



STRATEGY AND RESOURCES COMMITTEE

Tuesday 26 July 2022 at 7.30 pm

Place: Council Chamber, EpsomTown Hall

Link for public online access to this meeting:

<https://attendee.gotowebinar.com/register/1947606052696008461>

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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 Neil Dallen (Chair)
Councillor Hannah Dalton (Vice-Chair)
Councillor Kate Chinn
Councillor Monica Coleman
Councillor Liz Frost

Councillor David Gulland
Councillor Graham Jones
Councillor Colin Keane
Councillor Eber Kington

Yours sincerely

Interim Chief Executive

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

EMERGENCY EVACUATION PROCEDURE

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- 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, 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.

Exclusion of the Press and the Public

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

Questions from the Public

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

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

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

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

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

Written questions must be received by Democratic Services by noon on the tenth working day before the day of the meeting. For this meeting this is **Noon, 12 July**

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, 22 July**

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 and Restricted Minutes of the meeting of the Strategy and Resources Committee held on 5 May 2022 (attached) and the Minutes of the Special Meeting of the Committee held on 4 July 2022 (to follow) to authorise the Chair to sign them.

4. RISK MANAGEMENT STRATEGY (Pages 13 - 36)

This report presents an updated Risk Management Strategy for adoption.

5. UK SHARED PROSPERITY FUND (Pages 37 - 44)

The Government recently launched the Shared Prosperity Fund which grants every local authority in the UK an allocation of funding for a three- year period up to March 2025.

The Council has been allocated £1million for the three-year period (the smallest amount that can be allocated) with the majority of the funding being available in the final funding year (2024-25).

To secure the funding the Council must submit a Prosperity Fund Intervention Plan by the 1 August 2022 to DLUHC setting out how the council will spend their funding allocation and how this aligns with the aims of the funding set by Central Government

6. LAND CHARGES MIGRATION (Pages 45 - 50)

HM Land Registry are combining each Local Authorities Land Charges Register into a single standardised digital and geospatial dataset. Under the Infrastructure Act 2015, responsibility for the 331 registers was transferred to HM Land Registry (HMLR) in a phased approach. The target is for all 331 local authorities in England and Wales to be migrated by 2025. The target for Epsom & Ewell is to carry out the migration during the financial year 2023-24.

Whilst we carry out the work of the data migration, we will still be responsible for running the service delivery of Land Charges, Planning, Building Control and Street Naming and Numbering.

7. 2021-22 PROVISIONAL FINANCIAL OUTTURN (Pages 51 - 64)

This report summarises the Council's provisional financial performance for 2021/22 and details the capital budgets to be carried forward for schemes where costs will be incurred in 2022/23.

8. 2023/24 STRATEGIC FINANCIAL PLANNING (To Follow)

9. CAPITAL MEMBER GROUP (Pages 65 - 72)

to the Capital Member Group, and to agree the capital bidding process for 2023/24 to 2027/28.

10. EWELL COURT HOUSE TEA ROOMS (Pages 73 - 80)

This report updates Committee on the Ewell Court House Tea Rooms letting and the subsequent requirement to upgrade the building's electricity supply.

11. COUNTY DEAL - MEMBER/OFFICER WORKING GROUP (Pages 81 - 90)

This report advocates the establishment of a cross party Member/Officer Working Group to explore how the Council's views should be represented in any submission to government (by Surrey County Council) of a proposed 'County Deal for Surrey'.

12. REPLACEMENT OF MAYORS CAR (Pages 91 - 100)

The report highlights options available when replacing the civic car used solely by the Mayor and Deputy Mayor.

13. EXCLUSION OF PRESS AND PUBLIC (Pages 101 - 102)

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. FUTURE OF BUILDING CONTROL - AMENDED PROPOSAL (Pages 103 - 114)

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.

15. COMMERCIAL PROPERTY UPDATE (Pages 115 - 124)

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
5 May 2022**

PRESENT -

Councillor Colin Keane (Chair); Councillor Hannah Dalton (Vice-Chair); Councillors Kate Chinn, Bernice Froud, Chris Frost (as nominated substitute for Councillor Graham Jones), David Gulland, Eber Kington, Steven McCormick (as nominated substitute for Councillor Lucie McIntyre) and Humphrey Reynolds (as nominated substitute for Councillor Clive Woodbridge)

In Attendance:

Absent: Councillor Graham Jones, Councillor Lucie McIntyre and Councillor Clive Woodbridge

Officers present: Kathryn Beldon (Chief Executive), Clare Lawrence (Director of Environment, Housing & Regeneration), Brendan Bradley (Head of Finance), Victoria Potts (Head of Place Development), Mark Shephard (Head of Property and Regeneration), Sue Emmons (Chief Accountant), Prue Timms (Procurement and Contracts Manager) and Tim Richardson (Democratic Services Manager)

64 QUESTION TIME

No questions were asked by members of the public.

65 DECLARATIONS OF INTEREST

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

Tree Maintenance and Inspection Programme; Contract Award

Councillor Steven McCormick, Other Interest: In the interests of openness and transparency, Councillor Steven McCormick declared that he is a member of the Epsom and Ewell Tree Advisory Board and Chairman of the Surrey Tree Warden Network.

66 HORTON CEMETERY

This item was withdrawn from the agenda and was not considered at the meeting.

67 COUNCILLOR CLIVE SMITHERAM

The Chair informed the Committee that Councillor Clive Smitheram had sadly died recently and paid tribute to his many achievements as a Councillor. The Committee stood in a minute's silence in remembrance of Councillor Smitheram.

68 TREE MAINTENANCE AND INSPECTION PROGRAMME; CONTRACT AWARD

The Committee received a report seeking approval to award the Tree Maintenance and Inspection Programme contract to Advanced Tree Services Ltd (ATS).

The following matters were considered:

- a) **Ash Dieback.** Following a question from a Member, the Director of Environment, Housing and Regeneration informed the Committee that the proposed contract sought to re-procure the current existing provisions of the Council's tree contract, and as such it did not include the management of Ash Dieback. Ash Dieback had been identified as a challenge for the wider Surrey area, but it's implications for the Borough had not yet been defined in detail. Officers informed the Committee that if additional inspections or works in relation to Ash Dieback are required, these would have to be met within the contract, or further support procured.
- b) **Cost of contract and funding.** The Committee was informed that the cost of the contract was based on an estimated level of works, which could fluctuate up or down.

The Committee noted that the cost of the contract included an element of £39,500 attributable to growth items and service enhancements which was not included within the current budget. The Committee was informed that officers would seek to manage this cost through the contract where possible and also noted that recommendation 3 of the report requested approval for Officers to seek savings from within existing budgets to meet the budget shortfall if necessary.

Following consideration, the Committee resolved with 8 votes for and 1 vote against to:

- (1) **Agree to award a 3-year contract, with the option to extend for a further two periods of 3-years, to Advanced Tree Services Ltd (ATS) based on the commercially sensitive financial breakdown set out in Appendix 1 to the report.**
- (2) **Authorise the Head of Place Development, in consultation with the Director of Environment, Housing and Regeneration and Chief Finance Officer, to progress and complete the legal documentation.**
- (3) **Agree that the Director of Environment, Housing and Regeneration in consultation with the Chief Finance Officer and the relevant Committee Chair is tasked with identifying the £39,500 of savings from within existing budgets required to meet the budget shortfall.**

69 EXCLUSION OF PRESS AND PUBLIC

Under Section 100(A)(4) of the Local Government Act 1972, the Committee passed a resolution to exclude the public from the meeting for Part Two of the Agenda on the grounds that the business involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

70 COMMERCIAL PROPERTY UPDATE

The decision on this item is recorded in a separate (not for publication) restricted Minute.

The meeting began at 7.30 pm and ended at 8.26 am

COUNCILLOR COLIN KEANE (CHAIR)

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RISK MANAGEMENT STRATEGY

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Risk Management Strategy

Summary

Appendix 1 contains an updated Risk Management Strategy for the Council. It is being brought to this Committee for adoption to maintain and enhance the Council's corporate governance, and risk management in particular.

Recommendation (s)

The Committee is asked to:

- (1) Approve the updated Risk Management Strategy.

1 Reason for Recommendation

- 1.1 A risk management strategy forms a key pillar of corporate governance. Therefore, it is essential for the Council to review its risk management strategy and update as necessary.

2 Background

- 2.1 The Council's existing Risk Management Strategy was set for a period of four years, running from 2017 to 2021.¹ Therefore the Strategy is due for review.
- 2.2 The updated Risk Management Strategy proposed for adoption by this Committee is located at Appendix 1.

¹ See Section 23 *Risk Management Framework Annual Report* in the Minutes of the Audit, Crime & Disorder and Scrutiny Committee, 15 November 2016. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=242&Ver=4> [Last accessed 13/04/2022].

- 2.3 Risk can be defined as an uncertain event or set of events which may, should they occur, affect the Council's ability to achieve its' vision and objectives as set out in the Four Year Plan.
- 2.4 This Strategy focuses on providing risk management principles, tools and techniques as part of our wider governance arrangements.
- 2.5 In addition, the Strategy lays the groundwork for the structure and format for the Council's risk registers.² Once the Strategy has been adopted, the updated registers will be finalised and form part of a monthly business intelligence package that all committee Chairs will receive, which will include key performance indicators, outstanding audit findings and so forth.
- 2.6 There will be three levels of risk register. The first is the service level, which is entirely operational in nature and remains with the relevant heads of service / Director to monitor. In the Strategy this is referred to as the Divisional / Service level and the 'divisional risk registers'. The committee level is next, supported by committee risk registers for each policy committee. These registers will be shared with Members of each relevant committee, and will be developed in discussion with committee Chairs, as they impact on annual priorities, service delivery and so forth. The final level is the corporate level, supported by the corporate risk register. This register contains the Council's most significant and high-profile risks and will be fed from a committee registers. Further information on the three levels is available in Appendix 1.
- 2.7 The purpose of risk management is not to eliminate risks completely, but to effectively manage the uncertainties that may apply in all areas of the Council's business.
- 2.8 The Strategy includes:
- Our risk management objectives (Section 1).
 - Our approach to identifying, assessing and responding to risks (Section 2).
 - Our risk appetite and how we analyse and score risks (Section 3).
 - Monitoring and reporting arrangements (Section 4).
 - Example risk register (Annex 1), risk scoring guidance (Annex 2), information on risk categories (Annex 3) and training (Annex 4).
- 2.9 Although the new processes and protocols are still being developed and embedded, and further refinements are expected as the Strategy matures, it is timely to bring an updated Risk Management Strategy for adoption.

² See Section 2.2, Section 3, Annexes 1-3 in Appendix 1.

- 2.10 The Strategy, once adopted, will solidify the Council's work to date and reflect organisational changes since the last Strategy was produced. It will also help guide future improvements to our approach and aid decision-making at the Council.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

- 3.1.1 This report contains no proposals that would disadvantage any particular groups.

3.2 Crime & Disorder

- 3.2.1 No relevant implications.

3.3 Safeguarding

- 3.3.1 No relevant implications.

3.4 Dependencies

- 3.4.1 No key dependencies.

3.5 Other

- 3.5.1 No other impacts.

4 Financial Implications

- 4.1 The risk management strategy is deliverable within the Council's existing budget envelope.
- 4.2 **Section 151 Officer's comments:** The risk management strategy provides an important framework to ensure that significant risks, both financial and operational, are identified, managed and mitigated as appropriate.

5 Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 place various requirements on Local Authorities as regards risk management. Regulation 6 of the Accounts and Audit Regulations Act 2015 sets out the Council's responsibility for ensuring the Council has a sound system of internal control which:
 - a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;

b. ensures that the financial and operational management of the authority is effective; and

c. includes effective arrangements for the management of risk

- 5.2 **Legal Officer's comments:** Management of risk is essential to the Council to mitigate the risk of legal challenge. The Risk Management Strategy provides an appropriate tool for the identification and management of risk.

6 Policies, Plans & Partnerships

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

- Effective Council: Engaging, responsive and resilient Council.

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

6.3 **Climate & Environmental Impact of recommendations:** None for this report.

6.4 **Sustainability Policy & Community Safety Implications:** None for this report.

6.5 **Partnerships:** None for this report.

7 Background papers

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

Previous reports:

- Risk Management Framework Annual Report, Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1107&Ver=4> [Last accessed 14/04/2022].
- Risk Management Framework Annual Report, Audit, Crime & Disorder and Scrutiny Committee, 15 November 2016. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=242&Ver=4> [Last accessed 14/04/2022].

Other papers:

- As referenced within Appendix 1.



Risk Management Strategy

Version number: 2.0
Date: July 2022

Version control

No.	Changes made	Date	Author	Approved by
1.0	Risk Management Strategy 2017-2021	15/11/2016	Head of Policy, Performance & Governance	Audit, Crime & Disorder Committee
2.0	Full strategy review. Draft strategy for approval by Strategy & Resources Committee.	25/03/2022	Business Assurance Manager	Strategic Management Team

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1. Introduction

Risk is defined as an uncertain event or set of events which may, should they occur, affect our ability to successfully achieve our vision and objectives.¹

Risk management is about managing opportunities and threats to objectives, and in doing so help create an environment of “no surprises”.

Effective risk management requires a process of identifying, measuring, managing and monitoring risks. It is essential that risks are challenged and frequently reviewed.

1.1. Risk management objectives

Our core aim is to adopt best practice in the identification and management of risks, for a Borough Council of our size and budget, and ensure risks are reduced to an acceptable level.

Risks will always exist, and we will not be able to eliminate them completely. Yet the effective management of risks will help enable the Council to remain sustainable in an environment of increasing budgetary pressures and service demand, changes in technology, legislation and our communities, and increased involvement with other organisations.

Therefore, this strategy’s objectives are to:

- Raise awareness of risk and the need for risk management by all those connected with the delivery of the Council’s corporate priorities.
- Provide the basis for a comprehensive yet simple framework which will integrate risk management into the culture of the organisation.
- Use risk management to strengthen our governance in all areas, such as decision making, service delivery, corporate planning, investments, and project management.
- Support the Council in anticipating and responding to changes in its social, environmental, and legislative environment.
- Help minimise injury, damage, loss and inconvenience to residents, staff, service users and assets arising from or connected with the delivery of our services.
- Continually improve our procedures for identification, assessment and management of risk in a cost-effective manner.

While a risk management strategy can engender the objectives above, it is notable that risk assessments are often largely qualitative judgements based on historical data, past experience and expert knowledge. Therefore, risk management has limitations and should not be the sole basis on which decisions are made. Yet at the most basic level, having a strategy of this kind will help invoke a healthy discourse

¹ See our Corporate Plan 2020-2024 for more information, available online: <https://www.epsom-ewell.gov.uk/council/four-year-plan>.

on the risks that we face, both when looking internally at our services and governance, or when looking externally at the environment in which we operate.

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2. Risk Management Framework

2.1. Our approach



We need to identify and assess the risks that could hinder our ability to deliver our strategic objectives² and the provision of high-quality services to our residents and businesses.

To do this, we adopt the following process to manage risks:

1. **Risk identification:** this is the process of determining what might prevent us from achieving our objectives. Risks can be identified from various sources such as: strategic planning; monitoring our performance indicators; changes to our operating environment and horizon scanning; organisational forums such as management teams, project boards and committees; and risks identified via our internal audit function.
2. **Risk assessment:** once a risk has been identified, we then assess how likely it is to occur, and what impact it will have on our objectives if it did occur (e.g. what would be the consequences). We use a risk scoring matrix and risk registers to facilitate our assessments.³

² See our Corporate Plan 2020-2024 for more information, available online: <https://www.epsom-ewell.gov.uk/council/four-year-plan>.

³ See [Annex 1](#) and [Annex 2](#) for more information.

3. **Risk response:** this involves taking actions to mitigate and control the risk. Essentially the aim of controls are to minimise, as far as is possible and proportionate, the risk from occurring.⁴
4. **Risk reporting:** this involves regularly reviewing our risks, at different levels of the organisation, to ensure our management of risk remains effective. For more information on this see Section 4.

This process applies to our existing service activities, and also when we enter new partnerships, embark on new projects, or when a new contract is being procured.

2.2. Risk management structure

We adopt the three lines of defence approach as follows:

1st line: Managers and risk owners managing their risks.

2nd line: Corporate functions overseeing risk management e.g. divisional boards, Corporate Assurance, Strategic Management Team and policy committee risk registers.

3rd line: Internal audit, providing an independent and objective assessment of the council's risk management.



In addition, we classify risks in three levels to ensure there is a clear route of escalation should risks require additional support to manage.

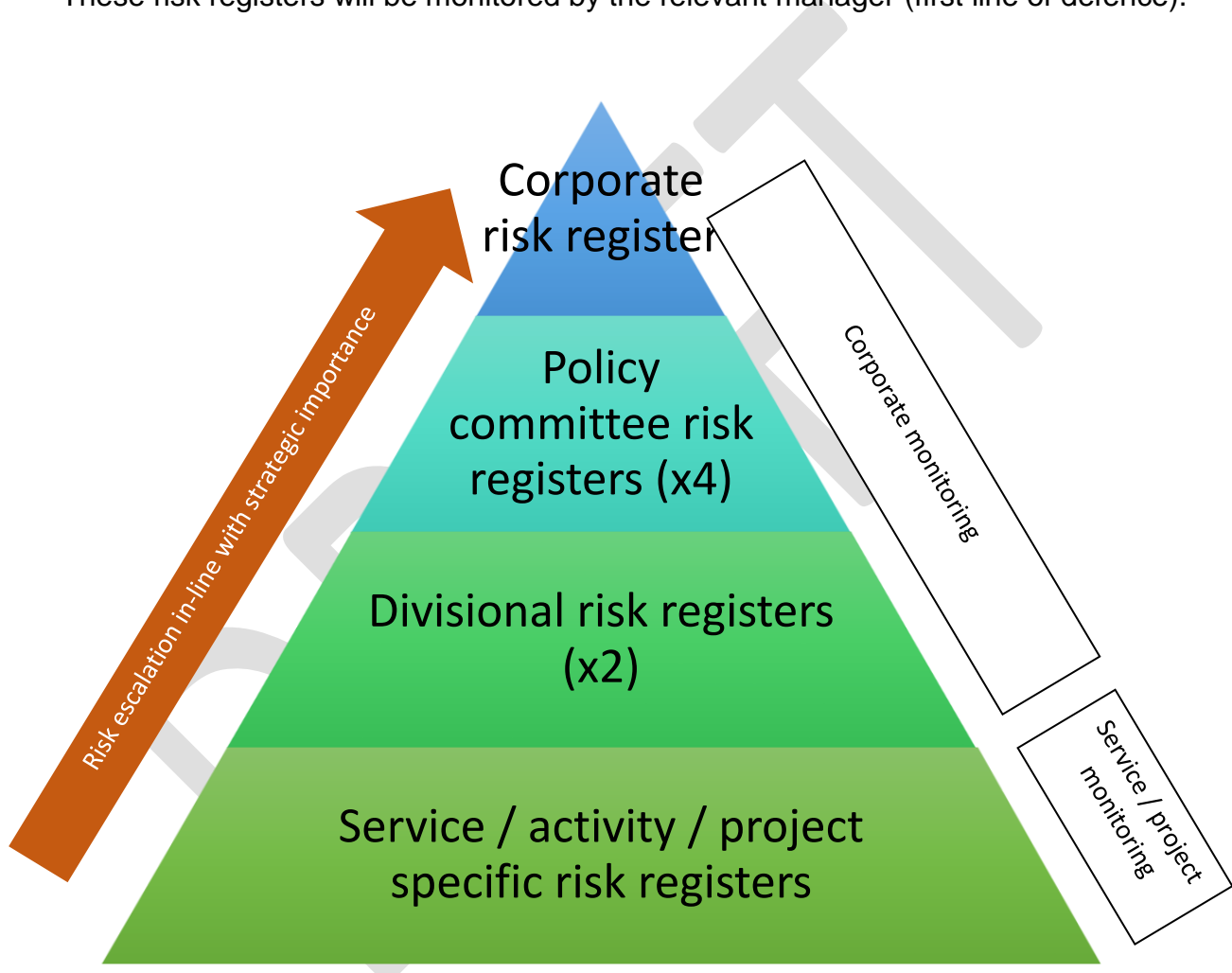
The three risk levels are:

- **Corporate:** Strategic risks that could, if they are realised, have a significant detrimental effect on our ability to achieve our key objectives and delivery of core services. Notably, these risks span the organisation and our committees.
- **Committee:** These risks are similar to those at the corporate level with respect to their strategic importance. However, rather than spanning the whole Council, these risks relate to a particular committee's purview and can be effectively managed within its boundaries. If the risk becomes unmanageable or rises in strategic importance, it will be escalated to the corporate level.
- **Divisional / Service:** Risks at this level are more operational and service based. These risks are still important for officers to manage, especially from a

⁴ For more information on risk responses, see [Annex 2 – Risk Assessment Guidance](#).

good governance perspective, but lack the strategic relevance to be included in the levels above. However, if the strategic importance of these risks rises, they will be escalated to the committee level.

The diagram below illustrates how these three levels of risk are arranged by their respective risk registers and included in our second line of defence. The arrow shows the route of escalation for risks that rise in strategic importance. The lowest level of the pyramid highlights that there may be a need for more operational-based risk registers, such as those related to specific projects, services or business activities. These risk registers will be monitored by the relevant manager (first line of defence).



2.3. Roles and responsibilities

The table below highlights our key risk roles and responsibilities:

Risk owners	<ul style="list-style-type: none"> • Day to day management of, and responsibility for specific risks. • Provide risk updates and escalate as necessary.
Heads of Service and project boards	<ul style="list-style-type: none"> • Own, review and quality assure thier specific divisional / project risk register. • Escalate and seek further support with risks as necessary.
Strategic Management Team	<ul style="list-style-type: none"> • Own, review and quality assure the Corporate Risk Register. • Champion risk management. • Hold risk owners accountable.
Strategy & Resouces Committee	<ul style="list-style-type: none"> • Own, review and approve the Risk Management Strategy.
Audit & Scrutiny Committee	<ul style="list-style-type: none"> • Scrutinise the application of the Risk Management Strategy and the corporate risk register. • Raise risk issues and concerns with relevant policy committee chairs.
Policy committee Chairs & Members	<ul style="list-style-type: none"> • Review performance and risk information, feedback to committees, SMT lead and relevant Head of Service; and formally respond to enquiries from Audit & Scrutiny Committee.
Internal Audit	<ul style="list-style-type: none"> • Periodically review and assess the Council's risk management framework and procedures from an independent and objective standpoint.

3. Risk Assessment

3.1. Risk appetite

Risk appetite involves continuously assessing the nature and extent of the risks an organisation is exposed to, and considering the amount of risk it is willing to take to achieve its objectives in the pursuit of stakeholder value.⁵

In our context, risk appetite is an expression of how much risk the Council is willing to accept in the pursuit of its objectives, such as delivering value for money services and projects for residents and businesses.

Risk appetite can be expressed differently for different business activities or categories of risk. For instance, an organisation may be eager to take risks in service transformation activities, but averse to reputational risks.⁶

The Council's overall risk appetite can be described as cautious: we have a duty to manage public money responsibly and deliver value for money. Therefore, we will not take risks assessed as being high, following the application of mitigations and controls. We are willing to consider all options when planning and making decisions. However, our preference is for low risk options, although we will tolerate medium risks if sufficient controls and mitigations are in place and there is a high likelihood of delivering tangible benefits to our community.

Our appetite can also be expressed in the table below, which shapes our planning and decision making.⁷

Risk rating	Residual risk assessment	Appetite response
High	12-16	Unacceptable level of risk exposure which requires urgent action.
Medium	4-9	Acceptable level of risk but requires action and active monitoring to manage the risk.
Low	1-3	Acceptable level of risk based on standard operational controls. Some risks, i.e. assessed at a 1 or 2 scoring, may not require mitigations.

⁵ HM Government (2021) *Risk Appetite – Guidance Note*. Government Finance Function, p.3. Online available: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929385/Risk_Appetite_Guidance_Note_v1.0_FINAL.pdf [Last accessed 26/04/2022].

⁶ For further examples and risk appetite scales see: HM Government (2021) *Risk Appetite – Guidance Note* (fn. 6), pp. 13-14, 17-19.

⁷ This should be viewed in conjunction with the risk scoring matrix below in Section 3.2.

3.2. Risk analysis and assessment

Once a risk is identified it is assessed. Assessing a risk involves considering the **likelihood** of the risk occurring, and if the risk were to be realised, what the **impact** on the Council would be.

Likelihood is categorised on a scale of 1 to 4, one being **remote** and four being **very likely**. Impact is also categorised on a 1 to 4 scale, with one being **insignificant** and four being **severe**.

Every risk is scored twice: firstly, on its inherent risk, i.e. the risk with no mitigations / controls in place; and secondly the residual risk, i.e. the risk score after mitigations / controls have been applied.⁸

Step 1: Score the **inherent** risk = *impact x likelihood (with no controls)*

Step 2: Score the final **residual** risk = *impact x likelihood (with controls)*.

Step 3: Review final risk score against the **risk tolerance boundary** (yellow line). If High (red), seek to further treat / transfer to reduce to Medium (amber) or Low (green).

Likelihood Multiplier	4 Very likely	4	8	12	16
	3 Likely	3	6	9	12
	2 Possible	2	4	6	8
	1 Remote	1	2	3	4
		1 Insignificant	2 Medium	3 High	4 Severe
		Impact			

Key

Red	High risks
Amber	Medium risks
Green	Low risks
Yellow	Risk tolerance boundary

⁸ See Annex 1 for an example of this way of scoring, and for scoring guidance Annex 2.

4. Monitoring and Reporting Arrangements

Risk management monitoring and reporting occurs via various means in the Council, namely risk registers,⁹ committee reports and divisional assurance statements. These mechanisms, along with the review of this strategy, help ensure there is robust oversight of risk management.

4.1. Policy committees

Each policy committee reviews, and quality assures, its own committee risk register. These are submitted as part of the corporate performance report to Audit & Scrutiny committee for additional oversight.



Furthermore, committee reports perform a key role in decision-making at the council, helping ensure Councillors have all the information they require when making decisions and formulating council strategy.

We use a standard template for every committee report. There is a “Risk assessment” section, where report authors can list all key risks relevant to the report and the decisions Councillors are considering. In some cases, such as reports that include options appraisals, the risks may be included within the main body of the report where each option is presented.

4.2. Divisional assurance statements

Assurance for corporate risk management is also gained via Divisional Assurance Statements. Each Head of Service acknowledges and confirms their responsibility for risk management within their service.



4.3. Internal audit

Our internal audit function will specifically review the effectiveness of the Council’s risk management periodically. They will also raise risk observations as part of every audit report.



⁹ See Section 2.2.

Annex 1 – Example risk register

Example restaurant risk register

ID.	Risk Identified	Risk Consequences	Risk Owner	Likelihood	Impact	Inherent Risk TOTAL	Mitigations & Controls	Likelihood	Impact	Residual Risk TOTAL	Direction of travel	Future actions to further mitigate risk
1	Canteen revenue decreases due to limited ice cream flavours	* Negative impact on service's revenue. * Negative impact on service's reputation.	Canteen Manager	3	3	9	* Monthly review of ice cream menu. * Equipment purchased that enables current ingredients to be mixed to create four more flavours.	2	3	6	↑ (Risk score increased since last review)	* Apply for grant funding for research and development into new flavours. [Not being pursued at present as would require an additional staff member to write, submit and fulfil the bid criteria]
2	Cannot process payment transactions quickly due to system limitations	* Long queues form at peak times. * Poor service to customers, leads to reduced custom.	Canteen Manager	4	3	12	* Additional system processing capacity purchased.	1	3	3	↓ (Risk score lowered since last review)	* None at present.
3	No seats available for customers at peak times due to size of the canteen.	* Reduction in demand as customers purchase lunch from other nearby restaurants that have seating.	Canteen Manager	4	3	12	* Put signage in place which notifies customers of peak times and encourages them to visit off-peak.	3	3	9	↔ (Risk score unchanged since last review)	* Extend the canteen seating area. [Scoping exercise commissioned].

Annex 2 – Risk assessment guidance

Risk assessment involves looking at the impact a risk could have, and the likelihood that it will arise. Multiplying the impact and likelihood scores provides the total risk score. As Annex 1 shows, risks are scored both on their inherent risk, i.e. the risk with no mitigations / controls in place, and the residual risk, i.e. the risk score after mitigations / controls have been applied.

Total risk score = likelihood x impact

Likelihood criteria

Risk likelihood	Description
Remote (1)	May occur only in exceptional circumstances (0%-15%)
Possible (2)	Could occur at some time (>15%-40%)
Likely (3)	Will probably occur in most circumstances (>40% to 80%)
Highly likely (4)	Expected to occur in most circumstances (>80%)

Impact criteria

The table below is guidance and therefore not exhaustive nor definitive. Fields can cross-pollinate: for example, when looking at an impact on corporate objectives, the risk owner may also want to consider the financial impact to form their judgement. Further, the overall impact score for a risk should be weighted in favour of the highest score in any of the impact categories.

	Insignificant (1)	Medium (2)	High (3)	Severe (4)
Financial	Less than 5% over budget	5-10% over budget	10-15% over budget	More than 15% over budget
Service	Short term service disruption	Noticeable service disruption affecting customers	Significant service failure but not directly affecting vulnerable groups	Serious service failure directly affecting vulnerable groups
Reputation	Contained within business unit / service	Short term negative local media attention	Significant and sustained negative local media attention and national media attention	Sustained negative national media attention
Injury or illness	Minor injury, or illness, first aid, no days lost	Minor injury, or illness, medical treatment, days lost	Moderate injury, medical treatment, hospitalisation, <14 days lost,	Fatality, extensive injuries, long-term illness (>14 days)

			RIDDOR reportable	
Staff	Loss of staff morale but unlikely to result in absence or turnover of staff	Declining staff dissatisfaction; Isolated instances of behaviours outside of value framework	Adverse staff dissatisfaction / likely increased absence and turnover of staff; Negative impact on culture & value framework	Significant staff dissatisfaction/ increased long term absence & staff turnover; Loss of culture and value framework
Corporate objectives	Negligible impact on RAG status	RAG status increased to amber for 1-3 months	RAG status changed to amber for 3-6 months	RAG status increased to amber for > 6 months or to red
Regulatory & legal	Minor civil litigation and / or regulatory breach	Major civil litigation and / or local public enquiry. Regulatory breach that does not require external reporting.	Major civil litigation and / or national public enquiry. Breach that requires reporting to external body / regulator.	Legal action certain, leading to Section 151 or government Intervention, or criminal charges. Breach that reflects systemic failures.
Business continuity	Up to date and exercised business continuity plan in place	Up to date plan, not exercised, in place	Out of date plan in place	No plan in place
Asset loss	Minor damage to single asset	Minor damage to multiple assets	Major damage to single or multiple assets	Significant > complete loss of assets
Project delivery¹⁰	Minor delay to Project, no impact on benefits realisation	Significant delay to project and / or moderate impact on benefits realisation	Project delay impacts on a business unit's Performance and / or significant impact on benefits realisation	Project delay impacts the Council's performance and / or corporate objectives, and / or benefits fail to be realise
Intervention required	Intervention by Service Manager, Project Manager or equivalent	Intervention by Head of Service	Intervention by Strategic Management Team, Corporate Board or	Intervention by Members, S151 Officer

¹⁰ For project cost risks, see and use "Financial" row.

			equivalent; notify Members.	
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Risk responses

Risk responses can be categorised into the 4 T's:

- **“Terminate:** in this situation the risk is terminated by deciding not to proceed with an activity. For example, if a particular project is very high risk and the risk cannot be mitigated it might be decided to cancel the project. Alternatively, the decision may be made to carry out the activity in a different way.
- **Transfer:** in this scenario, another party bears or shares all or part of the risk. For example, this could include transferring out an area of work or by using insurance.
- **Treat:** this involves identifying mitigating actions or controls to reduce risk. These controls should be monitored on a regular basis to ensure that they are effective.
- **Tolerate:** in this case, it may not always may be necessary (or appropriate) to take action to treat risks, for example, where the cost of treating the risk is considered to outweigh the potential benefits. If the risk is shown as 'green' after mitigating actions then it can probably be tolerated.”¹¹

¹¹ Audit Scotland (2021): *Risk Management Framework*. Online available: https://www.audit-scotland.gov.uk/uploads/docs/um/risk_management_framework_2021.pdf, p.13 [Last accessed: 24/02/2022].

Annex 3 – Risk categories

The risk categories below are included in this strategy firstly, to aid the identification of risks by outlining a range of areas where risks can arise. Secondly, risk categories help build a picture of the current risk environment, by revealing particular areas of risk that may be prevalent at a moment in time.

For instance, if several services report risks around interacting with residents, businesses and customers, it may be that there is a general move towards a more technology enabled group of Council stakeholders, which requires the Council to update its ICT systems to enable customers to interact with it via digital platforms.

The categories are not intended to be exhaustive or prescriptive, but help guide officers and Members when managing risk.

Categories:

- **Customer/Citizen** – risks associated with failing to meet the changing needs and expectations of our residents and businesses, including the effects of wider socio-economic changes.
- **Financial** – risks related to the Council's financial planning and budgetary pressures, meeting our financial commitments, investments and the adequacy of our insurance cover.
- **Fraud** - Risks arising from intentional deception to secure unfair or unlawful gain against the Council, or to deprive the Council of its legal rights.
- **Governance** – risks that relate to a weakening of the Council's systems of internal control and governance.
- **Legal** – risks that may arise due to changes in legislation, or possible breaches of existing legislation.
- **Operational** – risks that relate to the efficient, safe and cost-effective running of our services.
- **Partnership** – risks related to an arrangement with a third party to deliver the Council's services. This could include the performance, cost and quality of a contractor's service delivery.
- **Project** – risks associated with the delivery of the Council's corporate programmes and projects.
- **Reputational** – risks that will potentially damage the public's perception of the Council by failing to meet stakeholder expectations.
- **Strategic** – risks associated with the Council achieving its strategic objectives, such as those in the Four-Year Plan and annual plans.

Annex 4 - Training

Councillors

- Risk management training provided to Councillors will include contextualising risk management in terms of a council of Epsom and Ewell's size and our risk management strategy. This will be arranged following the adoption of this document.

Officers

- Risk management e-learning to all managers, project managers and other risk owners. This will be issued following the adoption of this document.
- Workshops for all Heads of Service, managers, and other risk owners (as nominated) on the strategy. This will include an offer of one-to-one sessions as requested by managers, which can take place at any time throughout the year as necessary.

DRAFT

Annex 5 – Risk management culture

Achieving our risk management goals and objectives relies on people supporting and contributing to them. Therefore we will:

- Embed risk management in our Councillor and officer induction processes, and via annual briefings.
- Ensure all colleagues, especially risk owners, understand their roles and responsibilities for risk management, by sharing this strategy and providing an introductory workshop to all Heads of Service and offering all managers one-to-one sessions, which will enable knowledge dissemination.¹²
- Review our corporate plan, and meaningfully consider risk in decision-making, service delivery and project management.
- Corporately monitor the effectiveness of our risk management arrangements and share our results with the Audit & Scrutiny Committee, via the review of this document and the Annual Governance Statement.
- Review our corporate risk register quarterly and interrogate risks as necessary.
- Welcome independent review of our risk management framework and practices by internal and external audit.¹³

¹² See Annex 4.

¹³ Audit Scotland (2021): *Risk Management Framework*. Online available: https://www.audit-scotland.gov.uk/uploads/docs/um/risk_management_framework_2021.pdf, p.6 [Last accessed: 24/02/2022].

Annex 6 – Continuous improvement

This version of the risk management strategy includes several key updates to the previous version, such as a dual scoring approach to risk assessment, using a 4x4 scoring matrix and aligning our risk registers with the new organisational structure.

Therefore, our key aim for the next year is to embed these changes in the organisation, ensuring all managers are familiar with the strategy and feel confident in managing risk. This should enhance the consistency of our risk management across the organisation.

DRAFT

UK SHARED PROSPERITY FUND

Head of Service: Victoria Potts, Head of Place Development
Wards affected: (All Wards);
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:

Summary

The Government recently launched the Shared Prosperity Fund which grants every local authority in the UK an allocation of funding for a three- year period up to March 2025.

The Council has been allocated £1million for the three-year period (the smallest amount that can be allocated) with the majority of the funding being available in the final funding year (2024-25).

To secure the funding the Council must submit a Prosperity Fund Intervention Plan by the 1 August 2022 to the Department for Levelling Up, Housing and Communities (DLUHC) setting out how the council will spend their funding allocation and how this aligns with the aims of the funding set by Central Government.

Recommendation (s)

The Committee is asked to:

- (1) To Agree the interventions set out in Paragraph 2.6 of this report to be included in the submission of the Epsom and Ewell Shared Prosperity Fund Intervention Plan to the Department for Levelling Up, Housing and Communities (DLUHC).**

1 Reason for Recommendation

- 1.1 To enable the Council to secure up to £1million of funding to assist in delivering projects / services over a three-year period. An additional £20,000 has been made available to each local authority to undertake initial preparatory work for the Fund.

2 Background

- 2.1 The Shared Prosperity Fund was launched as part of the government's levelling up agenda.
- 2.2 All local authority areas of the UK have received an allocation of funding for a three-year period up until March 2025. It is essentially a replacement for some EU funding streams. The Fund can be used to support investment in interventions that start from 1 April 2022.
- 2.3 Epsom and Ewell Borough Council have been allocated £1million over a three-year period (the lowest amount an LPA can receive). The availability of funding is not evenly spread over the funding period, with most of the funding being available in the final year (2024/25) as shown in table 1 below.

Table 1 – EEBC Spending Profile

Year	2022/23	2023/24	2024/25
Total Funding allocation (£)	54,255	108,511	837,234
Maximum revenue spend (£)	48,829.50	94,404.57	669,787.20
Minimum capital spend (£)	5,425.50 (10%)	14,106.43 (13%)	167,446.80 (20%)

- 2.4 As the lead local authority, we will receive the allocation to manage, including assessing and approving applications, processing payments and day to day monitoring. We can use 4% of the funding that we receive for administration over the three-year period.
- 2.5 In addition to the allocation of £1million, £20,000 has been made available to each local authority to undertake initial preparatory work for the Fund.

What can the fund be spent on?

- 2.6 The government state that the overarching aim of the funding is to build pride in place and increase life chances. Three core themes are identified:

- Community and Place

- Supporting Local Business
 - People and Skills
- 2.7 The government have produced an [‘interventions list’](#) identifying the types of projects / initiatives that the funding can be used for under each of the above themes.
- 2.8 The government have prescribed specific ‘outputs’ and ‘outcomes’ that interventions should deliver. For each intervention detailed, we must demonstrate how the intervention satisfies at least one of the defined ‘outputs’ and ‘outcomes’.
- 2.9 The Fund can be used flexibly to support interventions via:
- grant to public or private organisations
 - commissioning third party organisations
 - procurement of service provision
 - in-house provision

What is the process for securing funding?

- 2.10 We are required to prepare and submit the following to the government:
- An Investment Plan
 - An Indicative Deliverables spreadsheet
 - An Expenditure Profile spreadsheet
- 2.11 We must submit all three of the above to the government by the 1 August 2022, setting out how we will spend the funding and how it satisfies the governments defined outputs and outcomes.
- 2.12 We are required to establish a local partnership group with local stakeholders to enable them to support us in developing the investment plan. A local partnership group was established, and the group met virtually on the 1 July 2022.
- 2.13 In addition, MPs should be closely engaged in the design and delivery of the Fund and are expected to review the investment plan prior to submission. The council invited the local MP to the stakeholder meeting detailed above.

- 2.14 Following the submission of the Investment Plan, the Department for Levelling Up, Housing and Communities (DLUHC) will consider it and if approved the council will sign an MoU with DLUHC that will require formal reporting every 6 months on projects. In addition, we will be required to submit a report to DLUHC prior to each additional payment being received.

How is the council intending to spend its funding allocation?

- 2.15 The Epsom and Ewell Shared Prosperity Fund Intervention Plan will set out how the Council is intending to utilise the funding to deliver the objectives of the funding. The breakdown of projects to be funded is detailed below by financial year.

2022/23

- 2.16 In the first year of the programme £54,255 is available, of which at least 10% must be spent on capital. The projects recommended for funding are detailed below:
- Local Cycling and Walking Infrastructure Plan (LCWIP) – Phase 1. These are blue-prints of walking and cycling routes within an area that have been assessed as meeting Department of Transport (DfT) standards. The document can help the council secure funding for improvements to walking and cycling infrastructure. This project would fall under intervention E14 ‘funding to support feasibility studies’. The County Council have committed funding to cover two-thirds of the cost of this project. Epsom and Ewell Borough Council would be contributing the remaining third.
 - Liveable Neighbourhood Plans (LNP) will be prepared in tandem with the LCWIP. Liveable Neighbourhoods cover a range of highway and public realm interventions such as pocket parks, ornamental lighting, speed reduction measures, point closures etc. The purpose is to enable residents to reclaim their streets so that they can use the space more effectively with measures that could reduce noise, improve air quality, reduce traffic speed and volume. This project would fall under intervention E14 ‘funding to support feasibility studies’. The County Council have committed funding to cover two-thirds of the cost of this project. Epsom and Ewell Borough Council would be contributing the remaining third.
 - Climate Change projects to enable improvements to be made to community buildings that would reduce carbon emissions. This project would fall under intervention E2 ‘Funding for new, or improvements to existing, community and neighbourhood infrastructure projects.

- 2.17 The projects for funding in Years 2 and 3 must be submitted as part of the Intervention Plan at this stage although there is more uncertainty about the proposal that could be funded through the SPF in these years. However, the Government does enable the Council to amend the Interventions proposed to reflect emerging changes in circumstances and priorities. This is particularly welcome given the uncertainty at an international, national, and local level which may impact on the interventions that the Council may wish to deliver in these later years.
- 2.18 At this stage and for the submission of the Intervention Plan, it is recommended that the following initiatives are included for years 2 and 3. The proposals will be brought back to Committee for years 2 and 3 as options as interventions develop in light of local circumstances at the time.

2023/24

- 2.19 In the second year of the programme £108,511 is available, of which at least 13% must be spent on capital. The projects recommended for funding are detailed below:
- Liveable Neighbourhood Plans – completion of project commenced in 2022/23
 - Climate Change projects to enable improvements to be made to community buildings that would reduce carbon emissions. Continuation from 2022/23.
 - Cultural activities programme. This could include and Arts and Cultural Festival for the Borough or the development of a series of self-directed tours highlighting the many historical landmarks, heritage assets and cultural offerings.
 - Employment Hub. It is proposed that funding is used to enable the continuation of the employment hub that supports young residents (aged 18-24) claiming Universal Credit, whilst also expanding the offer to individuals in other age groups. The hub provides access to a wide range of support from skills development to securing employment.

2024/25

- 2.20 In the final year of the programme £837,234 is available, of which at least 20% must be spent on capital. The projects recommended for funding are detailed below:
- Public realm / infrastructure improvements. This could include capital schemes identified by the completed LCWIP and LNP (funded in proceeding years) and / or schemes detailed in the Infrastructure Plan supporting the Local Plan or the Epsom Town Centre Masterplan.

- Climate Change projects to enable improvements to be made to community buildings that would reduce carbon emissions (continuation from 2023/24).
- Employment Hub (continuation from 2023/24)
- Digital Skills Programme – To complement the work of the Employment hub a digital skills programme will be developed to increase the level of digital inclusion of the borough's residents.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

- 3.1.1 The projects to be funded could have positive impacts upon equalities, for example by improving walking and cycling infrastructure.

3.2 Crime & Disorder

- 3.2.1 The projects to be funded could have positive impacts upon crime and disorder, for example the improvements to CCTV infrastructure proposed.

3.3 Safeguarding

- 3.3.1 None arising from this report.

3.4 Dependencies

- 3.4.1 The funding will only be released for the first year once approved by the government and subsequent will only be released once we have submitted a report to DLUHC.

3.5 Other

- 3.5.1 None arising from this report.

4 Financial Implications

- 4.1 The are financial implications of this report as the approval of the Shared Prosperity Fund Intervention Plan will result in additional funding being available to the council (both revenue and capital) to fund projects or programmes. In addition, £20,000 is being made available to the council to fund the preparation of the Intervention Plan and the council will be able to retain up to 4% of the funding approved for monitoring purposes. The Council expects to apply the £20,000 and 4% elements to cover existing internal staff resources working on the Shared Prosperity Fund.
- 4.2 The proposed projects are deliverable within the Shared Prosperity Funding envelope.
- 4.3 **Section 151 Officer's comments:** Financial implications are set-out in the body of the report.

5 Legal Implications

- 5.1 Need to consider Cabinet Office Grants Standards if providing grants to public or private organisations.
- 5.2 **Legal Officer's comments:** A Risk Register should be created for the UK Shared Prosperity Fund. All spend associated with the Fund will need to comply with Public Procurement Regulations 2015, Council's constitution policies and procedure.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** If approved, the Intervention Plan will deliver schemes that will have beneficial climate and environmental impacts.
- 6.4 **Sustainability Policy & Community Safety Implications:** If approved, the Intervention Plan will deliver schemes that will have beneficial sustainability and community safety implications
- 6.5 **Partnerships:** the Intervention Plan has been prepared with key stakeholder (partners) and some of the interventions identified will be delivered and / or co funded by partners.

7 Background papers

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

- Shared Prosperity Fund Prospectus:
<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus#funding-places-will-receive>
- Shared Prosperity Fund Interventions List:
<https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators/interventions-list-for-england>
- Shared Prosperity Fund – Intervention, Objectives, Outcomes and Outputs (England):
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1068875/UKSPF_England_Outputs_and_Outcomes.pdf

LAND CHARGES MIGRATION

Head of Service: Victoria Potts, Head of Place Development
Wards affected: (All Wards);
Urgent Decision?(yes/no) no
If yes, reason urgent decision required:
Appendices (attached): n/a

Summary

HM Land Registry are combining each Local Authorities Land Charges Register into a single standardised digital and geospatial dataset. Under the Infrastructure Act 2015, responsibility for the 331 registers was transferred to HM Land Registry (HMLR) in a phased approach. The target is for all 331 local authorities in England and Wales to be migrated by 2025. The target for Epsom & Ewell is to carry out the migration during the financial year 2023-24.

Whilst we carry out the work of the data migration, we will still be responsible for running the service delivery of Land Charges, Planning, Building Control and Street Naming and Numbering.

Recommendation (s)

The Committee is asked to:

- (1) Authorise the Head of Place Development, in Consultation with the Chief Legal Officer, to enter into a Collaboration Agreement and agree a Delivery Plan with HMLR and to enter into any other agreements necessary to facilitate the migration of the Council's Local Land Charges service to HMLR.**
- (2) To agree to allocate up to £18,000 of the Part 1 HMLR Transitional Payment to fund additional staff resource to enable the migration process to be delivered within agreed timescales.**

1 Reason for Recommendation

- 1.1 Every local authority is required to migrate its local land charges service to HMLR. There are two parts to local land charges. Once migration has taken place, the Council will cease to provide local land charges searches (Part 1) and customers will obtain instant local searches from HMLR via a portal. Part 1 holds information about the property such as restrictions, prohibitions, and financial requirements. The Council will however continue to provide CON 29 enquiries (Part 2) which relate to Planning and Building Control and are usually made when buying a property. These include matters that may affect the property such as major road proposals, traffic schemes, road adoption status. HMLR has escalated its migration programme and has earmarked Epsom and Ewell for migration in the year 2023/2024.
- 1.2 To inform members of the ongoing work with Her Majesty's Land Registry (HMLR) in connection with the migration of the Council's Local Land Charges service to HMLR and to seek approval to enter into a Collaboration Agreement and agree a Development Plan with HMLR.
- 1.3 To agree the allocation of Part 1 of the HMLR Transitional Payment to fund additional staff resource to enable the Council to progress the migration of the Council's Local Land Charges Service to HMLR

2 Background

- 2.1 HMLR is working in partnership with local authorities across England and Wales to migrate their local land charges data to a central digital register. The objective of the programme is to make HMLR the sole registering authority and official search provider for Part 1 Local Land Charges in accordance with the provisions of the Infrastructure Act 2015. The programme is part of the Government's commitment to make the homebuying process simpler, faster, and cheaper.
- 2.2 The migration of local land charges is a complex issue. The purpose of the Collaboration Agreement is to establish a framework to govern each parties' rights and obligations under the Local Land Charges Programme. In particular, the parties agree to:
 - Discuss the authority data with the other
 - Share and discuss the results of collaboration
 - Analyse the data and take remedial action in relation to incorrect entries
 - Act in good faith to support the migration process

- 2.3 In addition, under the Collaboration Agreement the Council is required to appoint a Senior Responsible Owner (Head of Place Development) for the Migration to provide overall strategic oversight and direction and an Operational Leader (Development Management and Enforcement Manager) accountable for the day-to-day delivery of the migration.
- 2.4 On signing of the collaboration agreement, a delivery plan will be agreed with HMLR. Officers will enter into negotiation with HMLR on the realistic timescales for the delivery plan which the council is willing to commit to based on its resource capacity.
- 2.5 The Delivery Plan once agreed sets out the timetable for the migration process and commits the Council to deliver the migration of local land charges by a specified date. There will be targets within the plan which the Council must achieve to receive transitional funding from HMLR. The Council will be entitled to a maximum transitional payment of £60,000.00 if it delivers the migration process on time. We will ensure that any delay as a result of HMLR does not result in a financial penalty to the council. As Epsom and Ewell's Local Land Charges service comprises solely of one member of staff, it is envisaged that extra support will be needed to work on data preparation e.g., cleansing any incorrect data before migration can take place.
- 2.6 The Council intends to take advantage of the transitional payments to fund the costs of additional staff time (appointing a temporary member of staff and/or overtime) needed to cleanse the data whilst continuing to run the service. Committee authority is therefore requested to allocate the first stage of the transitional payment made on signing of the Delivery Plan (£18,000) to fund the additional staff resource required to deliver the programme on time.
- 2.7 Once the migration process is complete, the Chief Land Registrar issues a formal notice to the Council informing it of the date on which the Chief Land Registrar will assume the Local Land Charges function for the borough. After migration, the Council will continue to provide CON 29 relating to Planning and Building Control Enquiries, which provide information on matters which affect a property e.g., road schemes or noise abatement notices. In addition, the Council will still be required to apply, vary, or cancel charges in the new register.
- 2.8 The migration of the local land charges service will have financial implications for the Council as set out below.
- 2.9 Once the Chief Land Registrar has assumed the Local Land Charges function for the borough, the Council will no longer carry out local land charges searches with a resultant loss in income.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None arising.

3.2 Crime & Disorder

3.2.1 None arising.

3.3 Safeguarding

3.3.1 None arising.

3.4 Dependencies

3.4.1 None arising.

3.5 Other

3.5.1 We are currently waiting for an extract of our data to be captured and analysed. This data will be analysed by software created by HMLR and once complete will give us an indication on the time and resources that will be needed for the migration process.

4 Financial Implications

4.1 There are 2 parts to a Local Authority Land Charges official search. Part 1 (Land Charges Register) and Part 2 (CON29).

4.2 Once the migration has been complete, HM Land Registry will provide replies to Part 1 (Land Charges Register). The current fee we charge is £28.75 and this will instead go to HMLR.

4.3 Local Authorities will continue to provide replies to Part 2 (CON29). The Fee for this varies from £2.20 - £208 depending on what is requested. This payment will still be made to Epsom & Ewell Borough Council. We will review the part 2 fees and charges to ensure full cost recovery.

4.4 The Council's budgeted income for local land charges is currently £102,000 per annum. In 2021/22, the Council generated £115,000 land charges income for Part 1 and 2 searches combined. It is estimated that the migration of Part 1 local land charges to HMLR will result in a loss of approximately £12,000.00 budgeted income to the Council from 2024/2025.

4.5 To support the LA, a transition payment will be given to each Local Authority to address any practical challenges to undertaking the work to migrate the data. Epsom have been allocated to receive a total payment of £60,000 divided into 2 payments.

- 4.6 It is anticipated that £18,000 of this funding will be required to fund an additional staff resource to enable the migration process to be delivered within agreed timescales. The remainder of the funding can be used to partially offset the loss of income and provide a transition period.

Part 1 workstreams are shared across the business support team, rather than being provided by a single dedicated resource. As such, cost savings are not expected to be immediately realisable, however, in the longer term the service should seek efficiency savings to reflect any reduced workstreams.

- 4.7 The 2 separate payments are made when two key milestones are met. The first payment (30%) will be issued when the Delivery Plan is agreed and signed, and we formally enter service migration. After the service goes live and the register is migrated, we will receive the second final payment (70%).
- 4.8 If the agreed go live date is not met there would be a deduction of 2.5% of the second payment each week until the service goes live officially.
- 4.9 **Section 151 Officer's comments:** The statutory change in service delivery will be factored into the Council's Medium Term Financial Strategy.

5 Legal Implications

- 5.1 In 2015, HM Land Registry was given authority under the Infrastructure Act 2015 to create a single, national, digital register of Local Land Charges across England and Wales. The Land Charges Register whether operated by the Council or the H M Land Registry is a statutory duty function and data must therefore be registered in a specific way. Whilst there are no legal implications as such, incorrectly registered data could expose the Council to claims from customers of the H M Land Registry, therefore it is important to maintain adequate insurance cover.
- 5.2 **Legal Officer's comments:** none other than as stated above

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: N/A
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** None arising.
- 6.4 **Sustainability Policy & Community Safety Implications:** None arising.
- 6.5 **Partnerships:** This requires partnership working between the Council and HMLR.

7 Background papers

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

<https://www.gov.uk/government/publications/hm-land-registry-local-land-charges-programme/local-land-charges-programme>

https://landregistry.github.io/local-land-charges/files/Info/New%20burdens%20product%20card_16052022.pdf

<https://landregistry.github.io/local-land-charges/files/Info/Updated%20New%20burdens%20information%20.pdf>

2021-22 PROVISIONAL FINANCIAL OUTTURN REPORT

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report summarises the Council's provisional financial performance for 2021/22 and details the capital budgets to be carried forward for schemes where costs will be incurred in 2022/23.

Recommendation (s)

The Committee is asked to:

- (1) Receive the report on provisional financial outturn for 2021/22;**
- (2) Approve the carry forward £2.564m budget for capital schemes to be added to the 2022/23 capital programme.**
- (3) Note that the external audit of the 2021/22 Statement of Accounts is underway and expected to complete in the Autumn. Should any material changes to outturn arise from the audit, these will be reported back to members.**

1 Reason for Recommendation

- 1.1 This Committee has responsibility for the Council's overall budget framework; it is therefore important that members are made aware of the 2021/22 outturn position. The Financial Regulations also require that the budget carry-forward requests be approved by Strategy & Resources Committee.

2 Background

- 2.1 The Council's financial performance is reported quarterly to members of Audit & Scrutiny Committee through the budget monitoring process. At year-end, the outturn position is formally reported to Strategy & Resources via this report, and to Audit & Scrutiny Committee via the Statement of Accounts report in the Autumn.
- 2.2 Provisional outturn has already been circulated to all members via Members' News in July, this report formally presents the position to Strategy & Resources Committee.
- 2.3 The external audit of the Council's accounts is progressing and is expected to be completed and reported to Audit & Scrutiny Committee by the statutory deadline of 30 November 2022.
- 2.4 No changes to the provisional revenue outturn position have arisen from the external audit thus far, and none are expected. However, should any amendments arise following completion of the external audit, these would be reported back to members.

General Fund Summary Position

- 2.5 In summary the outturn position for 2021/22 is:-

Table 1 – General Fund Summary	Original Budget	Final Approved Budget*	Actual	Variance
	£'000	£'000	£'000	£'000
Strategy and Resources	2,380	2,087	822	-1,265
Environment & Safe Communities	2,308	2,637	3,854	1,217
Community & Wellbeing	6,593	6,557	7,136	579
Capital charges	-2,669	-2,669	-2,669	0
Total Net Expenditure	8,612	8,612	9,142	530
Funded by:				
Collection fund precept	6,904	6,904	6,904	0
Covid-19/Lower Tier Support Grant	364	364	364	0
Share of Business Rates	1,652	1,652	1,652	0
Transfer from Collection Fund	-308	-308	-308	0
Total Funding (Budget Requirement)	8,612	8,612	8,612	0
Deficit for the year	0	0	530	530

** includes changes to employee and support services allocations, capital charges and IAS 19 pension adjustments from the original budget and reflects required changes in accounting practice.*

- 2.6 Net expenditure for the year is £530,000 over the original budget, however, the outturn position includes £1.15m of Covid-19 related government financial support, which is detailed within the following table:

Table 2 – Covid-19 Government Grants for EEBC	£'000	Included within Committee:
Income Compensation Scheme (from DLUHC)	506	Strategy & Resources
Environmental Health Grants (from SCC)	137	Environment & Safe Communities
New Burdens – Business Grants Administration (BEIS)	131	Strategy & Resources
Re-opening High Streets Safely/Welcome Back Fund (European Fund)	113	Strategy & Resources
Clinically Extremely Vulnerable Persons Grant (SCC)	105	Strategy & Resources
Contain Outbreak Management Fund (DHSC)	79	Strategy & Resources (£48k) Community & Wellbeing (£31k)
Test & Trace Administration (DHSC)	44	Strategy & Resources
Protect & Vaccinate (DLUHC)	23	Community & Wellbeing
Household Support Fund Administration (SCC)	17	Strategy & Resources
Total Covid-19 Government Support	1,154	

- 2.7 Without this £1.15m government support and all else being equal, the Council's adverse budget variance would have increased from £530,000 to £1.68m.
- 2.8 The £530,000 variance will result in a contribution from the General Fund Working Balance, as shown in the following table:

Table 3 – General Fund Working Balance	£'000
Working Balance at 1 April 2021	3,383
Deficit on General Fund for 2021/22	(530)
Working Balance at 31 March 2022	2,853

- 2.9 At 31 December 2021, an equivalent probable outturn of £1.12m over budget had been forecast and reported to Senior Management Team and Members. During the latter part of the year, officers have been able to apply further government grants, as set out in Table 2 which is the main reason for the more favourable outturn position when compared to the probable outturn forecast.

2.10 Information on the main variations to budget were circulated to all members in July. The most significant adverse variances to budget in 2021/22 were as follows:

- Car parking (£1.2m) – Car Parking income was significantly impacted by the pandemic, particularly in periods when government restrictions were in place, resulting in a net income loss of £1.2m for the year. Although visitor numbers began to recover as government restrictions lifted and activity gradually resumed, usage remains below pre-pandemic levels, which appears to be due to changes in habits such as less people using the car parks for commuting. Car parking budgets have been reviewed during 2022/23 as part of the post-Covid budget re-basing exercise.
- Venues, Sports & Leisure (£0.44m) – Epsom Playhouse remained impacted by the pandemic during 2021/22 resulting net loss of income from ticket sales and hire totalling £200,000 adverse. Bourne Hall and Ewell Court House were severely affected by social distancing and restricted gathering rules, with a net loss of room hire and café income totalling £140,000 adverse. Closures at the Rainbow Centre reduced income from management fees by £80,000. The income losses (including for car parks) to 30 June 2021 formed part of the Council's Income Compensation claim to DLUHC.
- Commercial Property Income (£0.43m) – The adverse variance is principally due to:
 - £184,000 reduced net income at Parkside House following the new lease agreed in December 2021 (S&R Dec 2021);
 - £73,000 rent review income is now expected to be achieved in 2022/23 instead of 2021/22, as tenant negotiations remain ongoing. When the review completes, back rent may compensate the Council for this reduced 2021/22 income;
 - £54,000 income budgets were not achieved at 24 South Street and Cox Lane. South Street has since been let to Epsom Pantry and is due to start generating income in 2022/23 (as reported to S&R in July 2021), and work continues to re-let the Cox Lane property, following the previous tenant's departure last year;
 - Transfers to the Property Income Equalisation Reserve included £876,000 of back rent achieved in 2021/22 and a £1.7m dilapidations settlement, which have been set-aside to mitigate potential reduced future income at investment properties (as reported to S&R in Commercial Tenant Updates).

- Planning & Building Control (£0.39m) – Since the pandemic began, the planning service has seen lower income resulting in a £217,000 adverse variance for 2021/22. This is due to a reduction in the number of larger applications received and an increase in smaller household applications for which the fee income does not cover costs. In addition, the outsourcing of Building Control to Elmbridge Building Control Service resulted in increased service costs, as agreed at S&R in September 2021.
- Homelessness (£0.15m) – During 2021/22, the Council provided housing support to increased numbers of households, resulting in elevated expenditure on nightly paid accommodation. The Council also supported new or extended government initiatives including Everybody In, Protect and Vaccinate, and Next Steps, incurring increased costs as a result. Compared to the Q2 forecast, the Council has been able to recover a higher than anticipated level of Housing Benefit rental income and been able to apply additional government grant income to reduce the overall net adverse variance down to £150,000. As a high priority, the Council continues to progress the development of its homelessness strategy and action plan, to manage demands on the service.

2.11 The most significant favourable variances to budget in 2021/22 were as follows:

- Government Grant Support (£1.15m) – the council received additional one-off Covid-19 related grant funding of £1.15m, as set-out in Table 2.
- Staffing (£583,000) – During 2021/22, the Council undertook a corporate re-structure, resulting in a temporarily higher number of vacant posts compared to the usual underlying vacancy rate. Although this placed significant additional pressure on teams, it also resulted in a reduction of £583,000 in employee costs for the year across the Council (£12.7m expenditure vs £13.3m budget). The main favourable staffing variances were within Tax Collection & Benefits and across Corporate Services (particularly Corporate Assurance, Legal Services & Business Support).
- Budget plans are being kept under review and will continue to be reported to Members, with the next scheduled quarterly update due at Audit & Scrutiny Committee in September.

3 Reserves

- 3.1 Transfers have been made to and from revenue and capital reserves in line with Council policy for the reserves and as approved for specific schemes during the year.
- 3.2 The following table shows the balances of strategic revenue reserves following preparation of the Statement of Accounts:

Table 4 – Strategic Revenue Reserves	Balance at 31/3/21	Balance at 31/3/22	Future Commitments	Uncommitted Balance
	£'000	£'000	£'000	£'000
Repairs and Renewals	391	456	0	456
Insurance	442	434	(25)	409
Property Maintenance	548	689	(186)	503
VAT Reserve	199	206	0	206
Business Rate/Collection Fund Equalisation Reserve (a)	9,306	5,158	(3,421)	1,737
Property Income Equalisation Reserve (b)	5,495	8,459	(2,941)	5,518
Commuted Sums	1,447	1,439	0	1,439
Subtotal – Contingencies unavailable for general use	17,828	16,841	(6,573)	10,268
Personalisation, Prevention & Partnership	73	73	0	73
Community Safety	109	104	0	104
Place Development Grants €	87	225	(225)	0
Residential Property Acquisition Fund	1,066	1,017	(290)	727
HIA Hardship Fund	124	124	0	124
Sports & Leisure Development Projects Fund	87	76	0	76
Housing/Homelessness Support Grants	385	332	(104)	228
Basic Payments Scheme & Environmental Stewardship Grant	141	142	0	142
Covid Grants Reserve (d)	121	163	(140)	23
Other smaller grants	57	28	0	28
Subtotal – Ringfenced funds for specific use	2,250	2,284	(759)	1,525
Corporate Project Reserve €	4,673	4,130	(2,628)	1,502
Interest Equalisation €	400	0	0	0
Subtotal – Unringfenced funds available for general use	5,073	4,130	(2,628)	1,502
Sub-Total Strategic Reserves	25,152	23,255	(9,960)	13,295
Collection Fund Account Surplus/(Deficit)	(6,608)	(2,714)	2,714	0
Total Strategic Reserves and Collection Fund Account	18,544	20,541	(7,246)	13,295

The major movements in reserves during the year were as follows:

- (a) Business Rate Equalisation Reserve – As planned, £6.6m of S31 grants, received from DLUHC in 2020/21 to compensate the Council for the £6.6m business rates collection fund deficit (which arose in 2020/21 principally due to mandatory reliefs awarded to eligible businesses, as instructed by central government), have been applied in 2021/22. During 2021/22, the Council has received a further £2.6m in S31 grants from DLUHC to fund reliefs awarded during the year, which have been set-aside in the reserve as they must be used to fund the remaining deficit on the collection fund account in 2022/23. Any remaining balance on the reserve is expected to be used to offset

potential future reductions in business rates income following central government's Fair Funding Review from 2023/24. The reserve may also be used to offset any future successful appeals against business rate bills and to manage minor variations in annual council tax income. To reflect that the reserve is used to manage both business rates and council tax income, it is proposed to re-name it as the Collection Fund Equalisation Reserve.

- (b) Property Income Equalisation Reserve – During 2021/22, the Council received £1.7m as a dilapidations settlement at Parkside House and £876k in back rent following rent reviews at Nonsuch and Longmead industrial estates. These receipts have been set-aside in reserves to cover future refurbishment work and reduced rental income at Parkside House, and to fund the 2022/23 revenue budget as planned following the lease renegotiation at Arlington Sq, Bracknell (agreed at S&R December 2020). The reserve aims to hold sufficient funds to mitigate risks associated with future rental income streams from investment properties purchased through borrowing. The reserve's uncommitted £5.52m balance substantially achieves its target to cover the potential loss of one year's rental income at each property, which cumulatively totals £5.54m.
- (c) Place Development Grants – Ringfenced grants have been transferred to reserves, to fund future place development/Local Plan related workstreams as agreed by LPPC Committee.
- (d) Ringfenced Covid support grants totalling a net £42k have been transferred to reserves to ensure the Council can fund a team to deliver the Household Support Fund and £150 council tax energy rebate scheme during 2022/23.
- (e) Corporate Project reserve – The interest equalisation reserve balance of £400k has been transferred to the corporate projects reserve, as supported by Financial Policy Panel in November 2021. £274k New Homes Bonus has also been transferred into the reserve, as budgeted. These additions have been offset by withdrawals to fund pension strain costs totalling £727k (reported to ACDS Committee in February 2022); £307k budgeted to fund the 2021/22 revenue budget, and £219k to fund agreed planning/local plan related workstreams. In addition, unspent 2021/22 budgets for health and safety (£6k) and corporate training (£30k) have been rolled forward (via the reserve) to be used in 2022/23. Training programmes disrupted by Covid-19 during 2021/22 will need to be delivered in 2022/23.

4 Provisions

- 4.1 Income from the recovery of past housing benefit overpayments has previously been used to increase the bad debt provision for outstanding housing benefit overpayments debts, due to the impending transfer of benefits administration to central government. Outstanding debt at the end of 2021/22 totals £1.51 million (£1.68m at 31 March 2021). The balance of the provision stands at £1.50m, meaning that 99% of the outstanding debt has been provided for at 31 March 2022 (also 99% at March 2021).
- 4.2 Following an analysis of general debtors, the associated bad debt provision has increased by a net £291k to £955k at 31 March 2022, reflecting the current profile of outstanding debtors, which includes rent owed at East Street, and to take account of the increased risk of debtor defaults due to the 'cost of living' economic pressures. Outstanding debtors will be monitored and managed during 2022/23 in accordance with the Council's debtor procedures.
- 4.3 Pensions have been treated within the accounts in accordance with recommended financial reporting standards for local authorities. The net liability at 31 March 2022 for accounting purposes is £36.8m compared to £46.2m at 31 March 2021. The decrease is principally due to changes in the assumptions, used by the actuary, around future interest/discount rates and CPI inflation. Additional information on pension liabilities is included within the Statement of Accounts, which is prepared in accordance with International Accounting Standard 19 (IAS19). The IAS19 accounting valuation does not comprise a full re-valuation of the fund and does not impact the Council's contributions.
- 4.4 The most recent full valuation was at 31 March 2019 and determined the Council's contributions since 2020/21. The next full valuation will be at 31 March 2022. The results of this valuation, which will determine the Council's contributions from 2023/24, are still awaited from the Surrey Pension Fund actuary.

5 Capital Expenditure 2021/22

Core Capital Programme

- 5.1 A summary report of the 2021/22 capital programme was issued to all Councillors via Members News in July. The 2021/22 expenditure per Committee for the core capital programme is shown below:-

Table 6 – Core Capital Programme	2021/22 Current Approved Budget £'000	2021/22 Outturn £'000	Forecast Variance £'000
Strategy & Resources	851	333	(519)
Environment & Safe Communities	1,882	873	(1,009)

Community & Wellbeing	1,616	529	(1,087)
Total Core Capital Programme	4,350	1,735	(2,615)

5.2 On the core capital programme, actual expenditure was £1.735m, which is £2.615m less than the current approved budget. The main projects contributing to the underspend, are the Disabled Facilities Grant (789k); replacement of EEBC lamp columns (£409k); Hogsmill stream repairs (£261k) and replacement of the CRM and data warehouse (£380k).

5.3 The following 2021/22 projects remain in progress and it is requested that the budgets be carried forward to 2022/23:

Table 7 – 2021/22 Capital Projects Still in Progress at 01/04/22	Remaining Budget £'000s	Funding Source
Disabled Facilities Grant	789	External Grant
Plan E works	335	CIL
ICT Programme of Works 21/22	60	Capital Receipts
Improvements to Great Dam	60	CIL
Replacement of EEBC lamp columns	409	CIL
Football Pitch Drainage Systems	90	S106
Harrier Centre hammer cage repairs	16 5	S106 External Grant
Playhouse Refurbishment	94 34	Capital Receipts Repairs & Renewals Reserve
Hogs mill streams and horse pond repairs	261	Capital Receipts
Replacement of CRM and Data Warehouse	380	Capital Receipts
Renewal of Town Hall lift controls	31	Capital Receipts
Total	2,564	

5.4 Budgets totalling £2.564m are requested to be carried forward into 2022/23 for schemes not completed in 2021/22, and a balance of £51k is no longer required where projects have either been completed under-budget or are not being progressed.

Property Acquisition Funds – Commercial Property

- 5.5 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available for investment. The fund can be financed from prudential borrowing. No commercial properties were acquired during 2021/22, although should opportunities arise in future, these will be explored as appropriate.
- 5.6 The Council formally closed its out-of-Borough commercial property acquisition fund in February 2020, as part of agreeing the Medium Term Financial Strategy 2020-24, in order to comply with government's Statutory Guidance on Investments.

Property Acquisition Funds – Residential Property

- 5.7 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs. No new purchases were made during 2021/22, but £10.5k was used to fund the revenue costs of making 87 East Street (Defoe Court) suitable for use as temporary accommodation; and a further £228k was incurred on works to 24 South Street.
- 5.8 The remaining balances on the Property Acquisition Funds are shown in the following table. Please note that the £49.6m funds are not reserves that the Council holds; they are limits (approved by Full Council) up to which borrowing could be undertaken.

Table 8 - Property Acquisition Funds	Commercial Property (in-Borough)	Residential Property	Total
	£000	£000	£000
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	(19,206)	(811)	(20,017)
Purchases during 2017/18	(5,148)	(562)	(5,710)
Purchases during 2018/19	0	(257)	(257)
Purchases during 2019/20	(6,077)	(20)	(6,097)
Purchases during 2020/21	0	(95)	(95)
Purchases during 2021/22	0	(238)	(238)
Fund balances at 31/03/2022	49,569	1,017	50,586

- 5.9 The financing of capital expenditure in 2021/22 is summarised in the following table:

Table 9 - Financing of Capital	2021/22 Current Approved Budget £'000
<u>Expenditure</u>	
Core Programme	1,735
Property Acquisition Funds	228
CIL Neighbourhood 15% Schemes	224
Vehicle Finance Lease	34
Horton Chapel*	303
Total Expenditure	2,523
<u>Financing</u>	
Capital Receipts Reserves	229
Capital Grants-DFG	455
Budgeted Revenue Contributions	300
Revenue Reserves	98
Community Infrastructure Levy	1,046
S106 receipts	361
Total Financing	2,489
Vehicle Finance Lease - to be financed in future years	34
Total	2,523

*This Horton Chapel expenditure represents part-payment of the original £1.45m grant, which as per the grant agreement, is paid in instalments to Horton Chapel Arts & Heritage Society. For clarity, this expenditure is not a new grant, but an instalment of the original grant award.

6 Capital Receipts 2021/22

- 6.1 The Council received no new capital receipts in 2021/22; capital receipt balances are summarised in the following table:-

Table 10 - Capital Receipts Reserve	£'000
Balance brought forward at 1 April 2021	4,050
Used to fund the 2021/22 capital programme	(229)
Capital receipts received in 2021/22	0
Closing balance at 31 March 2022	3,821
Earmarked for previous schemes not yet complete (balance rolled forward to be agreed by S&R Committee in July 2022)	(826)
Estimated capital receipts expected in 2022/23	340
Planned use for 2022/23 programme	0
Estimated balance at 31 March 2023	3,335

6.2 During 2022/23, the Council has received a net receipt of £340k for properties at South Street transferred to Transform Housing Association.

6.3 The level of reserves will be re-assessed by the Capital Member Group during this year's capital programme review.

7 Risk Assessment

Legal or other duties

7.1 Impact Assessment

7.1.1 A risk assessment was included in the 2021/22 budget report. Monitoring arrangements during the year have allowed some corrective action to be taken on a number of budget variances, either during the year or as part of the Council's longer-term service and financial planning.

7.1.2 An updated risk assessment was included in the 2022/23 budget report. Further budget monitoring will be carried out on any specific service where the financial position was worse than anticipated.

7.2 Crime & Disorder

7.2.1 None.

7.3 Safeguarding

7.3.1 None.

7.4 Dependencies

7.4.1 None.

7.5 Other

7.5.1 None.

8 Financial Implications

8.1 Financial implications are included in the body of the report.

8.2 **Section 151 Officer's comments:** The reported outturn position is not expected to change, however, should there be any changes following completion of the external audit, these will be reported to members with the external audit report.

8.3 The Council's financial position is continually monitored and future budget plans are presented as a separate agenda item to this Committee - see 2023/24 Strategic Financial Planning report.

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:** None.

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

10.5 **Partnerships:** None.

11 Background papers

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

Previous reports:

- 2021/22 Budget Report to Full Council, February 2021

Other papers:

- Provisional outturn reports issued to all councillors via Members News in July 2022

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CAPITAL MEMBER GROUP

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report requests the Strategy and Resources Committee to consider appointments to the Capital Member Group, and to agree the capital bidding process for 2023/24 to 2027/28.

Recommendation (s)

The Committee is asked to:

- (1) Appoint Members to the Capital Member Group;**
- (2) Approve the increase in budget of £185,282 for the Disabled Facilities programme, in line with the allocation of central government grant funding;**
- (3) Confirm the criteria for considering capital bids as set out in paragraph 9.1;**
- (4) Confirm the criteria for assessing 'spend to save' capital bids as set out in paragraph 9.2.**

1 Reason for Recommendation

- 1.1 Full Council agreed the current Medium Term Financial Plan for 2020-24 in February 2020. The MTFP includes targets for capital investment and capital reserves. These will be reassessed as part of this year's capital programme review.

2 Background

- 2.1 The capital budget timetable requires that the policy committees receive a report on the proposed capital programme and funding options for 2023/24 at their January meetings. Schemes receiving support will be included in the Budget and Council Tax report for Council approval in February 2023.
- 2.2 The Capital member Group (CMG) co-ordinate the preparation of the new capital programme and review funding, including capital reserves, new capital receipts, grants, Community Infrastructure Levy and Section 106 (planning gain) receipts.
- 2.3 In view of the Council's limited capital resources, the Capital Member Group has continued to limit schemes recommended for inclusion into the capital programme to those that were essential for health and safety considerations or to keep services running. Any other schemes included within the capital programme should be self-financing, either through external grants/contributions or through revenue savings (on a business case evaluation).
- 2.4 In January 2020, Council adopted the Climate Change Action Plan. A number of initiatives in the Plan are expected to require capital investment. As such, a new criteria was agreed in July 2020 to facilitate consideration of initiatives that support the Action Plan, as set out in paragraph 9.1.5.

3 Capital Member Group

- 3.1 Recommended membership criteria for the Capital Member Group is as follows:
 - 3.1.1 There should be five members on CMG;
 - 3.1.2 Meetings should be chaired by the Chair of Strategy and Resources Committee;
 - 3.1.3 CMG members should be drawn from members of the Financial Policy Panel;
 - 3.1.4 CMG may include committee chairs;
 - 3.1.5 CMG should include opposition party representation.
- 3.2 Last year's membership of the Group comprised Councillors Colin Keane (Chair), Neil Dallen, John Beckett, Alex Coley, and Kate Chinn.

4 Capital Programme Review Timetable

- 4.1 The proposed capital programme timetable is shown below with provisional dates for the Capital Member Group meetings. These dates are subject to confirmation with the new members of the Group.

Capital Member Group Action	Date
Review initial bids and identify which should be worked into full bids for review in November.	Wednesday 7 September 2022
Review full project appraisals, funding and proposed future capital programme.	Wednesday 9 November 2022

- 4.2 As in previous years, some of the work for the group may be during daytime working hours. It is initially proposed that meetings will be held at 5pm.

5 Overview of Existing Capital Programme and Financing

- 5.1 The current approved programme for 2022/23, as approved at Full Council in February 2022, is £712k of which £600k is funded from central government grant; £87k is funded by budgeted revenue contribution; and £25k from the Repairs & Renewals reserve.
- 5.2 Budgets totalling £2.564 million, funding projects from the 2021/22 capital programme which have not yet completed, have provisionally been rolled forward into 2022/23 (subject to this Committee's approval within the Financial Outturn report). The funding sources of these projects are £826k from capital receipts, £804k from CIL, £106k from S106, £34k from revenue reserves, £789k from central government grant and £5k external grant funding.
- 5.3 The balance on the capital receipts reserve is expected to be £3.3 million after agreed funding for the 2021/22 capital programme is accounted for. £340k capital receipts have been received for 2022/23 (relating to the agreed transfer of two flats at 24 South Street to Transform Housing Association) with no further receipts currently anticipated.
- 5.4 The balance of uncommitted S106 receipts as at 1 April 2022 was £1.594 million of which £1.574 million is for affordable housing. The balance of uncommitted CIL receipts for strategic infrastructure projects at 1 April 2022 was £6.227m, the utilisation of which is determined by Strategy & Resources Committee after receiving recommendations from the Joint Infrastructure Group, which comprises of both Borough and County Members.

6 Budget for the Disabled Facilities Grant Funded Schemes

- 6.1 Each year Epsom & Ewell is allocated a grant from central government to fund works to homes in the borough to enable people with disabilities to continue living in their own home. The budget set for 2022/23 was £600k and was based on the 2021/22 allocation.

- 6.2 Officers have now received confirmation of the exact amount of DFG grant finding for 2022/23, which is £185,282 more than the estimated budget agreed by Full Council in February 2022.
- 6.3 Members are asked to approve additional budget of £185,282 for the Disabled Facilities Grant funded scheme for the 2022/23 capital programme, to match the central government allocation. Additional staffing resources have been made available to assist in the delivery of this scheme.

7 The Roles of the Capital Member Group and the Senior Management Team

- 7.1 The Capital Member Group's role is to review the current capital programme, co-ordinate the preparation of the capital programme for 2023/24 and indicative programme for 2024/25 to 2027/28, whilst reviewing funding, including capital reserves, new capital receipts, grants, CIL (Community Infrastructure Levy) and Section 106 (planning gain) receipts.
- 7.2 The Strategic Management Team will meet to review the full bids in mid-October 2022 to ensure they meet the requirements of the member group. Each scheme will be evaluated for suitability for inclusion within the capital programme and presented to Capital Member Group in November.
- 7.3 CMG also receives the recommendations of the Strategic Management Team, reviews the capital strategy and validates the criteria applied to capital project appraisals.

8 Capital Bidding Process 2023/24

- 8.1 The timetable below identifies each stage of the 2023/24 capital programme:

Action	Deadline
Initial Capital Appraisal Forms returned to Financial Services by Heads of Service, after discussion with Directors.	Monday 22 August 2022
Capital Member Group meet to discuss approach and identify which potential bids should be worked into full bids for review in November	Wednesday 7 September 2022
Full Bid Capital Appraisal Forms distributed	Friday 9 September 2022
Deadline for final Capital Appraisal Forms to be returned to Financial Services and copied to Heads of Service/Directors	Monday 3 October 2022
Strategic Management Team review schemes	October 2022

Capital Member Group review of appraisals, funding and proposed programme of schemes	Wednesday 9 November 2022
Policy committees receive revenue estimate reports and draft capital programme with appraisal forms	17 January - 26 January 2023
Council agrees Budget and Capital Programme	Tuesday 14 February 2023

9 Criteria for Consideration of Bids

- 9.1 With the level of capital receipts reserves just above £3.3 million after funding this year's capital programme it is proposed that potential bids should only be considered if they meet one of the following;
 - 9.1.1 Where there is a guarantee of the scheme being fully externally funded and is classed as a high priority.
 - 9.1.2 Spend to save projects (see below).
 - 9.1.3 Where it is mandatory for the Council to provide the scheme (e.g. Disabled Facilities Grant and Health and Safety).
 - 9.1.4 Minimum required to continue to deliver the services of the Council (e.g. minimum level of building maintenance and IT).
 - 9.1.5 Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years.
- 9.2 For the purpose of appraising any of the bids funded as a 'spend to save' it is proposed that the criteria set in previous years should be applied;
 - 9.2.1 Payback of the amount capital invested within the project within 5 years.
 - 9.2.2 The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.
 - 9.2.3 Risk of not achieving return on investment is low.
 - 9.2.4 Clear definition of financial cost/benefits of the scheme.

10 Proposals

- 10.1 The Committee is asked to appoint five Members to the Capital Member Group in line with the criteria set out in paragraph 3.1. It is proposed that the following nominated Members are appointed, subject to confirmation at the meeting:
- Councillor Neil Dallen (Chairman) (RA)
 - Councillor John Beckett (RA)
 - Councillor Alex Coley (RA)
 - Councillor Nigel Collin (RA)
 - Councillor Kate Chinn (Labour)
- 10.2 The 2022/23 budget for the Disabled Facilities programme was agreed by Full Council in February 2022 in line with the 2021/22 budget, as the 2022/23 grant determination had not been received at that time. Approval is now sought to increase this budget in line with the 2022/23 grant allocation as advised by central government.
- 10.3 Given the limited capital resources detailed in section 5, the Committee is asked to agree the approach set out in section 9 to determine which capital bids are successful.

11 Risk Assessment

Legal or other duties

11.1 Equality Impact Assessment

11.1.1 None for the purposes of this report.

11.2 Crime & Disorder

11.2.1 None for the purposes of this report.

11.3 Safeguarding

11.3.1 None for the purposes of this report.

11.4 Dependencies

11.4.1 None for the purposes of this report.

11.5 Other

11.5.1 None for the purposes of this report.

12 Financial Implications

- 12.1 **Section 151 Officer's comments:** All financial implications are included in the body of the report.

13 Legal Implications

- 13.1 There are no legal implications arising from the contents of this report.
- 13.2 **Legal Officer's comments:** There are none for the purposes of this report.

14 Policies, Plans & Partnerships

- 14.1 **Council's Key Priorities:** The following Key Priorities are engaged: Strengthen the Council's financial independence.
- 14.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 14.3 **Climate & Environmental Impact of recommendations:** All bids will be required to state any contribution to the Council's Climate Change Action Plan.
- 14.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this reports.
- 14.5 **Partnerships:** None for the purposes of this report.

15 Background papers

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

Previous reports:

- None.

Other papers:

- Capital Strategy 2022/23.
- Budget Book 2022/23.

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EWELL COURT HOUSE TEA ROOMS ELECTRICITY SUPPLY

Head of Service:	Mark Shephard, Head of Property and Regeneration
Wards affected:	Ewell Court Ward;
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	No

Summary

This report updates Committee on the Ewell Court House Tea Rooms letting and the subsequent requirement to upgrade the building's electricity supply.

Recommendation (s)

The Committee is asked to:

- (1) Agree a new electrical supply is taken from the public highway as described in this report at a cost of £60,000, to be funded from the Capital Receipts Reserve.**
- (2) Authorise the Head of Property & Regeneration, in consultation with the Head of Finance and Legal Officer, to include the works in the Agreement for Lease and progress the electrical supply upgrade at the appropriate time.**

1 Reason for Recommendation

- 1.1 To grant a new lease of the Tea Rooms to maximise the financial and community benefits of Ewell Court House.

2 Background

- 2.1 The Tea Rooms comprise the former greenhouse, potting shed and nursery garden to Ewell Court House and as a consequence, its electricity supply is delivered direct from Ewell Court House.

- 2.2 The Tea Rooms require extensive refurbishment and upgrading to meet the Government's proposed energy efficiency standards. With an ambitious commitment to reduce the UK's carbon footprint, the Government has proposed (through the 2020 Energy White Paper) that before a commercial property can be let, it will have a minimum Energy Performance Certificate (EPC) rating of B by 2030. It is likely that an interim target of a C rating by 2027 may be adopted but in any event, it would be impossible for the Tea Rooms to comply with either rating in its current condition.
- 2.3 Following a successful marketing campaign undertaken last year by the Council's external commercial property agent, considerable interest in the property was generated and it has since gone under offer to a new tenant.
- 2.4 The new tenant will extensively refurbish the property and this will serve the dual purpose of not only improving the Tea Rooms' offer, but also upgrading its energy efficiency. Measures will include the addition of air source heat pumps to provide air conditioning and heating. Additionally, new kitchen appliances will be installed including electrical ovens (as opposed to gas).
- 2.5 Recent investigation (as part of the new tenant's due diligence process) has revealed that the former Tea Rooms business had a very modest electricity requirement. Its supply from Ewell Court House was sufficient to power a basic café and seating area only.
- 2.6 Unfortunately, the existing electrical supply is insufficient to power a refurbished Tea Rooms. The issue is not restricted to the proposed new tenant as any new occupant will have to upgrade the property. Incidentally, the former tenant was approaching retirement and could not justify the investment required.
- 2.7 At the time of marketing the property, it was reasonably assumed that the existing power supply from Ewell Court House was sufficient or alternatively, could easily be upgraded if required from Ewell Court House.

3 Power supply investigations

- 3.1 As soon as it was established that the existing electrical supply to the Tea Rooms was already approaching capacity, three options were explored:

3.1.1 New electrical supply direct from Ewell Court House

It was further established that the existing electricity supply to Ewell Court House (including the Tea Rooms) had insufficient remaining capacity to meet the additional demands of a refurbished Tea Rooms. To run a new upgraded supply to the Tea Rooms would necessitate upgrading the existing main supply to Ewell Court House.

To upgrade the entire Ewell Court House supply would not only be cost prohibitive but it would also create additional complexities. These included the requirement for an electrical cabinet at the front of Ewell Court House to accommodate the new connection and meters to the Tea Rooms. This would require Listed Building consent and would likely be highly contentious due to its prominent location.

Furthermore, the work would require the existing internal switchgear to be relocated to satisfy access provisions under the Building Regulations. These only apply when an existing supply is increased in capacity or substantially altered.

The relocation of the incoming supply and internal distribution alterations to Ewell Court House would be very disruptive to the various occupants and commercial tenants at Ewell Court House.

This option would not allow for the refurbished Tea Rooms to be a self-contained operational building without reliance on Ewell Court House i.e. if the main Ewell Court House fuse box is tripped, the power would be cut to the Tea Rooms. This would necessitate the Tea Rooms always having access to Ewell Court House. To resolve this, further electrical works would be required to replace the main fuse box in Ewell Court House with separate circuit fuse boxes.

To pursue this option would also require the management and coordination of several contractors under the Construction, Design and Management (CDM) regulations.

The cost of this option (including CDM supervision) is approximately £90,000 of which £30,000 is attributable to relocating the incoming Ewell Court House supply and provision of new separate fuse boxes. Whilst the option would resolve the historic inconvenience of the existing single fuse box being located in the library, this issue is secondary to the primary objective of facilitating the Tea Room new letting. The cost is not only 50% greater than the preferred option described in 3.1.3 below, but also carries significant disruption to Ewell Court House and potential delays in securing Listed Building consent.

3.1.2 New electrical supply to the Tea Rooms by intercepting the existing Ewell Court House supply before it reaches Ewell Court House

This solution was originally the preferred option but ultimately could not be progressed as the electrical supply company (UK Power Networks) will only serve a new independent building if the supply is taken direct from their common main in the public highway.

For information and for this reason, the NHS building adjacent to Ewell Court House is served by its own separate supply direct from the common main.

3.1.3 New electrical supply from the public highway.

3.1.4 This option is the preferred option and would take a new supply direct from the public highway supply main to the Tea Rooms. The supply and meters to the tearoom would be completely self-contained. The main benefits of this option are:

- The majority of the work would be undertaken by one contractor, UK Power Networks, the electrical supply company.
- From an operational point of view, the Tea Rooms and Ewell Court House would both be served by independent electricity supplies.
- The cost is approximately £60,000 as follows:

Incoming supply from road to building by UK Power Networks including cost of excavations and making good car park - £45,482

Internal costs of new Tea Rooms switch gear and meter - £4,000

20% Contingency - £9,896 (considered prudent in view of current labour cost volatility)

3.1.5 UK Power Networks require a minimum 2 month lead and Listed Building consent would not be required unless the switchgear and meter were to be placed in an external cabinet which is not proposed.

3.2 Both options would require a temporary closure of the car park area located directly outside the Tea Rooms for approximately 2 to 3 weeks.

3.3 During investigations, the possibility of the new Tea Rooms supply being increased in capacity further to potentially provide vehicle charging points in the car park was explored. This included laying an additional cable for future EV use but the policy of UK Power Networks is not to leave unused cables in the ground. The possibility of laying both cables in ducting was then considered but EV suppliers indicated that they would want to be responsible for installing and locating their own separate supplies.

- 3.4 It is therefore not recommended to combine power supplies as the responsibility for the EV electrical supply and consequent charging process to vehicle owners is complex and best administered by specialist companies. This is the policy being pursued elsewhere in the Borough's car parks to ensure the vehicle charging companies have their own separate electrical supplies.

4 The Proposal

- 4.1 The rental offers previously received from the marketing campaign ranged from £14,500 pa to £40,500 pa reflecting the level of investment the competing applicants were prepared to make in the premises.
- 4.2 The Council could decide it is not prepared to upgrade the electricity supply and simply re-market the premises as a restricted basic café opportunity only.
- 4.3 However, whilst this may reasonably be expected to provide an income of £10,000 - £15,000 pa, a basic café opportunity would not generate the income required to support the required refurbishment.
- 4.4 Devoid of investment, the Council would essentially be "*running the property into the ground*" for a few extra years until it was no longer fit for purpose. At this point, the cost of a full refurbishment would fall on the Council as otherwise, it would be unable to comply with energy efficiency standards to relet the premises.
- 4.5 In contrast, if the Council decided to upgrade the electricity supply it would facilitate the tenant investing in the property and thereby safeguarding its long-term future. Furthermore, the Council would receive an enhanced rental income and residents would enjoy a new, improved Tea Rooms.
- 4.6 The provision of utilities to a commercial unit is fundamental to the tenant's ability to generate income and is rightly considered a cost to be borne by the landlord.
- 4.7 To protect the Council, an agreement will oblige the new tenant to undertake their refurbishment works i.e. the agreed lease will only be granted if the works have been completed. This ensures the Council does not commit to upgrade the electricity supply without a legal obligation on the new tenant to take the lease.
- 4.8 It is recommended that a new electrical supply is taken from the public highway as described in 3.1.3 above at a cost of approximately £60,000.

5 Risk Assessment

Legal or other duties

- 5.1 Equality Impact Assessment

5.1.1 Not applicable

5.2 Crime & Disorder

5.2.1 Not applicable

5.3 Safeguarding

5.3.1 Not applicable

5.4 Dependencies

5.4.1 To maximise the asset's income and ensure investment in the property, a new electricity supply is required.

5.5 Other

5.5.1 None.

6 Financial Implications

- 6.1 The cost to install the new electrical supply is approximately £60,000, Without this new supply, a basic café facility could be expected to generate up to £15,000 per annum until such time that the Council would be required to fully refurbish the property.
- 6.2 The new electrical supply would generate an enhanced income of up to £40,000 per annum, i.e. an additional £25,000 annually, which equates to a pay-back period of less than 3 years.
- 6.3 The proposed investment meets the Council's 'spend to save' criteria for capital investment, which requires a payback period of five years or under for standard schemes. As such, the £60,000 investment could be funded from the Capital Receipts Reserve, which currently holds an uncommitted balance of £3.335m.
- 6.4 **Section 151 Officer's comments:** The proposed £60,000 investment offers an attractive payback period of under 3 years. Additional income from the new lease would contribute towards closing the Council's projected future budget gap, as reported separately to this Committee in agenda item '2023/24 Strategic Financial Planning'.

7 Legal Implications

- 7.1 As part of the legal documentation, an agreement for lease will oblige the new tenant to undertake the refurbishment works. This ensures the Council does not commit to upgrade the electricity supply without a legal obligation on the tenant to take the new lease.

- 7.2 **Legal Officer's comments:** Under section 123 of the Local Government Act 1972 the Council may dispose of land held by them in any manner it wishes as it obtains best consideration reasonably obtainable. Best consideration reasonably obtainable is market value. The terms of the lease have already been agreed and the Council will be obtaining market value from the letting.
- 7.3 The purpose of the agreement for lease is to ensure that the proposed tenant will be granted a lease once the refurbishment works have been carried out. The agreement for lease will also ensure that the refurbishment works carried out by the tenant will be in accordance with plans and specifications approved by the Council.
- 7.4 Part 3 of the Energy Efficiency (Private Rented Sector) (England and Wales) Regulations 2012 makes it unlawful for the landlord to grant a new lease or extend or renew a lease unless the property has an EPC rating of E or below unless an exemption applies, or all the relevant energy efficiency improvements have been made. The energy white paper that is currently in consultation proposes a minimum EPC rating of B by 2030 and a minimum EPC rating of C. Therefore, it is highly likely that it will become a statutory requirement for the Council to upgrade the energy efficiency rating of the Tea Rooms. The work being carried out by the proposed tenant will save the Council from doing itself and enable the Council to obtain future rental income.
- 7.5 The option proposed in 3.1.4 of this report would help the Council achieve best consideration for the letting of the Tea Rooms.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** The proposed tenant recognises the impact of the business on the environment and will look to reduce its carbon footprint by growing produce on-site for use in the café. The tenant's refurbishment will enhance the property's energy efficiency rating in compliance with Building Regulations.
- 8.4 **Sustainability Policy & Community Safety Implications:** The proposed tenant states it:-
- 8.5 **Partnerships:** Not applicable

9 Background papers

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

Previous reports:

- Ewell Court House Commercial Lease Strategy and Resources Committee 27 July 2021

<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=971>

Other papers:

- None

COUNTY DEAL - MEMBER/OFFICER WORKING GROUP

Head of Service:	Jackie King, Interim Chief Executive
Wards affected:	(All Wards);
Urgent Decision? (Yes/No)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 Terms of Reference Appendix 2 Devolution Framework Appendix 3 Timeline for submission of County Deal proposal

Summary

This report advocates the establishment of a cross party Member/Officer Working Group to explore how the Council's views should be represented in any submission to government (by Surrey County Council) of a proposed 'County Deal for Surrey'.

Recommendation (s)

The Committee is asked to:

1. Agree the set-up of a County Deal Working Group;
2. Agree the membership and Terms of Reference of the Working Group (Appendix 1);
3. Delegate authority to the Interim Chief Executive, in consultation with the Chair of the Working Group, to make representations to Surrey County Council and/or other parties in connection with the process for developing a 'Surrey County Deal' proposal to government.

1 Reason for Recommendations

- 1.1. Recently the Leader of Surrey County Council (SCC) has undertaken a series of presentations to all Surrey Districts and Boroughs and has put forward a very demanding timeline for submission of a County Deal proposal to government. (Appendix 3).

- 1.2 Input from partners will be crucial in developing and shaping a comprehensive proposal that will deliver an effective deal for Surrey. The scope and ambition of the proposals included will in a large part require the collective support of partners, including Surrey's District and Borough Councils, who will play a key role in supporting delivery of certain aspects of any deal.
- 1.3 The Surrey Delivery Board, set up by SCC, consists of the District & Borough Leaders and Chief Executives along with essential SCC Members and Officers, and is a key stakeholder group that will support both the development and delivery of any proposed devolution deal in Surrey. It is important that we are able to articulate EEBC views on a range of proposals for key service areas in a timely manner through this Board.
- 1.4 This Working Group will provide a mechanism for cross party Member and officer engagement to determine this Councils position on issues and proposals relating to a County Deal, including any 'red lines'. Also, to ensure that this Councils members of the Delivery Board can enter into a dialogue with SCC regarding the preparation of a County Deal proposal which may also include:
 - Engagement with partners and stakeholders in all matters relating to the County Deal proposals;
 - Engagement in dialogue with SCC regarding the preparation of a County Deal proposal to government and a desire to enhance working relations between the two Authorities;
 - Explore more effective District/Borough/Cluster working relationships aimed at improving the quality of services through collaboration or sharing of resources.

Background

- 1.4 On 2nd February 2022 the Government published its Levelling Up White Paper which laid out an agenda for tackling inequality across the country. It outlined the future landscape for devolution in the UK and provided a blueprint for improving opportunity and outcomes in education, the economy, infrastructure, transport, and health by 2030.
- 1.5 The White Paper has established a new devolution framework (see Appendix 2) as a mechanism to support Government in offering a devolution deal to every part of England that wants one. County geographies are seen as the appropriate strategic level to devolve functions to, and the White Paper establishes upper tier councils (e.g. Surrey County Council) as being the core vehicle to deliver devolution to a county area and will work with them to negotiate and develop deals.
- 1.6 Ahead of publication of the White Paper, the Government requested that local areas submit expressions of interest to be considered as pilot areas in the first phase of County Deal negotiations. SCC submitted an expression of interest in August 2021.

- 1.7 The White Paper also indicates that there is scope for areas to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities.

2 Risk Assessment

Legal or other duties

2.1 Equality Impact Assessment

None for this report

2.2 Crime & Disorder

2.2.1 None for this report

2.3 Safeguarding

2.3.1 None for this report

2.4 Dependencies

2.4.1 None for this report

2.5 Other

While specific impacts of a final devolution deal are not known at this stage and will be subject to the outcome of negotiations with government on a devolution deal, there will likely be local impacts for district and borough partners. Active engagement with districts and borough partners through the Surrey Delivery Board and Surrey Chief Executives group will be maintained during the development of devolution proposals.

4 Financial Implications

4.1 Section 151 Officer's comments:

There are no direct financial implications arising from the establishment of a Working Group. However, the budgetary impact of any specific proposals arising from the County Deal would have to be assessed through the normal decision-making process.

5 Legal Implications

- 5.1 The proposed arrangements for County Deals set out in the levelling up White paper are set out in the body of the report. There are no further specific legal implications at this time and further support will be provided as a proposal is developed.

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

6 Policies, Plans & Partnerships

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

- Effective Council
- Green and Vibrant
- Cultural and Creative
- Opportunity and Prosperity
- Safe and Well
- Smart and Connected

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:**

6.4 **Sustainability Policy & Community Safety Implications:**

6.5 **Partnerships:**

- Surrey County Council
- Other Surrey District and Borough Councils

7 Background papers

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

Previous reports:

- None

Other papers:

- None

**TERMS OF REFERENCE
COUNTY DEAL - MEMBER/OFFICER WORKING GROUP**

Reporting Line

- Reporting to Strategy and Resources Committee

Composition

- Size: 5 Elected Members and 3 Chief Officers:
- Chair: Vice Chair of Strategy and Resources Committee and RA Group Chair (WG will agree a substitute Chair if not available).
- Leader of Labour Group
- Leader of Liberal Democrat Group
- 1 Surrey County Councillor (RA Group)
- 1 Member of Strategy and Resources Committee
- Interim Chief Executive
- Director of Environment, Housing and Regeneration
- Chief Finance Officer

Nomination process and Confirmation of appointments:

- Vice Chair of Strategy and Resources
- Additional members, whether permanent or for specific pieces of work at discretion of Vice Chair of Strategy and Resources, in consultation with existing Working Group members.

Substitutes:

- Substitutes are not allowed.

Period of Operation

- The Working Group will need to meet during August and September 2022 (see Appendix 3);
- Thereafter it will meet as required dependent on the progression of the County Deal submission by SCC and negotiations with government.

Terms of Reference

- To determine this Council's position on issues and proposals relating to a County Deal, including any 'red lines';
- To provide regular updates to the Strategy and Resources Committee.

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The Governments Devolution Frameworks

Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area

Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
Investment spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

* refers to functions which are only applicable to combined authorities

^ refers to functions which are currently only applicable to mayoral combined authorities

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Potential indicative timeline for County Deal preparation



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REPLACEMENT OF MAYOR'S CAR

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 – Additional electric and hybrid cars considered.

Summary

The report highlights options available when replacing the civic car used solely by the Mayor and Deputy Mayor.

Recommendation (s)

The Committee is asked to:

- (1) Agree to the recommendation Option 2b, to lease a Skoda Superb Hybrid
- (2) Agree to the installation of an electric charging point at a cost of £1,500
- (3) Delegate to the Interim Chief Executive and the Chief Finance Officer, to proceed with the preferred option and agree terms.

1 Reason for Recommendation

- 1.1 The lease on the Mayor's car is expiring and a replacement is required. The current lease expires at the end of July and a temporary rolling contract is in place until an alternative option is agreed.

2 Background

- 2.1 Historically, the council has a civic car for the use of the Mayor and Deputy Mayor when undertaking official duties.
- 2.2 The current car is a petrol version of a Skoda Superb, which has provided the Mayor with a good, reliable service.

- 2.3 Owing to the way the lease is structured, the car is not available to be bought outright by the council.

3 Current Arrangements

- 3.1 In 2017, the Council leased a black, 5-door 1.4 TSI Skoda Superb for the sole use of the Mayor and Deputy Mayor.
- 3.2 The lease was for 5-years and expires at the end of July 2022 with no long-term option to extend. However, they have allowed the council to have a rolling lease on a month-by-month basis, although the vehicle will need to be returned to the leasing company if requested.
- 3.3 In terms of use, the vehicle has averaged 3,250 miles per annum. (this excludes reduced mileage during the pandemic)
- 3.4 The Mayor's car is used to undertake civic duties throughout the year and is driven primarily by the Mayor's driver to chauffeur the Mayor as required to and from various duties.
- 3.5 The cost (and budget) for the current car is £3,060 per annum. The budget has remained at this level since April 2013, as hitherto it has adequately covered the car's cost. For the new car lease, applying CPI inflationary increases to the budget since April 2013 gives an uplifted **annual budget of £3,760.**

4 Options

- 4.1 Officers have undertaken market research to formulate a range of possible options for Councillors to consider, that are outlined in table 1 and detailed below.

Option 1 Replace with same model

- 4.2 To replace the current car with a similar Skoda model (Option 1), the monthly cost of a new petrol model would be £304 per month over a five-year lease (£3,650 per annum). This would meet current needs but would not be environmentally friendly in line with Council's priorities in addressing climate change

Option 2a and 2b – Hybrid Models

- 4.3 An alternative option would be a hybrid version (where, considering the low mileage carried out for most of the Mayors journeys, the electric motor would be utilised. The cheapest option available is a Hyundai Kona (Option 2a) which would cost £228 per month over a five-year lease, so £2,736 per annum which is within the current budget. However, this car is a subcompact SUV and may not meet our needs in terms of space and would present some practical considerations.

- 4.4 The Skoda Superb Hybrid (Option 2b) would also be a suitable alternative as it would be affordable within the uplifted budget of £3,760. This would be similar in size to current model and is a plug-in hybrid model. This model provides a practical electric range of 30 miles from its 13kw battery. Which would cover the majority of local short journeys. It has good efficiency, and is considered a good all-rounder. It would also provide same room and comfort as current model. This is the recommended option

Option 3 Electric Models

- 4.5 If the Council were to look at a fully electric model (Option 3), the cheapest available would be a Nissan Leaf (Option 3a) which would be within budget at £257 per month over a five-year lease. This would provide benefits in being environmentally friendly but again this is a smaller car than the current Mayor's car and would present some practical considerations.
- 4.5 A mid-range electric hatchback which could meet the practical constraints of the smaller cars, such as a Hyundai Ioniq 5 (Option 3b) would take into account the current cost of fuel and maintenance savings against the charging and maintenance costs of the electric/hybrid vehicle.
- 4.6 Appendix 1 includes some further pricing details on alternative models of both Option 2 (Hybrid) and Option 3 (Electric) for the Committee to review should they wish to consider alternative models.
- 4.7 In addition to the leasing costs, consideration may be given to a charging point which would be a one-off cost of approximately £1,500. However, there are charging points in the vicinity of the Town Hall which could be utilised which would save that cost. In addition, the Council will be installing new electric charging points in the Town Hall Car Park that could be utilised subject to availability and a charge.
- 4.8 Options 1-4 are all leasing options. Leasing offers the council the benefit of MOT and servicing costs being included within the monthly charge.
- 4.9 The civic car and the Mayor's driver are insured under the council fleet insurance policy.
- 4.10 Options 2 and 3 would also reduce running costs in terms of fuel which has recently had significant price increases although the cost of electricity to charge cars is also increasing. The estimated annual saving in swapping to electric is £480 p.a. based on current prices.
- 4.11 The leasing company has provided the estimate lead in times for when a car is ordered although these are subject to market conditions.

Option 4

- 4.11 Option 4 places heavy emphasis on the use of taxis and public transport. It is estimated to cost between up to £800 pcm depending on the engagements undertaken and would rely heavily on third party resilience and availability. There would be additional administrative costs in arranging and booking transport. Should Members wish to explore this option there would need to be a wider review of the impact on the Mayors driver and the ceremonial duties undertaken.

Option 5

- 4.11 The Council could purchase a car outright and a cost of £40,000 is based on the Hyundai model and £43,000 for the Skoda Superb but there are a range of cars on the market. The disadvantages are that it would require significant capital investment for which funding would need to be identified, and there would be additional annual costs for servicing and maintenance. The car could be kept for a longer period however there could be additional costs as the car gets older. Owing to the significant capital sum and additional future maintenance/servicing costs, this option is not recommended

Table 1

		Fuel Type	Annual Costs of Leasing	Monthly Costs 5-year lease	Benefits	Drawbacks	Lead Time (months)
Current Mayor's Car							
	Mayor's Car Skoda	Petrol	£3,060 (current budget)	£255	Not applicable		
Future Options							
Lease	Option 1: Replace with same Model: Superb HB 1.5 TSI SE Petrol 5-door	Petrol	£3,648	£304	Good all-round car. Within budget	Slightly above budget and not aligned to being carbon neutral	3 *
	Option 2a: Hyundai Kona HB 1.6 GDi SE Connect 5-door DCT	Hybrid	£2,736	£228	Good for Town Within budget	Poor rearward visibility and space at the back	3 *
	Option 2b: Skoda Superb Hybrid	Hybrid	£3,636	£303	Good coverage in electric mode good efficiency good size for comfort	Good all-round car	3*

					Within uplifted budget		
	Option 3a: Nissan Leaf HB 110 Kw 5-door Automatic	Electric	£3,084	£257	Refined with Strong Performance Recommended by Which Within Budget	Limited Range at 180 Miles and limited space at the back	6*
	Option 3b Hyundai Ioniq 5 125kw SE Connect 58 kwh 5-door Automatic	Electric	£3,948	£329	Good all-round car with reasonable inner space at the front and back for passengers again recommended by Which as a best buy	Above Budget	6*
Local public transport	Option 4 Third Party Considerations: Local Taxis		£10,000	£200 per week – up to £800 pcm	Limited	Reliance on third party & extra admin	
Purchase	Option 5 – Outright Purchase of an electric Car such as – Hyundai Ioniq 5 125kw SE Connect 58 kwh – 5 Dr Auto		£40,000 – Capital Cost	Asset Depreciation in line with Finance policies	Asset owned by the council	Additional maintenance costs of ownership	6 *

* this is subject to confirmation once ordered and is subject to change

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 There are no equality impacts associated with the contents of this report.

5.2 Crime & Disorder

5.2.1 There are no specific Crime and Disorder considerations associated with this report.

5.3 Safeguarding

5.3.1 There are no specific safeguarding considerations associated with this report.

5.4 Dependencies

5.4.1 There are no specific dependencies associated with this report.

5.5 Other

5.5.1 The lead time for a replacement vehicle is highlighted within Table 1 with the minimum timescale for delivery being 3 months and more likely being 6 months upwards.

5.5.2 In the interim, the Council would continue to lease the current vehicle on a monthly rolling basis. The cost of this would remain consistent at £255 per month. There is considerable risk that the leasing company could recall the vehicle at short notice leaving the council without a civic car.

6 Financial Implications

6.1 3.4 The cost (and budget) for the current car is £3,060 per annum. The budget has remained at this level since April 2013, as hitherto it has adequately covered the car's cost. For the new car lease, applying CPI inflationary increases to the budget since April 2013 gives an uplifted annual budget of £3,760; the £700 budget increase can be funded from the Council's budget for contractual inflation.

6.2 The mileage undertaken by the Mayor's car is on average 3,000 miles per annum and with an assumed 40 miles to the gallon of petrol, this would cost approximately £600 per annum. Maintenance costs are included within the lease costs however if tyres, brakes etc required changing then this would be an additional cost. For the financial year ending 2021/2022 these costs amounted £414.

7.3 For an electric car, if Members decide to invest in a designated electric charging point this would attract a one-off cost of up to approximately £1,500. The cost of a typical charge for a 200-mile range would be in the region of £8 per charge which if applied to the current average annual mileage would be £120 per annum. Maintenance costs are included in the lease costs, except parts that incur wear and tear. Therefore, by having an electric vehicle the overall fuel related costs would be on average £480 less per annum compared to a petrol vehicle, meaning a payback period for the initial charging point investment of just over 3 years.

- 7.4 The initial £1,500 investment could be funded from the Corporate Projects Reserve (which holds an uncommitted balance of £1.502m), with the reserve then replenished over the subsequent c.3 year period through the revenue savings achieved.
- 6.3 The financial implications of the civic car will be dependent on the option chosen.
- 6.4 **Section 151 Officer's comments:** The budget for the car lease is £3,760 per annum. Should an electric vehicle charge point be required at a one-off cost of up to £1,500, this investment could be funded from the Corporate Projects Reserve, with the reserve then replenished over the subsequent c.3 year period through the revenue savings achieved.

7 Legal Implications

- 7.1 **Legal Officer's comments:** There are no legal implications for the purposes of this report.

8 Policies, Plans & Partnerships

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

- 8.1.1 Green and Vibrant

- 8.1.2 Effective Council

- 8.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

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

- 8.3.1 The Council has committed to tackling Climate Change and address its own carbon emissions. The Council has an ambition to achieve carbon neutrality by 2035 and adopted a Climate Change Action Plan in 2020. The plan includes a specific action to reduce emissions from the Council's fleet and transition all vehicles to electric or low carbon options. By adopting an electric vehicle, the Council will be supporting this action and the wider commitment.

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

- 8.4.1 There are no specific sustainability and community safety implications associated with this report.

- 8.5 **Partnerships:**

- 8.5.1 There are no specific partnership implications associated with this report.

9 Background papers

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

Previous reports:

- Item 4; Mayoral Car – S&R 15th November 2011
- Item 7; Mayoral Car – S&R 28th September 2010

Other papers:

- None

Appendix 1

Options 1 to 3 with additional electric and hybrid cars considered

Option 1 Replacement of current car					
Replacement of Current Car	Annual Budget	Monthly Cost	Annual Average Mileage	Colour	
Skoda Superb – 1.4 TSI - Petrol	£3,060	£255	3,000	Black	
Future Options					
Option 2 – Hybrid Options					
<u>New Hybrid Car Options</u>	Annual Leasing Costs	Monthly Costs	Benefits	Drawbacks	Lead Time
Option 2a Hyundai Kona HB 1.6 GDi SE Connect 5 Dr DCT	£2,736	£228	Good for Town and within budget	Poor rearward visibility	3 months *
Option 2b Recommended Skoda Superb HB 1.5TSI SE 5 Dr DSG Petrol	£3,636	£303	Good all round car, Practical electric range efficient Good comfort Within uplifted budget	Not fully electric	3 months*
Other Options Skoda Octavia 1.4 Tsi – 5 dr	£4,308	£359	Good space all round	Above budget	5 months*
Option 3 Electric					
Electric Car Options	Annual Leasing Costs	Monthly Costs	Benefits	Drawbacks	Lead Time
Option 3a Nissan Leaf Hatchback – 110 Kw – 5 Dr auto	£3,084	£257	Refined with Strong Performance Recommended by Which Within Budget	Limited Range at 180 Miles	6 months*
Option 3b Hyundai Ioniq 5 125kw SE Connect 58 kwh – 5 Dr Auto	£3,948	£329	Good all round car with both space and range coverage of 200+ miles Recommended by Which	Above Budget	6 months*
Alternative Electric Options not included in Table 1					
Peugeot E – 208 100 Kw – 5 Dr Auto	£3,576	£298	Good trim level and recommended by what Car	Limited range at 170 miles & too small	6 months*

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Hyundai Kona Connect– 100 Kw – 5 Dr Auto	£3,720	£310	Sensible car as described by Which	Limited rear space and range at 170 miles	6 months*
Hyundai Ioniq 100kw Prem 38 kwh – 5 Dr Auto	£3,456	£288	Highly Rated and still available to order	Limited rear space	3 months*
Renault Zoe – 100 Kw – 5 Dr auto	£3,804	£317	Better range at 240miles and a good all rounder	Above Budget	6 months*
Tesla Model 3 – 4 Dr Auto	£5,520	£460	Good all round as recommended by Which	Above Budget	9 months*
Skoda Enyaq IV – 220 Kw	£6,540	£545	Good value and highly recommended by Which Report	Above Budget	9 months*

* this is subject to confirmation once ordered and is subject to change

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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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