

**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE
held on 27 June 2017**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Tony Axelrod, Richard Baker (as nominated substitute for Councillor Clive Woodbridge), Kate Chinn, Neil Dallen, Omer Kokou-Tchri, Humphrey Reynolds and Mike Teasdale

In Attendance:

Absent: Councillor Hannah Dalton and Councillor Clive Woodbridge

Officers present: Kathryn Beldon (Chief Executive), Simon Young (Head of Legal and Democratic Services), Rod Brown (Head of Housing and Community), Judith Doney (Head of Revenues and Benefits) (for items 1 to 3), Lee Duffy (Acting Director of Finance and Resources), Gillian McTaggart (Head of Corporate Governance) (for items 1 to 6), Grant Miles (Interim Accountant), Brian Thompson (Interim Head of Financial Services), Peter Wells (Benefits Manager) (for items 1 to 3) and Fiona Cotter (Democratic Services Manager)

1 QUESTION TIME

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

2 DECLARATIONS OF INTEREST

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

3 LOCAL COUNCIL TAX SUPPORT SCHEME

A report was presented to the Committee which set out two options for the Local Council Tax Support Scheme for 2018/19 and which sought approval of the preferred option in order that any consultation required could be undertaken over the summer, if necessary.

Members were also asked to consider whether to set a scheme for a two year period to bring it in line with the Medium Term Financial Strategy, the Corporate Plan and the planned full roll out of Universal Credit and to continue provision of £25,000 per year for a Discretionary Hardship Fund for exceptional cases.

Option A was to continue with the current scheme with the underlying means testing being kept in line with the Housing Benefit regulations and rates applicable from April of the appropriate year.

Option B was to consider increasing the 20% minimum payment on the current scheme to either 25% or 30% and to undertake the required public consultation for consideration by Members in November 2017.

Option A (continuing with the current scheme) was the preferred option. This was on the basis that consultation cost time and money when the current scheme had been accepted as relatively fair by those affected. Increasing the percentage of the minimum payment would not necessarily guarantee collection rates and, following consultation, it was likely that further consideration would need to be given as to how this might affect vulnerable households. In addition, Universal Credit was due to come into effect in two years' time, the financial impact of which on households was still uncertain. It was felt that council tax support recipients would welcome the security of the continuation of a Council Tax Support Scheme during this period.

The report highlighted that the Council would only retain approximately 11% of any additional income received from reducing the level of Council Tax Support provided and could see an increase in the demand on the Hardship Fund which was fully funded by this Council.

Having noted that a commitment was given to review the scheme should the position radically change within the next two years, the Committee agreed:

- (1) To continue with the current scheme with the underlying means testing being kept in line with the Housing Benefit regulations and rates applicable from April of the appropriate year;
- (2) That, in setting the scheme for 2018/19, the scheme should also continue for 2019/20;
- (3) The continuation of the Discretionary Hardship Fund for exceptional cases and a provision of £25,000 per year for that purpose.

4 PLAN E - EPSOM HIGHWAY AND PUBLIC REALM IMPROVEMENTS

The Committee received and considered a report which sought a decision on the materials to be used in the Plan E Epsom Town Centre Highway and Public Realm Improvement Scheme.

Since the original funding had been agreed in 2015, now that more detailed designs and specifications had been drawn up and the cost of construction factored in, the overall anticipated cost of the scheme had increased. This meant that the original materials favoured for the public realm improvements were no longer affordable within the budget.

The Committee was therefore being asked to consider the options for blockwork bedded in sand equivalent to the existing Markey Place surface or a premium

option for sand-based blockwork using a superior product which would cost an estimated additional £185,000.

The report set out the advantages and disadvantages of both these options and on the basis that a quality finish, the longevity of which had been proven, could be achieved without additional cost, the Committee agreed:

- (1) Not to make an additional contribution from the Community Infrastructure Levy (CIL) towards the cost of the Plan E Epsom Town Centre Highway and Public Realm Improvement Scheme; and
- (2) That blockwork equivalent to the existing materials in the public realm, the cost of which could be afforded across the entire scheme within the established budget, be the material used for surfacing paths in various phased of the scheme and for surfacing the market place and other locations.

5 CORPORATE PLAN: YEAR-END PERFORMANCE REPORT 2016 TO 2017 AND PROVISIONAL TARGETS FOR 2017 TO 2018

The Committee received and considered a report which provided a year-end update against its Key Priority Performance Targets for 2016 to 2017 as set out in the Council's Corporate Plan and provisional targets for 2017 to 2018.

The report confirmed that out of a total of 21 targets for 2016/17, 15 had been achieved and 6 had not been achieved. The report identified those actions not achieved and the remedial action identified, were applicable as set out in the table below:

Not achieved	Actions identified
<p>Managing our resources Process new Housing Benefit claims within an average time of 22 days</p>	<p>The extra resource granted to the team to cover the enquiry counter continued to be very helpful. This target improved hugely when compared to the beginning of the year, it was now 29 days from 42 days in April. A new target of 28 days had been set. This was more realistic while still challenging.</p>
<p>At least three business cases which would generate long term income streams to be submitted to the Capital Member Group for prioritisation as part of the 2017/18 capital bid process</p>	<p>The Commercial Property Acquisition Fund was now in place. The need to generate additional long term income streams was being addressed. New targets had been set around the Property Acquisition Fund for 2017/18.</p>
<p>Revenues and benefits self-serve functionality available</p>	<p>This would be implemented by December 2017.</p>

Not achieved	Actions identified
Review and implement a performance pay and staff appraisal scheme	Proposals for a revised pay structure would be presented to HR Panel and S&R by October 2017.
<p>Supporting Businesses and our Local Economy</p> <p>Prepare a draft business plan for the proposed BID for consideration by Members in January 2017</p>	A new target had been included for 2017/18 to 'Support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a Ballot in October 2017'.
Commence the delivery of the agreed public realm improvements as part of the phase 1 highway works within Epsom town centre	This target had been reviewed and a new one set for 2017/18 (i.e. 'Plan E, phase 1: Finalise and agree the design for the Market Place improvements in partnership with Surrey County Council by June 2017).

Whilst it was acknowledged that there had been slippage in progressing the Town Centre BID, this was not entirely within the control of the Council. However, it was confirmed that the Council was supporting the local business community to progress the BID to an agreed timetable with the intention to hold a ballot by the end of October 2017.

In regards to the Committee's targets for 2017/18, the Chairman referred members to additional information provided by email prior to the meeting. It was noted that the budgeted income of £462k from letting fees across the Council's 4 venues for 2017/18 compared with actual income received for 2016/17 of £421k, which represented an increase of just under 10%. The majority of the increase was at Ewell Court House where budgeted income was £38k more than 2016/17. This was on the basis that the range of improvements included in the refurbishment had been made with the intention of making the venue more attractive to potential hirers and current users thereby increasing potential income. The performance of this and other Council venues would also be monitored by Community & Wellbeing Committee as the service committee responsible for these venues. It was further noted that it had been suggested that the wording of the target in relation to the possible establishment of a Joint Committee with Surrey County Council be amended to read: "Complete a review of the benefits/disadvantages of establishing a Joint Local Committee and report to S&R".

The Committee:

- (1) Considered the performance reported in Annexe 1 and did not identify any areas of concern;
- (2) Reviewed and agreed targets for 2017 to 2018 as detailed in Annexe 2 of this report and outlined in paragraph 4.1 subject to the amendment of the

wording in relation to the target regarding the creation of a joint committee with Surrey County Council.

6 FINAL ACCOUNTS 2016/17

A report was presented to the Committee which summarised the Council's financial performance for 2016/17 and which sought approval to the Annual Governance Statement for 2016/17. In particular, the Committee was asked to note the carry forward of capital provision for schemes where costs would be incurred in 2017/18.

The Committee was informed that, as at the date of the meeting, the surplus on the General Fund for 2016/17 was £163K and the report highlighted the most significant favourable factors which had contributed to this surplus. These included: income from recently acquired commercial properties previously not budgeted for (£169K), good treasury management returns (£104K) and significant reductions in homelessness costs (£165K) achieved by increasing the supply of temporary accommodation and reducing bed and breakfast costs.

It was further noted that part of the additional income from the recovery of housing benefits had been used to increase the bad debt provision for housing benefit overpayments. At the moment, payments could be deducted at source but it was not certain what liabilities would be transferred to Central Government under Universal Credit. This was a national not a local issue and whilst it was acknowledged that this was not ideal, it was considered prudent to make this provision in the current circumstances.

It was noted that overall in 2016/17 the Council had maintained a prudent level of balances on revenue and capital reserves totalling around £21m but that the Council was also able to call on other cash balances for the purposes of investment (Minute 7 refers).

Having noted the excellent job done by innovative officers in producing a balanced budget against a difficult financial backdrop, the Committee:

- (1) Received the report on financial performance for 2016/17;
- (2) Agreed the Annual Governance Statement as attached as an Annexe to the report;
- (3) Noted the carry forward of provision of £5,314,000 for capital schemes to be added to the 2017/18 capital programme.

7 TREASURY MANAGEMENT : YEAR END PERFORMANCE 2016/17

The Committee received and considered a report which reviewed the performance of the Council's treasury management function in 2016/17.

It was noted that, as part of its financial strategy, the Council maintained revenue reserves and provisions (Minute 6 refers). However, it also retained cash balances from other sources such as S106 funds and creditors which meant that

the amount of funds available for investment (£28.9m in 2016/17) would be in excess of the amounts held in reserves and balances.

It was further noted that the final outturn position showed an increase in income of £52,000 on what was reported in the half year report received by the Financial Policy Panel in October 2016. This was because the assumption was always made that more of the capital programme would have been spent and the average annualised return on investments was better than anticipated.

Whilst it was noted that the Council had done well on its own internally managed fixed interest investments, the Council was locked into these and could not access these funds prior to their maturity date. The main benefit of using external fund managers was that risk to the Council could be minimised through the diversification of holdings.

The report highlighted that the Council had complied with the requirement to keep net borrowing below the relevant CFR in 2016/17 and no difficulties were envisaged for the current or future years. This view took into account current commitments and plans in the budget report. The Committee was assured that any increase in borrowing above the level currently agreed by Council could not be made without Council's approval.

It was currently envisaged that the fund manager would be able to achieve investment returns at around 0.9% for 2017/18. This compared to an anticipated return built into the budget of 1.25%. However, it was anticipated that overall income from investments this year would come in on budget due to the Council retaining higher levels of funds to invest than expected when setting 2017/18 budget.

Accordingly the Committee:

- (1) Received the report on the Council's treasury management investment performance 2016/17;
- (2) Approved the actual 2016/17 prudential indicators.

8 JOINT INFRASTRUCTURE GROUP: MEMBERSHIP

The Committee was asked to appoint Borough Council members to the joint officer/member working group (the Joint Infrastructure Group) to oversee the allocation of Community Infrastructure Levy.

The Group's Terms of Reference had been agreed at its inaugural meeting on 13 September 2016 and had been ratified by the Strategy and Resources Committee at its meeting on 22 November 2016. These confirmed the elected representation on the working group would comprise of three Borough Councillors and two County Councillors.

Given the importance of CIL funding to the Council's overall financial position, its Corporate Plan and Asset Strategy, it was suggested that the Borough membership should consist of the Chairman of Strategy and Resources

Committee, one other policy committee Chairman or Vice Chairman plus one other Councillor and that the appointments be made for a period of two years subject to the appointment going with the Chairmanship of the Strategy and Resources Committee.

Accordingly, the Committee agreed the following membership of the Joint Infrastructure Group for a two year period: the Chairman of Strategy and Resources Committee (currently Eber Kington), Councillor Barry Nash and Councillor Rekha Bansil.

9 CAPITAL MEMBER GROUP: MEMBERSHIP

The Committee was asked to appoint members to the Capital Member Group, a group which assisted in the formulation of the new capital programme each year to meet the capital budget timetable.

Accordingly, the Committee appointed Councillors John Beckett, Eber Kington, Omer KoKou-Tchri, Barry Nash and Clive Smitheram to the Capital Member Group.

10 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Strategy and Resources Committee held on 4 April 2017 were agreed as a true record and signed by the Chairman.

11 EXCLUSION OF PRESS AND PUBLIC

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

12 CEMETERY GROUNDS MAINTENANCE CONTRACT

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

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

The meeting began at 7.30 pm and ended at 8.34 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)