

**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
27 January 2016**

PRESENT -

Councillor Neil Dallen (Chairman); Councillor Clive Woodbridge (Vice-Chairman);
Councillors Tony Axelrod, Richard Baker, Rekha Bansil, Kate Chinn, Eber Kington,
Omer Kokou-Tchri, Keith Partridge and Mike Teasdale

Officers present: Frances Rutter (Chief Executive), Kathryn Beldon (Director of Finance and Resources), Simon Young (Head of Legal and Democratic Services), Rod Brown (Head of Housing & Environmental Services) (for items 53 - 65), Lee Duffy (Head of Financial Services), Mark Lumley (Head of ICT), Shona Mason (Head of Human Resources and Organisational Development) (For items 53 - 65), Annette Snell (Housing Operations Manager) (For items 53 - 65) and Fiona Cotter (Democratic Services Manager)

53 QUESTION TIME

The following written question had been submitted on behalf of Horton Chapel Arts and Heritage Society in connection with Item 13 (Horton Chapel):

“Our community bid for Horton Chapel is seeking some support from the Heritage Lottery Fund and we are at the first stage of the two-stage HLF application process. The set HLF timetable means that is not realistically possible for any community organisation that is seeking such support to submit a bid for the Chapel within 4 months of now (i.e. the end of May). Therefore will the Council amend its proposed 4-month timetable for bids so as to allow community organisations a more realistic timescale to incorporate the results of their Heritage Fund applications in their bid?”

The Chairman provided a verbal response in which he indicated that a revised set of recommendations would be tabled in relation to the matter which suggested that the situation should be reviewed again in June. However, the Chairman was not prepared to give a commitment that the Chapel would not be marketed until the end of 2016.

54 DECLARATIONS OF INTEREST

Question Time

Councillor Eber Kington, Other Pecuniary Interest: Councillor Eber Kington declared a disclosable pecuniary interest in that he owned a property in the

vicinity of Horton Chapel but received advice that it was not necessary for him to leave the room.

Fees and Charges 2016/17

Councillor Omer KoKou-Tchri, Other Pecuniary Interest: Councillor Omer Kokou-Tchri declared that section 106 of the Local Government Finance Act 1992 currently applied to him and that he would not therefore be voting on any question in relation to this item. No vote was required.

Capital Programme 2016-17

Councillor Omer KoKou-Tchri, Other Pecuniary Interest: Councillor Omer Kokou-Tchri declared that section 106 of the Local Government Finance Act 1992 currently applied to him and that he would not therefore be voting on any question in relation to this item. No vote was required.

Revenue Budget 2016-17

Councillor Omer KoKou-Tchri, Other Pecuniary Interest: Councillor Omer Kokou-Tchri declared that section 106 of the Local Government Finance Act 1992 currently applied to him and that he would not therefore be voting on any question in relation to this item. No vote was required.

Horton Chapel

Councillor Eber Kington, Disclosable Pecuniary Interest: Councillor Kington owned a property in the vicinity of Horton Chapel.

55 PAY AWARD 2016-17 AND PAY POLICY 2016-20

A report was presented to the Committee which provided background information on the budget implications of the Council's proposed pay award for 2016/17 and Pay Policy for 2016/20.

It was confirmed that the salary budget included a separate element to cover progression related costs (£60,000), the overall salary budget provision for 2016/17 being £230,000.

The aims of the proposed Pay Policy included an intention to benchmark salaries with a view to these being mid-range although it was recognised that the Council's geographical location presented some challenges being close to London. Market anchors were published but senior management reserved the right to review any job rate if there were problems in recruiting in a certain area.

It was confirmed that the Pay Policy allowed for an across the board pay award if appropriate in 2017/18 but this depended on the outcome of the review of the salary scales and performance appraisal scheme. It was further confirmed that an annual staff turnover rate of between 12 – 18% was considered a reasonable policy statement. Annual staff turnover (which included all leavers including redundancies) was currently running at 15%. Whilst not Council policy, the

Council had made an unofficial commitment to pay the Living Wage and the potential implications of the new Living Wage (to be introduced shortly) would be considered.

Accordingly, in accordance with the recommendations of the Joint Staff Committee, held on 13 October 2015, the Committee agreed:

- (1) a 1.5% pay award for 2016/17;
- (2) the Pay Policy 2016/20 with a full review of the Council's pay structure and performance pay scheme

56 FEES AND CHARGES 2016/17

A report was presented to Members which made recommendations as to the level of fees and charges for 2016/17 for which this Committee was responsible. Any new charges would be effective from 1 April 2016.

Whilst the charges proposed for this Committee would produce negligible additional income compared with the 2015/16 estimates, it was noted that fees and charges in general would generate an additional £752k income for the Council across the board. Some charges would be controversial but members needed to be mindful of the financial situation.

Accordingly, the Committee agreed its fees and charges for 2016/17 subject to the approval of Council.

57 CAPITAL PROGRAMME 2016-17

The Committee received and considered a report which proposed a Capital Programme for 2016/17 and a provisional programme for 2017-19.

Based on the advice of the Capital Member Group and recommendations of the Financial Policy Panel, no schemes had been put forward as part of the Core Programme for 2016/17 but three bids to be funded from capital reserves had been included in the provisional programme for 2017-19 (in 2017/18) as follows:

- ICT Programme of Work (£250k)
- Installation of LED lighting (£50k)
- Installation of Solar Panels to Council Buildings (£100k)

Bids for these three schemes would be prepared and submitted for consideration for inclusion within the agreed Capital Programme for 2017 – 19.

Having noted that there were no capital schemes being submitted to Council. The Committee agreed:

- (1) To submit the Capital Programme for 2016/17 as identified in section 4 of the report to Council for approval on 11 February 2016;

- (2) To confirm that it supported all of the schemes included in the provisional programme for 2017-19 as identified in section 5 of the report
- (3) Noted that schemes for 2017-19 were provisional pending an annual review of funds available for capital investment.

58 REVENUE BUDGET 2016-17

The Committee received and considered a report which set out estimates for income and expenditure on its services for 2016/17.

The report set out a summary of the forecast outturn for 2015/16 which had been taken into consideration in preparing next year's budget and the resulting budget proposals for 2016/17. In particular, it was highlighted that, since publication of the agenda, there had been a change in the financial situation regarding variation in pay, pension (IAS19) & support service recharges costs which had reduced to £220K. An equivalent £180K had been drawn down from the Corporate Project Reserve set out in the report as £127K (which now stood at - £53K) to fund this. The overall net effect on the base position for 2016/17 was therefore Nil.

It was further noted that it had recently been announced by the Government that it intended to withdraw Revenue Support Grant from 15 local authorities sooner than previously anticipated. 8 of those authorities were in Surrey, including Epsom and Ewell Borough Council. This Council had anticipated that it would be phased out over four years, not two, and had made strong representations on the matter to the MP and Department of Communities and Local Government. All those authorities affected were drafting a collective representation and suggesting measures to help ameliorate its accelerated withdrawal. It was requested that the letter to the MP and his response be circulated to members.

Accordingly, the Committee recommended the 2016/17 service estimates for approval at the budget meeting of the Council on the 11 February 2016.

59 BOROUGH INSIGHT CONTRACT

The Committee received and considered a report which set out the benefits of producing the Council's magazine and which sought approval to continue with its production for the next two years following a successful tender exercise to secure an experienced supplier.

The report highlighted that it was important to offer a number of channels of communication, including digital, through which the Council could communicate with residents. Borough Insight offered an opportunity to ensure that each household could receive information (in accordance with the Code of Recommend Practice on Local Authority Publicity) about what was going on in the Borough.

Officers were mindful that the use of printed communications was diminishing nationally and would continue to evaluate feedback on the printed magazine's contribution to the dissemination of information over the contract period.

However, at the current time, taking into consideration that not everyone had access to the internet and that the magazine worked out at roughly 30 pence a copy for a good quality product, the Committee agreed:

- (1) Borough Insight should continue as a printed magazine delivered to households and venues in the Borough three times a year;
- (2) The contract for the production, delivery and advertising management of the printed magazine should be awarded to Frontline;
- (3) The Council should continue to produce e-Borough Insight in-house and endeavour to increase the number of residents subscribing to it.

In so doing, the Committee requested that Officers investigate the possibility of securing sponsorship to further bring down production costs.

60 PERFORMANCE MANAGEMENT MONITORING - PROGRESS REPORT 2 2015/16

The Committee received and considered a report which set out performance against the Committee's actions for Progress Report Two 2015/16.

In relation to MR2 (Managing Resources: continuing to ensure all our activities are customer focussed and provide good value for money), it was noted that a combination of factors had led to no further service changes were being implemented. The Council had gone live with all the entities it had planned to do so and staffing resource was stretched. Further significant developments would be at a cost for which there were no financial resources at the present time.

It was further noted that, in relation to MR6 (Managing Resources: seeking to generate saving of at least £1.5m over the next three years) the only cost saving required within the 2015/16 budget was the closure of the Cash Office which had been achieved.

The Committee did not identify any issues requiring action over and above that set out in the Progress Report.

61 BLENHEIM ROAD - RENOVATION OF PROPERTIES FOR TEMPORARY ACCOMMODATION

The Committee received and considered a comprehensive report which sought approval to renovate 1- 3 Blenheim Road to provide 9 x 1 bed units for the purposes of temporary accommodation within the Borough.

The report concluded that there had been significant changes since the previous decision taken in June 2014 by this Committee to demolish the building. These included the continued housing pressures surrounding the Council's statutory duty regarding homelessness and the increased costs of meeting this duty. In addition, previous concerns about creating a new access to the Longmead Depot had receded following alternative methods of mitigating this risk having been put forward.

The benefits of disposal by way of a lease rather than entering solely into a management agreement for the properties were noted and the rent to the Council would be geared to rents received by the Housing Association. It was recognised that condensation had been a problem in these properties in the past and the refurbishment would centre on overcoming this issue. The management agreement would provide for regular inspections. On-going maintenance and repair of the properties would be the responsibility of the Housing Association. Whilst the location of this accommodation was not ideal, and would not lend itself to settled accommodation, as temporary accommodation it was preferable to Bed and Breakfast. Exemption from creating secure tenancies applied to the Council or any party discharging the function on its behalf.

It was further noted that, whilst income from residential property was exempt from VAT, there was a potential VAT liability arising from the works. The amount of VAT recoverable on expenditure related to exempt income was currently 5% of total VAT recovered. The Head of Financial Services was optimistic that this 5% limit would not be exceeded in the current financial year but Officers would be investigating options to reduce liability on other properties by potentially exercising the opt to tax to mitigate the risk of exceeding this limit. However, it was stressed that this exemption did not reduce the overall amount of VAT incurred by the Council.

It was confirmed that Rosebery Housing Association's only concern regarding taking on the management of these properties was over the issue of condensation. This would form part of the negotiations over the terms of the agreement and no works would be undertaken until agreement had been reached and the lease signed.

Accordingly, the Committee:

(1) Recommended to Council the use of:

- The £200,000 of capital reserves previously approved for the demolition of 1-3 Blenheim Road; and
- Up to a further £173,500 from S106 affordable housing developer contributions.

to bring 9 x 1 bedroom flats at Blenheim Road into use as temporary accommodation, subject to first entering into a full repairing Agreement to Lease with a Social Housing Provider.

(2) Authorised the Head of Housing and Environmental Services to negotiate and agree terms of the agreement for lease with the Social Housing Provider, following consultation with the Head of Legal and Democratic Services, Director of Finance and Resources and the Chairman of the Strategy and Resources Committee.

62 RESIDENTIAL PROPERTY ACQUISITION FUND

A report was presented to the Committee which recommended the creation of a Residential Property Acquisition Fund of £3 million. It was proposed that this fund be used to purchase properties suitable for use as temporary accommodation. This would create an income stream, reduce emergency temporary accommodation costs and provide a long term asset value growth.

The supply of social rented accommodation in the Borough had fallen significantly in recent years and the social rented sector was struggling but demand for this type of accommodation was increasing. Increasing the supply of temporary accommodation within or close to the Borough boundary had both social and financial advantages, enabling tenants to be close to their support network of family and friends as well as being in a better position to seek employment.

Whilst it was fully understood why it was proposed to make decisions to purchase a property in consultation with elected members, it was proposed that this should be with more than just the Chairman of the Strategy and Resources Committee.

Accordingly, the Committee:

- (1) Recommended to Council the creation of a residential property acquisition fund of £3 million for the purchase of properties to use as temporary accommodation;
- (2) Approved the use of New Homes Bonus up to a maximum of £2 million, £275,000 capital reserves and the remainder to be funded from available Section 106 funds;
- (3) Approved the decision making process for this fund as set out in the report subject to the decision to purchase a property being made by the Head of Housing and Environment in consultation with the Chief Executive, Director of Finance and Resources, Head of Legal and Democratic Services and two of the three following members: the Chairman of Strategy and Resources Committee and/or the Vice Chairman of the Strategy and Resources Committee and/or the Chairman of the Social Committee.

63 PRIVATE SECTOR LEASING SCHEME

Members considered a report which proposed the establishment of an in-house private sector leasing scheme for the provision of temporary accommodation for homeless households.

This scheme was a relatively quick means of acquiring accommodation whilst other options (such as those considered in items 9 and 10 – Minutes 61 and 62 refer) were being worked up. It was also financially more attractive than putting up families in nightly-paid emergency accommodation. It was highlighted that

the figures in the table at paragraph 4.9 of the report were £00's per year and not £000's – this was a typographical error.

Repairing obligations in the lease would be very specific and the Council would draw on best practice from elsewhere. The Council had already been approached by potential landlords and, having spoken to estate agents, Officers were confident that they could overcome some of the barriers to letting to this sector. Should the proposals be agreed, there would be a property specific process for determining fit and proper landlords.

Concern was expressed that Officers should be expected to take such decisions on their own and, as a safeguard, it was proposed that the decision on setting the level of rent if the current LHA rent levels did not attract enough interest from landlords should, as in the case of acquiring properties under the Residential Property Acquisition Fund, be made in consultation with elected members.

The rent charged under this scheme would depend on the size of the property but averaged around £800 per month which was on par with rents in temporary accommodation. Housing Benefit was means tested but tenants should not find themselves financially worse off in terms of housing costs.

The causes for properties lying empty were varied. It was noted that an informal Officer group had been established to look at whether properties could be brought back into use.

The Committee:

- (1) Noted the report and endorsed its support for the establishment of a Private Sector Leasing Scheme;
- (2) Authorised the Head of Housing and Environmental Services to take leases of up to 15 private residential properties on such terms as he considers appropriate, following consultation with the Director of Finance and Resources, the Head of Legal and Democratic Services and either one of the following: the Chairman of Strategy and Resources Committee, the Vice Chairman of the Strategy and Resources Committee or the Chairman of the Social Committee;
- (3) Receive a review of the operation of the scheme within 12 months of its operation

Note: The Committee wished to record its thanks to all the officers involved in bringing forward options to assist the Council in improving the quality of life for vulnerable residents and reducing the financial risk associated with its obligations in relation to homelessness.

64 LAND ON LONGMEAD ESTATE

This item was withdrawn.

65 HORTON CHAPEL

Note: Councillor Eber Kington left the meeting/Chamber and took no part in the debate or decision on this matter.

A report summarising the position in relation to Horton Chapel was presented to the Committee. The report also sought agreement to a way forward with a view to the Council disposing of the Chapel either to an organisation for provision of a community facility or on the open market.

A revised set of recommendations were tabled by the Chairman for discussion.

A note setting out the background to how the Council acquired Horton Chapel and the numerous attempts to bring it back into use was set out in Annexe 1 to the report. In regard to the sum of money it was proposed to make available to any purchaser to expend on refurbishment and renovation, it was noted that various sums were held in accordance with previous decisions and contractual obligations and it therefore it made sense to transfer these sums with the property. In the intervening years, the Council had not expended significant sums on the building over and above what was required to facilitate bringing it back into use. Using the earmarked funds would not be at the detriment to the Council's financial position.

The following points were also noted:

- Community groups would have a period of up to 4 months to submit bids at which point a decision would be taken on whether or not any bids were viable, taking into account that bids may be dependent on external funding;
- The Council did not have the internal expertise to evaluate such bids and external assistance would be sought to agree objective evaluation criteria;
- There would be no public open day and the Chapel could not be used by the community in the interim for health and safety reasons. It was likely that the Council would engage an agent, as in the case of Downs House and supervised viewings would take place as part of this process;
- Bidding for lottery funding was not a competitive process and therefore there would be no conflict of interest in the Council supporting a bid submitted in relation to Horton Chapel and any bid in relation to Nonsuch Park. In any event, there were various streams of lottery funding and it was unlikely that the bids would be made to the same fund;
- A small sum was being held back to cover the Council's costs in facilitating the disposal of the Chapel.

Accordingly, the Committee:

- (1) Noted the position to date;

- (2) Authorised Officers, following consultation with the Chairman of the Strategy and Resources Committee, to finalise a pack of information to be available for anyone interested in putting forward a bid for the building: such pack to be available by the end of February 2016;
- (3) Agreed the allocation of funds as follows:
 - a) Up to £450,000 to be available to any purchaser to be expended on the refurbishment and renovation of Horton Chapel;
 - b) Up to a further £1 million to be available to any purchaser proposing a wholly community/charitable end use for the building;
 - c) Any mixed use incorporating community/charitable uses and commercial use to be entitled to a sum between the above figures depending on the nature of the mix proposed, with the intention that it be limited to a sum up to £500,000 in addition to the sum at (a)
 - d) Additional sums to be held at this point as a contingency and to meet the cost of all professional advice and assistance.
- (4) Agreed that bids be invited for community/charitable proposals to be submitted by the end of June 2016; and
- (5) Agreed that a further report be brought to the Committee at its meeting on 28 June 2016 to update on progress and to consider whether/when/how marketing for commercial bids should commence.

66 EXCLUSION OF PRESS AND PUBLIC

The Committee resolved 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 involved the likely disclosure of exempt information as defined in paragraphs 1, 2, and 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.

67 ICT SHARED SERVICE

Note: Councillor Eber Kington returned to the meeting/Chamber for the remainder of the meeting.

The Committee agreed a way forward as set out in the Minutes.

Note: The details are considered officially sensitive at this time and the Minute for this item will be exempt from publication

68 LAND IN WEST EWELL

The Committee agreed a way forward as set out in the Minutes.

Note: The details are considered officially sensitive at this time and the Minute for this item will be exempt from publication.

69 **PROCUREMENT**

The Committee agreed a way forward as set out in the Minutes.

Note: The details are considered officially sensitive at this time and the Minute for this item will be exempt from publication

The meeting began at 7.30 pm and ended at 9.49 pm

COUNCILLOR NEIL DALLEN (CHAIRMAN)