becomes aware that the estimated cost of a capital scheme for which he/she is responsible is likely to be exceeded should notify the Chief Finance Officer. The Chief Finance Officer can authorise additional funding per capital scheme up to the following limits:

<u>Value</u>	<u>Level of Responsibility</u>
<u>Up to £5,000</u>	<u>Chief Finance Officer</u>
<u>From £5,000 to £20,000</u>	<u>Chief Finance Officer in consultation with the Chairman of the relevant Policy Committee and the Chairman of S&R</u>
<u>Above £20,000</u>	<u>Committee approval required</u>

7.13 For capital schemes not completed by 31st March, a schedule of capital budgets to be carried forward will be presented to Strategy and Resources Committee by July.

7.14 At year-end, officers are responsible for applying the most appropriate source of capital funding to finance capital expenditure.

~~in total by 10 per cent or £20,000, whichever is the less, shall report the likelihood to the next meeting of the relevant policy committee and the Strategy and Resources Committee stating the amount of the excess anticipated and the reason.~~

RISK MANAGEMENT AND CONTROL OF RESOURCES

8 Risk Management

Introduction

- 8.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include but is not limited to the proactive participation of all those associated with planning and delivering services.

Risk management

- 8.2 The Strategy and Resources Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The risk management framework is monitored and reviewed by the Audit, Crime & Disorder, & Scrutiny Committee. The Chief Finance Officer (S151), in conjunction with the Director of Finance and Resources Head of Policy, Performance and Governance is responsible for ensuring that proper insurance exists where appropriate and advising the Strategy and Resources Committee on insurance arrangements.
- 8.3 The Chief Executive and all Heads of Service are responsible for managing the Council's risks, taking mitigating action and promoting risk management throughout the authority.

Internal control

- 8.4 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use. In addition, the Monitoring Officer has statutory responsibilities to report on prospective breaches of the law or maladministration.
- 8.5 The Accounts and Audit Regulations require every local authority to conduct a review at least once a year of the effectiveness of its system of internal control and shall include an Annual Governance Statement, prepared in accordance with proper practices. Heads of Service are responsible for ensuring effectiveness systems of internal control within their service.

- 8.6 It is the responsibility of Heads of Service to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Preventing fraud and corruption

- 8.7 The Chief Finance Officer, in conjunction with the Head of Policy, Performance and Governance is responsible for the development and maintenance of a policy to prevent fraud and corruption and for submitting it for approval to the Strategy and Resources Committee, prior to obtaining approval from full Council.
- 8.8 It is the responsibility of Heads of Service to make the relevant staff aware of the requirements of the protocol for addressing the issues raised by the [Proceeds of Crime Act 2002](#), [Criminal Finances Act 2017](#) and the Money Laundering Regulations [2007](#)/[2017](#) and the Terrorism Act [2006](#)/[2010](#).

Staffing

- 8.9 The Head of Paid Service is responsible for determining how officer support for committee roles within the authority will be organised.
- 8.10 The Head of Paid Service is responsible for providing overall management to staff. The Head of Paid Service is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 8.11 The Chief Finance Officer is responsible for controlling total staff numbers by:
- advising the Strategy and Resources Committee on the budget necessary in any given year to cover estimated staffing levels;
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs;
 - the proper use of appointment procedures.

Security of Assets and Information

- 8.12 Heads of Service should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- 8.13 Heads of Service shall be responsible for maintaining proper security and privacy of information contained in the financial and other records under their control.
- 8.14 To comply with data protection legislation including the General Data Protection Regulation (GDPR) and the Data Protection Act 2018, the Data Protection Officer and (ie the Chief Legal Officer) shall be responsible for maintaining proper security and the appropriate degree of privacy of information held within the Council, either electronically or in other formats e.g. microfiche, paper output etc. All staff are responsible for ensuring that they keep information secure and use personal data in a manner consistent with the Council's Data Protection Act Policy, Retention Policy and ICT policy.
- 8.15 The Strategy and Resources Committee is responsible for reviewing the Data Protection Act policy.

9 Insurance

Review of Arrangements

- 9.1 The Chief Finance Officer, in conjunction with the Head of Policy, Performance and Governance is responsible for ensuring that proper insurance exists where appropriate and advising the Strategy and Resources Committee on insurance arrangements. This includes
- (a) Adequate insurance to cover all assets in the organisation
 - (b) Acceptable levels of risk are determined and insured against where appropriate
- 9.2 ~~The Council shall review its insurance arrangements at least every five years and submit its requirements to competitive tender~~Details of insurance requirements are summarized below and provided in detail in the Finance Rule Book.

Review of Insurance Cover

- 9.3 The Chief Finance Officer, in conjunction with the Head of Policy, Performance and Governance, shall keep under review all insurance cover in consultation with other Heads of Service as appropriate.

Records of Insurance Cover

- 9.4 The Chief Finance Officer, in conjunction with the Head of Policy, Performance and Governance shall maintain records of all insurance placed by the Council, showing the property and/or risks covered.

Notification of Risks

- 9.5 Heads of Service must give prompt notification to the Chief Finance Officer and the Head of Policy, Performance and Governance of all new risks, properties or vehicles that require to be insured and of any alterations affecting existing insurance.
- 9.6 Heads of Service shall give prompt notification in writing to the Head of Policy, Performance and Governance of any loss, liability, damage or any event which may result in a claim against the Council, or in a claim by the Council under a policy of insurance or otherwise.

Negotiation of Claims

- 9.7 The Head of Policy, Performance and Governance shall negotiate all claims in consultation with other officers as necessary.

Partnerships and 3rd Parties

- 9.8 Heads of Service, in consultation with Head of Policy, Performance and Governance must ensure that the correct insurance cover is in place for any arrangements with contractor, partners or 3rd parties prior to such arrangements being entered into.

Fidelity Guarantee Policy

- 9.9 All appropriate employees of the Council shall be included in a suitable fidelity guarantee policy.

10 Audit

Audit requirements

- 10.1 The Accounts and Audit Regulations require every local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

- 10.2 The ~~Audit Commission~~Council is responsible for appointing its external auditors. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by the Local Audit and Accountability Act 2014.
- 10.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

Provision of Internal Audit

- 10.4 The Chief Finance Officer and Head of Policy, Performance and Governance shall maintain an adequate and effective system of internal audit to satisfy the Council's responsibilities under the Accounts and Audit Regulations 2015. The audit shall be performed, as far as practicable, to the standards set out in the "Public Sector Internal Audit Standards (PSIAS).
- 10.5 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 10.6 Strategy and Resources Committee is responsible for approving the procurement of the Council's internal audit service.

Powers of Internal Auditors

- 10.7 To assist in complying with the requirements of the Accounts and Audit Regulations 2015, the Chief Finance Officer or his authorised representative shall have authority to:
- (a) Enter at all reasonable times on any Council premises or land.
 - (b) Have access at all times to all records, documents and correspondence relating to any financial and other transactions of the Council, whether held by employees of the Council or by Consultants' employees under a contract for professional services.
 - (c) Require and receive such explanations as are necessary concerning any matter under examination.
 - (d) Require any employee of the Council to produce cash, stores or any other Council property under his control.

Reporting of Irregularities

- 10.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council the relevant Head of Service concerned shall immediately notify the Chief Finance Officer and the Head of Policy, Performance and Governance. The Chief Finance Officer and/or the Head of Policy, Performance and Governance shall take such steps as considered necessary by way of investigation and report. This regulation does not relieve any Head of Service from giving similar notification to the Chief Executive who may consider any legal and/or disciplinary implications.

Annual Report on Internal Audit

- 10.9 At least once a year a report shall be presented to the Audit, Crime & Disorder & Scrutiny Committee reviewing the internal audit coverage undertaken during the previous year and the audit plan for the forthcoming year.

Chief Internal Auditor

- 10.10 The post of Head of Internal Audit, whether internally appointed or through a contract, shall be a fully qualified member of one of the following bodies: -
- (a) An Institute that is a member of the Consultative Committee of Accounting Bodies (CCAB);
 - (b) The Institute of Internal Auditors.

Internal Audit Charter

- 10.11 The Chief Finance Officer, in conjunction with the Head of Policy, Performance and Governance shall be responsible for approving the Internal Audit Charter Section. The purpose of this document is to:
- (a) to define the internal audit activity's purpose, authority and responsibility;
 - (b) Outline the scope of internal audit work; and
 - (c) Obtain corporate agreement on how internal audit should operate.

Whistleblowing

- 10.12 All officers must report any suspected cases of fraud or corruption and should have regard to the Council's Whistleblowing Policy. The purpose of this policy is to establish a means by which employees who either suspect or have identified cases of fraud, corruption or other malpractice may raise issues of concern and be confident that those issues are dealt with seriously and fairly without fear of harassment.

11 Control of Assets

Use of Council Property

- 11.1 The Council's property must only be used in accordance with the ordinary course of the Council's business. Any other use can only be made in accordance with specific directions issued by the Head of Service concerned.

Property

- 11.2 The Head of Property & Regeneration will maintain an up to date register of all properties owned by the Council. The register shall record the purpose for which held, location, extent, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.
- 11.3 The Chief Legal Officer shall have the custody of all title deeds under secure arrangements.

Inventories

- 11.4 Heads of Service shall maintain up to date inventories of the Council's furniture, fittings and equipment, and plant and machinery that has a significant value. The care and custody of such equipment shall be the responsibility of the Managers concerned.
- 11.5 The Head of ICT shall maintain a complete and up to date inventory of all information technology equipment.

Stocks and Stores

- 11.6 Heads of Service shall be responsible for the care and custody of the stocks and stores in their division. Stocks shall be kept at the optimum level sufficient to provide an effective service.

Responsibility for Security

- 11.7 Each Head of Service is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment cash, and other assets under his control. The Chief Finance Officer must be consulted where security is thought to be defective or where it is considered that special security arrangements may be needed.

Cash Holdings

- 11.8 Maximum limits for each cash holding shall be agreed with the Chief Finance Officer and Head of Policy, Performance and Governance and shall not be exceeded without their express permission (see Finance Rule Book).

Disposal of assets

- 11.9 Each Head of Service shall be responsible for obtaining the best value for the Council when disposing of assets under their control. The Chief Finance Officer shall be responsible for issuing guidance for the disposal of assets (see Finance Rule Book).

12 Treasury Management and Trust Funds

Treasury Management Policy

- 12.1 The Council shall adopt the key recommendations contained in the CIPFA publication "Treasury Management in the Public Services; Code of Practice".
- 12.2 The Council will create and maintain, as the cornerstones for effective treasury management:
- (a) A treasury management policy statement, stating the policies and objectives of its treasury management activities
 - (b) Suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 12.3 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, an interim report providing analysis of current performance and a final annual report, in the form prescribed in its treasury management practices.

- 12.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Strategy and Resources Committee, subject to the advice under the terms of reference of the Financial Policy Panel, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.

Treasury Policy Statement

- 12.5 The content of Treasury Management Strategy will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Any such amendments will not result in the Council materially deviating from the Code's key recommendations.

Treasury Management Practices

- 12.6 The content of treasury management practices will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Any such amendments will not result in the Council materially deviating from the Code's key recommendations.

Reporting on Treasury Management Activities

- 12.7 ~~Each year,~~ the Chief Finance Officer shall report to the Council on the proposed strategy for treasury management for the forthcoming financial year.
- 12.8 The Chief Finance Officer shall report to the Strategy and Resources Committee ~~not less than twice in each financial year~~ annually on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to him/her. ~~One such~~ The report shall comprise an Annual Report on Treasury Management for presentation by the end of July of the succeeding financial year. A second, ~~Also an~~ interim report on current performance shall ~~also~~ be presented in Autumn to the Financial Policy Panel.

Trust Funds

- 12.9 All trust funds shall be in the name of the Council unless specifically approved by the Council otherwise. The Chief Executive is responsible for ensuring trust funds are operated within any relevant legislation and the specific requirements of each trust.

Investments and Borrowings Records

- 12.10 The Chief Finance Officer shall make all borrowings and investments in the name of the Council, except where and to the extent the Council has authorised its investments to be invested by an outside agent.
- 12.11 The Chief Finance Officer shall maintain a register of loans and investments and records of all borrowings and investments made by the Council.
- 12.12 All negotiable investments, financial bonds and securities held in the name of the Council or its nominees shall be held under secure arrangements.
- 12.13 The requirements of the Council's Treasury Management Policies and Treasury Management Schedules must be followed at all times.

SYSTEMS AND PROCEDURES

13 Systems and Procedures - General

Introduction

- 13.1 Sound systems and procedures are essential to an effective framework of accountability and control.

Responsibility

- 13.2 The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by officers to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer. Heads of Service are responsible for the proper operation of financial processes in their own departments.
- 13.3 Any changes to agreed procedures by Heads of Service to meet their own specific service needs should be agreed with the Chief Finance Officer.

Training

- 13.4 Heads of Service should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.

Data Protection and Freedom of Information Legislation

- 13.5 Heads of Service must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation in line with procedures agreed by the Head of Information Technology and the Council's Information Governance Officer. Divisional Managers must ensure that staff are aware of their responsibilities under the freedom of information legislation.

Schemes of Delegation

- 13.6 It is the responsibility of Heads of Service to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Head of Service's behalf in respect of payments, income collection and placing orders, together with the limits of their authority.

14 Banking Arrangements and Cheques

Banking Arrangements

- 14.1 The Council shall review its banking arrangements at least every 5 years.
- 14.2 All arrangements with the Council's bankers must be made by or under arrangements approved by the Chief Finance Officer who is authorised to operate such banking accounts as he may consider necessary. For the avoidance of doubt, the Chief Finance Officer is also authorised to make such arrangements as are necessary with custodians for the purposes of holding investments, including cash balances, managed by external fund managers.
- 14.3 Unless otherwise agreed by the Chief Finance Officer, all Council bank accounts shall stand in the name of the Epsom and Ewell Borough Council, but in any case not in the name or designation of any officer.

Bank Stationery

- 14.4 All cheques, and other debit and credit forms shall be ordered only on the authority of the Chief Finance Officer, who shall make proper arrangements for their safe custody.

Signing of Cheques

- 14.5 Cheques on the Council's banking accounts shall bear the facsimile signature of the Chief Finance Officer or be signed by the Chief Finance Officer or other officer authorised to do so.

Electronic Payment Systems

- 14.6 Where payments are to be transmitted electronically, the Chief Finance Officer shall approve the necessary arrangements to safeguard the Council against potential loss.

Authorisation of Payments

- 14.7 All payments, including BACs payments, in excess of £40,000 shall be countersigned by two authorised officers.
- 14.8 Only those Officers identified in the Council's Treasury Management Procedures are authorised to make payments from the Council's accounts or otherwise approve the transmission of funds. Treasury Management Procedures must be followed at all times.

15 Income

Income Policy

- 15.1 The Council's income policy shall be determined by the Strategy and Resources Committee as part of the Financial Plan. The Chief Finance Officer is responsible for setting targets for fees and charges within the Financial Plan.
- 15.2 The charge to be made for any service, so far as not delegated as set out in the Constitution to an officer, must be approved by the relevant service committee.

Review of Fees and Charges

- 15.3 The Heads of Service shall review charges at least once a year. Such charges shall then be submitted to the relevant Committee for approval, except where delegated authority shall otherwise provide. The financial implications of such reviews shall be reflected in the estimates for the forthcoming financial year.

Collection of Monies

- 15.4 The collection of all money due to the Council shall be under the supervision of the Chief Finance Officer or under arrangements specifically approved by the Chief Finance Officer.

Security and Controls

- 15.5 Each Divisional Manager is responsible for the regular review of their department's internal procedures for collecting and controlling income to ensure that the most effective controls are used.

Notification of Income Due

- 15.6 Each Head of Service shall inform the Chief Finance Officer promptly with such particulars of all amounts due as may be required by him to record correctly all sums due to the Council and to ensure the prompt rendering of accounts for the recovery of income due. This shall include details of all contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. The Chief Finance Officer shall have the right to inspect any documents or other evidence in this connection.

Money Laundering

- 15.7 The Council is required by law to establish procedures for money laundering as set out in the Anti Money Laundering Policy contained in the Finance Rule Book.
- 15.8 The Head of Policy, Performance and Governance discharges the duty of is the designated Money Laundering Officer and is responsible for updating policies and procedures and providing advice to all staff. All staff must abide by the policy at all times and take prompt and proper action if they have any suspicions of money laundering.

Recovery of Debts

- 15.9 Heads of Service shall ensure that debts due to the Council are referred to the Chief Finance Officer for recovery without delay.
- 15.10 The Chief Finance Officer shall take all reasonable steps to recover amounts due to the Council, including the appointment of Enforcement Officers or other collection agencies.
- 15.11 The Chief Finance Officer is authorised to initiate County Court proceedings and sign the appropriate forms for the recovery of sundry debts.
- 15.12 With the exception of outstanding Council Tax and Business Rates, all outstanding debts which have been initiated in the County Court but which are being contested shall be referred to the Chief Finance Officer who shall take all reasonable steps to recover them.

Writing Off Debts

- 15.13 A debt that is properly due to the Council shall only be reduced or written off as irrecoverable on the authority of: -
- (a) The Chief Finance Officer for debts up to £5,000, and

- (b) Over £5,000 up to £20,000, in consultation with the Chair of Strategy and Resources provided that they are satisfied that the debt is not recoverable at reasonable effort and expense.
- (c) Write offs in excess of £20,000 should be reported to the Strategy and Resources Committee.

15.14 The above limits do not apply to the write off of business rates debts, where the liable party is subject to insolvency action as prescribed in the Insolvency Act 1986 and the Council is not legally able to continue with recovery action. The write-off of these debts can be authorised by the Head of Digital and Service Transformation, in conjunction with the Chief Finance Officer.

15.15 A record of all amounts written off shall be maintained by the Chief Finance Officer and shall be kept up to date.

16 Orders for Work, Goods and Services

Key Controls

- 16.1 Orders shall only be issued for goods or services if the cost is covered by an approved revenue or capital budget.
- 16.2 All orders must comply with the Council's Standing Orders for Contracts and the guidelines set down in the Council's Procurement Strategy.
- 16.3 Official orders must be issued for all work, goods or services to be supplied to the Council except for instances listed in the Finance Rule Book and such other exceptions as the Chief Finance Officer may approve.
- 16.4 Heads of Services are responsible for ensuring that any procurement of contractors is compliant with HMRC's IR35 off-payroll working rules.

Official Orders

- 16.5 Official orders shall be in a form approved by the Chief Finance Officer and are to be signed only by staff approved by the appropriate Head of Service. They shall include any contractual requirements set out in Standing Orders for Contracts.
- 16.6 Each order shall conform to directions regarding purchasing and the standardisation of supplies and materials.

- 16.7 A copy of each order shall be retained by the responsible officer and shall show the cost or estimated cost of the work or goods and the relevant application. The copy may be kept in paper form or in an electronic form.
- 16.8 Telephone, facsimile transfer ("fax") or verbal orders shall be confirmed as soon as practicable, within 2 working days, by official orders that clearly show that they confirm instructions previously issued.
- 16.9 Official orders must only be used for legitimate Council business. They must not be used for the procurement of goods, materials or services for the personal or other use of an employee, nor must personal or private use be made of Council contracts.

Variation of Orders

- 16.10 Variations to Official Orders must be confirmed as soon as practicable in writing with a reference to the original Official Order.

Staff Benefits Scheme

- 16.11 Any procurement under the staff benefit package must be made in accordance with the regulations for that scheme.

Related Party Transactions

- 16.12 Any Officer who is in a position to influence the award of a contract or the placing of an order must inform their Head of Service if a transaction will involve an individual or company with whom they have a relationship.
- 16.13 No-one employed by the Council should enter into a contract with the Council, either as an individual or as a company, other than through their employment contract unless otherwise approved by the Chief Executive.

17 Paying for Work, Goods and Services

Separation of Duties

- 17.1 The activity of ordering/receiving goods should be separate from the authorization of payment of the account.

Method of Payment

- 17.2 The normal method of payment of money due from the Council shall be by BACS drawn on the Council's banking accounts by the Chief Finance Officer.

Certification of Invoices

- 17.3 All managers and authorised signatories are responsible for examining, verifying and certifying invoice(s) and any other payment vouchers arising from activities in their division. An authorized signatory must be satisfied that all works, goods or services received to which the account relates have been carried out, examined and approved, are within budget and are correctly coded. Such certification, by or on behalf of the Head of Service, shall be in manuscript or by an electronic method approved by a Head of Service. The names of officers authorised to sign such records shall be sent to the Chief Finance Officer by each manager together with specimen signatures and shall be amended on the occasion of any change within agreed limits specified in the Finance Rule Book.

Examination of Invoices

- 17.4 Invoices and other payment vouchers shall be passed without delay to the Chief Finance Officer who shall examine them to the extent that is considered necessary, for which purpose he shall be entitled to make such enquiries and to receive such information and explanations as may be required. Where the Chief Finance Officer is satisfied that a certified account has not fully complied with the Council's Standing Orders for Contracts or Financial Regulations, it shall be returned to the certifying officer requesting an explanation. In the event that no satisfactory explanation is forthcoming, the Chief Finance Officer shall report on the circumstances to the Leadership Team meeting and take action as necessary.

Payment Policy

- 17.5 Heads of Service shall take all reasonable steps necessary to ensure that the payment is made within 30 days wherever possible.
- 17.6 Special payment terms may only be agreed with suppliers following the prior agreement of the Chief Finance Officer.

Purchasing Cards

- 17.7 Nominated officers agreed by the Chief Finance Officer can have purchasing cards for the purchase of low value approved items. The nominated officers are responsible for ensuring all payments are made timely and correctly with appropriate authorization and vouchers corresponding to payments. The nominated officers are responsible for ensuring their cards are held securely at all time (further details are available in the Finance Rule Book and procedures).

18 Payments to Employees and Members

Responsibility

- 18.1 The Head of Human Resources and Organisational Development is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

Payment of Salaries and Wages

- 18.2 The payment of all salaries, wages, pensions, compensations and other emoluments to all employees or former employees of the Council shall be made under arrangements approved and controlled by the Chief Finance Officer.
- 18.3 The Head of Human Resources and Organisational Development shall maintain effective records affecting the payment of salaries and wages, and in particular:
- (a) Appointments, (both permanent and temporary), resignations, dismissals, suspensions, secondments, and transfers;
 - (b) Absences from duty for sickness or other reason, apart from approved leave;
 - (c) Changes in remuneration;
 - (d) Information necessary to maintain records of service for pensions, income tax and National Insurance.

Appointment of Staff

- 18.4 Appointments of all employees shall be made in accordance with the Human Resources Policies and Procedures of the Council and the approved establishments, grades and rates of pay.

Variations to the Establishment

- 18.5 Any proposal to vary the authorised establishment shall be made in accordance with the Human Resources Policies and Procedures approved by the Council.

Time Sheets and other Records

- 18.6 The format of all time records and other pay documents must be approved by the Head of HR and Organisational Development.

Claims for Staff Expenses

- 18.7 All claims for payment of car allowances, training expenses, subsistence allowances, travelling and incidental expenses shall be submitted via the HR Self Service system and duly certified by the appropriate manager, by a specified date in each month.
- 18.8 The certification by the relevant manager shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 18.9 All officers must keep receipts for inspection by HMRC. These should also be submitted to the appropriate manager and stored via the HR Self Service system.

Payments to Members

- 18.10 Payment to Members shall be in accordance with the Council's Members' Allowances Scheme.
- 18.11 Payment to co-opted members entitled to claim travelling and/or other allowances will be made by the Chief Finance Officer upon receipt of the prescribed form duly completed.

19 Taxation

Responsibility

- 19.1 The Chief Finance Officer is responsible for advising Heads of Service, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- 19.2 The Chief Finance Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 19.3 The Chief Finance Officer be responsible for all communications with HM Revenue and Customs for all matters relating to taxation. The Chief Finance Officer shall maintain records and accounts sufficient to meet the obligations of the collection agencies.
- 19.4 The Chief Finance Officer shall report any significant changes relating to the Council's tax affairs to Financial Policy Panel and/or Strategy and Resources Committee.

- 19.5 The Chief Finance Officer shall be responsible for creating and maintaining an awareness of the importance of effective tax accounting across the whole organisation, and especially among those responsible for the processing of transactions.
- 19.6 The Chief Finance Officer shall issue instructions and manuals as appropriate based on up to date legislation.

Appointment of Advisors

- 19.7 The Chief Finance Officer shall appoint professional advisers where considered necessary to resolve any taxation issues.

Property Transactions

- 19.8 The Chief Finance Officer and Head of Property and Regeneration shall be informed of all proposed acquisitions, disposals, rentals and leasing of property at the planning stage and shall advise on the taxation implications accordingly.

EXTERNAL ARRANGEMENTS

20 Partnerships, External Arrangements and Work for Third Parties

- 20.1 Heads of Service, the Chief Operating Officer and Chief Executive are permitted to bid for external funds, provided they first inform the Chief Finance Officer, and if appropriate the Chief Operating Officer and Chief Executive, and can evidence that the bid will have no negative impact on the Council's budget. Should the proposed bid involve a significant issue of policy, it should be reported to the relevant policy committee.
- 20.2 The Chief Finance Officer is responsible for issuing any required guidance on the financial aspects of contracts with third parties and external bodies.
- 20.3 Heads of Service and managers must ensure that work for 3rd parties does not have an adverse impact on any of the Council's services. Before entering into agreements, a risk management appraisal must be undertaken. All guidance issued by the Chief Finance Officer must be complied with and all agreements and arrangements must be properly documented.
- 20.4 The Chief Finance Officer in conjunction with the Head of Policy, Performance and Governance must ensure that adequate insurance arrangements are in place for all partners, 3rd parties or external arrangements. The Chief Finance Officer is responsible for advising on the tax implications of agreements with other parties.

- 20.5 The relevant Head of Service is responsible for approving partnership arrangements and informing the Chief Finance Officer of such arrangements. Where appropriate Heads of Service should seek financial and legal advice prior to entering into a partnership arrangement and that risk assessments are undertaken.
- 20.6 Heads of Service are also responsible for evaluating any long term implications of entering into such arrangements and informing the Chief Finance Officer.
- 20.7 The Heads of Service must also ensure that adequate records are maintained of any expenditure, grant or income including match funding.
- 20.8 The appropriate Head of Service and manager is responsible for ensuring that all funding notified by external bodies is received and used for the intended purpose and properly recorded in the Council's accounts. It is also the responsibility of the appropriate Head of Service to inform the Chief Finance Officer of bids for external funding with any implications such as match funding and or revenue budget implications.
- 20.9 Any contracts must comply with the Council's Contract Standing Orders

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Emily Davison Statue

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	None stated

Report summary

This report seeks approval for £20,000 of s106 funding be made available for the Council to make a contribution towards the funding of the Emily Davison statue within Epsom Town centre.

Recommendation (s)

The Committee:

- (1) Approves the use of S106 funds as set out in section 4 of the report to enable the Council to make a contribution of up to £20,000 towards the provision of the Emily Davison statue in Epsom Town Centre;
- (2) Agrees payment of the Council's contribution is conditional upon the Emily Davison Memorial Project not achieving the necessary level of funding from other sources in the first instance and a contribution of up to £20,000 would make the project viable.

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 20 February 2018 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 Background

- 2.1 On the 24 April 2018 the Council gave its support for the community initiative to fund and place a statue of Emily Davis Davison in Epsom and endorsed the work already undertaken by the Chairman of Strategy & Resources and Borough officers to support and facilitate the project.

3 Current Position

- 3.1 Since Full Council on the 24 April 2018 the Chair of Strategy and Resources has been attending the Emily Davison Memorial Project Group established to secure the statue of Emily Davison in Epsom. In addition, the Chief Legal Officer has also provided support to the group in obtaining the necessary consents for the location and future installation of the statue in the market place. This has included working with Surrey County Council who have agreed to grant consent for the structure to be placed in the market place.
- 3.2 The Council is also intending to cover the costs of installation and take ownership of the statue once erected thereby ensuring the statue is maintained and well looked after.
- 3.3 As members and officers support and monitor this local initiative, it has become apparent that the campaign has not brought in the required funds despite a very active and positive campaign that has widespread local support. Difficulties are being experienced in securing substantial funding pledges to date as no large contributions have been received. Potential donors wish to see actual funding commitments before committing themselves. A substantial contribution will help unlock these sources of funding.

4 Proposals

- 4.1 It is requested that, to assist the Project Group in the achievement of raising sufficient funding to provide the statue, the Council agree to the use of £20,000 of section 106 monies to put towards the statue.
- 4.2 These monies would only be released if the Project Group is able to show that, despite a proactive funding raising programme of activity, it has been unable to raise sufficient funds, from other sources in the first instance and a contribution of up to £20,000 would make the project viable.
- 4.3 It is proposed funding from the following agreements be set-aside to enable the Council to make a contribution of £20,000 towards the statue.

Agreement	Ward	£
56 Grosvenor Road	Woodcote	2,510.00
100 Grosvenor Road, Langley Vale	Woodcote	527.04
65 Rosebery Road, Epsom	Woodcote	1,520.73
Pine Lodge, Horton Lane	Stamford	14,949.40
33A Waterloo Road, Epsom	Town	515.70
		20,022.87

5 Financial and Manpower Implications

5.1 The S106 funding comes from the “Environmental Improvements” category of the agreements and have been selected on the basis of the wards closest to Town ward - Woodcote and Stamford both border Town ward. The agreement relating to the largest sum specifies the vicinity as “within 5 miles”, so this is well within. The others are generic agreements that don’t specify a distance.

5.2 **Chief Finance Officer’s comments:** *The transfer of the funds to this project will only be released upon achievement of the required level of funding by the Community Group to complete the works.*

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

6.1 A legal agreement will be entered into with the Emily Davison Memorial Project to secure the transfer of the statue to the Council. It will also deal with the payment of any contribution which may need to be paid in the event the Project is unable to achieve the full cost of statue. However, the Council’s contribution is capped at £20,000 and therefore the Project will need to secure at least £30,000 or more to make sure the statue is deliverable. The parties will need to agree terms on including time limits and specifications.

6.2 A location for the statue has be agreed between the Borough Council, the County Council and the Project Group. The County Council and the Borough Council will need to enter into an agreement for the location and responsibility of the statue, since the market place is within the ownership of the County Council.

6.3 **Monitoring Officer’s comments:** *none for the purposes of this report.*

7 Conclusion and Recommendations

7.1 This report seeks approval for £20,000 of s106 funding be made available for the Council to make a contribution towards the funding of the Emily Davison statue within Epsom Town centre.

Ward(s) affected: (All Wards);

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Revenue Budget and Fees and Charges 2019/20

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1 – Fees and Charges
Other available papers (not attached):	Budget Target Report to S&R Committee on 25 September 2018

Report summary

This report sets out estimates for income and expenditure on services in 2019/20.

Recommendation (s)

That the Committee:

Recommends the 2019/20 service estimates, including the increases to fees and charges as set out in the report, for approval at the budget meeting of Full Council in 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 and welfare benefit changes 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 For 2016/17 to 2019/20, Council agreed a four year Medium Term Financial Strategy (MTFS) and Efficiency Plan to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The recommendation in this report is consistent with the MTFS.
- 2.3 The overall Council revenue budget target for 2019/20 was agreed by Strategy & Resources Committee on 25 September 2018 as follows:-
- Estimates should include options to reduce organisational costs by £406,000 in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the MTFS;
 - That at least £200,000 additional revenue is generated from an increase in discretionary fees and charges;
 - That a provision for pay award is made of £280,000 that represents an increase to the staffing budget of 2.5% made up of 1% for cost of living and 1.5% for progression;
 - That further savings and efficiencies be identified to address the budget shortfall of £113,000 in 2019/20;
 - That £200,000 from the financial gain of being part of the Pilot for Business Rates is used to mitigate the potential payment of £625,000 to government for 'negative RSG'.
- 2.4 The figures in this report are final and are representative of the provisional 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.
- 2.5 Following the removal of 'negative RSG' in the provisional local government finance settlement, the Council has been able to reduce its reliance on funding from both New Homes Bonus and the one-off financial gain from the business rates pilot.
- 2.6 The service estimates for this Committee are to be included in the draft Budget Book 2019/20 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 2019/20. However, where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly.
- 2.9 For pay inflation, a budgeted increase £280,000 has been allowed for within the MTFS.

- 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 2019/20. 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. 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 2019/20.
 - 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 Revenue Estimates 2018/19

- 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 2018/19 anticipates an overspend of £144,000. This would effectively mean a contribution from working balances at year end of £144,000, assuming that this level of overspend continues through to 31 March 2019. The Council's working balance currently stands at £3,348,000 before any contribution is made.
- 3.3 The probable outturn specifically for S&R Committee only for 2018/19 is an underspend of £243,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Service Group	Published Budget 2018/19	Current Approved Budget 2018/19	Probable Outturn 2018/19	Probable Variance 2018/19
	£'000	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>				
Democratic & Civic	776	719	714	(5)
Corporate Functions	684	651	651	0
Corp Financial Management	1,275	1,058	989	(69)
Tax Collection & Benefits	1,397	1,513	1,500	(13)
Land Charges	(12)	(4)	(9)	(5)
Land & Property	(1,797)	(1,780)	(1,934)	(155)
Economic Dev. & Prosperity	221	121	121	0
Other Accounts	153	(146)	(143)	3
Total Strategy & Resources	2,697	2,132	1,889	(243)

- 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 2018.
- 3.5 For Corporate Financial Management an underspend of £69,000 is forecast, mainly because a corporate contingency – held in case central government benefit reforms adversely impact the Council’s budget – remained unused at Q2.
- 3.6 Within Land and Property, a net favourable variance of £155,000 is forecast, principally due to the purchase in March 2018 of an investment property on Roy Richmond Way (Longmead Business Park), which is expected to generate £153,000 net income this year. Due to the timing of the purchase, this rental income was not included in the 2018/19 budget.
- 3.7 The Committee’s probable outturn (estimated net expenditure) for 2018/19 is included in the draft Budget Book on each service group page, with a detailed analysis of variations to budget. The outturn forecasts are all based on quarter two budget monitoring reports used by all managers.

4 Proposals for 2019/20 Budget

- 4.1 The service estimates are included in the draft Budget Book 2019/20, circulated to Councillors in January.
- 4.2 A summary of the Committee’s revenue estimates for 2019/20 is set out below:

SERVICE GROUP	PUBLISHED BUDGET 2018/19 £'000	BASE POSITION 2019/20 £'000
Democratic & Civic	776	766
Corporate Functions	684	618
Corp Financial Management	1,275	1,572
Tax Collection & Benefits	1,397	(495)
Land Charges	(12)	(1)
Land & Property	(1,797)	(1,989)
Local Economy	96	80
Community Consultation	125	22
Other Accounts	153	74
Total	2,697	647

4.3 The following table comprises a summary of the main changes to the Committee's proposed budget 2019/20 compared with the published budget for 2018/19.

STRATEGY AND RESOURCES COMMITTEE		BUDGET £'000
Published Budget 2018/19		2,697
Service Group	Change	
All	Variation in pay, pension (IAS19) & support service recharges	- 118
Land & Property	Additional net receipts from investment properties	- 217
Corp Financial Management	Reduction in revenue contribution to capital schemes	- 440
Corp Financial Management	Reduction of New Homes Bonus funding	501
Corp Financial Management	Provisions for various service contingencies	192
Tax Collection & Benefits	Additional contribution from business rates equalisation reserve to fund 2017/18 deficit, which arose as a provision was set-aside to cover appeals against historic business rate bills.	-1,965

Service Group	Change	£'000
Community Consultation	Transfer of communications staff to HR	- 67
All	Other changes	64
Base Position 2019/20		647

5 Fees and Charges 2019/20

- 5.1 Fees and Charges within the remit of this Committee are set out in **Annex 1**.
- 5.2 In February 2018, the Committee re-confirmed that the Chief Finance Officer 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.
- 5.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 3.2% and 4.7%. The budgeted income is £512.
- 5.4 Increases to Land Charge tariffs are between 0% and 4.0% with the only exception being Con29O Optional highway enquiries which has increased by 14.3% from £17.50 to £20.00. The charge has been increased to include the cost of processing the enquiry. The annual budget for land charges is £102,000.

6 Financial and Manpower Implications

- 6.1 Consultation processes will be progressed should operational changes affect staffing levels or staff duties.
- 6.2 The draft Budget Book 2019/20 is highly detailed and therefore any questions or queries should be sent to relevant Officers in advance of this Committee meeting wherever possible.
- 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 There are no direct legal implications arising from contents of 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.
- 7.2 **Monitoring Officer's comments:** *None arising from the contents of this report.*

8 Sustainability Policy and Community Safety Implications

8.1 There are no specific particular implications for Sustainability Policy or Community Safety arising out of this report.

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 2019/20 £'000	Risk Management
Employee costs	Medium: Not achieving budgeted staff savings to meet the vacancy provision	11,890	Recruitment management Salaries monitoring
Treasury management – income from interest on balances	Medium: Achievement of budgeted return	96	Prudent budgeting Treasury Management Policy including use of specialist external advisers and fund managers Use of Interest Equalisation Reserve
Land and property rental income	Medium: Loss of tenants and commercial rentals	2,825 EEBC 818 EEPIC	Asset Management Plan – property and rent reviews Use of Property Income Equalisation Reserve

Service	Risk	Budget Estimate 2019/20 £'000	Risk Management
Epsom market income Ashley Centre car park income	Medium: Income may be adversely impacted for the duration of Plan E works	113 Epsom market income 1,953 Ashley Centre car park income	Regular budget monitoring Car park fees frozen for 2019/20 Offset any 2019/20 income shortfall related to Plan E works with a contribution from the Corporate Projects Reserve

11 Conclusion and Recommendations

11.1 The Committee is asked to agree the service revenue estimates as set out in the draft Budget Book 2019/20. 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 19 February 2019.

Ward(s) affected: (All Wards);

Service: Town Hall
Service Manager: Amardip Healy

Service	Charged At	Description	Unit	2018/19	2019/20	% Change
Town Hall						
	Room Hire					
		Atrium (Evening 18:00 to 24:00)	Per hour	78.00	81.00	3.85%
		Committee Room 1 (Mon-Fri 08:00 to 24:00)	Per hour	47.25	49.00	3.70%
		Committee Room 2 (Mon-Fri 08:00 to 24:00)	Per hour	39.50	41.00	3.80%
		Council Chamber (Mon-Fri 08:00 to 24:00)	Per hour	78.00	81.00	3.85%
		Atrium (Evening 18:00 to 24:00) - Commercial	Per hour	158.00	164.00	3.80%
		Committee Room 1 (Mon-Fri 08:00 to 24:00) - Commercial	Per hour	95.00	99.00	4.21%
		Committee Room 2 (Mon-Fri 08:00 to 24:00) - Commercial	Per hour	74.00	77.00	4.05%
		Council Chamber (Mon-Fri 08:00 to 24:00) - Commercial	Per hour	158.00	164.00	3.80%
		Atrium (Evening 18:00 to 24:00) - Community	Per hour	39.50	41.00	3.80%
		Committee Room 1 (Mon-Fri 08:00 to 24:00) - Community	Per hour	23.25	24.00	3.23%
		Committee Room 2 (Mon-Fri 08:00 to 24:00) - Community	Per hour	19.75	20.50	3.80%
		Council Chamber (Mon-Fri 08:00 to 24:00) - Community	Per hour	39.50	41.00	3.80%
	Staff Hire					
		Staff hire - All	Per hour	53.50	56.00	4.67%

Service: Land Charges
Service Manager: Amardip Healy

Service	Charged At	Description	Unit	2018/19	2019/20	% Change
Land charges						
		Land charges				
		Additional enquiries: Covering 1 hour's work	Per enquiry	32.00	33.00	3.13%
		Additional enquiries: each additional hour's work or part thereof	Per hour or part thereof	32.00	33.00	3.13%
		Con29O Optional - highway enquiries	Per enquiry	17.50	20.00	14.29%
		Con29O Optional - other enquiries	Per enquiry	14.50	15.00	3.45%
		Con29R component (Paper)	Per question	2.90	3.00	3.45%
		Con29R component (Public Access)	Per question	1.90	1.95	2.63%
		LLC1	Per search	25.00	26.00	4.00%
		LLC1 and Con29R Commercial (Paper)	Per search	208.00	216.00	3.85%
		LLC1 and Con29R Commercial (Public Access)	Per search	155.00	161.00	3.87%
		LLC1 and Con29R Commercial NLIS (INTERNAL USE ONLY)	Per search	208.00	216.00	3.85%
		LLC1 and Con29R Residential (Paper)	Per search	182.00	189.00	3.85%
		LLC1 and Con29R Residential (Public Access)	Per search	128.00	133.00	3.91%
		LLC1 and Con29R Residential NLIS (INTERNAL USE ONLY)	Per search	182.00	189.00	3.85%
		Parcel Fee (LLC1 and Con29R)	Per parcel	31.00	32.00	3.23%
		Personal Search/LLCR (Public Access)	Per search	0.55	0.55	0.00%
		Parcel Fee (LLCR)	Per parcel	9.00	9.20	2.22%

Capital Programme 2019/20

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1: Proposed Capital Programme Annex 2: Capital Appraisal form for Bid 2
Other available papers (not attached):	Financial Policy Panel papers 4 December 2018

Report summary

This report summarises the proposed 2019/20 capital programme for Strategy & Resources Committee. Approval is sought for the programme to be submitted to Council in February 2019.

Recommendation (s)

That the Committee:

Submits the Capital Programme for 2019/20 as identified in section 4 of this report to the Council for approval on 19 February 2019

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.

- 1.2 A baseline criteria for schemes is 'Investment required to meet Health and Safety or other new legislative requirements' as identified in the project appraisals.

2 Background

- 2.1 The Capital Strategy was last agreed by the Council on 20 February 2018 at which time the capital programme was approved for 2018/19. Schemes for 2019-2021 were provisional pending the annual budget review and an annual assessment of funds for capital investment.
- 2.2 Strategy and Resources Committee provided the Capital Member Group (CMG) with a remit for the preparation of a capital programme for 2019/20. Under this remit, CMG assessed all capital bids and recommended a programme to the Financial Policy Panel ("the Panel") for approval on 4 December 2018.
- 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 £2.4 million over three years 2019/20 to 2021/22, of which £464k was to be funded from capital receipts and revenue, would reduce the available capital receipts balance to £2.8 million at the end of this period. The agreed minimum threshold of capital receipts is £1 million.
- 2.4 The receipts forecast assumes a £100k revenue contribution to fund capital schemes in 2019/20. This contribution is subject to the budget being approved at Council in February 2019.
- 2.5 The Panel's guidance relevant to this policy committee's recommendations was as follows:-
 - 2.5.1 Priority schemes identified by the Capital Member Group should be presented with project appraisals to the policy committees in January to establish whether there is support for the individual projects, with any projects not supported being removed from the draft programme.
 - 2.5.2 One scheme of £306k, identified in section 4 of this report, requiring funding by capital reserves and revenue, 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 2019/20;
- 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 2019/20 were to progress, and given the use of £100k of revenue funds, this would reduce the capital reserves to £2.82 million at 31 March 2022. 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.

4 Core Programme 2019/20 Funded from Capital Reserves

- 4.1 The Financial Policy Panel recommended that the following scheme should be considered by this Committee for inclusion in the capital programme in 2019/20, subject to the Committee approving the project appraisals:-

Capital Appraisal form reference	Scheme	2019/20 £000s
Strategy & Resources Bid 2	Replacement of CRM and Data Warehouse	306
Total		306

5 Financial and Manpower Implications

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

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

- 6.1 **Monitoring Officer's comments:** *none arising from the contents of this report.*

7 Sustainability Policy and Community Safety Implications

- 7.1 None for the purposes of this report.

8 Partnerships

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

9 Risk Assessment

- 9.1 The CMG has used the Capital Strategy to balance the need for prioritised investment against a reducing level of capital reserves.

- 9.2 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.
- 9.3 Funding has been identified to enable the delivery of the capital programme for 2019/20 and officers believe that there should be sufficient capacity to deliver these projects.

10 Conclusion and Recommendations

- 10.1 A programme of £306k, excluding any carry forward provisions from 2018/19, is recommended for this Committee in 2019/20.

Ward(s) affected: (All Wards);

Strategy & Resources Committee Proposed Capital Programme 2019/20 - 2021/22

	Original Budget 2019/20 £'000	Proposed Budget 2020/21 £'000	Proposed Budget 2021/22 £'000	Total Provision 2019/20- 2021/22 £'000
S&R Bid 2: Replacement of CRM and Data Warehouse	306	0	0	306
Total Strategy and Resources Committee	306	0	0	306

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Capital Programme Review 2019-20 Project Appraisal Form

COMMITTEE & BID NUMBER

S&R Bid 2

PROJECT TITLE

Replacement of CRM and Operational Services Database Year 2

ACCOUNTABLE OFFICER

Officer responsible for project planning and delivery of the scheme. Accountable officers are also responsible for post project review.

Judith Doney

DETAILS OF PROJECT

Project scope, what is included/excluded in the scheme	<p>The project is to replace the existing customer relationship management system and to include integration into other back office legacy systems and also the data warehouse which holds all refuse and recycling data.</p> <p>The first phase of the project to move the data warehouse out of CRM and into a separate system is underway. One of the ICT application analysts has worked closely with Operational Services (OS) and Customer Services (CS) staff to ensure the technical specification for the tender document covers all aspects of the services they provide and defines not only current requirements, including digital capabilities, but ensures any new system will have the capacity to build on technical advances which will enhance the service OS can provide to customers.</p> <p>A comprehensive Project Initiation Document (PID) has been drawn up and a draft timetable (attached) which will be finalised once the system provider is engaged.</p> <p>The second phase of the project will concentrate on replacing the existing CRM functionality, streamline processes and improve resident engagement. There are a number of models which will need to be fully evaluated by the ICT application analysts to determine the best operating model for the Council. Technical advances in back office systems and resident/staff interfaces may provide a more streamlined service and therefore a lighter version of a CRM may be preferable.</p> <p>To define a future operating model for customer service ICT will engage with the various service areas in order to identify the best options for both current use and future developments. We need to ensure any new system is capable of adapting to future demands.</p>
Project outcomes and benefits	<p>For the new OS system the main outcome and benefit will be visibility for both the staff and residents. Staff will have a full view of their service and interactions with residents and have full reporting options to monitor performance and new initiatives.</p> <p>The new system will be a hosted solution reducing the risks currently associated with our poor infrastructure and reliance on interventions by our IT staff.</p> <p>Given the size and complexity of the services run by Operational Services we expect to take a modular approach to implementation which will allow IT and OS to reduce the risk of failure and to add</p>

Capital Programme Review 2019-20 Project Appraisal Form

	<p>further modules as the service develops over time.</p> <p>For the CRM replacement options outcomes will include:-</p> <ul style="list-style-type: none"> Increased transactions online – reducing avoidable and repeat contact Increase amount of requests which can be dealt with at first point of contact – improving the customer experience Review of legacy systems and necessary integration and touchpoints to avoid double keying or double handling of requests
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FINANCIAL SUMMARY

		Cost of Project £	Comments and detail where necessary. Provide appendices where relevant. Examples of business cases spreadsheets can be found in the Finance Handbook
a	Estimated cost of purchase, works and/or equipment	556,000	Phase 1 – 250,000 Phase 2 – 306,000
b	Consultancy or other fees		
c	Total Scheme Capital Costs (a+b)	556,000	
d	External Funding Identified (e.g. s106, grants etc.) Please give details, including any unsuccessful funding enquiries you may have made.	0	
e	Net Costs to Council (c-d)	556,000	
f	Internal Sources of Capital Funds Identified (e.g. repairs & renewals reserve etc.)	0	
g	Capital Reserves Needed to Finance Bid (e-f)	556,000	
h	Annual Ongoing Revenue Additional Savings as a Direct Result of the Project	20,000	Potential Licence Cost savings of between £20k and £60k for current CRM but this is dependent on the ongoing costs of a new OS system
i	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project		.

Year	2018/19 £	2019/20 £	2020/21 £
Spend Profile of Scheme – please	250,000	306,000	0

Capital Programme Review 2019-20 Project Appraisal Form

identify which year (s) the scheme spend will fall into			
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REVENUE IMPACT

Can revenue implications be funded from the Committee Base Budget? – Please give details	No
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CORPORATE PLAN 2016/20

Is this investment linked to EEBC’s Key Priorities? If so, say which ones and evidence how. How does project fit within service objectives?	Customer focus & providing services for our residents
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TIMESCALES

What is the proposed timetable for completion of the project? Give estimated start and finish dates for each stage of the project. These dates will be used as milestones during quarterly budget monitoring to assess performance of project delivery.

		Target Start Date	Target Finish Date
1	Design & Planning	April 2018 – Phase 1 April 2019 – Phase 2	August 2018 – Phase 1 August 2019 – Phase 2
2	Further Approvals Needed		
3	Tendering (if necessary)	September 2018 – Phase 1 September 2019 – Phase 2	November 2018 – Phase 1 November 2019 – Phase 2
4	Project start date	August 2018 – both phases	
5	Project Finish Date		March 2020 – both phases

BASELINE CRITERIA

All capital schemes are assessed against criteria set by the Capital Member Group annually. Bids should meet at least one of these criteria. State which capital criteria(s) for assessing bids are met and why. Leave blank any which are not met.

Capital Programme Review 2019-20 Project Appraisal Form

Spend to Save schemes should meet the following criteria:

- Payback of the amount capital invested within the project within 5 years (7 years for renewable energy projects).
- The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.
- Risk of not achieving return on investment is low.
- Clear definition of financial cost/benefits of the scheme.

Members may consider schemes with longer paybacks on major spend to save projects going forward, especially those that incur borrowing.

Is there a guarantee of the scheme being fully externally funded and is it classed as a high priority? Please give details of funding streams, including any restrictions on the funding.	No.
Is the Scheme a Spend to Save Project? Will investment improve service efficiency including cost savings or income generation? What is the payback in years?	It is anticipated that there will be efficiency savings across all service areas if end to end processes are fully reviewed and improved to eliminate double handling and to improve passing of information between council systems. Furthermore, options for residents/service areas and members to self-serve and check the progress of their service requests will also reduce interaction and time required.
It is mandatory for the Council to provide the scheme? Is investment required to meet Health and Safety or other legislative requirements? If so, state which requirements.	Not directly. However, if service requests or issues reported by members of the public or members meet health & safety or legislative requirements these may not be logged and recorded and therefore may not be actioned.
Is this project the minimum scheme required to continue to deliver the services of the Council? - Is investment required for the business continuity of the Council? If so, say how.	Yes. 1) Customer services will not be able to deal with residents' interaction. 2) OS and other service areas will not be able to carry out service requests. 3) Subscription services are currently held in the CRM

ASSET MANAGEMENT PLAN

Is investment identified in the Council's Asset Management Plan?	No
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PRIORITISATION

State which **one** of the four prioritisation categories are met and why.

Capital Programme Review 2019-20 Project Appraisal Form

1	Investment essential to meet statutory obligation.	Not directly. However, If service requests or issues reported by members of the public or members meet statutory or legislative requirements these may not be logged and recorded and therefore may not be actioned.
2	Investment Important to achieve Key Priorities.	Yes, managing resources priority, the system will enable multi-skilled staff to deal with queries across multiple service areas whilst also providing digital services to residents.
3	Investment important to secure service continuity and improvement.	Yes
4	Investment will assist but is not required to meet one of the baseline criteria.	Yes

RISKS ASSOCIATED WITH SCHEME

1	Outline the risks of delivering this project to timetable and budget. (Please do not include risks to the service or asset if project is not approved.)	PSN and PCI non compliancy Upgrade of Exchange past 2010 Lack of capacity in ICT/ Customer Services/OS/Finance
2	Are there any risks relating to the availability of resources internally to deliver this project	Yes. The CRM project will cover significant service areas across the council which will mean that a significant number of processes will need to be reviewed and changed. There is therefore a significant initial set up cost in time across the whole council, including customer services. ICT resources will be required to advise on the necessary infrastructure for the new system and to advise on the necessary approach and requirements for integration with legacy systems where required.
3	Consequences of not undertaking this project	The current system is unsupported at 'end of life'. This means that Microsoft no longer release any security patches for the application. This increases our vulnerability to a cyber attack. Due to the number of non-supported customisations, 3 rd line support is provided on a best endeavours basis. If the system ceases to work there will be no centralised system for customer services to use. The CRM is used by customer services to log customer interactions by phone, email, web or face to face, log service requests, deal with corporate complaints, take payments for council services and book certain council services.
4	Alternative Solutions (Other solutions considered – cost and implications)	To replace CRM with a like for like replacement – this option was not costed as the bespoke work alone to recreate the existing model was estimated as well above 500k and would not provide operational services with the system they now require and would still not provide the level of integration needed by other services

Is consultation required for this project? Please give details of who with and when by.	No, although service areas will be involved in shaping the future operating model for the council.
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**Capital Programme Review 2019-20
Project Appraisal Form**

Agenda Item 11
Annex 2

Ward(s) affected by the scheme	All Wards
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**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
27 November 2018**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Tony Axelrod, Richard Baker, Alex Coley (For items 34 - 36 and 38 - 42) (as nominated substitute for Councillor Hannah Dalton), Colin Keane, Omer Kokou-Tchri, Jan Mason (as nominated substitute for Councillor Barry Nash), Vince Romagnuolo (as nominated substitute for Councillor Kate Chinn) and Clive Woodbridge

In Attendance: Ade O Oyerinde (Audit Manager) (Grant Thornton UK LLP)

Absent: Councillor Kate Chinn, Councillor Hannah Dalton and Councillor Barry Nash

Officers present: Kathryn Beldon (Chief Executive), Damian Roberts (Chief Operating Officer), Lee Duffy (Chief Finance Officer), Amardip Healy (Chief Legal Officer), Rod Brown (Head of Housing and Community) (For items 34 - 38), Judith Doney (Head of Digital and Service Transformation), Mark Shephard (Head of Property and Regeneration), Tony Foxwell (Senior Surveyor) (For items 34 - 40), Phil Gall (ICT Manager) and Fiona Cotter (Democratic Services Manager)

34 QUESTION TIME

Written Question

A member of the public had submitted the following written question regarding The Wells site, to which the following written responses were provided to the questioner following the meeting:

Q: *“The comments listed in you report do not seem to reflect what I have asked through your consultants or indeed what I have seen others post! Can you please confirm that email comments and forms posted direct were accepted or were only comments taken on the form at the exhibition included in your count?”*

Specifically I fear these points were not addressed or were only partially addressed.”

Reply:

All comments were accepted and assessed, whether they were received at the event or afterwards via email or post.

Comments were grouped together to identify consistent themes that needed further examination or to be addressed in the final development proposals.

Q: *“Does the design fit in with the existing properties? It has been stated that this development has been sympathetically designed to fit into the existing properties on the Wells! How can a 3/4 story block of flats with a virtually flat roof blend in with two story houses, chalet bungalows and maisonettes. It is totally out of character!”*

Reply:

The issue of design is addressed in the Design and Access Statement, which is attached at Annex 1 marked as Proposed Development Scheme.

The scheme design is in keeping with the Local Planning Authorities policies on character and design.

Q: *“Impartially of councillors who are also members of this team putting this development forward. Surely there is a ‘clear conflict’ of interest and they should stand down from the planning committee, take no further part in discussions in committee, while this item is discussed and voted on!”*

Reply:

The Council as landowner will (if approved at Committee) submit a planning application. As such, all members of the Council have an interest. The Council's codes of conduct will govern who may or may not be able to be a decision maker at planning committee, if and when, any application is made.

Q: *“Inadequacy of parking provision for the flats and community centre! 24 spaces for 23 flats two of which two are for disabled residents and none of the spaces are shown as allocated for community centre! There also hasn't been any provision for electric car charging. I believe SCCs guidelines recommends that there should be.”*

Reply:

As set out in para 7.2 of the report, following the recent engagement process, the scheme has been reconfigured to provide 2 additional parking spaces, bringing the total number of spaces to 26.

As set out in para 7.4 of the report, following recent comments from the engagement process, consideration is being given to the provision of electric charging points.

Q: *“What analysis has been done to ensure the security of supply of the utilities, that is: electric, gas and water to residents on the Wells. Are the sewer systems, surface and waste adequate for these additional properties on the Wells?”*

Reply:

Utility surveys are part of the standard development process and any development is subject to adequate provision.

Q: *“You have said that the roads are SCC responsibility in your report but if your development causes further deprivation to Wells Road and Spa Drive, what provision have you made in your budgets for the damage that will be caused by your development - usually new developments have to include provision for road improvements in their design phase?”*

Reply:

Surrey County Council as Highway Authority are a statutory consultee to any planning application. They are in that capacity, responsible for highlighting any highway improvements necessary for the development to go ahead.

Verbal Questions

Four members of the public asked questions at the meeting regarding The Wells site, to which verbal responses were given. In response to these questions, it was indicated that interested parties would have an opportunity to make representations on design and associated matters at the point at which a planning application was submitted. It was confirmed that 526 letters of invitation to the public consultation had been sent out by first class post. It was also confirmed that the financial model for the proposals was confidential at this time because of its commercial sensitivity.

35 DECLARATIONS OF INTEREST

The following declarations were made by councillors in respect of items on the Agenda:

Future Use of The Wells Site

Councillor Vince Romagnuolo, Other Interest: Councillor Romagnuolo declared his membership of the Planning Committee.

Future Use of The Wells Site

Councillor Jan Mason, Other Interest: Councillor Jan Mason declared her membership of the Planning Committee, took no part in the debate on the future of The Wells site and asked for this to be Minuted.

Future Use of The Wells Site

Councillor Clive Smitheram, Other Interest: Councillor Clive Smitheram declared his membership of the Planning Committee and that because he had been very closely involved in the process since 2015, he would not be taking part in the consideration of any future planning application in respect of The Wells as he considered it inappropriate to do so.

36 EXTERNAL AUDIT - ANNUAL AUDIT LETTER

The Committee received a report that presented the external auditor's Annual Audit Letter for the year ended 31 March 2018 and the latest progress report. It was highlighted that, in accordance with Audit Regulations, both items had to be received by this Committee.

Mr. Ade Oyerinde, Senior Manager, Grant Thornton, was in attendance to present the Audit Letter and Progress Report and to answer any questions from Members of the Committee.

Mr Oyerinde highlighted that as a result of a new requirement on Grant Thornton to audit group accounts in 2017/18, the final fee for the main audit was likely to be £3,000 higher at £47,708. This was subject to approval by Public Sector Audit Appointments Ltd.

Mr. Oyerinde further reported that the certification work in relation to the 2017/18 Housing Benefit Grant had now been completed. The Council would be receiving an unqualified opinion and the fee for this work remained unchanged at £8,976.

In response to a query regarding the key value for money risk identified in relation to the establishment of EEPIC, it was confirmed that the auditors had not identified any issues at the present time in the current circumstances.

Accordingly, the Committee:

- (1) Received the Annual Audit Letter attached as Annex 1 to the report;
- (2) Received the External Audit Progress Report attached as Annex 2 to the report.

37 FUTURE USE OF THE WELLS SITE

Note: This item was moved up the Agenda running order with the consent of the meeting.

Note: In accordance with the Council's Rules of Procedure, Councillor Omer KoKou-Tchri wished his opposition to the decision to be recorded in the Minutes.

The Committee received and considered a report that updated the Committee on the outcome of the consultation with local residents (held on 18 October 2018) on the proposed site configuration and proposal for the development of the site.

The Committee approved the:

- (1) Proposed development scheme, attached at Annex 1 to the report;
- (2) Financial Business Case, attached at Annex 2 to the report (**Note: exempt from publication for reasons set out in the Agenda**)

- (3) Submission of a planning application for the proposed development scheme

and noted:

- (4) The setting up of a working group to consider the options for the internal design and operation of the community facility and play area

38 SAFEGUARDING POLICY

The Committee received and considered a report that summarised the Council's safeguarding responsibilities and proposed a combined safeguarding policy for children and adults.

The report highlighted that the policy followed the safeguarding guidelines promoted and adopted by the statutory body for safeguarding, Surrey County Council. The policy updated current procedures to reflect best practice, clarified the reporting process and highlighted differing forms of abuse and indicators as well as summarising other related policies and strategies.

Accordingly, the Committee agreed the adoption of the Safeguarding Policy for Children and Adults as set out in Annex 1 to the report.

39 MID-YEAR PLANNED MAINTENANCE REPORT

A report setting out progress on the 2018/19 planned maintenance programme and requesting approval for additional spend on new schemes was considered by the Committee.

Authorisation was sought for additional works in relation to:

- New water main, Horton Country Park (£26k)
- Works to the Town Hall internal lighting management system (£7k)
- Work resulting from legionella risk assessments (£20K)

It was also noted that the works to the heating system at the Community and Wellbeing Centre were being removed from this year's programme in anticipation that more extensive works might be required in the future.

The combined estimated cost of these additional works (£53K) could be partially funded by a projected underspend of £11.5K on the works programme previously approved with the shortfall (£41.5K) being funded from the property maintenance reserve. This would reduce the projected balance on the reserve to £307,320 as at 31 March 2019.

Accordingly, the Committee:

- (1) Noted progress on the 2018/19 planned maintenance programme as set out in Annex 2 to the report;

- (2) Authorised changes to the programme set out in section 3 of the report, including £41,500 additional expenditure to be funded from the property maintenance reserve.

40 POOLE ROAD PAVILION ENHANCEMENTS CAPITAL PROJECT

Following a tender exercise, a report was presented to Committee that sought additional funding to enable the capital scheme to replace plant in the boiler room at Poole Road Pavilion to proceed.

The report highlighted that reducing the scope of the scheme was an option, but not recommended. The report identified that the budget shortfall of £30,350 could be funded from seven S106 agreements, which provided funding within the Outdoor Sports Facilities category. The balance on this category of S106 funding stood at £172,300 as at the date of the report.

Accordingly, the Committee approved:

- (1) Additional budget of £30,350 to enable the scheme to proceed;
- (2) The use of £30,350 of S106 monies to fund the additional budget.

41 MODERNISATION OF THE EPSOM DATACENTRE

The Committee received and considered a report that sought approval of a capital budget for the modernisation of the Epsom datacentre. The scheme had been due to be considered as part of the 2019/20 Capital Programme but, due to extenuating circumstances and in order to ensure best value for the Council, the work needed to commence ahead of the capital budget setting timetable, due to be agreed in February 2019.

Accordingly, the Committee agreed to a capital budget of £220,000 for the Modernisation of Epsom Datacentre project, to be funded from capital receipts.

42 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting of the Strategy and Resources Committee held on 25 September 2018 were agreed as a true record and signed by the Chairman.

The Minutes of the Special Meeting of the Strategy and Resources held on 24 October 2018 were agreed, and would be signed by the Chairman, subject to the determination by the Chief Legal Officer of a challenge by Councillor Omer KoKou-Tchri to their accuracy.

The meeting began at 7.30 pm and ended at 9.37 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)