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EPSOM & EWELL

TOWN HALL

EPSOM

11 April 2016

SIR OR MADAM

I hereby summon you to attend a meeting of the Council of the Borough of Epsom and Ewell which will be held at the Town Hall, The Parade, Epsom on **TUESDAY, 19TH APRIL, 2016** at **7.30 pm**. The business to be transacted at the Meeting is set out on the Agenda overleaf.

Prayers will be said by the Mayor's Chaplain prior to the start of the meeting.

A handwritten signature in black ink, appearing to read 'S. Young'.

Head of Legal and Democratic Services

COUNCIL

Tuesday 19 April 2016

7.30 pm

Council Chamber - Epsom Town Hall

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

FIRE PRECAUTIONS

No fire drill is planned to take place during the meeting. If an alarm sounds, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate. Do not use the lifts.

On leaving the building, please make your way to the Fire Assembly point
on Dullshot Green.

AGENDA

1. DECLARATIONS OF INTEREST

To receive declarations of the existence and nature of any Disclosable Pecuniary Interests from Members in respect of any item to be considered at the meeting.

2. MINUTES (Pages 5 - 32)

To confirm the Minutes of the Meeting of the Council held on 8 December 2015 and 11 February 2016 (attached)

3. MAYORAL COMMUNICATIONS/BUSINESS

To receive such communications or deal with such business as the Mayor may decide to lay before the Council.

4. QUESTIONS FROM COUNCILLORS

To answer written questions from Councillors

Note: The deadline for questions is 5pm on Wednesday 13 April 2016 (17.00 hours on the third clear working day before the meeting).

5. **RECOMMENDATIONS FROM COMMITTEES** (Pages 33 - 102)

To receive, consider and where appropriate, adopt the following recommendations from Committees.

	Recommendation	From	Background Papers
40 E	Corporate Plan	Strategy and Resources Committee	Please refer to item 06 on the Agenda
41 F	Economic Development Strategy	Strategy and Resources Committee	Annexe 1
42 G	Treasury Management	Strategy and Resources Committee	Annexe 2
43 H	Committee Restructuring	Strategy and Resources Committee	Annexe 3

6. **CORPORATE PLAN** (Pages 103 - 110)

To receive, consider and adopt the report of the Chief Executive concerning the Corporate Plan.

7. **MINUTES OF THE AUDIT CRIME & DISORDER AND SCRUTINY COMMITTEE** (Pages 111 - 114)

To note the Minutes of the Audit, Crime and Disorder and Scrutiny Committee held on 4 February 2016 (attached)

8. **MOTIONS TO COUNCIL**

In pursuance of the Council's Rules of Procedure, Councillor Vince Romagnuolo will move and Councillor Neil Dallen will second, the following Motion:

"This Council notes that that the Prime Minister has announced the Government's intention to hold a referendum on the UK's continued membership of the European Union.

Epsom & Ewell Borough Council unreservedly supports this referendum and encourages all residents to study the information available and participate in the debate before voting on the day".

Note: The deadline for Notice of Motions was 5.00pm on Wednesday 6 April 2016 (17.00 hours on the eighth clear working day before the meeting)

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EPSOM AND EWELL

**Minutes of the Meeting of the COUNCIL of the BOROUGH of EPSOM AND EWELL
held at the Town Hall, The Parade, Epsom on 8 December 2015**

PRESENT -

The Mayor (Councillor Chris Frost); The Deputy Mayor (Councillor George Crawford) ;
Councillors Michael Arthur, Tony Axelrod, Richard Baker, Rekha Bansil, John Beckett,
Steve Bridger, Kate Chinn, Alex Clarke, Lucie Dallen, Neil Dallen, Hannah Dalton,
Graham Dudley, Robert Foote, Liz Frost, Rob Geleit, Eber Kington, Jan Mason,
Tina Mountain, Barry Nash, Martin Olney, Jane Race, David Reeve,
Humphrey Reynolds, Guy Robbins, Vince Romagnuolo, Clive Smitheram, Jean Steer,
Alan Sursham, Mike Teasdale, Peter Webb, David Wood, Clive Woodbridge and
Tella Wormington

Absent: Councillors Omer KoKou-Tchri, Peter O'Donovan and Keith Partridge

The Meeting was preceded by prayers led, in the absence of the Mayor's
Chaplain, by the Chief Executive

25 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors in items on this agenda.

26 MINUTES

The Minutes of the Council held on 15 October 2015 were agreed as a true
record and signed by the Mayor

27 MAYORAL COMMUNICATIONS/BUSINESS

The Mayor referenced the terrible events in Paris and informed the Council that
he had sent a message of condolence. The Mayor also reported with sadness
the recent death of much respected former County Councillor Richard Rothwell.

Finally the Mayor invited Members to join him for carol singing in the Ashley
Centre on 19 December 2015

28 QUESTIONS FROM COUNCILLORS

- a) Meetings in relation to the provision of Christmas Lights: Councillor Alexander Clarke asked the following question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen

Question:

Were there any meetings held as to the placement/design of Christmas Lights in the town? How much has been spent on Christmas Decorations each year for the last decade? And where did that money come from?

Reply:

- a) Yes there were meetings.
- b) Very little Council money has been spent over the last decade.
- c) Individual RA Councillors, Ward RA committees and local businesses have raised most of the required funding along with some contributions from County Councillor allowances.
- d) Thanks are due to Resident Association Councillors for taking the initiative with Christmas decorations and helping to support the local businesses.
- b) Government Announcement in relation to Right to Buy: Councillor Guy Robbins asked the following question and received the following written answer from the Chairman of the Health Liaison Panel, Councillor Liz Frost:

Question:

Can I ask the chairman of the Social committee how this Council is clarifying, and reacting to, the Government's decision that tenants of Housing Associations will now have to offer Right to Buy and how this might affect the provision of rented housing in Epsom and Ewell?

Reply:

I thank Councillor Robbins for his question. The extension of the Right To Buy to Housing Association properties will inevitably reduce the already scarce supply of social rented properties in the borough. The main provider of social housing in the Borough, Rosebery Housing Association, have assessed the potential impact and suggest that it may be less keenly felt in this Borough than elsewhere in the Country. However, over the last few years we have seen the number of housing association properties fall sharply as the pace of new developments has slowed. We also find that existing social homes become available for re-letting

significantly less often than would be expected when looking at local and National re-let rates, which further exacerbates the pressures we face.

In 2012/13 we had 174 properties available for social rent by people in housing need whilst so far this year only 27 such properties have been made available: however we are expecting a further 79 new build homes by the end of this financial year, 69 of which will be rented. The buoyant private rented sector is also out of the reach of many people in housing need who cannot afford the high market rents in the borough, commentators tell us that private rents have risen by 38% in the past five years and are expected to increase by a further 40% in the coming five years. Officers in Housing Services are developing new initiatives to try to secure access to the private rented sector to off-set the lack of affordable housing for rent.

In response to this imbalance between supply and demand, we are working with local Housing Associations and the private rented sector to stimulate the supply of truly affordable homes but I nevertheless intend to write to our M.P to point out the effect this ill-timed policy is having on our ability to help the increasing number of homeless families in our Borough.

- c) Horton Chapel: Councillor Alexander Clarke asked the following question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

What are the current/proposed plans for Horton Chapel? And has any money been spent on it since the council took ownership?

Reply:

- a) Please see S&R report for the current and proposed plans
- b) A small amount of money has been spent for essential maintenance and to secure the building.
- d) Bin Collection: Councillor Alexander Clarke asked the following question and received the following written answer from the Chairman of the Environment Committee, Councillor John Beckett:

Question:

Has the policy of not returning for 'black' (plastic) bins saved any money? And has there been any upsurge in calls to the call centre over it?

Reply:

I thank Councillor Clarke for his question. The policy of not returning for missed black recycling bins was introduced along with that service in 2009. While the exact amount saved has not been calculated, it is certain that this has saved the

Council money. Recycling vehicles typically average just 2-4 miles per gallon. Therefore, a trip of 2-3 miles off route to collect a missed bin may save up to a gallon of diesel, representing a saving of £4-5.

There has been very little concern with the policy amongst residents. The Council put great emphasis on communications when the service was launched in order to engage with residents and fully explain our policies.

Some individuals have called the Contact Centre to express their concern, but have generally understood and supported the policy when the financial benefit has been explained to them.

There has not been an upsurge in calls to the Councils call centre as a result of this policy as we get approximately an average of 100 calls a month relating to refuse issues. From these 100 or so calls we have around 7 residents a month who go on to make a formal complaint.

- e) Parking Enforcement: Councillor Alexander Clarke asked the following question and received the following written answer from the Chairman of the Environment Committee, Councillor John Beckett:

Question:

Can it please be confirmed that it is still the case that Epsom & Ewell Civil Enforcement Officers are not set quotas, and that their rate of appeals is low?

Reply:

I thank Councillor Clarke for his question. I can confirm that Epsom and Ewell Civil Enforcement Officers are not set quotas for issuing Penalty Charge Notices. In terms of appeals the City and Guilds Level 3 Notice Processing Guide says you can expect over 25% of all PCNs issued to result in correspondence. Since 1st April 2013 I can confirm that the amount of incoming correspondence logged on average is 27.2% of the number of Penalty Charge Notices issued, however this figure may include more than one appeal against the same penalty charge notice.

- f) Constitutional Changes: Councillor Alexander Clarke asked the following question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

Since the decision of 21/04/2015 has the Monitoring officer seen fit to make any constitutional changes?

Reply:

No further constitutional changes have been made.

- g) *Urgent Question tabled in accordance with FCR70: proposed changes to protection of Green Belt:* Councillor Liz Frost asked the following question and received the following written answer from the Chairman of the Licensing and Planning Policy Committee, Councillor Graham Dudley:

Question:

I see that the Government is proposing changes to planning protection in the Green Belt. The consultation period is very short. Our residents have expressed great concern for the protection of our Green Belt land. Would the Chairman of the Licensing & Planning Policy Committee please respond to the consultation as a matter of urgency in support of the Borough Council maintaining control over planning applications in our Green Belt?

Reply:

I understand the government has published a consultation about changes to a wide range of planning policy issues. These are understood to include proposed changes to national planning policy that could allow for the allocation of sites located within the Green belt for starter homes. This consultation has not been widely publicized and (like you) Officers only became aware of it today (Tuesday 8 December 2015).

I also understand the consultation will run across the forthcoming public holiday period and is scheduled to conclude on 25 January 2016. In order to meet this deadline, I have asked Officers to prepare a verbal report to the Licensing & Planning Policy Committee this Thursday 10 December 2015. The report will provide an overview of the topics covered by the consultation and identify a suggested response from the Council based on our adopted planning policy strategy for the Borough. If necessary, I will also call a special meeting of the Licensing & Planning Policy Committee to consider our response further.

30 STRATEGY AND RESOURCES COMMITTEE

The recommendations arising from the Special meeting of the Strategy and Resources Committee held immediately preceding the Council meeting and the recommendation arising from the meeting of the Strategy and Resources Committee held on 17 November 2015 were received.

Upon being put, the **MOTION (adoption of Local Council Tax Support Scheme 2016/17)** was **CARRIED** without a division.

RESOLVED

that the Local Council Tax Support Scheme 2016/17 be approved and adopted

Upon being put, the **MOTION (Calendar of Meetings 2016/17)** was **CARRIED** without a division.

RESOLVED

that the Calendar of Meetings for 2016/17 be approved and adopted

31 SOCIAL CENTRES REVIEW

The Council considered a report by the Head of Venues and Facilities arising from the recommendations of the Social Committee following the recent service review undertaken by the Audit, Crime & Disorder and Scrutiny Committee.

In moving the recommendations set out in the report, the Chairman of the Social Committee stated that she was committed to social activities for all ages – not just for the elderly or retired. She considered that it was important that the Council provided Social Centres which also complemented services provided by the Leisure Developments Team and the voluntary sector even though it did not have a statutory obligation to do so. In fact, the Longmead Centre had recently won an award for its services. The Chairman went on to state that she was supportive of the amalgamation of the two Social Centres. The Longmead Centre was capable of accommodating an increase in members but would need refurbishment and rebranding. It was accessible by public transport and serviced by Routecall.

It was **MOVED** by Councillor Tina Mountain and **SECONDED** by Councillor Alexander Clarke that:

“the decision regarding the future of the Wells social community Centre be deferred until a full consultation be carried out with the residents of the Wells Estate”

Upon the **MOTION** being put, it was **LOST**, there being 6 Members in favour, ** against

It was thereupon **MOVED** by Councillor Neil Dallen and **SECONDED** by Councillor Clive Woodbridge that:

“This Council

- (1) *Recognises that, faced with a funding shortfall of around £2.5 million by 2019/2020, due to central government cuts, the most efficient use of council funds is to amalgamate all Social Centre provision into one Centre in Sefton Road, which is to be known as the Epsom Centre;*
- (2) *Further recognises that the current subsidy of £362 per member at the Wells Centre is not sustainable and agrees to review the cost of this provision as part of the move to one centre, with a view to increasing value for money while enhancing the range of services provided;*

- (3) *As part of the move to one centre, commits to provide up to £70,000 from any capital sum derived from any disposal of the Wells Centre to support development of the Epsom Centre, in order to deliver improved service provision;*
- (4) *Noting that the Wells Centre currently has community use, based on current hiring levels, agrees that on-going provision for a community facility should form part of any disposal of the Wells Centre;*

And that should Members decide in favour of 1 to 4 above, this Council agrees to:

- (5) *Investigate disposal of the Wells Centre, which is to be carried out either by:*
 - a) *Raising the required finance to develop the site into housing to be managed by a company set up there to do; or*
 - b) *Selling to a developer and thereby realising a capital receipt;*

and in both cases with a view towards making ongoing provision for a community facility, subject to officer evaluation and advice on these options, and any other such options as they consider appropriate.

- (6) *And approves the following:*
 - a) *Social Centre provision at the Wells Centre will cease from close of business on Friday April 1st 2016;*
 - b) *Current hirers of the Wells Centre, including the Wells Preschool, be allowed to continue to use the venue until such time as a decision is taken as to the future of the building, providing they provide caretaking services themselves and have appropriate insurance, enabling EEBC expenditure at the venue to be limited, to avoid breaking the 5% VAT partial exemption calculation.*
 - c) *Members agree to the creation of a task group of three members nominated by full council and supported by the Chief Executive, Director of Finance and Resources and the Head of Venues to oversee the rationalisation to one site, any disposal of the Wells and any subsequent improvement works to the Sefton Road site, and to report back progress to the relevant committees.*
 - d) *Members agree to include options a) to f) in section 5.6 of this report as options to be considered as part of the report to Strategy and Resources committee regarding disposal of the Wells Centre site”.*

It was thereupon **MOVED** by Councillor Vince Romagnuolo and **SECONDED** by Councillor Rob Geleit that:

“the number of members on the task group be increased to five and that two of the five members be Councillors from the relevant Wards of Stamford and Court”

Upon being put, the **MOTION** was **LOST**, there being 7 Members in favour and 25 against

It was thereupon **MOVED** by Councillor Tina Mountain and **SECONDED** by Councillor Alexander Clarke that:

“one of three members on the task group be Conservative”

Upon being put, the **MOTION** was **LOST**, there being 3 Members in favour, 2 Members abstaining and the majority against.

RESOLVED

This Council

- (1) **Recognises that, faced with a funding shortfall of around £2.5 million by 2019/2020, due to central government cuts, the most efficient use of council funds is to amalgamate all Social Centre provision into one Centre in Sefton Road, which is to be known as the Epsom Centre;**
- (2) **Further recognises that the current subsidy of £362 per member at the Wells Centre is not sustainable and agrees to review the cost of this provision as part of the move to one centre, with a view to increasing value for money while enhancing the range of services provided;**
- (3) **As part of the move to one centre, commits to provide up to £70,000 from any capital sum derived from any disposal of the Wells Centre to support development of the Epsom Centre, in order to deliver improved service provision;**
- (4) **Noting that the Wells Centre currently has community use, based on current hiring levels, agrees that on-going provision for a community facility should form part of any disposal of the Wells Centre;**

And that should Members decide in favour of 1 to 4 above, this Council agrees to:

- (5) **Investigate disposal of the Wells Centre, which is to be carried out either by:**
 - a) **Raising the required finance to develop the site into housing to be managed by a company set up there to do; or**
 - b) **Selling to a developer and thereby realising a capital receipt;**

and in both cases with a view towards making ongoing provision for a community facility, subject to officer evaluation and advice on these options, and any other such options as they consider appropriate.

(6) And approves the following:

- a) Social Centre provision at the Wells Centre will cease from close of business on Friday April 1st 2016;
- b) Current hirers of the Wells Centre, including the Wells Preschool, be allowed to continue to use the venue until such time as a decision is taken as to the future of the building, providing they provide caretaking services themselves and have appropriate insurance, enabling EEBC expenditure at the venue to be limited, to avoid breaking the 5% VAT partial exemption calculation.
- c) Members agree to the creation of a task group of three members nominated by full council and supported by the Chief Executive, Director of Finance and Resources and the Head of Venues to oversee the rationalisation to one site, any disposal of the Wells and any subsequent improvement works to the Sefton Road site, and to report back progress to the relevant committees.
- d) Members agree to include options a) to f) in section 5.6 of this report as options to be considered as part of the report to Strategy and Resources committee regarding disposal of the Wells Centre site”.

32 AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE

The Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee held on 26 November 2015 were received and noted.

33 STANDARDS COMMITTEE

The Minutes of the meeting of the Standards Committee held on 1 December 2015 were received and noted.

34 MOTION: SUPPORT FOR ARMED FORCES

Pursuant to FCR 79, Councillor Tina Mountain **MOVED** and Councillor Neil Dallen **SECONDED**:

“That this Council offers its thanks to, and support for, all the members of the armed forces who will not be home with their families this Christmas be they near or far; and acknowledges that whilst it is hard at any time of year, at Christmas it will be especially so.”

In accordance with the advice given by the Chief Executive, the Council **RESOLVED** (unanimously) to debate the motion.

Upon being put, it was **RESOLVED** (unanimously)

That this Council offers its thanks to, and support for, all the members of the armed forces who will not be home with their families this Christmas be they near or far; and acknowledges that whilst it is hard at any time of year, at Christmas it will be especially so

The meeting began at 19.56 hours and ended at 21.17 hours

CHRISTOPHER FROST
MAYOR



EPSOM AND EWELL

Minutes of the Meeting of the COUNCIL of the BOROUGH of EPSOM AND EWELL held at the Town Hall, The Parade, Epsom on 11 February 2016

PRESENT -

The Mayor (Councillor Chris Frost BSc); The Deputy Mayor (Councillor George Crawford QPM); Councillors Michael Arthur, Tony Axelrod, Richard Baker, John Beckett, Steve Bridger, Kate Chinn, Alex Clarke, Lucie Dallen, Neil Dallen, Hannah Dalton, Graham Dudley, Robert Foote, Liz Frost, Rob Geleit, Eber Kington, Omer Kokou-Tchri, Jan Mason, Barry Nash, Martin Olney, Keith Partridge, David Reeve, Humphrey Reynolds, Guy Robbins, Vince Romagnuolo, Clive Smitheram, Alan Sursham, Mike Teasdale, Peter Webb, David Wood and Clive Woodbridge

Absent: Councillors Rekha Bansil, Tina Mountain, Barry Nash, Peter O'Donovan, Jane Race, Jean Steer and Tella Wormington

The Meeting was preceded by prayers led by the Mayor's Chaplain

35 DECLARATIONS OF INTEREST

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

36 MAYORAL COMMUNICATIONS/BUSINESS

The Mayor reminded Councillors of two forthcoming charity events – a quiz night and the Charity Ball. He also announced that two Community Fund Grant Awards had been made and would be presented shortly.

37 QUESTIONS FROM COUNCILLORS

- a) I.T. Security: Councillor Alexander Clarke asked the following written question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

How strong is Epsom & Ewell's cyber security?

Reply:

Very Strong. However, all users need to be vigilant at all times and must not open any emails with attachments that they are not expecting or look unusual.

- b) Appointments to Outside Bodies: Councillor Liz Frost submitted the following written question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

We currently have Councillors appointed to outside bodies. These are official positions and Council Officers review them every so often to ensure that it is still appropriate for our Councillors to be representatives. Some of these have a more defined role than others.

In recent times there have been an increasing number of requests by organisations for us to have a 'Champion' to represent their interests. In some cases this appears to be the same as an appointment to an outside body – in others it is different. Currently we have no formal process for deciding whether a Champion is appropriate, and if so, for appointing them or monitoring them.

Can I ask the Chairman of Strategy & Resources Committee if he would work with Officers to come up with a method for addressing this? (Chairman of S&R)

Reply:

We are currently reviewing outside body appointments and we will include "Champions" on the list as if they were an outside body appointment.

Part of the review is to ensure that there is a justifiable reason to appoint a Councillor to an outside body rather than just a "nice to have" position. These positions not only involve Councillor time but also officer time.

- c) Nuisance posed by stray golf balls: Councillor Omer Koukou-Tchri submitted the following written question and received the following written answer from the Chairman of the Environment Committee, Councillor John Beckett:

Question:

What are we planning to do about “Yellow Golf Range Balls” as I understand the matter from communications, Yellow Balls going from a private but initially unauthorised development; over public highway onto resident’s properties across the road [Longdown Lane] with danger to residents, their properties and general public and a tragedy waiting to happen?

Reply:

I am afraid that there is little this Council can do in relation to this matter. I am informed that no planning enforcement action can be taken, nor, as reported, is this an actionable public nuisance of the sort which our Environmental Health team can tackle. Any highway safety implications are matters for Surrey County Council to consider, and I would suggest that this be raised with the residents’ County Councillor. I am also informed that golf balls being hit into private gardens is a private law matter for the householders to pursue with the golf club—they would be well advised to seek their own independent legal advice about this.

- d) Community Facilities on the Wells Estate: Councillor Kate Chinn submitted the following written question and received the following written answer from the Chairman of the Strategy and Resources Committee:

Question:

Can I ask the chairman of Strategy and Resources what positive steps are being taken to ensure that The Wells community keeps a centre that can be used and enjoyed by the whole community?

Reply:

I would refer Cllr. Chinn to the last Council meeting and the recommendation that was agreed.

- e) Emergency Contingency Planning: Councillor Alexander Clarke submitted the following written question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

Have any tests of our emergency contingency plans been carried out, e.g. The holding of council meetings in places other than the Council offices? And if not, then why not?

Reply:

With iPads we can hold Council meetings at any location. There is no need to test this.

- f) *New Refuse Service*: Councillor Alexander Clarke submitted the following written question and received the following written answer from the Chairman of the Environment Committee, Councillor John Beckett:

Question:

With the proposed bin swapping plan (black to green/green to black) what will happen in the case of residents who have bins of equal volume?

Reply:

The new refuse and recycling services will launch during the early summer of 2017. Throughout 2016 and into 2017, we will carry out an extensive programme to communicate the new service, including the bin-swap. We will engage with as many residents as possible, through a variety of media. Officers will be presenting an overview of the communications programme to the Environment Committee at its next meeting on 12 April. We will be calling the bin-swap “The Big Switch”, which we hope will resonate with people.

This will give residents plenty of early notice about “The Big Switch”, particularly over the summer and autumn of this year. We’ll help them to understand what bins they’ll need going forward, and encourage them to call us if they need any new containers. For example, a household without a black bin now will need one for refuse collections in the future. Or a household with a smaller green refuse bin now will want a bigger one to use for recycling in the future. We’ll encourage people to call us and make these changes well before launch.

An exception will be those households currently using a larger, 240-litre black bin to help them recycle more. There are around a thousand such bins being used across the Borough. While we don’t want big, black rubbish bins in the future, neither do we want to interrupt these residents’ excellent recycling habits in the meantime. So for these households it makes sense to wait until after launch to swap their big, black bin for a smaller one (and we are sure that those keen recyclers will welcome the change).

People are generally very interested in recycling, so it seems likely that most people will think about what they need, and contact us well before “The Big Switch”. But it’s reasonable to assume that a few households may still need some kind of bin change at launch, so this is part of our operational planning. One of our tasks, for example, is to ensure that no household has more than one 180-litre black refuse bin after launch (unless entitled to upgrade their refuse bin under our new policy for larger households).

- g) *Design Quality 'Supplementary Planning Document'*: Councillor Alexander Clarke submitted the following written question and received the following written answer from the Chairman of the Licensing and Planning Policy Committee, Councillor Graham Dudley:

Question:

Could I please have a best estimate of when the Design Quality 'Supplementary Planning Document' will be finished, and whether (and if so when/how) it will be open to public consultation?

Reply:

The Draft Design Quality Supplementary Planning Document will provide detailed advice on the design, townscape and space standards contained within the Development Management Policy Document, which is part of the Local Plan.

My current expectation is that the Licensing and Planning Policy Committee will consider the draft document in June 2016, and that this will be followed by a period of public consultation. Once the consultation responses have been considered and any appropriate amendments made, adoption of the document by the Licensing and Planning Policy Committee will follow, probably in September or October of this year.

- h) *Kiln Lane Link*: Councillor Alexander Clarke submitted the following written question and received the following written answer from the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen:

Question:

What efforts by the council are being expended upon the Kiln Lane Link?

Reply:

Surrey County Council are the lead authority for the Kiln Lane Link improvement scheme – and must take primary responsibility for promoting and securing funding for its delivery from the Government and others, but Epsom & Ewell are expending an enormous amount of effort to ensure that this major scheme remains high on all interested parties agendas.

We have been heavily involved with both Gatwick Diamond and the Coast to Capital (C2C) Local Enterprise Partnership (LEP) to ensure that this remains at the top of their priorities.

We have also been instrumental in ensuring that Surrey County Council, the Highways Authority, continue to give it the priority and funding that it deserves.

This scheme will have an enormous positive impact on the whole Borough, particularly by reducing the traffic over Ewell West station Road Bridge and Hook Road/East Street.

The joining of the two business parks, Nonsuch and Longmead, will also give a very positive message to businesses and enhance the economic vitality of the area.

39 BUDGET REPORT 2016-17 - AMENDED 10 FEBRUARY 2016

The Council gave consideration to its 2016/17 budget, comprising both revenue and capital expenditure plans and Council Tax amounts for each band of dwelling which took account of recommendations of the Environment, Leisure, Environment, Social and Strategy and Resources Committees (appertaining to fees and charges, the revenue budget and capital programme).

An amended report had been issued on 10 February 2016, following the receipt of the Government's final financial settlement on 8 February 2016. The amended report was based on a recommended increase of £4.95 per annum (for Band D properties) in Council Tax reflecting the final settlement which had allowed District Councils to increase council tax by up to £5 or 2% whichever provided the higher increase in income.

In moving the recommendations of the Director of Finance and Resources, the Chairman of the Strategy and Resources Committee, Councillor Neil Dallen, made a statement and presentation to the Council on the budget for 2016/17 to which Councillors Alexander Clarke and Vince Romanguolo responded.

Upon being put, the **MOTION** was **CARRIED**, there being 25 members in favour, 5 against and 2 not voting

RESOLVED:

- (1) That it be noted that, under delegated powers, the Director of Finance and Resources calculated the amount of the Council Tax Base as 32,013.5 (Band 'D' equivalent properties) for the year 2016/17 calculated in accordance with the Local Government Finance Act 1992, as amended (the "Act").
- (2) That the following estimates recommended by the policy committees be approved:-
 - a) The revised revenue estimates for the year 2015/16 and the revenue estimates for 2016/17
 - b) The capital programme for 2016/17 and the provisional programme for 2017 to 2019, as summarised in the capital strategy statement.
- (3) That the fees and charges recommended by the policy committees be approved for 2016/17.
- (4) That the Council Tax Requirement for the Council's own purposes for 2016/17 is £5,828,698.
- (5) That the Council receives the budget risk assessment at Appendix 6 to the report and notes the conclusion of the Director of Finance and

Resources that these budget proposals are robust and sustainable as concluded in this report.

- (6) That the Council receives the Director of Finance & Resources' Statement on the Reserves as attached at Appendix 8.**
- (7) That the Council agrees the Prudential Indicators and Authorised Limits for 2016/17 as set out in Appendix 11 including:-**
 - a) Affordability Prudential Indicators**
 - b) The actual and estimated Capital Financing Requirement**
 - c) The estimated levels of borrowing and investment**
 - d) The authorised and operational limits for external debt**
 - e) The treasury management prudential indicators**
- (8) That the following amounts be now calculated for the year 2016/17 in accordance with sections 31 to 36 of the Act:**
 - a) £56,512,986 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2) of the Act**
 - b) £50,684,288 being the aggregate of the amounts which the Council estimates for the items set out in section 31(A)3 of the Act**
 - c) £5,828,698 being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council, in accordance with section 31A(4) of the Act, as its council tax requirement for the year.**
 - d) £182.07 being the amount at 8(c) above divided by the amount at 1. above, calculated by the Council, in accordance with section 31(B) of the Act, as the basic amount of its council tax for the year**
- (9) To note that Surrey County Council and Surrey Police Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:-**

SURREY COUNTY COUNCIL

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	845.52	986.44	1,127.36	1,268.28	1,550.12	1,831.96	2,113.80	2,536.56

SURREY POLICE AUTHORITY

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	146.79	171.26	195.72	220.19	269.12	318.05	366.98	440.38

- (10) That the Council, in accordance with Section 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each of the categories of dwellings.

EPSOM AND EWELL BOROUGH COUNCIL

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	121.38	141.61	161.84	182.07	222.53	262.99	303.45	364.14

AGGREGATE OF COUNCIL TAX REQUIREMENTS

Band:	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amount	1,113.69	1,299.31	1,484.92	1,670.54	2,041.77	2,413.00	2,784.23	3,341.08

The meeting began at 7.30 pm and ended at 8.00 pm

CHRISTOPER FROST
MAYOR

5 April 2016

**Recommendations of the STRATEGY AND RESOURCES COMMITTEE
to the Council of the Borough of Epsom and Ewell**

PRESENT-

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

Absent: Councillor Omer Koukou-Tchri

- 40** CORPORATE PLAN 2016 TO 2020. The Committee received and considered the draft Corporate Plan for 2016 – 2020 and its four Key Priorities.

The adoption of the Corporate Plan for the next four years would provide an important focus for the Council's work to ensure that services to the local community met the areas of greatest importance and need.

The Plan and its four Key Priorities had been developed as a result of consultation carried out with members, the Leadership Team, key stakeholders and Staff. Residents had also been consulted in February 2016 and a total of 450 responses had been received from the online and paper surveys.

It was agreed that the wording of two of the objectives in relation to the Key Priority "Keeping our Borough Clean and Green" should be amended. Firstly, to provide greater reassurance that the Council was committed to the protection of the green belt, the Committee recommended that the objective of "*accommodating sustainable development whilst seeking to preserve the green belt*" should be amended to read: "*accommodating sustainable development whilst protecting the green belt using adopted planning policies*". Secondly, it was agreed that the wording of the objective regarding the introduction of a premium weekly collection service for recycling and waste should be amended to read "introducing a premium weekly collection service for recycling and waste as a standard for all residents and encouraging more household waste to be recycled".

In regard to the four proposed Core Values it was agreed that the word "Respect" should be changed to "Openness", this being a more objective concept than the concept of respect.

Accordingly, **it was agreed to recommend**

E That the Council:

- Approve and adopt the Ambition and four Key Priorities for the Corporate Plan 2016 – 2020 as set out in Annexe 1 to the report subject to the amendments made at this meeting
- Approve and adopt the new Corporate Plan 2016 to 2020

41 ECONOMIC DEVELOPMENT STRATEGY. The Committee received and considered the scope and content of the draft Economic Development Strategy which had been the subject of a comprehensive briefing for Members on 29 March 2016.

The report highlighted that the Strategy focussed on five themes, selected following consultation with Members and the local business community. These themes sought to reflect and develop the Borough Council's priorities already set out in the Corporate and Local Plans.

The Action Plan associated with these themes identified a variety of different interventions that the Borough Council could undertake. For example, the report highlighted that in order to improve accessibility and infrastructure, this Council could contribute to the delivery of transport schemes such as the Kiln Lane Link and Epsom Town Centre Improvements. In regard to the Kiln Lane Link scheme, it was noted that discussions were on-going with partners regarding the development of the business case in order that the scheme could be put forward as a bid to the Coast to Capital Local Enterprise Partnership.

It was agreed to recommend

F The adoption of the Economic Development Strategy

42 TREASURY MANAGEMENT. The Committee received and considered a report which set out the updated Treasury Management Strategy Statement for 2016/17 – 2018/19.

It was highlighted that the Strategy supported the achievement of the Council's Medium Term Financial Strategy and set out the management of risks associated with the treasury management service. There were very few changes to the Strategy from last year apart from the fact that the new Strategy allowed for a number of options to be explored to generate returns in excess of current levels. This included extending the investment portfolio through longer term investments and the use of property funds. It was noted that there was a slightly higher risk attached to the use of these funds but the Strategy did not commit the Council to anything other than considering such investment.

It was further noted that Capital expenditure was higher in 2015/16 as a result of Plan E but that overall, capital investment was dropping. The "other contribution" of £3m in 2015/16 was from Surrey County Council towards the implementation of Plan E schemes.

Included within the Strategy were the borrowing limits and borrowing investment parameters required by the Prudential Code and approved by Council on 11 February 2016. Should the Council decide to borrow, this would feed into the Capital Prudential Indicators which would need to be amended accordingly.

Having noted that the Treasury Management and Investment Strategies were compliant with the CIPFA Code of Practice on Treasury Management, the Committee approved:

- the Capital Prudential Indicators and Limits for 2016/17 to 2018/19 contained within the Treasury Management Strategy Statement (Section 2)
- the Treasury Management Strategy 2016/17 to 2018/19 and the Treasury Prudential Indicators contained within it (Section 3)
- the Investment Strategy 2016/17 contained with the Treasury Management Strategy Statement (Section 4)
- the treasury management practices as set out in Appendix 2 to the Treasury Management Strategy Statement

and accordingly,

It was agreed to recommend

- G** the adoption of the updated Treasury Management Strategy Statement 2016/17 to 2018/19

- 43** COMMITTEE RESTRUCTURING. The Committee received and considered a report which set out proposed changes to the Committee structure. The main changes comprised the replacement of the Social and Leisure Committees with a single Community and Wellbeing Committee and modification of the terms of reference of certain committees.

It was noted that the number of seats on each committee was a matter for Council but it had previously been agreed that policy committees would consist of ten members. However, in the opinion of Officers, the reduction in 10 seats on ordinary committees ought not to lead to any disenfranchisement as there remained a sufficient number of seats to fill on committees and panels sufficient to involve all members.

Accordingly,

It was agreed to recommend

- H** (1) the Social Committee and Leisure Committee be disestablished with effect from the next Municipal Year

Recommendations of the Strategy and Resources Committee, 5 April 2016

- (2) A new Community and Wellbeing Committee be established with effect from the next Municipal Year, comprising ten members
- (3) the Terms of Reference of Committees and Panels be amended as set out in the Annexe to the report

NEIL DALLEN
Chairman

THE DRAFT EPSOM & EWELL ECONOMIC DEVELOPMENT STRATEGY

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Julia Owen/ Karol Jakubczyk
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
<u>Annexes/Appendices</u> (attached):	Annex 1: Draft Epsom & Ewell Economic Development Strategy
<u>Other available papers</u> (not attached):	Strategy & Resources Committee Report: An Overview of the Epsom & Ewell Economic Development Strategy 29 September 2015

REPORT SUMMARY

The Council has prepared a draft Borough-wide Economic Development Strategy, which serves as a framework for delivering sustained prosperity. The draft Strategy identifies a series of actions and interventions that can be pursued through the Council’s economic development, town centres management and planning functions.

RECOMMENDATION

That the Committee considers the scope and content of the Draft Economic Development Strategy and subject to any amendments and additions agree to recommend its adoption by Council.

Notes

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

- 1.1 The current Corporate Plan 2012-2016 identifies promoting the economic vitality of the Borough as a key priority for the Council. The Economic Development Strategy will work in tandem with other Council policies and initiatives, such as the Local Plan, to ensure that the Borough continues to be a sustainable place to live and do business. It will also link to any relevant priorities agreed in the new Corporate Plan.

2 Background

- 2.1 Over the years the Borough Council has sought to create a healthy environment for economic development to take place. During this period our approach has principally been set out within Local Plan policy and delivered through the development management process. More recently we have also taken proactive steps to introduce town centres management. Whilst our approach towards business development has yielded some success, such as the expansion of the WS Atkins HQ and the relocation of Nuffield Health, the growing challenges to our local and national economy require us to have a more proactive economic development role.
- 2.2 During September 2015, the Strategy & Resources Committee received a report setting out how the Council could expand its commitment to economic development. Specifically that report set out the work behind the preparation and production of a Borough-wide Economic Development Strategy. The Members of the Committee were invited to comment on proposed content of the then emerging Strategy. In particular, their views were sought on the proposed interventions and outcomes. The Committee identified some minor additions and amendments to be incorporated into the emerging Strategy.
- 2.3 Following the Committee's decision, work continued on the preparation and production of a draft Economic Development Strategy. The final draft of this document is included under Annex 1 of this report.

3 The Emerging Epsom & Ewell Economic Development Strategy

- 3.1 The draft Economic Development Strategy provides the Council with a framework within which it can take actions to help deliver sustained prosperity. To this end the Strategy identifies a series of actions and interventions that we can pursue through our economic development, Town Centres management and planning functions. The performance of the Strategy will be primarily monitored through the Local Plan Annual Monitoring Report (AMR)¹. This is currently the subject of reports to the Licensing & Planning Policy Committee. An extract from the Local Plan AMR, focussing upon economic development indicators could be presented to the Strategy & Resources Committee.
- 3.2 The draft Strategy focusses upon five themes. These were selected following consultation with Members and the local business community. The themes seek to reflect and develop the Borough Council's priorities already set out in the Corporate and local Plans. The five themes are:
 - Improving accessibility and infrastructure;
 - Support commercial and retail vitality;
 - Maintain good links and building partnerships with the business

¹ The Local Plan Annual Monitoring Report is an established reporting mechanism, published at the end of the financial year. There is likely to be a close relationship between the indicators used to monitor the performance of the Local Plan and those related to the Corporate Plan's economic development objectives. Equally, many of the projects will be lead through the Council's Planning Policy Team, it would be logical to utilise existing reporting structures.

community;

- Widening the choice of commercial property; and
- Skills development

3.3 The Strategy's themes are set out within an Action Plan, which identifies a variety of different interventions that the Borough Council can undertake under each theme. For example, in order to improve accessibility and infrastructure the Borough Council can contribute to the delivery of transport improvement schemes such as the Kiln Lane Link and Epsom Town Centre improvements. The Action Plan continues by identifying specific outcomes; the performance monitoring regime and who the lead Officer is likely to be. The Action Plan is included at the end of the draft Strategy (included under Annex 1).

4 Financial and Manpower Implications

4.1 Staff resources have been allocated to oversee the implementation of the Economic Development Strategy. The majority of the tasks will fall to the Council's Planning Policy Team, which sits within the Place Development Department. This includes Economic Development expertise and the recently appointed Town Centres Manager, both of whom will have key roles in implementing the emerging Strategy.

4.2 It is anticipated that some of the interventions will require additional sources of funding. A key task will be identifying and drawing upon appropriate external funding sources, such as from the County Council and Local Enterprise Partnership, to deliver those interventions.

4.3 ***Chief Finance Officer's comments:*** *This strategy will need to be delivered within existing budgets. Funding for additional investment (eg Incubator Units) will require individual business cases.*

5 Equalities and Other Legal Implications

5.1 There are implications arising from the interventions/outcomes identified in the draft Strategy. The full implications arising from each item will be considered at the appropriate time.

6 Sustainability Policy and Community Safety Implications

6.1 Ensuring that there are opportunities for local economic growth is an important component of maintaining the Borough as a sustainable place where people can live and work. This is a key aspect of sustainable development as defined by national planning policy.

7 Partnerships

7.1 The Corporate Plan and the draft Economic Development Strategy requires that we maintain existing and develop new partnerships, such as those with the Gatwick Diamond Initiative and the Coast to Capital LEP. This is likely to include those we already have with organisations such as Surrey County Council, in addition to new partnerships with business.

8 Risk Assessment

- 8.1 Changes in national and local economic environments, changes to the way essential community infrastructure is funded and amendments to national planning policy are making it increasingly important that we are proactive about economic development. Without positive interventions and outcomes we run the risk of unplanned for growth, which is not compliant with our strategy and vision for the Borough. By preparing a Borough-wide Economic Development Strategy we will minimise the risk of unbalanced and unsustainable growth.

9 Conclusion and Recommendations

- 9.1 That the Committee considers the scope and content of the Draft Economic Development Strategy and subject to any amendments and additions agree for its adoption.

WARD(S) AFFECTED: All

Economic Development Strategy Epsom & Ewell Borough Council

Introduction

- 1.1 The Borough of Epsom & Ewell is far more than a dormitory area, serving as a commuter town to the City. There is a vibrant local economy in the retail, engineering, credit, leisure and race horse training sectors. The Borough is home to a number of major international and national headquarters, to small independent enterprises and everything in between.
- 1.2 Regularly voted in the top ten of best places to live in the UK, the Borough boasts a significant amount of protected green space and has excellent road and rail links, with central London less than 30 minutes distant and access to the rest of county facilitated by the adjacent M25.
- 1.3 The Council's aim is for the Borough to remain affluent, by anticipating and responding to changes in employment and business patterns and stimulating both. The area needs to keep its high income and highly skilled residents, while also continuing to invest in skills provision and graduate retention.
- 1.4 The Epsom and Ewell Economic Development Strategy provides a framework for delivering sustained prosperity setting out the Council's ambitions, key priorities and related actions for the economic development across the Borough. It builds upon Local Plan policies that have consistently set out to create a healthy environment for economic development to take place.
- 1.5 The five themes selected for this strategy support commercial and retail vitality, maintaining good links with the business community, ensuring that there is availability and choice of business accommodation, supporting skills development and working with the Gatwick Diamond Initiative and Coast to Capital Local Enterprise Partnership to secure inward investment and infrastructure funding in the area. They have been developed based on elected Councillors' priorities, the Local Plan and, the Corporate Plan plus with input from local business key stakeholders and consultants. The themes have been identified as the areas that will have the greatest positive impact on the Borough and with which the Council has the greatest influence.

- 1.6 In formulating this strategy we have worked closely with the local business community and with other relevant partners including the County Council, Coast to Capital Local Enterprise Partnership, the Gatwick Diamond Initiative, and the Surrey Chambers of Commerce.
- 1.7 The Action Plan included at the end of the Strategy sets out in greater detail the interventions that the Council will undertake to meet the range of objectives for securing continued economic prosperity for the Borough. The Action Plan also identifies which parts of the Borough Council will lead on the delivery of these objectives and the mechanisms for monitoring their performance. In most cases performance monitoring will be carried out in tandem with the Local Plan – which shares a number of key objectives with this Strategy.
- 1.8 The following section of the Strategy provides an informal overview of the Interventions.

Interventions

Improve accessibility and infrastructure

How will we do this?

- Deliver Kiln Lane Link Road
 - Deliver Plan E Highway improvements
- 2.1 The construction of an underpass at the end of Kiln Lane under the railway will have a major impact on easing traffic in the Borough's main business areas and will relieve traffic in the town centre. There is an acute need to improve circular journeys and to reduce congestion at the existing two road rail crossings which serve east-west traffic.
- 2.2 Plan E is a comprehensive development framework covering Epsom town centre. It covers a range of transport and public realm improvements which will reduce congestion, make the town centre safer, more attractive and vibrant, and enhance the cultural and leisure offer. The Plan E infrastructure improvements will in parallel enhance vehicular, cycle and pedestrian connectivity, enabling the A24 to remain fluid and improve the public realm in general.

Benefits	Risks and issues
<p>Epsom town centre would be able to attract more businesses and customers, while the surrounding areas would become more easily accessible for both private and public transportation.</p> <p>Increasing pedestrian connectivity, easing access to shops and leisure facilities across the Town Centre</p>	<p>Dependant on third parties (Highway Authority and Railway)</p> <p>Dependant on funding from LEP</p>

Widen the choice of commercial property

How will we do this?

- Produce flagship employment sites programme
- Introduce a Business Growth incubator

2.3 There are a number of employment sites which have scope for innovative development. They can provide Epsom and Ewell with a good mix of high quality sites and premises, fundamental to securing economic growth diversification. The aim will be to have a suitable choice of sites available for accommodating inward investors and expanding local businesses, for maintaining high quality office stock and in parallel, and creating a diverse range of small business accommodation which is fit for purpose

2.4 The area has a notable concentration of creative practitioners, with the presence of the UCA and elements of Nescot. A business growth hub would be a catalyst for further development of the new high value industries within the area. It would bring positive benefits for the revitalisation of the town centre, help with the creation of new businesses and assist existing businesses, including those which are home based. It could increase graduate retention and prevent the exodus of existing socio-economic wealth.

Benefits	Risks and issues
<p>Revitalisation of the town centre,</p> <p>Creation of new businesses and assist existing businesses</p> <p>Increase graduate retention and prevent the exodus of existing socio-economic wealth.</p>	<p>There are funding issues associated with the introduction of a Growth Hub (including acquisition of a suitable building).</p>

Secure Business Investment and growth in the Borough

How will we do this?

- Deliver an employer attraction and retention programme

2.5 There is a need to create the profile needed to attract high quality inward investment and new employment, particularly from international sources. This will require proactive area promotion and the aftercare and support needed to ensure the retention and where possible expansion of key businesses in order to retain and create high quality jobs

Benefits	Risks and issues
Existing businesses stay and expand in the Borough Attract new businesses set up in the area, creating jobs and using local services	A highly competitive area with neighbouring boroughs all looking to secure new inward investment Surrey County Council's recently launched Invest In Surrey service requires local authority funding to participate in the marketing programme

Support skills development

How will we do this?

- Promote locally available Skills Programmes and initiatives

2.6 It is essential that the local workforce fully prospers by having the skills to sustain and benefit from higher value activity that the borough needs to attract and develop. The local HE and FE institutions have scope to align learning and skills provision with business needs if the objectives and profile of the new economic opportunities can be clearly defined. Opportunities to provide work placements for those in higher education and recruitment of graduates in local knowledge based businesses could be intensified. More widely in the local economy, more opportunities for apprenticeships and getting employed people into vocational training could be grasped.

Benefits	Risks and issues
Increase graduate retention within the borough and help prevent the exodus of existing knowledge based workers	Requires coordination and engagement and strong working relationships with key stakeholders, including the local education and training providers – these have not been easy to establish in the past.

Develop Town Centres

How will we do this?

- Support the establishment of an Epsom Town Centre BID (Business Improvement District) if this is something businesses want
- Improve the Ewell business environment
- Improve the Stoneleigh business environment

2.7 A BID is a business-led and business funded body formed to improve a defined commercial area. The Council's role is to promote and facilitate the process. The benefits of BIDs cited by the businesses they represent include businesses decide and direct what they want for the area, increased footfall, improved staff retention, area promotion. A BID can only be formed following consultation and a ballot in which businesses vote on a BID Proposal or Business Plan for the area. The ballot is run by the local authority (or outsourced by the local authority to a third party).

2.8 Epsom's marketplace is a huge asset to the Borough and to the town centre in particular. The Council aims to maximise the use of the marketplace for food, craft and other markets and for community events. Income created through commercial use of the marketplace is invested in environmental improvements and other events to make the town centre more attractive, to drive footfall and enhance the offer in the town centre.

2.9 Ewell village and the Stoneleigh Broadway retail areas have an important contribution to make in enhancing and maintaining the economic vibrancy of the borough. Support will be given to businesses to improve the business environment.

Benefits	Risks and issues
<p>The BID will provide an important level of resources for the regeneration of the town centre and could provide an effective vehicle for taking forward parallel initiatives which may be located in the town centre.</p>	<p>For a BID to go ahead the ballot must be won on two counts: straight majority and majority of rateable value. This ensures that the interests of large and small businesses are protected.</p> <p>Identifying the USP of Epsom.</p>

Lobby for Zone 6 status for Epsom Railway Station

How will we do this?

- The arguments for Epsom being in Zone 6 are many and the Council will continue to support its inclusion.

2.10 Businesses report to the Council that one of their biggest drawbacks in recruitment for central Epsom is the town centre lying outside of Zone 6 and the railway station not accepting the Oyster card. Likewise retailers bemoan the difficulty in attracting shoppers etc from London for the same reason.

Benefits	Risks and issues
<p>Increase out of Borough footfall to central Epsom</p> <p>Increase level of available quality employees</p>	<p>This is a commercial decision by a business over which the Council has little influence.</p>

EPSOM AND EWELL ECONOMIC DEVELOPMENT PLAN

POTENTIAL INTERVENTIONS AND OUTCOMES (Draft 07/03/2016)

Strategic Objectives	Proposed Interventions	Outcomes Sought	Lead Officer	Monitoring
Improved accessibility and infrastructure	<ul style="list-style-type: none"> • Kiln Lane Link Road • Plan E Public Realm Proposals • Inclusion of Epsom within Oyster Zone – Zone 6 	<ul style="list-style-type: none"> • Proven funding case and successful implementation • Improved attractiveness of Epsom as a business location 	<ul style="list-style-type: none"> • Place Development Manager 	<ul style="list-style-type: none"> • Local Plan Annual Monitoring Report (AMR)
Widening the Choice of Commercial Property	<ul style="list-style-type: none"> • Flagship Employment Sites Programme • Identify wider SME business property needs and develop a small business workspace strategy and action plan • Development of a feasibility study and business case for a start-up incubator facility in the town 	<ul style="list-style-type: none"> • External funding to bring forward development sites • Strengthened property offer for attracting inward investors • Business incubation / start up facility for the creative hub • Enhanced workspace provision for small businesses • Creation of a master plan for Longmead & Nonsuch Trading Estates and East Street / Utilities opportunity site 	<ul style="list-style-type: none"> • Planning Policy Manager 	<ul style="list-style-type: none"> • AMR
Business Investment and Growth	<ul style="list-style-type: none"> • Development of existing business engagement programme • Working with partners to identify how we will secure inward investment for the Borough 	<ul style="list-style-type: none"> • Secure opportunities for inward investment from multinationals into the Borough • A realignment of employment towards private sector led growth • Reduced dependency on London for employment 	<ul style="list-style-type: none"> • Economic Development Officer 	<ul style="list-style-type: none"> • Economic Vitality Officers' Group (EVOG) – reporting to

EPSOM AND EWELL ECONOMIC DEVELOPMENT PLAN

POTENTIAL INTERVENTIONS AND OUTCOMES (Draft 07/03/2016)

Strategic Objectives	Proposed Interventions	Outcomes Sought	Lead Officer	Monitoring
	<ul style="list-style-type: none"> Develop business content for the EEBC and other stakeholder websites 	<ul style="list-style-type: none"> Retention and support of existing business in the Borough Securing a diverse, self-sufficient local economy 		<p>Strategy & Resources (S&R) Committee</p>
Skills Development	<ul style="list-style-type: none"> Support for local skills programmes and initiatives Survey of skills needs and apprenticeship opportunities as part of ongoing business engagement activity 	<ul style="list-style-type: none"> Local Jobs aligned through better skills alignment towards local residents Higher than average graduate retention Diversified employment base 	<ul style="list-style-type: none"> Economic Development Officer 	<ul style="list-style-type: none"> EVOG / S& R reporting
Town Centres	<ul style="list-style-type: none"> Support the establishment of an Epsom Town Centre BID Improve the Ewell Business environment Improve the Stoneleigh business environment 	<ul style="list-style-type: none"> Regenerating the Borough's high streets and retail centres Economic diversification Improved quality of life 	<ul style="list-style-type: none"> Town Centres Manager 	

<u>EPSOM AND EWELL ECONOMIC DEVELOPMENT PLAN</u>				
POTENTIAL INTERVENTIONS AND OUTCOMES (Draft 07/03/2016)				
Strategic Objectives	Proposed Interventions	Outcomes Sought	Lead Officer	Monitoring
Partnership Building	<ul style="list-style-type: none"> Continue to develop partnership working with Surrey County Council, Gatwick Diamond Initiative and the Coast to Capital LEP with a view to maximising investment, funding and interventions in the Borough 	<ul style="list-style-type: none"> Maximisation of funding attracted to Epsom and Ewell initiatives Maximisation of borough and sub-regional economic benefits 	<ul style="list-style-type: none"> Economic Development Manager 	<ul style="list-style-type: none"> EVOG

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TREASURY MANAGEMENT

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Lee Duffy, Head of Financial Services
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Treasury Management Strategy Statement
<u>Other available papers</u> (not attached):	Treasury Policy Statement Guidance Notes and Procedures

REPORT SUMMARY

This reports sets out the updated Treasury Management Strategy Statement 2016/17 to 2018/19.

RECOMMENDATION (S)

That the Committee:

(1) Approves:

- (a) the Capital Prudential Indicators and Limits for 2016/17 to 2018/19 contained within the Treasury Management Strategy Statement (Section 2);**
- (b) the Treasury Management Strategy 2016/17 to 2018/19 and the treasury Prudential Indicators contained within it (Section 3);**
- (c) the Investment Strategy 2016/17 contained within the Treasury Management Strategy Statement (Section 4);**
- (d) the treasury management practices as set out in Appendix 2 to the Treasury Management Strategy Statement; and**

(2) Recommends to Council the adoption of the updated Treasury Management Strategy Statement 2016/17 to 2018/19.

Notes

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

1.1 The Council's Treasury Management Strategy supports the achievement of the Council's Medium Term Financial Strategy. The Council holds investments an average balance of around £20m, but fluctuates depending upon the level of reserves and cash flow surpluses. Depending on investment returns, the Council uses around £200,000 of interest per annum to finance Council services or to maintain the value of provisions for future expenditure and commitments.

2 Background

2.1 The Treasury Management Strategy sets out the management of risks associated with the treasury management service.

2.2 The Council is required to prepare a Financial Strategy for Treasury Management in line with CIPFA Prudential Code and Code of Practice on Treasury Management.

2.3 A number of Treasury Management indicators and limits were approved by Council in February 2016.

2.4 The Treasury Management and Investment Strategies set out in the Annex to this report are compliant with CIPFA Code of Practice on Treasury Management

3 Treasury Management Strategy 2016/17 to 2018/19

3.1 The Treasury Management Strategy is set out in the attached Annex to this report.

3.2 The focus of the new strategy remains primarily on safeguarding sufficient of the Council's balances in secure and liquid investments to ensure overall stability. However, it is recommended that on the overall balance of funds of c£20 million, £2.5 million could be diverted in the interest of securing higher return and providing a more substantial return for the Council's revenue account.

3.3 The new strategy allows for a number of options will be explored to generate returns in excess of current levels. These options include extending the investment portfolio through **longer term investments** and the **use of property funds**. For example an investment of £2.5 million with an annual yield of 5% will generate income of £125,000 which is six times the current average.

3.4 Included within the Strategy are the borrowing limits and borrowing and investment parameters required by the Prudential Code which were approved by Council on 11 February 2016.

4 Treasury Management Arrangements

- 4.1 Since November 2007 all external funds have been managed by one fund manager currently Aberdeen Asset Management. The majority of internal funds have been invested in two Money Market Funds, two interest bearing accounts and in several fixed term deposits.
- 4.2 An interim report on the performance of investments for 2015/16 was given to the Financial Policy Panel on 13 October 2015. A further report will be presented to this Committee in June 2016 detailing the overall performance of investments for the year.
- 4.3 The overall investment returns for 2015/16 are estimated at 0.77%. Both externally and internally managed investments are expected to be above the seven day London Interbank Bid (LIBID) benchmark.
- 4.4 The Council will continue to use Money Market Funds for investing short term funds. Current returns on these accounts are at similar levels to that being offered by interest bearing bank accounts, but these accounts also allow for amounts invested to be recalled or increased during the year with no notice required, improving the efficiency of the treasury management function and spreading the investment across a number of counterparties held within the fund. The individual performance of the internally invested funds in 2015/16 will be assessed against alternative funds as part of the end of the year performance review.

5 Treasury Management Policy

- 5.1 In accordance with the requirements of the Prudential Code and the revised CIPFA Code of Practice on Treasury Management, the Treasury Management Policy and Practices were updated and presented to this Committee in March 2015. There are no changes to update in the policy.

6 Proposals

- 6.1 The Committee is recommended to approve each of the key elements of these reports:
 - 6.1.1 The Prudential Indicators and Limits for 2016/17 to 2018/19 contained within the Treasury Management Strategy Statement (Section 2).
 - 6.1.2 The Treasury Management Strategy 2016/17 to 2018/19 and the treasury Prudential Indicators contained within the Treasury Management Strategy Statement (Section 3).
 - 6.1.3 The Annual Investment Strategy 2016/17 contained within the Treasury Management Strategy Statement (Section 4).
 - 6.1.4 The treasury management practices as set out in Appendix 2 to the Treasury Management Statement

7 Financial and Manpower Implications

- 7.1 Expenses on the Treasury Management Strategy and Policy will be managed within the budget provision of £34k for fund management fees and for treasury management advice.
- 7.2 The treasury management arrangement will help secure the Council's investment (currently £24m) and assist in generating budgeted returns to help fund services during the year.

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

- 8.1 There are no implications for the purpose of this report.
- 8.2 *Monitoring Officer's comments: None for the purposes of this report*

9 Partnerships

- 9.1 The Council works in partnership with the fund manager and the treasury consultants. The extent of the working relationship with the fund manager will be reviewed as part of the tender process.

10 Risk Assessment and Conclusion

- 10.1 The attached Annexe sets out the Financial Strategy for Treasury Management, which aims to ensure maximum return on investments for the Council within reasonable risk constraints

WARD(S) AFFECTED: All

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2016/17

Treasury Management Strategy Statement

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report: This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury function is meeting the strategy or whether any policies require revision.

An Annual Treasury Report: This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny: The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Financial Policy Panel for the

Treasury Management Strategy Statement

mid year report and Strategy & Resources Committee for the Annual Treasury Management report.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the Minimum Revenue Provision (MRP) policy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. When reporting the interim treasury management performance for the financial year members of Financial Policy Panel receive a presentation from either the Council's treasury management advisors or its external fund manager, further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.5 Policy on the use of external service providers

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

Treasury Management Strategy Statement

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. The Capital Prudential Indicators 2016/17 – 2018/19

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure: This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts. The table below summarises the capital expenditure forecasts and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Capital Expenditure	3,485	5,534	1,031	1,093	386
Financed by:					
Capital receipts & reserves	612	1,921	695	779	100
Capital grants	245	291	286	286	286
Other contribution	757	3,077	0	0	0
Revenue	1,871	245	50	28	0
Net financing need for the year	3,485	5,534	1,031	1,093	386

The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

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The Council is asked to approve the CFR projections below:

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Capital Financing Requirement					
CFR – non housing	nil	Nil	nil	nil	nil
Total CFR	nil	Nil	nil	nil	nil
Movement in CFR	nil	Nil	nil	nil	nil

MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

The CFR for the Council over the next three years is zero; this means that the Council does not have a requirement to make MRP to the General Fund.

Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Fund balances/reserves	3,333	2,933	2,933	2,933	2,933
Capital receipts	4,082	3,421	2,726	1,947	1,847
Earmarked reserves	6,342	6,753	5,153	5,153	5,153
Other	3,776	5,000	4,000	4,000	4,000
Total core funds	17,533	18,107	14,812	14,033	13,933
Working capital *	3,847	4,500	4,000	4,000	4,000
Expected investments	21,380	22,607	18,812	18,033	17,933

* Working capital balances shown are estimated year end; these may be higher mid-year

- **Affordability Prudential Indicators**

The previous sections cover the overall capital and control of borrowing prudential

Treasury Management Strategy Statement

indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Actual and estimates of the ratio of financing costs to net revenue stream: This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Ratio	-2	-2	-1	-1	-2

The estimates of financing costs include current commitments and the proposals in this budget report.

Estimates of the incremental impact of capital investment decisions on council tax: This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Council tax - Band D	1	3	1	1	0

3. Treasury Management Strategy

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below.

Treasury Management Strategy Statement

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Actual debt at 31 March	nil	nil	nil	nil	nil
The Capital Financing Requirement	nil	nil	nil	nil	nil

Total investments at 31 March					
Investments	21,380	22,607	18,812	18,033	17,933
Investment change		+ 1,227	- 3,795	- 779	- 100

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance and Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary: This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Debt	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

The Authorised Limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Treasury Management Strategy Statement

2. The Council is asked to approve the following Authorised Limit:

Authorised limit	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	5,000	5,000	5,000	5,000

3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Annual Average %	Bank Rate %	PWL B Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Q1 2016	0.50	1.70	3.20	3.00
Q2 2016	0.50	1.90	3.20	3.00
Q3 2016	0.50	2.00	3.30	3.10
Q4 2016	0.50	2.10	3.30	3.10
Q1 2017	0.75	2.20	3.50	3.30
Q2 2017	0.75	2.30	3.50	3.30
Q3 2017	1.00	2.40	3.60	3.40
Q4 2017	1.00	2.60	3.60	3.40

UK. UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2.2%. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before weakening again to +0.4% (2.1% y/y) in quarter 3 followed by a slight recovery in quarter 4 to an initial reading of +0.5%. The February Bank of England Inflation Report included a forecast for growth to remain around 2.2% – 2.4% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. However, these forecasts are approximately 0.2% lower than those of the November Inflation Report. Investment expenditure is also expected to support growth. However, since the second half of 2015, most worldwide economic statistics have been weak and financial markets have been particularly volatile in early 2016. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK and this theme was maintained in the February Inflation Report.

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The February Inflation Report was notably subdued in respect of the forecasts for inflation in the near-term; this was expected to barely get back up to the 1% level within the next 12 months but was expected to marginally exceed the 2% target on the 2-3 year time horizon. The increase in the November Inflation Report forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero. There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There is also the uncertain impact of the EU referendum which may take place as early as June 2016.

The weakening of UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 1 of 2017. There is downside risk to this forecast i.e. it could be pushed further back and the markets are currently betting on a quarter 1 2018 increase.

USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3 and retreated to +0.7% in quarter 4. However, the uninterrupted run of strong monthly increases in non-farm payrolls figures for growth in employment in 2015 prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

Euro Zone. In January 2015 the European Central Bank (ECB) unleashed a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected Euro Zone countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the Euro Zone and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there

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are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. An anti-austerity coalition has won a majority of seats in Portugal while the general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy 2016/17 – 2018/19

The Council does not envisage any borrowing need during the period of planning shown in this report.

4. Annual Investment Strategy

Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to

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institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in [Appendix 2](#) under the ‘Specified’ and ‘Non-Specified’ Investments categories. Counterparty limits will be as set through the Council’s Treasury Management Practices – Schedules.

Creditworthiness policy

The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure that:

- **It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and**
- **It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.**

The Director of Finance and Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches

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(notification of a likely change), rating Outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. Short term – *F1*
 - ii. Long term – *A-*
 - iii. Viability / financial strength – *C* (Fitch / Moody's only)
 - iv. Support – *3* (Fitch only)
- Banks 2 – Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies - The Council will use all societies which:
 - i. meet the ratings for banks outlined above;
 - ii. Have assets in excess of *£1bn* (or are both)
- Money Market Funds – *AAA*
- Enhanced money market funds (EMMFs) with a risk score of 1.5
- UK Government (including gilts and the Debt Management Account Deposit Fund)
- Local authorities, parish councils etc

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- Supranational institutions
- Pooled property funds – up to £2.5m

A limit of 50% will be applied to the use of Non-Specified investments.

Country and sector considerations: Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch . The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

No minimum credit rating applies to the UK.

- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness

Use of additional information other than credit ratings: Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments: The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 category high quality	F1 / AAA / B / 1	£2.5m	5yrs
Banks 1 category medium quality	F1 / AA- / B / 2	£2.5m	3yrs
Banks 1 category lower quality	F1 / A- / C / 3	£2.5m	1yr
Banks 2 category – part nationalised	N/A	£2.5m	1yr
Limit 3 category – Council's banker (not meeting Banks 1)	N/A	£2.5m	1 day
DMADF	AAA	£2.5m	6 months
Local authorities	N/A	£2.5m	1yr
Money market Funds	AAA	£2.5m	liquid
Enhanced money market funds with a credit score of 1.5	AAA	£2.5m	liquid

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The proposed criteria for Specified and Non-Specified investments are shown in Appendix 4 for approval.

Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2017. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

2016/17	0.60%
2017/18	1.25%
2018/19	1.75%
2019/20	2.00%
2020/21	2.25%
2021/22	2.50%
2022/23	2.75%
2023/24	2.75%
Later years	3.00%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

Investment treasury indicator and limit: total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
	2016/17	2017/18	2018/19
	£m	£m	£m
Principal sums invested > 364 days	8.0	8.0	8.0

For its cash flow generated balances, the Council will seek to utilise interest bearing accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

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4.1 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.2 External fund managers

Around £20m of the Council's funds are externally managed on a discretionary basis by Aberdeen Asset Management.

The Council's external fund manager(s) will comply with the Annual Investment Strategy. The agreement(s) between the Council and the fund manager(s) additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The minimum credit criteria to be used by the cash fund manager(s) are as follows: -

	Fitch	Moody's	Standard and Poors
Long term	A-	A2	A
Short term	F1	P1	A-1

The fund manager's view on interest rates and opportunities for gilts / bonds is as follows:

Markets have been in turmoil following the year end, although there has been some respite in more recent weeks. The last two months have been about policy deliberation setting the tone for further divergent central bank action, as the global backdrop deteriorated. Aside from the Federal Reserve raising rates in December, sentiment has turned dovish across most other central banks, in particular the ECB, BoJ and more importantly the MPC.

The Monetary Policy Committee (MPC) is now firmly on hold citing both weaker domestic and global growth. The further deterioration in the price of oil is now likely to lead to a more subdued rise in inflation than the committee was originally predicting in the November Inflation Report. Recent economic data has generally been disappointing, with industrial production also falling. Combined with uncertainty over the EU referendum, this means market pricing of rate hikes has been pushed out into 2017. Recent comments from the MPC have cited wage growth being weaker with labour costs rising less than expected which for now warrants a more cautious approach, and that there is little tolerance for further downside surprises which would suggest that some members may even consider rates may need to be cut further.

In review the fund performance has been at the lower end of expectations, credit spread widening was very much a theme last year which added some volatility to the funds ABS exposure in the second half, although the overall positioning of the fund remained defensive. Increases were made to the floating rate note exposure in both senior and covered bonds in anticipation of yields trending higher particularly with expectations of an earlier US rate rise. We have adjusted some of our ABS exposure to shorter WAL assets as well as reducing both credit card and auto loan exposure preferring more stable MBS assets. More recently we have been looking to add 3 year senior floating rate notes and covered bond issuance for

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some yield carry, although we have been adding to our fixed rate ABS assets where there has been value over other assets.

Looking through 2016, it will be very much a case of seeking out value opportunities across all asset classes in order to meet our return expectations, which remain conservative but are in line with last year at 0.70%-0.90% on a gross basis. Our return target is based on our central case that rates are not likely to rise before Q2 2017.

Appendices

1. Economic background
2. Treasury Management practices
3. The treasury management role of the section 151 officer

APPENDIX 1: Economic Background

• THE UK ECONOMY

UK GDP growth rates of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2.2%. Quarter 1 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3 and then picking up to +0.5% (2.2%) in quarter 4.

The Bank of England's February Inflation Report included a forecast for growth to remain around 2.2% – 2.4% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The November 2015 Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. According to the February 2016 Inflation Report, CPI inflation is now expected to get back to around 1% by the end of 2016 but not get near to 2% until the latter part of 2017.

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However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments have led to the Bank of England lowering the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted. For now, the Bank of England is forecasting further falls in unemployment to circa 4.8%.

Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK may not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively over the last year from Q4 2015 to Q1 2017. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, perhaps as early as June, rather than in 2017; this could impact on MPC considerations to hold off from a first increase until the uncertainty caused by it has passed.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

• THE GLOBAL ECONOMY

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.0% in Q3 and then retreating to +0.7% in Q4.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while

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November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

The Eurozone (EZ). In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. The initial reading for Q4 is 0.3% also. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. A left wing / communist anti-austerity coalition has won a majority of seats in Portugal. The general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 and the start of 2016 in implementing several stimulus measures to try to ensure the economy hits the growth target of about 7% for 2015. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are

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concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress in rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, the international value of the Chinese currency has been on a steady trend of weakening and this will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries, and their corporates, which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis, (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 12 February 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 1 of 2017.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some future point in time, an increase in investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

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However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in February 2016, (based on short sterling), for the first Bank Rate increase are currently around quarter 1 2018.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a flight to safe havens
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and USA resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU. The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

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APPENDIX 2: EPSOM & EWELL BOROUGH COUNCIL TREASURY MANAGEMENT PRACTICES

TMP1 Credit and Counterparty Risk Management

General statement

The Director of Finance and Resources will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/ suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 *Reporting requirements and management information arrangements*. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

Epsom & Ewell Borough Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations with whom it may enter into other financing arrangements.

Epsom & Ewell Borough Council will ensure it has adequate though not excessive cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

[2] Interest Rate & Inflation Risk Management

Epsom & Ewell Borough Council will manage its exposure to fluctuations in interest rates with a view to containing its interest cost, or security its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 *Reporting requirements and management information arrangements*.

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Council as an integral part of its strategy for managing its overall exposure to inflation.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and

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revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

[3] Credit and Counterparty Risk Management

Epsom & Ewell Borough Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investments activities to the instruments, methods and techniques referred to in TMP4 *Approved instruments, methods and techniques* and listed in the Treasury Management Strategy. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations with whom it may enter other financing arrangements.”

[4] Legal and Regulatory Risk Management

Epsom & Ewell Borough Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 [3] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties’ powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation”.

[5] Fraud, Error and Corruption, and Contingency Management

Epsom & Ewell Borough Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.”

[6] Market Risk Management

Epsom & Ewell Borough Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council’s policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the revised Code at the Strategy & Resources meeting on 30 March 2010

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and applies its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its Treasury Management Practices (TMPs). This part, TMP 1(3), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building). For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criterion is:

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	Fitch (or equivalent)	Moody's	Standard & Poors	Money Limit	Time Limit
Upper Limit Category	F1 / AAA / B / 1	P-1 / Aaa / B	A-1 / AAA	£2.5m	5yrs
Middle Limit Category	F1 / AA- / B / 2	P-1 / Aa3/ B	A-1 / AA-	£2.5m	3yrs
Lower Limit Category	F1 / A- / C / 3	P-1 / A3/ C	A-1 / A	£2.5m	1yrs
Building Society	Meet banks criteria or assets in excess of £1bn and are an 'eligible institution'			£2.5m	9 months
DMADF	AAA			£2.5m	6 months
Money Market Funds	AAA			£2.5m	no limit
Enhanced Money Market Funds				£2.5m	no limit
Other Local Authorities				£2.5m	1yr
Supranational				£2.5m	5yrs
Gilts				£2.5m	10yrs
Guaranteed Organisations				£2.5m	length of guarantee

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>50% of money invested through external fund manager. Restriction of 5yrs maximum maturity</p> <p>50% of money invested through external fund manager. Restriction of 5yrs maximum maturity</p>
a.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on</p>	<p>50% of money invested through external fund</p>

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	Non Specified Investment Category	Limit (£ or %)
	maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	manager. Restriction of 10yrs maximum maturity
b.	<i>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</i>	In this instance balances will be minimised as far as is possible.
c.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £1bn, but will restrict these type of investments to 12 months	£2.5m per institution
d.	Any bank or building society that has a minimum long term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Maximum of 50% on investments over 1yr
e.	Any non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent bank having the necessary ratings outlined in (e) above and a guarantee from the parent company.	£2.5m per institution
f.	Share capital or loan capital* in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments. .	Maximum £2.5m per institution, subject to minimum rating of AA- (long term)
g.	Pooled property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	Maximum £2.5m per fund

Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. This criterion is outlined in the tables above.

In respect of category g, this will only be considered after obtaining external advice and subsequent Member approval.

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and

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counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance and Resources, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers – It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep to the Council's investment strategy. The terms of the fund managers' investment policies are in accordance with strategy detailed above and are detailed in the contract with the fund manager. The performance of the manager is reviewed at least annually by the Director of Finance and Resources and the manager is contractually required to comply with the annual investment strategy.

TMP2 Performance measurement

The Council has a number of approaches to evaluating treasury management decisions: -

- a. Monthly reviews carried out by the treasury management team
- b. Reviews with our treasury management consultants & external fund manager
- c. Annual review after the end of the year as reported to Strategy & Resources Committee
- d. Half yearly monitoring report to Financial Policy Panel
- e. Quarterly monitoring reports

The treasury management team holds reviews with our consultants every 6 months to review the performance of the investment and debt portfolios.

An Annual Treasury Report is submitted to the Council each year after the close of the financial year which reviews the performance of the investment portfolio. This report contains the following: -

- a. average investments held during the financial year and average interest rates
- b. investment strategy for the year compared to actual strategy
- c. explanations for variance between original strategies and actual
- d. comparison of return on investments to the investment benchmark
- e. compliance with Prudential and Treasury Indicators

The performance of investment earnings will be measured against the following benchmarks: -

- a. In house investments
7 day LIBID
- b. External fund manager
7 day LIBID

Epsom & Ewell Borough Council's policy is to appoint external investment fund managers to manage a proportion of its cash and will comply with the Local Authorities (Contracting Out of

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Investment Functions) Order 1996 [SI 1996 No 1883].

The delegation of investment management to external managers will entail the following:

- Formal contractual documentation;
- Agreement on terms for early termination of the contract;
- Setting of investment instruments, constraints/parameters/conditions
- Setting of investment counterparty limits;
- Setting a performance measurement benchmark and a performance target;
- Frequency of performance reporting;
- Frequency of meetings with investment managers;

The Code of Practice places an obligation on the Council to monitor the performance of the fund managers. This Council has appointed Capita Asset Services to assist in this respect.

TMP3 Decision – making and analysis

Epsom & Ewell Borough Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the scheduled to this document.”

The Treasury team will ensure that the following records will be retained: -

- Daily cash balance forecasts
- Money market rates obtained by telephone from brokers
- Dealing slips for all money market transactions
- Brokers' confirmations for investment transactions
- Confirmations from borrowing institutions where deals are done directly
- Contract notes received from fund manager
- Fund manager valuation statements

Treasury Management Strategy Statement

Processes to be pursued:

- Cash flow analysis
- Investment maturity analysis
- Ledger reconciliation
- Performance management information

TMP4 Approved instruments, methods and techniques

Epsom & Ewell Borough Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy and within the limits and parameters defined.

TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements

Allocation of responsibilities

(i) Full council

- approval of annual strategy.

(ii) Strategy & Resources Committee

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing annual monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Financial Policy Panel

- receiving and reviewing half yearly monitoring report and acting on recommendations

(iv) Director of Finance and Resources

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Treasury Management Strategy Statement

Principles and Practices Concerning Segregation of Duties

The following duties must be undertaken by separate officers: -

Dealing	Negotiation and approval of deal. (Dealer 1) Production of transfer note. (Dealer 1)
Bank	Entry of transaction onto bank (Finance Officer)
Authorisation/Payment of Deal	Approval and payment. (Dealer 2)
Accounting Entry	Processing of accounting entry (Exchequer Team) Reconciliation of cash control account. (Exchequer Team)
Bank	Bank reconciliation (Exchequer Team)

Statement of the treasury management duties/responsibilities of each treasury post

The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council is the Director of Finance and Resources. This person will carry out the following duties: -

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.
- The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- The responsible officer may delegate his power to borrow and invest to members of his staff. The Treasury Management Team must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for

Treasury Management Strategy Statement

- leave/sickness.
- The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations
- It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

The Head of Financial services

The responsibilities of this post will be: -

- a) execution of transactions
- b) adherence to agreed policies and practices on a day-to-day basis
- c) maintaining relationships with counterparties and external service providers
- d) supervising treasury management staff
- e) monitoring performance on a day-to-day basis
- f) submitting management information reports to the responsible officer
- g) identifying and recommending opportunities for improved practices

The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the responsible officer reports regularly on treasury policy, activity and performance.

The Monitoring Officer – the Head of Legal Services

The responsibilities of this post will be: -

- a) Ensuring compliance by the responsible officer with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.

Treasury Management Strategy Statement

- c) Giving advice to the responsible officer when advice is sought.

Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

Absence Cover Arrangements

Six officers within the Finance Team have the authority to place deals, with a further two officers able to input trades onto the system ready for authorisation.

Dealing

The following posts are authorised to deal: -

- Head of Financial Services
- Chief Accountant
- 3 Senior Accountants
- Accountant

TMP6 Reporting requirements and management information arrangements

Epsom & Ewell Borough Council will ensure that regular reports are prepared and considered on the implementation of its treasury managements policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implementations of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the council will receive:

- an annual report on the strategy and plan to be pursued in the coming year.
- a mid-year review on the current performance of the treasury management function.
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

Treasury Management Strategy Statement

TMP7 Budgeting, accounting and audit arrangements

The Director of Finance and Resources will prepare, and Epsom & Ewell Borough Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management functions, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Best value and performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangement*.

Epsom & Ewell Borough Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

Epsom & Ewell Borough Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP8 Cash and cash flow management

Cash flow projections are prepared annually and updated daily. The annual cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Director of Finance and Resources, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring.

TMP9 Money Laundering

Epsom & Ewell Borough Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Treasury Management Strategy Statement

TMP10 Staff training and qualifications

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Council
- b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Personal Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Finance and Resources to ensure that all staff under his authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the treasury management team.

Details of Approved Training Courses

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

Statement of Professional Practice (SOPP)

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP11 Use of external service providers

Epsom & Ewell Borough Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies.

Treasury Management Strategy Statement

TMP12 Corporate governance

Epsom & Ewell Borough Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection: -

Treasury Management Policy Statement

Treasury Management Strategy Statement

Annual Investment Strategy

Minimum Revenue provision policy statement

Annual Treasury Review Report

Treasury Management monitoring reports (e.g. half yearly, quarterly)

Annual accounts and financial instruments disclosure notes

Annual budget

3 Year Capital Plan

Minutes of Council / committee meetings

Treasury Management Strategy Statement

APPENDIX 3:

Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- U.K.

Treasury Management Strategy Statement

APPENDIX 4:

The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

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COMMITTEE RESTRUCTURING

<u>Report of the:</u>	Chief Executive
<u>Contact:</u>	Frances Rutter/Simon Young
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	Committee Terms of Reference
<u>Other available papers (not attached):</u>	None stated

REPORT SUMMARY

This report sets out proposed changes to the Committee structure. The main changes comprise the replacement of the Social and Leisure Committees with a single Community & Well-being Committee, and modification of the terms of reference of certain committees.

RECOMMENDATION (S)

That the Committee recommends to Council that:

- (1) The Social Committee and Leisure Committee be disestablished with effect from the next municipal year;**
- (2) A new Community & Well-being Committee be established with effect from the next municipal year, comprising ten members;**
- (3) The Terms of Reference of Committees and Panels be amended as set out in the Annexe to this report.**

Notes

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

- 1.1 The committee structure is part of the mechanism by which the Council can ensure that its core value of performing with openness and honesty is promoted and that decisions are made in accordance with the principles of good Corporate Governance and in the spirit of striving for continuous improvement.

2 Background

- 2.1 As a result of the Local Government Act 2000 and following public consultation, the Council took the decision to adopt “alternative arrangements” comprising a “streamlined committee system”. A new Constitution was duly approved by the Secretary of State and adopted in September 2001.
- 2.2 Following the Localism Act 2011, the “alternative arrangements” of the sort adopted by the Council are now categorised as a “committee system” of governance. Under the committee system most significant decisions are taken by members in Committee. The Council’s current committee structure has been in place since May 2014.
- 2.3 At that time it was agreed that all committees, aside from the Planning Committee and Standards Committee, should comprise ten members. It was proposed that the number of members on the Planning Committee and Standards Committee should remain unchanged at thirteen and nine respectively. It was considered that ten was about the right number to facilitate discussion and decision-making at committees. This will remain unchanged. The Council’s various Panels have different membership and will remain unchanged.

3 Proposals

- 3.1 It has been proposed by members that the Council should effectively merge the Leisure and Social Committees into a single new policy committee, to be called the “Community & Well-being Committee”.
- 3.2 In order to facilitate the business currently handled by committees, it has also been proposed that the terms of reference of the policy committees be adjusted slightly, as set out in the Annexe to this report.
- 3.3 Certain other changes have been proposed, but are not covered in this report. If they are to proceed, they will be subject to a separate report at a later date.
- 3.4 It is not proposed that any changes be made to the membership of any other committees. In accordance with the previous decision of the Council that policy committees should comprise ten members, it is proposed that the new Community & Well-being committee will have ten members.
- 3.5 The changes will result in there being 62 seats for members on ordinary committees and 57 seats on the other committees and panels. The reduction in 10 seats on the ordinary committees should not lead to any disenfranchisement, as there remain a significant number of seats to fill on committees and panels, sufficient to involve all members.

- 3.6 The full implications of the changes will be considered by Council in the normal way at the Annual Meeting. However, it is likely to be the case that of the ten members on the new committee, eight should be from the Residents' Association Group, with one Conservative and one Labour member.

4 Financial and Manpower Implications

- 4.1 There are no manpower implications arising from the recommendations in this report. The Democratic Services team has recently reduced in number and the modest changes to the committee structure do not present any opportunity to make further savings. However, there would potentially be a modest saving in terms of overheads as a result of a reduction in the number of evenings the facilities would be required to be open (assuming that the new Committee would meet with the same regularity as the other policy committees).
- 4.2 **Chief Finance Officer's comments:** The reduction in the number of committees presents the opportunity for a small direct saving in respect of the allowance payable to a policy committee chairman (£2338.95 in 2015/16).

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

- 5.1 The Council has the power under section 101 of the Local Government Act 1972 to arrange for the discharge of its functions, including to committees and officers. Under section 102(1) the Council has the power to appoint committees to discharge the functions under arrangements made under section 101. There are also specific statutory requirements for committees to discharge specific functions, such as the requirement for a licensing committee arising from the Licensing Act 2003. Under section 102(4) the Council has the power to appoint advisory committees, and the Council's panels are appointed under that power.
- 5.2 Under the Local Government Act 2000, as amended in particular by the Localism Act 2011, an authority operating a committee system may, but does not have to, appoint a scrutiny committee. If a scrutiny committee is appointed, it must have the power to review or scrutinise decisions taken in connection with the discharge of any functions of the authority, to make reports or recommendations with respect to the discharge of any functions of the authority and to make reports or recommendations on matters which affect the area or its inhabitants. A scrutiny committee cannot discharge any functions other these – so a scrutiny committee cannot itself be responsible for the discharge of specific functions.
- 5.3 Under section 19 of the Police & Justice Act 2006, the Council must have a crime and disorder committee. In the case of an authority operating a committee system which has chosen to have a scrutiny committee, the crime & disorder committee is to be a scrutiny committee. Its functions are to review or scrutinise the discharge of crime and disorder functions of certain responsible authorities (principally the police and local authorities),

and to make reports or recommendations with respect to the discharge of those crime and disorder functions. As with other scrutiny committees, it cannot itself be responsible for the discharge of any crime and disorder functions.

5.4 The allocation of seats on the proposed committees will be the subject of further consultation with Group Leaders and will form part of the report to Annual Council regarding the allocation of seats on committees. Seats on committees must be allocated to groups in accordance with the political balance principles set out in the Local Government and Housing Act 1989.

5.5 Amendment of the Constitution will be required should the changes proposed be implemented.

5.6 **Monitoring Officer's comments:** The proposed changes are in accordance with the legislative requirements set out above.

6 Sustainability Policy and Community Safety Implications

6.1 There are no implications arising from this report.

7 Partnerships

7.1 There are no implications arising from this report.

8 Risk Assessment

8.1 In considering any future arrangements, the Council must have regard to the relevant legislative requirements. It is not considered that any significant risks arise as a result of the proposals in this report.

9 Conclusion and Recommendations

9.1 Subject to statutory provisions, and consideration of practical requirements, the committee structure is a matter for members to determine. In a committee system authority the size of Epsom and Ewell, the number of committees is a significant consideration. The proposals in this report provide an opportunity to consider the current committee arrangements and the means by which to best discharge the Council's responsibilities.

9.2 The Committee is asked to consider the proposals set out in this report and to make its recommendations to Council accordingly.

WARD(S) AFFECTED: N/A

Committee Terms of Reference

Part A – Current Terms of Reference and summary of changes

Existing Terms of Reference	Destination/Change
Environment Committee	
(a) transportation policy	No change
(b) waste management refuse collection and recycling	No change
(c) environmental improvement schemes	No change
(d) the quality of the public realm, including cleansing	No change
(e) highway matters that are the responsibility of the Borough Council and drainage	No change
(f) public conveniences	No change
(g) community safety, including anti-social behaviour	No change
(h) parking	No change
(i) safe-guarding the historic environment.	Move to Licensing & Planning Policy Committee
Strategy & Resources Committee	
(a) the Budget and Policy Framework, for submission to the Council	No change
(b) implementation and monitoring of treasury management policies	No change
(c) land use policy statements and briefs for specific areas	Move to Licensing & Planning Policy Committee
(d) the Corporate Governance Framework (jointly with the Chairmen of Standards and Audit, Crime & Disorder and Scrutiny Committees)	No change
(e) data quality and corporate risk management	No change
(f) the local economy	No change
(g) emergency planning and business continuity	No change
(h) the Council's human resources, property assets and finances	No change
(i) housing benefits administration	No change
(j) Civic and ceremonial matters	No change
Strategy & Resources Committee (cont)	

Existing Terms of Reference	Destination/Change
(k) dealing (at first instance) with any matters of general policy which do not fall within the terms of reference of any other committee and are not reserved to the Full Council.	No change
Leisure Committee	
(a) the promotion of sport, leisure, cultural and recreational activities	Move to new Community & Well-being Committee
(b) parks, open spaces and countryside (including Nonsuch Park JMC and Epsom and Walton Downs)	Move to new Community & Well-being Committee
(c) allotments	Move to new Community & Well-being Committee
(d) the Playhouse, Bourne Hall, Ewell Court House and the Ebbisham Centre	Move to new Community & Well-being Committee
(e) the Rainbow Centre	Move to new Community & Well-being Committee
(f) Bourne Hall Museum	Move to new Community & Well-being Committee
(g) Services for young people.	Move to new Community & Well-being Committee
Social Committee	
(a) affordable housing	Move to new Community & Well-being Committee
(b) housing strategy and investment programme	Move to new Community & Well-being Committee
(c) housing standards, homelessness, homelessness prevention and advice, housing needs assessment	Move to new Community & Well-being Committee
(d) housing benefit - welfare aspects	Move to new Community & Well-being Committee
Social Committee (cont.)	
(e) private sector housing and administration of housing grants	Move to new Community & Well-being Committee
(f) personal social services for the elderly and disabled	Move to new Community & Well-being Committee
(g) local NHS Services	Move to new Community & Well-being Committee
(h) work within the Voluntary Sector	Move to new Community & Well-being Committee
(i) contaminated land	Move to Environment Committee
(j) environmental health	Move to Environment Committee

Existing Terms of Reference	Destination/Change
(k) food safety and health and safety	Move to Environment Committee
(l) cemeteries and closed churchyards	Move to Environment Committee
(m) gypsy site management	Move to new Community & Well-being Committee
Licensing & Planning Policy Committee	
(a) matters relating to the local economy	No change.
(b) To consider and approve Local Plan documents for public consultation (including Development Plan Documents up to Preferred Options stage and Supplementary Planning Documents up to Consultation stage);	No change.
(c) To consider and recommend for approval to Council, submission versions of Development Plan Documents;	No change.
(d) To consider and approve final versions of Supplementary Planning Documents, and any subsequent changes to the Development Plan not constituting a new or substantially revised Development Plan Document;	No change.
(e) To consider and approve other informal policy guidance for adoption;	No change.
Licensing & Planning Policy Committee (cont.)	
(f) To consider and approve the Council's Local Development Scheme and Annual Monitoring Report;	No change.
(g) To consider and approve (i) draft Conservation Area Appraisals and Management Plans for public consultation and (ii) the final version of Conservation Area Appraisals and Management Plans;	No change.
(h) To consider and approve matters related to the Community Infrastructure Levy (CIL) leading up to the examination in public and the adoption of the CIL charging schedule;	No change.
(i) To consider and comment upon other authorities' or stakeholders' planning policy documents;	No change.
(j) To respond to government consultations on draft planning legislation and proposed planning policies;	No change.
(k) To consider any other planning policy matters not included in any of the above as deemed necessary by the Head of Planning and Building Control.	No change.

Existing Terms of Reference	Destination/Change
<p>(l) To consider and determine (or delegate to a Licensing Hearings Panel)</p> <ul style="list-style-type: none"> • Opposed and/or contentious applications made under the Licensing Act 2003 and/or applications for review under the said Act; • Opposed and/or contentious applications made under the Gambling Act 2005 and/or applications for review under the said Act; • Opposed and/or contentious applications for the granting, renewal, transfer or revocation of sex establishment licences; private hire and public hire licences; 	No change.
<p>(m) To approve a licensing policy statement and gambling policy statement for recommendation to the Council and to keep this under review in accordance with the Licensing Act 2003 and the Gambling Act 2005 respectively;</p>	No change.
Licensing & Planning Policy Committee (cont.)	
<p>(n) To agree a pool of members to receive the necessary training to constitute Licensing Hearings Panels to undertake the administration of applications made under the Licensing Act 2003, the Gambling Act 2005, the Local Government (Miscellaneous Provisions) Act 1976 and the Town and Police Clauses Act 1847.</p>	No change.
<p>(o) To appoint four Members from those trained in licensing matters to undertake the role of Chairman of the Licensing Hearings Panels.</p>	No change.

Part B – Proposed New Terms of Reference

New Committee Terms of Reference
Environment Committee
(a) transportation policy
(b) waste management refuse collection and recycling
(c) environmental improvement schemes
(d) the quality of the public realm, including cleansing

(e)	highway matters that are the responsibility of the Borough Council and drainage
(f)	public conveniences
(g)	community safety, including anti-social behaviour
(h)	parking
(i)	contaminated land
(j)	environmental health
(k)	food safety and health and safety
(l)	cemeteries and closed churchyards
Strategy & Resources Committee	
(a)	the Budget and Policy Framework, for submission to the Council
(b)	implementation and monitoring of treasury management policies
(c)	the Corporate Governance Framework (jointly with the Chairmen of Standards and Audit, Crime & Disorder and Scrutiny Committees)
(d)	data quality and corporate risk management
(e)	the local economy
Strategy & Resources Committee (cont.)	
(f)	emergency planning and business continuity
(g)	the Council's human resources, property assets and finances
(h)	housing benefits administration
(i)	Civic and ceremonial matters
(j)	dealing (at first instance) with any matters of general policy which do not fall within the terms of reference of any other committee and are not reserved to the Full Council.
Licensing & Planning Policy Committee	
(a)	matters relating to the local economy
(b)	To consider and approve Local Plan documents for public consultation (including Development Plan Documents up to Preferred Options stage and Supplementary Planning Documents up to Consultation stage);
(c)	To consider and recommend for approval to Council, submission versions of Development Plan Documents;
(d)	To consider and approve final versions of Supplementary Planning Documents, and any subsequent changes to the Development Plan not constituting a new or substantially revised Development Plan Document;
(e)	To consider and approve other informal policy guidance for adoption;
(f)	To consider and approve the Council's Local Development Scheme and Annual Monitoring Report;

(g)	To consider and approve (i) draft Conservation Area Appraisals and Management Plans for public consultation and (ii) the final version of Conservation Area Appraisals and Management Plans;
(h)	To consider and approve matters related to the Community Infrastructure Levy (CIL) leading up to the examination in public and the adoption of the CIL charging schedule;
(i)	To consider and comment upon other authorities' or stakeholders' planning policy documents;
(j)	To respond to government consultations on draft planning legislation and proposed planning policies;
(k)	land use policy statements and briefs for specific areas
(l)	To consider any other planning policy matters not included in any of the above as deemed necessary by the Head of Planning and Building Control.
Licensing & Planning Policy Committee (cont.)	
(m)	To consider and determine (or delegate to a Licensing Hearings Panel) <ul style="list-style-type: none"> • Opposed and/or contentious applications made under the Licensing Act 2003 and/or applications for review under the said Act; • Opposed and/or contentious applications made under the Gambling Act 2005 and/or applications for review under the said Act; • Opposed and/or contentious applications for the granting, renewal, transfer or revocation of sex establishment licences; private hire and public hire licences;
(n)	To approve a licensing policy statement and gambling policy statement for recommendation to the Council and to keep this under review in accordance with the Licensing Act 2003 and the Gambling Act 2005 respectively;
(o)	To agree a pool of members to receive the necessary training to constitute Licensing Hearings Panels to undertake the administration of applications made under the Licensing Act 2003, the Gambling Act 2005, the Local Government (Miscellaneous Provisions) Act 1976 and the Town and Police Clauses Act 1847.
(p)	To appoint four Members from those trained in licensing matters to undertake the role of Chairman of the Licensing Hearings Panels.
(q)	safe-guarding the historic environment.
Community & Well-being Committee	
(a)	the promotion of sport, leisure, cultural and recreational activities
(b)	parks, open spaces and countryside (including Nonsuch Park JMC and Epsom and Walton Downs)

(c)	allotments
(d)	the Playhouse, Bourne Hall, Ewell Court House and the Ebbisham Centre
(e)	the Rainbow Centre
(f)	Bourne Hall Museum
(g)	Services for young people.
(h)	affordable housing
(i)	housing strategy and investment programme
(j)	housing standards, homelessness, homelessness prevention and advice, housing needs assessment
(k)	housing benefit - welfare aspects
(l)	private sector housing and administration of housing grants
Community & Well-being Committee (cont.)	
(m)	personal social services for the elderly and disabled
(n)	local NHS Services
(o)	work within the Voluntary Sector
(p)	gypsy site management

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CORPORATE PLAN 2016 - 2020

<u>Report of the:</u>	Chief Executive
<u>Contact:</u>	Frances Rutter/Adama Roberts
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1 – Corporate Plan Overview (as amended by Strategy & Resources Committee)
<u>Other available papers</u> (not attached):	Corporate Plan Visual

REPORT SUMMARY

This report asks the Council to adopt the new Corporate Plan for 2016 to 2020 and its four Key Priorities.

RECOMMENDATION (S)

That the Council

- (1) Adopts the Ambition and four Key Priorities for the Corporate Plan 2016 to 2020 as set out in Annexe 1;**
- (2) Reviews and agrees to adopt the new Corporate Plan 2016 to 2020.**

Notes

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

- 1.1 The Council is in the last year of its current Corporate Plan 2012 to 2016 and needs to implement its new one for 2016 to 2020 along with its Key Priorities.
- 1.2 The Corporate Plan will continue to identify the Council's Ambition, Key Priorities and Core Values for the next four years.
- 1.3 The proposed Corporate Plan and Key Priorities have been developed as a result of consultation carried out with members, the Leadership Team, key stakeholders and Staff. Residents have also been consulted with in February 2016 and a total of 450 responses were received from the online and paper surveys.

- 1.4 The Corporate Plan and its Key Priorities will demonstrate how the Council will deliver agreed targets and the Medium Term Financial Strategy approved in February 2016 shows how the draft Corporate Plan will be funded. The Council will seek to maintain areas of excellence whilst striving to continuously improve services provided by managing its limited resources.
- 1.5 Following consultation with Committee Chairmen, the provisional targets for 2016/17 have been submitted to the various committees for approval during March/April 2016. The provisional targets have tried to address the concerns raised by members throughout 2017/16. Targets will be reviewed and set annually for the lifecycle of this Corporate Plan. However as the Council develops its performance management arrangements during the next few years, it is important that members maintain the flexibility to amend targets during the year.

2 Consultation Findings Quick Stats

- 2.1 Overall, 95% of respondents agreed that the Council should implement the Key Priority 'Keeping the Borough Clean and Green'. The wording of the Plan has been clarified at the request of the Strategy and Resources Committee to reflect the Council's commitment to protecting the Green Belt. 5% of the respondents disagreed with the inclusion of this Key Priority in the Plan. They were asked to state their reason for disagreeing and the top two reasons were:
 - 2.1.1 Their concern over the term 'premium recycling', respondents' perception was that the Council will be charging them to recycle (39%). As a consequence Strategy and Resources agreed an amendment to the Plan to reflect that the service would be available as standard to all residents.
 - 2.1.2 Their concern over the lack of enough information on the key measures and successes to aid decision making (35%)
- 2.2 Nine in ten respondents 92% agreed that the Council should implement the Key Priority 'Supporting our Community'. It's worth noting that 8% did not agree. However, only 7% gave a reason. The top two reasons for disagreeing include:
 - 2.2.1 Concern over affordable housing and infrastructure - nearly seven in ten of those who ticked no (68%), do not want more affordable homes as they felt that the areas does not have the necessary infrastructures such as lack of areas to develop, roads, schools, hospitals etc to warrant an increase in new builds to an area that is already overcrowded
 - 2.2.2 Respondents who disagreed felt that greater explanation was needed in order to make an informed decision about which Key Priorities to adopt (19%)

- 2.3 The majority of respondents 91% agreed that the Council should implement the Key Priority 'Managing our Resources'. However 9% disagreed. Again only 8% of those who disagreed gave a reason. The top two reasons for disagreeing include:
- 2.3.1 Again the lack of enough information to make an informed decision was highlighted as the top reason for disagreeing by respondents (83%)
- 2.3.2 The second reason was respondents concern over the Social Centres (14%)
- 2.4 Overall, 94% of respondents agreed that the Council should implement the Key Priority 'Supporting Businesses and our Local Economy'. Only 6% disagreed. The top two reasons for disagreeing include:
- 2.4.1 Their concern over parking, traffic & roadways (52%)
- 2.4.2 Doing more to encourage additional shops and businesses (28%)
- 2.5 Respondents were asked to provide further comments and overall, 24% welcome the proposals, 23% had concerns over parking, traffic and roadways, 21% had concerns as previously expressed over the lack of enough information to aid decision making, 13% had concerns over litter, street cleaning, graffiti and park maintenance, 10% had concerns over premium recycling and the rest of the suggestions or concerns raised range from encouraging additional shops and businesses, affordable homes and its impact on infrastructures, better facilitates for the elderly and children, social centre and better healthcare facilities for the vulnerable.
- 2.6 Overall, respondents agreed with the Council's proposals. However, it's worth noting and learning from their feedback regarding the lack of adequate information to make an informed decision.

3 Proposed Ambition 2016 to 2020

- 3.1 As part of the development of the Corporate Plan, Committee Chairmen were consulted and their feedback taken on board. Strategy and Resources Committee were given the opportunity to review the Plan at its meeting on 5 April following consultation with Residents.
- 3.2 To ensure the Corporate Plan is fit for purpose within its four years lifespan, key measures, successes and targets will be reviewed annually to make sure they add value to residents within the Council. However, the Ambition and Four Key Priorities will not change for the duration of the Plan.

- 3.3 The Council is asked to agree with the Ambition for 2016 to 2020: **“Making Epsom and Ewell an excellent place to live and work”**. The Ambition has not been changed as it’s considered relevant and still reflects the Council aspiration

4 Proposed Key Priorities 2016 to 2020

- 4.1 Keeping the Borough Clean and Green
- 4.2 Supporting our Community
- 4.3 Supporting Businesses and our Local Economy
- 4.4 Managing our Resources

5 Financial and Manpower Implications

- 5.1 ***Chief Finance Officer’s comments:** The Medium Term Financial Strategy approved in February 2016 was developed in conjunction with the Corporate Plan and the financial implications where known have been factored in the financial projections in the next four years.*

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

- 6.1 ***Monitoring Officer’s comments:** None for the purposes of this report*

7 Sustainability Policy and Community Safety Implications

- 7.1 The Corporate Plan 2016 to 2020 and its supporting Performance Indicators for 2016/17 will assist the Council in creating safe and sustainable communities and address the Council’s legal responsibilities for community safety.

8 Partnerships

- 8.1 The Corporate Plan supports various strategies across the Council and reflects the priorities of key partners. These will be reviewed regularly to ensure they are achievable within timeframes set.

9 Risk Assessment

- 9.1 If the Council fails to adopt a new Corporate Plan, there is a risk that the focus on Key Priorities which has been achieved over the past twelve years will be lost; that key services will not be developed as required and that the efficiency savings will not be achieved. This is particularly important during a period when government funding is likely to be even more restricted.
- 9.2 There is a risk to the quality of services if funding for additional investment cannot be made available.

- 9.3 There are risks to the Council's reputation with its partners, credibility with its residents and, on future inspection, if the Key Priorities and the means of achieving them are not clearly set out and promoted.
- 9.4 There is a risk to the Council's reputation if priorities are set and then not achieved, but the Plan, together with existing performance management mechanisms, is designed to ensure that this risk is managed and that priorities are delivered.

10 Conclusion and Recommendations

- 10.1 The adoption of the Corporate Plan for the next four years will provide an important focus for the Council's work to ensure that services to the local community meet the areas of greatest importance and need.
- 10.2 The Council to note that the annual service targets for 2016/17 – have been submitted to the Council's policy committees for approval as at March 2016.
- 10.3 Detailed information around targets set for 2016/17 will be reported based on the committee cycles. Targets will be reviewed and set annually for the lifecycle of this Corporate Plan
- 10.4 Given the new approach being taken under the Corporate Plan 2016 to 2020 and as a result of concerns expressed by members, it is proposed to not report the yearend performance management for 2015/16. Policy committees will however receive performance reports based on the 2016/17 targets in September. Consultation with Chairmen will commence shortly on how the performance targets will be presents to members.
- 10.5 The Council reviews and agrees to adopt the proposed Ambition and four Key Priorities for the Corporate Plan 2016 to 2020 as set out in Annexe 1.

WARD(S) AFFECTED: N/A

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Corporate Plan

2016/20

**Making Epsom & Ewell an
Excellent Place to Live and Work**

Corporate Plan 2016/20 - Key Priorities

Keeping our Borough Clean and Green

We will do this by:

- Providing quality parks, nature reserves and other public spaces that are safe, pleasant and well maintained
- Accommodating sustainable development whilst protecting the green belt in accordance with Policy
- Introducing a premium weekly waste and recycling service as standard for all residents and encourage more household waste to be recycled
- Keeping the streets and public spaces clean and tidy
- Taking action to reduce graffiti, littering, flyposting, illegal advertising and dog fouling

Key outcomes

Management Plans for all major parks and public spaces

Premium weekly recycling and waste service as standard for all residents introduced from Spring 2017

Recycling clubs with local schools

Clean and tidy streets and public spaces

Key success measures

External accreditation for our major parks and public spaces

Delivery of the Biodiversity Action Plan

Increase in recycled household waste

Street cleanliness assessment

Supporting our Community

We will do this by:

- Supporting and enabling the delivery of affordable homes
- Helping those at risk of homelessness
- Promoting healthy and active lifestyles, especially for the young and elderly
- Encouraging and supporting volunteering initiatives

Key outcomes

Increase supply of homes to meet local needs

Residents supported from becoming homeless

Implement the Leisure Development Strategy

Community clean up campaigns

Key success measures

Delivery of affordable homes
Reduction in Homelessness

Long term empty properties brought back into use

Increase our supply of temporary accommodation

Delivery of the Leisure Development Strategy Action Plan

Key outcomes

An Organisational Development Strategy which drives culture change and high performance, builds capacity and delivers a skilled workforce for the future

A new improved website enabling services to be delivered digitally

Asset Management Plan for major assets

Balanced budget each year

Key success measures

Core values embedded into our performance management framework

Increased digital accessibility of our services

Returns generated from property and other investments

Agreed savings delivered

Managing our Resources

We will do this by:

- Developing multi-skilled and motivated staff
- Providing services digitally
- Identifying new sources of revenue and maximising our existing income
- Delivering further efficiency savings and cost reductions
- Maximising returns from properties and other investments

Key outcomes

High quality / innovative building design

Improved transport infrastructure

Visual appearance of the town/ shopping centres enhanced

Key success measures

Businesses attending the Business Leaders' meetings

Delivery of Plan E to improve traffic flow in Epsom Town Centre

Delivery of the Economic Development Strategy Action Plan

Space for start-up/incubator businesses to grow and expand

Supporting Businesses and our Local Economy

We will do this by:

- Supporting a comprehensive retail, commercial and social offer
- Maintaining strong links with local business leaders and representative organisations
- Supporting developers to bring forward the development of town centre sites
- Delivering an affordable Economic Development Strategy
- Promoting our Borough as an excellent place to do business

AGENDA ITEM 6
ANNEXE 1

**Minutes of the Meeting of the AUDIT, CRIME & DISORDER AND SCRUTINY
COMMITTEE held on 4 February 2016**

PRESENT -

Councillor Clive Smitheram (Chairman); Councillor David Reeve (Vice-Chairman);
Councillors Steve Bridger, Kate Chinn, Alex Clarke, George Crawford,
Peter O'Donovan, Humphrey Reynolds and David Wood

In Attendance: Karen Williams (Risk Advisory Director) (RSM Risk Assurance Services
LLP)

Absent: Councillor Robert Foote

Officers present: Kathryn Beldon (Director of Finance and Resources), Margaret Jones
(Scrutiny Officer), Gillian McTaggart (Corporate Risk & Governance Manager) and Tim
Richardson (Democratic Services Officer)

32 QUESTION TIME

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

33 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors in items on this agenda.

34 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny
Committee held on 26 November 2015 were agreed as a true record and signed
by the Chairman.

With reference to Minute No.21 of the Meeting of 26 November, it was noted that
the Community Safety Officer had requested further information from Surrey
Police Service relating to increases in incidents of a serious sexual or violence
(with injury) nature, and was still awaiting a response. It was noted that this
information would be provided to the Committee via email once received.

35 INTERNAL AUDIT - MONITORING REPORT

The Committee received a report summarising progress against the Internal
Audit Plan for 2015/16.

The following matters were considered:

- Management Actions for Reviews of Project Management and Procurement Management. The Committee was informed that the Internal Audit Progress Report provided by the Auditor (and attached as Annexe 1 to the report) did not include detailed management actions for the reviews of Project Management or Procurement Management, but that they were summarised on page 11 of the agenda. It was noted that the Auditor would amend their report to include detail of the management actions for these two advisory reviews, and that this would be circulated to the Committee via email. The Chairman requested Committee Members to inform both himself and the Corporate Risk & Governance Manager if they had any concerns regarding the actions for these two reviews upon receipt of the amended report.
- Contract Management Advisory Review. The Auditor informed the Committee that there was no evidence that the Council had entered into any poor value contracts as a result of the issues identified by the Contract Management Advisory Review.
- Project Management Advisory Review. The Committee was informed that officers had produced a project methodology toolkit to assist in ensuring that a consistent approach was taken to all projects, and that this had been rolled-out across the Council.
- Income from Car Parks Review. The Committee noted that this draft review currently had an Amber/Red Opinion, but that it had not yet been finalised as the Council's Parking Manager had raised queries over some of the draft actions recommended. The Committee noted that the finalised review would be reported to the next meeting.
- Property Maintenance Review – corrections to Auditor's Report. It was noted that the Auditor's Opinion for this Review was Amber/Red, and not "Green" as incorrectly stated on page 24 of the Agenda. The Committee also noted that the Implementation Date for Action 2 (page 24 of the Agenda) should read as "31 March 2016" and not "31 March 2015".
- Property Maintenance Review – progress toward implementation of Action 3. The Director of Finance and Resources informed the Committee that the first step in producing a plan for reducing maintenance liabilities was to create a comprehensive list of what liabilities the Council currently held. Work to produce this was currently underway.
- Provision of plastic screen covers to prevent CCTV capture of credit card number entry (page 28). It was noted that the Corporate Risk & Governance Manager would follow this matter up with the Head of Financial Services.

Following this consideration, the Committee:

- (1) Noted the Internal Audit Progress Report, and that an amended copy providing details of Management Actions for the Contract Management Advisory Review and Project Management Advisory Review would be circulated to all Committee Members following the meeting. It was noted that the Management Actions from these reviews would also be included in the papers for the next meeting.
- (2) Agreed to authorise the Chairman to take actions necessary to address any concerns raised by Committee Members with regard to the amended Internal Audit Progress Report, following its receipt.

36 PERFORMANCE MANAGEMENT 2015/16: PROGRESS REPORT TWO

The Committee received a report presenting it with the second performance management progress report for 2015/16.

The following matters were considered:

- Number of actions for Leisure Committee (Page 38 of the Agenda). The Committee identified that the chart for Leisure Committee stated that the Committee had 7 Actions, but only listed the status of 5. It was noted that the Councils Research, Consultation and Information Analyst would be requested to clarify this.
- Briefing for Councillors: Plan E. The Committee considered that a Briefing with regard to Plan E (the Area Action Plan for Epsom Town Centre) would be of interest to Councillors, and requested that officers provide a Members' Briefing Evening on the topic in the future.

Following consideration, the Committee:

- (1) Received Performance Management Progress Report Two 2015/16.
- (2) Did not identify any issues requiring action, other than a request for clarification of the number of actions for Leisure Committee and a briefing for Councillors regarding Plan E, as detailed above.

37 OUTSTANDING REFERENCES AND WORK PROGRAMME 2015/16

The Committee received a report listing references to officers outstanding at 4 February 2016, updating it on the work programme 2015/16, and asking that a new scrutiny review task group be appointed to undertake the review of Venues.

Following consideration, the Committee:

- (1) Noted the one outstanding reference to officers detailed at Annexe 1 to the report and the Committee's updated work programme attached at Annexe 2 to the report.

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- (2) Appointed the following Members to a task group to undertake the review of Venues as per the Terms of Reference attached at Annexe 3 to the report:

Councillors: Steve Bridger, David Reeve and Clive Smitheram

- (3) Agreed to co-opt a member of the Strategy and Resources Committee (nominated by that Committee's Chairman) to the appointed task group. It was noted that Councillor Mike Teasdale had been nominated for this role by the Chairman of the Strategy and Resources Committee.

The meeting began at 7.30 pm and ended at 8.11 pm

COUNCILLOR CLIVE SMITHERAM (CHAIRMAN)