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Simon Young, Solicitor
Head of Legal and Democratic Services



FINANCIAL POLICY PANEL

Tuesday 1 December 2015 at 7.30 pm

Committee Room 1 - Epsom Town Hall

The members listed below are summoned to attend the Financial Policy Panel meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Neil Dallen (Chairman)
Councillor John Beckett
Councillor Kate Chinn
Councillor Omer Kokou-Tchri

Councillor Jan Mason
Councillor Keith Partridge
Councillor Jean Steer
Councillor Clive Woodbridge

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Young', written over a faint, larger version of the same signature.

Head of Legal and Democratic Services

For further information, please contact Fiona Cotter, tel: 01372 732124 or email:
fcotter@epsom-ewell.gov.uk

AGENDA

1. 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

2. MINUTES (Pages 3 - 8)

The Panel is asked to confirm the Minutes of the Meeting of the Panel held on 13 October 2015 (attached) and to authorise the Chairman to sign them.

3. FINANCE UPDATE (Pages 9 - 20)

This report asks the Panel to note the forecast financial position on revenue and capital for 2015/16 as at the end of Quarter 2 and provide comments on the work being carried out to address the deficit forecast over the next 4 financial years.

4. CAPITAL PROGRAMME 2016/17 (Pages 21 - 34)

This report seeks guidance from the Panel on the preparation of the draft capital programme for 2016/17 and on funding to be released for capital investment.

5. S106 UPDATE REPORT (Pages 35 - 44)

This report provides an update on the funds held under Section 106 planning agreements.

**Minutes of the Meeting of the FINANCIAL POLICY PANEL
held on 13 October 2015**

PRESENT -

Councillor Neil Dallen (Chairman), John Beckett, Kate Chinn, Jan Mason, Keith Partridge, Jane Race (as nominated substitute for Councillor Omer Kokou-Tchri) and Clive Woodbridge

Absent: Councillors Omer Kokou-Tchri and Jean Steer

Officers present: Lee Duffy (Head of Financial Services), Tony Foxwell (Senior Surveyor) and Eddie Nowak (Democratic Services Officer)

4 MINUTES

The Minutes of the Meeting of the Financial Policy Panel held on 8 September 2015 were agreed as a true record and signed by the Chairman.

5 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors regarding items on the agenda.

6 TREASURY MANAGEMENT PERFORMANCE 2015/16 - INTERIM REPORT

On behalf of the Panel, the Chairman welcomed Paul Wilson of Aberdeen Asset Management, who gave a comprehensive presentation on the Interim Report in respect of Treasury Management for the Council. The presentation covered an economic summary, interest rate outlook, an investment position and a projected summary for the efficient management of the Council's finances.

In particular, the following points were noted:

- The economic outlook had materially improved, however this would continue to be monitored in light of the extended period of low interest rates;
- Regulatory changes would impact investment approach with a requirement for investors to generate higher investment returns from longer term monies;

- There was a concern about deflation in most developed markets and this had led to extremely low bond yields;
- The US Dollar had been strong for the past year and in contrast there was now a race to the bottom of countries trying to devalue their currencies to gain competitive advantage. This caused instability in currency markets;
- Greece was trying to renegotiate austerity measures that had been put in place and the risk of instability was still quite high;
- Income inequality had significantly reduced globally;
- Central bank balance sheets have hugely expanded for many countries;
- The aim was not to deliver low yields but make sure funds were invested in highly rated counterparties with low risk of loss of capital;
- There was now a broader opportunity to set a more diversified investment approach by adding alternative asset classes to a traditional portfolio, which could improve returns with robust risk management, and this approach was being looked at to assess whether this could be an attractive opportunity;
- There was a 1% return on the Council's investments in the current financial year with a projected 0.5% to 1% in the next financial year.

Following questions, the Chairman on behalf of the Panel, thanked Mr Wilson for his comprehensive and informative presentation.

The Panel then received and considered a detailed report that set out an update on the Treasury Management Performance for the first five months of 2015/16. It was noted that the Council's Treasury Management Policy accorded with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management in the Public Services. The current Policy required officers to produce an interim report on investment performance to a meeting of the Panel and the report covered the performance of the treasury management function for the period 1 April to 31 August 2015. The Audit Commission report "Risk and Return", prompted by the problems experienced by the Icelandic Banks, identified that regular engagement of elected members in the Treasury Management function was good practice.

The Head of Financial Services advised that before an investment decision was made, officers would investigate any proposed counterparty to ensure its financial rating made it eligible for investment. Even if the institution met the criteria as set out in the financial strategy, independent advice would be sought from the Council's external financial advisors before the investment was made. The level of the interest equalisation reserve would be re-assessed in the 2016/17 budget report in February 2016.

Accordingly, the Panel noted the performance on return of investment for the first five months of 2015/16, and the current investment decisions being made within the terms set out in the Treasury Management Strategy, and agreed to recommend that Aberdeen Asset Management plc (previously Scottish Widows) continue to manage the Council's external funds.

7 BACKLOG MAINTENANCE 2015/16 - MID YEAR UPDATE REPORT

The Panel received the mid-year progress report on the backlog maintenance programme and proposed adjustments to the programme for emergency repairs.

The report informed members that in accordance with Financial Regulations, additional funding of £25,015 had been vired into the backlog maintenance programme in year. This sum was broken down as follows:

- £3,115 from car parks for some health and safety works at Hudson House car park
- £3,200 for works to Borough Boards on Stoneleigh Broadway and in the Market Place

In addition, it had been agreed under delegated that £18,700 from the Repairs and Renewals fund for Social Centres could be spent on urgent repair and redecoration works at the Longmead.

The Panel further noted that the Council was required to carry out certain statutory works such as electrical PAT testing, fire risk assessments and maintenance of watercourses. These related to health and safety legislation and were therefore inappropriately included with backlog schemes. It was therefore proposed to relocate these budgets to separate budget areas: statutory works (£30,000) and watercourse works (£5,000). £35,000 had been included in the 2015/16 schedule of schemes so in future years this would reduce the base backlog budget from £210,000 to £175,000. It was intended that these works would continue to be monitored by officers and progress reported to Members with the backlog maintenance schemes.

Annexe 2 to report highlighted that certain additional emergency schemes had been identified which needed to be undertaken this financial year as follows:

Site	The works	Cost	Priority	Criteria
Bourne Hall lodge	Roof replacement, render repairs & Waterproofing	20,000	C	3
Town Hall Toilets	Ground floor toilets refurbishment	35,000	C	3
Various sites	Hard Surfaces- repairs to paving walkways etc. areas highlighted as urgent King Georges field & Bourne Hall park.	15,000	A	1
Ashley centre car park	Emergency works Relining Car Park level 4	2,000	A	1
Bourne Hall Alterations	Alterations to accommodate conquest Art	8,500	B	2
	Total	80,500		

Any unspent emergency works provision would be made available for 2016/17 schemes, including emergency schemes via the Council's Property Maintenance Reserve at year end. Unspent provision for works in progress would be carried forward via the Council's Property Maintenance Reserve at year-end.

The Panel discussed the maintenance schedule and it was noted that:

- Cox Lane would be reviewed under the Asset Management Plan;
- Repairs to walkways under the Council's ownership would be addressed;
- Further investigations would be carried out into urgent temporary roof repairs at Bourne Hall Lodge;
- Further investigations would be carried out as necessary regarding any other assets identified as being in need of urgent attention;
- No expenditure would be committed on the works to the Town Hall toilets prior to further approval being granted from the Strategy and Resources Committee;
- The County Councillors would be asked to consider a financial contribution for the provision of the Market Place notice board.

Accordingly, the Panel:

- (1) Received the mid-year progress report on the backlog maintenance programme;

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- (2) Noted the changes made to the programme under delegated authority;
 - (3) Recommended to the Strategy and Resources Committee a change in budget heads to hold regulatory property maintenance works budgets separate from the backlog budgets, but still subject to in-year officer budget virements and the additional emergency schemes as set out in Annexe 2 to the report be approved.

The meeting began at 7.30pm and ended at 8.47pm

COUNCILLOR NEIL DALLEN
(CHAIRMAN)

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FINANCE UPDATE REPORT

<u>Report of the:</u>	Director of Finance & Resources
<u>Contact:</u>	Lee Duffy
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1 – Venues Service Review Terms of Reference
<u>Other available papers</u> (not attached):	Quarter 2 Revenue and Capital monitoring reports circulated separately to members

REPORT SUMMARY

This report asks the Panel to note the forecast financial position on revenue and capital for 2015/16 as at the end of Quarter 2 and provide comments on the work being carried out to address the deficit forecast over the next 4 financial years.

RECOMMENDATION (S)

Notes

- (1) That the Panel notes the Council's 2015/16 second Quarter's forecast financial position for revenue and capital and provides any further comments.**
- (2) That the Panel provides any comments on the workstreams being undertaken to deliver the savings required to address the forecast budget deficit for 2016/17 to 2019/20.**
- (3) That the Panel notes the terms of reference set out in Annexe 1 with any subsequent amendments to be authorised by the Director of Finance and Resources.**

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

- 1.1 The Medium Term Financial Strategy aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 1.2 The Service Plan for the Corporate Priority "Managing Resources" includes service targets designed to maintain a balanced budget.

2 Background

- 2.1 Councillors have received financial performance updates every quarter for both revenue and capital, inviting members to query any information contained within the reports.
- 2.2 The aim of this report is to summarise the current positions for both capital and revenue as circulated in detailed reports to Councillors the week commencing 23 November 2015.
- 2.3 Provide an update on the work being carried out on producing the 2016/17 budget and the new 'Medium Term Financial Strategy'.

3 2015/16 Revenue Budget Monitoring

- 3.1 The net revenue budget for 2015/16 is £7,873,000 with a contribution from general fund reserves of £229,000.
- 3.2 The forecast revenue position at the end of the second quarter is £8,285,000, an over spend of £412,000 against budget. This would result in a contribution from general fund reserves of £641,000.
- 3.3 The projected overspend would require a contribution from the General Fund which would take the remaining balance close to the £2,500,000 minimum threshold under the Council's Medium Term Financial Strategy.
- 3.4 A summary of the forecast outturn position by committee is shown below:

	Current Approved Budget £'000	Forecast £'000	Variance £'000
Strategy and Resources	2,370	1,953	(417)
Asset Rent Landlord Account	(2,376)	(2,736)	0
Environment	2,447	2,765	318
Social	2,395	2,833	438
Leisure	3,397	3,470	73
Total Net Requirement	7,873	8,285	412
Contribution to (from) General Fund Reserve	(229)	(641)	(412)
Total Budget Requirement	7,644	7,644	0

- 3.5 The main reasons for this variance are as follows:
 - 3.5.1 **Homelessness (£504,000 adverse)** – The budget for this year was set at on basis of accommodating on average 50 households, the

figures as at 30 September had this close to 60 households and during the year had been as high as 90 households. Another contributing factor is the increasing cost of housing each household in B&B this has risen from £390 to £525 per week.

3.5.2 Salaries (£175,000 favourable) –as a result of savings produced from the DMA a **review**

3.5.3 General Expenses (£163,000 favourable) – General contingency (£200k) has been committed to offset additional costs on homelessness, the provision for savings on utilities of £35,000 has been removed

3.5.4 Parking (£156,000 adverse) – The variance relates to a downturn in PCN tickets being issued for the On Street and Off Street accounts. The On Street account has had a 25% drop from the beginning of the year to Q2. This forecast also recognises the introduction of barrier control parking in Town Hall and Hope Lodge

3.5.5 Refuse Collection (£123,000 adverse) – This variance is due a significant downward movement in the income we receive per tonne of paper as a result in a drop in the market price for these materials

3.5.6 Planning (£104,000 adverse) – The budget for this year anticipated a number of fees from larger planning applications, it appears unlikely that these are all going to materialise this year and the forecast reflect the reduction in the number of large applications

3.6 The projected use of use of general fund reserves will reduce the balance on this reserve from £3,333,000 down to £2,692,000 as at end of this financial year.

4 Mitigating Action being taken

4.1 A number of actions are being implemented to address the projected deficit of £412k, an email from Director of Finance & Resources was sent on 11 November to the Leadership Team highlighting the restrictions being put in place for the remainder of this financial year. These are;

4.1.1 A freeze on recruitment

4.1.2 A capping on overtime

4.1.3 No further agency/consultants to be employed

4.1.4 A review of unspent “discretionary spend” budgets (i.e. budgets which are not deemed as essential spend)

4.1.5 The Finance Team to review monies that are currently being “held” outside the general fund and if any can be released to help reduce the projected overspend

- 4.2 In addition, individual savings targets have been assigned to Service Managers to find the required cost reductions needed to remain within budget by year end.

5 2015/16 Capital Budget Monitoring

- 5.1 The forecast capital expenditure of £3,502,000 for 2015/16 is £2,033,000 less than the current approved budget; this represents 37% of the approved budget (comparing brought forward schemes and schemes approved for this year).

- 5.2 The following projects account for a significant proportion of the amount likely to be underspent, these are:

5.2.1 **Demolition of 1-3 Blenheim Road (£163k)** – Currently investigating alternatives to bring flats back into operation for temporary homeless housing.

5.2.2 **Horton Chapel (£490k)** – Project not proceeding as previously planned due to lack of current partner.

5.2.3 **IT (£233k)** – likely slippage of schemes within the capital programme into 2016/17

5.2.4 **Lower Mill Weir Repairs (£100k)** - Funds will likely need to be carried over till 2016/17 as work should be carried out in summer months when water levels are lower.

5.2.5 **Affordable Housing (£344k)** – funding to be carried forward into 2016/17 for financing of future projects.

5.2.6 **Plan E (£164k)** – EEBC’s share of funding for this project now expected to be made in 2016/17.

- 5.3 To the end of September 2015 the Council had spent 19% (£1,054k) of the approved Capital Programme.

Committee	Original Budget	Total Current Approved Schemes	Predicted Expenditure at Year End	Variance
	£'000	£'000	£'000	£'000
Strategy Resources	490	1,141	598	(543)
Environment	2,799	635	232	(403)
Social	801	875	514	(361)
Leisure	210	2,389	2,154	(235)
Hospital Cluster	0	495	4	(491)
Net Total	4,400	5,535	3,502	(2,033)

Capital Receipts

- 5.4 We have received a single capital receipt this year from the sale of Downs House.

	£'000
Housing Receipts 2015/16	0
Receipts from Disposals	989
Total New Capital Receipts	989

Capital Reserves

- 5.5 The expected balance of capital reserves, grants and contributions unapplied as at 31 March 2016 is as follows:-

Reserves	2015/16 Opening Balance £'000	2015/16 Forecast Use of Funds £'000	2015/16 Forecast Receipts £'000	2013/14 Forecast £'000
General Fund Capital Reserves	3,499	(1,089)	989	3,399
Hospital Cluster Capital Reserves	584	(4)	0	580
Capital Contributions including S106 *	2,839	(756)	1,274	3,357
Total	6,922	(1,849)	2,263	8,813

** Balance reflects monies invoiced rather than cash received*

6 2016/17 Budget Update

- 6.1 A report was presented to this Panel in September highlighting the overall financial position of the Council's revenue budget of the next four years. This showed that the Council will need to find £2.5 million of savings in this period to be able to maintain a sustainable level of services.
- 6.2 To address projected future year deficits, a number of workstreams were agreed by Members. These included:-
- 6.2.1 A base review, this entails reviewing the year end position for 2014/15, identifying any potential savings, additional cost pressures and areas where savings can be developed. These will be used to update the four year financial plan.

- 6.2.2 A 'Star Chamber' exercise where Service Heads will present options for their services on how savings to the Council can be generated over the next four years.
 - 6.2.3 A number of Service Reviews phased over the next four years.
 - 6.2.4 'Doing Business Better' reviews to be undertaken over the next four years for services with the aim of increasing efficiency, effectiveness and cost.
 - 6.2.5 Property Related Review – to realise cost reduction of Council operational buildings, increase income from investment properties and generate new receipts from surplus buildings/land.
 - 6.2.6 Income Generation Review – to include analysis of charging powers and service utilisation and identify options for income generation.
- 6.3 Whilst there still remains a projected deficit in future years, significant progress has been made in reducing the deficit. Progress against each workstream is outlined below:
- 6.3.1 Base Review – Savings of £40,000 have been identified and incorporated within the MTFS to assist with reducing the projected deficit.
 - 6.3.2 Star Chambers - Meetings took place with all service areas in September and identified savings/additional income. These savings proposals have subsequently been reported to Members during October/November 2015 within the Budget Target reports for each Policy Committee. Further opportunities to make savings/generate income have also been identified and officers will continue to work on these proposals for future member consideration.
 - 6.3.3 Service Reviews – The progress of the four service reviews are shown below:

Review	Reviewer	Status
Route Call	Scrutiny Committee	Completed
Social Centres	Scrutiny Committee	Completed
Highway Verges	Head of Operations	Included within star chamber savings proposals – Further report to Members following conclusion of the SCC Highway Verge and Tree Maintenance Tender.
Tree Contract	Head of Place Development	Delayed – Report to Policy Committee in Dec/Jan following conclusion of the SCC Highway Verge and Tree Maintenance Tender.

- 6.4 Members of the Panel were keen to see the Venues Review originally scheduled for 2016/17 to be undertaken as soon as possible after the conclusion of the Social Centres Review. Following discussions with the Chairman and Vice Chairman of Audit and Scrutiny Committee, it is proposed to commence the review in February 2016. The proposed terms of reference for the review are included within Annexe 1.
- 6.5 Doing Business Better – The pilot for streamlining our processes and maximising the use of IT is currently underway within Homelessness.
- 6.6 Property Related Reviews and Income Generating Proposals – Proposals to create a Property Acquisition Fund will be considered by Members in January 2016. The aim of this fund will be to enable the Council to purchase accommodation within the Borough which can be used as temporary accommodation.

7 Proposals

- 7.1 It is requested that the Panel gives any comments on the second quarters budget monitoring for 2015/16.
- 7.2 That the Panel provides any comments on the workstreams being undertaken to deliver the savings required to address the forecast budget deficit for 2016/17 to 2019/20.
- 7.3 That the terms of reference set out in Annexe 1 with any subsequent amendments be authorised by the Director of Finance and Resources.

8 Financial and Manpower Implications

- 8.1 The forecast financial position for 2015/16 is set out in this report.

9 Risk Assessment and Conclusions

- 9.1 The overall forecast position on revenue for 2015/16 is excess of budget by £412,000.
- 9.2 Measures have been put in place to reduce the deficit to bring the overall net spend of the Council within budget by the end of the financial year.
- 9.3 The main risks within revenue are that (a) the cost of temporary accommodation increases, or (b) income may not attain the levels built into the current forecast.
- 9.4 A significant element of the capital program is expected to slip into 2016/17.
- 9.5 That workstreams are unable to deliver the savings required to deliver a balanced budget.

WARD(S) AFFECTED: N/A

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Terms of Reference for Service Review

Review Title: **Venues Service Centres**

Date: **20/10/2015**

What items are within the scope of this review? *Identify any specific items considered outside the scope.*

In Scope

- Services provided by the Epsom Playhouse, Bourne Hall & Bourne Hall Museum, Ewell Court House and Hook Road Arena.

Out of Scope

- The Rainbow Centre
- The Ebbisham Centre
- Central services charges
- Asset rents

What is the overall aim of doing this work?

- This review forms part of the work programme for preparing the Medium Term Financial Strategy outlined in the report to Financial Policy Panel on the 9 June 2015 to ensure services provided are fit for purpose, meet the needs of local residents and are cost effective to provide.
- Proposals to be developed for improving the efficiency of the service including an analysis of the customer base.

What are the objectives?

- To outline the current service provided by the above named venues including (but not limited to)
 - Services delivered
 - Method of providing the current services
 - Detailed budget for the last three years including revenue and capital expenditure
 - Provision of performance data and comparison with others (where possible)
- To measure and assess the effectiveness of the present service, including staff, to identify the best use of resources.

Objectives (cont)

- To identify key issues that affects the service in the day today operation of supplying the service
- To understand the needs of the customer base and how the service could be developed to generate further income or reduce costs.
- To identify alternative ways to deliver the service including the do nothing option
- To evaluate the different options put forward (including but not limited to)
 - Service delivery outputs
 - Financial implications including any invest to save investment required
 - Key risks and how they can be mitigated
 - Timeline for implementation

What is the delivery methodology?

- Creation of a Scrutiny Working Group consisting of four members appointed by Scrutiny Committee.
- Consideration of a report by the Head of Venues & Facilities which will address the objectives described above. Namely:
 - Budget review identifying operational costs, incomes from fees and charges and grants, fixed cost, such as central services and asset rents etc.
 - Identify the range of services provided and the effect of each service has on the use of the resources.
- Recommend ways to deliver the service, efficiently and effectively.

Duration of Enquiry *Highlight any specific time limits or linked activities to consider.*

- The review will commence early in 2016 following the meeting of Financial Policy Panel on 1 December 2015 where Members will be consulted on the terms of reference for the review.
- Recommendations from this review to be presented to the Leisure Committee in October 2016 to adhere to the MTFs timetable and enable any identified efficiencies to be achieved within the 2017/18 budget.

What information is needed? *Include any evidence required, background information such as research results and statistics from consultation, existing reports, legislation, central government documents, guidance notes.*

- Report to be produced by Head of Venues & Facilities to address the objectives identified for the review.

Would the Scrutiny review benefit from the co-option of an additional member (internal or external)? If so who?

- Member from Strategy and Resources appointed by the Chairman of S&R Committee

What other processes could be used to inform the review?

Interviews, site visits, observation, telephone or written questionnaire or survey, comparison with other authorities or private sector.

Interviews with

- Chairman of Leisure Committee
- Business Development & Commercial Venues Manager
- Epsom Playhouse Site Manager
- Bourne Hall Site Manager
- Head of Operations
- Ward Members

How should the public be involved and when?

Options include Forums with users, questionnaires, Citizens Panel

At the completion of the review hold a session to evaluate the success of the review and any lessons learnt.

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CAPITAL PROGRAMME 2016/17

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Lee Duffy or Lesley Shields
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
<u>Annexes/Appendices</u> (attached):	Annexe 1: Recommended Capital Programme Annexe 2: Four year Capital Reserves Forecast Annexe 3: Summary of bids considered by the Capital Member Group
<u>Other available papers</u> (not attached):	Capital bids Notes of Capital Member Group

REPORT SUMMARY

This report seeks guidance from the Panel on the preparation of the draft capital programme for 2016/17 and on funding to be released for capital investment.

RECOMMENDATION (S)

That, based on the advice of the Capital Member Group, the following capital programme for 2016/17 to be considered by Council in February:-

- (1) Prioritised schemes totalling £745,000 are added to the capital programme and funded from capital reserves £695,000 and revenue reserves £50,000, subject to the relevant policy committees receiving and approving project appraisals;**
- (2) Schemes totalling £286,000 are included in the capital programme, subject to external funding sources and subject to support for scheme appraisals by the relevant policy committees;**

Notes

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

- 1.1 The Council's Medium Term Financial Strategy includes the following in regards to investment in services:-

- Prioritise capital investment to ensure retained property is fit for purpose.
- Maximise the use of external funding opportunities to deliver improvements to the community infrastructure, including affordable housing.
- Maintain a minimum uncommitted level of capital reserves of £1 million at 31 March 2017.

2 Background

- 2.1 The Financial Policy Panel agreed that a Capital Member Group (CMG) should meet to review the capital programme. The Panel agreed that the CMG would comprise Councillors Neil Dallen, Michael Arthur, Omer Kokou-Tchri, John Beckett, Jean Steer and Clive Woodbridge.
- 2.2 The Capital Member Group met in September and agreed the arrangements for the capital programme review and received a list of potential projects. The Group agreed the criteria for progressing bids and excluded outline projects that would not qualify under the approved capital strategy.
- 2.3 Project appraisals were updated by budget managers and prioritisation reassessed by the officer Capital Management Group. The officer group also advised on proposals which should not be progressed, for example where proposals did not qualify as capital expenditure.
- 2.4 In November the Capital Member Group met to validate the bids and to recommend the schemes that should be progressed through the policy committees in January.
- 2.5 In reviewing the capital programme the CMG assessed all capital appraisals but focused on prioritised items for 2016/17 covering the following schemes:-
- 2.5.1 Investment required to meet statutory obligations
 - 2.5.2 Investment essential for service delivery
 - 2.5.3 Investment that can be funded from external funds and is classed as a high priority (section 106 agreements or grants)
 - 2.5.4 Investment that will provide net revenue savings (spend to save)
- 2.6 The Medium Term Financial Strategy also requires that the Council retains a minimum level of capital reserves of £1 million.

3 Draft Programme

- 3.1 The Capital Member Group received bids for 2016/17 of £2.176 million and after review reduced the recommended bids to £1.031 million. Appendix 1 comprises a summary of the capital programme recommended by the Capital Member Group.

3.2 The proposed programme for 2016/17 comprises:-

	£000s
Core Programme of Priority 1 Works (funded by reserves or grant)	745
Schemes to be progressed subject to external funding being achieved	286
Total	1,031

3.3 The funding recommended comprises:-

	£000s
Use of Capital Reserves for Core Programme	695
Use of Revenue Reserves for Core Programme	50
Use of grants for externally funded schemes	286
Total	1,031

4 Capital Reserves

4.1 The forecast of capital reserves shows that the balance as at 31 March 2016 would be £2.8 million.

4.2 The capital reserves forecast at Annexe 2 has been updated for the next three years using the following assumptions:-

4.2.1 The current approved capital programme is delivered this year;

4.2.2 No new capital receipts included within forecast balance of capital reserves.

4.2.3 The proposed three year capital programme (2016-2019) proceeds, as per Annexe 1.

4.2.4 External funding for Disabled Facility Grant is assumed at £286,000 per annum.

4.2.5 Expenditure on e-government and other information technology is kept within budget and individual schemes are identified and prioritised within this sum.

5 New Homes Bonus and CIL

5.1 The New Homes Bonus Strategy agreed last year allowed for £500,000 to be used annually to finance capital projects. Due to uncertainties surrounding this area of funding for 2016/17 none of the capital programme for 2016/17 onwards is being financed by New Homes Bonus.

5.2 The Council is now invoicing developers for CIL and it is proposed that current receipts will be earmarked for financing Plan E (£476,009) and the potential Kiln Lane Link Road.

6 Government Grants

6.1 For the purpose of the capital programme it is assumed that government grant funding for the disabled facility grant programme will be £286,000 for 2016/17.

7 Core Programme Funded from Capital Reserves

7.1 The Capital Member Group carefully considered the bids submitted and confirmed that only prioritised schemes should be considered for funding from capital reserves or schemes where investment would generate savings. This required a pay-back within 5 years (7 years for energy initiatives).

7.2 The proposed core programme proposed for 2016/17 requiring funding from capital reserves is as follows:-

Scheme/Funding from Capital Reserves	£'000s
Container Replacement Programme	41
Epsom Cemetery Extension	654
Total proposed capital programme 2016/17 funded from reserves	695

7.3 The CMG noted that the schemes would be considered by the policy committees in January as part of the capital programme review.

8 External Funding

8.1 An update of the Section 106 planning gain funds available is attached within a separate report. S106 money is a useful source of funding for smaller schemes and for affordable housing. However no S106 funded schemes are proposed as part of this programme. In addition the Council receives a fixed government grant allocation for disabled facility grants and, subject to eligibility and claim, reimbursement of contaminated land capital costs. The following table shows capital schemes where external funding has been identified to enable schemes to proceed in 2016/17:-

Scheme	Estimate (£000)	Funding
Mandatory Disabled Facility Grants	286	See section 6 of this report.
Total externally funded schemes	286	

8.2 It is proposed that this scheme be added to the capital programme, subject to support by the relevant policy committee, receipt of external funds and the identification of funding for any revenue implications within approved budgets.

9 Schemes Funded from Revenue Reserves

- 9.1 In ensuring that capital reserves do not fall below £1 million it was recommended that two schemes be funded from the Council's Repairs & Renewals fund, these are;
- 9.2 The container replacement programme at an estimated cost of £66,000, £25,000 to be funded from the R&R fund held for operational services. The remaining £41,000 to be funded from capital receipts.
- 9.3 The waste strategy containers project for £50,000 over two years is fully funded from operational services R&R fund for 2016/17 and 2017/18.

10 Proposals

- 10.1 The Panel is asked confirm the recommendations of the Capital Member Group:-
- 10.2 Schemes, identified in section 7, totalling £695,000 and funded from capital reserves should be included in the capital programme, subject to the relevant policy committees receiving and approving project appraisals;
- 10.3 Schemes identified in section 8 totalling £286,000 be included in the capital programme subject to support for the project appraisals by the relevant policy committees and subject to external funding being received before expenditure is committed;
- 10.4 Schemes listed in section 9 totalling £50,000 and funded from capital reserves should be included in the capital programme, subject to the relevant policy committees receiving and approving project appraisals.

11 Financial and Manpower Implications

- 11.1 As highlighted in this report, any scheme not attracting full external funding will have a revenue budget impact.
- 11.2 The policy committees will receive appraisals for 2016/17 projects in January, including revenue cost implications.
- 11.3 If all schemes are progressed between 2016 and 2019 the estimated level of reserves will fall from £3.5 million (1st April 2015) to £1.3 million (31st March 2019). This is a sufficient level of contingency, however members should note the following risks;
- 11.4 Should additional unavoidable projects arise during the period, schemes would either need to be shelved, assets disposed of to generate additional receipts or a borrowing strategy considered.
- 11.5 Interest earned on balances and available to help fund services has already reduced due to low interest rates, but will fall further as capital reserves are depleted. The projected use of reserves over the three year period is £1.6 million, with an average medium term rate of say 3% over this period it will reduce revenue funding by £48,000 per annum..

- 11.6 The proposed programme for 2016/17 will require £695,000 for the core capital programme which comprises mandatory and other prioritised expenditure. In the long term this will give an annual cost of £21,000 in lost interest (3% used for long term rate).
- 11.7 Capital reserves will reduce next year as a result of capital funding for new schemes £695,000. The estimated level of capital reserves is £2.8 million at 31 March 2016 and £2.1million at 31 March 2017.
- 11.8 **Chief Finance Officer's comments:** All financial implications have been included within the body of this report.

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

- 12.1 Investment is needed in Council buildings and other assets to ensure that working environments are suitable and that health and safety standards are maintained towards users of the service.
- 12.2 **Monitoring Officer's comments:** No additional comment

13 Risk Assessment

- 13.1 The main risks are that (a) the additional investment from capital reserves will provide reduced funding support for service delivery in future years, or (b) support from government grants will reduce, affecting the ability to continue to invest in statutory services and that investment is not sufficient to meet statutory obligations or meet the highest resident priorities.
- 13.2 With limited capital receipts available to fund investment, the CMGs proposals try to balance the risk by measuring essential investment needs against resource limitations. Business case investment has been prioritised where it demonstrates a payback within 5 years or 7 years for renewable energy projects.
- 13.3 In the long term the Council will need to consider alternative funding sources to finance capital investment or the further sale of Council assets.

14 Conclusion and Recommendations

- 14.1 Capital Member Group recommends that the capital programme outlined in this report for 2016/17 be considered by Council in February.
- 14.2 That prioritised schemes totalling £745,000 are added to the capital programme and funded from capital reserves £695,000 and revenue reserves £50,000, subject to the relevant policy committees receiving and approving project appraisals;
- 14.3 That schemes totalling £286,000 are included in the capital programme, subject to external funding sources and subject to support for scheme appraisals by the relevant policy committees.

WARD(S) AFFECTED: All

Summary Proposed Capital Programme 2016/17 - 2018/19

	Original Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Proposed Budget 2018/19 £'000	Total Provision 2016/17- 2018/19 £'000
Strategy and Resources	0	400	0	400
Environment Committee	91	347	100	538
Social Committee	940	346	286	1,572
Leisure Committee	0	0	0	0
Total	1,031	1,093	386	2,510

Strategy and Resources Committee Proposed Capital Programme 2016/17 - 2018/19

	Original Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Proposed Budget 2018/19 £'000	Total Provision 2016/17- 2018/19 £'000
ICT Programme of Work	0	250	0	250
Installation of LED Lighting	0	50	0	50
Installation of Solar Panels to Council Buildings-Town Hall	0	100	0	100
Total Strategy & Resources	0	400	0	400

Environment Committee Proposed Capital Programme 2016/17 - 2018/19

	Original Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Proposed Budget 2018/19 £'000	Total Provision 2016/17- 2018/19 £'000
Container and Bin Replacement Programme	66	68	0	134
Waste Strategy Containers	25	25	0	50
Ashley Centre Car Park Repairs	0	150	100	250
Replacement of Car Park pay Machines	0	104	0	104
Total Environment Committee	91	347	100	538

Social Committee Proposed Capital Programme 2016/17 - 2018/19

	Original Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Proposed Budget 2018/19 £'000	Total Provision 2016/17- 2018/19 £'000
Disabled Facilities Grants	286	286	286	858
Cemetery Extension	654	0	0	654
St Mary's Church Wall Repair	0	60	0	60
Total Social Committee	940	346	286	1,572

CAPITAL RESERVES 2014-2019

	Actual <u>2014/15</u> £000	Original Estimate £000	Carry Forward £000	Approved Schemes <u>2015/16</u> £000	Draft Programme <u>2015/16</u> £000	Draft Bids <u>2016/17</u> £000	Draft Bids <u>2017/18</u> £000	Draft Bids <u>2018/19</u> £000
CAPITAL RECEIPTS								
Unapplied capital reserves b/f at year start	4,101				3,498	2,841	2,146	1,367
New Disposals	-				1,264	-	-	-
Capital Receipt/Repayment	10				-	-	-	-
Mortgage principal repayment					-	-	-	-
Capital Reserves before funding capital programme	4,111	-	-	-	4,762	2,841	2,146	1,367
CAPITAL PROGRAMME FUNDING								
Capital programme as per policy book	1,677							
Reduced Capital Expenditure	843							
Carry forward of programme into 2014/15	1,790							
Additional Funded Schemes 2014/15	3,941							
Slippage into 2015/16	3,136		3,136		3,136			
Capital programme - 2015/16 Bids		4,400			4,400			
Draft Capital Programme - Bids supported by Capital Member Group						1,031	1,093	386
Projects Approved In Year								
Ewell Court House Betterment				50	50			
100 Spaces on Roof of Hook Road Car Park PlanE				10	10			
Recover Playhouse Roof				2,320	2,320			
Town Hall Boilers				11	11			
QEII Parks				45	45			
				12	12			
Sub Total	3,429	4,400	3,136	2,234	5,302	1,031	1,093	386
External Funding for Capital Schemes								
Section 106 Receipts & private contributions	722	515	780	338	1,633	-	-	-
Government Grants - Disabled Facility Grant / PSR	245	286	5	-	291	286	286	286
Other Government Grants	10	2,160	180	2,458	118	-	-	-
From other public bodies/organisations	25	378	30	198	210	-	-	-
New Homes Bonus	1,185	-	-	-	-	-	-	-
Revenue	629	200	1,156	9	1,365	50	28	-
Sub-Total	2,816	3,539	2,151	2,309	3,381	336	314	286
Estimated Use of Capital Reserves	613	861	985	75	1,921	695	779	100
Estimated Capital Reserves at year end	3,498				2,841	2,146	1,367	1,267

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SUMMARY OF CAPITAL MEMBER GROUP RECOMMENDATIONS										2017/18		2018/19		2019/20	
Bid Ref	Description of Scheme	2016/17 £,000	Capital Reserves £,000	S106/Con- tributions £,000	Grants £,000	Revenue Reserves £,000	Spend to Save £,000	Agreed/Subject to Funding/Declined	Comments	Capital Spend	Capital Reserves	Capital Spend	Capital Reserves	Capital Spend	Capital Reserves
Recommended Schemes															
Environment Bid 1	Container Replacement Programme	66	41	-	-	25	-	Agreed	Supported for business continuity	68	68	-	-	-	-
Environment Bid 6	Waste Strategy Containers	25	-	-	-	25	-	Agreed	Supported in order to facilitate change in refuse service delivery	25	-	-	-	-	-
Social Bid 2	Epsom Cemetery Extension	654	654	-	-	-	-	Agreed	Supported for business continuity	-	-	-	-	-	-
Recommended Schemes		745	695	-	-	50	-			93	68	-	-	-	-
Recommended Schemes (Subject to Funding)															
Social Bid 1	DFG	286	-	-	286	-	-	Agreed	Subject to external funding.	286	-	286	-	286	-
Recommended Schemes (Subject to Funding)		286	-	-	286	-	-			286	-	286	-	286	-
TOTAL SUPPORTED SCHEMES		1,031	695	-	286	50	-			379	68	286	-	286	-
Non-Recommended Schemes															
S&R Bid 1	ICT Programme of Work	250	250	-	-	-	-	Rejected	Programme deferred for 1 year	250	250	-	-	-	-
S&R Bid 2	Installation of LED Lighting	-	-	-	-	-	-	Rejected	Programme deferred for 1 year	50	50	-	-	-	-
S&R Bid 3	Town Hall - Generation of electricity by installing PV Panels on the roof of suitable council buildings	-	-	-	-	-	-	Rejected	Programme deferred for 1 year	100	100	-	-	-	-
S&R Bid 4	Replacement of AMR Utility Meters	25	25	-	-	-	-	Rejected	Didn't meet criteria	-	-	-	-	-	-
Environment Bid 2	Ashley Centre Car Park Repairs	-	-	-	-	-	-	Rejected	Programme deferred for 1 year	150	150	100	100	-	-
Environment Bid 3	Upper High Street and Depot Road Car Park Improvement	240	240	-	-	-	-	Rejected	Programme put on hold, replacement machines incorporated in Environment Bid 4	-	-	-	-	-	-
Environment Bid 4	Replacement Of Car Park Pay Machines	-	-	-	-	-	-	Rejected	Programme deferred for 1 year	104	104	-	-	-	-
Environment Bid 5	Waste Strategy Launch	100	100	-	-	-	-	Rejected	Considered revenue	-	-	-	-	-	-
Environment Bid 7	Ashley Centre Car Park - capping to parapet	35	35	-	-	-	-	Rejected	This bid was incorporated into Bid 2	-	-	-	-	-	-
Environment Bid 8	Hope Lodge Car Park Extension	70	70	-	-	-	-	Rejected	This bid was withdrawn by Officers until more information is available on usage of the car park following the introduction of the barrier control system	-	-	-	-	-	-
Environment Bid 9	Hudson House Underground Car park - Refurbishment	25	25	-	-	-	-	Rejected	Considered revenue	-	-	-	-	-	-
Social Bid 3	St Marys Churchyard Wall Repair	-	-	-	-	-	-	Rejected	Programme deferred for 1 year	60	57	-	-	-	-
Leisure Bid 1	Bourne Hall - Cooling measures	25	25	-	-	-	-	Rejected	Not supported by members at initial bid stage	-	-	-	-	-	-
Leisure Bid 2	Ewell Court House - additional car park spaces & pay and display machines	50	50	-	-	-	-	Rejected	Not supported by members at initial bid stage	-	-	-	-	-	-
TOTAL REJECTED/DEFERRED SCHEMES		820	820	-	-	-	-			714	711	100	100	-	-
TOTAL SCHEMES		1,851	1,515	-	286	50	-			1,093	779	386	100	286	-

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S106 UPDATE REPORT

<u>Report of the:</u>	Director of Finance
<u>Contact:</u>	Lee Duffy, Lesley Shields
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1 – S106 Identified to fund Benches and Information Boards in Parks
<u>Other available papers</u> (not attached):	Leisure Committee report item 6 17/3/15- Poole Road Recreation Ground Multi Play Equipment. 2014/15 Capital Programme

REPORT SUMMARY

This report provides an update on the funds held under Section 106 planning agreements.

RECOMMENDATION (S)

- (1) That the Panel notes the current position on S106 funds held by the authority;**
- (2) Supports the use of S106 funds for the following schemes, Poole Road Recreation Ground Play Equipment (£18,000), Court Recreation Ground Parkour equipment (£10,900);**
- (3) Supports the allocation of S106 to the capital schemes for Parks Information Boards and Park Bench Replacement previously approved in 2014/15 capital programme.**

Notes

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

1.1 The Capital Strategy Statement was approved by the Council on 17 February 2015 as Appendix 11 to the Budget Report. Section 106 funding supports the achievement of Key Priorities in the Corporate Plan where investment can be funded from developer contributions.

2 Current Position

2.1 The Council currently holds funds from S106 agreements totalling approximately £3.7 million. From this balance around £2 million is committed

within the capital programme for such items as affordable housing or earmarked for schemes awaiting further approval. Included within this balance is £219,000 that needs to be transferred to Surrey County Council and other organisations as they are responsible for utilising these funds.

2.2 Of the £1.5 million uncommitted £690,000 is being held for West Park community facilities.

2.3 The current position of Section 106 funds held as at the end of October 2015 is summarised below:-

	£'000	£'000
Section 106 funds held as at 1 April 2015		3,526
Section 106 Receipts received in 2015/16		312
Section 106 Payments Made in 2015/16		(154)
Balance of S106 Funds held as 31 Oct 2015		3,684
Less:		
Funds held due to SCC and other organisations	(219)	
Funds committed and approved for specific schemes in or before 2015/16	(1,939)	
		(2,158)
Unallocated S106 funds as at 31 Oct 2015		1,526

2.4 The unallocated funds can be broken down further with £859,000 earmarked against future expenditure awaiting further approval or requiring further negotiation with developer to amend terms of agreement.

	£'000	£'000
Unallocated S106 funds as at 31 Oct 2015		1,526
Funds awaiting further approval		(95)
Available Uncommitted S106 Funds		1,431
Horton Chapel-West Park and Hospital Cluster Site Contributions	(778)	
Affordable Housing	(60)	
68-72 Salisbury Road, Bellway Homes – for use on planting at front of the development	(2)	
TS Foxhounds – Use for footpaths on Longmead Estate (needs further approval)	(20)	
Monitoring Fee	(102)	
Earmarked Funds		(962)
Available S106 Funds		469

3 S106 Agreements with Expiry Dates

- 3.1 Some developers' contributions are time limited. Under the terms of the S106 agreement, if the contribution has not been spent in line with the conditions applied in the agreement, the Council is liable to return the contribution to the developer. The Council currently holds balances on three S106 agreements that have reached their expiry dates totalling £6,380. They have been committed to projects in 2015/16 and will be spent by the end of this financial year.
- 3.2 The agreements written under the Developer Contribution Supplementary Planning Document (SPD) tend not to have time limits outlined within the legal agreements. This leaves a handful of contributions that have expiry dates. The table below shows the agreements that are within expiry dates and whether they have been earmarked for a specific project.

S106 Ref	S106 Agreement	Restrictions	Cost £	Use	Deadline for Contribution
45	Epsom Station	Monitoring Fee £10,000 per annum to be applied to the revenue budget on-going from 2013/14	4,097	Unallocated	17/07/2018
52	72-74 Temple Road	Open Space facilities in the vicinity of the development	6,498	Unallocated	20/03/2017
65	137 & 139 Chessington Road, Ewell	Provision and/or improvement of public open space in Epsom & Ewell	9,000	Unallocated	14/04/2018
Total			19,595		

4 Current Uncommitted S106 Contributions Held over £10,000

- 4.1 Of the £1,526,000 of uncommitted s106 funds the majority £1,329,000 is from large contributions (in excess of £10,000). The following significant contributions remain uncommitted against schemes. However, some funds have schemes earmarked against them but have yet to be formally approved.

S106 Ref	S106 Agreement	Restrictions	Contribution £	Current Status
3	TS Foxhound, 1a Blenheim Road, Epsom	Improvements to the open space which adjoins the site and lies between Blenheim Road, Longmead Road and Hook Road	20,000	Officers are negotiating with the developer to agree the use of the contribution to renew paths on the Longmead Estate
32	Wilberforce Court, Heathcote Rd, Epsom	Various under SPD	18,961	No use currently identified
33	1 Depot Road	Open space and recreation in the vicinity of the development	20,000	Identified for Park Bench Replacement Programme
62	West Park	Community facilities, monitoring and environmental improvements	768,296	£693,639 Earmarked for Horton Chapel
63	Magistrates & County Court Site, The Parade	Green infrastructure within the borough	22,765	No use currently identified
81	Site Adjacent to Holmwood Close	Various under SPD	11,855	£2,551 identified for information boards in parks. No use currently identified for remainder
88	468 Chessington Road	Various under SPD	16,228	No use currently identified
98	429 Kingston Road	Various under SPD	13,500	£11,460 identified for information boards in parks. No use currently identified for remainder
100	2C Danetree Road West Ewell	Various under SPD	10,443	No use currently identified

S106 Ref	S106 Agreement	Restrictions	Contribution £	Current Status
105	379 - 393 Kingston Road, Ewell	Various under SPD	32,831	£852 identified for information boards in parks. No use currently identified for remainder
110	Land rear of 23 Stoneleigh Broadway	Various under SPD	13,704	No use currently identified
122	The Lintons Centre, Lintons Lane	Various under SPD	184,090	No use currently identified
128	Pine Lodge, Horton Lane	Various under SPD	48,674	£3,598 identified for information boards in parks. No use currently identified for remainder
130	Acer House, 97- 101 East Street	Affordable Housing	60,000	Earmarked for affordable housing
	Hospital Cluster	Works to the Hospital Cluster site	88,228	Earmarked for Horton Chapel
Total			1,329,575	

5 Poole Road Recreation Ground Play Equipment

- 5.1 At its meeting on 17 March 2015, the Leisure Committee approved, in principle, to support a project to replace the multi-play equipment at Poole Road Recreation Ground. This project will serve to replace the oldest piece of play equipment in Poole Road Recreation Ground. The current piece of equipment has been decommissioned on the grounds of health & safety and will be replaced by a similar sized piece.

5.2 This report seeks approval to fund this project from the following S106 funds.

Received	Address	Conditions	£	Previous use of s106
07/02/2010	7-9 Windmill Lane	Provision of open space facilities within EEBC	8,000.00	None used
08/04/2008	33A and 35 Cheam Road	Provision of open space facilities within EEBC	4,761.00	Flood works at Clarendon Park
31/10/2013	137-139 Chessington Road Ewell	Provision or improvement of public open space within EEBC	3,000.00	Playground equipment at Pemberley Chase
28/01/2014	379-393 Kingston Road Ewell	Parks, gardens & amenity green space	2,028.50	Gatley Playground
28/01/2014	379-393 Kingston Road Ewell	Parks, gardens & amenity green space	210.50	Gatley Playground
			18,000	

6 Court Recreation Ground Parkour Equipment

6.1 Following on from the success of the skate/BMX park projects, Officers have identified a piece of Parkour equipment they would like to locate in Court Recreation Ground. Parkour is a growing sport and has been successfully introduced in other Boroughs. Parkour Training Facilities cater for anyone over the age of 8 years old (ParkourUK recommended age for beginners) and therefore caters for a very large demographic that in some play areas is under catered for. S106 money is available to fund this project as it qualifies as an outdoor sports facility.

6.2 Quotes have been received for £10,900 including a contingency. Officers have identified the funding from the following contribution, and ongoing maintenance of the equipment can be met within existing resources.

Received	Address	Conditions	Balance Currently Held £	Previous use of s106
29/09/2015	Pine Lodge, Horton Lane	Provision of open space-outdoor sports facilities within EEBC	27,652.09	None previously used

7 Allocation of S106 Funding to Previously Approved Capital Schemes

7.1 In the 2014/15 capital programme two schemes were approved subject to S106 funding becoming available:

- **Parks Bench Replacement Programme (£26,000)** - Officers identified a need to start a replacement programme of park benches. It is proposed to place two new benches in each of our 26 parks.
- **Replacement of Parks Boards - Improvement to Onsite Visitor Information (£43,000)** – To improve visitor information in seven of our high profile parks. The project is to include providing signs to identify the park and welcome visitors, renewed artwork to provide an informative park map, lockable noticeboards which can be used by Friends Groups and the Council and renewed byelaw signs.

7.2 S106 Funding has now been identified. Officers are seeking Members approval to apply the S106 contributions outlined in Annex 1 of this report to the above two schemes.

7.3 Members may wish to review the two projects to ensure that the combination of benches and boards still match the organisations objectives and priorities.

8 Financial and Manpower Implications

8.1 Section 106 receipts provide an opportunity for additional investment. There may be no budget impact on new schemes so long as schemes funded do not result in additional on-going running costs. Some may even reduce future maintenance liabilities.

8.2 The relevant policy committee will need to ensure that there are no additional resource implications for new schemes that would have an adverse impact on budgets for other services.

8.3 **Chief Finance Officer's comments:** All financial implications are reflected in the body of this report.

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

9.1 Agreement under Section 106 of the Town and Country Planning Act 1990 comprises an agreement often associated with the grant of planning permission which confers a benefit to the community, e.g. where a housing development is to be permitted, the applicant or developer agrees to build or pay for a new school or additional leisure facilities for the community.

9.2 Section 106 states:

- (1) *A local planning authority may enter into an agreement with any person interested in land in their area for the purpose of restricting or regulating the development or use of the land, either permanently or during such period as may be prescribed by the agreement.*
- (2) *Any such agreement may contain such incidental and consequential provisions (including financial ones) as appear to the local planning authority to be necessary or expedient for the purposes of the agreement.*
- (3) *An agreement made under this section with any person interested in land may be enforced by the local planning authority against persons deriving title under that person in respect of that land as if the local planning authority were possessed of adjacent land and as if the agreement had been expressed to be made for the benefit of such land.*
- (4) *Nothing in this section or in any agreement made under it shall be construed (a) as restricting the exercise, in relation to land which is the subject of any such agreement, of any powers exercisable by any Minister or authority under this Act so long as those powers are exercised in accordance with the provisions of the development plan, or in accordance with any directions which may have been given by the Secretary of State as to the provisions to be included in such a plan; or (b) as requiring the exercise of any such powers otherwise than as mentioned in paragraph (a)*

9.3 **Monitoring Officer's comments:** No additional comment

10 Risk Assessment

- 10.1 This report forms part of on-going work on s106 planning agreements that will lead to better management of expenditure funded from these monies.
- 10.2 The main risks at present are that investment funded from agreements is not properly prioritised, that investment is not made in a timely manner or that receipts are not claimed against agreements.

11 Conclusion and Recommendations

- 11.1 The report gives details of the current position of S106 funding and seeks support for S106 funding to be applied to the following projects:
 - works to Poole Road recreation Ground play equipment.
 - works to Court Recreation Ground Parkour equipment.
 - Replacement of two benches in each of the 26 parks. The project forms part of the 2014/15 Capital Programme, but up until now has been unfunded.

- Replacement of information boards in seven high profile parks. The project forms part of the 2014/15 Capital Programme, but up until now has been unfunded.
- Officers will continue to prioritise the investigation of opportunities to apply time-barred funds within the deadline and conditions of the agreement as appropriate.

WARD(S) AFFECTED: All

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