

**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
26 September 2017**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Richard Baker (as nominated substitute for Councillor Tony Axelrod), Neil Dallen, Omer Kokou-Tchri, Humphrey Reynolds, Mike Teasdale, Clive Woodbridge and Tella Wormington (as nominated substitute for Councillor Hannah Dalton)

In Attendance: Elizabeth Jackson (Associate Director) (Grant Thornton UK LLP) (For items 13 to 15) and Ade O Oyerinde (Audit Manager) (Grant Thornton UK LLP) (For items 13 to 15)

Absent: Councillor Tony Axelrod, Councillor Kate Chinn and Councillor Hannah Dalton

Officers present: Kathryn Beldon (Chief Executive), Simon Young (Head of Legal and Democratic Services), Brendan Bradley (Chief Accountant), Judith Doney (Head of Revenues and Benefits) (For items 13 to 17), Lee Duffy (Acting Director of Finance and Resources), Siobhan Gavigan (Revenues Manager) (For items 13 to 17), Karol Jakubczyk (Planning Policy Manager), Gillian McTaggart (Head of Corporate Governance), Grant Miles (Interim Accountant) and Fiona Cotter (Democratic Services Manager)

13 QUESTION TIME

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

14 DECLARATIONS OF INTEREST

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

15 2016/17 FINAL ACCOUNTS - AUDIT FINDINGS

The Committee were presented with the findings of the External Auditors, Grant Thornton and received the Financial Statements for 2016/17 following the external audit of the accounts.

Mrs. Liz Jackson, Associate Director, and Mr. Ade Oyerinde, Audit Manager, Grant Thornton UK LLP were in attendance.

Mr Oyerinde reported that the auditors anticipated providing an unqualified audit opinion in respect of the financial statements. At the date of the meeting, third

party investment confirmation was still awaited from Goldman Sachs and Deutsche Asset Management and alternative procedures had been put in place to the auditor's satisfaction. Officers had been supportive and provided additional information as required throughout the audit. Mr. Oyerinde highlighted that in terms of key findings, there were some minor disclosure errors that needed to be addressed. However, the Council was well placed for the closure of its accounts being brought forward. No significant control issues had been identified but the report highlighted two internal control issues relating to part disclosure and year-end creditor balance. This unadjusted misstatement was not considered material and management had undertaken to review all year-end creditor balances relating to grant income and write down the balance appropriately in future. In terms of the Value for Money conclusion, it was considered that risks around leadership had been mitigated but needed to be kept under review.

The Committee was reminded that the Council had signed up to the national auditor appointment scheme run by Public Sector Audit Appointments Ltd. (PSAA). PSAA has proposed the re-appointment of Grant Thornton as external auditor for five years from 2018/19. It was confirmed that the Council would see a reduction in audit fees and that this would be in the region of 18% in 2018/19.

In response to a query on the Statement of Accounts 2016/17, it was confirmed that the amount of National Non Domestic Rates income retained by this Council would vary depending on the baseline figure set by central Government but was currently around 6%.

The Committee wished its thanks recorded to Auditors in the undertaking of the audit and to the Finance Team for its hard work which ensured that the Council received such an excellent report. In particular, the Council wished Interim Accountant Grant Miles well for the future and welcomed Brendan Bradley, the Council's new Chief Accountant.

Accordingly, the Committee:

- (1) Received the Audit Findings for 2016/17;
- (2) Received the Financial Statements for the year ended 31 March 2017;
- (3) Agreed the management action in response to audit recommendations;
- (4) Agreed that the Chairman of Strategy and Resources Committee and the Acting Director of Finance and Resources sign the Letter of Representation on behalf of the Council;
- (5) Delegated any further amendments to the Financial Statement for the year ended 31 March 2017 to the Acting Director of Finance and Resources in consultation with the Chairman of the Strategy and Resources Committee;
- (6) Accepted the proposed re-appointment of Grant Thornton as the Council's external auditor for five years from 2018/19 to 2022/23.

16 BID BUSINESS PLAN AND BALLOT

Note: This item was moved up the running order with the agreement of the Committee, the Vice Chairman of the BID Steering Group being in attendance.

The Committee received a report that updated members on the work towards creating a Business Improvement District in Epsom and Ewell and attaching the BID Business Plan.

However, the Committee was informed that following discussions between officers and members of the BID Steering Group which had taken place since publication of the Agenda, the BID ballot was likely to be delayed. Further discussions were necessary to ensure that there was clarity as to “baseline” information on current services and clarity as to certain costs.

Whilst it was not expected that the draft BID Business Plan attached as an Annexe to the report would change significantly, it might require some slight adjustment.

Until the proper notice was given, followed by the final Business Plan, it was not proper to determine not to exercise the power of veto. In the unlikely event it was subsequently considered that the power of veto ought to be exercised, this would be reported to a future meeting of the committee.

It was acknowledged that the timetable would be tight but Officers would do their best to try and work towards facilitating a ballot in November.

Accordingly, a set of revised recommendations were tabled at the meeting and the Committee:

- (1) Noted the Draft BID Business Plan as defining the likely scope and purpose of the proposed BID;
- (2) Agreed that the Council support the proposed BID and authorised the Chief Executive to vote “Yes” in the expected forthcoming ballot on behalf of the Council.

17 DISCRETIONARY RATE RELIEF FOR NATIONAL NON-DOMESTIC RATES

A report was presented to the Committee that outlined a proposed scheme of how to distribute the government funding which would be allocated to this Council in the March 2017 Spring budget. The fund, intended to support local businesses following the 2017 revaluation, would be known as the “Local Discretionary Rate Relief Scheme”.

The report set out how it was proposed the scheme would operate, how much relief would be available, the application process and the appeals process.

It was confirmed that charities would continue to receive relief under a separate statutory scheme. Initial calculations suggested that 253 properties would qualify

for relief. In each year the majority of qualifying properties would receive under £500. This equated to 151 properties in the first year.

Whilst there was no statutory right of appeal against a decision regarding discretionary rate relief, it was considered that rate payers ought to be entitled to have a discretionary decision reviewed if dissatisfied with the outcome. Therefore, an appeal procedure was proposed. Appeals would have to be lodged within four weeks of notification of the decision but a common sense approach would be adopted in individual circumstances.

Accordingly, the Committee:

- (1) Adopted the scheme set out in sections 3 to 7 (inclusive) of the report as part of Epsom and Ewell Borough Council's Discretionary Rate Relief Policy with effect from 1 April 2017;
- (2) Agreed that the scheme referred to in recommendation 1 should have effect until the 31 March 2021 when government funding of the scheme ceases, at which point no further relief will be given under the scheme.

18 PILOT FOR 100% BUSINESS RATES RETENTION IN 2018/19

The Committee received and considered a report that provided an update on the 100% retention of business rates prospectus recently issued by the Department of Communities and Local Government and the work currently being undertaken by Surrey Treasurers in preparing a submission to operate a pilot scheme in 2018/19.

The Chairman informed members that he would be attending the Surrey Leaders' meeting on 27 September where the bid proposal would be discussed at which he would be strongly arguing the case that Epsom and Ewell Borough Council would wish to see a fairer distribution of the pooled resources amongst Surrey authorities.

It was noted that following publication of the report, the Head of Legal and Democratic Services had recommended that the recommendation be changed to delegate the decision to the Chief Executive, in consultation with the Acting Director of Finance and Resources and Councillor Kington (in his capacity as Chairman of Strategy & Resources Committee). This was because, as an authority operating a committee system of governance, functions could not be delegated to individual councillors

Accordingly, the Committee authorised the Chief Executive, following consultation with the Acting Director of Finance and Resources and the Chairman of the Strategy and Resources Committee to agree or reject the terms of the proposed Surrey bid to become a pilot for 100% retention of business rates.

19 BUDGET TARGETS 2018/19

The Committee received and considered a report that updated the financial forecast and recommended financial targets for preparing the draft budget for 2018/19 and financial planning for 2019/20 and 20/21.

The report highlighted that, at its meeting on 12 September 2017, the Financial Policy Panel had received a detailed financial analysis, including forecasts on the current budget position and of the Council's financial position for the next four years. The Panel had made recommendations to this Committee on budget targets for 2018/19 accordingly.

Based on the assumptions used, the forecast identified that cost reductions were required in the region of £90,000 in 2018/19 and £1.458 million in total over the next three financial years.

The budget strategy involved continuing to deliver efficiency savings and generating extra service income whilst reviewing service levels so that service costs could be reduced as needed to achieve a balanced budget year on year.

The budget preparation process was ongoing with the policy committees being asked to provide any guidance on the preparation of detailed service estimates in the October/November committee cycle, including any service reviews.

The Chairman of this Committee, (also Chairman of the Financial Policy Panel), pointed out that under his chairmanship the Capital Member Group would not "seek to limit" but, so far as it was within its control to do so, *would* limit the number of schemes included within the capital expenditure programme to enable retention of the agreed minimum level of capital reserves.

Accordingly, the Committee:

- (1) Received the Minutes of the Meeting of the Financial Policy Panel held on 12 September 2017;
- (2) Agreed the following overall revenue budget target for 2018/19:
 - a) the preparation of estimates including options to reduce organisational costs by £588,000, subject to government grant announcement, to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the Medium Term Financial Strategy;
 - b) the generation of at least £200,000 additional revenue from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3%;
 - c) the provision of £228,000 for the pay award, representing an increase to the staffing budget of 1.5%.

- (3) That further savings and efficiencies be identified to address the budget shortfalls of £90,000 in 2018/19, £577,000 in 2019/20 and £791,000 in 2020/21;
- (4) Noted that the Capital Member Group would limit schemes included within the capital expenditure programme to enable the retention of agreed minimum level of capital reserves.

20 CORPORATE PLAN: PERFORMANCE REPORT ONE 2017/18

A report was presented to Committee that provided an update against its Key Performance Targets for 2017/18 under the Corporate Plan.

The report highlighted that the following targets were “off track or unlikely to be achieved for projected year” and the actions identified to achieve them:

- To support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a ballot
- To agree and implement a scheme for the allocation of the neighbourhood portion of Community Infrastructure Levy (CIL) (15%)

In respect of the BID this was the subject of a separate report on the Agenda but it was confirmed that it was hoped that a ballot would still take place in November. It was acknowledged, however, that whilst there was the will to make this happen, the timetable was extremely tight and a cause for concern.

It was queried whether the target of developing a business case for a business hub and reporting to this Committee on 28 November (currently at Amber) would be hit. It was confirmed the case to establish the availability of funding was not strong enough and so had not been submitted to the Local Enterprise Partnership.

The Committee:

- (5) Considered the performance reported in Annexe 1 to the report and did not identify any areas of concern;
- (6) Noted the actions which had been proposed or taken where performance was currently a concern as set out in paragraph 3.1 of the report.

21 PROCUREMENT STRATEGY

A report was presented to Committee that sought approval of a Procurement Strategy for the period 2017-2021.

The changes required to the previous strategy had been significant and it had been completely re-written. The report concluded that an approved Procurement Strategy would enable the Council to meet the challenges and opportunities to deliver its services. Having been updated, the Strategy was key in helping Officers ensure that they were procuring effectively and in accordance with the

law and good practice. An effective strategy would also assist the Council in delivering savings required as set out in its Cost Reduction Plan.

The Chairman highlighted that it was important that one of the aims of the Council's procurement and commissioning approach should be supporting local economies through the encouragement of contract bidding by local small and medium sized enterprises.

Accordingly, the Committee approved the Procurement Strategy 2017-2021 as set out in summary in Annexe 1 of the report and in detail in Annexe 2 of the report.

22 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting of the Strategy and Resources Committee held on 27 June 2017 were agreed as a true record and signed by the Chairman.

The meeting began at 7.30 pm and ended at 8.22 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)