

## STRATEGY AND RESOURCES COMMITTEE

Thursday 27 January 2022 at 7.30 pm

Place: Council Chamber, EpsomTown Hall

Link for public online access to this meeting:

<https://attendee.gotowebinar.com/register/8728031473928259599>

Webinar ID: 443-834-323

Telephone (listen-only): 020 3713 5022, Telephone Access code:128-565-751

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 Colin Keane (Chair)  
Councillor Hannah Dalton (Vice-Chair)  
Councillor Kate Chinn  
Councillor Bernice Froud  
Councillor David Gulland

Councillor Graham Jones  
Councillor Eber Kington  
Councillor Lucie McIntyre  
Councillor Clive Smitheram  
Councillor Clive Woodbridge

Yours sincerely



Chief Executive

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

### **EMERGENCY EVACUATION PROCEDURE**

No emergency drill is planned to take place during the meeting. If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions.

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

## Public information

**Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live on the internet**

This meeting will be 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. A limited number of seats will also be available in the public gallery at the Town Hall. For further information please contact Democratic Services, email: [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk), telephone: 01372 732000.

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](mailto:Democraticservices@epsom-ewell.gov.uk).

### Exclusion of the Press and the Public

There are 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. The Committee is likely to resolve to exclude the press and public during discussion of these matters 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](mailto: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, 13 January 2022**

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, 25 January 2022**

## **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. MINUTES OF PREVIOUS MEETING (Pages 7 - 12)**

The Committee is asked to confirm as a true record the Minutes of the meeting of the Strategy and Resources Committee held on 16 November 2021 and to authorise the Chair to sign them.

### **4. EXTERNAL AUDIT UPDATE (Pages 13 - 36)**

This report presents Grant Thornton's 2020/21 Annual Report to members.

### **5. APPOINTMENT OF EXTERNAL AUDITOR FROM 2023/24 (Pages 37 - 68)**

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

### **6. 2022/23 REVENUE BUDGET AND FEES & CHARGES (Pages 69 - 84)**

This report sets out estimates for income and expenditure on services in 2022/23.

### **7. LOCAL COUNCIL TAX DISCOUNT FOR CARE LEAVERS (Pages 85 - 98)**

This report provides information to enable Committee to make a decision on whether it wishes to introduce a local care leavers discount from 01 April 2022

**8. FUNDING FOR PLANNING APPEALS (Pages 99 - 104)**

Two appeals have been submitted to the Planning Inspectorate in respect of two major planning applications. In addition, following a decision to refuse planning permission for development at 24-28 West Street, Epsom the Council has been advised that the applicants are preparing to lodge a third appeal against this decision.

In order to provide a robust defence of the decision it is essential to submit a case to the planning inspectorate which has been prepared by an independent qualified planning consultant on an impartial basis to support the Council's reasons for refusal.

The Planning Department does not have a budget for defending planning appeals, so a financial provision is required to secure a planning consultant to prepare and submit the cases for the appeals.

**9. EPSOM & EWELL BOROUGH COUNCIL PAY POLICY STATEMENT 2022/23 (Pages 105 - 124)**

This report introduces the draft Epsom & Ewell Borough Council Pay Policy Statement for 2022/23 and seeks approval of the Statement prior to its presentation to Full Council and subsequent publication on the Council website

**10. ANNUAL PLAN 2022-2023 (Pages 125 - 134)**

This report sets out the Annual Plan 2022- 2023 outlining the key objectives to support the delivery of the Council's Four Year Plan 2020- 2024.

**11. FINANCIAL REGULATIONS REVIEW (Pages 135 - 202)**

Following the Local Government Association (LGA) Finance Peer Review, this report presents a review of the Council's financial decision-making procedures and recommends changes to the Financial Regulations for the Committee's consideration. The report also provides an update on the LGA Peer Review Action Plan.

**12. COMMITTEE TERMS OF REFERENCE REVIEW (Pages 203 - 234)**

This report presents the amended Terms of Reference for Committees for consideration by Members.

**13. EXCLUSION OF PRESS AND PUBLIC (Pages 235 - 236)**

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.



**14. COMMERCIAL TENANT UPDATE** (Pages 237 - 264)

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

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**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on  
16 November 2021**

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**PRESENT -**

Councillor Colin Keane (Chair); Councillor Hannah Dalton (Vice-Chair); Councillors Alex Coley (as nominated substitute for Councillor Lucie McIntyre), David Gulland, Graham Jones, Eber Kington, Debbie Monksfield (as nominated substitute for Councillor Kate Chinn), Clive Smitheram and Clive Woodbridge

In Attendance: Councillor Bernie Muir

Absent: Councillor Kate Chinn, Councillor Bernice Froud and Councillor Lucie McIntyre

Officers present: Kathryn Beldon (Chief Executive), Jackie King (Director of Corporate Services), Lee Duffy (Chief Finance Officer), Sarah Conlon (Interim Head of HR), Gillian McTaggart (Head of Corporate Assurance), Mark Shephard (Head of Property and Regeneration), Sue Emmons (Senior Accountant), Tony Foxwell (Senior Surveyor), Patrick Lyons (Principal Lawyer), Prue Timms (Procurement Officer) and Tim Richardson (Democratic Services Manager)

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**29 QUESTION TIME**

No questions were asked by members of the public.

**30 DECLARATIONS OF INTEREST**

The following declaration of interest was made by a Councillor with respect to an item on the agenda:

Council Owned Sites for Development as part of the Local Plan

Councillor Eber Kington, Disclosable Pecuniary Interest: Councillor Eber Kington declared a disclosable pecuniary interest in that he owns a property near one of the sites considered by this report, left the Chamber for the duration of the Committee's consideration of the item and did not take part in the vote.

**31 MINUTES OF PREVIOUS MEETING**

The Minutes and Restricted of the Meeting of the Strategy and Resources Committee held on 21 September 2021 were agreed as a true record and signed by the Chair.

**32 REFURBISHMENT OF THE HAMMER CAGE AT THE HARRIER CENTRE ATHLETICS TRACK**

The Committee received a report seeking permission to release funds from Section 106 to refurbish the Hammer Throwing Cage at the Harrier Centre Athletics Facility.

The Committee noted a correction to paragraph 5.2 of the report to read: "Legally the facility will still belong to Epsom & Ewell Borough Council unless arrangements are made with the Club in the future to transfer this facility."

Following consideration, the Committee unanimously resolved to:

- (1) Approve the use of £16,027.50 of funds from Section 106 to complete the refurbishment of the Hammer Throwing Cage Facility, as set out in section 4 of the report.**

**33 REVIEW OF CONTRACT STANDING ORDERS**

The Committee received a report outlining proposed amendments to the Contract Standing Orders including changes to the level of threshold.

The following matters were considered:

- a) **Benchmarking.** Following a question from a Member, the Committee was informed that the proposed amendments to Contract Standing Orders had been benchmarked against those set by Surrey County Council and the other 11 Surrey Borough and District Councils. The proposed thresholds set by the amended Contract Standing Orders aligned with 80% of the benchmarked authorities.
- b) **Percentage of spend within threshold levels.** Following a question from a Member, the Committee was informed that 80% of the Council's procurement spend currently fell within threshold 1 and 2.
- c) **Sustainable procurement.** The Committee noted the Contract Standing Orders provided guidance to officers on consideration of sustainable procurement and social value, and that these issues were embedded within the council's procurement processes. It was noted that an amendment would be made to paragraph 13.2 of the Contract standing orders to where appropriate, ask suppliers bidding for all contract opportunities to demonstrate awareness of relevant environmental issues.

Following consideration, the Committee unanimously resolved to:

- (1) Approve the amendments to the Contract Standing Orders and recommend to Council that the Constitution be updated accordingly.**

### 34 BOUNDARY COMMISSION CONSULTATION RESPONSE

The Committee received a report setting out a response to the Local Government Boundary Commission in England's ("Boundary Commission") draft recommendations on Council size and warding arrangements in the Borough. The Committee was required to approve the response and recommend it to Full Council.

The following matters were considered:

- a) **Amendment to report.** The Committee noted an amendment to paragraph 5.2, bullet point 4 to read as follows:  

"All of Downside excluding Ash Mews be included in College Ward."
- b) **Clarification on paragraph. 5.2, bullet point 2.** Following a question from a Member, Officers clarified that the former St.Ebba Hospital site centred around Parkview Way would be retained within Court Ward.

Following consideration, the Committee resolved by a majority vote to:

- (1) **Review the Council's draft response to the Boundary Commission at Appendix 1 to the report.**
- (2) **Approve, with any necessary amendments, the draft response for consideration by Full Council on 7 December 2021.**

### 35 COUNCIL OWNED SITES FOR DEVELOPMENT AS PART OF THE LOCAL PLAN

The Committee received a report recommending that Council owned land and property assets that could be considered suitable for development are submitted through the Local Plan public process. It in no way recommended that these sites should or will be put forward for development by the Council or be allocated in the forthcoming Local Plan.

The following matter was considered:

- a) **Other Council owned sites.** The Committee noted that some Council owned sites, such as those highly ranked in the Borough's Greenbelt Study had not been included within the list for submission under the Local Plan public process.

Following consideration, The Committee resolved by a majority vote to:

- (1) **Authorise the Head of Property & Regeneration to submit the following Council owned sites to the Local Planning Authority for consideration as part of the Local Plan process:**

- a) **Depot Road / Upper High Street public car parks**

- b) Hook Road Multi-Storey public car park and Rainbow Leisure Centre surface car park
- c) Ashley Centre Southern Extent (Global House, Ashley Centre multi-storey public car park and Epsom Playhouse)
- d) Town Hall and public car park
- e) Kiln Lane (Nonsuch) Industrial Estate
- f) Wells Site
- g) Gibraltar Crescent (land to rear)
- h) Hook Road Arena
- i) Clarendon Park (land encompassing South View and McKenzie Way)
- j) Manor Park (land encompassing Horton Lane and Chertsey Lane)

*Note: Councillor Eber Kington left the room during the Committee's consideration of this item and did not take part or vote on this item.*

### 36 AUDIO, VISUAL & WEBCASTING PROVISION FOR COUNCIL MEETINGS

The Committee received a report requesting it to consider the proposal and options for the purchase of an audio, visual and webcasting solution for Council and Committee Meetings.

The following matters were considered:

- a) **Recording of meetings.** The Committee requested Officers to consider whether Committee meetings could be recorded and made available to view following their conclusion. It was noted that a policy would be required to define how recordings would be retained, and for what period.

Following consideration, the Committee resolved unanimously to:

- (1) **Award the purchase for Audio, Visual and Webcasting equipment to Auditel .**
- (2) **Agree the supplementary purchase of Option 1 – 12 additional microphones.**

The Committee resolved by a majority vote to:

- (3) **Agree the supplementary purchase of Option 3 - TV Screens.**

### 37 CHRISTMAS STAFFING ARRANGEMENTS 2021

The Committee received a report requesting that an additional day's leave be granted on Thursday 30 December 2021 in recognition of Officers continued

support and dedication through one of the most challenging years in the history of the Council – delivering through a pandemic, a major organisational restructure, uncertainty in the wider population and a public sector which is facing very difficult financial challenges as a result of covid costs.

Following consideration, the Committee resolved unanimously to:

- (1) Award Officers an additional day's leave to be taken on Thursday 30 December 2021**
- (2) Note: the usual discretionary day will be taken on Wednesday 29 December 2021 and that Officers will be required to take a compulsory day's leave from their annual entitlement on Friday 31 December 2021, thus enabling the Council offices to be closed week commencing Monday 27 December 2021.**
- (3) Approve: Where the operational needs of the Council require services to operate over the Christmas period, affected Officers will receive an additional day's pay in lieu of the award of an additional day's leave.**
- (4) Note: Due to the exceptional circumstances the Council and Officers have all been working in, it is not envisaged that this will be repeated in future years.**

*The meeting began at 7.30 pm and ended at 8.55 pm*

COUNCILLOR COLIN KEANE (CHAIR)

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## EXTERNAL AUDIT UPDATE

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	1. 2020/21 Auditor's Annual Report

### Summary

This report presents Grant Thornton's 2020/21 Annual Report to members.

### Recommendation (s)

#### The Committee is asked to:

- (1) Receive the Auditor's Annual Report;
- (2) Note the management responses to the auditor's recommendations at Appendix 1;
- (3) Advise whether the Auditor's Annual Report should be presented to Full Council.

## 1 Reason for Recommendation

- 1.1 The external audit is a statutory part of the control environment for local authorities. It provides external assurance that the Council can use to demonstrate it can achieve the Four Year Plan priority of being an Effective Council.
- 1.2 The recommendations will enable the Council to meet its statutory obligations with regard to external audit.

## 2 Background

- 2.1 In September 2021, Grant Thornton completed the audit of the Council's 2020/21 Statement of Accounts. Epsom & Ewell Borough Council was among a small minority of just 9% nationwide (and the only one in Surrey) to meet the 30 September statutory deadline for publishing audited accounts.

- 2.2 Under the 2020 Code of Audit Practice, a new requirement this year is for external auditors to issue an Auditor's Annual Report, to include commentary on the Council's arrangements to secure value for money, within three months of auditing the Statement of Accounts.
- 2.3 The auditor has met this requirement by providing the report to management on 15 December, which through this report is now presented to members at the earliest scheduled opportunity.

### **3 Auditor's Annual Report**

- 3.1 The Auditor's Annual Report is attached at Appendix 1. The report's findings can be considered to reflect positively on the Council, with key findings relating to financial sustainability, governance and value for money summarised as follows:

#### Financial Sustainability

- 3.1.1 *"We assessed the arrangements concerning Financial Sustainability and raised no indications of potential significant weaknesses. We note the Council is operating in an increasingly uncertain financial environment and for the second successive year, the [government's] 'Comprehensive Spending Review was a single year spending review. Whilst the Council will need to continue to plan with a lack of certainty over funding in the medium term it has the assurance of a track record of delivering robust financial plans".*

#### Governance

- 3.1.2 *"We assessed the arrangements concerning Governance and raised no indications of potential significant weaknesses. The Council has demonstrated that both its business as usual and temporary arrangements arising due to Covid-19 were appropriately robust and applied across the organisation".*

#### Improving Economy, Efficiency and Effectiveness (Value for Money)

- 3.1.3 *"We assessed the arrangements concerning the 3e's and raised no indications of potential significant weaknesses. The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Covid-19 has had an adverse impact on a number of KPIs but the Council, despite having to re-deploy and alter priorities, was still able to maintain a large proportion of its services as planned".*
- 3.2 The auditors also presented five improvement recommendations, to further strengthen the Councils processes. The five recommendations cover three pages, so are not duplicated here but can be found on pages 12-14 of the Auditor's Annual Report (Appendix 1), along with the management response to each.

**3.3 Strategy & Resources Committee is asked to note the management response to the five recommendations within the Auditor's Annual Report.**

**3.4** Grant Thornton has advised that it would be best practice for the Auditor's Annual Report to be presented to Full Council. This is because the national 'Redmond Review' recently found that in a number of high-profile corporate failures, those at the top of the organisation often cited in their defence that they were not made aware of issues raised by auditors, because audit reports had been discussed elsewhere in the governance structure.

**3.5 As such, Strategy & Resources Committee is asked to decide whether Full Council should be presented with the Auditor's Annual Report for information in February.**

#### **4 2020/21 Housing Benefit Subsidy Certification**

4.1 At the time of writing, audit work on the Council's Housing Benefit Subsidy claim for 2020/21 is ongoing. Certification of the claim is expected to be completed in the coming months, in time to be reported to Strategy & Resources Committee on 29 March 2022.

4.2 The statutory deadline for completing the certification work is 31 January 2022.

#### **5 Risk Assessment**

Legal or other duties

5.1 Impact Assessment

5.1.1 The auditor's recommendations and management actions should further enhance the Council's risk management framework.

5.2 Crime & Disorder

5.2.1 None arising directly from the contents of this report.

5.3 Safeguarding

5.3.1 None arising directly from the contents of this report.

5.4 Dependencies

5.4.1 None arising directly from the contents of this report.

5.5 Other

5.5.1 None arising directly from the contents of this report.

## 6 Financial Implications

- 6.1 The Auditor's Annual Report has been produced within the £59,675 main audit fee for 2020/21, as previously reported to this Committee on 21 September 2021.
- 6.2 **Section 151 Officer's comments:** The Auditor's Annual Report forms a new part of the overall external audit process for local authorities. The Council received an unqualified (i.e. favourable) opinion on its Statement of Accounts from the external auditor for 2020/21.

## 7 Legal Implications

- 7.1 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.
- 7.2 **Legal Officer's comments:** None arising from the contents of this report.

## 8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.
- 8.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.
- 8.5 **Partnerships:** None arising directly from the contents of this report.

## 9 Background papers

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

### **Previous reports:**

- 2020/21 Statement of Accounts and Audit Findings Report – Strategy & Resources Committee, 21 September 2021.

### **Other papers:**

- External Audit Update, Strategy & Resources Committee, 30 March 2021.

# Auditor's Annual Report on Epsom and Ewell Borough Council

## 2020-21

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Appendix 1



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. 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 Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.




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# Executive summary

## Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether Epsom and Ewell Borough Council (the 'Council') has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any significant risks in respect of any of the three criteria:

-  Financial sustainability
-  Governance
-  Improving economy, efficiency and effectiveness



### Financial sustainability

We assessed the arrangements concerning Financial Sustainability and raised no indications of potential significant weaknesses.

We note the Council is operating in an increasingly uncertain financial environment and for the second successive year, the Comprehensive Spending Review was a single year spending review. Whilst the Council will need to continue to plan with a lack of certainty over funding in the medium term it has the assurance of a track record of delivering robust financial plans.



### Governance

We assessed the arrangements concerning Governance and raised no indications of potential significant weaknesses.

The Council has demonstrated that both its business as usual and temporary arrangements arising due to Covid-19 were appropriately robust and applied across the organisation.



### Improving economy, efficiency and effectiveness

We assessed the arrangements concerning the 3e's and raised no indications of potential significant weaknesses.

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Covid-19 has had an adverse impact on a number of KPIs but the Council, despite having to re-deploy and alter priorities, was still able to maintain a large proportion of its services as planned.

## Opinion on the financial statements

**We have** audited the financial statements of Epsom and Ewell Borough Council and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.



# Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on the following pages.



# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council has consistently demonstrated a track record of robust budget setting and delivery. We have reported previously that the processes in place incorporates an appropriate level of challenge and scrutiny from Committees to ensure budgets are achievable operationally, there a good level of support from finance to ensure budgets are achievable from a resourcing perspective and timely and accurate budget monitoring throughout the year to ensure budgets remain relevant with risks identified quickly. The strong processes underpinning financial management has allowed the Council to consistently identify significant financial pressures and build these into short and medium term plans.

In 2019/20 the Council recorded an underspend of £11k on its revenue account (within 1% of budget) in what was a challenging year. Covid-19 did not particularly impact the 2019/20 financial position. Covid-19 evidently had a major impact on the Council's operations in 2020/21 and will continue to do so in 2021/22 and beyond. Before the official declaration of a pandemic in March 2020 the Council had already approved its 2020/21 budget and its Medium Term Financial Plan (MTFS) for 2020-24. These financial projections included minimal uses of reserves to deliver balanced budgets over the life the of the MTFS (£450k between 2022 and 2024 which is less than half of the contribution to reserves of £1.3m planned for 2021/22). Consequently, despite a need to make savings £1.8m over the MTFS the Council's financial position was looking healthy with reserves as at 31 March 2020 of £18.5m (general fund and strategic reserves).

The initial projections at the start of the financial year projected that between £4.7m and £8m of reserves would need to be utilised just for 2020/21. However once there was clarity that government would be providing significant grants to cover additional costs and also loss of income the Council was able to review its financial projections for the remainder of the year and ultimately was able to deliver a balanced budget. This was a result of receiving an additional £5.6m

of government funding meaning only £43k of reserves were utilised. The government funding for additional costs and income was obviously critical in allowing the Council to deliver the 2020/21 position however the Council also had to ensure it had appropriate arrangements in place to deliver revised operational strategies including the administration of grants to local businesses.

The Council set its 2021/22 budget at a time when it was expecting a 2020/21 deficit position of approximately £800k but with planned savings and other assumptions planned to utilise £730k of reserves (£308k of this being the business rates equalisation reserve used to finance the deficit on the collection fund). We note 2021/22 budget monitoring indicates a deficit due to the continued impact of Covid-19 with a projection a further £1m of reserves will need to be utilised for 2021/22.

Whilst this is unplanned and we note the financial environment is challenging the Council still has sufficient reserves to be able to fund such deficits in the short and medium term. The Council also has reasonable investments and low level of debt that with repayments not expensive to services (£1.6m for 2020/21).

## How the body plans to bridge its funding gaps and identifies achievable savings

The Council has a track record of delivery saving plans. Before Covid-19, a saving requirement of £1.8m was identified over the life of the MTFS. Of this, £1.4m was already identified leaving a realistic £400k to be identified via the star chamber process. The Council has not revised its MTFS formally but subsequent financial reporting do include revised forecasts for the medium term. The savings required whilst tweaked remain at similar levels to the pre COVID-19 targets.

In July 2020 the Council also reported on its 10 year Asset Management Plan up to 2030. The review was completed before Covid-19 meaning it doesn't reflect the impact on both operational and investment assets arising from the pandemic.

# Financial sustainability

The Council has £120m of operational and investment properties and to date the value of these assets have held up despite uncertainties arising from the pandemic. The Council's investment property portfolio delivered net income of £3m in 2020/21, which was £477k under budget due to Covid-19. Like many others in the sector, the Council will need to consider whether its existing strategies take into account changes in risk and the differing ways of working and providing services that could become permanent due to Covid-19 e.g. the need for office space given a potential continuation of hybrid/home working.

The Council does not have a large capital programme unlike other Districts in Surrey and over the MTFS has a programme of £2.7m that will largely be funded by grants. There are therefore minimal risks in terms of delivery or funding relating to capital.

**How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.**

We note there is a robust financial planning process in place which ties in with corporate objectives, service plans and workforce plans. There is extensive consultation to ensure the budget meets the needs of the service. The process ensures that key services remain funded. We found no evidence of the need to curtail services to support short term funding deficiencies.

The Medium Term Financial Strategy 2020-24 was produced and agreed by Members, at the same time as the Corporate Plan 2020-24, to ensure the objectives and priorities of the Corporate Plan are reflected in the Medium Term Financial Strategy. Whilst these were produced before Covid-19 the Council has continued to work towards the original objectives of their plans whilst understanding the need to manage the immediate requirements emerging due to the pandemic like setting up Community Hubs and managing grant distribution.

**How the body identifies and manages risks to financial resilience, e.g., unplanned changes in demand, including challenge of the assumptions underlying its plans.**

The pandemic has created challenges to routine financial management in 2020/21, with the temporary cessation of some services to deal with Covid demands and a changing profile of demands of other services. The Council had to be flexible and agile in terms of how it managed the changes in demand and needed to have sound reporting processes to understand what this meant for financial delivery. As noted already, the financial impact and potential income gaps moved significantly during 2020/21 with initial projections before government grant announcements of up to £8m of reserves being required to an outturn which saw only £43k required. This therefore made the decision making process challenging. The ability to close the gap is primarily down to the support from government during the year but the Council but also needed to demonstrate flexibility and an understanding of its costs and service provision to manage the position.

## CONCLUSION

We found no evidence or indication of significant risks to your financial sustainability as such no further risk-based work has been undertaken in this area.

# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

## How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Governance is the system by which an organisation is controlled and operates and is the mechanism by which it and its staff are held to account. It works from Council meetings to the front line. Ethics, risk management, compliance, internal control and best practice are all fundamental elements of governance. Effective governance requires both clear and unambiguous structures and processes and effective working of people within these frameworks. Effective governance also requires an open culture that promotes transparency, a willingness to learn and improve and no fear to speak the truth.

The Council has a Leadership Team Risk Register which is regularly reviewed by the Leadership Team and added to/updated and scored. The fact the Risk Register is limited to the top ten Council risks allows for the Leadership team and the Audit, Crime and Disorder and Scrutiny Committee (the Committee with delegated responsibility for risk) to be able to adequately discuss, challenge the identification of risks and the plans to mitigate these.

As part of our audit we reviewed the version of the Leadership Team Risk Register presented to the November 2020 Audit, Crime and Disorder and Scrutiny Committee alongside the annual risk report. The Risk Register's format is similar to that used across the sector with a 5x5 risk scoring matrix. It contains key controls/mitigations and a RAG rating for each risk. Each risk is allocated a Senior Officer and linked to Council's Year Plan (Corporate objectives). The Council has also avoided the common pitfall of having current risk scores equal to or above the gross score with scores decreasing to indicate the impact of existing mitigating actions.

Additionally, it is evident that the risks are changing from the prior year list of risks, for example there is a specific Covid-19 financial risk. So the Risk Register has not simply been rolled forward from the prior year as is often the case at a Committee level.

The fact the Risk Register is relatively simple makes it easier to be used in a Committee setting however there are further refinements that should be considered to further enhance its effectiveness. For example, the Risk Register should have a target score to provide an indication of what level of risk is tolerable and show how far the existing arrangements are from achieving this. Furthermore, the Risk Register would benefit from identifying future actions to support the management/mitigation of each risk. All actions identified would need to be SMART (specific, measurable, achievable, realistic, and timely).

We note the Council has a Risk Management Strategy covering 2017 to 2021 that was approved in November 2016. The Council is in the process of reviewing arrangements and we note an updated Strategy will be presented to the Audit, Crime and Disorder and Scrutiny Committee in June 2022.

Internal Audit services are provided by Southern Internal Audit Partnership (SIAP). Although the agreed plan was not approved until November 2020 (due to the previous Committee meeting being cancelled) an adjusted plan was agreed via the Leadership team in July 2020. Understandably there were delays to the delivery of the revised plan but by June 2021 16 reviews were complete and a 'reasonable' Head of Internal Audit Opinion was provided. As part of our review we have not identified any issues with the scope of the Internal Audit function, how it is managed by management and via the Committee Structure or the delivery of the service.

## How the body approaches and carries out its annual budget setting process

The financial landscape due to Covid-19 made 2020/21 a unique year for financial planning. While future funding is unclear, a pre-Covid 19 medium-term financial plan had been produced based on prudent assumptions about future income streams.

We've previously concluded the Council has effective arrangements in place, using analysis and scenario planning to understand its financial position and identify saving and

# Governance

investment options. Despite the pandemic there is no evidence the arrangements in place have been compromised. Budgets are discussed with budget holders, senior leadership and other stakeholders prior to approval at Committee level. It is also evident from a review of the 2021/22 budget that the impact of Covid-19 on budgets was factored in revised saving plans from January 2021.

## How the body ensures effective processes and systems are in place to ensure budgetary control

There are appropriate systems and processes in place for oversight of the budget. In the first instance, budget holders receive a monthly budget monitoring report. All variances over £20k must be raised and addressed with the finance team but given the size of the Council and relative stability on annual activity this type of variance is unusual at a budget holder level.

Budget monitoring reports are presented to Audit, Crime and Disorder and Scrutiny Committee. The reports are clear, concise, action focused and include an appropriate level of detail for a scrutiny type committee with delivery against service budget and key explanations for main variances presented.

## How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

There is no evidence to suggest the Council's decision-making processes are not open or transparent. All major policy decisions are taken to Policy Committees in accordance with the Council's Constitution. The Committee Report Template ensures all relevant considerations must be included. Committee members are provided opportunity to challenge and ask questions at Committee meetings, before voting on the decision. For example, the savings targets are circulated in option form for discussion and decisions. This includes expected impacts. The report template for Committee decisions requires consideration of all stakeholders, including engagement as appropriate.

Covid-19 did impact on many organisation's ability to make decisions in line with existing delegations (e.g. decisions often having to be made outside of Committee cycles) however we have not identified any indication that existing arrangements were overridden at the expense of appropriate scrutiny and challenge.

## How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Various internal and external mechanisms are used to ensure the Council meets the necessary standards and legislative requirements. The Council's Constitution sets out the framework for monitoring compliance with legislation. The Council has a Monitoring officer who is responsible for reporting on the lawfulness of the Council's activities. A Code of Conduct is in place that stipulates the expected behaviours of the staff including openness, transparency, personal ownership and engagement. These are consistent with the public sector Nolan principles.

The Constitution contains a policy for officers and members regarding gifts and hospitality and the responsibility to ensure interests are appropriately declared. These declarations are captured through a annual process and are also evidenced at the start of each Committee meeting. It is also possible to search the Council website for declarations made at meetings by meeting type, date and Councillor.

## CONCLUSION

**We found no evidence or indication of significant risks to your governance arrangements as such no further risk-based work has been undertaken in this area.**



# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

## How financial and performance information has been used to assess performance to identify areas for improvement

The Council has a four year Corporate Plan running from 2020-24 which sets out the strategies, priorities and services for the period. The purpose of the plan is to provide 'a framework for decision making, which ensures that available resources are allocated to meet the needs of our communities. Having a clear vision for the future, aligned with strategic priorities and activities also provides a framework for managing the effectiveness of the organisation as a whole, as well as for managing individual services.'

As the plan covers four years, the context and actions change over time and as such the plan is reviewed annually to ensure it remains appropriate. As part of the annual cycle the Council reports on the delivery of the key targets identified in the Four Year Plan as part of its performance framework.

As a framework the Council's approach to performance reporting is similar to others in the sector. The Audit, Crime and Disorder and Scrutiny Committee receives the annual plan for approval at the start of the year, receives updates during the year on progress and a final report after the year end confirming outturn delivery. As we explain on page 11, Covid-19 has impacted on both the cycle of reporting (with cancelled meetings) and with the actual achievement of performance. This was to be expected and the Council has still continued to collate its performance data and explain clearly where Covid-19 is specifically impacting on data during the year.

The year end report includes a summary and a one page Appendix with every KPI under the Council's strategic priorities. Each KPI is coloured in the year end RAG rating for an easy visual presentation of performance. The main summary report sets out overall performance and provides detail for those KPIs

not achieved. The in year reporting is in a similar format and the summary report RAG rates the likelihood of achieving the year end target. Whilst the reports are clear and concise and the one page Appendix showing RAG rated performance by strategic priority is good practice the Council should consider whether it could further enhance some of the reporting. For example, there is little information on trajectory (e.g. showing past annual or quarterly performance by indicator). Equally other Councils incorporate various visual content like graphs and charts in their performance reporting. As the information is being presented to the Audit, Crime and Disorder and Scrutiny Committee, the Council should also consider whether its reporting includes information on the accuracy of each KPI. This should include how the indicator is compiled e.g. from an electronic system/manual and whether it has subject to any verification, audit or any other type of validation either internal or external).

Whilst there has not been a specific Internal Audit on performance data in recent years there are various reviews completed as part of the annual plan that will consider the quality and accuracy of performance information. These reviews will occasionally result in limited assurance ratings but in general the majority of reviews end up with substantive or reasonable assurance conclusions. The annual Audit Plan also includes one or more financial management reviews that will assess financial information – for 2020/21 these reviews covered accounts payable, payroll and housing benefits.

## How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council liaises regularly with other Surrey Districts and has good knowledge of what others are doing and where good practice is in place. The Council regularly takes advantage of LGA peer reviews – the most recent one on finances being reported in March 2021. However the evidence of formal

# Improving economy, efficiency and effectiveness

benchmarking to support performance improvement is limited. The Council is aware of the various sources of benchmarking data like the LGA Research Report however it is not clear how this information has been used in the Council's own development of performance indicators. It is important that benchmarking is only used when credible data sets are available especially as in recent years Councils have diverged from standard models of delivery. The Council should therefore explore what types of benchmarking it might undertake. Firstly, it could compare its performance reporting (in terms of number and types of KPIs against other Surrey Districts to determine whether others are capturing and reporting useful information the Council is not. Secondly, the Council could actually compare the performance of existing KPIs against other Councils (starting in Surrey initially to determine whether the exercise is useful).

**How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.**

The nature of the services provided by the Council means it is required to work closely with a range of partners. Of the 21 priorities that are tracked annually via the Operating Plan, seven relate specifically to different partnership working. The engagement with key partners has obviously increased due to Covid-19. The number of partners with whom the Council works also increased as a result of the pandemic, with more third sector and voluntary organisations working in partnership with the Council.

The Council has expressed an interest in working with more closely with other local Councils and there could be options to either join existing shared services or develop new ones. The Strategy and Resources Committee authorised the Chief Executive in March 2021 to focus potential collaboration in the following areas: waste, building control, IT infrastructure, housing, revenues and benefits, procurement, economic development and leisure services. The Council is tracking the progress of potential new partnerships via its existing Finance Peer Review action plan and as such we have not raised a new recommendation in this report. Should any partnership be identified the Council will need to ensure there is a robust business case that is approved within the governance structure.

**Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.**

The Council has a detailed Procurement Strategy covering the period 2017-21. The Strategy details the Council's approach to procurement and sets out the stages by which the Council procures goods or services. The Strategy sets out 12 objectives which 'are the areas for action developed from this strategy' and cover areas such as 'becoming a compliant organisation', 'improving Management Information to enable forward planning and decision making' and meeting the requirements of the Public Services (Social Value) Act. The Strategy will shortly be out of date and we note the Council intends to bring a new version to the Strategy and Resources Committee in early 2022. The previous version set out objectives but did not consistently articulate what actions would be taken, by when and how they would be monitored. Additionally, there hasn't been any regular reporting on the delivery of the strategy to the Strategy and Resources Committee so its difficult to evidence whether the policy achieved its intended objectives.

The Council has a Contract Manager in post to support and monitor major contracts, and budget managers have delegated responsibility for managing contracts. We found no evidence that appropriate procurement processes were not followed during 2020/21.

## CONCLUSION

**We found no evidence or indication of significant risks to your economy, effectiveness and efficiency arrangements as such no further risk-based work has been undertaken in this area.**

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

## Financial sustainability

Covid-19 has had a significant impact on the services Councils have been required to provide. Epsom and Ewell has needed to step in to support vulnerable residents with food, prescriptions and other needs, has been required to put in place measures to make public spaces secure and also support local businesses by administering government funded grants. At the same time the Council has to transition to remote working and deal with resourcing issues when staff were either unwell with Covid-19 or required to isolate.

The impact on finances to date has ultimately been limited due to government support but as we reported earlier in this report there were periods of uncertainty when it was unclear what support would be received with worse case scenario assessments that £8m of reserves would be required. Ultimately, the Council was able to deliver a budget that required minimal use of reserves in 2021/22 but as government support has reduced whilst the country has re-opened the Council has continued to find the financial landscape challenging because income streams are still impacted.

There is likely to be significant pressure on public funds in future years given the levels of borrowing undertaken by Government to fund Covid-19 support measures. The Council has reworked future budgets but will need to wait for clarity on what support will be forthcoming in the medium term. Fortunately the Council is in a strong financial position with reasonable levels of reserves for its size but these cannot be utilised indefinitely and saving targets, service provision and commercial strategies will need to be revisited.

## Governance

Governance arrangements were amended to meet the challenges of the pandemic. Specific cost centres were set up to allow for accurate recording of Covid related costs.

As soon as these were lawful, the Council started holding members' meetings online. This allowed for Council and key Committees to continue to meet, discuss and continue to be involved in decision

making. Many corporate support staff began to working from home as the Council was required to transition to IT-enabled home working away from the office.

The Council was required to act in response the government's 'Working safely during Coronavirus' guidance issued in May 2020. This created a significant amount of work to ensure buildings and services were subject to health and safety measures to be Covid Secure. To maintain essential services, the Council procured and supplied necessary PPE.

The Internal Audit Plan was updated to reflect the changes, new systems and processes, and to provide additional assurances over revised arrangements. The delivery of the internal audit plan was impacted but has not affected the ability to provide a Head of Internal Audit's year end opinion. The changes to the plan were set out and approved by the Audit, Crime and Disorder and Scrutiny Committee.

## Improving economy, efficiency and effectiveness

During the pandemic the Council has continued to measure performance against its four year Corporate Plan 2020-24. Despite the obvious impact of Covid-19 on performance the Council did manage to meet 31 of its 52 performance targets (63%). This compares against 66% and 74% in the previous two years. A number of these indicators were not achieved because the teams responsible were re-deployed or working on other priority area. For example the Revenue and Benefits Team were required to allocate new national funding programmes to businesses.

## CONCLUSION

**We found no evidence or indication of significant risks to your Covid-19 arrangements as such no further risk-based work has been undertaken in this area.**

# Improvement recommendations



## Financial Sustainability

### Recommendation One

#### Auditor judgement

The Council's current MTFS covers the period 2020-24 and was developed and approved before the Covid-19 pandemic. 2020/21 largely saw temporary arrangements with two lockdowns and significant changes to service provision. Some of the uncertainty has continued into 2021/22 due the lack of clarity on local government funding. The Council has re-forecast its finances up until 2024 with the addition of projections for 2024/25 but has not either revised or replaced the existing MTFS.

#### Summary recommendation

There is still uncertainty regarding local government funding so its understandable why the Council wouldn't want to take make any significant changes to existing pre-pandemic developed financial plan.

However the Council will need to take a view at some point- potentially after the expected funding settlement expected in December 2021 – on whether it needs to refresh or replace the 2020-24 MFTS. The Council does not want to have several contradictory financial plans in the public domain.

#### Management comment

Officers recently presented refreshed, multi-year forecasts to Strategy & Resources Committee in September. As part of our business-as-usual annual budget planning, updated forecasts will shortly be presented to members again in the new year, following the government's funding settlement announcement expected in December. During 2022/23, the Council plans to review and rebase budgets to reflect post-Covid underlying expenditure and income streams.

Responsible officer: Head of Finance



## Financial Sustainability

### Recommendation Two

In July 2020 the Council reported on its 10 year Asset Management Plan up to 2030. The review was approved after the Covid-19 pandemic was declared but was drafted before and during the first wave meaning it doesn't reflect the impact on both operational and investment assets. The Council has approximately £120m of operational and investment properties and to date their values to date have held up despite uncertainties arising from the pandemic. There could be implications in terms of the risk profile of investment assets and value for money considerations for operational assets given annual maintenance costs are approximately £1m per annum.

The Council will need to consider whether its existing strategies take into account changes in risk relating to investment properties and the differing ways of working and providing services and whether it therefore is holding the right type of operational assets.

As at 31 March 2021, the Council held £54.7m of investment assets and should ensure it is satisfied the portfolio mix remains appropriate. As at 31 March 2021, the Council held £73.6m of operational assets and should ensure it is satisfied its estate is the appropriate size particularly given the changes in working patterns arising since the pandemic.

The Council is undertaking a number of Strategic Asset Reviews, to ensure key operational assets remain fit for purpose and continue to provide value for money services. Regarding investment properties, the Council continues to proactively manage the portfolio to mitigate risks and optimise usage of these assets. Any material changes to usage or risk profile of an investment asset will continue to be reported to Strategy & Resources Committee, as was most recently reported in S&R in September 2021. The Business Plan for managing investment properties developed by Epsom and Ewell Property Investment Company Ltd has been approved by members of the Shareholder Sub-Committee on 23 November 2021.

Responsible officer: Head of Property & Regeneration



# Improvement recommendations



## Governance

### Recommendation Three

#### Auditor judgement

As part of our audit we reviewed the version of the Leadership Team Risk Register presented to the November 2020 Audit, Crime and Disorder and Scrutiny Committee alongside the annual risk report. The current format of the Risk Register does not include a target score nor does not identify any further actions. It is therefore difficult to determine whether the existing controls are sufficient in managing the risk identified or whether further actions are required.

#### Summary recommendation

As part of the Council's review of risk management it should consider whether it wants to make the following additions to the format of its Risk Register:

- Include a target score to provide an indication of what level of risk is tolerable and how far the existing arrangements are from achieving this.
- The Risk Register would benefit from identifying future actions to support the management/mitigation of each risk. All actions identified should be SMART (specific, measurable, achievable, realistic, and timely).

#### Management comment

The existing risk register was deliberately developed to be clear and simple, in order to be embedded rather than standalone and overly administrative. As part of reviewing the arrangements for risk management we will refresh the current risk register and consider how to manage directorate risks.

Responsible officer: Head of Corporate Assurance



## Improving economy, efficiency and effectiveness

### Recommendation Four

The current annual performance reporting cycle for planning, in year progress and year end outturn is fit for purpose and includes examples of good practice in the one page Appendix with RAG rated achievement shown. However the Council should consider as part of its next review of the process on whether there are further improvements that could be made to the presentation of the information.

The council could consider the following as part of its review of performance reporting:

- Present trajectory of performance for each indicator (e.g. show past annual or quarterly performance).
- Include information on the accuracy of each KPI. This should include how the indicator is compiled e.g. from an electronic system/manual and whether it has subject to any verification, audit or any other type of validation either internal or external). Other organisations use a scoring mechanism or dial to show the quality of the metric (with indicators subject to audit or external scrutiny and obtained via system reports scoring higher).

The corporate performance management framework was suspended during the early stages of the Council's response to the pandemic, in order to focus on health and safety risks. The end of year report for 2020/21 provided an overview and commentary of those indicators that were not achieved. All data is validated through a collection process and supporting documentation, which clearly shows the responsible officer and how data is supplied. A new process and timetable for setting the priorities for 22/23 has been agreed and is in line with the budget setting process. The new Business Assurance Manager will be responsible for collecting reporting data and will be refreshing this process, as best meets the requirements of the Committee.

Responsible officer: Head of Corporate Assurance

# Improvement recommendations



## Improving economy, efficiency and effectiveness

### Recommendation Five

#### Auditor judgement

The current Procurement Strategy covers 2017-21 and we understand a new Strategy is being developed for approval in early 2022.

The previous version of the Strategy set out objectives but did not consistently articulate what actions would be taken, by when and how they would be monitored. There was also no regular reporting on the delivery of the strategy to the Resources and Standards Committee so its difficult to evidence whether the policy achieved its intended objectives.

#### Summary recommendation

We recommend the new Procurement Strategy including the following:

- SMART (specific, measurable, achievable, realistic, and timely) objectives are clearly set out in the Strategy to allow the Council to assess whether the Strategy is delivering as intended.
- A framework for how the delivery of the Strategy will be achieved. An annual or biennial review against SMART objectives reported to the Resources and Strategy Committee would allow the Council to assess how successful the Strategy is in delivering its objectives.

#### Management comment

The Procurement Strategy is currently being updated and will be reported to Strategy & Resources Committee in January 2022.

Responsible officer: Head of Corporate Assurance

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements in September 2021.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council in September 2021.

## Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of working papers.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

As in previous years we expect the Council to be below the threshold requiring audit procedures however at the time of issuing this report the Group Instructions have not been issued by the NAO to confirm the approach for 2020/21.



# Appendices

# Appendix A - Responsibilities of the Council



## Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

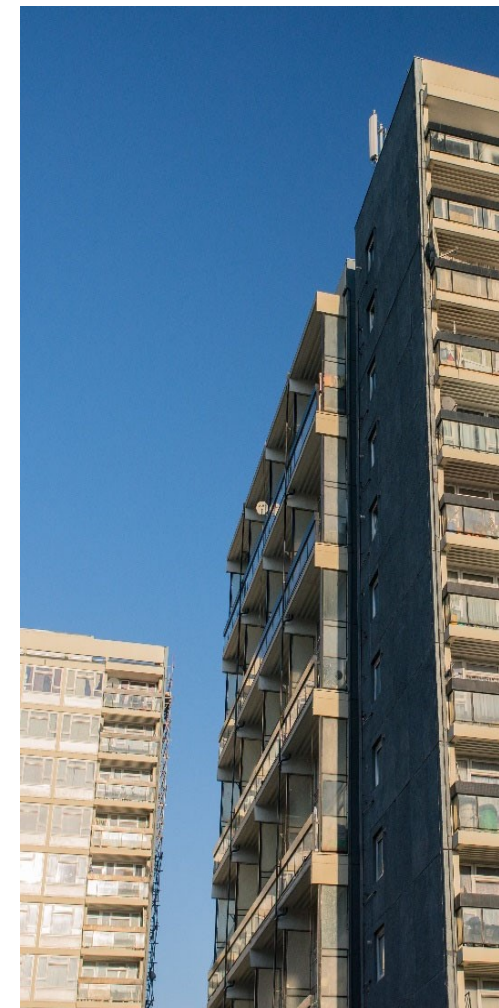
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B - An explanatory note on recommendations

A range of different recommendations can be raised by the Council auditors as follows:

Type of recommendation	Background	Raised within this report
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Service to discuss and respond publicly to the report.	No
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes, see pages 12 to 14

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# Appendix C - Use of formal auditor's powers

The following are formal powers that can be used by auditors:

Formal power	Used by auditor in 2020/21
<b>Statutory recommendations</b> Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly	Not required.
<b>Public interest report</b> Under <b>Schedule 7 of the Local</b> Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	Not required.
<b>Application to the Court</b> Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	Not required.
<b>Advisory notice</b> Under Section 31 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: <ul style="list-style-type: none"> <li>• is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,</li> <li>• is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or</li> <li>• is about to enter an item of account, the entry of which is unlawful.</li> </ul>	Not required.
<b>Judicial review</b> Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	Not required.



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## **APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24**

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	A decision by Full Council is required by 11 March.
<b>Appendices (attached):</b>	<ol style="list-style-type: none"><li>1. Minutes of Audit, Crime &amp; Disorder and Scrutiny Committee, 18 November 2021.</li><li>2. Report to Audit, Crime &amp; Disorder and Scrutiny Committee, 18 November 2021.</li></ol>

### **Summary**

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

### **Recommendation (s)**

#### **The Committee is asked to:**

- (1) Agree with Audit, Crime & Disorder and Scrutiny Committee's decision, to recommend to Full Council that EEBC should accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

## **1 Reason for Recommendation**

- 1.1** The recommendation will enable the Council to meet its statutory duty, under the Local Government Audit and Accountability Act 2014, to appoint an auditor to audit its accounts for each financial year.

## **2 Background**

- 2.1** On 18 November 2021, Audit, Crime & Disorder and Scrutiny (ACDS) Committee considered the options available for appointing the Council's external auditor for the five financial years from 1 April 2023.

- 2.2 Following consideration of the options, ACDS Committee recommended that the Council should accept an invitation from Public Sector Audit Appointments' (PSAA) to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.
- 2.3 The minutes and report to ACDS Committee, which set out the full reasons for this recommendation, are attached at Appendices 1 and 2.
- 2.4 In summary, joining the sector-wide procurement of external auditors, conducted by PSAA, will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
  - 2.4.1 Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
  - 2.4.2 If it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
  - 2.4.3 It provides the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
  - 2.4.4 Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
- 2.5 The recommended approach is therefore to opt in to the national auditor appointment scheme.
- 2.6 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.
- 2.7 This report requests that Strategy & Resources Committee support the Audit, Crime & Disorder and Scrutiny Committee's decision to recommend, to Full Council, that the Council should accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.

### **3 Risk Assessment**

Legal or other duties

3.1 Impact Assessment

3.1.1 As set-out in the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

3.2 Crime & Disorder

3.2.1 None.

3.3 Safeguarding

3.3.1 None.

3.4 Dependencies

3.4.1 None.

3.5 Other

3.5.1 None.

**4 Financial Implications**

4.1 Financial implications are set-out in Appendix 2 – the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

4.2 **Section 151 Officer's comments:** *As set-out in the report, opting in to the PSAA-led appointment process is expected to offer the most value for money route in the procurement of an external auditor.*

**5 Legal Implications**

5.1 Legal implications are set-out in Appendix 2 – the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

5.2 **Legal Officer's comments:** None arising from the contents of this report.

**6 Policies, Plans & Partnerships**

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

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

6.3 **Climate & Environmental Impact of recommendations:** None.

6.4 **Sustainability Policy & Community Safety Implications:** None.

6.5 **Partnerships:** None.

## **7 Background papers**

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

### **Previous reports:**

- APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24 - Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

### **Other papers:**

- None.

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY  
COMMITTEE held at the Council Chamber, Epsom Town Hall on 18 November  
2021**

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**PRESENT -**

Councillor Steve Bridger (Chair); Councillor Nigel Collin (Vice-Chair); Councillors Arthur Abdulin, Liz Frost, Rob Geleit, David Gulland, Phil Neale and Chris Webb

In Attendance: Neil Pitman (Head of Southern Internal Audit Partnership) (Southern Internal Audit Partnership (Internal Auditor)) and Natalie Jerams (Assistant Head of Partnership) (Southern Internal Audit Partnership (Internal Auditor))

Absent: Councillor Previn Jagutpal and Councillor Alan Sursham

Officers present: Gillian McTaggart (Head of Corporate Assurance), Rod Brown (Head of Housing and Community), Brendan Bradley (Head of Finance), Sue Emmons (Senior Accountant) and Stephanie Gray (Democratic Services Officer)

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**18 QUESTION TIME**

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

**19 DECLARATIONS OF INTEREST**

No declarations of interest were made in relation to items of business to be discussed at the meeting.

**20 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the previous meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 1 September 2021 were agreed as a true record and signed by the Chair.

**21 INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report summarising progress against the Internal Audit Plan.

The report was introduced by the Internal Auditor.

The following matters were considered by the Committee:

- a) The areas where there were overdue management actions, including the outstanding high priority recommendation given in respect of the Building Control account which was given an overall limited assurance. This is in

progress and is dependent upon the new partnership arrangement due to commence on 1 April 2022.

- b) It was also confirmed that the quantum of the outstanding fees on the Building Control account was not of a material nature.
- c) The Annual Governance Statement audit and the Service Delivery audit had both been concluded and a Reasonable Assurance has been given in respect of both.
- d) A Limited Assurance was given in respect of IT Business Continuity and Disaster Recovery which was carried forward from the 2020/21 audit plan. The Head of Corporate Governance gave a verbal update in this regard and it was noted that good progress had been made in implementing the recommendations. Of the six recommendations, five were completed including the two high priority items.
- e) The internal auditor confirmed that whilst there was still a lot of the audit plan for 2021/22 to deliver for the rest of the year, they (the internal audit partnership) are able to provide a reasonable assurance that these outstanding audits will all be resolved.

Having considered the above matters, it was unanimously resolved to:

- (1) Receive the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1 to the report.**

## 22 POST IMPLEMENTATION REVIEW OF THE USE OF DEFOE COURT, EPSOM

The Committee received a report setting out the findings following a post implementation review of the Council's use of Defoe Court in East Street Epsom for use as additional temporary accommodation.

The report was introduced by the Head of Housing and Community.

The following matters were raised by the Committee:

- a) The time taken from the Strategy & Resources Committee in November 2017 to the first households moving into Defoe Court in May 2021. It was noted that there was a long delay caused in respect of concluding the legal agreement following the agreement on the draft Heads of Terms. A further significant delay was caused by the submission of an incomplete Planning Application. This Application was ultimately withdrawn and resubmitted, resulting in a delay of 1 year and 11 months to obtain the necessary planning consents. The legal transfer of the units took place in March 2021, with the first households moving in in May 2021.

- b) The Key learning for the Council is to ensure that going forward, resource for the delivery of projects is factored in as part of the initial planning and included in requests for funding especially for “invest to save cases” where delays are costly to the Council. This learning should be extended to all other Council departments.
- c) The lease agreement with SHA is for a 5 year period, with a break clause after 3 years. It was noted that providing care to young people is a dynamic that changes, and that circumstances might be completely different in 3 years’ time.
- d) It was confirmed that Council will be liable for repairs to the building during the lease period.

The Committee having considered the above matters, it was unanimously resolved:

- (1) To note the conclusions from this review and that future projects should identify an accountable officer and adopt a suitable programme management approach.**

## 23 APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

The Committee received a report setting out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

The Committee received a verbal introduction from the Chief Accountant.

The following matters were raised by the Committee:

- a) The possibility of “keeping both options open”. It was confirmed that a firm decision on the chosen option is needed to be taken by March 2022 in order to meet the deadline of Public Sector Audit Appointments Ltd (PSAA).
- b) The advice of the LGA: this advice is overwhelmingly in favour of the national procurement scheme.
- c) There are a number of audit firms expected to bid for audit contracts through the government-appointed organisation (the PSAA). If a firm was appointed to perform the EEBC audit, and Council did not agree with the appointment, it should be possible to indicate as such, however reasons would have to be given.
- d) The issue of the audit fees: It was confirmed that by opting-in to the national PSAA-led procurement exercise, audit contracts and fees would be determined through a competitive tendering process that benefits from

national economies of scale, which ought to achieve best value for money for individual Councils.

Following consideration, it was resolved to:

- (1) Recommend to the Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

## **24 RISK MANAGEMENT FRAMEWORK ANNUAL REPORT**

The Committee received a report providing it with an update on the Council's risk management arrangements and an update on the top risks being addressed by the Council as recorded in the Corporate Risk Register.

The Committee considered the following matters:

- a) Since January 2021, Applied Resilience has been supporting the Council in delivering emergency planning. Applied Resilience also provides emergency planning support for several other Surrey boroughs. It is responsible for updating EEBC's plans, providing training and providing practical support during emergencies.
- b) The 2017-2021 Risk Management Strategy is due to expire and this provides an opportunity to review and reflect. A new Business Assurance Manager has been appointed and will commence duties in January 2022.
- c) The Climate Change Action Plan is currently with the Planning Team and an Environment and Sustainability Officer has recently been recruited.
- d) The new corporate Health and Safety Officer will be addressing the matter of the completion of a risk assessment by employees who work from home on certain days.

Following consideration, the Committee resolved unanimously:

- (1) To consider the arrangements in place for risk management as outlined in the report.**
- (2) To review the Corporate Risk Register and determine any risks they wish to raise with the Senior Management Team .**

## **25 CAPITAL BUDGET MONITORING QUARTER 2**

The Committee received a report presenting the capital monitoring position at Quarter 2 for the current financial year 2021/22.



The report summarised the capital monitoring information at the end of the second quarter of 2021/22. It detailed actual capital expenditure and receipts against capital budgets and financing. The forecast outturn position and variances at year-end, were also provided.

Following consideration, it was unanimously resolved to:

- (1) Receive the capital monitoring position at Quarter 2, as set out in the report;**
- (2) Note the progress of capital projects as set out in Appendix 1 to the report.**

## **26 REVENUE BUDGET MONITORING - QUARTER 2**

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2021/22, as at Quarter 2 (30 September).

The Committee considered the following matters:

- a) Covid-19 has continued to have a major impact on the Council's services and the updated projection at Quarter 2 is for a budget deficit of £2.67m this year, largely unchanged from Quarter 1.
- b) The £0.04m increase in the projected deficit is mainly due to increased fuel and staffing costs within waste collection, as sectoral issues such as the petrol and HGV driver shortages impact this service.
- c) The projected £2.67m deficit assumes that no future government support will be forthcoming. The main reasons for the deficit remain increased expenditure to manage homelessness, combined with significant reductions in income from service areas such as car parks and the Council's venues.
- d) The deficit is currently being managed by means of the Council's reserves, however this is not a sustainable long-term solution.

Following consideration, it was unanimously resolved to:

- (1) Receive the revenue budget monitoring report, which projects a £2.67m budget deficit for 2021/22, along with provisional funding for the deficit;**
- (2) Note that a report will be prepared for the Community & Wellbeing Committee in the new year 2022, to present a Homelessness and Rough Sleeper Strategy with mitigation options for the budget pressures within the Housing service;**

- (3) Note that a report is being prepared for Community & Wellbeing Committee in the new year 2022, to present a recovery plan for the Venues;**
- (4) Note that the updated Quarter 3 position will be reported back to this Committee in February.**

**27 WORK PROGRAMME 2021/22**

The Committee received a report presenting it with the work programme for 2021/22.

Following consideration, it was resolved to:

- (1) Note and agree the ongoing work programme for 2021/22 attached at Appendix 1 to the report.**

*The meeting began at 7.30 pm and ended at 8.24 pm*

COUNCILLOR STEVE BRIDGER (CHAIR)

## APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	1. Invitation from Public Sector Audit Appointments Ltd 2. Local Government Association's Advice

### Summary

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

### Recommendation (s)

#### The Committee is asked to:

- (1) Recommend to Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

## 1 Reason for Recommendation

- 1.1 The recommendation will enable the Council to meet its statutory duty, under the Local Government Audit and Accountability Act 2014, to appoint an auditor to audit its accounts for each financial year.

## 2 Background

- 2.1 The current external audit appointment of Grant Thornton covers the period up to and including the audit of the 2022/23 accounts. To secure the appointment of Grant Thornton, the Council had opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

- 2.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

### **3 Procurement of External Audit for the period 2023/24 to 2027/28**

- 3.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the council is required to appoint an auditor to audit its accounts for each financial year. The council has three options;
- 3.1.1 To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- 3.1.2 To act jointly with other authorities to procure an auditor following the procedures in the Act.
- 3.1.3 To opt in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
- 3.2 In order to opt in to the national scheme, a council must make a decision at a meeting of the Full Council.

### **4 The Appointed Auditor**

- 4.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 4.2 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 4.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

- 4.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.
- 4.5 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

## **5 Appointment by the Council itself or jointly**

- 5.1 The Council may elect to appoint its own external auditor under the Act, which would require the council to;
  - 5.1.1 Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
  - 5.1.2 Manage the contract for its duration, overseen by the Auditor Panel.
- 5.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

## **6 The national auditor appointment scheme**

- 6.1 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.
- 6.2 In summary the national opt-in scheme provides the following:

- 6.2.1 The appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- 6.2.2 Appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- 6.2.3 Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- 6.2.4 Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- 6.2.5 Minimising the scheme management costs and returning any surpluses to scheme members;
- 6.2.6 Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- 6.2.7 Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- 6.2.8 Ongoing contract and performance management of the contracts once these have been let.

## **7 Pressures in the current local audit market and delays in issuing opinions**

- 7.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.
- 7.2 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

- 7.3 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 7.4 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.
- 7.5 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

## **8 The Invitation**

- 8.1 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Details relating to PSAA's invitation are provided in Appendix 1 to this report.

## **9 The next audit procurement**

- 9.1 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- 9.1.1 Seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;



- 9.1.2 Continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- 9.1.3 Continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.
- 9.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.
- 9.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office) , the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 9.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

## **10 Assessment of Options and officer recommendation**

- 10.1 If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
- 10.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 10.3 These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council is unable to influence the scope of the audit and the regulatory regime inhibits the council's ability to affect quality.
- 10.4 The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
- 10.5 In contrast, joining the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
  - 10.5.1 Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
  - 10.5.2 If it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
  - 10.5.3 It is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

10.5.4 Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

- 10.6 The recommended approach is therefore to opt in to the national auditor appointment scheme.
- 10.7 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.
- 10.8 This report requests that members recommend to Strategy & Resources Committee, and then to Full Council, that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.

## **11 The Way Forward**

- 11.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole), except where the authority is a corporation sole.
- 11.2 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
- 11.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

## **12 Local Government Association Advice**

- 12.1 The LGA has advised their view that Councils should opt-in to the national procurement process led by PSAA. The LGA's detailed advice is attached at Appendix 2.

## **13 Epsom & Ewell Property Investment Company Limited (EEPIC)**

- 13.1 Separate arrangements govern the appointment of the external auditor of the Council's subsidiary company, EEPIC. EEPIC's auditor is currently the local Epsom-based firm Williams & Co and this appointment will not be impacted by any decision taken to opt into the national procurement process led by PSAA.

## 14 Risk Assessment

Legal or other duties

14.1 Impact Assessment: The principal risks are that the Council:

14.1.1 fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or

14.1.2 does not achieve value for money in the appointment process.

14.2 These risks are considered best mitigated by opting into the sector-led approach through PSAA.

14.3 Crime & Disorder

14.3.1 None arising from the contents of this report.

14.4 Safeguarding

14.4.1 None arising from the contents of this report.

14.5 Dependencies

14.5.1 None arising from the contents of this report.

14.6 Other

14.6.1 None arising from the contents of this report.

## 15 Financial Implications

15.1 The audit fee for the most recent year (2020/21) is expected to be £59,675. There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased from when the contract started in 2018/19, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

15.2 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.

15.3 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

- 15.4 **Section 151 Officer's comments:** *As set-out in the report, opting in to the PSAA-led appointment process is expected to offer the most value for money route in the procurement of an external auditor.*

## 16 Legal Implications

- 16.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 16.2 Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.
- 16.3 Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 16.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.
- 16.5 **Legal Officer's comments:** None arising from the contents of this report.

## 17 Policies, Plans & Partnerships

- 17.1 **Council's Key Priorities:** The following Key Priorities are engaged:  
Effective Council
- 17.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 17.3 **Climate & Environmental Impact of recommendations:** None.
- 17.4 **Sustainability Policy & Community Safety Implications:** None.
- 17.5 **Partnerships:** None.

## 18 Background papers

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

**Previous reports:**

- None

**Other papers:**

- 2020/21 Statement of Accounts and Audit Findings Report, Strategy & Resources Committee, 21 September 2021.

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22 September 2021

To: Ms Beldon, Chief Executive  
Epsom and Ewell Borough Council

Copied to: Mr Duffy, S151 Officer  
Councillor Bridger, Chair of Audit Committee or equivalent

Dear Ms Beldon,

### **Invitation to opt into the national scheme for auditor appointments from April 2023**

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;



2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk). We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk), and we will respond to you.

Yours sincerely

Tony Crawley  
Chief Executive

Encl: Summary of the national scheme

## Why accepting the national scheme opt-in invitation is the best solution

### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

### The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

### What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

## Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

## **Local Government Reorganisation**

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

### **Next Steps**

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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**RETENDER OF EXTERNAL AUDIT CONTRACTS**

**Information from the LGA for those charged with governance**

The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and shortly the council will need to decide whether to procure its own external auditor or opt into the national procurement framework.

Legislation requires a resolution of Full Council if a local authority wishes to opt into the national arrangement. The deadline for this decision is the 11<sup>th</sup> March 2022. If the council doesn't make such a decision, the legislation assumes that the council will procure its own external audit, with all the extra work and administration that comes with it.

The national framework remains the best option councils can choose. There are many reasons for favouring the national arrangements and we think those reasons have become more compelling since 2016/17 when councils were last asked to make this choice.

The way external audit has operated over the last couple of years has been extremely disappointing. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and too few qualified auditors employed by those firms. This has led to a situation where many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21. Auditors have also been asking for additional fees to pay for extra work.

As the client in the contract, a council has little influence over what it is procuring. The nature and scope of the audit is determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. Essentially, councils find themselves operating in what amounts to a suppliers' market and the client's interest is at risk of being ignored unless we act together.

Everyone, even existing suppliers, agrees that the supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. Public Sector Audit Appointments Ltd (PSAA), the body nominated by the Government to run the national arrangements, has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number councils sign up to the national scheme.

It is therefore vital that councils coordinate their efforts to ensure that the client voice is heard loud and clear. The best way of doing this across the country is to sign up to the national arrangement.

To summarise, the same arguments apply as at the time of the last procurement:

A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.

The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.

Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.

Procuring for yourself provides no obvious benefits:

- The service being procured is defined by statute and by accounting and auditing codes

- Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
- Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.

PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:

- PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects MHCLG's confidence in them as an organisation.
- PSAA has commissioned high quality research to understand the nature of the audit market.
- It has worked very closely with MHCLG to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year

Councils need to consider their options. we have therefore attached a list of Frequently Asked Questions relating to this issue which we hope will be useful to you in reaching this important decision.

When the LGA set up PSAA in 2015, we did so with the interests of the local government sector in mind. We continue to believe that the national arrangement is the best way for councils to influence a particularly difficult market.

If you have any questions on these issues please contact Alan Finch, Principal Adviser (Finance) ([alan.finch@local.gov.uk](mailto:alan.finch@local.gov.uk)).

## **PROCUREMENT OF EXTERNAL AUDIT from financial year 2023/24**

### **FREQUENTLY ASKED QUESTIONS**

"Were prices set too low in the current contract?"

It is clear that firms did submit bids that reflected what seemed at the time to be very stable market conditions. Unfortunately, a series of financial collapses in the private sector have since created a very different climate and resulted in a whole series of new regulatory pressures. It is very likely that firms thought they could make savings as a result of the new timetable, essentially finishing the accounts audits by the end of July each year. Of course, that is not what has happened.

The Government opened up the market principally on the argument that costs would reduce, and views were mixed in the sector when the first contract was being let. Some councils wanted more savings and some were worried about reduced standards.

"Has the current contract helped cause these issues?"

Since the current contract is based around the Code of Audit Practice and the local government accounting code, this is unlikely. The first year of the new contract coincided with the introduction of new standards and with the emergence of some difficult audit issues such as the [McCloud judgement](#) (a legal case which affected the valuation of pension liabilities). The second year was affected by COVID-19. This laid bare the lack of capacity in the supplier side of the market and led to considerable delays. It is hard to see how the contract could have pre-empted this, but now we are clearer about the level of uncertainty in the system, the next contract can adjust for it.

“If we let our own contract, could we have more influence over auditors?”

No. The auditors are required to be independent and are bound by the Codes and need to deliver to them in line with the regulator's expectations or face action under the regulatory framework.

As far as delays in audits is concerned, auditors are required to allocate resources according to risk and councils that procure for themselves will find themselves in the same queue as those within the national arrangement.

“If we let our own contract, can we get the auditors to prioritise our audit over others?”

Very unlikely. Auditors are running at full capacity and have to deploy resources according to their assessment of audit risks in accordance with professional standards. It is very unlikely that auditors could give preference to some clients rather than others even if they wanted to.

“Didn't we used to get more from our auditors?”

Yes we did. For example, auditors were often prepared to provide training to audit committees on a pro-bono basis. The fact that they used to be with us for most of the year meant officers could develop professional working relationships with auditors and they understood us better, within the boundaries required of their independent status. Auditors no longer have the capacity to do extra work and the light shone on audit independence in other sectors of the economy has reinforced the rules on the way auditors and councils work together.

“Under the national framework we have had to negotiate our own fee variations. Will that continue to be the case?”

Unfortunately, virtually all councils have had to engage in discussions with auditors about fee variations linked to new regulatory requirements and, of course, the challenges of COVID-19. SAA has worked hard with MHCLG to enable the recent consultation on changes to the fee setting regime, and the resulting regulatory change will bring scope for more issues to be settled at a national level in future.

“Can we band together in joint procurements to get most of the benefits of not going it alone?”

We understand that this is lawful. However, joint procurement partners would not be part of PSAA's efforts on behalf of the sector to increase the number of firms competing in the market, which will therefore be less likely to succeed.

At best, joint procurement spreads the pain of procuring over a larger number of councils and at worst it introduces a new layer of bureaucracy, because someone is going to have to take the lead and bring all the members of the consortium along. It's not altogether clear to



us why a joint procurement would be better than the national contract, especially as the consortium would then have to manage the contract throughout its life (for example, the implications of changes of audit scope).

## **2022/23 REVENUE BUDGET AND FEES & CHARGES**

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	1 – Fees and Charges

### **Summary**

This report sets out estimates for income and expenditure on services in 2022/23.

### **Recommendation (s)**

#### **The Committee is asked to:**

- (1) Recommend the 2022/23 service estimates for approval at the budget meeting of Full Council in February 2022;**
- (2) Recommend the 2022/23 fees and charges, as set-out in Appendix 1, for approval at the budget meeting of Full Council in February 2022;**
- (3) Confirm whether the two new initiatives in section 5 are supported;**
- (4) Note that any supported initiatives from section 5 will only be progressed if a funding option can be identified during the year, in accordance with the Council's Financial Regulations and budget virement policy.**
- (5) Agree the Council Tax Discount bands for 2022/23, as set-out in section 8.**

## **1 Reason for Recommendation**

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2022/23.

## **2 Background**

- 2.1 In February 2020, Full Council agreed the four year Medium Term Financial Strategy to 2023/24 (MTFS). The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.

- 2.2 Since the MTFS was produced, Covid-19 has had a major impact on the Council's services and finances. The financial impact has been reported to Strategy & Resources Committee, most recently on 21 September in the Budget Targets report, which identified a funding gap of £1.6m by 2025/26. To mitigate the projected funding gap, Strategy & Resources agreed the following budget targets for 2022/23:
- 2.2.1 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2022/23 totalling £342,000.
  - 2.2.2 That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;
  - 2.2.3 That a provision for pay award is made of £416,000 that would allow for a 2% cost of living increase;
  - 2.2.4 That a £600,000 contingency is provided for within the 2022/23 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2022/23.
  - 2.2.5 That any new growth items (i.e. cost pressures) supported by Policy Committees will need to be fully funded from existing budgets.
- 2.3 The figures in this report reflect the provisional local government finance settlement for 2022/23.
- 2.4 The service estimates for this Committee are included in the draft Budget Book 2022/23 that will be made available to all Councillors.
- 2.5 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.6 Where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly. The budget also includes a central provision of £200,000 to mitigate any increased price inflation in excess of 2% next year.
- 2.7 For pay inflation, the budget includes a provision of £516,000, which represents an increase of £100,000 compared to the original £416,000 budget. £190,000 of the provision is for pay progression, as eligible officers progress along their pay scale with experience, and £326,000 is for a 3.0% cost of living increase, in accordance with the Council's agreed four year pay policy to adjust pay by the preceding September CPI figure (which was 3.1%), capped at 3.0%.
- 2.8 Aside from income and rents, there are a limited number of services provided by the Committee for which fees and charges are levied. The impact of changes to Town Hall Room Hire charges and Land Charge tariffs have been estimated and incorporated in the estimates for 2022/23.

- 2.9 The proposed tariffs are set out in Appendix 1 to this report.
- 2.10 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 3% annually, after making allowance for any further changes in service. Certain charges for Committees are being proposed at above inflation levels, either to reduce service subsidy levels or to enable the Council to achieve a balanced budget.
- 2.11 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- 2.11.1 The Budget Book contains the service estimates for 2022/23.
- 2.11.2 All unavoidable cost increases and income reductions are reflected in the estimates.
- 2.11.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.11.4 All increases in charges are subject to approval by the Council.

### 3 Revenue Estimates 2021/22

- 3.1 Before considering the revenue estimates for 2022/23, this section provides a summary of the forecast outturn for the current financial year.
- 3.2 Variations identified with on-going effects have been taken into account in preparing next year's budget. Excluding central government support, the Council's probable revenue outturn at Q2 monitoring for all Committees in 2021/22 anticipates an overspend of £2.67m, as set out in the Q2 monitoring report and summarised by the following table:

Committee	2021/22		
	Current Approved Budget £'000	Q2 Forecast £'000	Variance £'000
Strategy & Resources	2,285	2,077	(208)
Environment & Safe Communities	2,574	4,034	1,460
Community & Wellbeing	6,423	7,838	1,415
Capital charges	(2,669)	(2,669)	0
<b>Total budget requirement</b>	<b>8,612</b>	<b>11,280</b>	<b>2,668</b>

- 3.3 The Council expects to benefit from the government's income compensation scheme by £0.506m. The following table shows how this government support is projected to reduce the budget deficit to £2.162m, and how EEBC currently expects to fund this £2.162m:

<b>2021/22</b>	<b>£'000</b>
<b>Projected Deficit, Pre-Government Support</b>	<b>2,668</b>
Less Government Income Protection Scheme	(506)
<b>Projected Deficit, Post-Government Support</b>	<b>2,162</b>
<u>Provisional Funding</u>	
Corporate Contingency for Covid-19	(950)
Corporate Projects Reserve	(329)
General Fund Balance	(883)
<b>Subtotal Funding</b>	<b>(2,162)</b>
<b>Total</b>	<b>0</b>

- 3.4 The probable outturn specifically for Strategy & Resources Committee for 2021/22 is an underspend of £207,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy &amp; Resources Committee</u>			
Democratic & Civic	688	688	0
Corporate Functions	579	579	0
Corp Financial Management	1,817	1,821	4
Tax Collection & Benefits	970	970	0
Land Charges	(1)	(6)	(5)
Land & Property	(2,333)	(2,333)	0
Economic Dev. & Prosperity	92	92	0
Employee and Support Services	472	266	(206)
<b>Total Strategy &amp; Resources</b>	<b>2,285</b>	<b>2,077</b>	<b>(207)</b>

- 3.5 Employee costs are forecast to be £273k under budget, however, this favourable variance is partially offset by additional legal support costs to manage unauthorised encampments, combined with additional HR costs such as recruitment advertising fees associated with the restructure, totalling £52k. The favourable variance is also partially offset by increased cleaning costs at Town Hall, which are expected to exceed the budget by £15k in 2021/22.
- 3.6 Within Land and Property, a number of rent reviews have been successfully completed, resulting in additional income of £836k for back rent at industrial estate sites. This one-off income is expected be transferred to the Property Income Equalisation Reserve, subject to Committee approval at year-end. The reserve currently holds a balance of £5.496m and is held to mitigate the potential impact of any tenants choosing to exercise break clauses and end their tenancies, as reported to Strategy & Resources Committee on 21 September 2021.
- 3.7 The Committee's probable outturn (estimated net expenditure) for 2021/22 is included in the draft Budget Book on each service group page, with a detailed analysis of variations to budget. The outturn forecasts are all based on quarter two budget monitoring reports used by all managers.

#### 4 Proposals for 2022/23 Budget

- 4.1 The service estimates for 2022/23 are included in the draft Budget Book, circulated to Councillors in January.
- 4.2 A summary of the Committee's service estimates for 2022/23 is set out in the following table:
- 4.3

Strategy & Resources Committee	Published Budget 2021/22	Base Position 2022/23
	£000	£000
Democratic & Civic	692	688
Corporate Functions	579	571
Corporate Financial Management	1,904	2,130
Tax Collection & Benefits	1,066	997
Land Charges	-1	2
Land and Property	-2,373	-2,930
Local Economy & Community Consultation	92	92
Employee & Support Services	421	1,054
<b>Total Strategy &amp; Resources</b>	<b>2,380</b>	<b>2,604</b>

- 4.4 The following table comprises a summary of the main changes to the Committee's proposed budget for 2022/23 compared with the published budget for 2021/22.

STRATEGY AND RESOURCES COMMITTEE		BUDGET £'000
Published Budget 2021/22		2,380
Service Group	Change	
Land & Property	Increase in statutory provision to repay debt acquired for commercial property	41
Land & Property	Reduction in net income from Parkside House	755
Land & Property	Contribution from the Property Income Equalisation Reserve	-755
Land & Property	Net income from Emerald House	-326
Land & Property	Other net changes in contributions from the PIE Reserve	-286
Corp Financial Management	Reduced contingency for Covid-19 impact	-350
Corp Financial Management	Movement in contribution from corporate projects reserve to fund revenue budget deficit	45
Corp Financial Management	Reduction in New Homes Bonus income	75
Corp Financial Management	New Homes Bonus transferred to corporate projects reserve	-75
Corp Financial Management	Provision for price inflation in excess of 2%	204
Corp Financial Management	Increased revenue contribution to capital schemes	100
Corp Financial Management	Pensions back-funding following triennial valuation and compensatory added years	129
Tax Collection & Benefits	Provisional reduction in contribution from business rates equalisation reserve*	108
Employee & Support Services	Net increase in corporate pay progression and inflation provision	346
Employee & Support Services	Increase in National Insurance contributions	150
Employee & Support Services	2022/23 Services Grant	-98
Employee & Support Services	Inflation on software licences	67
Employee & Support Services	Reduction in contribution from corporate projects reserve	90
All	Other net changes	4
Base Position 2022/23		2,604



\*The transfer from the Business Rates Equalisation reserve is currently provisional and is expected to increase substantially to fund the prior year collection fund deficit from 2020/21, which arose due to statutory government business rate reliefs for businesses in sectors such as retail, leisure and hospitality. The quantum of the transfer from the Business Rates Equalisation reserve will only be confirmed in late January 2022 when business rates projections are submitted to central government.

## **5 New Initiatives**

5.1 In addition to the proposed budget above, the Committee is asked to advise whether it would support the following new initiatives for 2022/23 (and if so, which ones), which would only be progressed during the year if a funding option can be identified and agreed. If supported, officers will look to fund the initiatives from existing budgets, additional income or savings in the first instance, but in any case, in accordance with the Council's Financial Regulations and budget virement policy:

5.1.1 A £25,000 budget for one year only to fund a feasibility study into installing wi-fi capability at key identified sites in the Borough;

5.1.2 A £20,000 budget to for one year only to develop an ICT Strategy.

## **6 2022-23 Budget Gap**

6.1 The impact of Covid-19 will continue into next year and the Council's provisional, projected budget gap for 2022/23 is currently £1.017m. To mitigate this budget gap, it is proposed that temporary funding should be allocated from the Corporate Projects Reserve (£262k) and Property Income Equalisation Reserve (£755k), to produce a balanced budget for 2022/23.

6.2 This approach will enable the Council to produce a balanced budget in the short term, while options including Strategic Asset Reviews are assessed to produce a sustainable, balanced budget in the medium term.

6.3 Ahead of 2023/24, the Council should plan to review and rebase its budgets to reflect post-Covid underlying expenditure and income streams, with the aim of removing the unsustainable reliance on reserves to fund the day-to-day revenue budget.

## **7 Fees and Charges 2022/23**

7.1 Fees and Charges within the remit of this Committee are set out in Appendix 1.

- 7.2 In February 2018, the Committee confirmed that the Chief Finance Officer should have delegated authority to vary fees and charges for items generating income under £1,000 per annum and/or for one-off items not included in the fees and charges schedule.
- 7.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 3.0% and 4.8%. The budgeted income is £2,603.
- 7.4 Increases to land charge tariffs are between 2.6% and 4.8%, with the only exception being personal search fees. Personal search fees have increased by 8.3% from £0.60 to £0.65 to reflect increase that they had previously remained at the same level since 2020/21 and the fee remains rounded to the nearest 5p. The annual budget for land charges is £102,000.

## **8 Council Tax Discount Scheme 2022/23**

- 8.1 In November 2020, Strategy & Resources Committee agreed to replace the previous means-tested Local Council Tax Support with a simpler, income-banded Council Tax Discount scheme.
- 8.2 Income bands and discounts are subject to member approval each year. For 2022/23, bands have been uprated in line with the Council's scheme rules;
  - 8.2.1 Income bands have generally been uprated by 3.1%, which was the CPI figure for September 2021.
  - 8.2.2 In addition, some bands have been widened to accommodate DWPs' Universal Credit changes. This has resulted in some bands increasing by more than 3.1%, but maintains the original intention of the scheme, that no-one moving from Council Tax Support would be disadvantaged by the change.
- 8.3 The proposed income bands for 2022/23 are shown in the following table, which members are asked to agree. 2021/22 comparatives are shown in the subsequent table.

2022/23	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Band A – 80%	Relevant Benefit	£0.00 - £335.00	£0.00 - £625.00	£0.00 – £817.00	£0.00 - £1,061.00
Band B – 65%	N/A	£335.01 - £513.00	£625.01 - £823.00	£817.01 - £994.00	£1,061.01 - £1,275.00
Band C – 50%	N/A	£513.01 - £604.00	£823.01 - £980.00	£994.01 - £1,102.00	£1,275.01 - £1,565.00
Band D – 40%	N/A	£604.01 - £1,229.00	£980.01 - £1,551.00	£1,102.01 - £1,884.00	£1,565.01 - £3,057.00

2021/22	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Band A – 80%	Relevant Benefit	£0.00 - £409.86	£0.00 - £692.01	£0.00 – £665.18	£0.00 - £927.00
Band B – 65%	N/A	£409.87 - £409.99	£692.02 - £885.01	£665.19 - £937.01	£927.01 - £1,323.03
Band C – 50%	N/A	£410.00 - £671.99	£885.02 - £1,037.03	£937.02 - £1,155.85	£1,323.04 - £1,604.82
Band D – 40%	N/A	£672.00 - £1,278.00	£1,037.04 - £1,591.00	£1,155.86 - £1,913.49	£1,604.83 - £3,050.99

## 9 Risk Assessment

Legal or other duties

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

Service	Risk	Budget Estimate 2022/23 £'000	Risk Management
Employee costs	<b>Medium:</b> Not achieving budgeted staff savings to meet the vacancy provision	Approx. 12,000	Recruitment management Salaries monitoring
Covid-19	<b>High:</b> Covid-19 is expected to continue to impact the Council's services into next year, as the economy and society take time to recover.	600	Inclusion of a £600k corporate contingency to mitigate impact of Covid-19 on income streams.  Regular budget monitoring of impact  Use of reserves if necessary.
Land and property rental income	<b>Medium:</b> Loss of tenants and commercial rentals	2,879 EEBC 600 EEPIC dividend income	Asset Management Plan – property and rent reviews  Use of Property Income Equalisation Reserve

9.2 Crime & Disorder

9.2.1 None arising from the contents of this report.

9.3 Safeguarding

9.3.1 None arising from the contents of this report.

9.4 Dependencies

9.4.1 Other Policy Committees are also being presented with their budgets for approval in the January committee cycle.

9.4.2 **A Committee Terms of Reference Review is due to be presented to Full Council in February. Should any service areas transfer between Strategy & Resources and other Policy Committees, the associated budgets will also be transferred accordingly at the appropriate time.**

9.5 Other

9.5.1 None arising from the contents of this report.

## 10 Financial Implications

10.1 The draft Budget Book 2022/23 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.

10.2 **Section 151 Officer's comments:** Financial implications are contained within the body of this report.

## 11 Legal Implications

11.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.

11.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be a equalities impact assessment in relevant cases.

11.3 **Legal Officer's comments:** None arising from the contents of this report.

## 12 Policies, Plans & Partnerships

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

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

12.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.

12.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.

- 12.5 **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.

### 13 Background papers

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

**Previous reports:**

- Budget Target Report to S&R Committee on 21 September 2021

**Other papers:**

- Draft 2022/23 Budget Book.

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Service: Town Hall  
Service Manager: Judith Doney

Service	Charged At	Description	Unit	2021/22	2022/23	% Change
Town Hall		Room Hire				
	<u>Hirer</u>			£	£	
	Standard	Atrium (Evening 18:00 to 24:00)	Per hour	86.50	90.00	4.0%
	Standard	Committee Room 1 (Mon-Fri 08:00 to 24:00)	Per hour	52.50	55.00	4.8%
	Standard	Committee Room 2 (Mon-Fri 08:00 to 24:00)	Per hour	44.00	46.00	4.5%
	Standard	Council Chamber (Mon-Fri 08:00 to 24:00)	Per hour	86.50	90.00	4.0%
	Commercial	Atrium (Evening 18:00 to 24:00)	Per hour	174.00	180.00	3.4%
	Commercial	Committee Room 1 (Mon-Fri 08:00 to 24:00)	Per hour	106.00	110.00	3.8%
	Commercial	Committee Room 2 (Mon-Fri 08:00 to 24:00)	Per hour	82.50	85.00	3.0%
	Commercial	Council Chamber (Mon-Fri 08:00 to 24:00)	Per hour	174.00	180.00	3.4%
	Community	Atrium (Evening 18:00 to 24:00)	Per hour	44.00	46.00	4.5%
	Community	Committee Room 1 (Mon-Fri 08:00 to 24:00)	Per hour	26.00	27.00	3.8%
	Community	Committee Room 2 (Mon-Fri 08:00 to 24:00)	Per hour	22.00	23.00	4.5%
	Community	Council Chamber (Mon-Fri 08:00 to 24:00)	Per hour	44.00	46.00	4.5%
		<b>Staff Hire</b>				
	All	Support officer	Per hour	60.00	62.00	3.3%



**Service: Land Charges**  
**Service Manager: Viv Evans**

Service	Charged At	Description	Unit	2021/22	2022/23	% Change
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**Land Charges**

**Land Charges**

		£	£	
Additional enquiries: Covering 1 hour's work	Per enquiry	35.00	36.00	2.9%
Additional enquiries: each additional hour's work or part thereof	Per hour or part thereof	35.00	36.00	2.9%
Con29O Optional - highway enquiries	Per enquiry	21.50	22.00	2.3%
Con29O Optional - Other enquiries	Per enquiry	16.00	16.50	3.1%
Con29R Commercial (Paper)	Per search	201.00	208.00	3.5%
Con29R Commercial (Public Access)	Per Search	143.00	148.00	3.5%
Con29R Commercial NLIS (Internal Use Only)	Per Search	201.00	208.00	3.5%
Con29R component (Paper)	Per question	3.20	3.30	3.1%
Con29R component (Public Access)	Per question	2.10	2.20	4.8%
Con29R Residential (Paper)	Per Search	173.00	178.00	2.9%
Con29R Residential (Public Access)	Per Search	114.00	117.50	3.1%
Con29R Residential NLIS (Internal Use Only)	Per Search	173.00	178.00	2.9%
LLC1	Per search	27.75	28.75	3.6%
LLC1 Commercial (Paper)	Per Search	27.75	28.75	3.6%
LLC1 Commercial (Public Access)	Per search	27.75	28.75	3.6%
LLC1 Commercial NLIS (INTERNAL USE ONLY)	Per search	27.75	28.75	3.6%
LLC1 Residential (Paper)	Per search	27.75	28.75	3.6%
LLC1 Residential (Public Access)	Per search	27.75	28.75	3.6%
LLC1 Residential NLIS (Internal Use Only)	Per Search	27.75	28.75	3.6%
Parcel Fee (Con29R)	Per parcel	24.25	25.00	3.1%
Parcel Fee (LLC1)	Per parcel	9.75	10.00	2.6%
Personal Search/LLCR	Per search	0.60	0.65	8.3%
Personal Search/LLCR (Public Access)	Per search	0.60	0.65	8.3%

## LOCAL COUNCIL TAX DISCOUNT FOR CARE LEAVERS

<b>Head of Service:</b>	Judith Doney, Head of Digital and Service Transformation
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	Appendix 1 – Letter from MHCLG dated 13.01.2021 Appendix 2 – Letter from Surrey County Council requesting a Care Leavers discount

### Summary

This report provides information to enable Committee to make a decision on whether it wishes to introduce a local care leavers discount from 01 April 2022

### Recommendation (s)

#### The Committee is asked to:

- (1) To consider introducing the Local Care Leavers Discount on Council Tax detailed in paragraph 3.1 of this report.**

## 1 Reason for Recommendation

- 1.1 On 13 January 2021 the Ministry of Housing, Communities and Local Government's wrote to local authorities asking them to consider a discount for care. Following this letter Surrey County Council requested all Surrey Districts and Boroughs to bring forward a motion to support Surrey County care leavers by introducing a council tax discount for those leaving care aged 18 – 24 years.

## 2 Background

- 2.1 A 2016 report by the Children's Society found that when care leavers move into independent accommodation, they find managing their own finances extremely challenging. With no family to support them and insufficient financial education, care leavers are falling into debt and financial difficulty. The Children's Society recommends that care leavers should be taken out of Council Tax until they turn 25.

- 2.2 In 2017 The Children and Social Work Act 2017 placed corporate parenting responsibilities on borough and districts councils for the first time, requiring them to have regard to children in care and care leavers when carrying out their functions
- 2.3 In January 2021 the Ministry of Housing, Communities and Local Government highlighted that 40% of care leavers are not in education, employment or training, and many are at risk of financial vulnerability and often have problems with debt and arrears. It appealed for all local authorities to implement best practice and provide all care leavers with Council Tax exemption.
- 2.4 Care leavers have had their childhoods punctuated by instability and trauma, they leave home earlier and have less support than other young people. As a result, care leavers have some of the worst life chances in the country.
- 2.5 With Tandridge Borough Council agreeing to implement a Local Council Tax Discount for Care Leavers from 1 April 2022 Epsom & Ewell Borough Council is the only Surrey Council still to make a decision on the local care leavers discount.
- 2.6 Sections 13A(1)(c) and 13A(7) of the Local Government Finance Act 1992 allows the Council to determine a reduction class ( a specific group of persons) to reduce the amount of council tax payable. There are financial implications to awarding reductions and the financial burden of Section 13A reductions has to be met by Epsom & Ewell Borough Council alone. However, for a reduction under Section 13A for Care Leavers Surrey County Council have agreed to reimburse the Council under separate arrangements for what would have been its share of the council tax reduction if not for the award being under Section 13A.

### **3 Practical implementation**

#### **3.1 Process**

3.1.1 The Section 13A Care Leavers Discount is in addition to and does not amend or replace the current Section 13A policy covering reductions for exceptional circumstances. Any Care Leavers Discount will be awarded after all other relevant discounts and exemptions have been applied.

3.1.2. From 1 April 2022 young people who have left care (care leavers) and are living in independent or semi-independent living arrangements will not be treated differently with regard to council tax liability until their 25 birthday. On this basis the level of Care Leaver discount will vary depending on the household circumstances:

- If a property is only occupied by care leavers – 100% discount

However, there will be occasions where the care leaver only forms part of the household in which case the level of overall discount awarded on the account will be reduced. This is due to the way the Council Tax Charge is calculated under the governing legislation, where 50% of the charge is derived from the number and type of residents in the household and 50% based on the property type. Below sets out the maximum level of discount that can be awarded on an account where the care leaver forms part of the household.

- If all but one person living in a property are care leavers – 25% discount
- If two or more people living in a property are not care leavers – 0% discount
- If other than for the care leaver(s) the property would be exempt – 100% discount
- If other than for the care leaver(s) all residents would be disregarded – 50% discount

3.1.3. A care leaver is an adult who has spent time in foster or residential care, or in other arrangements outside their immediate or extended family before the age of 18. A care leaver will only qualify where Surrey County Council Children's Services confirm they consider the resident a care leaver for the purposes of this policy.

3.1.4. An application form will be published on our website requesting details such as name, address, date of birth and household information and the care leavers status will be verified by Surrey County Council or the personal adviser appointed or approved by Surrey County Council.

3.1.5. Where the qualifying criteria is met delegated authority to award is to be made at officer level. Where Section 13A Care Leaver Discount is not awarded the taxpayer can request a review of the application to the Revenues and Benefits Manager. If an award is still not made, under the Local Government Finance Act 1992, an appeal of the decision to not award can then be made to the independent Valuation Tribunal Service.

#### **4 Risk Assessment**

Legal or other duties

##### **4.1 Impact Assessment**

4.1.1 Care Leavers are not identified as having 'Protected Characteristics' under the Equality Act 2010, so there are no specific Equality Implications for the purposes of this report

##### **4.2 Crime & Disorder**

4.2.1 None for the purposes of this report

4.3 Safeguarding

- 4.3.1 The Children and Social Work Act 2017 places corporate parenting responsibilities on borough and district councils for the first time, requiring them to have regard to children in care and care leavers when carrying out their functions

4.4 Dependencies

- 4.4.1 None for the purposes of this report

4.5 Other

- 4.5.1 Local discounts are set up for the purpose of assisting a specified group and not because there is a funding stream available. Therefore, should funding from County cease the financial cost for the full discount going forward would have to be funded by the Council as lack of funding would not be a legitimate reason for ceasing the discount and if we were to do so we could be open to legal challenge. (Several Valuation Tribunal cases have clarified the point that lack of funds is not a valid reason for not awarding relief)
- 4.5.2 In introducing this discount it could open us up to legal challenge from other sections of the community who may feel they should be entitled to a local discount if they are not given a similar discount . This could potentially lead to increased costs which would be solely funded by the Council.

**5 Financial Implications**

- 5.1 The Council is fully responsible for meeting the cost of the any local discount and therefore there would be a financial impact on the authority as well on Council Tax payers.
- 5.2 The last figures that were supplied to the Head of Housing and Environmental Services on the number of care leavers was in 2019 when there were 24 care leavers in the Epsom and Ewell area. However, Surrey County Council has provided the position for the numbers of care leavers in independent or semi-independent living accommodation in the Epsom area on 1 July 2021 which is a total of 11. (Appendix 2) This assumes that the care leavers are in Band B properties. Surrey County Council also estimate an increase of 3 care leavers in-year.
- 5.3 On the basis of 14 care leavers the maximum cost of implementing the care leavers discount for the Council would be £22,245.02 but after other statutory discounts are applied this may reduce to £16,683.80.

- 5.4 However, to offset this cost Surrey County Council Cabinet have agreed to reimburse Councils who introduce the discount under separate arrangements for its share of the Care Leavers discount (75%) until 2024. This would then reduce the cost to the Council to the remaining 25% which for 14 care leavers, after other statutory discounts are applied, would be £4,170.92.
- 5.5 **Section 151 Officer's comments:** In deciding whether to introduce a council tax discount for care leavers, members should be aware of the risk that Surrey County Council could withdraw funding of the discount from 2024 onwards. Should this occur, EEBC would have to identify alternative funding from its own limited resources to meet the cost of continuing the discount.

## 6 Legal Implications

- 6.1 Sections 13A(1)(c) and 13A(7) of the Local Government Finance Act 1992 allows the Council to determine a reduction class ( a specific group of persons) to reduce the amount of council tax payable.
- 6.2 There are already a number of other discounts and exemptions that depending on the circumstances of the care leaver may apply.
- Single Person Discount – all single people living on their own in a property can receive a 25% discount and this is automatically awarded.
  - Apprentice disregard – if the individual lived alone they would receive a 50% reduction in their Council Tax charge where they meet the definition of a qualifying apprentice
  - Student discount – 100% exemption for households where everyone living in a property are full time students
  - Council Tax Income Discount which provides up to 80% relief for those on social security benefits, such as Universal Credit
  - Section 13A also allows for a person liable to pay Council Tax to apply for a reduction of up to 100% of their Council Tax due to severe financial hardship.

Whilst all these would be available to eligible care leavers they would require the individual to pay some level of Council Tax (unless they received a Section 13A reduction due to exceptional financial hardship)

- 6.3 **Legal Officer's comments:** Section 13A(1)(c) of the Local Government Finance Act 1992 gives the Council the discretionary power to reduce liability for Council Tax in relation to particular cases or by determining a class of cases where national discounts and exemptions cannot be applied. The Council has the right to choose whether to use its powers on a case-by-case basis or it also has the right to specify a class of use. A class of use is where several people who pay Council Tax fall into a group because their circumstances are similar. Section 13A(1) states 'Where a person is liable to pay Council Tax in respect any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.'

There are a number of pieces of legislation and statutory guidance that set out the role of the local authority in respect of children in care and care leavers. There are statutory obligations and guidance for the role of the Local Authority as the Corporate Parent in the Children's Act 2017, and the Children and Young People Act 2008.

As the provision of a discount is discretionary, the Council has the power to agree to the discretionary discount.

## 7 Policies, Plans & Partnerships

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

Safe and Well – Work with partners to improve the health and wellbeing of our communities focusing in particular on those who are more vulnerable.

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

- 7.3 **Climate & Environmental Impact of recommendations:**

None for the purposes of this report

- 7.4 **Sustainability Policy & Community Safety Implications:**

None for the purposes of this report

- 7.5 **Partnerships:**

None for the purposes of this report

## 8 Background papers

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

**Previous reports:**

None for the purposes of this report

**Other papers:**

None for the purposes of this report



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Ministry of Housing,  
Communities &  
Local Government

Local Taxation Division  
*Ministry of Housing, Communities & Local  
Government*  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

Agenda Item 7  
Appendix 1

[council.tax@communities.gov.uk](mailto:council.tax@communities.gov.uk)

To Local Authorities in England

## FOR THE ATTENTION OF THE COUNCIL TAX SECTION

### Council Tax Information Letter – 13 January 2021

Dear Colleague,

Helping care leavers to secure and sustain suitable accommodation is one of the key outcomes in the cross-Government care leaver strategy – Keep on Caring. Local authorities will be aware of the Department for Education's [guidance on applying corporate parenting principles to looked after children and care leavers](#). This stresses the importance of joint working in supporting care leavers. In many cases this will involve collaboration between children's services, housing, and other specialist services to ensure that suitable support is in place.

Revenues and benefits teams will also be aware that they can support vulnerable groups to help manage their council tax liabilities. Many authorities offer council tax reductions to care leavers. When local authorities choose to provide reductions, this should be set out in their Local Offer for care leavers.

Care leavers generally live independently at a much younger age than their peers, and often become responsible for their finances without a family support network to rely on. As a result, 40% of care leavers are not in education, employment or training, and many are at risk of financial vulnerability and often have problems with debt and arrears.

Many local authorities offer a council tax reduction for care leavers in their area to provide immediate financial assistance and to help reduce the risk of debt. Authorities may also wish to consider whether a council tax reduction should "follow" a care leaver, if they move to a different area.

In November, the National Implementation Advisor for Care Leavers' published his [second report](#). The document highlights the National Leaving Care Benchmarking Forum's Local Offer Toolkit. This is a useful tool for authorities to explore best practice across the country and the wide variety of approaches that are already being taken. These Local Offers can make a significant difference to the relationships with local authority workers and the outcomes for care leavers.

If you have any comments or queries on this subject, please contact the Department at: [council.tax@communities.gov.uk](mailto:council.tax@communities.gov.uk).

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Cllr Hannah Dalton, Leader &  
Ms Kathryn Beldon, Chief Executive

Epsom and Ewell Borough Council

Rachael Wardell  
DCS Office  
Woodhatch  
Cockshot Hill  
Reigate  
Surrey RH2 8EF

[rachael.wardell@surreycc.gov.uk](mailto:rachael.wardell@surreycc.gov.uk)

Dear Cllr. Hannah Dalton and Kathryn Beldon,

**Regarding - Council Tax Exemption for Care Leavers**

I last wrote to senior leaders in April 2021 regarding council tax exemption for Surrey care leavers living in Epsom and Ewell Borough Council.

As senior officers and members we have a special responsibility to be the very best corporate parents to children and young people in our care. Our children and young people live in a range of different settings in each of the eleven District & Borough Councils. *Section (1) of the Children and Social Work Act 2017* sets out seven corporate parenting responsibilities to children in and leaving our care.

In January 2021 The **Ministry of Housing, Communities & Local Government** wrote to all local authorities in England. This letter highlighted that '40% of care leavers are not in education, employment or training, and many are at risk of financial vulnerability and often have problems with debt and arrears. This letter appealed for all local authorities to implement best practice and provide all care leavers with council tax exemption.

We know that offering council tax exemption will help to alleviate financial problems and reduce stress that many Surrey care leavers tell us they experience when transitioning from care into that uncertain world of 'independent living'. Care leavers experience living independently at a much younger age than their peers who have not had the disadvantage of being in care; and who often have a strong family network to support them well into adulthood.

**I am writing to request that Epsom and Ewell Borough Council support the Surrey Offer for Care Leavers by committing to a 100% council tax exemption for care leavers aged between 18 to 24 years.** Surrey County Council agreed to do this from April 2020 and currently nine Surrey District & Borough Councils are committed to this Offer.

**What does this mean for Epsom and Ewell?**

As of 01/07/2021 there are ELEVEN care leavers living in '(01) independent and (10) semi-independent' accommodation in Epsom and Ewell.

Below is an estimated breakdown of costs for council tax exemptions:

Estimated costs for E&EBC precept	2021/22	2022/23
Independent living	c.£343 (based on current and estimated x1 more during the year <i>(could be more or less)</i> )	c.£675 (based on projected increase <i>(could be more or less)</i> )
Semi-independent living	c.£486 (based on current and estimated x2 more during the year <i>(could be more or less)</i> )	c.£650 (based on projected increase <i>(could be more or less)</i> )
Total	c.£829	c.£1,325

I would be grateful if you could take this important request to council and bring forward a motion supporting all Surrey county care leavers to be provided with an equal Offer; irrespective of the District & Borough Council in which they live.

Further information on the financial implications for the District & Borough Council of Epsom and Ewell is attached.

Please do not hesitate to contact me for further information.

Yours sincerely,



**Rachael Wardell**  
Executive Director for Children, Families and Lifelong Learning  
Surrey County Council

## Care Leaver Council Tax Relief Estimations – Epsom and Ewell Borough Council

Numbers of young people currently in independent or semi-independent living  
11 young people as at 01/07/2021 (x1 in independent and x10 in semi-independent)

Estimated costs for Epsom and Ewell

Assumptions – this is how SCC estimated its costs in decision making:

- Based on average **Band B** for 2021/22 – £1,588.93 (as per on Epsom and Ewell BC website)
- For 2021/22 in Waverley precept was as follows: SCC – c.76%, PCC – c.14%, **E&EBC (including town and parish) – 11%**
- For independent living a single person 25% discount has been applied and for semi-independent this is based on 4 sharing
- The number of care leavers increases in line with estimated trajectory
- The numbers of care leavers placed out of county reduces by 20% a year with more young people being placed in county.
- There may become additional care leavers living in Epsom and Ewell in the year, as well as recording issues meaning a small potential increase than current figures

Breakdown of costs

- £161.98 (E&EBC precept)
- 75% of £161.98 = c.£121.50 (independent living)
- £161.98/4 = c.£40.50 (semi-independent living)

Estimated costs for E&EBC precept	2021/22	2022/23
<b>Independent living</b>	c.£343 (based on current and estimated x1 more during the year (could be more or less))	c.£675 (based on projected increase (could be more or less))
<b>Semi-independent living</b>	c.£486 (based on current and estimated x2 more during the year (could be more or less))	c.£650 (based on projected increase (could be more or less))
<b>Total</b>	<b>c.£829</b>	<b>c.£1325</b>

**N.B** – the majority of those in Semi-independent living in Epsom and Ewell are not in education, employment or training.

Comparison to other Surrey District and Boroughs

In Guildford for 2020/21, they had 14 claims. They had a slightly higher Council Tax, closer split between independent living and semi-independent living and costs to Guildford Borough Council was just under £3,000.



## FUNDING FOR PLANNING APPEALS

<b>Head of Service/Contact:</b>	Vicki Potts, Head of Place
<b>Urgent Decision?(yes/no)</b>	Yes
<b>If yes, reason urgent decision required:</b>	Two planning appeals have been received and another is anticipated relating to three major planning applications.
<b>Annexes/Appendices (attached):</b>	Not applicable
<b>Other available papers (not attached):</b>	Not applicable

### Report summary

Two appeals have been submitted to the Planning Inspectorate in respect of two major planning applications. In addition, following a decision to refuse planning permission for development at 24-28 West Street, Epsom the Council has been advised that the applicants are preparing to lodge a third appeal against this decision.

In order to provide a robust defence of the decision it is essential to submit a case to the planning inspectorate which has been prepared by an independent qualified planning consultant on an impartial basis to support the Council's reasons for refusal.

The Planning Department does not have a budget for defending planning appeals, so a financial provision is required to secure a planning consultant to prepare and submit the cases for the appeals.

### Recommendation (s)

#### The Committee resolves to

- (1) Allocate up to £150,000 to engage consultancy and barrister support to defend the two appeals which are currently with the Planning Inspectorate and a third anticipated appeal relating to 22-24 West Street, Epsom**
- (2) That the budget of up to £150,000 be funded from the Corporate Projects Reserve.**



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

- 1.1 The Council's Core Strategy, adopted in 2007, identifies the key issues and the social, economic, and environmental objectives for the future development of the Borough up to 2022, and a strategy to achieve them. It is central to the delivery of sustainable development and creating sustainable communities.

**2 Background**

- 2.1 The two planning applications the subject of current appeals relate to:

**Langley Bottom Farm Langley Vale Road Epsom Surrey KT18 6AP  
(Reference: 20/00475/FUL)**

**Planning Committee 18 February 2021.**

Description of Development: Demolition of the existing buildings on the site and construction of twenty residential dwellings, of which eight (40%) would be affordable together with associated access, landscaping and parking. (Amended site location plan received 06.08.2020)

Decision Issued: 22 February 2021

REFUSED based on the following reasons:

1. The proposed development would constitute inappropriate development in the Green Belt and therefore by definition would be harmful to the Green Belt. The proposal would conflict with the Green Belt purpose of assisting in safeguarding the countryside from encroachment. The Council is not satisfied that the special circumstances put forward by the applicant are sufficient to outweigh the significant harm caused to this Green Belt site. The proposal therefore conflicts with policy CS2 of the Core Strategy 2007 and paragraphs 133, 134, 144 and 145 of the NPPF 2019
2. The proposed development is located within the Green Belt outside the defined Built Up Area, and it is without good public transport links. If the development is permitted, it would encourage journeys that would be heavily reliant on private transport. This would not comply with Policy CS8 and CS16 of the Core Strategy 2007, and paragraphs 102 and 108 of the NPPF 2019
3. The adverse impacts of the scheme would significantly and demonstrably outweigh the benefits of the development including additional housing units when assessed against the policies in the National Planning Policy Framework taken as a whole. The proposal is contrary to the NPPF 2019, and Policies CS2 and CS16 of the Core Strategy 2007

4. In absence of a completed legal obligation under section 106 of the Town and Country Planning Act 1990 (as amended), the applicant has failed to comply with Policy CS9 (Affordable Housing and meeting Housing Needs) and para 64 of the NPPF 2019 in relation to the provision of eight affordable on-site units.

Appeal Received: 12 August 2021

**Epsom General Hospital Dorking Road Epsom Surrey KT18 7EG  
(20/00249/FUL)**

**Planning Committee 12 May 2021**

Description of Development: Erection of a multi storey car park comprising ground plus 5 storeys and 527 car parking spaces, reconfiguration of surface parking to provide 104 car parking spaces and improvement to the access road from Dorking Road.

Decision Issued: 1 June 2021

The Application be REFUSED based on the following reasons:

1. The proposed development, by reasons of its height, mass, scale and poor design (including its roof form, and choice of specified materials), would adversely impact and harm the character and appearance of the area, failing to comply with Policy CS5 of the Core Strategy (2007), Policies DM9, DM10 and DM11 of the Development Management Policies Document (2015) and paragraphs 2, 122 and 127 of the NPPF (2019).
2. The proposed development, by reasons of its height, mass, scale and poor design (including its roof form, and choice of specified materials), would fail to preserve or enhance the character or setting of the adjacent Woodcote Conservation Area, failing to comply with Policy CS5 of the Core Strategy (2007), Policies DM8 and DM9 of the Development Management Policies Document (2015) and paragraphs 2, 193, 196 and 202 of the NPPF (2019)

Appeal received: 26 November 2021

- 2.2 The Planning Committee resolved to refuse the following application at the Planning Committee on 9<sup>th</sup> December and the applicant has indicated that they will appeal this decision.

**Development Site At 24-28 West Street Epsom Surrey (19/01021/FUL)**

**Planning Committee 9 December 2021**

Description of Development: Demolition of existing building and construction of a new part 7 and part 8 storey building containing ground floor commercial/retail (E use class) and 25 residential units (C3 Use) on upper levels and associated development

Committee resolved to refuse for the following reasons:

1. As a result of its overall height, design and density, the proposed development would fail to integrate with the character and appearance of the area, to the detriment of the existing town character and therefore, in accordance with paragraph 134 of the National Planning Policy Framework (2021), should be refused. The proposal would be contrary to Policies CS1 and CS5 of the Epsom and Ewell Core Strategy (2007), Policies DM9, DM10 and DM13 of the Epsom and Ewell Development Management Policies (2015) and Policy E7 of the Plan E Area Action Plan (2011).
2. The proposal would result in the loss of a good quality Conservation Area building that makes a positive contribution to the character and appearance of the Epsom Town Centre Conservation Area, for which no suitable replacement has been made. The proposal would therefore cause less than significant harm to the heritage asset that would not be outweighed by the public benefits of the scheme. The proposal would therefore fail to accord with Section 72 of the Listed Buildings and Conservation Area Act 1990, paragraph 202 of the National Planning Policy Framework (2021), Policy DM8 of the of the Epsom and Ewell Development Management Policies (2015) and the relevant paragraphs of the NPPF 2021.

Decision due to be issued w/c 10<sup>th</sup> January.

### 3 Financial and Manpower Implications

- 3.1 The planning department does not have sufficient resources to divert officers away from processing planning applications to undertake the research and preparation of cases to defend the two current appeals. In the event of a further appeal relating to 22-24 West Street, then further significant external resources will be required to undertake a public inquiry into the resolution to refuse planning permission.
- 3.2 A total budget of up to £150,000 is requested to defend the three appeals and prepare for a potential Public Inquiry. This £150,000 budget is in addition to the £96,000 allocation previously agreed by Strategy & Resources Committee in December 2020.
- 3.3 ***Chief Finance Officer's comments:*** Major planning decisions that subsequently result in appeals can be very costly for the Council to defend.

- 3.4 *The planning service has an annual budget of £6,500 for defending appeals.*

*For the Council to defend itself against these latest appeals, members would need to allocate funding from the Corporate Projects Reserve, which currently holds an uncommitted balance of £2.795m. Allocating up to £150,000 for these appeals will reduce the reserve balance available for other corporate projects down to £2.645m. The Council's reserves are expected to come under significant pressure in the coming years due to the long term financial impact of Covid-19.*

#### **4 Legal Implications (including implications for matters relating to equality)**

- 4.1 None arising from the contents of this report

- 4.2 ***Monitoring Officer's comments:*** *The exercise of planning judgment did not take into account cost consequences of appeals and neither should it. Ordinarily the parties to planning appeals meet their own costs unless unreasonable conduct costs are awarded. As part of any appeal it is important that officers take independent advice and consider the objective of the costs regime as fully set out in the Planning Policy Guidance on appeals.*

#### **5 Sustainability Policy and Community Safety Implications**

- 5.1 There are no Sustainability Policy or Community Safety issues arising from this report.

#### **6 Partnerships**

- 6.1 There are no partnerships issues arising from this report.

#### **7 Risk Assessment**

- 7.1 The three planning applications were refused by the Planning Committee against officer recommendation. The council's performance at appeal in cases where major applications are refused against officer recommendation is monitored by central government. If more than 10% of such major appeals are allowed at appeal, then the council will be at risk of government intervention and ultimately its decision-making powers with regard to planning applications being removed.
- 7.2 It is important therefore that the council submits the strongest possible case at appeal in an effort to secure dismissal of both the current appeals.
- 7.3 In the absence of an up-to-date Local Plan, we face a number of risk areas. These include the continued absence of a 5-year housing land supply, and the additional measures introduced through the outputs of the Housing Delivery Test. Should we fail to respond to these factors we could face direct intervention by the Secretary of State.

**8 Conclusion and Recommendations**

- 8.1 The Committee is asked to agree the allocation of sufficient financial resources to enable an effective defence against the planning appeals.

**Ward(s) affected:** (All Wards);

## EPSOM & EWELL BOROUGH COUNCIL PAY POLICY STATEMENT

<b>Head of Service:</b>	Sarah Conlon, Head of HR & Organisational Development
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision? (yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	1: Draft Pay Policy Statement 2022/2023 2: Scale of Returning Officer Fees 2020/21

### Summary

This report introduces the draft Epsom & Ewell Borough Council Pay Policy Statement for 2022/23 and seeks approval of the Statement prior to its presentation to Full Council and subsequent publication on the Council website.

### Recommendation (s)

The Committee is asked to:

- (1) Approve the draft Pay Policy Statement for 2022/23
- (2) Agree that the draft Pay Policy Statement for 2022/23 is referred to Full Council for approval.

## 1 Reason for Recommendation

- 1.1 The Pay Policy Statement sets out the Council's policy regarding remuneration in accordance with the requirements of Section 38 of the Localism Act 2011 and associated statutory guidance. The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees.
- 1.2 The Pay Policy Statement 2022/23 requires approval from the Strategy & Resources Committee prior to being presented to Full Council for approval and subsequent publication on the Council's website.
- 1.3 Once approved by Full Council, the Pay Policy Statement will come into effect on 01 April 2022 and will be subject to annual review.

## 2 Background

### 2.1 Pay Policy Statement

2.1.1 The Pay Policy Statement is attached in Appendix 1 and the information therein complies with the requirements of the Localism Act 2011.

2.1.2 It is prescribed in terms of its content and therefore outlines the following key areas:

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

2.1.3 The salaries cited as current within the Statement are as at 30 November 2021.

2.1.4 The Statement also includes reference to the proposed pay award of 3% (capped) from April 2022 in line with the Council's Employee Pay and Reward procedure 2020-2024 (previously agreed by S&R Committee and Full Council in January and February 2021 respectively) and is based on CPI at September 2021.

2.1.5 Senior salary information is also published as part of the Council's Annual Statement of Accounts.

2.1.6 The Committee is not being asked to re-approve the previously agreed Employee Pay and Reward Procedure 2020-2024; just the Statement itself that sets out the existing policies

### 2.2 Election Fees

2.2.1 The Council is required to provide funding to the Returning Officer to discharge statutory functions relating to the administration of local government elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including to chief officers) in accordance with their role. The Chief Executive does not receive any additional payment

for the role of Returning Officer for local government elections.

2.2.2 Appendix 2 sets out the current Returning Officer fees and charges for 2020/21.

2.2.3 This fee structure is organised by Guildford Council. Once issued, consultation is undertaken with Epsom and Ewell Borough Council and then passed by the Surrey Chief Executives. A new fee structure is not due to be released until February 2022 at the very earliest, hence why only the current fees are included.

#### 4. Key points to note/Summary of changes

##### 4.1 Base Salaries

4.1.1 The base salaries for the 'Chief Officers' (Chief Executive and Directors) have changed. They will now include the proposed 3% uplift in April 2022.

Post	2021/22: Bottom of salary range per annum	2022/23: Bottom of salary range per annum	2021/22: Top of salary range per annum	2022/23: Top of salary range per annum
Chief Executive	£103,157	£106,252	£120,967	£124,596
Director	£82,838	£85,323	£97,215	£100,131

##### 4.2 Pay Multiples (ratio)

4.2.1 The pay multiple (ratio) between Chief Officers' pay and all other employees has not changed - the lowest pay scale and the top of the Chief Executive scale remains as 1: 6:3.

##### 4.3 Gender Pay Gap

4.3.1 In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on the 31 March 2017, employers with at least 250 employees are required to publish annual information as at 31 March each year. This information is published on the Council's website and on the Government Gender Pay Gap website no later than 30 March each year.

4.3.2 For the purpose of this report, the headline statistic is that the Council's median Gender Pay Gap data for 2021/22 is -17.3%. The negative gender pay gap is primarily due to the majority of front-line operatives being male, and where line management and



senior management roles are held by a significant proportion of women.

4.3.3 According to the ONS, for full time employees as at 01 April 2021 the gap is 7.9%; a slight increase from 7% as at 01 April 2020. Nevertheless, ONS are citing that this is still part of a downward trend as in April 2019, the gap was 9%.

4.3.4 Therefore, in comparison to the ONS statistics, the Council is positively positioned.

## 5. Risk Assessment

Legal or other duties:

- 5.1 Impact Assessment: None arising from the contents of this report
- 5.2 Crime & Disorder: None arising from the contents of this report.
- 5.3 Safeguarding: None arising from the contents of this report.
- 5.4 Dependencies: None arising from the contents of this report.
- 5.5 Other: None arising from the contents of this report.

## 6 Financial Implications

- 6.1 The 3% cost of living increase for 2022/23 is based on CPI inflation for September 2021, in accordance with the Council's agreed Pay Policy for 2020-24.
- 6.2 Annual cost of living adjustments linked to CPI inflation have been the Medium-Term Financial Strategy for 2020-24.
- 6.3 **Section 151 Officer's comments:** None arising from the contents of this report.

## 7 Legal Implications

- 7.1 The key provisions concerning pay accountability are cited in the body of the report. The recommendations make clear this is an *in principle* decision and resolution must be passed by Full Council. The deadline for approval is 31 March 2022 preceding financial year to which the statement relates. The Localism Act also requires the Council to publish its approved pay policy statement.
- 7.2 **Legal Officer's comments:** None arising from the contents of this report.

## 8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** Effective Council.
- 8.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.
- 8.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 8.5 **Partnerships:** None arising from the contents of this report.

## 9 Background papers

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

### **Previous reports:**

- Epsom & Ewell Borough Council Pay Policy Statement 2021/22, Strategy & Resources 28 January 2021
- Epsom & Ewell Borough Council Pay Policy Statement 2021/22, Council 16 February 2021

### **Other papers:**

- Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011  
<https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-guidance>
- Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011: supplementary guidance  
<https://www.gov.uk/government/publications/openness-andaccountability-in-local-pay-supplementary-guidance>

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## Pay Policy Statement

2022/2023

Version number: 5  
Date: January 2022

## Tracking

<b>Policy Title</b>	Pay Policy Statement 2022/2023		
<b>SMT sign off</b>			
<b>Committee</b>	Strategy & Resources	<b>Date approved</b>	
	Full Council	<b>Date approved</b>	
<b>Review due date</b>	12 months	<b>Review completed</b>	
<b>Service</b>	HR & Organisational Development		

## Revision History

<b>Revision Date</b>	<b>Revisor</b>	<b>Previous Version</b>	<b>Description of Revision</b>
March 2019	Shona Mason	Version 2	Updated for 2019/20
January 2020	Debbie Childs	Version 3	Updated for 2020/21
January 2021	Debbie Childs	Version 4	Updated for 2021/22
January 2022	Debbie Childs	Version 5	Updated for 2022/23

## Document Approvals

Each revision requires the following approvals:

<b>Sponsor/Approval</b>		<b>Date</b>
S&R	Version2	2 April 2019
Full Council	Version 2	30 April 2019
S&R	Version 3	30 January 2020
Full Council	Version 3	13 February 2020
S&R	Version 4	28 January 2021
Full Council	Version 4	16 February 2021 (TBC)
S&R	Version 5	27 January 2022
Full Council	Version 5	15 February 2022

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**1. Introduction and Background Summary**

- 1.1. Under the Localism Act 2011 the Council is required to publish an annual pay policy statement which has been approved by full Council.
- 1.2. The information is set out under headings which have been prescribed by the Localism Act and relates to 2022/23 financial year.

**2. Purpose**

- 2.1 The statement sets out the levels of remuneration for the Council's Chief Officers as well as a general approach to pay which is lifted from the Council's Employee Pay & Remuneration Policy.
- 2.2 The information set out in the pay policy statement meets the requirements of the legislation and details the relationship between those employees who are lowest paid and Chief Officers.
- 2.3 The policy statement outlines the following key areas:
  - Level and elements of remuneration for each Chief Officer
  - Remuneration of Chief Officers on recruitment
  - Increases and additions to remuneration for each Chief Officer
  - The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority
  - The publication of and access to information relating to remuneration of Chief Officers
  - Pay multiple (ratio) between Chief Officers' pay and all other employees
  - Election fees
  - Policy on employing someone who has taken redundancy
  - Policy on employing someone who is also drawing a pension
  - Policy on lowest paid

**3. Level and elements of remuneration for each Chief Officer**

- 3.1 All staff are employed on an Epsom & Ewell Borough Council contract of employment and therefore are subject to PAYE. All employees are on local conditions and the pay structure applies to all employees, including Chief Officers. The grade allocated to a post is determined by the qualifications, skills and knowledge required as outlined in a role profile and person specification. The Council has a job evaluation scheme which is used to evaluate the grades of posts.
- 3.2 For the purposes of this policy statement, all references to "Chief Officers" is taken to include the Chief Executive and Directors. Their 2022/23 salary scales are set out in the table below:

Post	Bottom of salary range p.a.	Top of salary range p.a.
Chief Executive	£106,252	£124,596
Directors	£85,323	£100,131

- 3.3 In addition to basic pay these Officers may receive the following benefits, where applicable:
- Payment into the pension scheme if the employee has opted in and pays contributions at the required employee level themselves. Employer's contribution is currently 17.4% of pensionable pay; next actuarial valuation is due 31.03.2023.
  - Chief Executive and Director monthly allowance of 4% of basic salary in respect of subsistence and other expenses thereby reducing administration and providing a cap on the cost.
  - Payment of up to two annual subscriptions to professional institutions where this is an essential requirement of the role. Costs of memberships vary but most are around £200.
  - Allowance for the requirement to have a car for the effective performance of duties. The amount varies according to the role of the individual.
- 3.4 Our policy is to pay appropriately to attract competent and experienced Senior staff to lead the organisation. We do not aim to be in the upper quartile of payment levels locally but nearer the mid-point or median.
- 3.5 We recognise that the cost of housing in Epsom & Ewell is amongst the highest in the South East and that we are within commuting distance of London and the higher salaries there. All are taken into account when determining salary levels from sourced benchmarking information.
- 3.6 The overall consideration is what is reasonable and financially affordable.

#### **4. Remuneration of Chief Officers on recruitment**

- 4.1 Our policy is to appoint at the bottom of the salary scale, or near the bottom taking into account relevant skills and experience, progression through the grade is subject to satisfactory performance in accordance with our performance management scheme.
- 4.2 On occasion it may be necessary to appoint above the bottom point, in this case consideration will be given to the justification for doing so and will dependent upon factors such as experience and market conditions.
- 4.3 Appointments to the post of Chief Executive are made by the Council and appointments of Directors are made by an Appointments Panel.



**5. Increases and additions to remuneration for each Chief Officer**

- 5.1 Cost of living pay increases for all staff are considered every four years (in line with the Council's Pay Policy for 2020-24) through consultation with the Staff Consultative Group, which is made up of employee representatives and is the body which the Council consults with on terms and conditions of employment and other employee related matters.
- 5.2 Based on financial forecasts assessed at the commencement of the 2020-24 four-year period, an annual 2% cost of living increase was budgeted for based on the Government's target for CPI at that time.
- 5.3 Based on the CPI figure of 3.1% for September 2021, a capped 3% cost of living increase will be applied to the pay scales for 2022/23 in line with the four-year pay deal.
- 5.4 When determining pay awards, we consider financial affordability as well as the increase in cost of living for all staff.
- 5.5 All employees (including Chief Officers) can be awarded a single increment on the salary scale annually. This is dependent on satisfactory performance with no automatic progression through grades. All employees are expected to perform their duties to a satisfactory standard to progress through the grade.
- 5.6 Once an employee reaches the top of their salary scale there is no opportunity for further progression, however, any cost-of-living increase will apply.

**6. The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority**

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

**7. The publication of and access to information relating to remuneration of Chief Officers**

- 7.1 Our annual pay policy statement will be published on the website where it can be easily accessed by any interested parties such as taxpayers and external organisations.
- 7.2 Information about Chief Officer remuneration is also published as part of the Final Statement of Accounts.

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

- 8.1 The pay of all employees is set according to the Council's pay scales. There is a fixed relationship between each point on each of the grades. There are no predefined pay ratios between different groups of employees or specific posts.
- 8.2 The bottom of our lowest pay scale in 2022/23 will be £19,907 per annum and the top of the Chief Executive scale will be £124,596 per annum. This results in a pay multiple of 1: 6.3. Please note that this is based on pay scales and not actual salaries.
- 8.3 This is therefore within the maximum ratio 1: 20 identified as a maximum pay multiple in the Hutton Review of Public Sector Pay.
- 8.4 As at 30 November 2021 the mean average pay for employees other than Chief Officers was £30,362; therefore, currently the ratio of mean average Chief Officer pay to mean average pay of other employees is 1: 3.2

*NB The mean average pay for employees other than Chief Officers in 8.4 may fluctuate throughout the year depending on staff in post and their respective salaries.*

**9. Election fees**

- 9.1 Fees in respect of the role of Returning Officer for, borough and county elections are paid separately from and in addition to the relevant Officer's salary package. The amount payable varies according to the size of the electorate and number of postal voters and is calculated as set out in the Appendix 1. (Election of county/ borough / parish councillors in Surrey: scale of returning officer's fees and charges – 2020/21).
- 9.2 This fee structure is organised by Guildford Council. Once issued, consultation is undertaken with this Council and then passed by the Surrey Chief Executives. A new fee structure is not due to be released until February 2022 at the very earliest.
- 9.3 Payments for employees below Chief Officer level for Local Election duties are made in accordance with the same scale.

**10. Gender Pay Gap**

- 10.1 In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on the 31 March 2017, employers with at least 250 employees are required to publish annual information as at 31 March each year. This information is published on the Council's website and on the Government Gender Pay Gap website no later than 30 March each year.
- 10.2 The Council has, and will continue to comply, with the submission of this data.

**11. Policy on employing someone who has taken redundancy**

- 11.1 Employees who leave the Council voluntarily are free to apply for jobs that are advertised.
- 11.2 Employees who leave the Council with a redundancy payment and subsequently apply and are successful for a position within the Council must repay any redundancy payment if the appointment is taken up within 4 weeks of their termination date.
- 11.3 If the appointment start date is longer than 4 weeks the employee can return to work in the position offered in accordance with the Redundancy Modification Order and will lose any contractual rights to have their continuous service recognised for all purposes.

**12. Policy on employing someone who is also drawing a pension**

- 12.1 We employ staff on merit and pay the full salary applicable to the role. We would not take into account whether a person was already in receipt of a pension in respect of previous employment with the Council or otherwise.
- 12.2 We will consider requests from staff who wish to draw their pension but continue working in a reduced capacity either through a reduction in working hours or levels of salary / responsibility.

**13. Policy on lowest paid**

- 13.1 When determining any pay award, we will take into account the needs of the lowest paid along with national living wage requirements set out by Government.
- 13.2 No employee will be paid below the UK National Living Wage.

				2019/2020 Bringing payments up to Living Wage	2020/2021 (Hourly Rate) The Hourly rate is calculated for working 15 1/2 hours
ELECTION OF COUNTY/ BOROUGH / PARISH COUNCILLORS IN SURREY: SCALE OF RETURNING OFFICER'S FEES AND CHARGES - 2020/2021					
	The scale of Fees and Charges specifies the maximum recoverable amounts available for each electoral area.				
	It also sets maximum recoverable amounts for specified services and specified expenses.				
	Neither of these can be exceeded but the Returning Officer is entitled to disburse funds on the different functions specified in the fee scale as he/she sees fit, provided the expenditure is accounted for properly and only spent on what is necessary for the efficient and effective conduct of the election.				
	This scale of Fees and Charges is also to be used at any referendum held under the regulations listed in the Notes at the bottom of Annex 1.				
	All references in this document to the Returning Officer or County DRO are to be read and interpreted as applying to the Counting Officer at any Referendum covered by the list of regulations in the Notes at the bottom of Annex 1.				
Part A -	Note: The Returning Officer or County DRO may allocate some of his/her fee to deputies or vire them to another expenditure head.				
	Calculated by using CBZX 12 month rolling index on National Statistics website			2019/2020	2020/2021 (Hourly Rate)
	for 2007/8 and 2008/9 and average rate of increase in pay across County authorities during 2017 for 2017/18.			Bringing payments up to Living Wage	The Hourly rate is calculated for working 15 1/2 hours
1	(a) Separate County, Borough or Parish Elections				
	First 500 electorate			£32	£32
	For every additional 500 electors, or part thereof			£16	£16
	(b) Combined County / Borough and Parish Elections				
	First 500 electorate (in combined part of area only)			£43	£43
	For every additional 500 electors, or part thereof (in combined part of area only)			£21	£21
	Note 1: Where a combined fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.				
	Note 2: Where a single election is payable from this fee scale in combination with an election paid by central government, the combination element will only be paid by this local fee scale if there is no payment for combination in the government fee scale.				
	Note 3: Where more than two elections are combined from this fee scale, the following payment will be made per 500 electors or part thereof for each extra election. This is only applicable in the areas in which those elections apply.			£6.00	£6.00
	(c) Uncontested Election *			£27.00	£27.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested.				
2	In each contested electoral area, for services in connection with the despatch and receipt of postal ballot papers				
	For first 100 postal voters			£7.00	£7.00
	For each additional 75 postal voters or fraction thereof			£6.00	£6.00
3	In each contested electoral area, for services in connection with the preparation and issue of Official Poll Cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll)				
	First 2000 poll cards			£20.00	£20.00
	For every additional 250 poll cards, or fraction thereof			£1.00	£1.00
4	NOTE: At a contested by-election the total fee payable to the Returning Officer must be at least equal to the sum of the Presiding Officer and Count Assistant fees stated at B1(a) and B4(a)(I) respectively and the amount opposite			£90.00	£90.00
5	Max fee for training Presiding Officers and Poll Clerks per session (min 25 people at ordinary election. One session only at by-election if training deemed necessary).			£162.00	£162.00
	This fee to be distributed direct to the Trainer(s).				
Part B -	Expenses of Returning Officer or County DRO for which maximum amounts are specified				
In no case shall a charge exceed the sum actually and necessarily payable or paid by the Returning Officer or County Deputy Returning Officer. Subject thereto the MAXIMUM charges shall be as follows:					
1	For the Presiding Officer at each Polling Station				
	(i) (a) at separate Borough or Parish Polls (including payment for use of mobile phone £5)			£260.00	£269 (£17.03)
	(I) (b) at combined Borough / Parish Polls (including payment for use of mobile phone £5)			£300.00	£319 (£20.25)
	(i) (c) for each extra election above a combined election			£30.00	£30.00
	(ii) Where at a polling place there is more than one polling station, the maximum recoverable amount in respect of one only of the presiding officers at the polling station at such a polling place is increased by			£20.00	£20.00
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B1 (a) & (b) are increased by			£40.00	£40.00
	Max fee per session for training of Presiding Officers as necessary			£43.00	£43.00
2	For each Poll Clerk at each Polling Station				
	(a) at separate Borough or Parish Polls			£145.00	£167 (£10.77)
	(b) at combined Borough / Parish Polls			£170.00	£192 (£12.39)
	(c) for each extra election above a combined election depending on local circumstances and as the Returning Officer thinks fit				
				£15.00	£15.00
	Part time Poll Clerk			Will be calculated on hourly rate	Will be calculated on hourly rate
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B2 (a) & (b) are increased by			£40.00	£40.00
	Max fee per session for training of Poll Clerks as necessary			£43.00	£43.00

3	For the remuneration of persons employed in the despatch and receipt of postal ballot papers. (NB. See C3 below. If external contractors are used to prepare/despatch ballot paper packs then the total fee is actual costs.)				
	For each 100 postal ballot papers, or fraction thereof in each electoral area of the County / Borough / Parish			£75.00	£75.00
4	For the remuneration for persons employed in connection with the count				
	(a) Counting Assistants				
	(i) For overnight counts				£17.00
	(ii) For Weekend Day time counts				£14.00
	(iii) For Day time counts				£11.00
	(b) Count Supervisors				
	(i) For overnight counts				£27.00
	(ii) For Weekend Day time counts				£24.00
	(iii) For Day time counts				£22.00
	( c ) Senior Count Supervisors				
	(i) For overnight counts				£33.00
	(ii) For Weekend Day time counts				£30.00
	(iii) For Day time counts				£28.00
5	For each Electoral Division, Ward or Parish Ward				
	(a) Contested Elections: * County/Borough Councillors and Parish Councillors				
	(i) Separate Polls				
	First 500 electorate			£35.00	£35.00
	For every additional 500 electorate, or part thereof			£17.00	£17.00
	(ii) Combined Polls (County/Borough & Parish)				
	First 500 electorate (in combined part of area only)			£46.00	£46.00
	For every additional 500 electorate, or part thereof (in combined part of area only)			£23.00	£23.00
	Note: Where a combined clerical fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.				
	(b) Uncontested Elections * :			£28.00	£28.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested. The Fee is also applicable at Ordinary Elections where the Parish or Parish Ward is contested but the Borough Ward is uncontested.				
	*For un-contested Parish elections the Returning Officer can charge a maximum administration fee			£150.00	£150.00
6	Preparation and issue of poll cards				
	(all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll)				
	For every 100 cards or fraction thereof			£5.00	£5.00
Part C -	Expenses of Returning Officer for which NO maximum amounts are specified				
1	For travelling and overnight subsistence expenses of:				
	(a) the Returning Officer				
	(b) the Deputy Returning Officer(s)				
	(c) any Presiding Officer or Poll Clerk				
	(d) any clerical or other assistants employed by the Returning Officer				
2	Expenses in printing or otherwise producing the ballot papers			Actual costs	Actual costs
3	Expenses in printing or otherwise producing the postal ballot paper packs by external contractors. (NB See B3 above. If external contractors are used to prepare/despatch ballot paper packs then the total actual costs apply).			Actual costs	Actual costs
4	Expenses in printing or otherwise producing the official poll cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll) and in delivering them to voters, excluding the expenses referred to in paragraph 6 of Part B above			Actual costs	Actual costs
5	Expenses in printing or otherwise producing and, where appropriate, publishing notices and other documents required by the Representation of the People Acts				
6	Expenses in renting, heating, lighting and cleaning any building or room for the purpose of the election			Actual costs	Actual costs
7	Expenses in adapting any building or room and in restoring it to a fit condition for its normal use			Actual costs	Actual costs

8	Expenses in the provision of voting compartments and any other furniture necessary for polling stations. Prior agreement to be sought from paying authority.				
9	Expenses in the provision of ballot boxes and instruments to stamp on the ballot papers the official mark and also the provision of devices to record the signatures relating to the issue of ballot papers. Prior agreement to be sort from paying authority.				
10	Expenses in the conveyance to and from the polling stations of:				
	(a) the ballot boxes and ballot papers, and			Actual costs	Actual costs
	(b) the voting compartments, any other furniture necessary for polling stations and the instruments to stamp on the ballot papers the official mark or any other equipment required in the administration of the election.			Actual costs	Actual costs
11	Expenses in the provision of stationery and writing implements and in postages, including postal ballot paper postages (but excluding official poll cards - see paragraph 4 of Part C above) telephone, bank charges and other miscellaneous items			Actual costs	Actual costs
12	Expenses in connection with the provision of security measures			Actual costs	Actual costs
13	Expenses in connection with the employer's portion of superannuation contributions for the Returning Officer, Deputy Returning Officer(s), etc				
14	Expenses in the provision of equipment and software for the checking of personal identifiers on the postal voting statements. Prior agreement to be sought from paying authority.				
15	Reimbursement of up to 50% of the costs of any elections management software licence charge in the year in which local elections are held. Further scaled down to a proportionate amount if a by-election held.				
	For maximum levels of expenditure for certain duties under Part C above - see Annex 1 attached.				
ANNEX 1					
Maximum Levels of Expenditure under Part C of Scale of Fees and Charges for County / District / Borough / Parish Elections within Surrey					
Head	Duty				
C1(c)	Presiding Officer Travel - Fixed w			£25.00	£25.00
C1(c)	Poll Clerk Travel - Fixed w			£10.00	£10.00
	Mileage rates applicable in rural areas where fixed travel is not appropriate			£0.48	£0.48
C1(d)	Fixed Travel of staff to transport boxes at the Count ( if not delivered by Presiding Officer)			£21.00	£21.00
C1(d)	Count staff travel - fixed w			£10.00	£10.00
C2	Checking Ballot Papers - per 10,000 ballot papers or part thereof ww			£18.00	£18.00
C4	Poll Cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll) - Hand delivery			£0.19	£0.19
C7	Polling Station Inspectors - maximum payable per person 1 w			£262.00	£269.00 (£17.03)
C8	Preparation of Ballot Boxes & stamping instruments (each polling station)			£9.00	£9.00
C8	Preparation of Stamping Instruments used at postal vote issue			£4.00	£4.00
C10	Transport of Postal Votes to Count - 2 per District / Borough 1 w			£85.00	£85.00
C10	Staff to transport boxes at Count - per District / Borough 1 ww			£635.00	£635.00
C10	Remove bundles of counted votes - 3 per District / Borough 1 w			£141.00	£141.00
C11	Mobile telephones (where no land lines available).			This will now be part of the payment for the duties undertaken	This will now be part of the payment for the duties undertaken
C12	Security at Count - per District / Borough 1 ww			£254.00	£254.00
C12	Security at Count - Fixed Travel 1 w			£14.00	£14.00
	Note: C12 restriction on ordinary day of election only to be removed				
NOTES	1 Applicable only at the Ordinary Day of Election for County /Borough / Parish Councillors				
	w payable per person				
	ww maximum payable to be disbursed appropriately				
	Referendum regulations applicable to this fee scale:				
	The Local Authorities (Conduct of Referendums) (England) Regulations 2012				
	The Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012				
	The Neighbourhood Planning (Referendums) Regulations 2012				
ANNEX 2					
Proposed calculation and distribution of core payments - see Word document annexed to this document. Actual payments agreed					
by each Surrey authority to be recorded in the 'Actual Core Staff Payments' worksheet. Core staff will be paid overtime as per agreed Council policy or if no policy in place a minimum of normal hourly rate is pa					
	Signed				
	James Whiteman, Returning Officer Guildford Borough Council				
	On behalf of all Surrey Returning Officers				

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## **ANNUAL PLAN 2022-2023**

<b>Head of Service:</b>	Gillian McTaggart, Head of Corporate Assurance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	Appendix 1 – Annual Plan 2022 – 2023 (to follow)

### **Summary**

This report sets out the Annual Plan 2022- 2023 outlining the key objectives to support the delivery of the Council's Four Year Plan 2020- 2024.

### **Recommendation (s)**

#### **The Committee is asked to:**

- (1) Approve the draft key objectives and deliverables identified within the Annual Plan for 2022 -2023 and recommend approval by Council subject to approval of the 2022/23 budget proposal.**

## **1 Reason for Recommendation**

- 1.1 Members are being asked to approve the priorities for 2022 - 2023 through the Annual Plan.

## **2 Background**

- 2.1 In 2020, the Council approved both the Future 40 Vision and the Four Year Plan for 2020 to 2024. The Four Year Plan provides a framework for decision making, which ensures that available resources are allocated to meet the needs of our communities. Having a clear vision for the future, aligned with strategic priorities and activities also provides a framework for managing the effectiveness of the organisation, as well as for managing individual services. This in turn allows for good and effective scrutiny of both decisions and performance.



- 2.2 The six themes in the Four Year Plan are :
- 2.4.1 Green & Vibrant - A better place to live where people enjoy their surroundings.
  - 2.4.2 Safe & Well - A place where people feel safe, secure, and lead healthy, fulfilling lives
  - 2.4.3 Opportunity & Prosperity - A successful place with a strong, dynamic local economy where people can thrive
  - 2.4.4 Smart & Connected - Alive and connected socially, economically, geographically, and digitally
  - 2.4.5 Cultural & Creative - A centre for cultural and creative excellence and inspiration
  - 2.4.6 Effective Council – Engaging, responsive and resilient Council
- 2.3 An annual plan and suite of indicators are developed each year to support the delivery of the Four Year Plan. The Annual Plan 2021-2022 was reported to the Strategy & Resources Committee and then approved by full Council in September 2021.
- 2.4 At the September Council meeting, a new corporate planning process and timetable was agreed to align the budget setting process with the setting of annual priorities. The revised timetable ensures that funding is agreed at an earlier stage and that priorities and projects can be delivered without the need to request additional funding.

### **3 Annual Plan 2022-2023**

- 3.1 There has been a robust process to develop the annual plan 2022 – 2023. A number of workshops were held with members to identify the priorities against the 6 themes agreed in the Four Year Plan. The Annual Plan was then developed in discussion with the Committee Chair and Vice Chairs. This identified key thematic areas to be taken forward. A mapping process then identified areas of work already in progress, operational priorities for inclusion in the Service Delivery Plan and also areas that would not be progressed or deferred for future years.

- 3.2 The proposed objectives for 2022-2023 are outlined in Appendix 1. There are 30 objectives in the proposed Annual Plan. Three objectives have continued from 2021- 2022 including the delivery of the Regulation 18 consultation for the Local Plan, CCTV review and the review of homelessness policies. These are carried forward as additional time is required to complete these objectives. Further objectives around climate change, community engagement, enforcement and the platinum jubilee are included as the next steps from last year's plan. The Committee should note that in developing the 2023-2024 Annual Plan it will take into account objectives that span over a longer period and any not completed within 2022- 23.
- 3.3 The objectives take into consideration current budgets and the very significant impact of the Covid 19 pandemic on the Council's financial position and existing resources. Any additional funding requirements not included in the budget would need to be identified as outlined in section 5.
- 3.4 An update on performance against the priorities within the Annual Plan 2021 - 2022 has not yet been reported to the Audit, Crime & Disorder and Scrutiny Committee, due to a lack of resources within the Corporate Assurance Team. A new member has joined the Team in January 2022 and has started to review performance reporting which will come to the Audit, Crime & Disorder and Scrutiny Committee in April. The Annual Plan for 2022 - 2023 will be monitored regularly.

#### **4 Risk Assessment**

##### Legal or other duties

##### 4.1 Impact Assessment

- 4.1.1 Failure to approve the key objectives and performance targets for 2022-23 under the Four Year Plan will mean that there will be a lack of clear direction and priorities upon which decision making can be directed and resources allocated. Without a set of key objectives and performance targets, there is a risk that key stakeholders and especially the public will be unclear about the Council's aspirations and goals and may therefore be unwilling to commit their time and energy to working with the Council for the betterment of the community. This would prove particularly challenging as the Council looks to attract new inward investment to stimulate the economy and work more closely with partners.
- 4.1.2 The Annual Plan for 2022-2023 includes actions and objectives that aim to enhance equality and diversity across the Borough such as: digital inclusion, health and wellbeing, community safety and climate change.

##### 4.2 Crime & Disorder

- 4.2.1 Safe and well is a key priority.

4.3 Safeguarding

4.3.1 No specific concerns in this report.

4.4 Dependencies

4.4.1 Several key objectives will be delivered with partner agencies.

4.5 Other

4.5.1 No specific concerns in this report.

**5 Financial Implications**

5.1 In developing the Annual Plan, the financial implications of all priorities has been taken into consideration within the budget proposals for 2022-23. For any priorities that require a separate business case to identify financial implications, these would need to be considered by the appropriate Committee in accordance with the Financial Regulations.

5.2 **Section 151 Officer's comments:** The Annual Plan will be supported by the 2022/23 budget, which will support delivery of the plan while maintaining the financial health of the organisation.

**6 Legal Implications**

6.1 Officers will receive legal advice and assistance on individual items implemented as part of corporate planning and will need to comply with constitutional requirements including applicable standing orders

6.2 **Legal Officer's comments:** none arising from the content of this report.

**7 Policies, Plans & Partnerships**

7.1 **Council's Key Priorities:** All Key Priorities are engaged:

7.2 **Service Plans:** All agreed priorities will be within the Service Delivery Plan . In addition the Service Delivery Plan will encompass a number of more operational priorities identified by Members.

7.3 **Climate & Environmental Impact of recommendations:** The Annual Plan supports the delivery of the key priority Green & Vibrant to provide a better place to live where people enjoy their surroundings. The Annual Plan also takes into account those areas not achieved or on-going from the Climate Change Action Plan

7.4 **Sustainability Policy & Community Safety Implications:** The Annual Plan supports the delivery of the key priority Safe and Well, A place where people feel safe, secure, and lead healthy, fulfilling lives.

- 7.5 **Partnerships:** The Council cannot deliver the Four Year Plan on its own and will work with a range of partners to help and support its delivery.

## 8 Background papers

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

### Previous reports:

- Annual Plan 2021-2022 – Strategy & Resources Committee 21 September 2021 [http://th-modgov-01/documents/s21081/Annual%20Plan%20202122.pdf?\\$LO\\$=1](http://th-modgov-01/documents/s21081/Annual%20Plan%20202122.pdf?$LO$=1)
- Annual Plan 2021-22- Council 30 September 2021 <http://th-modgov-01/documents/s21225/Annual%20Plan%202021-%202022.pdf>

### Other papers:

- Future 40 – Long term vision for Epsom and Ewell Strategy & Resources Committee 14 January 2020 <http://th-modgov-01/documents/s15129/FUTURE40%20-%20LONG-TERM%20VISION%20FOR%20EPSOM%20AND%20EWELL.pdf>
- Four Year Plan 2020 -2024 <http://th-modgov-01/documents/s14997/Four%20year%20plan%202020%20-%202024.pdf>

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No.	Ctte	2022/23 Outcome (Priority)	Key Deliverables	Service Delivery Plan	Responsible Officer	4 Year Plan Theme & Priority	Dates / Key Milestones
1	S&R	Create opportunities for business and commercial growth within the Borough	Proposals for providing "Pop Up" opportunities within the Borough.	* Proposals for providing "Pop Up" opportunities within the Borough.	Head of Property and Regeneration	OP3	30-Jun-22
2	S&R	Create opportunities for business and commercial growth within the Borough	Proposals for delivering flexible work space within the Borough.	* Proposals for delivering flexible work space within the Borough.	Head of Property and Regeneration	OP3	30-Jun-22
3	S&R	Increase digital connectivity for all	Feasibility study to install WIFI capability across the Borough at key identified sites.	* Feasibility study to install WiFi capability across the Borough at key identified sites.	Head of Place Services	SC2	31-Oct-22
4	S&R	Support networks enabled	Enhance engagement activities with businesses to facilitate networking and understand of their needs.	* Increased attendance at Business Leaders Breakfast. * Work with the LEP to work with businesses, schools and education providers to ensure a suitably skilled local workforce.	Head of Place Services	SC3	31-Oct-22
5	S&R	Improve access to services through technology	An ICT Strategy to further improve resident's access to services and support future working requirements.	* ICT Strategy with funding schedule to inform and support delivery of the ICT road map.	Head of Digital and Service Transformation	EC2	30-Sep-22
6	S&R	Improve residents awareness of Council's services and activities	A Communication Plan to support delivery of the Annual Plan and champion the work of the Council.	* Agree Communication Plan for 2022/23. * Revamp of Members Update. * Review Council's approach to social media to enhance engagement.	Head of Digital and Service Transformation	EC4	1-Apr-22 1-Apr-22 30-June-22
7	S&R	Maximise opportunities to improve use of council buildings and maximise income.	Implementation of the recommendations arising from the Strategic Asset Reviews.	* Complete project plan and deliver the Town Hall asset review.	Head of Property and Regeneration	EC1	Proposal 1-Apr-22  Implementation 31-Mar-23(+)
8	S&R	Develop new income generating opportunities to ensure delivery of council services to residents.	Businesses cases to be prepared which will generate additional income.	* Business cases to generate additional income, one of which is to include identifying opportunities to generate income through sponsorship activities.	Head of Operational Services	EC1	Initial report 1-Apr-22  Business cases & implementation Ongoing to 31-Mar-23
9	C&W	Create a cultural and creative identity for Epsom & Ewell	Create an identity for creative and cultural excellence which connects with a new generation of creatives.	* Build Better Arts & Culture Partnerships. * Improve culture and arts partnerships to deliver new opportunities (requires baseline) including UCA, Laines and The Horton.	Head of Operational Services	CC1	Programme developed 30-Jun-22  Delivery via items 10, 11 & 12

10	C&W	Promote Epsom & Ewell as a centre for creative and cultural excellence	Work with partners to deliver an enhanced programme of cultural and creative events across the Borough and within council venues.	Deliver more cultural events in venues: * Playhouse: Expand the programme to encourage a wider audience whilst maximising income. * Bourne Hall: Increase the no of events and activities whilst maximising income. * C&W Centre: Expand activities in Centre focusing on culture and arts (requires baseline). * Promote the Borough's identity as a Hub for arts and culture through events' programmes and festivals (including specific branding).	Head of Operational Services	CC3	31-Oct-22
11	C&W	Promote the Borough's rich history and heritage	Deliver a programme of activities focused on heritage assets which include the delivery of heritage tours across the Borough.	* Deliver and promote activities and tours by creating a programme of activities which focuses on our heritage assets. * Deliver heritage tours across the Borough.	Head of Operational Services	CC2	31-Oct-22 31-Mar-23
12	C&W	Promote the Borough's rich history and heritage	Develop proposals to explore the use of digital media to promote our heritage	* Develop proposals to explore the use of digital media to promote our heritage.	Head of Operational Services	CC2	30-Jun-22
13	C&W	Improve the ability of residents to access and use information.	Identify the barriers for digital inclusion and deliver the initiatives to address them.	* Obtain quality resident research which will enable us to develop a proposition to address digital inclusion. * Improve the ability of residents to access and use information. * Provide/facilitate training for older generations in the community and wellbeing centre. * Engage with Age Concern to deliver training and support, with a programme for delivery. * Build partnerships with agencies to deliver digital inclusion.	Head of Housing and Communities	SC2	Identify barriers 30-Sep-22  Delivery of initiatives ongoing to 31-Mar-23(+)
14	C&W	Reduce homelessness and associated costs	Homelessness and Rough Sleepers Strategy.	* Develop and implement a new Homelessness and Rough Sleepers Strategy.	Head of Housing and Communities	SW1	Strategy 1-Apr-22  Delivery of initiatives ongoing to 31-Mar-23(+)
15	C&W	Reduce homelessness and associated costs	Working with partners to increase housing solutions.	* Progress options for EEBC land to deliver housing solutions. * Develop close working and liaison with key partners to identify and deliver joint solutions. * Continue to evaluate acquisitions of properties utilising the Property Acquisition Fund to deliver accommodation to prevent numbers in nightly paid accommodation. * Increased early intervention to prevent homelessness and work with existing homeless people to engage solutions for permanent accommodation (KPI to be developed on increase turnover in homelessness accommodation).	Head of Housing and Communities	SW1	work programme commenced 30-Apr-22 and on going to 31-Mar-23(+)
16	C&W	Improve the wellbeing of residents	A programme of events which address activity levels, social isolation, domestic abuse and mental health.	Improve the wellbeing of residents: * Agree communication approach to support health and wellbeing and initiatives. * Expand the number of health and wellbeing activities in our venues and parks/open spaces. * Deliver Surrey Youth Games. * Expand activities in Community and Wellbeing Centre.	Head of Housing and Communities	SW1	Programme of events 30-Jun-22  Delivery 31-Mar-23(+)

17	C&W	Enhanced Community engagement and listening to our residents	A Community Panel which reflects the diverse nature of our Borough.	* Create new Citizens Panel that reflects the diverse nature of the Borough.	* Head of Housing and Communities * Head of Digital and Service Transformation	SW1	Proposal 30-Apr-22  Implementation 30-Jun-22
18	C&W	Enhanced Community engagement and listening to our residents	A series of community conversations to be held with an emphasis on listening to the seldom heard.	* A series of community conversations to be held with an emphasis on listening to the seldom heard.	Head of Housing and Communities	SW1	Programme 30-June -22  Conversations 30-Mar-23(+)
19	E&SC	Develop a programme of revenue generating activities	Markets operated at additional sites within the Borough.	* Deliver additional markets in the Borough.	Head of Operational Services	EC1	30-Sep-22
20	E&SC	Develop a programme of revenue generating activities	A feasibility report for providing a pet crematorium and/or cemetery.	* Produce a feasibility report for providing a pet crematorium and /or cemetery.	Head of Operational Services	EC1	01-Oct-22
21	E&SC	Develop a programme of revenue generating activities	A feasibility report for building a crematorium within the Borough.	* Produce a feasibility report for building a crematorium in the Borough.	* Head of Operational Services * Head of Housing and Communities	EC1	30-Jun-22
22	E&SC	Reduce our impact on the environment and work towards being carbon neutral by 2035	Working with partners to deliver the Climate Change Action Plan.	* Produce a costed climate change action plan, including options appraisals for actions that require significant investment. * Continue to deliver the Climate Change Action Plan	Head of Place Development	GV3	Working group consider plan by 1 -April-22 and agree costed plan action plan 31-Oct-22 implementation ongoing 30-Mar-23(+)
23	E&SC	Reduce our impact on the environment and work towards being carbon neutral by 2035.	Seasonal awareness campaigns to promote greener more sustainable living.	* Seasonal awareness campaigns to promote greener more sustainable living, feeding into annual communications plan.	Head of Place Development	GV3	Communications plan 30-Apr-22  Delivery 31-Mar-23(+)
24	E&SC	Maintain clean and attractive streets and open spaces	Visible patrols across the Borough promoting behavioural change to maintain our clean and attractive streets and open spaces.	* Implement a patrols' rota within the new Enforcement Team to increase visibility in the Borough. * Review current available legal powers which could be used for enforcement and providing briefing note on powers and appropriate training.	Head of Housing and Communities	GV1	31-Jul-22
25	E&SC	Enhance the Borough's natural assets	Tree Planting Strategy with accompanying programme of tree planting.	* Deliver the Tree Planting scheme and agreed programme of tree planting for 2022/23.	Head of Place Development	GV2	Strategy 30-Apr-22  Planning programme 31-Mar-23
26	E&SC	Supporting residents to feel safe and secure	Review of current CCTV arrangements.	* Review current CCTV arrangements in consultation with partners in order to develop an options appraisal.	Head of Housing and Communities	SW2	31-Aug-22
27	E&SC	Supporting residents to feel safe and secure	Key areas of concern addressed through the Community Safety Partnership and working with partners.	* Produce a plan to address key issues and 'hot spots' in the Borough.	Head of Housing and Communities	SW2	Action plan prepared 31-May-22  Issues addressed 01-Jun-22 to 31-Mar-23



28	LPP	Progress adoption of the Council's Local Plan	Regulation 18 Consultation undertaken.	* Deliver the Regulation 18 Consultation in line with the agreed Local Plan timetable.	Head of Place Development	All	30-Mar-23
29	LPP	Protect the Borough's rich heritage	Adoption of a local Heritage List including buildings and objects.	* Adopt a list of local heritage assets.	Head of Place Development	CC2	30-Sep-22
30	LPP	Enhance the Borough's natural assets	Proposal for a plan and budget to review TPOs.	* Undertake a business case to assess the benefits, risks and opportunities of undertaking a full review of all council TPOs and propose how this work would be carried out with associated budget.	Head of Place Development	GV2	30-Sep-22

## FINANCIAL REGULATIONS REVIEW

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	1 – LGA Peer Review Feedback Report 2 – Council Action Plan, January Update 3 – Amended Financial Regulations

### Summary

Following the Local Government Association (LGA) Finance Peer Review, this report presents a review of the Council's financial decision-making procedures and recommends changes to the Financial Regulations for the Committee's consideration. The report also provides an update on the LGA Peer Review Action Plan.

### Recommendation (s)

#### The Committee is asked to:

- (1) Consider the proposed changes to Financial Policy Panel's and other Committee responsibilities, as set-out in sections 3 & 4;
- (2) Consider the proposed changes to Financial Regulations at Appendix 3;
- (3) Recommend that Full Council approve the proposed changes to the Financial Policy Panel's responsibilities and to the Financial Regulations, with effect from 1 April 2022.
- (4) Approve the proposed finance training for members, as set-out in section 6.

## 1 Reason for Recommendation

- 1.1 In March 2021, the LGA Finance Peer Report (Appendix 1) recommended that the Council review its approach to decision making and scrutiny. The Council's agreed Action Plan (Appendix 2) included a commitment to undertake this review by November 2021.

## 2 Background

- 2.1 The Financial Regulations were last reviewed and updated in 2019, and this latest review considers the following key recommendations from the peer review report:
  - 2.1.1 Review the approach to financial decision making and scrutiny.
  - 2.1.2 Ensure budget monitoring is considered by the relevant committee(s).
  - 2.1.3 Refresh the approach to the Capital Programme.
- 2.2 The whole peer review report, attached at Appendix 1, has been considered in this review and the recommended changes to the Financial Regulations. In addition, the following statement from the peer report is highlighted:
- 2.3 *Many councils choose to separate the Audit and Scrutiny elements into separate committees, which is an option the Council can consider as part of this. As part of this review, the Council may also wish to consider the role and benefits of the Financial Policy Panel (FPP). Due to operating a committee system of governance the Council could be equally or even better served by placing the duties of the FPP within the remit of the Strategy and Resources Committee. Some of the functions discharged at the FPP might also be considered as a potential role for Scrutiny. In terms of audit, the peer team are of the view that the Council should take the Statement of Accounts to an Audit Committee meeting for sign off, to bring the Council in line with best practice elsewhere.*
- 2.4 The separate Committee Terms of Reference Review agenda item incorporates the recommended changes to committee responsibilities that are set-out in this report.

### **3 Review of Financial Policy Panel**

- 3.1 Financial Policy Panel (FPP) is currently scheduled to meet four times a year. It provides a forum for the Committee Chairs of Strategy & Resources, Community & Wellbeing, and Environment & Safe Communities, together with five other nominated members, to discuss and advise S&R Committee on financial matters. The specific functions of FPP are included in the following table, alongside a recommendation for whether the function should remain with FPP or transfer to another Committee.

Table 1 - Existing FPP Responsibilities		Current Committee	Proposed Committee	Rationale
To advise S&R Committee on:	All matters relating to the Budget and Policy Framework (including the setting of staff pay);	Financial Policy Panel	Financial Policy Panel	It is considered important to retain FPP, as it provides a cross-committee forum, including opposition representation, to discuss strategic budget and finance matters. The Panel provides S&R with important advice and recommendations, supported by a cross-committee mandate, prior to formal reports going to the Committee. Specifically, FPP should be retained to: <ul style="list-style-type: none"> <li>- Advise on the budget setting framework for the next financial year</li> <li>- Consider the annual central government funding settlement and provide a recommendation to Council on the level of council tax for the next financial year, with a cross-Committee mandate.</li> <li>- Consider the Treasury Management Strategy, before it is approved at Full Council.</li> </ul>
	New legislation or government policy relating to local government finance;	Financial Policy Panel	Financial Policy Panel	
	To respond on behalf of the S&R to urgent consultation requests from central or regional government.	Financial Policy Panel	Financial Policy Panel	
	Performance against key performance indicators.	Financial Policy Panel	Audit, Crime & Disorder & Scrutiny	The majority of corporate performance indicators are not finance related. Current practice is to report performance indicators to Audit, Crime & Disorder and Scrutiny; it is proposed that this be continued.
	The capital programme, capital funding and to receive annual CIL and S106 Update reports.	Financial Policy Panel	Strategy & Resources	Currently, the programme is reviewed by both Capital Member Group and FPP, before approval at S&R. As FPP duplicates the work of Capital Member Group, FPP's involvement could be discontinued.
	Procurement strategy and those matters that have budget or procurement implications for more than one committee.	Financial Policy Panel	Strategy & Resources	In practice, the Council's procurement policies and Contract Standing Orders are approved directly at S&R; it is proposed that this be continued.
	To ensure effective scrutiny of the treasury management strategy and policies.	Financial Policy Panel & Strategy & Resources	Audit, Crime & Disorder & Scrutiny	The Treasury Management function should be monitored and scrutinised by the Council's Audit Committee, therefore the treasury management interim and outturn reports should transfer to ACDS. Member training will be provided annually, to facilitate effective scrutiny of the treasury function.

	Any major variances of the Capital Programme	Financial Policy Panel	Strategy & Resources and relevant Policy committee	S&R has responsibility for the Council's funding framework; it is not considered necessary for FPP to duplicate this work on the capital programme. Requests for additional resources will be the responsibility of S&R and Policy Committee, in line with the Financial Regulations. Quarterly capital monitoring reports will go to ACDS.
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- 3.1 It is considered important that FPP be retained, as it provides an important cross-Committee forum for discussing the Council's budget and financial policy framework, and for making recommendations to S&R with a cross-Committee mandate.
- 3.2 However, as can be seen from the table, five of FPP's eight existing responsibilities could be undertaken equally or more efficiently by other existing Committees.
- 3.3 Should the re-alignment of responsibilities proposed in Table 1 be agreed, the number of FPP meetings could be reduced, from four per year to two. One meeting would be required in July to advise on the budget setting framework for the next financial year, with a second meeting in late January to consider the annual central government funding settlement and to provide a recommendation to Council on the level of council tax for the next financial year, with a cross-Committee mandate.

#### 4 Review of Other Responsibilities

- 4.1 The Peer Review recommended that the Council consider splitting the audit and scrutiny elements of Audit, Crime & Disorder and Scrutiny Committee (ACDS) into separate committees. As the smallest district council in Surrey with just 38 members, it is considered that resources are too limited to operate two separate Committees for audit and scrutiny.
- 4.2 Therefore, as the Council would have difficulty resourcing a new Committee within existing resources and budgets, for practical considerations it is recommended that responsibility for both audit and scrutiny should remain with the existing ACDS Committee.
- 4.3 Other key recommendations of the peer review – as previously set out in section 2 – are considered in the following table:

4.4

Table 2 - Other LGA Recommendations	Current Committee	Proposed Committee	Rationale
To receive quarterly budget monitoring reports	New responsibility	Audit, Crime & Disorder & Scrutiny	Budget monitoring reports are currently circulated on Members Update, with adverse budget variances >£100k reported to the relevant Policy Committee. Following the Peer Review key recommendation, it is proposed that quarterly revenue budget monitoring reports should be taken to Audit, Crime & Disorder and Scrutiny Committee. This would require ACDS Committees to take place in September, November, February and July each year. Adverse budget variances >£100k would still also be reported to the relevant Policy Committee to identify mitigating actions.
To receive the financial outturn, Statement of Accounts, and external audit reports.	Strategy & Resources	Audit, Crime & Disorder & Scrutiny	In accordance with the Peer Review recommendation for the final accounts, it is proposed that responsibility for approving these reports should transfer to Audit, Crime & Disorder & Scrutiny Committee.
To agree a 5 Year Rolling Capital Programme	Council	Council	The capital programme, presented annually to Full Council, currently covers three years with projections for Years 2 and 3 typically only forecasting Disabled Facilities Grant expenditure. Following the Peer Review recommendation to refresh the capital programme, it is proposed to extend the projections to five years, and to include indicative costings for all foreseeable capital schemes from the Asset Management Plan (not just Disabled Facilities Grant) in the five year period.

- 4.5 To implement the changes proposed in the table above and in section 3, Appendix 1 contains the amendments (as tracked changed) to the Financial Regulations that would be required. The Financial Regulations have also been updated to reflect the current senior officer management structure.
- 4.6 Strategy & Resources Committee are asked to recommend the above changes and Financial Regulations amendments to Full Council for approval.

- 4.7 The actions and proposed changes in this Financial Regulations Review are in addition to the actions agreed within the Action Plan approved by S&R Committee in May 2021. Appendix 2 provides an update on progress against the whole Action Plan.

## 5 Other Proposals

- 5.1 The Financial Regulations currently require that any proposal containing a request for additional resources should be reported both to the relevant policy committee and to S&R Committee for approval.
- 5.2 The rationale for this requirement is to ensure one Committee (S&R) has oversight of all new spending commitments, which enables financial implications to be monitored and considered holistically, to ensure they are affordable, rather than in isolation by individual committees. Without this requirement, it would be possible for individual policy committees to separately commit the Council to unaffordable spending plans, without the proper oversight of one Committee to consider spending plans holistically.
- 5.3 Therefore, the Financial Regulations ensure there is a sound process for agreeing additional resources. However, while the theory behind the requirement is sound, in practice it can result in relatively minor new commitments being reported to two Committees, or even bypassing the relevant policy committee and going straight to S&R Committee.
- 5.4 To ensure proper oversight is maintained but in a manner that is proportionate, a threshold of £50,000, per policy committee per financial year is proposed, under which policy committees can approve new proposals without a separate report to Strategy & Resources Committee, provided that both a funding option for the additional expenditure can be identified, and the approval of the Chair of Strategy and Resources Committee and Chief Finance Officer is obtained.
- 5.5 The procedure at paragraph 5.4 can be used on multiple occasions, but with a cumulative cap of £50,000 per policy committee in a financial year.
- 5.6 By retaining the approval of the Chair of Strategy & Resources and CFO, the Council will ensure that new spending proposals continue to be considered in the round, but without a separate full report being required to S&R Committee for every item under the £50,000 threshold.
- 5.7 Members are asked whether they wish to support this threshold, which is included within the amended Financial Regulations (Appendix 3) at paragraph 6.7.
- 5.8 **Should this threshold be supported, it is also proposed to update the thresholds for use of capital reserves – as set out as tracked changes in section 7 of the Financial Regulations – to become consistent with the existing revenue reserves threshold, and to streamline operational procedures and reduce the burden on Committees.**

- 5.9 The Financial Regulations have also been updated to reflect the Council's current officer structure, specifically to include Directors, and job titles have been updated as appropriate.
- 5.10 It is proposed that any changes that are agreed to the Financial Regulations and Financial Policy Panel's responsibilities should be effective from 1 April 2022.

## **6 Finance Training for Members**

- 6.1 The Peer Review Action Plan committed to providing members with annual training on finance related matters. To meet and exceed this commitment, the finance team proposes to provide the following member engagement on an ongoing basis:
  - 6.1.1 Following each quarterly budget monitoring report, a one-hour, virtual 'drop-in' session will be held to communicate the budget monitoring position and for Members to ask any related questions.
  - 6.1.2 A comprehensive annual Members' Briefing, around late Autumn, to cover key aspects of local government finance, including the Council's overall financial position, progress on revenue/capital budget setting, reserves and any government funding announcements.
  - 6.1.3 Annual treasury management training will continue to be provided to members responsible for scrutinising the treasury management function. The training can be open to all members who wish to attend.

## **7 Risk Assessment**

Legal or other duties

- 7.1 Impact Assessment
  - 7.1.1 It is considered that the proposed changes will improve and strengthen the Council's financial decision-making procedures, while removing any unnecessary duplication of responsibilities that currently exists.
- 7.2 Crime & Disorder
  - 7.2.1 None arising from the contents of this report.
- 7.3 Safeguarding
  - 7.3.1 None arising from the contents of this report.
- 7.4 Dependencies



**7.4.1 The Committee Terms of Reference Review incorporates the recommended changes to committee responsibilities set-out in this report.**

7.5 Other

7.5.1 None arising from the contents of this report.

**8 Financial Implications**

8.1 There are no additional cost implications associated with the proposed amendments to the Financial Regulations.

8.2 By streamlining the responsibilities of FPP to remove duplication, and updating the financial thresholds within the Financial Regulations, the Council should become more operationally efficient, while maintaining a robust framework for financial management.

8.3 **Section 151 Officer's comments:** The LGA Peer Review has provided an opportunity for the Council to review and further strengthen its already robust financial processes.

8.4 The changes proposed in this report would achieve that key objective and address the related LGA Peers' recommendations.

**9 Legal Implications**

9.1 None arising from the contents of this report.

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

**10 Policies, Plans & Partnerships**

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

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

10.3 **Climate & Environmental Impact of recommendations:** No significant impact.

10.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

10.5 **Partnerships:** None arising from the contents of this report.

**11 Background papers**

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

**Previous reports:**

- LGA Finance Peer Review report to S&R Committee, 13 May 2021

**Other papers:**

- None.

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# Epsom & Ewell Borough Council

## LGA Financial Remote Peer Support

### Feedback Report

## 1. Executive Summary

Epsom and Ewell is a small, affluent, and leafy borough in Surrey. The borough is home to around 80,000 people, 3,700 businesses, a diverse cultural offer, high performing schools – not to mention Epsom Salts and ‘the Derby’.

Epsom and Ewell Borough Council provides services to the local area, including waste & recycling, planning, parking, environmental health, housing, leisure, and economic development. The Council draws on a workforce of around 325 staff who are led by 38 councillors.

In 2019 following ‘the largest consultation and engagement exercise undertaken in the borough’, a new 2040 vision for Epsom and Ewell as a ‘creative and vibrant place’ was published. This vision includes five themes for the borough over this period – ‘Green & Vibrant’, ‘Opportunity & Prosperity’, ‘Safe & Well’, ‘Cultural & Creative’ as well as ‘Smart & Connected’. Following this, the Council subsequently published a new Corporate Plan in early 2020 to reflect the priorities for the place and the Council’s role in these, as well as adding a sixth Council specific priority of ‘Effective Council’.

Almost immediately following the publication of this new Corporate Plan, life in the UK changed unimaginably as the COVID-19 pandemic struck and a first ‘lockdown’ began. The effects of this pandemic continue to challenge all of those involved in local government in an unprecedented way. The work of the Council has rightly focussed on trying to support and protect local communities and businesses through this crisis, whilst also maintaining key service levels. For Epsom and Ewell, examples of which include helping vulnerable residents with food, prescriptions and other needs through a Community Hub, putting in place measures to make town centres and public spaces COVID secure as well as helping to sustain the local economy with over £11m of Government grants paid by the Council to local businesses.

The Council is committed to emerging from the pandemic in a way which embraces new ways of working. This includes leading a recovery, rebuild, renewal and/or reset as appropriate. This is relevant to the outcomes for local communities and businesses as well as how the Council operates. The latter includes dealing with the direct and ongoing financial impact and uncertainty created over this period.

The Council has a long proven track record in financial management, demonstrating prudent oversight and management of its finances over a number of years. This has helped the Council to manage a reduction in core spending power of just under 40% since 2016/17, whilst retaining a healthy overall level of reserves. Key to this has been the strong financial leadership brought by the Chief Executive and Leadership Team.

Arriving into this COVID period in a healthy financial position has helped the Council significantly. Thanks to the way in which the Council has managed its finances over a number of years, this reserves position has also afforded the Council an opportunity to take a considered, strategic approach to recovery/renewal. The time afforded to the Council from this reserves position is limited as it is made possible only through the use of reserves to support revenue expenditure, which the Council recognises can be used only once. Progressing this agenda at a sustainable pace is therefore crucially important.

The approach to recovery and renewal includes a number of different aspects and opportunities which have an important role in helping the Council to manage its budget challenge in a sustainable way. These include how the Council uses its estate, the use of increased digitisation and how the Council might look to increasingly develop ways of working

with local communities, rather than delivering services to local communities. Most specifically, there is now a consistent appetite amongst members and officers for sharing services with other councils.

Bringing these different options for change together into a clear strategic statement with a delivery plan which sets out what the change and recovery intentions of the Council will mean in practice can help in progressing this agenda. This includes what this looks like overall when these different strands are connected together, what the organisational support for this change will look like and what conditions this might then create for further new ways of working. Having this can help the Council to benefit from shared ownership, wider insight and challenge. Informing and shaping this from the themes identified in the 2040 vision will ensure these decisions remain relevant to the key local priorities for Epsom and Ewell.

As the Council moves forward, the members who hold the two most senior positions within the Strategy and Resources Committee will also change over the coming months. As is the case in all new relationships of this nature, ensuring that incoming members to these roles and relevant officers have the space and time to discuss their own personal working preferences as well as to look at how they can each adapt to support each other in this new relationship will be important.

Further-to-this, reviewing how financial decision making can be further improved will be beneficial. Doing so can have the benefit of making financial decisions and scrutiny more widely engaging across the member cohort and increasing the breadth of insight and challenge the Council benefits from. This also helps the Council to demonstrate where and how challenge takes place from elected members in a more visible way to the public. This includes discussing and publishing papers in relation to finance at Committee meetings. Further examples of this are contained within this report.

The Council should also take steps to ensure the Capital Programme fully and more clearly reflects the entirety of the Council's spending plans. This has the benefit of supporting more members to understand, monitor and challenge the delivery of these spending plans and helps the Council to more clearly demonstrate the scale of its investment into the borough and its contributions to the realisation of the 2040 vision.

In summary - Epsom and Ewell is a Council with a history of strong, prudent financial management which not only put the Council in a relatively resilient place when the COVID-19 pandemic hit, it has also now afforded the Council some 'one-off' space to consider the strategic approach it will take to a post pandemic 'recovery' or 'renewal'.

To capitalise fully on this opportunity, the Council should embrace all of the shared efforts, skills and insight available to the Council from within the member and officer cohort, as well as the support available to the Council more widely. This includes the experience and insights of a wide range of members, as well as looking more widely at the learning from what other councils and organisations are doing, to help inform the steps you choose to take next. The LGA Peer Team wish the Council well with this journey and continue to be there to offer support.

## 2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

1. **Bring together into a clear strategic statement the change and recovery intentions of the Council.** This can help the Council to progress this agenda and benefit from widely shared ownership. This should be informed by the 2040 vision and show seamlessly the link to meeting the Council's post-COVID budget challenge.
2. **Review the approach to financial decision making and scrutiny, looking at how this can be made more visible and enhance accountability and engagement.** This includes looking at how the Council can benefit from the wider understanding, insight and challenge of the member cohort.
3. **Take the time to consider how members and officers can adapt to support each other through the forthcoming period of change.** This will include recognising and agreeing the expectations, requirements, working preferences and support needs of each other.
4. **Ensure budget monitoring is considered by a relevant committee(s), with the papers for these discussions published as part of committee papers.** This does not necessarily mean stopping the practice of regular, timely reports going to all members outside of these meetings. This can be also helped by working with members to find ways to make reports both concise and informing.
5. **Refresh the approach to the Capital Programme.** This can ensure it fully and more appropriately reflects the Council's spending plans.
6. **Agree a new Local Plan as soon as possible, which is an important step with financial implications/risks.** Doing this will help the Council to avoid the associated financial risks from escalating, as well as better inform the development of options in relation to the disposal / re-purposing of strategic assets.
7. **Given the Council's commitment to becoming carbon neutral by 2035, assess the costs of delivering this plan both in terms of revenue and capital assumptions.** Explore the learning around further options and implications from the approaches taken by councils elsewhere which can inform how the Council meets this commitment locally, as well as any potential cost implications of this.
8. **Collectively reflect further on the types of considerations given below for progressing the work on shared services and look to progress this in a phased and managed way.** This can help to ensure the Council is able to make well informed decisions, which mitigate risks and lead to sustained improvement.

### 3. Summary of the Peer Challenge approach

#### The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected both the requirements of the Council and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who delivered the peer challenge at Epsom and Ewell were:

- Lead Peer – **Joanne Wagstaffe** (Chief Executive – Three Rivers District Council)
- Member Peer – **Cllr Sarah Rouse** (Leader – Malvern Hills District Council)
- **Jane Eaton** (Director of Corporate Resources - Horsham District Council)
- Peer Challenge Manager – **Dan Archer** (LGA)
- Shadow Officer – **Siobhan Coughlan** (LGA)

#### Scope and focus

The peer team considered the following five questions which form the core components looked at by all Finance Peer Challenges:

1. **Financial Leadership:** *How the Council plans for its long-term financial sustainability in a way which is owned by both its member and officer leaders.*
2. **Financial strategy, planning & forecasting:** *How the Council understands and adapts to its short and long- term financial prospects.*
3. **Decision-making:** *Are decision taken with an informed understanding of the financial prospects?*
4. **Financial outcomes:** *Are financial results (including those of the Council's investments and transformation projects) monitored and acted upon as to realise the Council's intentions?*
5. **Partnership & innovation:** *Is finance at the cutting edge of what the Council is aiming to achieve?*

In light of the financial impact of COVID-19 and the uncertainty this has presented, the Council asked that within the above, the peer team provide insight and feedback on any further income opportunities that the Council could benefit from and models of service delivery and collaboration that the team would encourage the Council to explore.

#### The peer challenge process

When the COVID-19 pandemic emerged and lockdown began in March 2020, the LGA suspended the physical delivery of all peer challenge work including the core offer of an 'onsite' corporate or finance peer challenge. To continue to support councils during this unprecedented period, the LGA refocused their support and adopted a new remote approach, rooted in the principles of peer support and independent challenge, for the sector by the sector.



This new approach does not replace the LGA Peer Challenge offer but is designed to be a sector led improvement tool to provide external challenge and recommendations for how a council can continuously improve.

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

Background reading was provided to the peer team in advance. This included a wide range of financial plans, budget reports, financial models and other documents that would allow the peer team to have an understanding of the council's approach to its financial strategy and management. The Council drew up a timetable of virtual meetings including focus groups and one to one meetings. This included members, officers and external audit.

The peer team prepared for the peer challenge by reviewing the documents provided in advance and speaking with colleagues at the Council in order to ensure they were familiar with the Council. Over the course of this peer review, the team:

- Gathered information and views from **more than 20 meetings as well as additional research, analysis and reading.**
- **Collectively spent around 150 hours to determine their findings – the equivalent of one person spending 4 weeks** in Epsom and Ewell.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (5<sup>th</sup> March 2021). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

## 4. Feedback

### 4.1 Financial Leadership

The Council is led by 38 councillors, who govern locally through a Committee structure. The most recent local elections were held in 2019, with the local Residents Association retaining their longstanding majority control of the Council, with 32 out of the available 38 seats.

A close working relationship between the Chair, Vice Chair of Strategy and Resources and senior officers is evident and has supported strong financial management at the Council over a number of years. Within the officer cohort, there is also significant financial capacity, with resilience at a senior level. This includes the Chief Executive, Chief Finance Officer and Chief Accountant, who are all represented on the Council's senior officer leadership team, all of whom have a finance background. Working with this senior leadership is a cohort of officers who are committed and well connected internally to other colleagues at the Council.

In February 2020, members agreed a new Medium Term Financial Strategy 2020-2024 (MTFS) linked to the timescales for the Council's Corporate Plan. When originally produced in February 2020, the MTFS projected a savings requirement of £0.443m by 2023/24, to deliver a sustainable revenue budget without reliance on reserves.

MTFS projections are updated at least annually and are agreed as part of the annual budget process. When these projections were most recently refreshed in February 2021, the size of the savings requirement for 2023/24 increased from £0.443m to £0.920m. This reflects updated assumptions, largely relating to the impact of COVID-19, although it is acknowledged that there is unprecedented uncertainty currently associated with future projections. Ahead of 2023/24, a projected gap of £0.757m will need to be addressed in 2022/23 in order to deliver a balanced budget which does not then continue to rely on the use of one-off reserves, which would have the consequence of pressures continuing to reappear and roll into future years.

In order to meet these budget challenges and to deliver a local recovery, renewal or reset from COVID-19, the Council is now looking at a range of change initiatives including a review of strategic assets (such as the Town Hall). The Council also has an appetite for increasing the use of shared service arrangements, further exploiting the potential for digitisation and capitalising on other new ways of working – such as working with the local community differently.

Developing and setting out these ambitions and opportunities into an overarching strategic position which makes clear how the Council is going to change when these different options are layered on top of each other can help the Council to successfully implement change and deliver the level of efficiencies required in a sustainable way. Essentially, as referenced in the Council's Corporate Plan this is precisely about *'Enabling Delivery with an eye on the future'*.

**Key recommendation** - Bring together into a clear strategic statement the change and recovery intentions of the Council. This can help the Council to progress this agenda and benefit from widely shared ownership. This should be informed by the 2040 vision and show seamlessly the link to meeting the Council's post-COVID budget challenge.

Developing the shared narrative around these plans with members and officers will help the Council to identify the opportunities that fit with this. It can also help to identify any wider implications, risks and opportunities this might bring. It can also support a careful sequencing of the right steps to take in bringing about this type of transformation and should link to how the Council will utilise organisational and member development to support changing working practices and expectations.

Shaping this should also be the commitment from the Council to become carbon neutral by 2035. This is an ambitious target which will require significant steps to be taken over a number of years. The Council has produced a Climate Change Action Plan to help meet this commitment with dedicated, two year fixed term funding made available for an officer post with lead responsibility in this area.

Many councils across the country are also looking to progress their climate commitments in a range of different ways. What is clear is that this will involve costs and opportunities with real implications in terms of both revenue and capital spend. There are many examples of other councils across the sector that the Council could look to share learning with, in meeting its own carbon commitment – some examples of which are shown in the Annex to this report. Being able to financially cost the steps committed to in delivering carbon neutrality by 2035 is an important task and can allow for decisions and forthcoming investments with significant 'carbon costs' to be planned in light of this commitment.

**Key recommendation** - Given the Council's commitment to becoming carbon neutral by 2035, assess the costs of delivering this plan both in terms of revenue and capital assumptions. Explore the learning around further options and implications from the approaches taken by councils elsewhere which can inform how the Council meets this commitment locally, as well as any potential cost implications of this.

All of the above represents significant potential corporate change which has implications across service areas and for how the Council approaches organisational development. As detailed above, the Council has a loyal, proud and supportive cohort of officers to draw upon in delivering this change and ensuring the Council has the right amount of strategic capability to implement this type of transformation programme will be important.

## 4.2 Financial strategy, planning and forecasting

The Council holds a General Fund working balance of £3.4m in addition to strategic revenue reserves of c.£15m. Having such a healthy level of reserves has enabled the Council to fund the projected £0.78m overspend in 2020/21.

The level of overall overspend projected for 2020/21 is clearly an unusual occurrence at this Council and is very much due to pressures from COVID-19. The overspend in 2020/21 is based on reduced income from car parking, sports, leisure and cultural services as well as projected overspends in environmental services, environmental health, housing, parks and open spaces and community services. Pre-COVID, the Council underspent against its overall budget by £0.011m in 2019/20, £0.068m in 2018/19 and £0.014m in 2017/18. Following each of these, the Council chose to make unplanned, additional contributions to the General Fund working balance.

In addition to revenue reserves, the Council holds approximately £7.7m (£3.8m uncommitted) of Community Infrastructure Levy and £4.5m (£2.6m uncommitted) of Capital Receipts in reserve, which can be used to fund a Capital Programme and infrastructure projects.

The Council has chosen to support revenue expenditure in 2021/22 by funding £0.422m from strategic reserves. The Council can only use reserves once and the Council is committed to bridging this gap through more sustainable means from 2022/23.

The £0.422m requirement from reserves for 2021/22 is based on the inclusion within the budget of a contingency of £0.950m to help the Council manage the impacts of Covid-19. Providing members and officers with a clear position on how this contingency will be deployed and indeed on the entirety of the reserves position and the purpose of each reserve can help support informed financial decision making, budget monitoring, accountability and challenge.

When required, rationalising different reserves can also help to give a clearer more widely understood and owned position in relation to available reserves.

Financial control is clearly evident at the Council and has had a strong role in the Council's overall performance against budget leading up to 2020/21. Each Head of Service is required to sign an annual Divisional Assurance Statement to certify that internal controls and governance mechanisms are functioning effectively and the Council's Financial Regulations require separate reports be submitted to the officer leadership team for adverse budget variances over £0.050m and to Member Committee for adverse variances exceeding £0.100m. Each officer with a budget responsibility has an expenditure limit which can be individually set. In some individual cases, it would be beneficial to revisit these levels to ensure they are appropriate. Doing so can help to speed up some operational decision making, enabling officers to react to service pressures more quickly, where appropriate.

### 4.3 Decision making

Financial decision making is supported by a finance team who are trusted and highly regarded by members. In addition, fellow officers repeat the message of a team who provide a highly supportive service.

Quarterly reports are provided to the officer leadership team which support close monitoring of the Council's revenue and capital positions. All members receive detailed and timely budget monitoring reports, which is a practice that has continued despite the various challenges of COVID-19. These in-year monitoring reports are not discussed routinely at committee meetings, however budget variances in excess of £0.100m are reported separately to individual Committees. The current approach is designed to ensure all members receive the information as quickly as possible, without waiting for the relevant committee meeting. To more clearly share the in-year financial performance of the Council with residents and partners, as well as more publicly evidence the role of members in financial decision making, it is recommended that the Council should have at least quarterly budget monitoring items at a relevant committee meeting, which should include the papers being published alongside the agenda and therefore available to the public.

**Key recommendation** - Ensure budget monitoring is considered by a relevant committee, with the papers for these discussions published as part of committee papers. This does not necessarily means stopping the practice of regular, timely reports going to all members outside of these meetings. This can be also helped by working with members to find ways to make reports both concise and informing.

A review of financial decision making will help the Council to increase the level of engagement (and widen the number of members engaged) in financial decision making, challenge and scrutiny. This is also an opportunity to demonstrate a clearer separation between those involved in decision making and the role of scrutiny/challenge. An example of this could include reviewing how the Council utilises the role of the Audit and Scrutiny Committee to increased effect.

Many councils choose to separate the Audit and Scrutiny elements into separate committees, which is an option the Council can consider as part of this.

As part of this review, the Council may also wish to consider the role and benefits of the Financial Policy Panel (FPP). Due to operating a committee system of governance the Council could be equally or even better served by placing the duties of the FPP within the remit of the Strategy and Resources Committee. Some of the functions discharged at the FPP might also be considered as a potential role for Scrutiny.

In terms of audit, the peer team are of the view that the Council should take the Statement of Accounts to an Audit Committee meeting for sign off, to bring the Council in line with best practice elsewhere.

**Key recommendation - Review the approach to financial decision making and scrutiny, looking at how this can be made more visible and enhance accountability and engagement.** This includes looking at how the Council can benefit from the wider understanding, insight and challenge of the member cohort.

Taking the time to review financial decision making comes at an opportune time for the Council given the planning for recovery and renewal, as well as the changes to the Chair and Vice Chair of Strategy and Resources which are due to take place over the coming months. At the outset of such a change, taking the time to look at how members and officers can adapt and support each other under these new arrangements will be important.

With the change in political leadership that is due to take place, the peer team were pleased to see that work on the handover of roles and responsibilities was already taking place. It is important that those members who are stepping back enable the members stepping into the roles to have discussions with the relevant senior officers about expectations and working styles and practices. This is key to enabling a smooth transition, ensuring that everyone is clear on what is expected when the roles are changed.

**Key recommendation - Take the time to consider how members and officers can adapt to support each other through the forthcoming period of change.** This will include recognising and agreeing the expectations, requirements, working preferences and support needs of each other.

One of the changes that may be considered by members could include looking at how financial information is shared with / presented to them, to make it easier for more members to access, to understand and engage with. This includes reviewing how financial reports to members are written. Ensuring reports are written in an accessible and proportionate way with clear recommendations that help decision making may be a useful step. This is particularly the case given the number of different meetings some members attend alongside their own ward, personal, family and/or professional commitments. Briefing members 'in person' on the financial position directly before a committee meeting is another option that can help with this. Lastly, the Council provides all member briefings throughout the year. Looking at how this time is used for finance briefings to all members

might also prove a useful mechanism for helping to deepen the understanding of the Council's finances across more members.

The foundations for financial monitoring and reporting is a Council's finance system. In the coming year the Council is looking to upgrade this from a local server-based approach to a cloud-based application. Given the Council's wider drive for increased digitisation to support greater levels of self-service, the peer team recommend that the Council take the opportunity to look again at this system compared to those available elsewhere in the market – to see if this matches with the Council's wishes for increased digitisation.

This includes whether this platform is moving at the same pace as other similar products in the market. It may be the case that there are alternative systems which put less reliance on the finance team, particularly in producing real time reports for budget holders, supporting budget holders to have more ownership. This can then free up the finance team to provide their support and challenge in other ways to Council colleagues.

The Council has a good understanding of risk management which is reviewed regularly. Specifically, in relation to finance the key financial risks looking ahead to 2021/22 include:

- **Fair Funding Review** – the Council is operating with the likely impact of a sustained reduction in business rates and New Homes Bonus (NHB) income in mind. To mitigate these risks, the Council has actively sought alternative income streams in recent years, such as commercial properties to become more financially self-sufficient. The MTFS has already removed reliance on NHB as a funding source for day-to-day revenue spend. All NHB income is transferred to reserves, which can then be used to fund one-off projects.
- **Brexit and COVID-19** – which may have an ongoing impact on the Council's income from areas such as car parks, venues, building control and planning. Income streams are monitored to ensure any adverse trends are identified early. As referenced above the Council also has in place from 2021/22 a £0.950m COVID reserve to manage increased demands and pressures as they materialise.
- **Demand for Housing services** – like many councils, the Council has experienced a significant increase in demand for housing and homelessness services with service demand likely to increase further. The Council is pursuing further initiatives in this regard.
- **Commercial Property** – the Council's £116m combined commercial property portfolio (£88m of which is funded by borrowing) has thus far proven relatively resilient to the pandemic and the Council are not 100% reliant on income from commercial property to fund net revenue expenditure with the Council annually receiving approximately £3.0m net income from these assets. The Council is using income to build further a property equalisation reserve, which is currently worth £3.9m.

#### 4.4 Financial outcomes

Further to the examples supplied throughout this report of the Council's track record for financial management and a healthy overall level of revenue reserves, the Council also demonstrates a positive overview from the CIPFA resilience index for 2019/20 and consistent unqualified reports from the External Auditor.



The External Auditor gives reference to the high quality financial statements produced by the finance team as well as the robustness and reasonableness of future financial plans. The Council is consistently able to meet statutory account deadlines, including in 2020/21 despite the challenges presented by COVID-19. The Council is also able to demonstrate high performance in relation to Council Tax collection and non-domestic business rate collection, performing better than their group of CIPFA socio-economic comparator councils, whilst doing this for around the average cost – representing good value for money.

An area in which the Council is challenged is in relation to the use of temporary accommodation. The Council houses particularly high numbers of people in temporary accommodation compared to their CIPFA neighbours. This has led to the budget demand in this area increasing to an all-time high of £1.5m in the last year. The Council is well aware of this pressure and is investing in different initiatives to help address this, which includes prevention / early intervention support. Keeping a close eye in-year on the impact of this activity, and performance relative to similar councils elsewhere is important as the budget pressures associated with this area are significant.

The Council's Capital Programme is presented to Full Council for approval in February each year with internal audit periodically reviewing this programme. For 2021/22, the Capital Programme is worth £1.5m, although from 2022/23 this only appears to include around £0.6million a year for disabled facilities grants. Making the fuller set of projected capital investments of the Council more visible can help the Council to demonstrate increased transparency, better enabling local support and challenge. It will also help the Council to more clearly demonstrate to partners and residents the investments the Council is making in the local area as well as the pressures and forthcoming investment decisions the Council faces.

Where the Council has capital requirements which are more typically considered necessary for 'business as usual' – such as ICT, assets and equipment, adapting the process so that these are reflected in a longer term budget can also help the Council. This can reduce the burden on budget holders and the finance team as well as help the Council to more clearly plan its investments, including where these investments contribute to the Council's wider change ambitions and where these investments may present an opportunity or risk to the Council's commitment to becoming carbon neutral by 2035.

The Council has committed to a Climate Action Plan and should now look to financially cost this plan. This can help the Council to plan ahead with the revenue and capital implications of this in mind – including the implications for forthcoming capital decisions (such as equipment and assets). Whilst the Council has already taken steps to adapt its approach to resourcing capital projects relative to this carbon commitment (where the required return on investment is now open to a longer return period than was the case previously), consider again if the ambitions in relation to climate change can match the available resources and the gateways in place to accessing these resources.

**Key recommendation - Refresh the approach to the Capital Programme.** This can ensure it fully and more appropriately reflects the Council's spending plans.

Many other councils nationally are progressing activity which the Council can look to gather the learning from in becoming carbon neutral. Some examples are shown in the Annex to this report. In addition to this, there are service areas which the Council are keen to learn about modern and alternative ways of working (including homelessness, waste, recycling, parks/open spaces). A sample of examples to consider are shown in this Annex, although

members and officers are also encouraged to tap further into the various networks available for this type of shared of learning.

The Council currently has performance challenges in planning and is required to publish a new Local Plan, which, for all councils, is a long and often expensive exercise. Doing so is crucially important in place shaping and being able to deliver on the 2040 vision. This is also an important step for protecting the Council from the financial risks that not having a Local Plan in place can present. This will also help the Council to develop more options for its use of Strategic Assets, whether this is based on disposing of an asset or repurposing the use of an asset. For all of these reasons, as well as how central the work on Strategic Asset Reviews is to the Council's budget position, this is an important 'enabling' step that the Council must prioritise.

**Key recommendation** - Agree a new Local Plan as soon as possible, which is an important step with financial implications/risks. Doing this will help the Council to avoid the associated financial risks from escalating, as well as better inform the development of options in relation to the disposal / re-purposing of strategic assets.

#### 4.5 Partnership and innovation

As detailed elsewhere, the Council's decisions over time to develop the combined commercial property investment portfolio (both within and outside the borough) have played an important role in helping the Council to become more financially self-sufficient, helping to deal with the almost 40% reduction in core spending power experienced since 2016/17. This commercial portfolio provides gross annual rental income to the Council of c.£5.7m, which is used to fund services, borrowing costs and contributions to an earmarked reserve to hold funds for managing voids, capital expenditure and related property costs, both foreseen and unforeseen.

Despite this commercial portfolio appearing relatively resilient during the pandemic, the Council is aware of the inherent risks associated with commercial property portfolios and to manage these risks is continuing to build an equalisation reserve of £3.9m up until the point this equates to approximately 12 months of complete income protection.

The Council also receives around £4m per annum from car parking which makes a significant contribution to the Council's budget. In non-COVID times, the Council is able to demonstrate consistent achievement against income targets, although the last 12 months have presented unique challenges which have seen this reduce significantly.

Looking ahead into 2021/22 it is difficult to project with great certainty how quickly or how much income levels will recover. The Council has allocated a £0.950m COVID-19 contingency which can help to manage some adverse impacts. This contingency sum has been calculated based on Bank of England estimates of the economic impact overall of COVID-19, which have then been applied to the Council's level of expected fees and income in a more normal year.

Close, regular monitoring of income performance with budget holders / heads of service will be important to understand how this picture is developing in-year. This will also help the Council to benefit from relevant opportunities to safeguard income levels during this uncertain period.



The Council has an appetite to modernise ways of working which build upon the closer working relationships the Council has experienced with local communities throughout the COVID-19 response stage. This creates an opportunity from which the Council can look to grow new ways of shared working. There are different examples of how this is being done and trialled elsewhere in the sector which the Council can explore. This can lead to new service delivery models which work more closely in tandem with the efforts of local communities.

Most consistently, there is an appetite from both members and officers to look to embrace shared service arrangements with other local councils. Consistent alignment now across members and officers for joining existing and developing new shared service arrangements creates an opportunity to actively explore this with other interested councils. As the Council embarks further on this journey, some considerations to help shape this approach include:

- Prioritise the services you are most interested in sharing (relative to the difficulty / pain of change, the policy and performance context, the risks this may present, the costs that may be associated in the initial stages and the value of the benefits in light of this) recognising work will need to be done to prepare any service so it is ready to be shared.
- Be clear on the terms under which you are willing to enter a different arrangement – for example, for resilience, additional expertise, sharing of skills and development, the reduction of costs, the opportunity to increase income or attract new income, to provide better quality or to act over a more relevant footprint.
- From this, have a clear view on the different models that suit these goals and the Council more generally (for example shared arrangements, delivery by a separate council or a separate entity jointly owned etc).
- Be clear on the services you wish to retain ‘in house’ and why.
- Consider how you would prefer the Council to enter into these types of relationships, so that the adjustments required receive the necessary attention as to manage this transition, the initial support requirements or potential disruptions. This might mean clustering some services together for movements in larger clusters or using a more incremental approach.
- Consider the risks involved so that they can be understood, contained or mitigated where appropriate. The Council has a good understanding of risk management which can be put to use here.
- Ensure the right amount of capacity and type of skills are in place within the organisation to manage this change (as well as in the service that may ‘move’), both in the short term and long term. This should therefore be reflected in the Council’s organisational and member development plans.

In addition, opportunities will present themselves on occasion more organically, with often surprisingly good results which the Council should retain an open mind about.

**Key recommendation - Collectively reflect further on the types of considerations given below for progressing the work on shared services and look to progress this in a phased and managed way.** This can help to ensure the Council is able to make well informed decisions, which mitigate risks and lead to sustained improvement.

A number of officers have an appetite to increasingly digitally modernise the service offer to enable greater levels of self service. Ensuring sufficient resources are made available for digitisation will be important, as will the need to ensure these efforts are co-ordinated and suitably sequenced with the other change requirements touched upon through this report (as well as any wider digital infrastructure investment requirements to make this possible).

It is clear that there are many opportunities now available to the Council which can be used to bring about a post COVID-19 recovery/renewal which includes modernising how services are delivered. How the Council operates in future will change and this can help the Council to deal with the budget challenge in a sustainable way whilst continuing to make progress on the longer term commitments to the Borough. This report has provided a number of recommendations that can assist the Council in achieving this, with much more support available to the Council from the sector to help progress this further.

## 5. Next steps

### Immediate next steps

The senior political and managerial leadership will want to reflect on the findings within this report in order to determine how the organisation wishes to take things forward.

To support the Council in the next stage of its improvement journey, the Peer Team have identified a number of key recommendations, some of which the Council may already have in hand. The LGA welcomes the Council's response to these recommendations within the next three months through the development of an action plan.

The Council's LGA Principal Adviser, Mona Sehgal ([mona.sehgal@local.gov.uk](mailto:mona.sehgal@local.gov.uk)) will be in contact to assist the Council going forward and to provide additional support, advice and guidance on any areas for development and improvement and she will be happy to discuss this.

In the meantime, the LGA remain keen to continue the relationship have formed with the Council throughout the peer challenge and will endeavour to provide signposting to examples of practice and further information and guidance about the issues raised in this report, to help inform ongoing consideration.

## Annex A

### Examples of practice from elsewhere in the sector the Council may wish to look at further

As part of this peer challenge, the Council highlighted a number of service areas in which the Council would like to further consider new ways of working, the options available and learning from elsewhere. Below are some examples the Council may wish to consider in light of what is locally relevant to Epsom and Ewell.

#### **Homelessness**

- There are various case studies, guidance and reports available on the LGA website <https://www.local.gov.uk/topics/housing-planning-and-homelessness/homelessness>
- Between December and March 2021, the LGA hosted a series of 'Delivery and Impact Panels' with homelessness lead officers in councils to capture lessons learnt from the work they did over the last year to support rough sleepers and those identified as homeless in their areas. The Council attended one of these sessions and will have gathered examples from this. A national report will be published in the coming months which will collate the lessons learnt from across all these panels.
- An example of applying a digital approach to homelessness – where a group of councils set out to develop and implement three new online tools, all of which would be available in mobile-friendly versions. This included a homelessness triage service – to enable staff and customers quickly to make an initial assessment of a person's circumstances and, where they seemed unlikely to be eligible for assistance, to signpost the customer to alternative advice and support available to them. The Kent councils case study is available <https://www.local.gov.uk/providing-digital-support-housing-and-homelessness>

#### **Waste and recycling**

- The LGA has collated a number of case studies, reports and guidance which is available on the LGA website - <https://www.local.gov.uk/topics/environment-and-waste/waste>
- The LGA Behaviour Insights funded programme, worked with the London Borough of Havering who sought to reduce household waste and New Forest of Dean who sought to reduce littering – the case studies are here - <https://www.local.gov.uk/our-support/efficiency-and-income-generation/behavioural-insights/lga-behavioural-insights-projects>

- The LGA have previously funded some councils to reduce demand – some of these projects looked specifically at waste and recycling, case studies for Plymouth City Council and Southampton City Council are here - <https://www.local.gov.uk/case-studies?keys=Waste+and+streetscene&subject%5B2610%5D=2610&from=&to=>
- There are a number of case studies from a group of councils funded by the LGA to bring about efficiencies and savings to council's waste and recycling budgets, <https://www.local.gov.uk/our-support/efficiency-and-income-generation/waste-management>.
- The LGA has funded work to digitalise services over a number of years. There are a number of case studies here <https://www.local.gov.uk/digital-funded-programmes-and-case-studies>. In the LGA Digital Channel Shift Programme, the most recent examples specifically about waste services include Newcastle, Nottingham, Sunderland and Scarborough.
- The examples of 'bulky bag' waste collections was also discussed whilst on site, here is a link to the details of this in Horsham <https://www.horsham.gov.uk/waste-recycling-and-bins/bulky-bag>

### **Parks and open spaces**

- The LGA has collated a number of case studies, reports and guidance which is available on the LGA website - <https://www.local.gov.uk/search/all/parks%2Band%2Bopen%2Bspaces>

### **Carbon reduction**

- The LGA has collated a number of case studies, reports and guidance which is available on the LGA website - [https://www.local.gov.uk/case-studies?keys=&topic%5B2466%5D=2466&from=&to=&sort\\_by=created&sort\\_order=DESC](https://www.local.gov.uk/case-studies?keys=&topic%5B2466%5D=2466&from=&to=&sort_by=created&sort_order=DESC)
- Lancaster City Council are progressing their Climate Action Plan which includes a number of capital programmes and the access to external funding – more information can be found here - <http://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates>
- LGA resources in relation to green financing, adapting the estate and energy plans which may also be of use can also be found here - <https://www.local.gov.uk/our-support/climate-change>

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## Finance Peer Review – Council Action Plan

The following Action Plan has been developed to address the LGA Finance Peer Review recommendations. The Council's proposed actions are allocated to a responsible officer, with a clearly defined success measure and target date.

LGA Peer Recommendation		EEBC Action	Officer(s)	Success Measure	Target Date	RAG Status	January 2022 Update
1	Bring together into a clear strategic statement the change and recovery intentions of the Council.	<p>1. The Covid-19 recovery plan - Build Back Better - was approved at Strategy &amp; Resources (S&amp;R) Committee on 16 March 2021.</p> <p>2. Financial implications of the recovery will be assessed and factored into the Council's budget setting process for 2022/23.</p>	Chief Finance Officer	<p>1. The Council's budget framework and projections for 2022/23 will be reported to S&amp;R Committee in September 2021.</p> <p>2. A balanced budget for 2022/23 will be presented to Full Council in February 2022.</p>	<p>1. September 2021</p> <p>2. February 2022</p>		<p>The Strategic Recovery Plan, linked to the 2040 Vision, was approved at S&amp;R on 16 March 2021.</p> <p>The long-term financial implications of Covid-19 will only be established with reasonable certainty once 'new normal' service demand levels become clear, post-restrictions.</p> <p>The Council's budget projections for 2022/23 were presented to S&amp;R Committee in September. A balanced budget, including updated projections following central government's funding settlement in December, has been prepared for Full Council in February 2022.</p>

LGA Peer Recommendation		EEBC Action	Officer(s)	Success Measure	Target Date	RAG Status	January 2022 Update
2	Review the approach to financial decision making and scrutiny.	<p>1. The Chief Finance Officer will review the Financial Regulations (within the Constitution), including the roles and responsibilities of different Committees.</p> <p>2. The review will report to S&amp;R Committee in November 2021.</p>	Chief Finance Officer	The review will report to S&R Committee in November 2021, with any changes to the Financial Regulations (within the Constitution) presented to Full Council for approval in February 2022.	February 2022		The review is presented to this January S&R Committee. Should the changes proposed by the review be approved, they will then go on to Full Council for approval to be incorporated into the Constitution.
3	Consider how members and officers can adapt to support each other through the forthcoming period of change.	<p>1. Relevant Heads of Service will meet with new Committee Chairs and Vice Chairs, to establish new working relationships.</p> <p>2. The Chief Finance Officer will devise a four-year training programme on local government finance for members – with a minimum of one session per year.</p>	<p>1. Chief Executive</p> <p>2. Chief Finance Officer</p>	<p>1. Heads of Service to report to Leadership Team that meetings have taken place.</p> <p>2. Training programme presented for approval at S&amp;R Committee, with members subsequently offered at least one training session per year on aspects of local government finance.</p>	<p>1. June 2021</p> <p>2. March 2022</p>		<p>1. New meeting patterns have been established.</p> <p>2. The proposed training is presented to this January S&amp;R. It incorporates quarterly finance updates for members, plus a comprehensive, annual Members' Briefing around late Autumn to communicate the Council's overall financial position, progress on revenue/capital budget setting, and any government funding announcements.</p>

LGA Peer Recommendation		EEBC Action	Officer(s)	Success Measure	Target Date	RAG Status	January 2022 Update
4	Ensure budget monitoring is considered by the relevant committee(s).	<p>1. Material budget variances in excess of £100k are already reported to Committees, as per the Financial Regs.</p> <p>2. The Chief Finance Officer will review budget monitoring procedures within the Financial Regulations and report to S&amp;R Committee in November 2021.</p> <p>3. In the meantime and pending the outcome of the above review, quarterly budget monitoring reports will be presented to ACDS, commencing 2021/22 Quarter 1.</p>	Chief Finance Officer	<p>1. Financial Regulations review to be presented to S&amp;R Committee.</p> <p>2. 2021/22 Quarter 1 budget monitoring report presented to Audit, Crime &amp; Disorder &amp; Scrutiny Committee.</p>	<p>1. November 2021</p> <p>2. September 2021</p>		<p>The review is presented to this January S&amp;R Committee. Should the changes proposed by the review be approved, they will then go on to Full Council for approval to be incorporated into the Constitution.</p> <p>Quarterly budget monitoring reports to ACDS Committee have commenced from September 2021.</p> <p>A message has been put on the council's website to direct the public to these budget monitoring reports.</p>
5	Refresh the approach to the Capital Programme.	<p>1. The Chief Finance Officer will review the Financial Regulations including the approach to the Capital Programme.</p> <p>2. The review will report to S&amp;R Committee in November 2021.</p>	Chief Finance Officer	The review will report to S&R Committee, with any changes to the Financial Regulations (within the Constitution) presented to Full Council for approval in February 2022.	November 2021 / February 2022		<p>The review is presented to this January S&amp;R Committee with a proposal that the capital programme be extended to a five year rolling programme (from the current three years).</p> <p>Should the change proposed by the review be approved, it will then go on to Full Council for approval to be incorporated into the Constitution.</p>



LGA Peer Recommendation		EEBC Action	Officer(s)	Success Measure	Target Date	RAG Status	January 2022 Update
6	Agree a new Local Plan as soon as possible.	<p>1. A programme for producing the Local Plan by December 2023 was agreed by Licensing &amp; Planning Policy Committee on 4 March 2021.</p> <p>2. Funding for the Local Plan programme was agreed by Strategy &amp; Resources Committee on 30 March 2021.</p> <p>3. Progress against the programme will be reported twice yearly to Licensing &amp; Planning Policy Committee. Should funding implications arise, these would be reported to S&amp;R Committee as appropriate.</p>	Head of Planning	Local Plan to be agreed by December 2023	December 2023		<p>The Local Plan timetable is under review with a detailed project plan being prepared to identify the milestones for each key stage to December 2023. The Local Development Scheme will then be updated.</p> <p>The priority is on completing the evidence base required for the Regulation 18 consultation and draft plan preparation, to enable the Council to move soundly onto the Reg19 stage.</p> <p>The new Local Plan Working Group established in July 2021 will consider elements of the draft plan as they are progressed.</p>

LGA Peer Recommendation		EEBC Action	Officer(s)	Success Measure	Target Date	RAG Status	January 2022 Update
7	Given the Council's commitment to becoming carbon neutral by 2035, assess the costs of delivering this plan both in terms of revenue and capital	<p>1. The Director of Environment, Housing and Regeneration will assess the cost of delivering the Climate Change Action Plan and report the updated, costed plan to Environment and Safe Communities Committee.</p> <p>2. The Chief Finance Officer will include any known/agreed financial implications in the Council's updated Medium Term Financial Strategy projections.</p>	<p>1. Director of Environment, Housing and Regeneration</p> <p>2. Chief Finance Officer</p>	<p>1. An updated, costed Climate Change Action Plan will be reported to Environment &amp; Safe Communities at the next scheduled update in January 2022.</p> <p>2. Updated MTFS presented to Council in Feb 2022 to include agreed implications of the Climate Change Action Plan.</p>	<p>1. January 2022</p> <p>2. February 2022</p>		<p>The Council is reviewing its major property assets, which will have significant implications for the Council's climate impact going forward. It is unlikely that all property reviews will be complete by the end of the year, in time to fully cost the Climate Change Action Plan for E&amp;SC in January 2022.</p> <p>The plan will be costed as soon as the relevant information is available.</p>
8	Collectively reflect further on...progressing the work on shared services...in a phased and managed way.	<p>1. On 16 March 2021, S&amp;R Committee authorised the Chief Executive to progress further collaboration opportunities in the following service areas: waste, building control, IT infrastructure, housing, revenues and benefits, procurement, economic development and leisure services.</p> <p>Authorisation was also given to explore opportunities for collaboration on other service areas and with other local authority partners outside the above priority areas.</p>	Chief Executive	At least one collaboration proposal, if viable, presented to Committee in the current financial year.	March 2022		<p>A report to S&amp;R Committee in September resulted in collaboration arrangements for the Building Control Service being proposed.</p> <p>Other collaboration opportunities will be assessed as they arise.</p>

		2. Any concrete collaboration proposals that do arise will be presented to the relevant Committee with a business case to include the financial implications.					
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## SECTION 5 - Financial Regulations

*Issued: July 2002; Revised July 2013, February 2019, February 2022*

### 1 About Financial Regulations

#### The role and function of Financial Regulations

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

#### What do Financial Regulations cover?

- 1.6 The Financial Regulations set out the financial management policies of the Council.
- 1.7 Financial Regulations are not detailed procedure notes. The Finance Rule Book sets out in more detail some of the procedures to which staff who manage budgets or carry out financial transactions need to adhere, , although it will not necessarily cover all eventualities. Where appropriate Managers should maintain their own operating procedure notes to fit in with the needs of their own service.
- 1.8 All members and officers **must** comply with Financial Regulations.

- 1.9 Although the Financial Regulations and the Finance Rule Book cover all major financial systems and processes, the Council has other procedures which set out how Council funds are managed. Regard must be had to the requirements of the Council's Procurement and Capital Strategies as well as Contract Standing Orders..

**What if something is not clear?**

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

**What will happen if I don't comply?**

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

**FINANCIAL MANAGEMENT**

**2 Financial Management – General**

**Status of Financial Regulations**

- 2.1 It is the responsibility of each Committee, Director, Head of Service and Budget Manager to ensure compliance with all the requirements of these Regulations.
- 2.2 The Regulations also apply to services carried out under agency arrangements for any other Authority or organisation except where it has been agreed in advance by the Chief Finance Officer, to comply with another organisation's regulations. Agents acting for the Council will be expected to comply with these Regulations unless otherwise agreed by the Chief Finance Officer.

- 2.3 These Regulations also apply to arrangements with any other Authority, partnership or organisation except where it is otherwise specifically agreed by the Chief Finance Officer.
- 2.4 The Financial Regulations do not override any statutory provisions.
- 2.5 The Regulations must be read in conjunction with current schemes of delegation to Committees and Officers.

### **Responsibilities of the Chief Finance Officer**

- 2.6 The Chief Finance Officer is the Council's S151 Officer and has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden.
- 2.7 The statutory duties arise from:
- Section 151 of the Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Local Government and Housing Act 1989
  - The Accounts and Audit Regulations 2015
- 2.8 The Chief Finance Officer is responsible for:
- the proper administration of the authority's financial affairs
  - setting and monitoring compliance with financial management standards
  - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
  - providing financial information
  - preparing the revenue budget and capital programme
  - treasury management
  - determining the Council Tax Base
  - determining the Business Rates Base
- 2.9 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council and the external auditor if the Authority or one of its Officers:

- (a) Has made or is about to make a decision which involves or would involve the Council incurring unlawful expenditure.
- (b) Has taken, or is about to take, a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss or deficiency; or
- (c) Is about to enter an item of account, which is unlawful.

2.10 Section 114 of the 1988 Act also requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.

2.11 The Chief Finance Officer is responsible for maintaining a regular review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, serious breaches of the Financial Regulations to the Audit, Crime & Disorder and Scrutiny Committee.

#### **Responsibilities of Directors and Heads of Service**

2.12 Directors and Heads of Service are responsible for ensuring that Committee members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.

2.13 It is the responsibility of Directors and Heads of Service to consult with the Chief Finance Officer and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

2.14 Directors and Heads of Service are responsible for ensuring that all staff in their division are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. A copy of the document will be available on the Council's Internet and intranet site.

2.15 Directors and Heads of Service shall control expenditure and income, monitor performance, and take the necessary action to avoid exceeding any budget. The Chief Finance Officer shall provide appropriate financial information and the means by which budgets may be monitored effectively.

2.16 Where expenditure or income involves a contractual agreement with a third party, the Directors and Heads of Service must follow procedures laid down in the Contracts Standing Orders.

- 2.17 Directors and Heads of Service shall establish sound arrangements for the planning, appraisal, authorisation and control of their operations to ensure that economy, efficiency and effectiveness are achieved.
- 2.18 Directors and Heads of Service may nominate staff – called Budget Managers - to manage budgets on their behalf. This delegation does not in any way reduce the overall responsibilities of Directors and Heads of Service. Budget Managers shall carry out their responsibilities in line with these Regulations and the Finance Rule Book.

#### **Authorised Signatories**

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

### **3 Accounting Arrangements**

#### **Accounting policies**

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

#### **Accounting records and procedures**

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

#### **The Annual Statement of Accounts**

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



### **Allocation of Accounting Duties**

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

### **Subsidies and Grants Receivable**

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

## **FINANCIAL PLANNING**

### **4 Financial Planning - General**

#### **Policy Framework**

- 4.1 The full Council is responsible for agreeing the Council's policy framework and budget. In terms of financial planning, the key elements are:-
- The Corporate Plan and Key Priorities
  - The Four Year Financial Plan
  - The Annual Budget
  - The Capital Strategy and Capital Programme.
  - The Treasury Management Strategy
- 4.2 The Council is responsible for approving the policy framework and budget which will be proposed by the Strategy and Resources Committee.
- 4.3 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.

## Reserves

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

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

- 4.7 The above limits do not apply to reserves held for accounting purposes. Reserves held for accounting purposes are used at the discretion of the Chief Finance Officer and include:
- Property Income Equalisation Reserve
  - Business Rates Equalisation Reserve
  - VAT Reserve
  - Insurance Reserve

## Financial Plan

- 4.8 The Chief Finance Officer shall maintain a forward Financial Plan. The Financial Plan will show the financial implications of changes in Council policy, legislation, service levels, activity and other factors for at least three years ahead. The Chief Finance Officer will review financial projections annually. The plan will show, in summary, the estimated impact of future spending plans on the General Fund.
- 4.9 In order that the information requirements of the Financial Plan and Medium Term Financial Strategy are satisfied, reports to Committees with significant financial implications shall show the full year effect of the proposals and the implications for at least the next three financial years.

- 4.10 Budget Targets including updates of the financial projections should be presented to the Strategy and Resources Committee by the Chief Finance Officer no later than October each year.

#### **Review and Notification to the Chief Finance Officer**

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

## **5 Revenue Budget Preparation**

### **Budget format**

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

### **Budget preparation**

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

### **Budget Timetable**

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

## **6 Revenue Budget Control**

### **Budget monitoring and control**

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

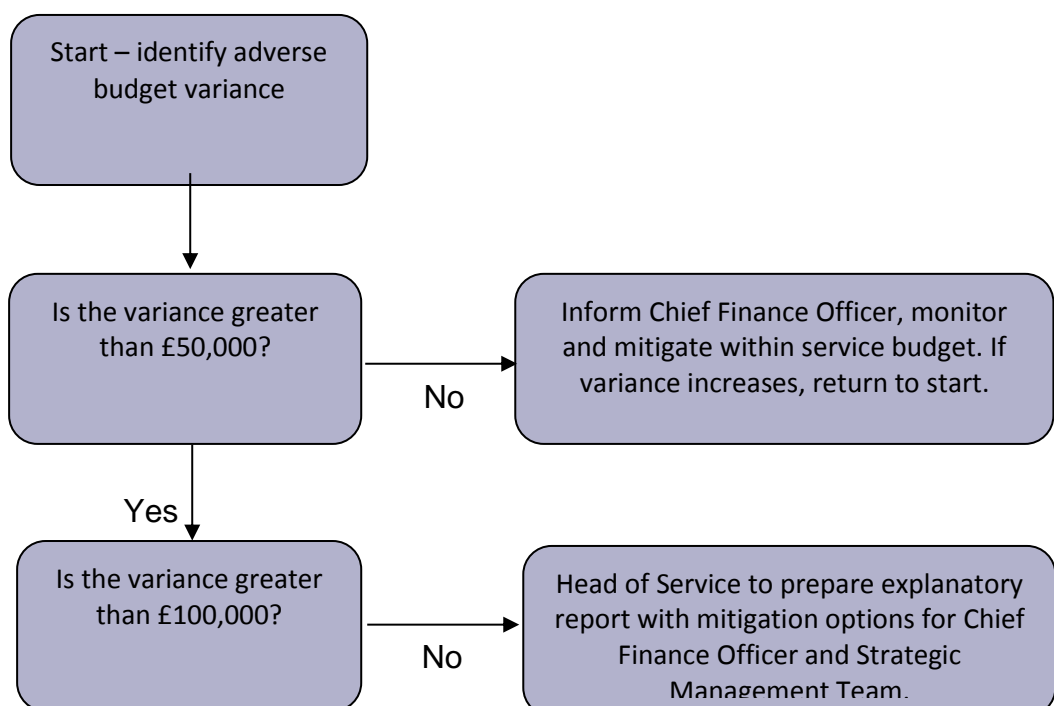
### **New Services and Extension of Service Provision**

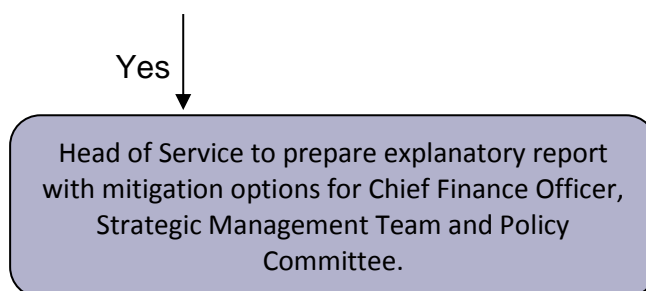
- 6.5 Any proposal to incur expenditure relating to the adoption of a new policy or extension of an existing policy not already sanctioned by the Council, must be accompanied by a report to the relevant policy committee with the financial implications agreed in advance with the Chief Finance Officer.
- 6.6 Proposals which commit future budgets to a level of expenditure greater than that provided for in the current year shall be reported to the relevant policy committee and the Strategy and Resources Committee and clearly show the total level of future annual commitment.

- 6.7 However, should the additional expenditure be beneath the threshold of £50,000 and a funding option can be identified, the proposal can be submitted just to the relevant policy committee for approval (and not to S&R Committee aswell), provided approval is also obtained from the Chair of Strategy & Resources Committee and the Chief Finance Officer.
- 6.8 The procedure at paragraph 6.7 can be used on multiple occasions, but with a cumulative cap of £50,000 per policy committee in a financial year.

### Supplementary Estimates

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





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

### **Virement of revenue budgets**

- 6.13 A revenue virement is the transfer of resources from one revenue budget to another (i.e. a transfer from existing approved budgets). Should the request require a new use of reserves, please refer to section 4 of the Financial Regulations
- 6.14 The delegated approvals for virements within the same Committee are --

<b>Value</b>	<b>Level of Responsibility</b>
Up to £20,000	Budget Managers
From £20,000 to £50,000	Relevant Director or Head(s) of Service, and Chief Finance Officer
Above £50,000	Committee approval required

- 6.15 Virements between committees above £50,000 require the approval of Strategy and Resources Committee and the other relevant Committee(s). Virements between committees below £50,000 can be approved by Committee Chairs and the Chair of Strategy and Resources Committee.
- 6.16 Virements between revenue and capital budgets will not be permitted due to the different sources of funding.
- 6.17 All virements must be completed on approved virement documentation.
- 6.18 Virements out of cost centre will be monitored in aggregate, based on the limits specified above, during the financial year by the relevant service accountant.

- 6.19 Virements between revenue income and expenditure will be permitted only where the additional expenditure will generate the income and with the approval of the Chief Finance Officer.
- 6.20 Virements in or out of the salary budget must be within control totals maintained by the Chief Finance Officer.
- 6.21 The virement of training budgets for any purpose other than training requires an express recommendation of the Head of HR and OD.
- 6.22 Virements must not be made in or out of the Epsom and Walton Downs Conservators and Nonsuch Park Joint Management Committee accounts.
- 6.23 Virements that provide new resources should only be approved if it can be demonstrated that the resources are affordable in the context of the whole Council's financial position.
- 6.24 Where the proposed virement involves a significant issue of principle, or a significant proportion of the original budget, the approval of the Strategy and Resources Committee is required.
- 6.25 The above virement arrangements do not apply to adjustments to budgets that arise due to accounting or technical reasons such as correcting errors, budget restructuring due to internal reorganisation, capital and pension charges, and changes to grant regimes, provided these do not impact on the net budget of the Council.
- 6.26 Where an approved budget is a contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that its use is in accordance with the purposes for which it has been established and has been approved by the Chief Finance Officer.

#### **Treatment of year-end balances**

- 6.27 Underspends on the revenue account will not normally be carried forward. Exceptionally such requests to allow the fulfillment of commitments will require the approval of the Strategy and Resources Committee

#### **Emergency or Urgent Action Requests**

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

## **7 Capital Programme**

### **Preparation of the capital programme**

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

### **Capital Member Group and Capital Officer Group**

- 7.4 The Capital Member Group has responsibility for advising on the capital programme in consultation with the Chief Finance Officer, to be presented to Policy Committees and Strategy & Resources Committee for approval.
- 7.5 The Capital Officer Group is responsible for the appraisal of all capital schemes submitted annually by budget managers. The assessment process will take into account key strategies including key priorities, the Asset Management Plan and the available capital resources. (More detail is provided in the Finance Rule Book).

### **New capital schemes**

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



## Status of capital programme approval

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

## Variations to capital projects

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

## Virement

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

Value	Level of Responsibility
Within Cost Centre/ Capital Scheme	Relevant Budget Manager/ Project Manager

- 7.10 All virements must be completed on the approved virement documentation

## Monitoring of progress

- 7.11 The detailed monitoring is the responsibility of the Capital Officer Group. It is the Chief Finance Officer's responsibility to report to Members on a quarterly basis and to submit any major variances of the Capital Programme to the appropriate committee for approval, in line with the table below.
- 7.12 An officer who becomes aware that the estimated cost of a capital scheme for which he/she is responsible is likely to be exceeded should notify the Chief Finance Officer. The Chief Finance Officer can authorise additional funding per capital scheme up to the following limits:

Value	Level of Responsibility
Up to £20,000	Chief Finance Officer
From £20,000 to £50,000	Chief Finance Officer in consultation with the Chair of the relevant Policy Committee and the Chair of S&R
Above £50,000	Committee approval required

- 7.13 For capital schemes not completed by 31<sup>st</sup> March, a schedule of capital budgets to be carried forward will be presented to Strategy and Resources Committee by July.
- 7.14 At year-end, officers are responsible for applying the most appropriate source of capital funding to finance capital expenditure.

## RISK MANAGEMENT AND CONTROL OF RESOURCES

### 8 Risk Management

#### Introduction

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

#### Risk management

- 8.2 The Strategy and Resources Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The risk management framework is monitored and reviewed by the Audit, Crime & Disorder, & Scrutiny Committee.
- 8.3 The Chief Executive and all Heads of Service are responsible for managing the Council's risks, taking mitigating action and promoting risk management throughout the authority.

## **Internal control**

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

## **Preventing fraud and corruption**

- 8.7 The Chief Finance Officer, in conjunction with the Head of Corporate Assurance is responsible for the development and maintenance of a policy to prevent fraud and corruption and for submitting it for approval to the Strategy and Resources Committee, prior to obtaining approval from full Council.
- 8.8 It is the responsibility of Directors and Heads of Service to make the relevant staff aware of the requirements of the protocol for addressing the issues raised by the Criminal Finances Act 2017 and the Money Laundering Regulations 2017 and the Terrorism Act 2006.

## **Staffing**

- 8.9 The Head of Paid Service is responsible for determining how officer support for committee roles within the authority will be organised.
- 8.10 The Head of Paid Service is responsible for providing overall management to staff. The Head of Paid Service is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

8.11 The Chief Finance Officer is responsible for controlling total staff numbers by:

- advising the Strategy and Resources Committee on the budget necessary in any given year to cover estimated staffing levels;
- adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs;
- the proper use of appointment procedures.

### **Security of Assets and Information**

8.12 Directors and Heads of Service should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

8.13 Directors and Heads of Service shall be responsible for maintaining proper security and privacy of information contained in the financial and other records under their control.

8.14 To comply with data protection legislation including the General Data Protection Regulation (GDPR) and the Data Protection Act 2018, the Data Protection Officer shall be responsible for maintaining proper security and the appropriate degree of privacy of information held within the Council, either electronically or in other formats e.g. microfiche, paper output etc. All staff are responsible for ensuring that they keep information secure and use personal data in a manner consistent with the Council's Data Protection Act Policy, Retention Policy and ICT policy.

8.15 The Strategy and Resources Committee is responsible for reviewing the Data Protection Act policy.

## **9 Insurance**

### **Review of Arrangements**

9.1 The Chief Finance Officer, in conjunction with the Head of Corporate Assurance, is responsible for ensuring that proper insurance exists where appropriate and advising the Strategy and Resources Committee on insurance arrangements. This includes

- (a) Adequate insurance to cover all assets in the organisation

- (b) Acceptable levels of risk are determined and insured against where appropriate

- 9.2 Details of insurance requirements are summarized below and provided in detail in the Finance Rule Book.

#### **Review of Insurance Cover**

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

#### **Records of Insurance Cover**

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

#### **Notification of Risks**

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

#### **Negotiation of Claims**

- 9.7 The Head of Corporate Assurance shall negotiate all claims in consultation with other officers as necessary.

#### **Partnerships and 3<sup>rd</sup> Parties**

- 9.8 Directors and Heads of Service, in consultation with Head of Corporate Assurance, must ensure that the correct insurance cover is in place for any arrangements with contractor, partners or 3<sup>rd</sup> parties prior to such arrangements being entered into.

#### **Fidelity Guarantee Policy**

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

## 10 Audit

### Audit requirements

- 10.1 The Accounts and Audit Regulations require every local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.
- 10.2 The Council is responsible for appointing its external auditors. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by the Local Audit and Accountability Act 2014.
- 10.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

### Provision of Internal Audit

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

### Powers of Internal Auditors

- 10.7 To assist in complying with the requirements of the Accounts and Audit Regulations 2015, the Chief Finance Officer or his authorised representative shall have authority to:
  - (a) Enter at all reasonable times on any Council premises or land.
  - (b) Have access at all times to all records, documents and correspondence relating to any financial and other transactions of the Council, whether held by employees of the Council or by Consultants' employees under a contract for professional services.

- (c) Require and receive such explanations as are necessary concerning any matter under examination.
- (d) Require any employee of the Council to produce cash, stores or any other Council property under his control.

### **Reporting of Irregularities**

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

### **Annual Report on Internal Audit**

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

### **Chief Internal Auditor**

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

### **Internal Audit Charter**

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

## **Whistleblowing**

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

## **11 Control of Assets**

### **Use of Council Property**

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

### **Property**

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

### **Inventories**

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

### **Stocks and Stores**

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



### **Responsibility for Security**

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

### **Cash Holdings**

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

### **Disposal of assets**

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

## **12 Treasury Management and Trust Funds**

### **Treasury Management Policy**

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

- 12.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit, Crime & Disorder and Scrutiny Committee and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.

### **Treasury Policy Statement**

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

### **Treasury Management Practices**

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

### **Reporting on Treasury Management Activities**

- 12.7 Each year, the Chief Finance Officer shall report to the Council on the proposed strategy for treasury management for the forthcoming financial year.
- 12.8 The Chief Finance Officer shall report to Audit, Crime & Disorder and Scrutiny Committee annually on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to him/her. The report shall comprise an Annual Report on Treasury Management for presentation by the end of July of the succeeding financial year. A second, interim report on current performance shall be presented in Autumn to the Audit, Crime & Disorder and Scrutiny Committee.

### **Trust Funds**

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

## **Investments and Borrowings Records**

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

## **SYSTEMS AND PROCEDURES**

### **13 Systems and Procedures - General**

#### **Introduction**

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

#### **Responsibility**

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

#### **Training**

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

## **Data Protection and Freedom of Information Legislation**

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

## **Schemes of Delegation**

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

## **14 Banking Arrangements and Cheques**

### **Banking Arrangements**

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

### **Bank Stationery**

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

### **Signing of Cheques**

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

## **Electronic Payment Systems**

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

## **Authorisation of Payments**

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

# **15 Income**

## **Income Policy**

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

## **Review of Fees and Charges**

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

## **Collection of Monies**

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

## **Security and Controls**

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

### **Notification of Income Due**

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

### **Money Laundering**

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

### **Recovery of Debts**

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

### **Writing Off Debts**

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

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

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

## **16 Orders for Work, Goods and Services**

### **Key Controls**

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

### **Official Orders**

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

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

#### **Variation of Orders**

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

#### **Staff Benefits Scheme**

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

#### **Related Party Transactions**

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

### **17 Paying for Work, Goods and Services**

#### **Separation of Duties**

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

#### **Method of Payment**

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



### **Certification of Invoices**

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

### **Examination of Invoices**

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

### **Payment Policy**

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

### **Purchasing Cards**

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

## **18 Payments to Employees and Members**

### **Responsibility**

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

### **Payment of Salaries and Wages**

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

### **Appointment of Staff**

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

### **Variations to the Establishment**

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

### **Time Sheets and other Records**

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

### **Claims for Staff Expenses**

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

### **Payments to Members**

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

## **19 Taxation**

### **Responsibility**

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

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

#### **Appointment of Advisors**

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

#### **Property Transactions**

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

#### **EXTERNAL ARRANGEMENTS**

### **20 Partnerships, External Arrangements and Work for Third Parties**

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

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

## COMMITTEE TERMS OF REFERENCE REVIEW

<b>Head of Service:</b>	Jackie King, Director of Corporate Services
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision? (yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	Appendix 1 – Amended Committee Terms of Reference

### Summary

This report presents the amended Terms of Reference for Committees for consideration by Members.

### Recommendations

**The Committee is asked to:**

- (1) Agree the amended Committee Terms of Reference and recommend approval by Council.**
- (2) Agree the setting up of a cross-party working group to take forward the next phases of the Constitution review work.**

## 1 Reason for Recommendations

- 1.1 Members are being asked to approve the amended Committee Terms of Reference in order that the Committee budgets can be aligned to the new responsibilities and to reflect the updated Financial Regulations.
- 1.2 Also, to approve the setting up of a working group to review and make recommendations to update the Constitution in its entirety for consideration by the relevant Committee.

This includes delegation of the Terms of Reference, including membership, to the Director of Corporate Services in consultation with the Chair of S&R and the Chair of Standards.

## **2 Background**

- 2.1 It was agreed that the Constitution would be reviewed and updated in 21/22 and this work was started but was put on hold due to the impact of COVID and the lead officer for the work leaving the council.
- 2.2 As part of the budget process for 22/23 members requested that Committee budgets were developed in accordance with a review and realignment of the remit of each of the Committees, which would then be reflected in the annual priorities exercise.
- 2.3 To achieve that the Committee Terms of Reference were separated and brought forward in advance of the rest of the Constitution review work.

## **3 Committee Terms of Reference (ToR)**

- 3.1 There has been a robust process to produce the amended ToR. The work has primarily been carried out in conjunction with Committee Chairs, supported by the LGA and the Centre for Governance and Scrutiny (CfGS).
- 3.2 This phase of the Constitution work has concentrated on the main Policy and Regulatory Committees and has also proposed establishing a new Sub-Committee. Members will note in Appendix 1 that there are still some Sub-Committees and Advisory Panel ToR that will require review as we move through the next stages of the workplan.

## **4 Next Steps**

- 4.1 To date the scope of the work has been to review the remit of the Committees in terms of the functions and activities that they cover. Next steps will be to review membership, representation and numbers on each Committee, Sub-committee and Advisory Panel and whether they need to be updated. This will be covered in a separate session in the next few weeks with the Committee Chairs.

This will also cover the remit of the Advisory Panels to ascertain whether they need to be amended or updated in light of the changes made to the main Committees ToR.

- 4.2 Discussions will be had by the end of January 2022 to set a workplan for the next stages of the Constitution review, with a view to having all of the work completed for recommendation to Full Council in April 2022.

This workplan and timetable will be agreed with Members of S&R and it is intended that a working party will be established (subject to Committee approval) to complete this work.

Due to the tight deadline to complete this work, members are asked to delegate the writing of the Terms of Reference for the Working Group, including membership, to the Director of Corporate Services in conjunction with the Chair of S&R and the Chair of Standards.

It is acknowledged that a previous working group was established to look at the Standing Orders around speaking at public meetings and the extensive input from members to that piece of work will be incorporated into the Constitution review.

## **5 Risk Assessment**

Legal or other duties

### **5.1 Impact Assessment**

Failure to approve the amended Terms of Reference will result in the priorities and budgets for 22/23 not being fully aligned which may lead to confusion and lack of clear accountability for areas of Committee business and decision making.

### **5.2 Crime & Disorder**

5.2.1 No specific concerns in this report.

### **5.3 Safeguarding**

5.3.1 No specific concerns in this report.

### **5.4 Dependencies**

5.4.1 No specific concerns in this report.

### **5.5 Other**

5.5.1 No specific concerns in this report.

## **6 Financial Implications**

6.1 The proposed changes to Committee responsibilities are expected to be deliverable within the Council's existing overall budget envelope. Where responsibilities are transferred from one Committee to another, the associated existing budget will also be transferred between the relevant Committees, as at the date that the proposed changes become effective.

### **6.2 Section 151 Officer's comments:**

This Terms of Reference Review incorporates the changes proposed in the Financial Regulations Review, on this same Committee agenda.



**7 Legal Implications.**

7.1 The involvement of the Monitoring Officer in this work will ensure that any Constitutional amendments are made in accordance with regulations and legal requirements.

**7.2 Legal Officer's comments:**

None arising from the content of this report.

7.3 Policies, Plans & Partnerships

7.4 **Council's Key Priorities:** Effective Council

**8 Background papers**

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

**Previous reports:**

None

**Other papers:**

None

## COMMITTEE TERMS OF REFERENCE

### Explanation of Terms

Subject to the urgency provisions of (vii) below, powers, duties, and delegation arrangements for each Committee are set out under these headings:

#### 1. TERMS OF REFERENCE

These set out the duties/functions/provision of services for which a Committee is responsible.

#### 2. TO RECOMMEND (matters reserved for Full Council to determine)

This signifies that a Committee has no power of decision but may only make recommendations to Full Council to be determined there. Such recommendations are to the Council unless expressly stated to be otherwise.

#### 3. TO RESOLVE (matters reserved for a Committee to determine)

This signifies that the Council has delegated its power to decide issues to a Committee. A Committee can resolve matters within its terms of reference, provided they are not reserved for determination by Full Council (by virtue of this Constitution or statute) even if the matter concerned does not appear within the list of its 'resolved' functions.

#### 4. DELEGATION TO:

Each **Sub-Committee** is identified within the main Terms of Reference of each committee, together with (if any) the powers delegated by the parent Committee.

**The Chief Executive and other Chief Officers** (i.e. Statutory Officers, Directors and the Head of Finance) are empowered to exercise, on behalf of the Council, all those functions, which are not reserved in this Constitution for determination by Council, Committees or Sub-Committees.

#### 5. URGENCY POWERS

The Chief Executive and Chief Officers are authorised to take decisions on the grounds of urgency regarding matters which would otherwise be reserved for determination by a Committee or Council. A matter can be deemed urgent if, in the reasonable opinion of the officer concerned, a delay would seriously prejudice the interest of the Council or of the public and it is not practicable to convene a quorate meeting of the relevant decision-making body in sufficient time to take the decision. The officer concerned shall also:

- advise and seek the views of the Chair of the appropriate Committee at the earliest opportunity;
- report the matter to next scheduled meeting of the appropriate Committee; and
- ensure all members are advised at the earliest opportunity (via members update currently).

6. **General arrangements**

- Notwithstanding the fact that a body has delegated a power to another body, the delegating body may elect to take a decision on such a matter itself.
- The Council, its Committees and Sub-Committees may delegate individual decisions to other Council bodies or Officers from time to time.
- Principles or policies laid down by the Council or its Committees shall not be contravened or varied without further recourse to the Council or the relevant Committee as appropriate.

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## COMMUNITY AND WELLBEING COMMITTEE

**(10 members)**

### **1. TERMS OF REFERENCE**

1. To carry out the functions falling within the committee's area of responsibility as set out below, working within the budget and policy framework approved by Council, except where these functions remain reserved to the Council or have been delegated to another Committee within the Council's scheme of delegation.
2. To establish Sub-Committees to progress work of the Committee.
3. To decide on matters falling within its responsibility or delegate decision making to Directors. However, this does not prevent the Committee from choosing to exercise the function itself.

#### **Areas of responsibility:**

- a. Tourism, culture, and recreational activities including the arts, sports and other leisure activities;
- b. PREVENT and PROTECT (part of the CONTEST – Counter Terrorism strategy);
- c. Council venues including The Playhouse, Bourne Hall, Ewell Court House, The Rainbow Centre, Bourne Hall Museum;
- d. Services for young people;
- e. Affordable housing;
- f. Strategic housing and investment;
- g. Housing standards, homelessness, homelessness prevention and advice, housing needs assessment;
- h. Housing benefit in relation to welfare aspects;
- i. Private sector housing and administration of housing grants;
- j. Collaboration and Partnerships related to the remit of this Committee;
- k. Personal social services for older and disabled persons including community meals services, community alarm, day centres, community transport;

- l. Community and Voluntary sector grants;
- m. Consultations on local health service provision and NHS services;
- n. Armed Forces Covenant;
- o. Voluntary Sector.

**In carrying out its responsibilities the Committee will**

- 1. Work in partnership with other Policy committees and sub committees.
- 2. Develop, make decisions about and keep under review the Committee's budget ensuring any decisions about spend are made within the allocated budget envelope.
- 3. Ensure any decisions about additional spend to the Committee's agreed budget are in accordance with the Financial Regulations.
- 4. Have consideration to the Risk Management Strategy, Key Performance indicators and any action relevant to the Committee's remit;
- 5. Work with the Voluntary Sector, health partners and other agencies.
- 6. Have oversight of any matters of interest or concern relevant to this Committees remit.

**2. TO MAKE RECOMMENDATIONS REGARDING:**

- a. Changes to this Committee's Terms of Reference.
- b. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.
- c. New policies or changes in policy within the remit of the Committee which would require resources beyond those allocated to the Committee.

**3. TO RESOLVE**

- a. New policies or changes in policy within the remit of the Committee which can be accommodated within the Committee's overall allocation of resources.

**4. DELEGATION TO OFFICERS**

- 1. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are

identified above as reserved for determination by the Council, Committee or Sub-Committee.

2. The officers referred to in 1. above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Member and may contain such limitations or be subject to such conditions as that Officer shall decide.
3. Where committee delegated action has been taken by officers in 1. and 2. above, or the use of urgency powers has been exercised by the Chief Executive or Director this must be reported back to the Chair and Vice Chair at the next available meeting.

## Health Liaison Panel

To advise the Community & Wellbeing Committee on:

**(These ToR have not been amended at this stage as there needs to be a review of the scope of this panel)**

1. Preparing, promoting and monitoring the Council's Health Strategy in association with National Health Service bodies, Social Services and the voluntary sector;
2. Providing leadership and liaising with NHS bodies, the County Council and other agencies to promote the effective use of all resources and the delivery of best value Health and Social Services to the community.
3. Working in partnership with a Member from each of the following – Elmbridge Borough Council, Mole Valley District Council, Reigate & Banstead District Council and officers from these local authorities on:
  - a. Promoting the interests of the local residents in any decisions concerning health services;
  - b. Developing a shared vision for the nature, location and quality of local NHS services;
  - c. Facilitating partnership working and the sharing of information and to co-ordinate input into the NHS decision-making processes.
4. Providing a focus for the Councillor-lead meetings and interaction with local NHS representatives.

5. Furthering the local democratic legitimacy of NHS bodies and their local public accountability.



## ENVIRONMENT AND SAFE COMMUNITIES

**(10 Members)**

### **1. TERMS OF REFERENCE**

1. To carry out the functions falling within the committee's area of responsibility as set out below, working within the budget and policy framework approved by Council, except where these functions remain reserved to the Council or have been delegated to another Committee within the Council's scheme of delegation.
2. To recommend to Council new or changes in previously agreed policies.
3. To establish Sub Committees to progress work of the Committee.
4. To decide on matters falling within its responsibility or delegate decision making to Directors. However, this does not prevent the Committee from choosing to exercise the function itself.

#### **Areas of responsibility:**

- a. Waste management refuse collection and recycling services;
- b. Climate change and environmental improvement schemes;
- c. Highway matters that are the responsibility of the Borough Council including drainage;
- d. Consider and approve local transportation policy;
- e. PROTECT strategy;
- f. Contaminated Land and Waterways;
- g. Parks, open spaces and countryside and Allotments;
- h. Grounds maintenance;
- i. Public spaces, public realm and cleansing;
- j. Street trading including markets;
- k. Environmental protection, pollution control and biodiversity;
- l. Food hygiene;
- m. Health & Safety;

- n. Burials, cemeteries, and closed churchyards;
- o. Street naming and numbering;
- p. Parking including the provision and management of parking and the fixing of charges and parking enforcement.
- q. Collaboration and Partnerships related to the remit of this Committee.

**In carrying out its responsibilities the Committee will**

- 1. Work in partnership with other Policy committees and sub committees;
- 2. Develop, make decisions about and keep under review the Committee's budget ensuring any decisions about spend are made within the allocated budget envelope;
- 3. Ensure any decisions about additional spend to the Committee's agreed budget are in accordance with the Financial Regulations;
- 4. Have consideration to the Risk Management Strategy, Key Performance indicators and any action relevant to the Committee's remit;
- 5. Work with partners and other agencies to fulfil its responsibilities;
- 6. Have oversight of any matters of interest or concern relevant to this Committees remit.

**2. TO MAKE RECOMMENDATIONS REGARDING:**

- a. Changes to this Committee's Terms of Reference.
- b. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.
- c. New policies or changes in policy within the remit of the Committee which would require resources beyond those allocated to the Committee.

**3. TO RESOLVE**

- a. New policies or changes in policy within the remit of the Committee which can be accommodated within the Committee's overall allocation of resources.
- b. Responses to consultations from the Government, other authorities and external agencies where there is a potentially significant impact upon the delivery of services falling under the remit of the Committee.

- c. Rents and charges for services, accommodation and land, not under the purview of another Committee.

#### **4. DELEGATION TO CRIME AND DISORDER SUB-COMMITTEE**

1. Act as the local Crime & Disorder Committee;
2. To call upon representatives of outside organisations and partner agencies to present information about services which have a significant impact upon local residents including measures delivered via the Community Safety Partnership.

#### **5. DELEGATION TO OFFICERS**

1. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are identified above as reserved for determination by the Council, Committee or Sub-Committee.
2. The officers referred to in 1. above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Member and may contain such limitations or be subject to such conditions as that Officer shall decide.
3. Where committee delegated action has been taken by officers in 1. and 2. above, or the use of urgency powers has been exercised by the Chief Executive or Director this must be reported back to the Chair and Vice Chair at the next available meeting.

#### **Crime and Disorder Sub Committee**

1. To be active members of the Community Safety Partnership (CSP), which is a statutory multi agency group which meets quarterly with the remit to work together to reduce crime and disorder in the community. The primary functions of the CSP are to:
  - reduce high harm crime (Child Sexual Exploitation, Violence Against Women and Girls, Serious Organised Crime including Human Trafficking and Modern Slavery) and anti-social behaviour by tackling offenders, reduce reoffending and to support vulnerable victims and areas;

- protect the most vulnerable individuals in our communities from high harm and abuse;
  - maintain public confidence by making residents feel safe and secure.
2. The PREVENT and PROTECT activities, both part of the CONTEST (Counter Terrorism) strategy which uses an early intervention multi-agency problem solving approach to manage risk and works in pre criminal space. The main aim of the Prevent workstream is to reduce the threat to the UK from terrorism by stopping people becoming terrorists or supporting terrorism. The PROTECT workstream concentrates on keeping the public safe from an attack.

## LICENSING AND PLANNING POLICY COMMITTEE

**(10 members)**

### **1. TERMS OF REFERENCE**

1. To be responsible for exercising regulatory and policy functions under the relevant legislation concerning the determination of:
  - a. Alcohol and entertainment licence applications;
  - b. Gambling licence applications;
  - c. Applications for the granting, renewal, transfer or revocation of sex establishments licenses; private hire and public hire licences.
2. To be responsible for influencing and controlling development and use of land as Local Planning Authority including:
  - a. Preparation, adoption and review of the statutory Development Plan, including Local Development Documents;
  - b. Preparation, adoption and review of Supplementary Planning Documents.
3. To carry out the functions falling within the Committee's area of responsibility as set out below, working within the budget and policy framework approved by Council, except where these functions remain the reserve of the Council or have been delegated to another Committee within the Council's scheme of delegation.
4. To recommend to council new or changes to previously approved policies.
5. To establish Sub Committees or member working groups to progress work of the Committee.
6. To decide on matters falling within its responsibility or delegate decision making to Directors of the council. However, this does not prevent the Committee from choosing to exercise the function itself.

#### **Areas of responsibility:**

- a) To consider and approve Local Plan documents for public consultation (including Development Plan Documents up to Preferred Options stage and Supplementary Planning Documents up to Consultation stage);
- b) To consider and recommend for approval to Council, submission versions of Development Plan documents;

- c) To consider and approve final versions of Supplementary Planning Guidance (including Masterplans and Design Codes) Planning Guidance Documents, land use policy statements, masterplans and briefs for specific areas;
- d) and any subsequent changes to the Development Plan not constituting a new or substantially revised Development Plan Document;
- e) To consider and approve other informal policy guidance for adoption;
- f) To consider and approve the Council's Local Development Scheme and Annual Monitoring Report;
- g) To consider and approve (i) draft Conservation Area Appraisals and Management Plans for public consultation and (ii) the final version of Conservation Area Appraisals and Management Plans;
- h) To consider and approve the Council's Local List of historic assets or policy documents to safeguard the historic environment;
- i) To consider and approve matters related to the Community Infrastructure Levy (CIL) leading up to the examination in public and the adoption of the CIL charging schedule;
- j) To consider and comment upon other authorities' or stakeholder's planning policy documents;
- k) To respond to government consultations on draft planning legislation and proposed planning policies;
- l) To consider any other planning policy matters not included in any of the above as deemed necessary by the Head of Planning;
- m) To consider and approve Hackney Carriage and Private Hires policies and procedures;
- n) To consider and determine (or delegate to a Licensing Sub Committee):
  - (i) Opposed and/or contentious applications made under the Licensing Act 2003 and/or applications for review under the said Act;
  - (ii) Opposed and/or contentious applications made under the Gambling Act 2005 and/or applications for review under the said Act;

- (iii) Opposed and/or contentious applications for the granting, renewal, transfer or revocation or sex establishments licenses; private hire and public hire licences in reference to applications listed in 1 a) above;
- o) To consider and approve a licensing policy statement and gambling policy statement for recommendation to the Council and to keep this under review in accordance with the Licensing Act 2003 and the Gambling Act 2005 respectively;
- p) Collaboration and Partnerships related to the remit of this Committee.

**2. TO MAKE RECOMMENDATIONS REGARDING:**

- a. Changes to this Committee's Terms of Reference.
- b. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.
- c. New policies or changes in policy within the remit of the Committee which would require resources beyond those allocated to the Committee.

**3. TO RESOLVE:**

- a. New policies or changes in policy within the remit of the Committee which can be accommodated within the Committee's overall allocation of resources.
- b. Preparation and review of Local Planning Development Documents.
- c. Adoption of Neighbourhood Development Plans.
- d. Adoption of Supplementary Planning Documents.
- e. Confirmation of Conservation Area designations.
- f. Confirmation of lists of local heritage assets.
- g. Responses to consultations from the government, other authorities, external agencies and other bodies, including transportation related consultations, where they would have a significant impact on the delivery of the Local Plan or on the District's environment.
- h. The seeking of Deemed Planning Consents.
- i. Approving Local Development Orders, Neighbourhood Development Orders and Community Right to Build Orders.

#### **4. DELEGATION TO OFFICERS**

1. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are identified above as reserved for determination by the Council, Committee or Sub-Committee.
2. The officers referred to in a) above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Officer and may contain such limitations or be subject to such conditions as that Officer shall decide.
3. Where committee delegated action has been taken by officers in a). and b) above, or the use of urgency powers has been exercised by the Chief Executive or Director this must be reported back to the Chair and Vice Chair at the next available meeting.

#### **The Licensing (Hearings) Sub Committee**

Determination of license/registration applications relating to:

- (a) a personal licence where an objection has been made;
- (b) a personal licence with unspent convictions;
- (c) a premises licence where a representation has been made;
- (d) a club premises certificate where a representation has been made;
- (e) a provisional statement where a representation has been made;
- (f) a variation of a premises licence/club premises certificate where a representation has been made;
- (g) a variation of designated premises supervisor if there is a police objection;
- (h) a transfer of premises licence if there is a police objection;
- (i) interim authorities if there is a police objection;
- (j) review of a premises licence/club premises certificate.

#### **The Licensing (General) Sub Committee**

Determination of license/registration applications relating to:



- (a) Opposed and/or contentious applications for the granting, renewal, transfer or revocation of gaming permits;
- (b) Opposed and/or contentious applications for the granting, renewal, transfer or revocation of sex establishment licences;
- (c) Contentious applications for the grant or renewal of Private Hire and Hackney Carriage Driver, Vehicle and Operator Licences and the refusal, suspension or revocation of these licences where serious offences or breaches of licence conditions have been committed.

## STRATEGY AND RESOURCES COMMITTEE

**(10 Members)**

### **1. TERMS OF REFERENCE**

1. To make recommendations to the Council on budget and policy matters;
2. To provide strategic direction to the operation of the Council, determining policies in the areas set out below and any cross-cutting policies that impact on other Committee areas;
3. To make decisions regarding land and property including acquisition, disposal and appropriation, not within the purview of any other Committee;
4. To provide strategic oversight of the Corporate Risk Register;
5. To be responsible for all policy matters not otherwise allocated to any other Committee and to determine any disputes or differences between Committees;
6. The annual budget preparation process and consideration of overall Committee budgets, including the setting of Council Tax and prudential indicators.
7. Civic and Ceremonial matters (including the appointment of representatives on Outside Bodies with the exception of the list considered at the Annual Meeting of the Council; Members' Allowances and Regalia).
8. The appointment of, and disciplinary action against, Chief and Statutory Officers.

### **Areas of responsibility:**

- a. Lead on the Corporate Governance Framework (jointly with the Chairs of Standards & Constitution and Audit & Scrutiny Committees) incorporating Strategic Planning, Corporate Risk and Performance Management;
- b. Council compliance with Financial Regulations;
- c. All matters relating to the oversight of the approved Council Budget and Policy Framework (including the setting of staff pay);
- d. Medium Term Financial Strategy to include, though not exclusively, Capital Investment Strategy, Council tax support scheme, Business Rates and use of Council reserves;
- e. Implementation and monitoring of Treasury management policies;

- f. Asset management Strategy including the purchase, management and disposal of real property owned or held by the Council (note other committees may have responsibilities for service provision, venues or activities);
- g. Community right to Challenge and Community Right to bid for Assets of Community Value;
- h. Exercise the Council's functions as Shareholder and consider recommendations from the Shareholders Sub Committee, making decisions as required;
- i. Exercise of the Council's powers as Trustee of any land or money held by the Council in trust
- j. Administration of Council Tax & Housing benefits;
- k. Collaboration and Partnerships related to the remit of this Committee;
- l. Electoral matters including polling stations, ward boundaries, ballots and referendums;
- m. Procurement strategy and those matters that have budget or procurement implications for more than one committee;
- n. The local economy and regeneration;
- o. Emergency planning, resilience and business continuity;
- p. Agreeing, recommending and reviewing key Corporate and Financial strategies (including but not limited to those relating to Workforce matters; ICT; Information Management, Information Governance and Data Protection; Communication and Engagement) which do not fall within the remit of other Committees.
- q. Dealing (in the first instance) with any matters of general policy which do not fall within the terms of reference of any other committee and are not reserved to the Full Council.

**In carrying out its responsibilities the Committee will**

- 1. Work in partnership with other Policy Committees and Sub Committees;
- 2. Develop, make decisions about and keep under review the Committee's budget ensuring any decisions about spend are made within the allocated budget envelope;
- 3. Ensure any decisions about additional spend to the Committee's agreed budget are in accordance with the Financial Regulations;

4. Have consideration to the Risk Management Strategy, Key Performance indicators and any action relevant to the Committee's remit;
5. Have oversight of any matters of interest or concern relevant to this Committees remit.

**2. TO MAKE RECOMMENDATIONS REGARDING:**

- a. New policies or changes in policy within the remit of the Committee which would require resources beyond those allocated to the Committee;
- b. Financial programmes for overall revenue and capital expenditure, including the Medium Term Financial Strategy and, as part of the annual budget setting process, the level of Council Tax and Prudential Indicators, subject to consultation with other Policy Committees;
- c. Changes of use of Council owned (General Fund) land, subject to consultation with other Policy Committees who may be responsible for services currently operating from the land in question;
- d. Annual pay policy statements;
- e. Civic and ceremonial matters as detailed in 1 (7) above;
- f. Polling District and Ward Reviews, ballots and referendums;
- g. Changes to this Committee's Terms of Reference;
- h. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.

**3. TO RESOLVE**

1. New policies or changes in policy within the remit of the Committee which can be accommodated within the Committee's overall allocation of resources;
2. The formation of other subsidiary companies and special purpose vehicles as deemed necessary to support property projects;
3. Determination of applications by community organisations for rental subsidies in respect of their use of Council owned land;
4. Determination of the tax base for Council Tax purposes;
5. Rents and charges for services, accommodation and land which are outside of the purview of other Committees;

6. Responses to consultations from the Government, other authorities and external agencies where there is a potentially significant impact upon the delivery of services falling under the remit of the Committee.

#### **4. DELEGATION TO OFFICERS**

1. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are identified above as reserved for determination by the Council, Committee or Sub-Committee.
2. The officers referred to in 1. above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Member and may contain such limitations or be subject to such conditions as that Officer shall decide.
3. Where committee delegated action has been taken by officers in 1. and 2. above, or the use of urgency powers has been exercised by the Chief Executive or Director this must be reported back to the Chair and Vice Chair at the next available meeting.

#### **Shareholder Sub Committee**

**(These ToR have not been amended as this will be done as part of the Annual Plan priority of reviewing EEPIC)**

- (a) Power to remove and appoint company directors;
- (b) Approve the annual company business plan, ensuring that it aligns with the corporate objectives of the Council;
- (c) Periodically evaluate financial performance of a company, and performance against the current business plan;
- (d) Consider any recommendations to cease trading by a company;
- (e) Monitor compliance with relevant legislation;
- (f) Approve any Shareholder Agreement with the company, or any variation to such agreement;

- (g) Consider such other matters, as require prior consultation with shareholders or as are reserved to the Shareholders in general meeting and make such decision on those matters as they think fit.

### Financial Policy Panel

#### **1. TERMS OF REFERENCE**

1. To advise the Strategy and Resources Committee on the budget setting framework for the next financial year;
2. Consider the annual central government funding settlement and provide a recommendation to Council on the level of council tax for the next financial year, with a cross-Committee mandate;
3. Consider the Treasury Management Strategy, before it is recommended for approval at Full Council.

### Human Resources Panel

(These ToR have not been amended at this stage as there needs to be a review of the scope and frequency of this panel)

#### **1. TERMS OF REFERENCE**

1. To advise the Strategy and Resources Committee on:
  - a. employment policies and good practice (excluding the setting of staff pay);
  - b. staff wellbeing.
2. The Panel is able to invite the Staff Consultative Group to attend the Panel as and when required or to present such reports as it may require.

## AUDIT AND SCRUTINY COMMITTEE

**(10 Members)**

### **1. TERMS OF REFERENCE**

1. To be responsible for the scrutiny and review of the decisions and performance of the Council;
2. To carry out the functions falling within the Committee's area of responsibility as set out below, working within the budget and policy framework approved by Council, except where these functions remain the reserve of the Council or have been delegated to another Committee within the Council's scheme of delegation.
3. To seek assurance of the existence and application of key policies and strategies as well as undertaking scrutiny of performance monitoring to evaluate whether expected outcomes are being achieved in accordance with the Council's Strategic Plan.
4. To establish Sub-Committees to progress work of the Committee.
5. To decide on matters falling within its responsibility or delegate decision making to Directors of the council. However, this does not prevent the Committee from choosing to exercise the function itself.

#### **Areas of Responsibility:**

- a. Overall responsibility for audit and governance frameworks (including functions of an audit committee);
- b. Oversee compliance with the Council's duties concerning Best Value;
- c. Monitor implementation of agreed recommendations and actions from both the Internal and External audit reports;
- d. Monitor progress on the Council's Annual Plan on a quarterly basis;
- e. Review and approve the Annual Governance Statement;
- f. Exercise scrutiny over the Council's budget; the management of its budget, capital programme, treasury management, reserves, revenue borrowing and assets and the audit arrangements thereof, plus associated strategy and policies;
- g. Exercise scrutiny of the quarterly budget monitoring reports;

- h. Exercise scrutiny and approval (where applicable) of the annual Statement of Accounts, financial outturn, and external audit reports;
- i. Receive an annual report setting out the activities relating to compliance with key council policies including (but not limited to) Anti-Bribery, Anti-Corruption, Whistleblowing policies, Modern Slavery and Equality, Diversity and Inclusion;
- j. Receive and review the Local Government Ombudsman's annual report;
- k. Receive and review, on a quarterly basis, the latest version of the key performance indicators and targets from each Committee which seek to ensure the provision of cost effective, quality services to the community (as part of the Council's own performance management regime);
- l. Review and/or scrutinise decisions made, or actions taken, in connection with the discharge of any of the Council's functions and make reports and/or recommendations to full Council where necessary;
- m. Undertake, in specific circumstances, pre-scrutiny reviews relating to Council services, projects or services;
- n. Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by any Policy Committee.

**In carrying out its responsibilities the Committee will**

- 1. Work in partnership with other Policy committees and Sub Committees.
- 2. Have consideration to the Corporate Risk Management Strategy, Key Performance indicators and any other actions relevant to the Committee under scrutiny;
- 3. Have oversight of any matters of interest or concern relevant to this Committees remit.

**2. TO MAKE RECOMMENDATIONS REGARDING:**

- a. Matters with significant budgetary and/or policy implications arising from Internal or External audit reports.
- b. Matters with significant budgetary and/or policy implications arising from the reviewing and scrutinising of the performance of the Council in relation to its policy objectives, performance targets, Committee Work Plans and any Government sponsored assessment regime.



- c. Matters with significant budgetary and/or policy implications arising from presentations by representatives of outside organisations about services which have a significant impact upon local residents.
- d. Consideration of any Councillor Call for Action.
- e. Changes to this Committee's Terms of Reference.
- f. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.

**3. TO RESOLVE:**

- a. Matters in connection with 2 (a) to (c) above with no significant budgetary and/or policy implication.
- b. Decisions to refer matters to Policy Committees.

**4. DELEGATION TO OFFICERS**

- 1. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are identified above as reserved for determination by the Council, Committee or Sub-Committee.
- 2. The officers referred to in 1. above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Member and may contain such limitations or be subject to such conditions as that Officer shall decide.
- 3. Where committee delegated action has been taken by officers in 1. and 2. above, or the use of urgency powers has been exercised by the Chief Executive or Director this must be reported back to the Chair and Vice Chair at the next available meeting.

## PLANNING COMMITTEE

(13 members)

### 1. TERMS OF REFERENCE

1. To be responsible for exercising regulatory functions under the Town and Country Planning legislation specifically:
  - i. Determination of planning and related applications.
  - ii. Determination of Tree Preservation and High Hedges applications
2. To receive and review the summary of enforcement action taken in response to breaches of control on a quarterly basis.
3. To receive and review summaries of planning appeals on a quarterly basis or when appeals have been received as appropriate

### 2. TO MAKE RECOMMENDATIONS REGARDING:

- a. Applications for planning related permission submitted by the Council itself.
- b. Changes to the Committee's Terms of Reference.
- c. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.

### 3. TO RESOLVE:

- a. Determination of planning and related applications referred to the Committee by any Member of the Council and/or the Head of Planning in accordance with the provisions set out in the Councils constitution
- b. Guidelines under which the Committee shall determine its level of involvement in individual planning, building and enforcement decisions.
- c. Confirmation (or modification) of Tree Preservation Orders where there are unresolved objections.

### 4. DELEGATION TO OFFICERS

- a. To the Chief Executive and Directors, the power to implement Council/Committee policies and deal with the day-to-day management of services relevant to this Committee, including the discharge of all functions of the Council, except for those which are

identified above as reserved for determination by the Council, Committee or Sub-Committee.

- b. The officers referred to in 1. above have the power in turn to delegate to other officers of their choice, the power to deal on their behalf and in their name with any of the above functions. Such delegation shall be in writing and signed by the relevant SMT Member and may contain such limitations or be subject to such conditions as that Officer shall decide.
- c. To the Chief Executive and Directors the power to authorise, in writing, officers to enter on to land or to apply for a warrant and thereafter enter land pursuant to sections 196A-196C and 214B-214D of the Town and Country Planning Act 1990 as amended.

## **STANDARDS AND CONSTITUTION**

**(9 Members)**

### **1. TERMS OF REFERENCE**

1. Promoting and maintaining high standards of conduct by Councillors in accordance with the duty contained in Section 27 of the Localism act 2011.
2. Assisting Councillors to observe the Members' Code of Conduct.
3. Advising the Council on the adoption or revision of the Members' Code of Conduct.
4. Granting dispensations under Section 33 of the Localism act 2011 to Councillors from the requirements relating to interests set out in the Members' Code of Conduct.
5. Making arrangements for investigating and determining complaints regarding alleged breaches of the Members' Code of Conduct.
6. Discharging, through a Hearings Panel, decisions made following consideration of reports by an Investigating Officer in connection with 5) above.
7. Receiving requests for, and/or proposing, review of the Constitution or parts thereof as necessary.

### **2. TO MAKE RECOMMENDATIONS REGARDING:**

1. Significant revisions to the Constitution (subject to other Policy Committees being able to make recommendations direct to Council about proposed changes to their Terms of Reference).
2. The adoption and revision of the Members' Code of Conduct.
3. Changes to the Committee's Terms of Reference.
4. Other matters under the Committee's jurisdiction which, by virtue of statutory provision, must be determined by full Council.

### **3. TO RESOLVE:**

The granting of dispensations in the following circumstances (under Section 33 of the Localism act 2011) to Councillors from the requirements relating to interests set out in the Members' Code of Conduct:

- a. that without the dispensation, the representation of Political Groups transacting the business would be so upset as to alter the outcome of any vote on the matter;
- b. that dispensation is in the interests of persons living in the authority's area;
- c. it is otherwise considered appropriate to grant a dispensation.

**4. DELEGATION TO HEARINGS PANELS**

1. Determination of complaints referred by an Investigating Officer regarding alleged breaches of the Members' Code of Conduct.
2. Such Panels shall comprise three Borough Councillors serving on the Standards and Constitution Committee.

**5. DELEGATION TO OFFICERS**

1. To the Monitoring Officer, in consultation with the Chair of the Standards and Constitution committee, to grant dispensations in situations where so many Members of the decision-making body have Disclosable Pecuniary Interests in a matter that it would otherwise impede the transaction of the business.
2. To the Monitoring Officer and/or Deputy Monitoring Officer respectively the power to determine matters in respect of the Code of Conduct and arrangements for dealing with allegations of breach (following consultation with the Independent Person where required) except for those which are identified above as reserved for determination by the Council, Committees or Hearings Panel.

**Standards and Constitution - Hearing Sub Committee**

Determination of complaints referred by the Monitoring Officer and Investigating Officer regarding alleged breaches of the Members' Code of Conduct. Such Panels shall comprise three Borough Councillors serving on the Standards and Constitution Committee.

**EXCLUSION OF PRESS AND PUBLIC**

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the public from the Meeting for Part Two of the Agenda on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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