

Public Document Pack

Legal and Democratic Services



STRATEGY AND RESOURCES COMMITTEE

Thursday 2 July 2020 at 7.00 pm

Place: Remote Meeting

PLEASE NOTE: this will be a 'virtual meeting'.

The link to the meeting is:

<https://attendee.gotowebinar.com/register/1046795950481062415>

Webinar ID: 659-905-667

Telephone (listen-only): 0330 221 9922, Telephone Access code:592-385-509

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 Arthur Abdulin
Councillor Steve Bridger
Councillor Kate Chinn

Councillor Nigel Collin
Councillor Hannah Dalton
Councillor David Gulland
Councillor Colin Keane
Councillor Barry Nash

Yours sincerely

A handwritten signature in black ink, appearing to read "J.C. Beldar".

Chief Executive

For further information, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

Public information

Please note that this meeting will be a ‘virtual meeting’

This meeting will be held online and is open to the press and public to attend as an observer using free GoToWebinar software, or by telephone.

A link to the online address for this meeting is provided on the first page of this agenda and on the Council’s website. A telephone connection number is also provided on the front page of this agenda as a way to observe the meeting, and will relay the full audio from the meeting as an alternative to online connection.

Information about the terms of reference and membership of this Committee are available on the [Council’s website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for the Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at Democraticservices@epsom-ewell.gov.uk.

Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government (Access to Information) Act 1985. Should any such matters arise during the course of discussion of the above items or should the Chairman agree to discuss any other such matters on the grounds of urgency, the Committee will wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions from the Public

Questions from the public are permitted at meetings of the Committee. Any person wishing to ask a question at a meeting of the Committee must register to do so, as set out below.

Up to 30 minutes will be set aside for written or oral questions from any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough on matters within the Terms of Reference of the Strategy and Resources Committee which may not include matters listed on a Committee Agenda.

All questions whether written or oral must consist of one question only, they cannot consist of multi parts or of a statement.

The question or topic may not relate to a specific planning application or decision under the Planning Acts, a specific application for a licence or permit of any kind, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chairman are vexatious or frivolous will not be accepted.

To register to ask a question at a meeting of the Committee, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Written questions must be received by Democratic Services by noon on the tenth working day before the day of the meeting. For this meeting this is **Noon, 18 June**

Registration for oral questions is open until noon on the second working day before the day of the meeting. For this meeting this is **Noon, 30 June**

AGENDA

1. QUESTION TIME

To take any questions from members of the Public

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 - 32)

This report sets out Grant Thornton's plan for the external audit of the Council's 2019/20 accounts. Grant Thornton have also provided the Housing Benefit Grant Certification Letter for the year ended 31 March 2019. Both of these items have to be received by this Committee in accordance with audit regulations.

4. THE COUNCIL'S REPOSENSE TO THE COVID-19 PANDEMIC (Pages 33 - 64)

This report sets out the Council's response to the Covid-19 pandemic following a major incident being formally declared across Surrey on 19 March 2020.

5. FINANCIAL IMPACT OF COVID-19 (Pages 65 - 76)

This report sets-out the financial impact of Covid-19 on the Council in the first quarter of 2020/21, and proposes funding sources to mitigate the impact.

6. ELECTORAL REVIEW (Pages 77 - 88)

The Local Government Boundary Commission for England has recently notified the Council of its intention to carry out an electoral review of the Council. The review will consider the total number of councillors on the Council, and then review the numbers and boundaries of electoral divisions within the Council.

This report sets out proposals for the creation of an Electoral Review Task & Finish Group to consider the issues raised in such a review and to bring recommendations to Strategy & Resources Committee.

This page is intentionally left blank

EXTERNAL AUDIT UPDATE

Head of Service:	Lee Duffy (Chief Finance Officer)
Wards affected:	All
Urgent Decision?	Yes
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – 2019/20 External Audit Plan Appendix 2 – 2018/19 Grant Certification Letter

Summary

This report sets out Grant Thornton's plan for the external audit of the Council's 2019/20 accounts.

Grant Thornton have also provided the Housing Benefit Grant Certification Letter for the year ended 31 March 2019.

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

Recommendation (s)

The Committee is asked to:

- (1) Receive the External Audit Plan (Appendix 1);
- (2) Receive the Grant Certification Letter (Appendix 2)

1 Reason for Recommendations

- 1.1 The recommendations will enable to Council to meet its statutory obligations with regard to external audit.

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 2019/20 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 2019/20 accounts as shown in Appendix 1. A member of Grant Thornton's staff will dial in to the meeting to answer any questions regarding the plan.
- 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 2019, with no amendments or qualification to the original claim necessary, as per the attached letter at Appendix 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 (Appendix 1) and the Grant Certification Letter (Appendix 2).

4 Risk Assessment

Legal or other duties

- 4.1 Impact Assessment
 - 4.1.1 The audit of the Council's financial statements compromise a key element of the Council's governance arrangements.
- 4.2 Crime & Disorder
 - 4.2.1 N/A
- 4.3 Safeguarding
 - 4.3.1 N/A
- 4.4 Dependencies
 - 4.4.1 N/A

4.5 Other

4.5.1 N/A

5 Financial Implications

- 5.1 Grant Thornton's revised planned fee for the 2019/20 main audit has been proposed at £44,175, as set-out in Appendix 1. This represents a £9,750 increase compared to the original planned fee of £34,425, which had been quoted in Grant Thornton's Annual Audit Letter that was reported to S&R Committee on 26 November 2019.
- 5.2 The proposed increase is principally due to improvements in audit quality now required nationally by the Financial Reporting Council, as explained in full at Appendix 1 (see section 10 of the External Audit Plan). Officers have referred the proposed fee increase to PSAA – the independent body responsible for setting local government audit fees – for its decision.
- 5.3 The 2018/19 housing benefit subsidy certification work has been completed within the agreed £16,000 budget.
- 5.4 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.
- 5.5 **Section 151 Officer's comments:** The annual audit plan sets out the key stages for the audit process for the 2019/20 accounts. The Council has a robust plan in place to achieve its financial year end and closing of accounts deadlines.
- 5.6 Should the proposed fee increase be approved by PSAA, the additional budget requirement will have to be identified from within existing resources.

6 Legal Implications

- 6.1 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.
- 6.2 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.
- 6.3 **Monitoring Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

Service Plans: The matter is included within the current Service Delivery Plan.

7.2 **Climate & Environmental Impact of recommendations:** None

7.3 **Sustainability Policy & Community Safety Implications:** None

7.4 **Partnerships:** None

8 **Background papers**

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- 'External Audit - Annual Audit Letter' report to S&R Committee on 26 November 2019

Other papers:

- 2019/20 Unaudited Statement of Accounts on the Council website.

External Audit Plan

Year ending 31 March 2020

Epsom & Ewell Borough Council

31 March 2020

Page 9



Contents



Your key Grant Thornton team members are:

Page 10 Sarah Ironmonger
Engagement Lead
 T: +44 (0)207 865 2997
 E: Sarah.L.Ironmonger@uk.gt.com

Amber Banister
Audit Manager
 T: +44 (0)207 865 2021
 E: Amber.J.Banister@uk.gt.com

Section

1. Introduction & headlines
2. Key matters impacting our audit
3. Group audit scope and risk assessment
4. Significant risks identified
5. Other risks identified
6. Other matters
7. Materiality
8. Value for Money arrangements
9. Audit logistics & team
10. Audit fees
11. Independence & non-audit services

Page

- 3
- 4
- 5
- 6
- 9
- 10
- 11
- 12
- 13
- 14
- 16

Appendix

- A. Audit quality – national context

18

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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Agenda Item 3
Annex 1

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 and group'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 you are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of your business and is risk based.

Group Accounts

You are required to prepare group financial statements that consolidate the financial information of Epsom & Ewell Property Investment Company (EPIPIC)

Significant risks

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

- Revenue cycle includes fraudulent transactions (risk rebutted)
- Valuation of land and buildings
- Valuation of net pension fund liability
- Management override of controls

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 £1.1 million (PY £1.08 million) for the group and £1 million (PY £1.03 million) for the Authority, which equates to 2% of your prior year gross expenditure for the year for group and 1.9% for the Authority . 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 £0.05 million (PY £0.05 million).

We have also determined a specific materiality level for senior officer remuneration of £100k.

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 took place in January and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £44,175 (PY: £40,675), subject you meeting our requirements set out on page 11.

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..

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. You set a balanced budget for 2019/20 and as at Quarter 2 the overall forecast outturn is for an overspend of £33,000 against the £6.387 million budget, following the deployment of £100,000 of corporate contingency. You expect to use your general fund reserves to meet this overspend with the general fund balance forecast to reduce from £3.416 million to £3.383 million at year end.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. You will need to ensure that you are prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on your support for local people and businesses.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Implementation of IFRS 16 - Leases

The implementation of this standard is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases. The current distinction between operating and finance leases is removed for lessees and all leases will be recognised on the balance sheet of lessees as a right of use asset and a liability to make the lease payments.

You will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16.

Our response

- 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 the going concern of the group and will review related disclosures in the financial statements.
- We will consider your ongoing arrangements for preparing for Brexit as part of our continuing risk assessment.

- As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as set further in our Audit Plan, and is subject to PSAA agreement.

- We will assess the adequacy of your disclosure about the financial impact of implementing IFRS 16 – Leases from 1 April 2020 and, where the balance is material, test a sample of lease obligations to determine whether they have been accounted for appropriately under the requirements.

3. 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 6-7 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 investment properties are 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 on this material balance 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

4. 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	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Authority and Group	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. 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 the revenue streams at Epsom & Ewell Borough Council and the group, 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 or the group.</p>
Management override of controls	Authority	<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 • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroborative evidence • gain an understanding of the accounting estimates and other judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Authority	<p>You revalue your land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£75 million) 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 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.</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 • write to the valuer to confirm 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, the valuer's report and the assumptions that underpin the valuation. • test revaluations made during the year to see if they had been input correctly into your asset register • evaluate 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	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Authority	<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 (£39.5 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability 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"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's 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 the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority 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; and • obtain assurances from the auditor of Surrey County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

5. Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	Authority	<p>The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments.</p>	<p>We will:</p> <ul style="list-style-type: none"> Evaluate the processes the Authority has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. Assess the completeness of the disclosures made by the Authority in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC Local Authority Leasing Briefings.
		<p>In accordance with IAS 8 and paragraph 3.3.4.3 of the Code disclosures of the expected impact of IFRS 16 should be included in the Authority's 2019/20 financial statements. The Code adapts IFRS 16 and requires that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p>	

Page 17

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 2020.

6. 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 the Authority
- 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 the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
 - Issue of a report in the public interest or written recommendations to the Authority 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.

Page 18

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 the group's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

7. 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

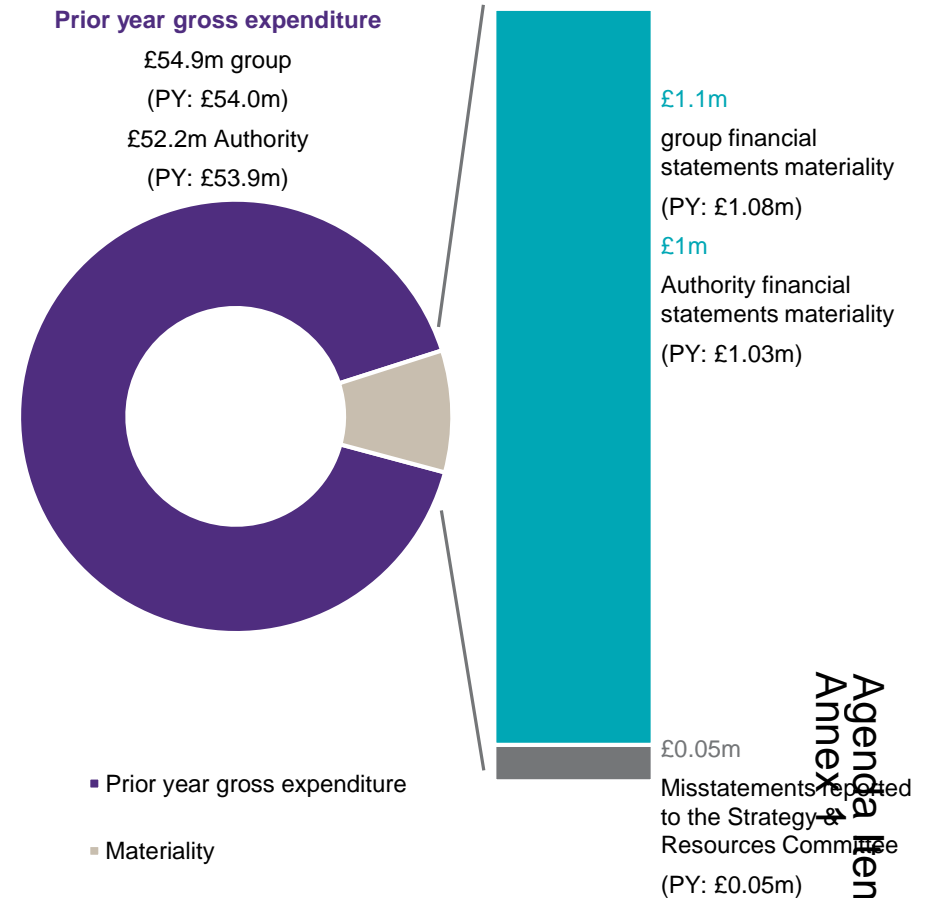
We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.1 million (PY £1.08 million) for the group and £1 million (PY £1.03 million) for the Authority, 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 which we have determined to be £100k for related parties and senior officer remuneration.

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 Strategy & Resources 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 the context of the group and Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.05million (PY £0.05million).

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.



8. Value for Money arrangements

Background to our VFM approach

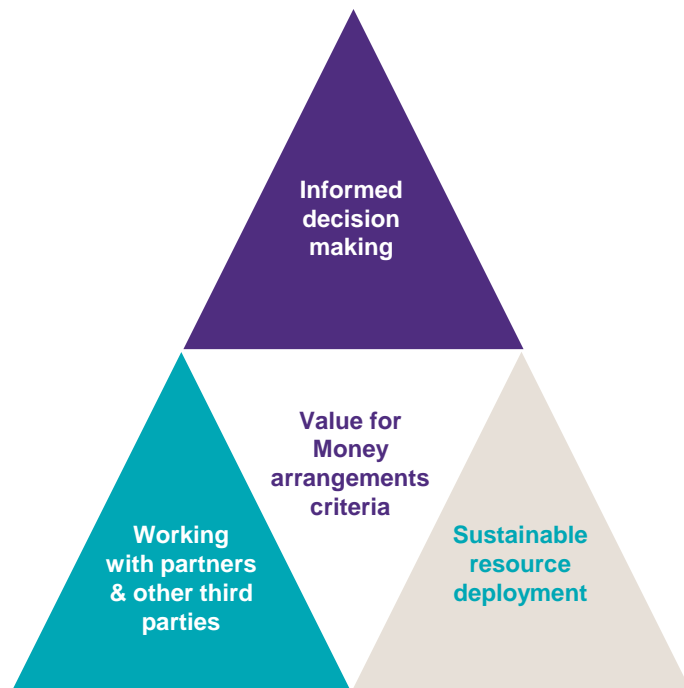
The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

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:

Page 20



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 continues into 2019/20 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 also affect Epsom & Ewell Council.

At Quarter 2 you are forecasting an outturn for 2019/20 of a £33,000 overspend against the £6.387 million budget, after deploying £100,000 of corporate contingency. The overspend is principally due to adverse variances within homelessness spend, car parks and cemetery income. The forecast overspend would result in a contribution from the General Fund reserve if it remained at year end, decreasing the balance from £3.416 million to £3.383 million. You have set a minimum threshold of £2.5 million held in the General Fund reserve.

Looking forward budgetary pressures are likely to continue into 2020/21. At the time of our initial risk assessment the forecast budget shortfall for 2020/21 was £159,000 after savings, and over the next 3 years financial years (inclusive of 2020/21) the total deficit is estimated at £685,000. This has since reduced and you have now set a balanced budget for 2020/21 but there is still a deficit over the 3 year period, reduced to £443,000. This does include planned use of some reserves for their earmarked purpose as well as contributions to other reserves. However the remaining shortfall if unaddressed could lead to unplanned use of these reserves which creates a risk to financial sustainability over the medium term.

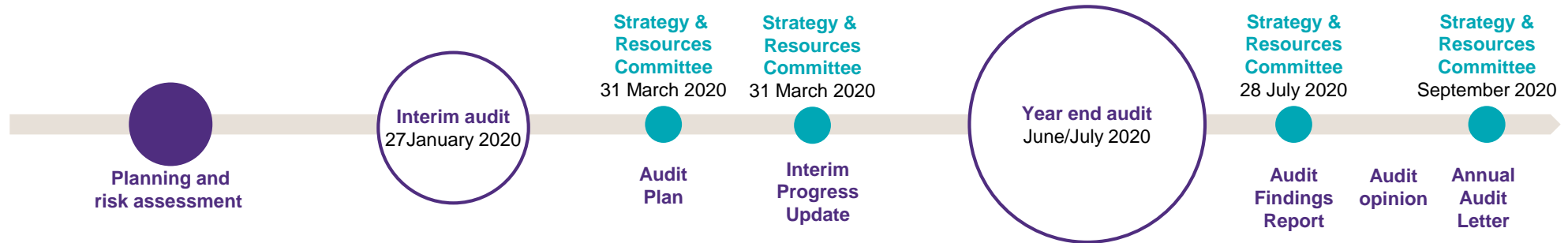
Longer term forecasting indicates that a level of savings of £1.825 million is needed to achieve a balanced budget over the next four year financial planning period which £0.685 million is needed for 2020/21.

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.

Agenda Item 3
Annex 1

9. Audit logistics & team



Sarah Ironmonger, Key Audit Partner



Amber Banister, Audit Manager

Client responsibilities

Where clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- 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.

10. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019/20 at the planning stage, as set out below and with further analysis overleaf, has been discussed with the Chief Finance Officer and is subject to PSAA agreement.

	Actual Fee 2017/18	Actual Fee 2018/19	Proposed fee 2019/20
Scale Fee	£44,708	£34,425	£34,425
Group Accounts	£3,000	£2,250	2,250
Fee Variation	£0	£4,000	£7,500
Final Fee (excluding VAT)	£47,708	£40,675	£44,175

Assumptions:

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	34,425	
Raising the bar	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	1,750	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	1,750	We have therefore increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
IFRS 16	1,500	Note that PSAA's original scale fee for this contract was set in March 2018, so any new developments since that time need to be priced in. One such change is the introduction and changes required to leases accounting as a result of IFRS 16. Therefore additional will be required for auditing IFRS16 implementation and corresponding disclosures required in 19/20 under IAS8.
Group accounts	2,250	You were required to start producing group accounts in 17/18 as a result of your wholly owned subsidiary, EPC becoming active. These were introduced following the setting of the scale fee and require additional work to gain assurance over the valuation of the investment properties held by EPC and the consolidation process.
Revised scale fee (to be approved by PSAA)	44,175	

11. 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 and PSAA's Terms of Appointment 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.

Page 24

Service	£	Threats	Safeguards
Audit related:			
Certification of Housing Benefit Subsidy Claim	TBC	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 in the prior year, including additional fees, was £16,000 in comparison to the total fee for the audit of £44,175 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:			
N/A			

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 your policy on the allotment of non-audit work to your auditors. All services have been approved by the Strategy & Resources Committee. Any changes and 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.

The firm is committed to improving our audit quality – please see our transparency report - <https://www.grantthornton.ie/about/transparency-report/>

Agenda Item 3
Annex 1

Appendices

A. Audit Quality – national context

Page 25

Agenda Item 3
Annex 1

Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.



© 2019 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank

Housing Benefit Unit
Housing Delivery Division
DWP Business Finance & Housing Delivery Directorate
Room B120D
Warbeck House
Blackpool
Lancashire
FY2 0UZ

Grant Thornton UK LLP
110 Bishopsgate
London
EC2N 4AY
T +44 (0)207 383 5100

Section 151 officer, Epsom & Ewell Borough Council

28th November 2019

Dear Sirs

Housing Benefit (Subsidy) Assurance Process 2019 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2019

This report is produced in accordance with the terms of our engagement letter with Epsom & Ewell Borough Council dated 2nd July 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2018/19 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Epsom & Ewell Borough Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 26th April 2019.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2018/19.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2018/19 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose

Agenda Item 3

Annex 2

with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2018/19 dated 26th April 2019 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 26th April 2019, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 Non HRA Rent Rebate

No Claims were found to be in error.

Cell 094 Rent Allowance

No claims were found to be in error.

Completion of Modules

Completion of Module 2

Testing of the module 2 for correct uprating of system parameters identified no issues. This is detailed in Appendix B.

Agenda Item 3 Annex 2

Completion of module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

In line with the requirements of HBAP Modules we undertake CAKE testing based upon any preceding Qualification Letter. There were no errors identified in the prior year and therefore it has not been necessary to undertake CAKE testing in 2018/19.

Summary paragraph

For the form MPF720A dated 26th April 2019 for the year ended 31 March 2019 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

Firm of accountants – Grant Thornton UK LLP

Office - London

Contact details – Sarah Ironmonger

Sarah.L.Ironmonger @uk.gt.com

0207 865 2997

Signature *Grant Thornton UK LLP*

Date – 28th November 2019

Agenda Item 3 Annex 2

Appendix A Exceptions/errors found

There are no errors to report

Appendix B Observations

There are no observations to report.

Appendix C: Amendments to the claim form MPF720A

There are no amendments to the claim form.

Appendix D Additional issues

There are no additional issues to report.

THE COUNCIL'S REPOSENSE TO THE COVID-19 PANDEMIC

Head of Service:	Leadership Team
Wards affected:	All
Urgent Decision?	No
If yes, reason urgent decision required:	
Appendices (attached):	Emergency Response Structure and associated three Terms of Reference documents for Member and Partnership groups

Summary

This report sets out the Council's response to the Covid-19 pandemic following a major incident being formally declared across Surrey on 19 March 2020.

Recommendation (s)

The Committee is asked to:

- (1) Note the significant action taken by the Council and its staff in response to the Covid-19 pandemic, including providing essential support to the most vulnerable in the local community and to local businesses and action to keep essential services running.**
- (2) Refer an updated version of this report to the next full Council meeting for consideration by all Members.**

1 Reason for Recommendation

- 1.1 The Council and the local community faced (and continue to face) a significant and unprecedented challenge created by the global Covid-19 Pandemic. In this context, the Council as a provider of essential services responded immediately and vigorously to the unfolding situation which impacted on all parts of the Council's operation. This report sets out the key role and actions undertaken by the Council during the initial emergency period.

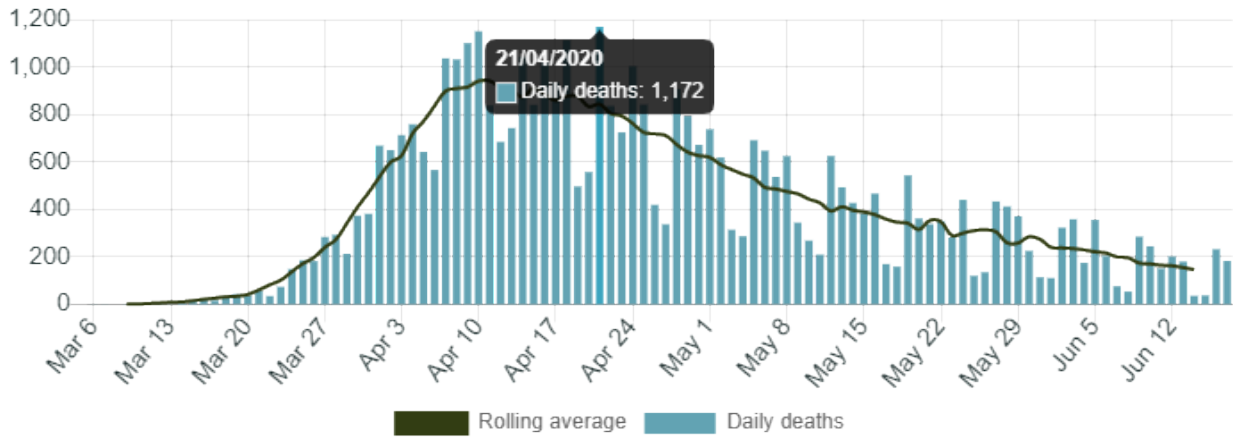
2 Background

- 2.1 Local government has a crucial role in responding to emergencies and helping communities impacted by them. The Civil Contingencies Act 2004 sets out the legislative framework for responding to civil emergencies, which includes an event or situation which threatens serious damage to human welfare or the environment of a place. The Civil Contingencies Act sets out the structure and governance for coordinating the emergency response
- 2.2 On the 31 December the Wuhan Municipal Health Commission, China, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. This led to a novel coronavirus being identified and named Covid-19. On the 28 January the death of a UK National due to Covid-19 was confirmed on the Diamond Princess Ship anchored at the Yokohama port in Japan. By 5 March the first death in the UK was confirmed due to Covid-19.
- 2.3 On the 11 March 2020 the World Health Organization (WHO) declared the outbreak of COVID-19 a pandemic, confirming that it had spread world-wide.
- 2.4 On 19 March a Civil Emergency was declared across Surrey, and the following day the Government announced the closure of all schools, restaurants, pubs and social venues. On 24 March the Government confirmed in a nation-wide text alert that everyone should stay at home (other than NHS and other essential workers), marking the start of the lock-down.
- 2.5 In responding to the unfolding emergency, the Council had to establish emergency governance arrangements and be mindful of and stay aligned to the unfolding national and Surrey-wide requirements which have continued throughout the emergency period.
- 2.6 As a category 1 provider under the Civil Contingencies legislation the Council are part of the Surrey Local Resilience Forum (SLRF). These local resilience forums are a mechanism set out to co-ordinate local emergency, responses and recovery and interfaces with the Ministry of Housing, Communities and Local Government (MHCLG).

3 The scale and speed of the pandemic

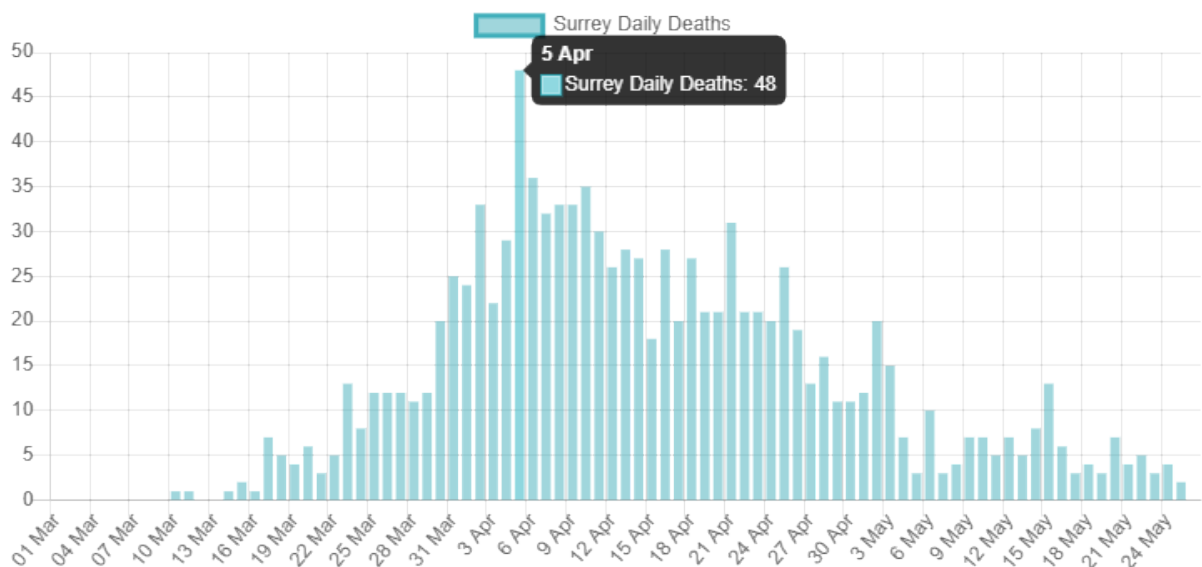
- 3.1 On the 31 January 2020 the first cases of Covid-19 in the UK were confirmed and the first reported death due to the virus followed by 5 March. On 15 March 2020 the first death due to Covid-19 was confirmed in Epsom and Ewell.

3.2 At the time of writing on 18 June 2020, the total number of confirmed cases of Covid-19 in the UK is 299,251 and the total number of deaths 42,153. The following graph shows how the number of fatalities due to Covid-19 has changed over this period.

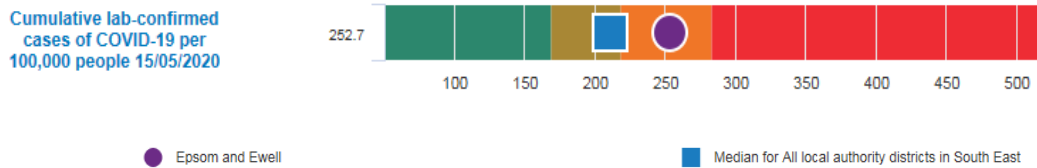


3.1 Although daily deaths in the UK due to Covid-19 have been falling since 21 April 2020, the numbers in other countries are still on the increase. The World Health Organisation has reported that the total number infected with Covid-19 globally is global infection at 8,223,454 and total deaths due to Covid-19 at 444,813.

3.2 Across Surrey the deaths due to Covid-19 have been falling since the peak in 5 April 2020.



3.3 In Epsom and Ewell number of confirmed cases of Covid-19 per 100,000 population has been higher than average for Boroughs and Districts in the South East of England. The reason for this is not known but Epsom and Ewell's close proximity to London which has the highest rates of mortality due to Covid-19 in the UK, may be a contributing factor.



- 3.4 Looking at the numbers of confirmed cases of Covid-19 infection across Boroughs and Districts in Surrey, Epsom and Ewell was broadly at the mid-point and less than half the level of the borough with the highest number.

As of 17 June 2020

Lab confirmed cases

Borough

Elmbridge	263
Epsom and Ewell	208
Guildford	386
Mole Valley	230
Reigate and Banstead	524
Runnymede	195
Spelthorne	192
Surrey Heath	285
Tandridge	204
Waverley	306
Woking	189

- 3.5 The impact of the pandemic on the lives of local people and local businesses has been unprecedented and its aftermath including the impact on the economy is likely to be felt for some time into the future. One measure of this is the impact on local employment. Even with the furloughing arrangements that have been in place, there has been a sharp increase in the number of new claimants in the borough for Universal Credit since the start of the lock down. For example the number of new claimants increased from just 34 in the week commencing 8 March, to 569 in the week commencing 22 March – probably the biggest increase on record.

- 3.6 Once a major incident was declared across Surrey on 19 March 2020, Epsom and Ewell Borough Council immediately put in place its own established arrangements for coordinating its response to the emergency. This covered the following:

- Co-ordinating the Council's emergency response
- Maintaining essential services
- Establishing the Community Hub to support the most vulnerable
- Support for businesses impacted by the pandemic
- Keeping staff safe and well
- Planning and coordinating the recovery of services

4 Coordinating the Council's Emergency Response

4.1 Following the declaration of major incident across Surrey on 19 March 2020, the Borough Council then immediately put in place the necessary governance arrangements at a borough level. This enabled the Council to align to the Command Centre arrangements established by the Surrey-wide Local Resilience Forum SLRF including their Strategic Coordinating Group, (Gold), Tactical Co-ordinating Group (TSG) or Silver and a range of operational cells covering an Incident Management Team and Borough Emergency Control Centre:

Cell 1: Welfare (Volunteer & Vulnerable)

Cell 2: Excess Death Planning / Death Management Group

Cell 3: Supporting Critical/Key Workers

Cell 4: Local Infrastructure

Cell 5: Multi-Agency Information Group (MIG)

Cell 6: Workforce

Cell 7: Personal Protective Equipment (PPE)

Cell 8: Community Care

Cell 9: Covid-19 Surge Capacity

4.2 A number of officers from across the Council came forward at the start of the emergency to support these cells and the other elements of the Council's emergency response. They took on new roles, worked long hours and in difficult circumstances to ensure that everything possible was being done to respond to the unfolding emergency.

4.3 The Strategic Co-ordinated Group (SCG) operated from Surrey Police headquarters at Mount Browne, initially met twice daily including weekends and was jointly supported by both the Council's Head of Corporate Governance, Performance & Policy and the Head of HR & OD. The Emergency Planning and Business Continuity Advisor supported the TSG with twice daily meetings and a number of staff were set up for the key contacts for the relevant operational cells. The MIG were responsible for providing the top lines brief and formed the basis of subsequent local borough level communications. .

- 4.4 In Epsom and Ewell, the Council’s operational response is delivered through an Incident Management Team (IMT) and a Borough Emergency Control Centre (BECC). The governance and structure was set up under incredibly challenging circumstances at the start of the national lock-down period, and required important operational decisions to be taken in a rapidly changing environment and involved long working hours for all those involved. As well as dealing with Covid-19, the Council’s emergency arrangements also had to respond to other incidents including outage at Epsom Water Treatment works potentially affecting 18,000 homes.
- 4.5 The role of the BECC is to co-ordinate the council’s tactical response to an incident. It is scalable and adaptable resource and its primary objectives were to:
- Provide a focal point for the tactical emergency
 - Provide a single point of contact
 - Ensure accurate records are maintained
- 4.6 The BECC was initially operated 7 days a week and had 4 cells covering ;
- Environment
 - Information and support
 - Welfare
 - Staff
- 4.7 In total 5 borough Council staff came forward to take on key roles in the IMT, 11 staff in the BECC, 13 staff for the Community Hub and 15 staff in the front-line Response Team.
- 4.8 Operational Incident Management Team (IMT) Structure

<p>Incident Management Team (IMT) <u>Membership</u></p> <ul style="list-style-type: none"> • CE / COO • Head of HR/OD • Head of PPG • Head of H&ES • BECC Manager • Comms • EE Police 	<p>FROM THE IMT - information for actioning / communications</p> <ul style="list-style-type: none"> • BECC Manager • Communications Cell (public info, Members, etc) • HR/OD – staff issues, staff messaging • Feeding into the multi-agency Strategic Co-ordinating Group (SCG) 	<p>EEBC key priorities (ranked)</p> <ul style="list-style-type: none"> • Staff safety • Save life and reduce harm (working with key partners) • Supporting residents, esp. vulnerable • Providing services essential to the response to Covid19 • Protect the local economy
---	---	---

- 4.9 The Borough Emergency Control Centre Structure which included the Police ensured that there was a joined up approach across the borough:

Staffing

- Staff welfare
- Staff queries
- Ongoing HR activity (e.g. payroll)
- Identifying staff to support the response

Support and Information Cell

- Triage emails into the Covid19 a/c
- HR (workforce issues, staff messaging, managing volunteers, redeploying staff)
- Collating data for IMT
- Store incoming information
- Check minutes of multi-agency meetings and bring B/D relevant issues to the attention of the BECC Manager
- Legal issues

BECC – provides the conduit for all information relating to the tactical and operational response

Environment Cell

- Buildings (support staff, cleaning, maintenance)
- Cemetery Services (provision of burial space, services)
- Refuse and other collections
- Car parks / parking permits
- Street cleaning
- Environmental issues / business closures / PPE

Welfare Cell / Community Hub

- support vulnerable people with phone calls, referring on to other agencies, collection of prescriptions, delivery of standard food boxes)
- Community Services (meals at home, shopping, community alarm)
- Housing
- Revs and Bens
- Liaison with voluntary groups / volunteers

4.10 A Members Communications Cell was established early in the emergency and consisted of those Council Members who had previously been identified for this role as part of the Council's established emergency planning arrangements, and had already been trained in Crisis communication.

4.11 Council Members have also had a central role in planning the recovery process through the establishment of a Member Recovery Cell. This has reviewed plans for re-opening services that were suspended at the start of the pandemic and have helped prioritise the services and functions that needed to return first, ensuring that this is done in a coordinated way and reflects local need.

5 Maintaining Essential Services

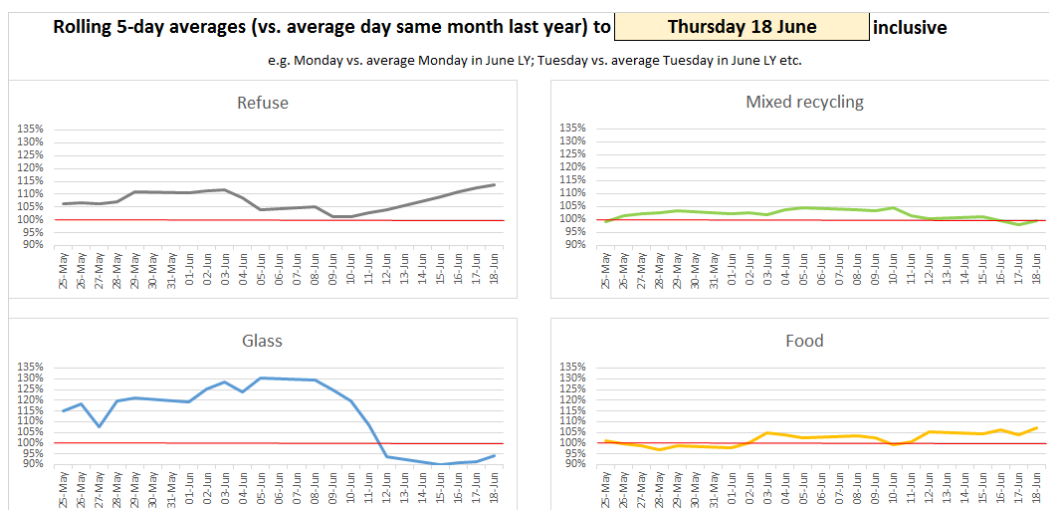
5.1 Once a major incident was declared across Surrey and following the Government's lock down instructions, one of the Council's first priorities was to also take action to ensure that essential services could continue to operate despite the very significant challenges. This included core front-line services such as refuse collection and recycling, keeping parks open, the streets cleaned, continuing to provide the meals at home service, customer service and revenues and benefits to name a few.

5.2 Council also relied on the continued operation of key Council support services such as, Communications, Finance, ICT, and Human Resources and Payroll, Property and Estates and Legal and Democratic Services.

- 5.3 Communications has also had to be ramped up, ensuring that residents, businesses, Members and staff were kept informed of the rapidly changing circumstances and the evolving government advice. Despite more than quadrupling the communications output through key channels and moving to daily briefings during the most fast moving periods of the emergency it has still been very challenging to keep up with the pace at which things have continued to change and the uncertainty created by national policy announcements during the pandemic that were not always accompanied at the same time by the necessary detail on which to properly determine the implications for the Council. To date 48 Staff Updates and 47 Members Updates have been produced and published by the Communications team providing key information in a timely as possible way.
- 5.4 The Council's ICT team in particular needed to rapidly increase the capacity of core Council systems to be operated remotely, and enable relevant Council staff to carry out their work from home. They also procured and deployed a video conference solution to enable home working via teleconferencing and videoconferencing, and with changes in Government legislation, enabled virtual public meetings to take place, including enabling Planning Committee meetings to re-commence.
- 5.5 The Council's Contact Centre and Business Support service was also available throughout ensuring that Council main phone number, email addresses and enquiries through the Council's website were answered, followed up and responded to and that residents always had access to the most up to date information.
- 5.6 The Council's Revenues and Benefits service not only needed to ensure that residents continued to receive the welfare benefits that they were entitled to but also had to respond to a dramatically increased workload in managing and distributing the various financial support schemes for businesses that were put in place and that are described in more detail later in this report.
- 5.7 The Council's Environmental Health staff had a key role in ensuring that businesses complied with Government guidance during the lock down, responded to a higher number of neighbour complaints as well as responding to requests for advice and guidance from numerous local businesses including restaurants that are hoping to reopen in July. The staff are also on standby to assist with the programme of Test and Trace with their skills gained from managing infectious disease outbreaks.

- 5.8 The Council's finance service has managed to support the organisational response to COVID-19 by monitoring the impact of the pandemic on the Council finances and providing central government with regular detailed information including projected and actual losses incurred through this crisis. This information is being used to support the Council argument for significant additional financial support from Central Government while at the same time finance staff have still been managing to prepare the Council's year-end financial statements within the statutory deadlines.
- 5.9 The Council's front-line housing service needed to find a way to continue to operate entirely remotely while at the same time responding to new Government policy in relation to immediately accommodating people who were living on the streets at the time. The housing service also saw a significant increase in homelessness enquiries and the number of households that had to be provided with temporary accommodation also increased markedly during this period.
- 5.10 The Council's cemetery has unfortunately had to respond to the increased number of funerals and burials in the borough, including for people who had died from Covid-19. As well as relying on Council staff to conduct internments, additional grounds maintenance staff have had to be deployed and extra heavy equipment hired to create additional grave spaces, while further safety and social distancing arrangements have had to be put in place.
- 5.11 The core statutory planning service has also continued throughout this period operating remotely to continue to process planning applications within statutory timescales. In addition, with significant support and preparations by the Council's legal and democratic services team, it was possible to successfully commence with the Council's first virtual Planning Committee meetings.
- 5.12 The HR and Payroll service also had a key role in supporting managers and staff during the emergency response, ensuring that they had the advice they needed, providing up to date guidance on health matters, leave, overtime and wellbeing issues aligned to the evolving national guidance. The team have produced 8 separate sets of guidance for staff and managers since the start of the Pandemic.
- 5.13 The Council's legal and democratic services team continued to ensure that the Council's actions during the emergency period were informed by timely legal advice and had a key role in delivering the changes that were needed in relation to contracts and the establishment of virtual Committee meetings.

- 5.14 Maintaining the operation of essential services was particularly challenging given the need to reallocate Council staff into the emergency response and later into the planning of the recovery, the impact of staff sickness and the number of staff shielding or caring for vulnerable dependants (details of which are set out later in this report), and because many of the Council's front-line services relied on staff physically being present in the workplace at a time when understandably there was a lot of fear and anxiety in the general population during the official lock down.
- 5.15 Services such a Grounds Maintenance, Countryside and Parking were temporary suspended with staffing prioritised for essential services and staff redeployed to support with the delivery of Meals at Home. Operational services operated in a flexible and fluid way to ensure that priorities were managed and delivered during an extremely challenging period. This particular group of staff were out and about dealing with every day matters on the front line during the pandemic. The front line response ensuring essential services are delivered has been impressive.
- 5.16 While the Council has succeeded in continuing to operate essential large scale services like refuse and recycling collection throughout the pandemic crisis, the service has also had to respond to significant shifts in resident behaviour and the graphs below covering May and June illustrate. Interestingly the Council collected 12% more glass overall as part of the 4,324 tonnes of rubbish that the Council has recycled through the pandemic.



- 5.17 Another important task for Council staff during this period has been managing the safe and orderly suspension of other services. For example, the temporary closure of the Council's Health and Wellbeing Centre involved careful assessment of the needs of all the service users to ensure that alternative arrangements were put in place for their wellbeing. The temporary closure of the Epsom Playhouse, involved contacting the production companies of all the shows that had bookings to explore if they could be rescheduled for another time, and contacting customers to arrange refunds.

5.18 Maintaining essential front-line operations during this period has also relied in part on securing an adequate supply of Personal Protective Equipment (PPE) and hand sanitisers. For example for staff preparing and delivering meals to the homes of medically vulnerable older people. The government guidance on PPE has been a challenge as it has been updated regularly, however recognising the priority given to NHS and Social Care workers, the Council has been able to source and sustain the levels of PPE needed for front-line staff. The Council's cleaning contractor Churchill were also very supportive in obtaining dispensers and adequate supplies of sanitizers.

5.19 Establishing a Community Hub

5.20 The impact of the Covid-19 restrictions, including lockdown, caused significant inconvenience for most of the population. The impact was particularly severe on those 900 residents who were already known to be vulnerable from their existing use of council services, such as being registered for help with household bin pull outs and who all required the Community Hub to make contact. These vulnerable people might be reliant on neighbours, family or friends for other help during lockdown, such as help with shopping or medication collection.

5.21 In addition there was another emerging population of those who had been determined to be Extremely Clinically Vulnerable and therefore required to self-isolate (initially until the end of June 2020) and were known as shielded.

5.22 The Council created a Community Hub on 25 March 2020 and located in the Town Hall and was set up to ensure all residents who were known to be vulnerable and those registered, following strict clinical criteria, as shielding would be contacted and offered support during the Covid-19 emergency.

5.23 As the start of the Covid-19 crisis, key staff from a range of Council services actively came forward to volunteer from less-urgent service areas to help establish the Community Hub, initially operating seven days a week including bank holidays, and they were joined by additional volunteers from the community and local Councillors working remotely.

5.24 The Community Hub had a key role in making welfare calls to the borough's most vulnerable and socially isolated residents and ensuring that they had the information, essential supplies (eg food and medication) and support services they needed. To date, the Council made some 10,000 calls to vulnerable residents during the pandemic.

- 5.25 The government had identified the shielded population as the priority for welfare calls. The Community Hub started making welfare calls to the shielded and the vulnerable residents simultaneously. To assist with this task and to ensure initial contact could be made urgently, a small number of Members, who had offered their help, were asked to take over the welfare calls to the vulnerable residents and the Community Hub then focussed on making contact with the medially shielded.
- 5.26 Initially there was great uncertainty about the numbers of shielding residents within the borough. However, as of June 2020 there are 2,536 identified shielded residents within the borough. This growth in the shielded population was the result of further refinement by GPs of their patient data, referrals from hospital consultants as well as changes in NHS guidance on the nature of who should be shielded.
- 5.27 The shielded data was released to Surrey County Council by central government in stages with the first cohort data being provided to the Community Hub in the last week in March 2020.
- 5.28 Between March and June 2020 there have been 3 main cohorts of shielded data released to the borough's Community Hub.

Category	Number of new shielded residents	Date of release
Cohort 1	1015	24 March 2020
Cohort 2	781	13 April 2020
Cohort 3	740	4 May 2020
TOTAL	2536	

- 5.29 The success of the Community Hub was heavily reliant on effective partnership working with a range of statutory partners and voluntary organisations. Not exclusively but the following organisation had regular contact with the Hub:
- Age Concern Epsom and Ewell
 - Say Well
 - Surrey police
 - Central Surrey Voluntary action (CSVA)
 - Surrey County Council Adult Social Care
 - Brigitte trust
 - Mary Frances Trust
 - British Red Cross

- 5.30 Age Concern Epsom and Ewell (ACEE) provide essential support to the older residents within the borough and during the Covid19 emergency ACEE provided essential support to qualifying residents including shopping and medication collection and delivery services as well as befriending and welfare checks. The rapid mobilisation of Age Concern's support offer contributed significantly in the success in making that important initial contact with vulnerable residents and the provision of essential services throughout the emergency. Their involvement greatly reduced the demands on the Community Hub and many shielded residents who were eligible for support from ACEE were directly referred into their service.
- 5.31 The overwhelming response to welfare calls to both the vulnerable and shielded population has been very positive. Those shielded residents in the later cohorts were often unaware they were identified as shielding or of the need for them to self-isolate.
- 5.32 Community safety was the primary consideration for the Community Hub. The welfare calls to the vulnerable and shielded populations were essential and in addition to providing a friendly voice during the emergency, they were able to check that the resident had sufficient arrangements in place for the duration of the self-isolating period.
- 5.33 Amongst the welfare checks performed during the call was assurance that sufficient food and medicines were in place both at the time of the call but also for the duration of the self-isolating period. At times the callers identified urgent need for food and arrangements were made to get a food box delivered from the central distribution centre at The Spectrum in Guildford. There were numerous occasions where emergency collections of medications were needed and the Community Hub would refer urgent request to the council's Borough Emergency Control Centre (BECC) so that a driver could be dispatched to collect and deliver the medication.
- 5.34 Welfare checkers also explored whether there were any emotional, loneliness or mental health issues in which case, further support was offered or referrals into other services made as appropriate and follow up welfare calls would remain in place to ensure no one was left alone.
- 5.35 Prolonged periods of self-isolation can give rise to significant risks to an individual's welfare. In situations where, despite numerous attempts at contacting a shielding individual, no contact could be made, there was a team of welfare checkers, both staff and suitably safety checked volunteers, who were dispatched to visit the shielded resident in person
- 5.36 This welfare visit was to ensure the persons safety and that the matter did not require to be escalated further. The local Police Community Support Officers (PSCOs) also provided support for welfare checks where appropriate and worked closely and effectively with the Community Hub.

- 5.37 Shielded and vulnerable borough residents were well looked after by referrals from the Community Hub into other existing council community services including Meals at Home service, local shopping service or emergency medication deliveries. With the expansion of Meals at Home service during the pandemic the Council provided a special meal on VE Day so that resident could enjoy a celebratory meal in the comfort of their own home. A number of staff including the Leadership Team volunteered their time to deliver the meals which were well received on this special day.
- 5.38 There were occasions when serious safeguarding concerns were identified by welfare callers. The Hub managed such instances promptly and with great care and developed close and effective working relationships with local GPs, Adult Social Care and our local Beat Police Officers in addressing these concerns and ensuring appropriate referrals were made.
- 5.39 The Hub followed up every case to ensure expected action was taken and that no shielded resident was missed or not responded to by the relevant organisation.
- 5.40 The types of services required varied widely, with mental health becoming more significant as the period of self-isolation continued. Below is an illustrative list of the types of support or assistance required by both the vulnerable and shielded populations:
- Mental health/dementia concerns
 - Safeguarding (including domestic abuse and social care needs)
 - Food parcels
 - Meals
 - Medication and delivery of prescriptions
 - Supermarket delivery slots
 - Central government communications (questions over how long they need to stay shielded for)
 - Signposting on to other services
 - Befriending and loneliness became an increasing issue as weeks went on
 - Medical transport
- 5.41 By June 2020, many of those who are shielding were content to call the dedicated support number and did not need on-going proactive telephone support. However there remain a significant minority, approximately 150 – 200, who continue to receive regular calls from the Hub.
- 5.42 The nature of the Community Hub is such that should there be a resurgence in Covid19 infections and self-isolation be extended or reintroduced for the shielded population at a national or local level, the capacity exists to respond appropriately.

6 Additional Support for Local Businesses and individuals

- 6.1 As well as the Borough Council taking on a core role in the supporting more vulnerable residents through the Community Hub, the Council also took on a central role in supporting local businesses including the allocation of new national funding through the Council's revenues and benefits service.

Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund.

- 6.2 On 11 and 17 March, the Government announced financial support for small businesses, and businesses in the retail, hospitality and leisure sectors, in the form of two grant funding schemes to be administered by Local Authorities.
- 6.3 Eligible businesses who applied would receive one-off grants of either £10,000 or £25,000. The Council received £11.576m Government funding for the schemes on 1 April 2020, and officers acted immediately to start distributing these funds to eligible local businesses. By the end of the first full week following receipt of the funds (5–12 April), a combined £3.2m in grants had been paid out by Epsom and Ewell Borough Council to 199 eligible businesses across the Borough.
- 6.4 In total, 840 businesses have been identified as eligible for funding across the Borough, and by 14 June, 710 (or 85%) of these have already been allocated £9.68m in grant funding. The Council is working hard to ensure that as much of the money as possible is taken up by local businesses but this is challenging given how many have ceased operations during the lock down.

Local Discretionary Grant Scheme

- 6.5 In May 2020, the Government announced a further Discretionary Grant Scheme Fund to assist those small businesses that do not qualify for the above Small Business Grant or the Retail, Hospitality and Leisure Grant.
- 6.6 The Council can award up to a total of £556,750 between eligible businesses in the Borough, which will be funded by the Government.
- 6.7 The criteria for EEBBC's Discretionary Grant Scheme was agreed under Delegated Authority (#585). Applications were open online to businesses until 19 June. In week commencing 22 June, applications are due to be assessed, with awards of up to £10,000 available for eligible businesses.

Business Rates Relief

- 6.8 In addition to the above Grant Schemes, the Government announced in March 2020 a series of business rates reliefs to further support business. The reliefs include Expanded Retail and Nursery Discounts of up to 100% for eligible businesses, which the Council has implemented and issued revised business rates bills to those eligible businesses. Over 400 businesses now have no business rates to pay for 2020/21

Council Tax Hardship Fund

- 6.9 As well as support for businesses, the Government awarded the Council £344,000 in Hardship Funding for residents, which is being used as set out in the government guidance to provide relief for individual council taxpayers who receive Council Tax Support.
- 6.10 By the middle of June 1707 current Council Tax Support recipients have been awarded relief totalling £255,497. Hardship relief will be automatically awarded to anyone awarded Council Tax Support throughout 2020/21

Suspension of Charging in Car Parks

- 6.11 For the period 2 April to 14 June 2020, the Council suspended charging in the majority of its car parks (all except for Town Hall, Hope Lodge and at Bourne Hall), as a means of providing further financial support to both residents and businesses in the Borough. The decisions to suspend charging in some car parks and then reintroduce charging in line with the 2020/21 rates were agreed under Delegated Authority (decisions #575, #578 & #586).

Support for Commercial Tenants of Council Properties

- 6.12 The Council has supported those of its commercial tenants who have requested assistance, by offering the option of deferring one quarter's rental payment (typically the March to June quarter), to assist with the tenants' cashflow during lockdown. The rent will still be payable to the Council, by the end of the current financial year (i.e. it is just a deferral, not a write-off). This support was agreed under Delegated Authority decision #571.

Re-Opening Highstreets

- 6.13 Following government guidance that non-essential shops can re-open from 15 June and that restaurants and pubs may open in July, a Task Force chaired by Epsom & Ewell Borough Council has been established to support local retailers and high street businesses to safely open and welcome shoppers back to their stores.
- 6.14 The Task Force includes economic development specialists alongside key business representatives such as the Business Improvement District, the Ashley Centre and Epsom Square, and other partners such as Surrey County Council and Surrey Police and is supported by key Council staff including staff from the Council's venues service. By harnessing the combined experience of each partner, the group will ensure that the borough's high streets and shopping parades are safe and welcoming places to shop and spend time. The Task Force's work is supported by a Government grant of £71,000.

7 The response regarding Council staff

- 7.1 Since a major incident was declared across Surrey on 19 March 2020 the Council has been fully reliant on its workforce in order to provide an effective and coordinated approach. In turn our staff have needed to respond and adapt in a variety of different ways to the rapidly changing circumstances including taking on new roles, working with different colleagues and working in new ways. This has had a number of implications which have had to be carefully managed from the start of the pandemic which have been particularly complex.
- 7.2 Our staff have worked incredibly hard during the pandemic and have adapted quickly and positively to the challenge at hand. Our operating model for managing and supporting our staff has completely changed during this emergency period as the delivery, suspension, and/or operating conditions for services has had to be aligned with rapidly evolving guidance from central government and Public Health England on the wide range of issues and risks resulting from this virus.
- 7.3 Our areas of focus for managing Council staff have been as follows:
- Operate in a way that keeps Council staff safe and minimises the risk to them and service users
 - Provide staff with timely information and advice
 - Support multi agency arrangements, including communications
 - Take an active role in multi-agency co-ordination, both strategic and tactical.

- Ensure the Council’s arrangements dovetail with the evolving requirements of the Surrey-wide Local Reliance Forum and provide data as required
- Enable Epsom & Ewell Borough Council to continue to provide essential services to the community
- Inform the public about reduced service levels
- Prepare and plan for recovery
- Consider short, medium and long term implications

7.4 It has also been necessary to redeploy a significant number of existing Council staff into new teams working on priority activities on the emergency response, delivering essential services, supporting vulnerable people through the new community hub, or coordinating the recovery stages. Our staff have stepped up and taken on these new roles with commitment and dedication.

7.5 We have been so impressed by our staff who have rolled their sleeves up and got on with this work, sometimes under extremely difficult circumstances and while coping with their own concerns and anxieties.

7.6 Sickness / Self Isolation / Shielding

7.6.1 Of course all of this work is against a backdrop of staff who themselves have fallen to COVID19 with a number of staff who have been off sick, self-isolating or shielding themselves. Our workforce has been significantly affected and in the early weeks of the pandemic in March and April the Council was having to operate with a significantly reduced level of staff.

7.6.2 Statistical reporting on COVID-19 staffing absence and at risk groups has been collated by HR and updated on a regular and often daily basis as the reporting requirements have changed as the situation has evolved.

7.6.3 The table below shows the number of employees who are in different categories dependent upon personal circumstances:

Category	Number of Staff	Percentage of Workforce
Care for a dependant - working from home	12	3.8%
Care for a dependant - unable to work from home	0	0%
Building or office closure - working from home	86	27.6%

Building or office closure - unable to work from home	0	0%
Category A - clinically extremely vulnerable Shielding – (NHS advised) working from home	1	0.3%
Category A - clinically extremely vulnerable Shielding – (NHS advised) unable to work from home	1	0.3%
Category B - clinically vulnerable - working from home	48	15.4%
Category B - clinically vulnerable - unable to work from home	27	8.7%
Redeployed (BECC, Community Hub, Meals at Home, IMT, COVID Secure, Recovery Team, Cemeteries Support, High Street Task Force) *this does not include those employees redeployed within operational services	48	15.2%

- 7.7 During the emergency response key services needed support to ensure we were meeting the needs of essential services and supporting the new services that were asked of us by central government. A number of staff offered their help to support services with an increasing work load due to COVID-19 and this has been greatly appreciated.
- 7.8 During March, 187 days were lost to those who were self-isolating and unable to work from home and 99 days were lost to those who were absent from work with COVID19 symptoms.
- 7.9 During March, 78 employees were absent from work due to sickness this represents 25% of the workforce. 45 employees were absent due to Coronavirus symptoms of self-isolation which represents 14% of the workforce.
- 7.10 During April, 10 days were lost to those who were self-isolating and unable to work from home and 149 days were lost to those who were absent from work with COVID19 symptoms.
- 7.11 During April 20 employees were absent due to Coronavirus symptoms and self-isolation which represents 6% of the workforce.

- 7.12 During May, 32 days were lost to those who were self-isolating and unable to work from home and 48 days were lost to those who were absent from work with COVID19 symptoms.
- 7.13 During May, 18 employees were absent from work due to sickness which represents 5.6% of the workforce. 7 employees were absent due to Coronavirus symptoms of self-isolation which represents 2% of the workforce.
- 7.14 There have been a number of sensitives to deal with in managing those with health conditions, stress and anxiety bereavement, domestic abuse and isolation. The HR team have been available to provide confidential advice and support with these more complex employment matters.
- 7.15 Support has been provided via a number of routes namely online and telephone counselling through the Council Employee Assistance program and the Council's Mental Health First Aiders. The team have also sought to provide support and additional information by signposting to other platforms such as Surrey Health and NHS support. There was also on-going engagement with the Staff Consultative Group as part of the Council's ongoing commitment to effective employee relations and to help with the changing requirements placed on staff in this on-going emergency situation.
- 7.16 There has also been an outpouring of gratitude and support for all our staff during the pandemic which has helped to lift spirits and boost morale at this time. Some of this support has included:
- A personal letters of thanks and support to all staff from the Chief Executive
 - Two personal letters of thanks from the Chair and Vice Chairman of Strategy & Resources
 - Letters and emails from members of the public
 - Special signs and notes left for our refuse crews
- 7.17 One of the most important roles that HR undertakes is to ensure that all staff are paid. This includes collating payroll data, ensuring that adequate checks are completed and the BACS is signed off for payment. The service had continued to ensure that all pay and allowances have been paid on time and in line with regulations.
- 7.18 It is very clear that the current situation has presented challenges and new ways of working for many staff but the Council's One Team approach has certainly helped to ensure that the response has been prompt, compassionate and robust.

7.19 Managing through the recovery

- 7.20 As part of the recovery phase managers have been working on how they will recover their services going forward to meet both the challenges created by COVID-19, but also how arrangements will return to some form of normality in due course. As part of this recovery process feedback has been obtained on how staff have adapted to more agile working practices such as homeworking and worked differently, in order to identify both the successes and the areas that need further work.
- 7.21 Regular engagement has taken place with staff to get their feedback and just check in with how they are feeling. This has helped maintain morale and productivity and is helping build much needed emotional resilience.
- 7.22 The ICT service is continuing to respond to and plan for the need for greater staff agility, building greater service resilience and flexibility, including enabling more services to be accessed on-line and modernising remaining manual paper based systems.
- 7.23 COVID-19 is, and has been for a number of months a difficult and anxious time for all of our workforce as we have navigated through the unique circumstances. The lockdown, the lack of face to face social contact with many staff working from home can have impacts on their health and well-being. The workforce has been working hard and fatigue is setting in. Staff have been encouraged to take annual leave in the coming months to ensure they will be able to have an adequate break and much needed rest.
- 7.24 The Council is very proud of how its staff have responded to COVID-19 as it is an anxious and challenging situation. Many of our officers are working to continue delivering critical services to ensure our residents receive the services they need.
- 7.25 The workforce have been amazing and have demonstrated real commitment in continuing their work, adapting to change and ensuring that the Council has responded compassionately and robustly to the pandemic.

Next steps and capturing lessons learnt

- 7.26 While the Council should feel rightly proud of its response to date to the Covid-19 emergency, it has been very challenging and there are bound to be lessons to learn that would be helpful in informing the Council's response to future emergencies. A report on lessons learnt will be considered by the Audit, Crime and Disorder and Scrutiny Committee later this year.

- 7.27 While the Council is simultaneously managing the local operational response to the continued emergency situation, and managing the progressive recovery of services, it also needs to be alert and ready for the risk of further surges in Covid-19 virus infection and potential future lockdowns that may occur at a national or local level, including actions that may arise from the new Test and Trace arrangements. The challenge continues to be significant. At the same time the Council must start to consider how services and resources need to adapt around a post-Covid environment, recognising that customer behaviour and local needs have been impacted in profound ways, and that new urgent priorities have emerged such as the recovery of our high streets and local economy and helping people back into work.
- 7.28 There are also significant financial uncertainties for the Council arising from Covid-19 which are set out in a separate report on this agenda. This will be an additional challenge for the Council to consider and navigate through as part of the on-going recovery process.

8 Legal or other duties

8.1 Impact Assessment

8.1.1 None

8.2 Crime & Disorder

8.2.1 The Council has continued to work with the Police to try and respond to concerns about anti social behaviour during the lockdown and during the recovery period as more facilities have opened.

8.3 Safeguarding

8.3.1 A key role of the Community Hub described in this report has been to identify and respond to any safeguarding concerns that arise through contact with local residents.

8.4 Dependencies

8.4.1 As part of the on-going emergency, the Council's emergency response is still aligned to the Surrey-wide Local Resilience Forum. The Council's ability to respond to the pandemic emergency and its aftermath will continue to depend on the availability of Council staff and there being sufficient financial resources.

9 Financial Implications

- 9.1 **Section 151 Officer's comments:** The far-reaching financial implications associated with the Covid-19 Pandemic are addressed in full in a separate report on this same agenda.

10 Legal Implications

- 10.1 None arising from the contents of this report.
- 10.2 **Monitoring Officer's comments:** None arising from the contents of this report.

11 Policies, Plans & Partnerships

- 11.1 **Council's Key Priorities:** This will impact of the delivery of the Council's new four year plan and 6 new themes: Green& Vibrant; Safe & Well, Cultural & Creative; Opportunity & Prosperity, Smart & Connected; Effective Council
- 11.2 **Service Plans:** The Covid-19 Pandemic was not included within the Council's Plan for 2020/21, however these are being updated to reflect the impact of Covid 19 on all services and the financial and staffing resources available to deliver priorities in 2020/21.
- 11.3 **Climate & Environmental Impact of recommendations:** The impact of coronavirus on the environment is likely to see reduced pollution in the Borough with less traffic and air travel and great numbers of local people walking and cycling. Staff have been encouraged to work from home and will continue to do so. Moving into the Recovery phase a key principal will be for a green recovery which can build upon working remotely and greater use of technology
- 11.4 **Sustainability Policy & Community Safety Implications:** The Council has continued to work closely with the police regarding issues or concerns that have arisen during the pandemic and extended lock-down period.
- 11.5 **Partnerships:** the Council have been part of a multi agency partnership approach to dealing with the emergency, working with health, Surrey County Council, Surrey Fire and Rescue Service, Surrey Police, local voluntary sector organisations and other partners.

12 Background papers

- 12.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- None

Council's Emergency Response



Page 57

Agenda Item 4
Annex 1

This page is intentionally left blank

High Streets Recovery Task Force

Terms of Reference

Purpose

To take a collaborative approach to supporting the recovery of our retail and hospitality businesses that were impacted by the Covid-19 lockdown, by creating a safe and welcoming environment for everyone.

Membership of the Task Group

Damian Roberts, Chief Operating Officer (Chair)

Karen Pengelly, Town Centre Manager, Business Improvement District (BID)

Dave Beddows, Manager of the Ashley Centre

Mayad Rassem and Steve Lucas, Epsom Square

Inspector John Vale, Borough Commander, Surrey Police

Nick Healey, Surrey Highways, Surrey County Council

Ian Dyer, Head of Operational Services (and Market Place) at the Council

Neil Hopkins, Communications Manager at the Council

Julia Owen, Economic Development Officer, at the Council

Our focus

Ensure that the businesses (customer facing businesses including shops and hospitality) have access to or are signposted to the latest guidance and advice to create and manage a safe environment for their customers and staff

Encouraging ownership and cooperation by businesses for actively managing the safety of their queuing customers on the public footway and other shared public spaces

Explore options for keeping key public spaces safe where it is likely that the capacity of these spaces could be exceeded.

Support customers and visitors to the Town Centre to maintain their safety and wellbeing

Promote the Town Centre and High Streets across the Borough as a safe and welcoming places that is open for business and customers

Key outputs

Overall action plan

Press communications promoting the joint work being undertaken by the Task Force to make the Town and High Streets safe and welcoming place for customers

On-line access/sign posting to latest guidance and emerging good practice for local businesses

Options for managing congestion (eg queuing in-store, staggered opening times for businesses, queuing from one direction ie from the left, or timed tickets to avoid the need to stand in long queues)

Specific advice to businesses in key locations regarding options for managing queuing by their customers in public spaces

A plan for dealing with those key shared public spaces in a consistent way where there is a greater likelihood that capacity will be exceeded

Communications Plan to underpin the above addressing both business communications and customer/resident communications (including agreed shared key messages (eg “let’s be socially safe”, consistent signage, posters, social media etc)

The Task Force, is a “task and finish group” holding virtual meetings as required.

Member Recovery Cell

Terms of Reference

Membership

Cllr Eber Kington (Chairman)

Cllr Clive Smitheram (Vice Chairman)

Cllr Liz Frost

Cllr Neil Dallen

Cllr John Beckett

Cllr Barry Nash

Cllr Hannah Dalton

Cllr David Reeve

Cllr Clive Woodbridge

Cllr Kate Chinn

Scope

The scope of work of the MRC is to ensure that the Council has carefully considered key strategic issues associated with the Recovery Phase of the Covid-19 emergency and has put in place plans to enable the smooth transition to a new normality of Council service delivery. The MRC will ensure that:

- There is a plan setting out when the Council and Committees will next meet based on key decisions that require Member approval.
- Strategic priorities for the Council during the recovery phase, including critical projects such as the timing of the Regulation 18 consultation, are agreed.
- There is a schedule of services and capital programme items prioritised for recovery, based on financial, service and reputational considerations.
- There is an understanding of the key risks associated with the recovery phase through the review of the regularly updated Risk Register.
- Areas of potential pent-up demand from residents/customers are identified and actions put in place to mitigate the risk of individual services becoming overwhelmed.
- Consideration is given to potential scenarios for EEBC, associated with the Government's recovery strategy and phased return, so that the Council is as prepared as it can be.

Out of Scope

- The emergency response
- The Community Hub response
- Decisions taken by Committees as they restart
- On-going business as usual activities
- Staff management issues
- Decisions taken by other partners such as SCG or SCC
- Prioritised schedule of future key public events in the borough for the coming year (either organised or supported by the Council)
- Actions to address the consequential budget deficit
- Consideration of the utilisation of future government grant funding associated with Covid-19 crisis
- Consideration of lessons from the Covid-19 crisis that could inform new better ways of working for both Members and staff
- Consideration of options for actively supporting the local economy and local businesses during their own recovery

Meeting arrangements and frequency

Given the dependencies between the different elements of recovery, meetings will take place with the Member Recovery Cell as a whole supported by the Chief Executive and Chief Operating Officer.

The meetings will be held virtually using video conferencing using GoToMeeting.

The meetings will take place fortnightly with agendas emailed in advance and notes taken by the Covid 19 Programme Manager. Additional meetings may need to be arranged to accommodate urgent decisions or volume of work.

The work of the Member Recovery Cell will conclude when the borough emergency in relation to Covid-19 has been formally stepped down and normal decision making arrangements are in place.

Reporting Arrangements

Member Recovery Cell forms part of the Council's emergency response for Covid-19 and therefore agreed priorities and actions will be fed into the BECC (Borough Emergency Control Centre).

Terms of Reference

Membership

Cllr Eber Kington
Clive Smitheram
Cllr Liz Frost
Cllr Barry Nash
Cllr Hannah Dalton
Cllr Kate Chinn

Scope

Elected Members have an important role supporting their communities during the response and recovery phases on an incident. In addition, as part of the Council's emergency planning arrangements the named Epsom & Ewell Members have been professionally trained to undertake an additional role in support of the Council's overall communications effort. This includes representing the Council in the media, including television and radio interviews and providing a link between Members and officers during the emergency period. As communications can be very difficult in the immediate aftermath of a major incident for a variety of reasons, the Member Communications Cell have an important role in helping to overcome these challenges to ensure that effective communications takes place throughout the emergency period.

As media relations in an emergency incident are crucial and can often be an important factor in determining how well and accurately (or otherwise) the Council and Emergency Services are reported as dealing with the situation, Members from the Communications Cell may be approached to give media statements and interviews.

To ensure that the Council provides consistent and accurate communications messages, Members will be fully briefed. Any Council communication with the media will be in accordance with the agreed procedures and, and where relevant (particularly in the early stages), in consultation with the relevant agencies, such as the police and fire services.

Meeting arrangements and frequency

Regular meetings will be held as required. Where appropriate these meetings will be held virtually using video conferencing using GoToMeeting.

Reporting Arrangements

Member Communications Cell forms part of the Council's emergency response and therefore agreed priorities and actions will be fed into the BECC (Borough Emergency Control Centre).

This page is intentionally left blank

FINANCIAL IMPACT OF COVID-19

Head of Service: Lee Duffy, Chief Finance Officer

Wards affected: (All Wards);

Urgent Decision?(yes/no)

**If yes, reason urgent decision
required:**

Appendices (attached):

Summary

This report sets-out the financial impact of Covid-19 on the Council in the first quarter of 2020/21, and proposes funding sources to mitigate the impact.

Recommendation (s)

That the Committee

- (1) Notes the projected £2.5m deficit caused by Covid-19 in the first quarter of 2020/21;**
- (2) Agrees that the recommended funding, as set-out in paragraph 6.8, be deployed to address the deficit;**
- (3) Agrees that should the Government permit the capitalisation of Covid-19 related losses, then officers should examine this option for EEBC;**
- (4) Supports the continued lobbying of Central Government for further financial support;**
- (5) Notes that a further financial update will be brought back to this Committee in Quarter 2.**

1 Reason for Recommendation

- 1.1 This report sets out the impact of COVID-19 on the Council’s finances for the first quarter of 2020/21 and proposes how these losses can be financed for the period. Agreeing the recommendations will enable the Council to mitigate the adverse financial impact of Covid-19 in the short term.

2 Background

- 2.1 The Council approved its budget for 2020/21 and a new four year MTFS in February 2020. At that time, the Council was unaware of the impact that COVID-19 would have on its services and finances.
- 2.2 Since the outbreak, the Council has suspended a number of non-priority services and scaled back on a number of other services.

3 Impact on Council Finances for Quarter 1 of 2020/21

- 3.1 As a result of the government imposed restrictions and changes made to services, the Council has experienced significant reductions in commercial income and increases in expenditure to manage the crisis.
- 3.2 Commercial income for the purpose of this report is defined as revenues generated from parking, the venues (including the Playhouse, Ewell Court House, Bourne Hall, Community & Wellbeing Centre and Rainbow Leisure Centre), property rents and other income from services delivered directly to the public.
- 3.3 The estimated cost of dealing with COVID-19 for the first quarter of 2020/21 is expected to be £2,496,000 as shown in the following Table 1:

Table 1 - Council Losses due to Covid-19	April 2020	May 2020	June 2020	Total Quarter 1
	£'000	£'000	£'000	£'000
A. Direct COVID-19 expenditure	91	40	40	171
B. Homelessness	87	70	70	227
C. Losses on fees & charges	568	569	569	1,706
D. Losses on commercial property income	296	48	48	392
Total	1,042	727	727	2,496

A. Direct COVID-19 Expenditure

- 3.4 The Council has had to incur additional expenditure on personal protective equipment (PPE) for frontline staff dealing with the public, the cost of groceries to provide food packages to vulnerable residents within the Borough and the purchase of additional IT equipment to facilitate the running of Council services remotely to assist key staff in working from home.

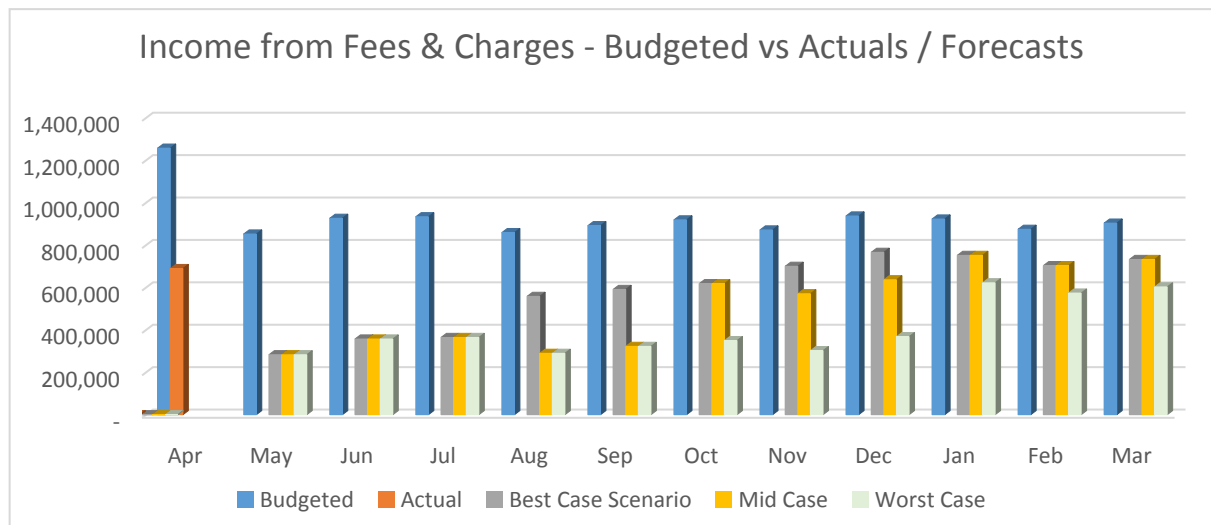
B. Homelessness

- 3.5 The Council is currently accommodating 19 additional households in temporary accommodation as a result of Covid-19, and has had to block-book additional accommodation to secure additional capacity to deal with potential surges in demand. The additional costs of managing homelessness in quarter 1 are projected at £227,000.

C. Losses of Income from Fees & Charges

- 3.6 Income from services has been severely hit during the outbreak. With budgeted income from fees and charges of around £900,000 per month (£11m per annum), this area represents the greatest financial risk for the Council, both in the short and long term. With the implementation of measures to deal with COVID-19, the Council has seen its income from fees & charges drop to below £300,000 per month.
- 3.7 The following service areas are most affected by the crisis in terms of monthly losses.
- 3.8 Car parks - £350k loss per month. Parking charges were suspended from 2nd April except for at the Town Hall, Hope Lodge and at Bourne Hall. Reinstating the charges will increase income for the Council but can be expected to be below pre-COVID-19 for a significantly period of time if not permanently.
- 3.9 Refuse - £30k loss per month (mainly trade waste). Once businesses recommence trading it is anticipated for this source income to return. A risk is a number of traders may cease business due to the crisis and this will impact on the long term income for the Council from this service.
- 3.10 Venues - £80k loss per month. It is expected the impact of COVID-19 on these services will take a significant period of time to recover. Venues will need to demonstrate it is safe to use their facilities and the public will need to have confidence in doing so; this is expected to be a gradual process.
- 3.11 Rainbow Leisure Centre - £30k loss per month. The Council is not currently receiving the monthly management fee from our leisure services provider at the Rainbow Centre. There is a possibility that further financial support may be required to enable the supplier to continue to operate post COVID-19 – should this be necessary, this will be reported to members at the appropriate time.

- 3.12 The following chart shows the Council’s budgeted income from fees and charges, compared to actual and forecast amounts collected each month, to illustrate the potential shortfall:



D. Losses on Commercial Property Income

- 3.13 The Council had budgeted to receive £1.5m income from commercial in the first quarter of 2020/21.
- 3.14 At the start of the crisis the Council agreed to allow tenants who requested and demonstrated their need for financial assistance to defer making their quarterly payments to help alleviate cashflow problems, but with the expectation that the amount due will be paid within the next 12 months.
- 3.15 To date, the Council has received £0.5m of the rent due for the first quarter, with £1m rent not collected. It is hoped that the £1m outstanding rents will be recovered within the next 12 months, however, it is prudent to highlight the risk of default and how any losses could be mitigated if they materialise. For the purpose of forecasting only, it is anticipated nearly £400k of the outstanding first quarter rents will not be paid.

Collection Fund – Business Rates

- 3.16 For 2020/21, the Council was accepted into a Surrey pool of local authorities with the potential benefit of retaining a greater share of business rates income, which for this Council was expected to generate a gain of nearly £170k.

- 3.17 The budget for 2020/21 did not include any anticipated benefit from the pool and budgeted income from business rates was set at £1.617m. However, COVID-19 is expected to have an adverse impact on the pool with anticipated losses in income from business ratepayers. The Council's external advisors are looking at a range of scenarios which could see the Council ending up with reduced income from its share of business rates by up to £600k for 2020/21.

Collection Fund – Council Tax

- 3.18 At the end of April 2020, council tax receipts were 5.5% down compared to April 2019. If the level of recovery remains at this level throughout 2020/21, this would materialise in to a loss on the collection fund of £3.6m, with EEBC's share of the loss being £375k.
- 3.19 It is difficult at this stage to predict the final position on council tax, as non-payment in April may not necessarily result in non-recovery of the debt for 2020/21. Individual households will be recalculating finances and looking to access other methods of financial support during the early stages of the crisis. This means that the fund could be experiencing a delay in receipts rather than non-payment altogether.
- 3.20 The position on council tax income should become clearer later in the year when the level of risk of non-payment can be reassessed.
- 3.21 The Government has provided hardship funding of £344k; these funds are not for the Council to retain, but are used to assist council tax payers who are experiencing hardship.

4 Recovery of Suspended Services

- 4.1 Any recommencement of services will need to be carried out in accordance with government guidance.
- 4.2 Guidance will affect how services can be delivered - for example, observing social distancing – and the time needed to re-establish a new level of normality.
- 4.3 The Council's recovery is also likely to be impacted by its ongoing responsibilities towards (and protection of) its vulnerable residents in the shielded group.
- 4.4 Any resumption of services is likely to require time to enable public confidence to grow, as residents and customers gradually gain assurance that it is safe to resume using our services.
- 4.5 The Council will need to be sufficiently resourced to deliver its services. Therefore, before any services are resumed, it should be established how the service can be delivered and funded, in light of potential changes required to service delivery.

5 Available Funding

Government Support

- 5.1 To date the Government has agreed one-off funding specifically for EEBC totalling £820,901.
- 5.2 Government has also provided £11m funding for local businesses through the small business grant schemes, £4k funding for rough sleepers and £344k hardship funding for council taxpayers.
- 5.3 The £11m received for supporting local businesses has been paid to the Council on the basis that these monies are then directly paid out to eligible local businesses in the form of grants, the Council will not retain any surplus allocation or be liable for any shortfall as this will be topped up by Central Government.
- 5.4 The £344k Hardship Funding is being used as set out in the government guidance to provide relief for individual council taxpayers experiencing hardship.

Council's Reserves

- 5.5 The level of usable reserves as included in the provisional final outturn for 2019/20 is £17.9m. This consists of £3.4m general unallocated reserves and £14m held in earmarked strategic reserves which are for specific purposes.
- 5.6 The Council may need to utilise some of the strategic reserves to fund losses arising as a result of the crisis. The most appropriate use of these reserves would be as follows, balances shown are as at 31 March 2020:
- 5.7 Property Income Equalisation Reserve holds a balance of £3.6m and can be used to fund any losses on commercial property rental income
- 5.8 Business Rates Equalisation Reserve holds a balance of £1m and can be used to fund any losses on retained income from business rates and council tax.
- 5.9 Interest Equalisation Reserve holds a balance of £0.4m and can be used to fund any reduced income from treasury management.
- 5.10 Corporate Project Reserve holds a balance of £3.5m and can be used to fund any specific losses or costs resulting from COVID-19 not covered by government funding or the above use of reserves.

Savings

5.11 The Council is currently experiencing losses of over £700k per month, with no clear indication when it will see an end to the impact of COVID-19 on its finances. Therefore, for the Council to remain sustainable it will need to identify alternative savings that can be used to deliver a long-term viable budget.

Possibility of capitalising losses

5.12 Nationally, Councils are lobbying the government to provide local authorities with the option of capitalising losses generated from coronavirus. This would allow significant one off losses from suspending activities such as parking to be spread over a significant period and funded by long term borrowing, thereby reducing the immediate impact on Council revenue budgets.

6 Impact on the Council's Reserves in 2020/21

6.1 To forecast the impact on the Council's reserves in 2020/21, it is anticipated that there will be three distinct periods to any recovery, and that these periods may last different durations depending on a best, mid or worst case scenario as follows:

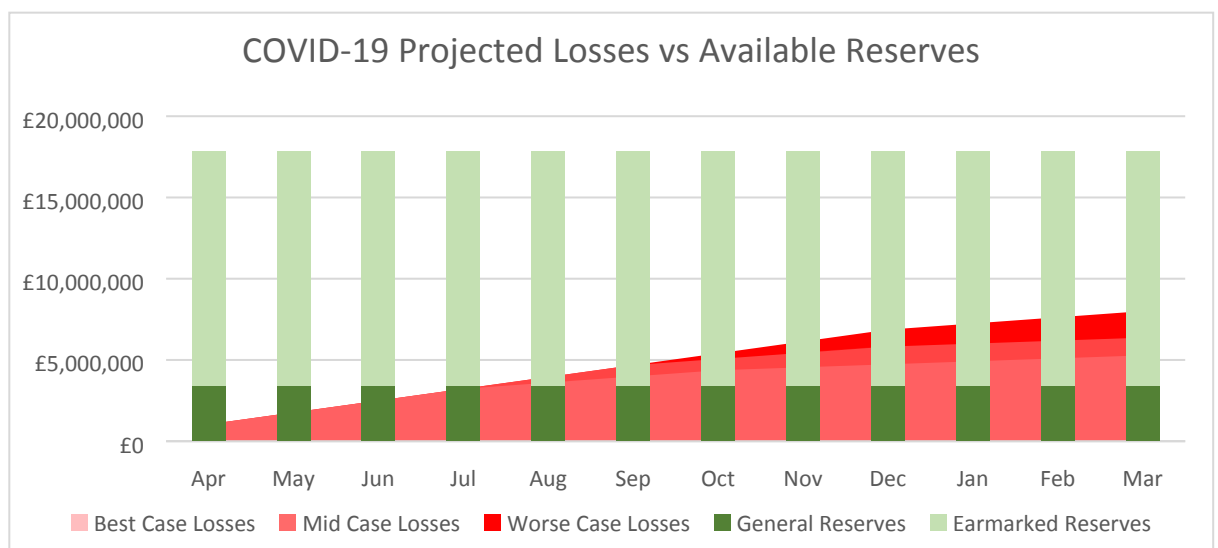
Period	Best Case	Mid Case	Worst Case
Lockdown	Apr - Jun	Apr - Aug	Apr - Dec
Unlocking/Recovery	Jul - Sept	Sept - Dec	Jan – Mar
Normality Restored	Oct - Mar	Jan - Mar	2021/2022

6.2 During the first period - 'Lockdown' - there is minimal commercial income from services. In the second period, 'Unlocking', commercial income starts to recover but between 20% to 50% down on pre-Covid levels. The final period is 'Normality', when demand for services stabilises at a level that and can be considered the new normal for the foreseeable future. Some services may never fully recover to pre-Covid levels.

6.3 The forecast losses in 2020/21 in each of the three scenarios is set out in the following table:

2020/21 Forecast losses in each scenario	Best Case £'000	Mid Case £'000	Worst Case £'000
Lockdown	2,498	3,954	6,865
Unlocking/Recovery	1,140	1,520	1,140
Normality Restored	1,101	551	
Total Cost / Losses 2020/21	4,739	6,025	8,005

- 6.4 Based on the forecasts, the Council could be facing losses between £4.7m to £8m, which would require funding by the end of 2020/21.
- 6.5 The Council's useable reserves at nearly £18m could sustain these losses for 2020/21, but they should not be relied on as a medium to long-term solution to fund the deficit in the Council's finances caused by Covid-19. Any strategic reserves used to finance losses will need to be replenished over time, which would require further savings or additional income to be found.
- 6.6 The following chart demonstrates the proportion of the Council's reserves (shown in green) that could be consumed by losses (shown in red) in each of the three scenarios in 2020/21:



- 6.7 Based on the worst case scenario, almost half of the Council's useable reserves would be depleted by the end of the current financial year. Should the worst case scenario subsequently continue throughout 2021/22, it is predicted that useable reserves would be almost fully depleted by the end of next financial year.
- 6.8 The general fund reserve stands at £3.4 million as at the 31 March 2020 and is unlikely to be able to fully fund the crisis for 2020/21, as losses to the Council in each of the three scenarios are around £700k per month, meaning this reserve would be fully utilised by August. As such, funding from alternative strategic reserves and sources has been identified to fund the projected Quarter 1 deficit of **£2.5m**, as follows:
- Use government funding of **£800k** to cover additional expenditure incurred on managing COVID-19, including homelessness and contribute partly to losses on income.
 - Use **£1.1m** from corporate projects reserve to offset losses in income from services in the first quarter

- Allocate corporate contingencies totalling **£200k** to fund losses.
- Use **£400k** from the property income equalisation reserve to fund potential non-recovery of rental income due on commercial property for the quarter.
- Any losses generated on the collection fund by the end of 2020/21 to be funded from the business rates equalisation reserve.

7 Risk of Section 114 Notice

- 7.1 If the financial impact of coronavirus is felt for a sustained period and without further government financial support, there will be an increased risk of the Council being unable to sustain the situation.
- 7.2 It could then become the statutory responsibility of the Council's Chief Finance Officer to make a report called a section 114 notice, if it appeared that the expenditure of the authority (including expenditure it proposes to incur) were likely to exceed the resources (including sums borrowed) available to meet that expenditure in a financial year. When a section 114 notice is served, all new expenditure is banned, with the exception of expenditure on statutory services such as refuse collection or homelessness to protect vulnerable people.
- 7.3 As the Council's financial reserves are sufficient to fund projected losses in the worst case scenario for the current year, the prospect of a S114 notice is not considered imminent at Epsom & Ewell Borough Council. However, should the worst case scenario persist for a sustained period and the Council is unable to set a balanced budget for 2021/22 taking into account reduced income levels, then the prospect of a S114 notice could come into sharper focus around the time of setting next year's budget.

8 Review of Medium Term Financial Strategy 2020-24 (MTFS) and Services

- 8.1 Once restrictions are lifted and the Council can resume delivery of its services, a review will need to be undertaken of the Council's current Medium Term Financial Strategy. It will need to be updated to reflect the new financial position of the Council, including revisions to future anticipated expenditure and income. The revised MTFS will also have to provide options on how a sustainable and deliverable budget can be achieved over the remaining three years of the plan.
- 8.2 To enable the delivery of sustainable services post-COVID19 it is essential that a review of existing services and service delivery is undertaken. The long-term impact of the crisis on the Council's finances will require some difficult decisions on existing services to deliver viable budgets for the Council for the future.

9 Impact of Fair Funding Review

- 9.1 The Government has announced that it is delaying its Fair Funding Review, which will not now be implemented for 2021/22. However, it still needs to be clarified if this delay means that the Government will continue to take the same approach on 'negative RSG' for 2021/22 as it has done in previous years, where it has been removed it from the settlement.
- 9.2 The Council's MTFS approved in February anticipated EEBC's share of retained business rates income would reduce by over £700k in 2021/22 as a result of the Fair Funding Review.

10 Risk Assessment

Legal or other duties

10.1 Impact Assessment

10.1.1 The Council will need to undertake individual service risk assessments as it reviews its service delivery and financial plans.

10.1.2 The main risk of inaction is that the Council could become financially unsustainable and ultimately, unable to continue delivering services to residents.

10.2 Crime & Disorder

10.2.1 N/a

10.3 Safeguarding

10.3.1 N/a

10.4 Dependencies

10.4.1 None

10.5 Other

10.5.1 None

11 Financial Implications

- 11.1 Should operational changes affect staffing levels or staff duties, consultation processes would be progressed as appropriate.
- 11.2 All financial implications are included in the body of the report.
- 11.3 **Chief Finance Officer's comments:** The Council is currently facing an unprecedented challenge to its financial stability and sustainability. Long term plans will need to be reviewed in due course, as the Council adapts to new realities and seeks to remain financially sustainable.

12 Legal Implications

- 12.1 The Council has a statutory responsibility to set a balanced budget each year. The budget must demonstrate how expenditure plans will be funded.
- 12.2 Where this cannot be demonstrated, statutory responsibilities fall on the Chief Finance Officer (Section 151 Officer) to issue a S114 notice; the implications of issuing a S114 notice are set-out in section 7 of the report.
- 12.3 In reviewing service and financial plans, the Council must ensure that it continues to fulfil its statutory obligations and comply with its equalities duties.
- 12.4 **Monitoring Officer's comments:** There are no comments arising from the contents of this report.

13 Policies, Plans & Partnerships

- 13.1 **Council's Key Priorities:** The following Key Priorities are engaged:
 - 13.1.1 The Council's Four Year Plan and Medium Term Financial Strategy 2020-24 (MTFS) were both agreed in early 2020, before the Covid-19 pandemic disrupted the country.
 - 13.1.2 The pandemic's financial impact is expected to have far reaching implications for the Council's Four Year Plan, MTFS, and service delivery.
- 13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 13.3 **Climate & Environmental Impact of recommendations:** There are no specific particular implications climate and environmental impacts arising out of this report.
- 13.4 **Sustainability Policy & Community Safety Implications:** There are no specific particular implications for Sustainability Policy or Community Safety arising out of this report.
- 13.5 **Partnerships:** 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.

14 Background papers

- 14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Four Year Plan 2020-2024 agreed at Full Council, 20 Jan 2020
- 2020/21 Budget and Medium Term Financial Strategy 2020-2024 agreed at Full Council, 13 Feb 2020.

Other papers:

- None

ELECTORAL REVIEW

Head of Service:	Amardip Healy, Chief Legal Officer
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	1: Electoral Review Timetable 2: Electoral Review Task & Finish Group – Governance & Terms of Reference

Summary

The Local Government Boundary Commission for England has recently notified the Council of its intention to carry out an electoral review of the Council. The review will consider the total number of councillors on the Council, and then review the numbers and boundaries of electoral divisions within the Council.

This report sets out proposals for the creation of an Electoral Review Task & Finish Group to consider the issues raised in such a review and to bring recommendations to Strategy & Resources Committee.

Recommendation (s)

The Committee is asked to:

- (1) note the current position regarding the proposed Electoral Review to be carried out by the Local Government Boundary Commission;**
- (2) establish an Electoral Review Task & Finish Group, to progress the proposed Review and to formulate recommendations to Strategy & Resources Committee on any submissions to the Commission during the Review process;**
- (3) agree the governance structure and the terms of reference for the Electoral Review Task & Finish Group as set out in Appendix 2 to this report;**
- (4) seek member nominations from all Party Leaders to the Electoral Review Task & Finish Group with five from the Residents Association Group, one from Labour, one from the Liberal Democrats and one from the Conservative party;**

(5) delegate to the Chairman of Strategy & Resources to confirm the member appointments to the Electoral Review Task & Finish Group.

1 Reason for Recommendation

- 1.1 The Local Government Boundary Commission for England ('the Commission') have agreed with the Council to start an electoral review. The last such review started in September 1997, a draft report was issued in March 1998, with the final report issued in September 1998. The Order was made on the 6 September 1999.
- 1.2 The creation of an Electoral Review Task & Finish Group will enable proper consideration to be given to the issues arising during the Electoral Review process and for the Council to provide responses to the review process.

2 Background

- 2.1 The Local Government Boundary Commission for England is an independent statutory body, whose objectives include the provision of electoral arrangements that are fair and that deliver electoral equality for voters.
- 2.2 An electoral review is an examination of a Council's electoral arrangements. This includes consideration of the total number of councillors elected, the number of boundaries of wards or divisions, the number of councillors for each ward/ division and also the name of such ward or division.
- 2.3 The Commission has a rolling programme of electoral reviews. A review is periodically conducted either if the local authority asks for one, or because the intervention criteria is triggered. The criteria relates to the percentage of electorate changes.
- 2.4 There are six stages of the review process, namely:
 1. Preliminary Stage: the Commission gathers information about the electoral forecasts and other electoral data. They meet with party leaders, officers and have asked for a meeting of full Council to inform and advise on the process;

2. Councillor Numbers: the next stage is about deciding how many councillors should be elected to the Council in the future. The Commission will seek to gain an understanding of the extent and nature of the various communities within the Council's area, the relationships between those communities and how the council and individual councillors work with those communities. This will then inform their proposals on the preferred size of the Council. Any recommendation of numbers is based on evidence of how many are needed.
 3. Warding arrangements: This is the public consultation stage on the numbers of Wards, their names, boundaries and numbers for each Ward.
 4. Draft Recommendations: The Commission will analyse the results of the consultation and produce draft recommendations on future electoral arrangements, which will then be subject to a new consultation exercise. Following the conclusion of that process the Commission will produce final recommendations.
 5. Final Recommendations: The Final Recommendations will then be put to Parliament to be made law.
 6. Parliamentary Scrutiny: the final recommendations are put before Parliament in the form of a draft order, Parliament can either accept or reject the recommendations.
- 2.5 Once passed, those changes will then need to be implemented and this could trigger further reviews and changes within the Authority such as a Polling Stations Review. The Council then conducts its local elections on the basis of the new arrangements.
- 2.6 As part of the Review process, the Commission will expect the Council, to provide it with relevant information to assist with its considerations. This includes:-
- a. Details of current electoral arrangements and electoral register;
 - b. Other indicators which identify and build up a map of communities;
 - c. Five-year electoral forecasts.
- 2.7 The Commission will also expect the Council to provide it with an understanding of the various communities within the Council's area and how the Council and individual councillors work with those communities.

- 2.8 At the end of the preliminary period, the Commission would expect the Council to submit its proposals for the future size of the Council. This should have regard to the political management arrangements, including policy, regulatory and scrutiny functions and the representational role of councillors, both in terms of their divisional work and representing the Council on outside bodies.
- 2.9 The proposed timetable for the review process is as set out in Appendix 1 to this report. The actual time to be taken will depend on the nature of the issues to be addressed and the availability of supporting evidence.
- 2.10 The Commission will take into account any changes to the numbers and distribution of electors that are likely to take place within the five years following the end of the Review. As can be seen from the review Timetable, the Review will involve considerable consultation with local electors and interested parties at various stages during the review process.
- 2.11 At the end of the Review process the Commission will publish its final recommendations and prepare a draft Order. This is laid before Parliament for forty sitting days and will then be confirmed, unless either of the Houses of Parliament call for a debate within that time. If a debate is called for, the draft Order may only be approved or rejected, it cannot be amended.
- 2.12 The Commission has produced detailed technical guidance on how it carries out electoral reviews and the information that it takes into account in such a review. The relevant guidance is publically available on the Commission's website.
- 2.13 There will be a considerable amount of work involved in assisting the Commission with their Review and in formulating the Council's proposals in respect of the issues to be considered in the Review. In order to oversee this work, and to formulate recommendations on the issues involved, it is proposed to establish a cross party Electoral Review Task & Finish Group, comprising eight members, five from the RA, and one each from Labour, Liberal and the Conservative parties.
- 2.14 In light of the longevity of the Electoral Review project it is important to ensure both consistency and continuity on the Task & Finish Group. It is therefore proposed that substitutes will not be able to attend meetings. If there is any issue around a nominated member not being able to sit, then it is open to Party Leaders to nominate a new representative.

- 2.15 There will also be a considerable amount of work required at officer level to assist the Commission with its review, including the provision of the information required by the Commission. An officer project team has been established to ensure that all necessary information is collated and provided to the Commission and also to support the work of the Task and Finish Group. The Officer Project Team will be led by Legal & Democratic Services and chaired by the Chief Legal Officer.
- 2.16 This report therefore proposes the establishment of the Electoral Review Task & Finish Group reporting to Strategy & Resources Committee to support the work on the electoral review process. This will enable Strategy & Resources to report and also to make recommendations to Council on the various stages of engagement with the Commission.
- 2.17 The proposed governance structure and terms of reference for the Task & Finish Group are set out at Appendix 2.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 There are no specific equality considerations associated with this report.
- 3.1.2 If the Council does not properly resource its role in the review, there is a significant risk that the Council will not be able to discharge its responsibilities in relation to the electoral review.

3.2 Crime & Disorder

- 3.2.1 There are no specific crime and disorder considerations associated with this report.

3.3 Safeguarding

- 3.3.1 There are no specific safeguarding implications associated with this report.

3.4 Dependencies

- 3.4.1 The ability to respond in a timely manner is dependent on staff resources across a number of departments. The impact of Covid19 has put pressure on all resources and this will remain the case for the duration of the project during the current municipal year.

3.5 Other

- 3.5.1 None.

4 Financial Implications

- 4.1 The project will have resourcing implications and there may be a need to provide technological support to ensure timely delivery. As a result there may be a need to provide financial support as the project proceeds.
- 4.2 **Section 151 Officer's comments:** Any resourcing and financial implications will need to be met from within existing budgets.

5 Legal Implications

- 5.1 The Commission was established under the provisions of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act). It is directly accountable to Parliament through a committee of MPs, chaired by the Speaker of the House of Commons.
- 5.2 The work of the Commission is to:
- a. to provide electoral arrangements for English principal local authorities that are fair and deliver electoral equality for voters.
 - b. to keep the map of English local government in good repair and work with principal local authorities to help them deliver effective and convenient local government to citizens.
- 5.3 Section 56 of the 2009 Act requires the Commission to review 'from time to time' every Council and make recommendations about electoral arrangements. The Act also sets out a statutory criteria the Commission are required to have regard to when carrying out electoral reviews. In general they are to have regard to:
- a. the need to secure equality of representation;
 - b. the need to reflect the identities and interests of local communities; and
 - c. the need to secure effective and convenient local government.
- 5.4 Having in place both the Member Task and Finish Group and Officer Project Group will ensure the Electoral Review process is adequately supported.
- 5.5 **Monitoring Officer's comments:** none arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The Electoral Review forms part of a legislative requirement. Its purpose is to ensure that the electoral arrangements are fair and that they deliver electoral equality for voters. It is also to keep local government in good repair and to help them to deliver effective and convenient local government to citizens.
- 6.2 **Service Plans:** The matter has been included within the current updated Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** There are no specific climate and environmental recommendations associated with this report.
- 6.4 **Sustainability Policy & Community Safety Implications:** There are no specific sustainability and community safety implications associated with this report.
- 6.5 **Partnerships:** Not applicable

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- Local Government Boundary Commission for England has issued a number of documents which aim to help and support the review process. These are all publically available on their website <https://www.lgbce.org.uk/how-reviews-work/technical-guidance>

This page is intentionally left blank

Epsom & Ewell: Electoral Review Timetable

Stage	Review Stage	Council	LGBCE	Key Dates
	Officer Briefings	Council officers involved in review	Review Manager, Review Officer	June/July 2020 (officers/party leaders/ full council all to take place on the same day)
	Party Leader Briefings	Council Party Leaders	Lead Commissioner, Review Manager, Review Officer	
	Full Council Briefings	All councillors	Lead Commissioner, Review Manager, Review Officer	
Council Size	Develop council size proposal	Council/party	-	Submit to LGBCE by Feb 2021
	Commission Meeting – council size decision	-	Commission	April 2021
Warding patterns	Develop warding patterns proposal	Council / party / public	-	April – July 2021
	Commission Meeting – draft recommendations	-	Commission	September 2021
	Consultation on draft recommendations	Council / party / public	-	October - December 2021
	Commission Meeting – final recommendations	-	Commission	February 2022
	Final Recommendations published	-	Commission	March 2022
	Order laid	-	Commission	Spring 2022
	Implementation	Council	-	2023

NB Key Dates for the local authority are shown in **Bold**

This page is intentionally left blank

Electoral Review Task & Finish Group

Governance Arrangements

Reporting Line

- Reporting to Strategy & Resources Committee

Composition

- Chairman/Chair : Clive Smitheram
- Size : 8 Members (including Chairman/Chair)
- Representation: Cross party
- Make up: 5 RA, 1 Labour, 1 Liberal, 1 Conservative
- Nomination Process: Nominations by each Party Leader to the Chairman of Strategy & Resources
- Confirmation of Appointment: Chairman/Chair of Strategy & Resources
- Substitutes: Substitutes are not allowed to sit
- Changes to Nominations: Notification to Chairman/ Chair of Strategy & Resources

Period of Operation

- As required by Strategy & Resources Committee

Terms of Reference

- a. To oversee the provision of information required by the Local Government Boundary Commission for England (the Commission) in carrying out any Electoral Review of Epsom & Ewell Borough Council, including any consultation arrangements with electors or stakeholders.
- b. The Chairman of the Electoral Task & Finish Group will set the agenda and the procedures for the running and the reporting of the Group.
- c. To update Strategy & Resources Committee on the progress of any Electoral Review.
- d. To make recommendations to Strategy & Resources Committee on proposed submissions to the Commission relating to:

- The total number of councillors on Epsom & Ewell Borough Council ;
 - The number and boundaries of electoral Wards within Epsom & Ewell Borough Council;
 - The number of councillors to be returned by any electoral Ward;
 - The name of any electoral Ward.
- e. To provide such further advice and support as may be requested by the Strategy & Resources Committee related to or impacted by any Electoral Review.
- f. To oversee the provision of information required in carrying out the Polling District and Polling Place Review, including any consultation arrangements with electors or other stakeholders following the outcome of the Electoral Review if necessary.