

STRATEGY AND RESOURCES COMMITTEE

Wednesday 24 June 2015 at 7.30 pm

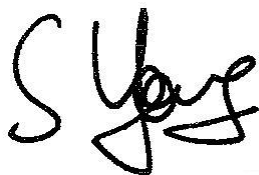
Council Chamber - Epsom Town Hall

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

Councillor Neil Dallen (Chairman)
Councillor Clive Woodbridge (Vice-Chairman)
Councillor Tony Axelrod
Councillor Richard Baker
Councillor Rekha Bansil

Councillor Kate Chinn
Councillor Eber Kington
Councillor Omer Kokou-Tchri
Councillor Keith Partridge
Councillor Mike Teasdale

Yours sincerely



Head of Legal and Democratic Services

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

AGENDA

1. QUESTION TIME

To take any questions from members of the Public

Please Note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question at the meeting

2. MINUTES OF PREVIOUS MEETING

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 24 March 2015 (to follow) and to authorise the Chairman to sign them.

3. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

4. EXTERNAL AUDIT - AUDIT PLAN FOR 2014/15 (Pages 5 - 22)

This report sets out the approach being taken by the Council's external auditors, Grant Thornton, to the audit of the accounts for 2014/15.

5. FINAL ACCOUNTS 2014/15 (Pages 23 - 38)

This report summarises the Council's financial performance for 2014/15, seeks approval to the Annual Governance Statement for 2014/15 and notes the carry forward of capital provision for schemes where costs will be incurred in 2015/16.

6. PERSONALISATION, PREVENTION AND PARTNERSHIP FUND (Pages 39 - 46)

This report gives an update on the current situation in relation to the allocation of the Personalisation, Prevention and Partnership fund established by Surrey County Council and the recent changes to the administration of the fund by the new partnership between Surrey County Council and the Surrey Downs Clinical Commissioning Group.

7. TREASURY MANAGEMENT PERFORMANCE 2014/15 (Pages 47 - 62)

This report reviews the performance of the Council's treasury management function in 2014/15 and seeks changes to the treasury management strategy.

8. LOCAL COUNCIL TAX SUPPORT SCHEME (Pages 63 - 72)

This report provides options for the Local Council Tax Support Scheme from 2016/17 and asks members to choose their preferred option(s) in order that any consultation required can be undertaken over the summer.

9. PERFORMANCE MANAGEMENT: PROGRESS REPORT FOUR 2014/15 (Pages 73 - 90)

This report sets out performance against the Committee's actions for Progress Report Four 2014/15.

10. ADDITIONAL FUNDING FOR THE CONVERSION OF THE TOWN HALL AND HOPE LODGE CAR PARKS TO BARRIER CONTROL (Pages 91 - 94)

The Committee is asked to approve additional funding from capital reserves up to a maximum of £16,744 to enable the completion of the project to install barrier controlled parking in the Hope Lodge and Town Hall Car Parks.

11. USE OF A FRAMEWORK FOR THE MANAGED SERVICE FOR TEMPORARY AGENCY RESOURCES (Pages 95 - 100)

This report outlines the proposed approach for the procurement of agency staff.

12. MINUTES OF THE FINANCIAL POLICY PANEL: 9 JUNE 2015 (Pages 101 - 104)

The Committee is asked to receive the Minutes of the previous meeting of the Financial Policy Panel meeting held on 9 June 2015.

13. OUTSTANDING REFERENCES (Pages 105 - 108)

This report lists references to Officers outstanding as at 24 June 2015.

14. EXCLUSION OF PRESS AND PUBLIC (Pages 109 - 110)

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph (s) 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.

15. LITTLE ACRES FIELD, HORTON LANE, EPSOM (Pages 111 - 118)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and a third party and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information

16. LAND AT FAIRVIEW ROAD (Pages 119 - 126)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and a third party and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information

17. HOLLYMOOR LANE PROPOSAL (Pages 127 - 136)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and a third party and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

18. EWELL COURT HOUSE REINSTATEMENT (Pages 137 - 148)

This report provides an update on the Ewell Court House reinstatement project and provides further information for the Committee's consideration

19. CAR PARK FEASIBILITY STUDY (Pages 149 - 154)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and a third party and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information

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EXTERNAL AUDIT – AUDIT PLAN FOR 2014/15

| | |
|---|--|
| <u>Report of the:</u> | Director of Finance & Resources |
| <u>Contact:</u> | Kathryn Beldon |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | The Audit Plan Year Ended 31 March 2015 (to follow) |
| <u>Other available papers (not attached):</u> | None stated |

REPORT SUMMARY

This report sets out the approach being taken by the Council's external auditors, Grant Thornton, to the audit of the accounts for 2014/15

RECOMMENDATION (S)

That the Committee receives the Audit Plan for 2014/15

Notes

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

1.1 There are no direct implications for the purposes of this report.

2 Background

2.1 Grant Thornton is the Council's independent external auditors appointed by the Audit Commission. The main contacts are Christian Heeger (Director) and Liz Olive (Manager).

2.2 The auditors have had discussions with the finance staff, Chief Executive and Director of Finance & Resources and have prepared an audit plan for the 2014/15 accounts.

2.3 The Audit Plan is attached as Annexe (to follow) to this report.

3 Proposals

3.1 Grant Thornton's audit manager will attend the Committee meeting to introduce this item and answer Members' questions.

3.2 Officers are satisfied that the audit plan addresses key financial and governance issues.

4 Financial and Manpower Implications

4.1 Audit fees are estimated at £72,640 as set out in the audit plan.

- 4.2 ***Chief Finance Officer's comments:*** The audit fees can be contained within the budget agreed for 2015/16.

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

- 5.1 Grant Thornton has confirmed that their work will be prepared in the context of the Statement of Responsibilities of Audit Bodies issued by the Audit Commission.

- 5.2 ***Monitoring Officer's comments:*** none for the purposes of this report.

6 Sustainability Policy and Community Safety Implications; Partnerships

- 6.1 There are no implications for the purposes of this report.

7 Risk Assessment

- 7.1 The Audit of the Council's financial statements comprises a key element of the Council's governance arrangements.

8 Conclusion and Recommendations

- 8.1 The Committee is asked to receive the Audit Plan.

WARD(S) AFFECTED: N/A

The Audit Plan for Epsom and Ewell Borough Council

Year ended 31 March 2015

12 March 2015

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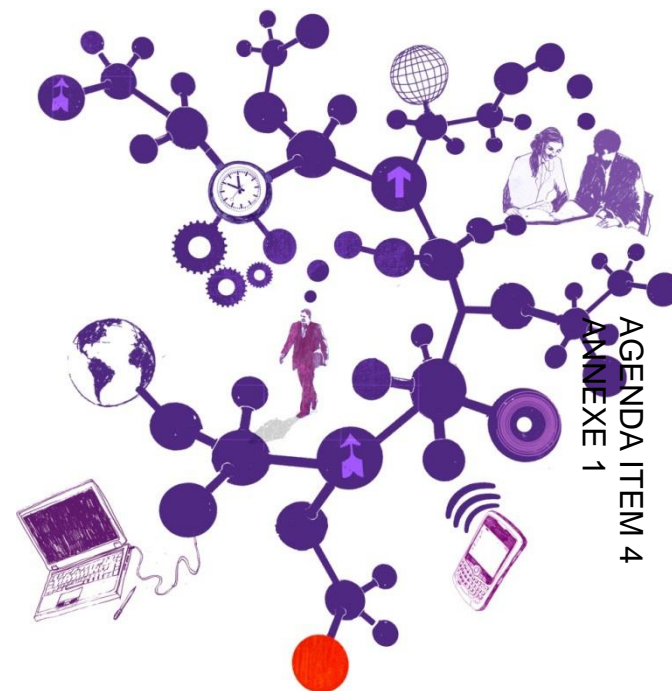
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

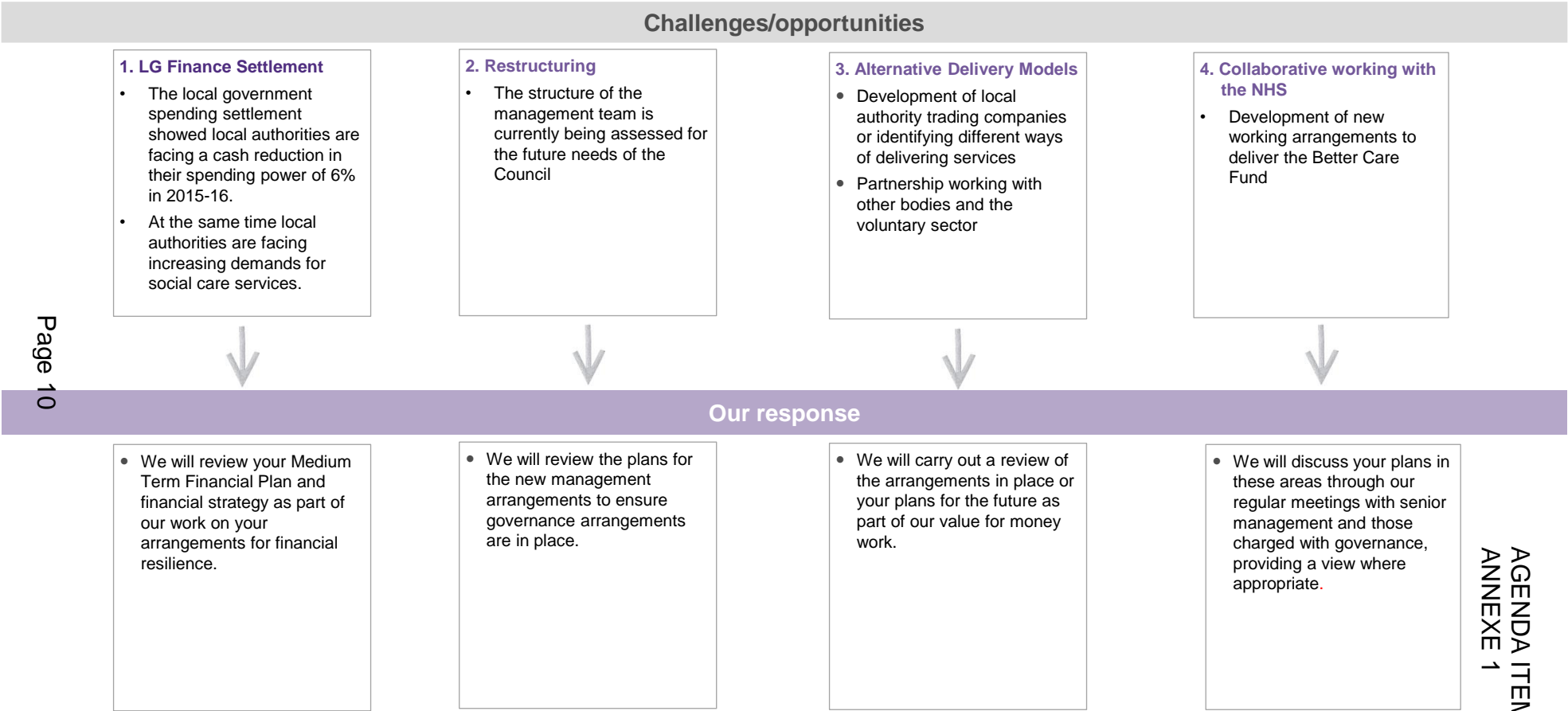
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- 8. Results of interim work
- 9. Key dates
- 10. Fees and independence
- 11. Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

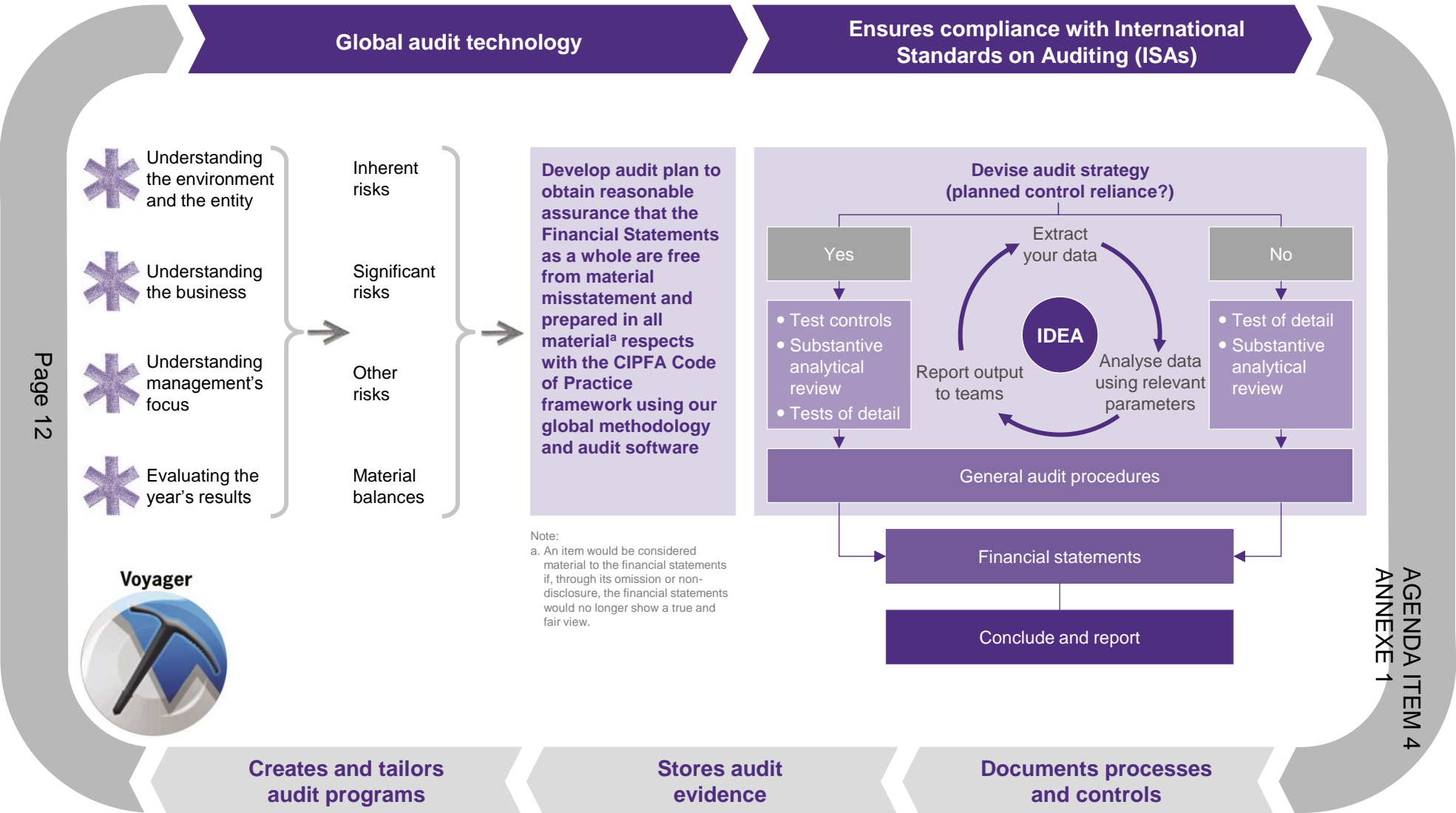


Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

| Developments and other requirements | | | | | |
|--|--|--|---|--|---|
| 1. Financial reporting <ul style="list-style-type: none"> Changes to the CIPFA Code of Practice Adoption of new group accounting standards (IFRS 10, 11 and 12) | 2. Legislation <ul style="list-style-type: none"> Local Government Finance settlement | 3. Corporate governance <ul style="list-style-type: none"> Annual Governance Statement (AGS) Explanatory foreword | 4. Better Care Fund <ul style="list-style-type: none"> Better Care Fund (BCF) plans and the associated pooled budgets will be operational from 1 April 2015 | 5. Financial Pressures <ul style="list-style-type: none"> Managing service provision with less resource Progress against savings plans | 6. Other requirements <ul style="list-style-type: none"> The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion The Council completes grant claims and returns on which audit certification is required |
| Our response | | | | | |
| <p>We will ensure that</p> <ul style="list-style-type: none"> the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing the group boundary is recognised in accordance with the Code and joint arrangements are accounted for correctly (if applicable) | <ul style="list-style-type: none"> We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate | <ul style="list-style-type: none"> We will review the arrangements the Council has in place for the production of the AGS We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge | <ul style="list-style-type: none"> We will consider whether the BCF is a risk in the context of our VfM conclusion and will carry out further work if required | <ul style="list-style-type: none"> We will review the Council's performance against the 2014/15 budget, including consideration of performance against the savings plan We will undertake a review of Financial Resilience as part of our VfM conclusion | <ul style="list-style-type: none"> We will carry out work on the WGA pack in accordance with requirements We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015. |

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

| Significant risk | Description | Substantive audit procedures |
|--|---|--|
| The revenue cycle includes fraudulent transactions | <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> | <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Epsom and Ewell Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• there is little incentive to manipulate revenue recognition• opportunities to manipulate revenue recognition are very limited• the culture and ethical frameworks of local authorities, including Epsom and Ewell Borough Council, mean that all forms of fraud are seen as unacceptable. |
| Management over-ride of controls | <p>Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.</p> | <p>Work completed to date:</p> <ul style="list-style-type: none">• Review of accounting estimates, judgments and decisions planned by management <p>Further work planned:</p> <ul style="list-style-type: none">• Final review of accounting estimates, judgments and decisions made by management• Testing of journal entries• Review of unusual significant transactions |

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

| Other risks | Description | Audit Approach |
|-----------------------|---|--|
| Operating expenses | Creditors understated or not recorded in the correct period (Operating expenses understated) | Work completed to date: <ul style="list-style-type: none">Walkthrough of operating expenses system Further work planned: <ul style="list-style-type: none">Sample testing of expenditure during the financial yearTesting of year end payablesTesting for unrecorded liabilities |
| Employee remuneration | Employee remuneration and benefit obligations and expenses understated (Remuneration expenses not correct) | Work completed to date: <ul style="list-style-type: none">Walkthrough of payroll arrangements Further work planned: <ul style="list-style-type: none">Completeness testing of payroll records using trend analysisSample testing of payroll transactions to payslips and HR contracts of employmentReconciliation of payroll gross to net report |
| Welfare Expenditure | Welfare benefits improperly computed | Work completed to date: <ul style="list-style-type: none">Walkthrough of welfare benefit arrangements Further work planned: <ul style="list-style-type: none">HB COUNT audit approach, including testing of housing benefit cases |

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

| VfM criteria | Focus of the criteria |
|---|--|
| The organisation has proper arrangements in place for securing financial resilience | The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future |
| The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness | The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity |

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in the following areas to address the risks identified:

- Review the achievement of savings identified in the medium term resources strategy for 2014/15;
- Review the robustness of plans to support the savings identified in the 2015/16 budget, including income generation and efficiency plans;
- Review of arrangements in place to support any restructure of the management team; and
- Follow up recommendations made in the 2013/14 Audit Findings Report.

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

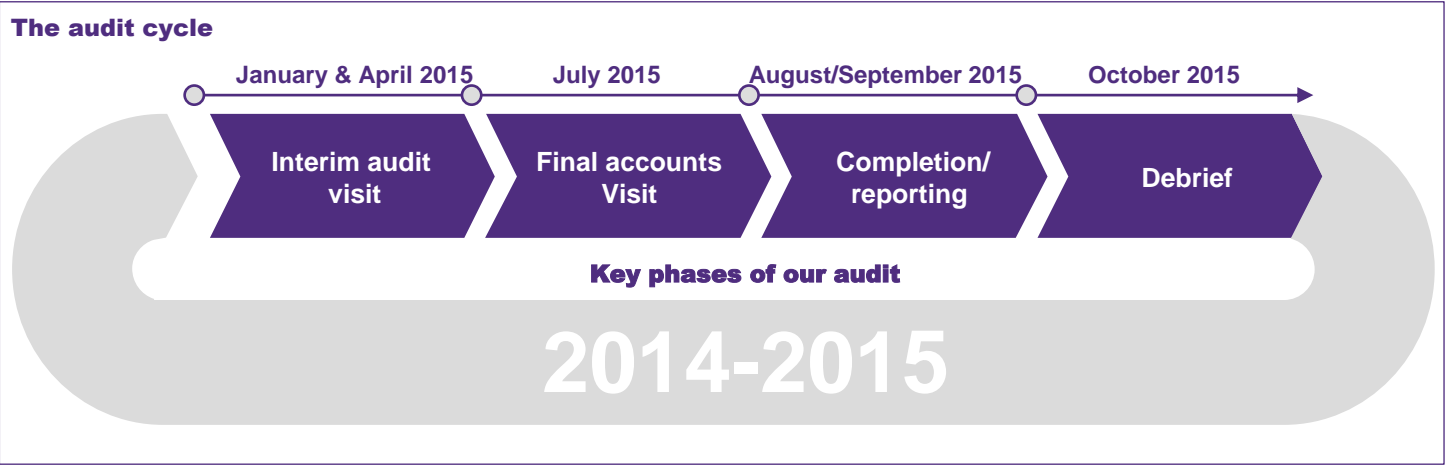
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

| | Work performed and findings | Conclusion |
|--------------------------------|--|---|
| Internal audit | <p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p> | <p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p> |
| Walkthrough testing Page 16 | <p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p> | <p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p> |
| Entity level controls | <p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices | <p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p> |

Results of interim audit work cont'd

| | Work performed | Conclusion |
|---|--|---|
| Review of information technology controls | <p>We are planning to perform a high level review of the general IT control environment, as part of the overall review of the internal controls system, in April 2015. We have performed a follow up of the issues that were raised last year.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p> | <p>We will report the findings of our work in the Audit Findings Report if any issues arise from the IT review.</p> |
| Journal entry controls | <p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> | <p>Our work over the control environment has not identified any weaknesses which impact on our audit approach.</p> |

Key dates



| Date | Activity |
|-----------------------|---|
| w/c 12 January | Planning and first interim site visit |
| w/c 13 April | Second interim site visit and early substantive testing |
| 9 April | Presentation of audit plan to Audit Committee |
| July 2015 | Year end fieldwork |
| TBC – early September | Audit findings clearance meeting with Director of Finance and Resources |
| 29 September | Report audit findings to those charged with governance (Strategy & Resources Committee) |
| By 30 September | Sign financial statements opinion |

Fees and independence

Fees

| | £ |
|-----------------------------------|---------------|
| Council audit | 59,610 |
| Grant certification | 13,030 |
| Total fees (excluding VAT) | 72,640 |

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

| Service | Fees £ |
|---------|--------|
| None | Nil |

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

| Our communication plan | Audit plan | Audit findings |
|--|------------|----------------|
| Respective responsibilities of auditor and management/those charged with governance | ✓ | |
| Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications | ✓ | |
| Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought | | ✓ |
| Confirmation of independence and objectivity | ✓ | ✓ |
| A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. | ✓ | ✓ |
| Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. | | |
| Details of safeguards applied to threats to independence | | |
| Material weaknesses in internal control identified during the audit | | ✓ |
| Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements | | ✓ |
| Non compliance with laws and regulations | | ✓ |
| Expected modifications to the auditor's report, or emphasis of matter | | |
| Uncorrected misstatements | | |
| Significant matters arising in connection with related parties | | |
| Significant matters in relation to going concern | | |

AGENDA ITEM 4
ANNEXE 1

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FINAL ACCOUNTS 2014/15

| | |
|---|---|
| <u>Report of the:</u> | Head of Financial Services |
| <u>Contact:</u> | Lee Duffy |
| <i>Urgent Decision?(yes/no)</i> | No |
| <i>If yes, reason urgent decision required:</i> | N/A |
| <u>Annexes/Appendices (attached):</u> | Draft Annual Governance Statement |
| <u>Other available papers (not attached):</u> | Final Accounts Working Papers 2014/15 Financial Statements 2014/15 Papers issued to all councillors on 29 May 2015: <ul style="list-style-type: none">• General Fund Summary Position 2014/15• Major Budget Variances 2014/15• Capital Expenditure Position 2014/15 |

REPORT SUMMARY

This report summarises the Council's financial performance for 2014/15, seeks approval to the Annual Governance Statement for 2014/15 and notes the carry forward of capital provision for schemes where costs will be incurred in 2015/16.

RECOMMENDATION (S)

That the Committee:-

- (1) Receives the report on financial performance for 2014/15;
- (2) Agrees the Annual Governance Statement attached as an Annexe to this report;
- (3) Notes the carry forward £3,121,000 provision for capital schemes to be added to the 2015/16 capital programme;
- (4) Agrees that the Capital Member Group reviews the level of commitment on all schemes carried forward as part of the capital programme review.

Notes

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

- 1.1 The revenue budget and capital programme comprise the resources available for the delivery of Council services.

2 Introduction

- 2.1 Local Authorities are required to prepare a statement of accounts at the end of each financial year. In so doing authorities must comply with the Accounts and Audit Regulations and 'proper accounting practice' as defined in the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2.2 The Accounts and Audit (England) Regulations 2011 regulations require that the Financial Statements are signed / certified by the responsible financial officer (the Director of Finance and Resources) by 30 June each year. The statements must then be reported to and approved by committee and published by 30 September, together with the external audit report which should be available by that date.

3 General Fund Summary Position

- 3.1 In summary the final position for 2014/15 is: -
General Fund Summary 2014/15

| | Original Budget £'000 | Current Approved * £'000 | Actual £'000 | Variance £'000 |
|---|--------------------------------------|---|-------------------------|---------------------------|
| Strategy and Resources Committee | 1,839 | 1,579 | 1,181 | (398) |
| Capital charges | (2,083) | (2,894) | (2,894) | 0 |
| Environment Committee | 2,744 | 3,327 | 2,859 | (468) |
| Social Committee | 2,308 | 2,428 | 3,123 | 695 |
| Leisure Committee | 3,226 | 3,594 | 3,803 | 209 |
| Total Net Expenditure | 8,034 | 8,034 | 8,072 | 38 |
| Funded by: | | | | |
| Collection fund precept | 5,403 | 5,403 | 5,403 | - |
| Revenue Support Grant | 1,435 | 1,435 | 1,435 | - |
| Share of Local Business Rates | 1,280 | 1,280 | 1,280 | - |
| Transfer from Collection Fund | (85) | (85) | (130) | 45 |
| Total Funding (Budget Requirement) | 8,033 | 8,033 | 7,988 | 45 |
| Surplus (deficit) for the year | (1) | (1) | (84) | (83) |

** includes changes to employee and support services allocations and asset rental recharges from the original budget and reflects required changes in accounting practice.*

- 3.2 Information on the main variations within each policy committee was circulated to all Councillors on 29 May 2015. The following minor changes have been made to the circulated figures:-
- 3.2.1 The central overhead allocations have been finalised providing some changes between committee budgets but not significantly affecting the bottom line.
- 3.3 Net expenditure for the year is £83,000 more than the original budget. This will result in a contribution of £84,000 to be made from the General Fund Working Balance.

- 3.4 The working balance was £3,333,000 at 31 March 2015, calculated as follows:-

| | £'000 |
|--|--------------|
| Working Balance b/f at 31 March 2014 | 3,417 |
| Deficit on General Fund for 2014/15 | (84) |
| Working Balance as at 31 March 2015 | 3,333 |

- 3.5 The final net expenditure for 2014/15 compares to the forecast position reported in Quarter 3, which anticipated a contribution from the working balance of £85,000.

- 3.6 The most significant adverse variances in 2014/15 are:

- Homelessness (£674,000) – The number of households requiring accommodation was budgeted at 34, however, this figure has risen significantly throughout the year and ended on 85 at the end of the 2014/15.
- Legal costs (£114,000) - Additional charges relating to properties and staffing.
- Salaries (£263,000): due to vacancy target not being fully achieved this year and additional expenditure within parking.

- 3.7 The most significant favourable variances in 2014/15 are from:

- Car Parking (£458,000) – This is due to increased income from car parks, car park permits and off street penalty charge notices throughout 2014/15.
- Development Control (£141,000) – A number of unanticipated applications were received in 2014/15 that resulted in income being higher than budgeted.

- 3.8 Most of the outturn variances were forecast at quarter three and have already been reflected in the preparation of the 2015/16 budget. The on-going impact of other variances is being considered to identify the impact for 2015/16 and where relevant be incorporated into budget planning for 2016/17.

4 Reserves

- 4.1 Transfers have been made to and from revenue and capital reserves and provisions in line with Council policy for the reserves and as approved for specific schemes during the year.

- 4.2 The following transfers have been made in preparing the draft accounts: -

4.2.1 **Insurance Reserve** - £63,000 was drawn from this reserve to finance individual claims. At the end of 2014/15 the balance on this reserve was £489,000

4.2.1 **Interest Equalisation Reserve** - £34,000 was transferred from this reserve to finance general fund services. The balance on this reserve at the end of 2014/15 is £631,000.

- 4.2.2 **VAT Reserve** - £55,000 was transferred into this reserve from successful claims made against HMRC in this year. This reserve will be required to finance any charges made by HMRC for VAT claims. The balance on the VAT reserve as at the end of 2014/15 is £228,000
- 4.2.3 **Repairs and Renewals Reserve** – £88,000 was transferred out of this reserve to finance approved expenditure. Budgeted contributions were made into this reserve of £26,000. At the end of 2014/15 the balance of this reserve, stands at £690,000.
- 4.2.4 **Property Maintenance Reserve** – £31,000 of this reserve was used to fund backlog maintenance work this year. The balance on this reserve at the end of 2014/15 was £221,000.
- 4.2.5 **Corporate Projects Reserve** – contributions totalling £1,601,000 have been made from this reserve to finance authorised expenditure, including the Senior Management restructure and a contribution towards the cost of purchasing Upper High Street for temporary accommodation. A contribution of £1,052,000 has been made into this reserve from New Homes Bonus Grant. Further contributions into this reserve totalling £16,000 have been made relating to grants received from DCLG. The overall balance on this reserve at the end of 2014/15 is £392,000.
- 4.2.6 **Personalisation, Prevention & Partnership Reserve** - £180,000 for third year of grant funding has been transferred to this reserve; the monies received via Surrey County Council will finance projects that can demonstrate support for health and social care. £88,000 worth of projects has been financed from this reserve in 2014/15. The balance on this reserve at the end of 2014/15 is £383,000.
- 4.2.7 **Civic Investment Fund** – As agreed by S&R £30,000 has been transferred from this fund to finance civic investment and expenditure on economic vitality. The balance on this reserve at the end of 2014/15 is £45,000.
- 4.2.8 **Business Rates Equalisation Reserve** – £182,000 has been drawn from this reserve to finance the Council's share of the deficit on business rates. A contribution of £315,000 has been made to this reserve from refunds received for prior year car park appeals from business rates. The balance on this reserve as at 31/3/14 will be £904,000.
- 4.2.1 **CIL** – £612,000 of receipts have been transferred into this reserve for future part funding of revenue or capital projects.
- 4.3 A review of current balances held on revenue and capital reserves will be reported to the Financial Policy Panel on 8 September 2015.

5 Provisions

- 5.1 Part of the additional income from the recovery of housing benefit overpayments has been used to increase the bad debt provision for housing benefit overpayments due to the phased transfer of administration of benefits to central government under 'universal credit'. The outstanding debt as at the end of 2014/15 stands at £1.7 million. After making an additional net contribution of £421k to this provision this year, provision for bad debts stands at £1,164k, approximately 68% of the outstanding debt. The provision will be increased annually to reduce the risk of a shortfall when the transfer of the service is completed.

- 5.2 This provision will continue to be strengthened to manage the risk that the Council cannot recover debts once claimants are transferred to the new Universal Credit Pension Fund.
- 5.3 Pensions have been treated within the statements in accordance with recommended financial reporting standards for local authorities, additional information on pension costs and liabilities are included within the Annexe in the notes to the Core Financial Statements (**Note 18**). The disclosure notes within the financial statements have been prepared in accordance with Financial Reporting Standard IAS 19. The net liability as at 31 March 2014 for accounting purposes is £31.1m compared to £28.1m at 31 March 2014. This does not comprise a full re-valuation of the fund.
- 5.4 The last valuation was in March 2013 and the next valuation will be carried out as at 31 March 2016.

6 Capital Expenditure 2014/15

- 6.1 A summary of the actual expenditure for each capital scheme was issued to all Councillors on 28 May 2015. In summary, expenditure in 2014/15 was as follows:-

| Committee | Original Budget £000 | Latest Budget * £'000 | Actual £'000 | Balance £'000 |
|--------------------------------|---------------------------------|----------------------------------|-------------------------|--------------------------|
| Strategy & Resources Committee | 454 | 982 | 368 | (614) |
| Environment Committee | 93 | 391 | 238 | (153) |
| Social Committee | 980 | 2,580 | 2,035 | (545) |
| Leisure Committee | 150 | 2,931 | 758 | (2,173) |
| Hospital Cluster | 0 | 524 | 29 | (495) |
| Total | 1,677 | 7,408 | 3,428 | (3,980) |

** includes schemes rolled forward from 2013/14, the 2014/15 original programme plus new schemes approved during 2014/15*

- 6.2 The balance of £3.98 million in the above table includes capital schemes not yet delivered including the allocation of Section 106 planning gain funds for externally funded schemes. This is mainly due to the phasing of works to Ewell Court House which will now be completed in 2015/16, earmarked funding no longer required for the Holymoore Lane project and difficulties in progressing schemes such as Horton Chapel and a change in completion date for work on car parks and IT.
- 6.3 The capital programme includes variances on a number of schemes where works have either been completed below the original estimate or where the scheme has not yet been completed, and project managers have requested that the provision be carried forward to 2015/16.
- 6.4 Provisions totalling £3,121,000 have been carried forward for schemes not completed in 2014/15, in line with Council approval on 17 February 2015, and a balance of £299,000 will be transferred back to capital reserves as savings. The level of commitment on schemes carried forward into 2015/16 will be examined by the Capital Member Group as part of the capital programme review.

6.5 The financing of capital expenditure in 2014/15 is summarised below:

| | £'000 |
|--|--------------|
| Capital reserves | 612 |
| Capital Grants | 255 |
| Other Capital Contributions (includes S106 and revenue reserves) | 2,561 |
| Total Capital Funding | 3,428 |

7 Capital Receipts 2014/15

7.1 Capital receipts for 2014/15 are summarised below:-

| | £'000 |
|--|--------------|
| General Fund Property Receipts 2014/15 | 10 |
| Total Capital Receipts | 10 |

7.2 The balance of capital reserves, grants and contributions unapplied as at 31 March 2015 subject to confirmation at audit, is as follows:-

| Reserves | 2013/14 £'000 | 2014/15 £'000 |
|-----------------------------------|--------------------------|--------------------------|
| General Fund Capital Reserves | 4,101 | 3,499 |
| Hospital Cluster Capital Reserves | 613 | 584 |
| Total Capital Reserves | 4,714 | 4,083 |
| S106 Contributions | 3,205 | 3,040 |
| Total | 7,919 | 7,123 |

7.3 The Council has approved the disposal of a limited number of specific sites to generate capital receipts. A forecast for receipts from asset disposals was taken into account when the capital programme was reviewed by the Financial Policy Panel in December 2014.

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

8 Approval of Statement of Accounts

8.1 The Accounts and Audit (England) Regulations 2011 require a local authority to ensure that a statement of accounts is prepared and published in accordance with the provisions of the regulations and proper accounting practice.

8.2 The draft Financial Statements have been prepared in accordance with the new Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

- 8.1 The Council must prepare, in accordance with proper practices, a statement of accounts for each year which includes the following:-
- An explanatory foreword;
 - A statement of accounting policies adopted, drawing attention to any changes of policy which have a significant effect on the results shown by the statement of accounts;
 - A statement of responsibilities for preparing the statements of accounts;
 - An annual governance statement;
 - A comprehensive income and expenditure statement;
 - A movement in reserves statement;
 - A balance sheet;
 - A cash flow statement;
 - The Collection Fund;
 - Other statements of the income and expenditure for funds which the Council is required by any statutory provision to keep a separate account;
- 8.2 At the time of writing this report, the Annual Governance Statement was due to be submitted to the Audit, Crime & Disorder and Scrutiny Committee on 23 June 2015. The draft governance statement is attached as an Annexe to this report and any amendments required following the meeting on 23 June will be reported verbally to this meeting in order for approval by this committee and inclusion in the Financial Statements.
- 8.3 The accounts will be signed by the Director of Finance and Resources by 30 June 2015, audited by the District Auditor and then submitted to this committee for approval on 29 September 2015.
- 8.4 A copy of the unaudited statements is available in the Members Room and will be made available on the web site from 30 Jun 2015.
- 8.5 **It would be helpful if any points of clarification on the accounts could be raised with the Director of Finance and Resources prior to the meeting.**

9 Risk Assessment and Conclusions

- 9.1 A risk assessment was included in the 2014/15 budget report. Monitoring arrangements during the year have allowed some corrective action to be taken on a number of budget variances, either during the year or as part of the Council's longer term service and financial planning.
- 9.2 An updated risk assessment was included in the 2015/16 budget report. Overall the final account position is broadly in line with what was anticipated when this risk assessment was completed in January. Further examination will however need to be carried out on any specific service where the financial position was worse than anticipated.

9.3 Key points on the accounts for 2014/15 are as follows:-

- 9.3.1 The Council incurred increased costs on homelessness, legal support and salaries.
- 9.3.2 The Council achieved better than expected results on income from planning and parking. The extra income has been used to offset additional costs mentioned above.
- 9.3.3 Overall net expenditure for the Council exceeded budget, income was less than expenditure for the year resulting in a transfer of £75,000 needing to be made from the working balance.
- 9.3.4 The level of delivery on capital projects will be reviewed by the Capital Member Group.

9.4 Overall in 2014/15 the Council has maintained a prudent level of balances on revenue and capital reserves:-

| | 31 March 2014 £'000 | 31 March 2015 £'000 |
|------------------------------|--------------------------------------|--------------------------------------|
| General Fund Working Balance | 3,417 | 3,333 |
| General Fund Provisions | 6,919 | 6,342 |
| CIL | 0 | 612 |
| Revenue Total | 10,336 | 10,287 |
| Capital Reserves | 4,100 | 3,491 |

- 9.5 The Council faces a challenge to deliver future savings that will achieve a balanced budget with further substantial reductions in government grant expected.
- 9.6 The capital programme included a number of schemes where provision needs to be carried forward into 2015/16. Funding remains in place to allow completion of these schemes however the Capital Member Group should examine the reason for slippage on individual schemes as part of the capital programme review. There was no significant capital overspend in 2014/15.
- 9.7 The Financial Statements will be reported to this Committee for approval in September following the completion of the external audit.
- 9.8 The draft financial statements have been made available in the Members Room and will be placed on the Council's website.

WARD(S) AFFECTED: N/A



EPSOM AND EWELL BOROUGH COUNCIL
(DRAFT) ANNUAL GOVERNANCE STATEMENT – 2014/2015

Scope of responsibility

1. Epsom and Ewell Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Epsom and Ewell Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, Epsom and Ewell Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
3. Epsom and Ewell Borough Council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework, "Delivering Good Governance in Local Government". This statement explains how Epsom and Ewell has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 and accompanies the 2014-15 Final Accounts. The Annual Governance Statement is subject to review by the Audit, Crime & Disorder and Scrutiny Committee and the Strategy & Resources Committee when it considers the Statement of Accounts.

The purpose of the governance framework

4. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Epsom and Ewell Borough Council's policies, aims and objectives,

to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

6. The governance framework has been in place at Epsom and Ewell Borough Council for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Statement of Accounts.

Sources of Assurance

- A clear statement of the Council's purpose and vision is set out in its Corporate Plan – Making Epsom and Ewell, an excellent place to live and work. The Council's priorities for 2012-2016 are set out in the Corporate Plan, which also documents the Council's role in working with its partners. The Council is currently developing a new Corporate Plan for 2016 – 2020.
- The Council has six priorities for the Borough; these are Economic Vitality, Sustainability, Visual appearance, Quality of life, Safer and Stronger communities and Managing Resources. To achieve its Corporate Priorities, the Council sets service targets that are revised annually.
- The behaviour of Councillors is regulated through the Code of Conduct supported by a number of protocols.
- The Council's has adopted a code of conduct for members and co-opted members and has in place arrangements to meet the requirements under section 27 of the Localism Act.
- Employees are subject to a Code of Conduct and a number of specific policies as set out by Human Resources.
- Policy and decision making is facilitated by a framework of delegation set out in the Constitution.
- Risk Management Framework covers strategic risk management, to identify corporate risks, assess the risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls.
- The Council maintains and reviews a Leadership Risk Register and risks contained in the Annual Service Plans. Risk Management awareness is built into the Council's training programme. The Corporate Risk Group also has a role in embedding risk management across the authority.
- The Director of Finance & Resources is designated as the responsible officer for administration of the Council's financial affairs under section 151 of the Local Government Act 1972. This includes ensuring the lawfulness and financial prudence of decision making, providing advice, particularly on financial impropriety, publicity and budget issues, giving financial information.
- The Director of Finance & Resources meets her financial responsibilities and ensures fully effective financial management arrangements are in place by attending key meetings where significant financial issues are discussed, and has a key role in the Leadership Team. She reports to the Chief Executive. This role meets the requirements Statement on the role of the Chief Financial Officer in Local Government and is a key role of good governance.
- The Audit, Crime & Disorder and Scrutiny Committee carries out the role of an Audit Committee as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities.

- The Council has in place an approved Whistleblowing Policy for investigating complaints established anti-fraud and corruption arrangements.
- The Monitoring Officer has a legal obligation duty to ensure the lawfulness and fairness of decision-making.
- The Council has in place a Corporate Equality Scheme 2011–2016 to meet the Council's statutory duties to make sure all services and activities are available to all those in the Borough.
- The Customer Charter sets out standards of services that residents can expect to receive.
- The Council has approved a Team Strategy which forms part of the corporate framework for the delivery of people management aims and objectives and has IIP accreditation.
- The Council has in place a robust performance management framework that is key to identifying service improvement and providing good quality services. The Corporate Management Board receives monthly reports and quarterly reports. Policy committees receive performance management reports monitoring progress against annual service plans. The Audit, Crime & Disorder and Scrutiny Committee monitor indicators not met. The performance management framework incorporates risk analysis reviewing any issues that may prevent an action being achieved.
- The Council's Communications Strategy 2010-2015 includes consultation with residents and other stakeholders.
- The Council's Consultation Strategy 2010-2015 which support's the Council's in its duty to provide information, consult and involve the community.
- The Council continues to develop a range of partnership arrangements and has reviewed the corporate governance arrangements for priority partnerships and has an action plan in place.
- The Council has adopted a corporate complaints systems which has a four stage complaint approach.

Review of effectiveness

7. Epsom and Ewell Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and senior managers within the authority, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by other reports issued by the External Auditor and other review agencies and inspectorates.

Assurance Received

- The management structure has been subject to review during 2014/2015 resulting in a restructure. The Corporate Management Board met weekly, but this has been replaced by the Statutory Officers Group and the Leadership Team who meet alternate weeks.
- The Head of Internal Audit's Annual Report presented to the Audit, Crime & Disorder and Scrutiny Committee. For 2014/15 Internal Audit concluded, from the

work undertaken that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of Epsom and Ewell Borough Council's arrangements. Some areas of weakness were identified where the council needs to enhance controls. These were in relation to Procurement, Procurement of Agency Staff, Data Quality and Payroll.

- The Risk Management Framework was reported to the Scrutiny Committee in November 2014, who are responsible for monitoring and reviewing the Council's risk management arrangements.
- The Heads of Service complete annual self-assessments (Divisional Assurance Statements) of the processes and controls they have in place to allow them to achieve their service objectives. This identifies a range of service risks.
- Performance management reports are taken place to relevant the policy committees and the Audit, Crime & Disorder and Scrutiny Committee over the course of the year. Based on the information provided during the year and reviews of data quality, adequate controls are in place.
- Monthly monitoring reports are produced as key indicators.
- Annual Service Plans are monitored and updated be the relevant Committee
- Local Ombudsman Report on complaints received.
- The Audit, Crime & Disorder and Scrutiny Committee produce an Annual Report.
- Financial assurance from budget targets report and Quarterly Revenue and Capital Monitoring Reports.
- Register of pecuniary interests.
- Fraud Risk Assessment.
- Pay Award and Pay Policy statement 2015/16.
- Emergency Planning and Business Continuity Plans.
- As part of the Council's policy on transparency and openness information on financial spend is publically available.
- Work has been undertaken to raise the awareness of information governance risks, policies have been updated and mandatory training is being rolled out to all staff in 2015.
- All committee reports have been seen by Chief Finance Officer and the Monitoring Officer

8. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Crime & Disorder and Scrutiny Committee, Corporate Risk Group, Corporate Governance Group and Corporate Management Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

9. The following significant internal controls have been identified:-

| Significant Governance Issues | | | | |
|--------------------------------------|---|--|---------------------------------|------------------------------|
| No. | Issue | Action | Lead Officer | Date |
| 1 | Financial Pressures – The Council continue to be at risk of budgetary cuts and increase reliance on income streams | The development of the new MTFS with a cost reduction plan will alleviate some of this risk. It is important that the MTFS is accompanied by a detailed plan of how the projected deficit will be reduced. | Director of Finance & Resources | March 2015 |
| 2 | Corporate Governance – A review of corporate governance has identified a number of weaknesses and failure to comply with procedures. | The Corporate Governance Group has identified an action plan to address key issues | Statutory Officers Group | Action Plan for each Project |
| 3 | Procurement – the Council is at risk of noncompliance with legislation and Contract Standing Order | An independent review of procurement capacity will be completed and officer led Procurement Group will be established to implement agreed actions. | Procurement Group | December 2015 |
| 4. | Managing resources –the Council has limited resources and skills to deliver service improvements | As part of embedding the new management structure, need to ensure there is adequate resilience and the correct skill sets within each department. A development programme is in place for the Leadership Team. | Chief Executive | November 2015 |

| Significant Governance Issues | | | | |
|--------------------------------------|---|--|--|----------------|
| No. | Issue | Action | Lead Officer | Date |
| 5. | Performance Management - The current framework does not produce the information to address and measure key targets. | As part of developing the new Corporate Plan, the performance framework will be adapted to ensure it captures and measures key actions aligned to the key risks. | Chief Executive | September 2015 |
| 6 | Information Governance – The Council need to ensure that the mandatory training is complete and all staff are aware of the policies. | Training to be held in June/July 2015. | Corporate Governance Group | June/July 2015 |
| 6 | Homelessness – The rising costs of homelessness has resulted in significant increased budgetary constraints. | A Homelessness project group meets fortnightly to address both demand and supply issues. A project plan is in place and the proposed allocation policy will be fully implemented by December 2015. | Director of Finance and Resources & Head of Housing and Environmental Services | December 2015 |
| 7 | Fraud – Fraud training and awareness needs to be provided to all staff | Training will be scheduled for 2015 | Corporate Governance Group | December 2015 |
| 8 | Transparency – The Council have not met all the requirements of the Transparency Agenda | To complete the action plan and report to Statutory Officers Group with progress | Head of Legal & Democratic Services | July 15 |

10. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Chair of Strategy and Resources & Chief Executive on
Behalf of Epsom and Ewell Borough Council

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PERSONALISATION, PREVENTION AND PARTNERSHIP FUND

| | |
|---|---|
| <u>Report of the:</u> | Head of Operational Services |
| <u>Contact:</u> | Ian Dyer Linda Scott |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | Deployment of Personalisation, Prevention and Partnership Funding |
| <u>Other available papers (not attached):</u> | None Stated |

REPORT SUMMARY

This report gives an update on the current situation in relation to the allocation of the Personalisation, Prevention and Partnership fund established by the Surrey County Council and the recent changes to the administration of the fund by the new partnership between Surrey County Council and the Surrey Downs Clinical Commissioning Group.

| <u>RECOMMENDATION (S)</u> | <i>Notes</i> |
|--|--------------|
| (1) To note the update on PPP funding spend | |
| (2) To approve the seven initiatives within this report for 2015/16 as fits with the new criteria identified by the Clinical Commissioning Group | |
| (3) To authorise officers to apply and allocate the PPP fund for the seven initiatives identified for 2015/16. | |

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

- 1.1 The Council has identified as a key priority of "improving the quality of life for all residents" promoting "stronger and safer communities" within the vision of "making Epsom and Ewell an excellent place to live and work".

2 Background

In 2012 Surrey County Council offered all Boroughs and Districts the opportunity to bid for monies from a Personal, Prevention and Partnership fund that was established by the County Council.

- 2.1 The purpose of the fund was to prevent hospital, residential and nursing, admissions by supporting vulnerable people in the community.

- 2.2 The personal prevention and partnership fund was set as a five-year program that commenced on 2012. At this time the Fund recognised the discretionary areas of activities that the Borough and District Councils could assist together to bring together a range of events identified as core preventative services reflecting local needs.
- 2.3 The funding for the last three years has come from Surrey County Council through the Chairman's fund and 'whole systems' funding.
- 2.4 PPP funding arrangements in 2015-2016 has changed and now is administrated by Surrey Downs Clinical Commissioning Group in partnership with Surrey County Council Adult Social Care. Throughout 2014-15 the fund was at risk of not continuing however, as of January 2015 it was agreed that Boroughs and Districts would continue to have the opportunity to bid for £180,000 of funding.
- 2.5 The funding is now awarded through both the Clinical Commissioning Group and Surrey County Council through the Better Care Fund and the Chairman's fund.
- 2.6 The fund now needs to demonstrate that initiatives can support the achievement identified in the delivery of the Better Care Fund objectives and the local Clinical Commissioning groups QIPP (quality, innovation, prevention and productivity) outcomes and key performance indicators.
- 2.7 The Better Care Fund outcomes are focussed on supporting people age 75 and over to remain independent, safe and as well as possible preventing or reducing social isolation and where appropriate avoid admission to hospital or residential care and a reduction in all non-elective emergency emissions for people of 75 or over.
- 2.8 Officers have started conversations and are investigating initiatives for 2015–16 that would be acceptable within the new criteria.
- 2.9 Officers have found that there is no appetite within the new criteria to fund equipment as we have in the past, for example outdoor gyms, vehicles, bowls pavilions, tennis courts refurbishment etc.
- 2.10 In appendix Table 1 shows the progress in relation to the agreed funding for 2012/13, 2013/14 and 2014 /15.

3 Proposals

- 3.1 Initial conversations with the Surrey Downs Clinical Commissioning Group and Surrey County Council Adult Social Care Team has informed Officers of possible recommendations that that would fulfil the new funding criteria.
- 3.2 Initiative 1: to continue to staff the Well-Being Centre, Community Alarm / Tele care and Handy Man adaptations demonstration suite by continuing to employ the 2 FTE posts, all employed on a fixed term contract at a cost of £60,000 a year.
- 3.3 Initiative 2: £10,000 to continue with activities for people with dementia and their carers within the Wellbeing Centre i.e. memory, relaxation, music, art, hydration and nutrition classes.

- 3.4 Initiative 3: £5000 to continue with physical activities for older people, walking tennis, walking basketball, Wheels for All bike riding and chair based exercise sessions.
- 3.5 Initiative 4: £30,000 to continue to part fund a Sport Development Officer post at a cost of £20,000 and £10,000 to the use for physical sports activities.
- 3.6 Initiative 5: £30,000 to expand the capacity available for activities and classes, At present the Wellbeing Centre is being use to its maximum capacity and sessions are regularly oversubscribed. The number of participants and types of activity are restricted to small numbers due to the size of the room and lack of outdoor space. This funding will be used for transport and facilities hire at the Harrier Centre which offers inside and outside areas that can be used for a wide range of activities.
- 3.7 Initiative 6: £25,000 for reductions in social isolation by setting up Social Group Schemes i.e. Afternoon Tea Parties, using Day Centres or other venues such as Bourne Hall for creative therapies, interactional activities such as indoor bowls and other interactional sessions to be identified by user demand. This fund will be used to increase the awareness the Wellbeing Community navigators, investigate befriending services using vetted and trained volunteers and to fund and encourage wheelchair bowls at the Borough Council's four bowling greens.
- 3.8 Initiative 7: £20,000 for supporting people with different or higher needs. To build flexible support services for people with higher needs. This fund will be used to research innovations, support services and activities which will encompass and encourage different ethnicities and populations within the Borough of Epsom and Ewell.

4 Financial and Manpower Implications

- 4.1 The manpower is funded within this bid and proposes to engage 2.5 FTE employees, 2 Wellbeing employees and the part funded post of 0.5 of the employee within the Leisure Development team.
- 4.2 It is worth noting that revenue from the previous PPP fund has been carried over to 2015/16 to enable completion of the outdoor gym and Court Recreation Ground Bowling Pavilion and delivery of two vehicles that the revenue has needed to be carried into 2015/16 as these projects are not in place but planned for 2015/16 and are on course to be completed within this financial year.
- 4.3 Revenue schemes (service provision and one off items below £20,000) will be directly funded from the PPP funding without additional approval unless a significant policy issue arises.
- 4.4 Lead officers for each initiative will manage the revenue spend within the overall funding agreed within 2015/16 PPP Fund.
- 4.5 **Chief Finance Officer's comments:** None

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

- 5.1 To comply and fulfil the Initiatives as set out within the conditions of PPP Funding
- 5.2 **Monitoring Officer's comments:** None

6 Sustainability Policy and Community Safety Implications

6.1 See section 8 below

7 Partnerships

7.1 The funding recommendations have been allocated for schemes that can demonstrate Surrey County Council and Surrey Downs Clinical Commissioning Group Better Care Fund objectives:

- Supporting people age 75 and over to remain independent, safe and as well as possible.
- Preventing and reducing social isolation in people aged 75 and over.
- Supporting the reduction of hydration and malnutrition in people 75 and over.
- Supporting the reduction of falls in people aged 75 and over.
- Supporting the reduction of complications related to temperature extremes e.g. hypothermia.
- Supporting people with dementia to live and remain as well and independent as possible.
- Providing information, advice and support to enable people to make wise choices about their care.
- Supporting carers to continue with their caring responsibilities and avoid carer breakdown.

8 Risk Assessment

8.1 There is a need to plan an exit strategy in 2016/17 if funding is to stop at the end of 2016/17 which is the end of the original five-year funding program.

8.2 Financial commitments are limited to the funding approvals and the need to manage the risk of demand for services within the funding.

9 Conclusion and Recommendations

9.1 The recommendations for initiatives contained in this report contribute towards the Surrey Downs Clinical Commissioning Group and Surrey County Council Adult Social Care objectives covered by the Personalisation Partnership and Prevention initiative Fund.

9.2 The progress report sets out how these funds have been allocated to date, both to revenue and capital schemes.

9.3 That the Committee notes the seven initiatives recommended for 2015/16 and gives the Officers permission to apply for £180,000 PPP Funding and allocate these funds to these initiatives outlined in the report.

WARD(S) AFFECTED: All

| Initiative | £000s | | | Update on Funding |
|--|---------|----------|---------|--|
| | 2012-13 | 2013 -14 | 2014-15 | |
| Initiatives agreed and identified 2012-15 | | | | |
| Staffing the Wellbeing Centre | 35 | 60 | 60 | 2 FTE staff in post from September 2013 develop activities for the centre, To act as a Community Connector, engage with older people, Carers, and community agenda |
| Improved advice and information and direction signs to Wellbeing Centres | 5 | 1 | 2 | Leaflets to publicise existing services, Route Call, Community Alarm /Tele-care and Meals on Wheels they are all complete. Publicity DVD produced to show the benefits of Tele-care and the community centres. |
| Activities to improve physical and mental health | 10 | 8 | 7 | Activities include Walking Tennis, Japanese memory group, Brain and Body fitness. Relaxation, energising massages with essential and basic massage skills to be taught to the carers to ensure clients benefit from on-going therapy. Over the course of this funding these activities have proved highly successful and demand often outstrips the capacity that can be offered by the Wellbeing Centre. |
| Measures to improve Community Service to include purchase of two vehicles and new software for Meals on Wheels and Routecall to increase efficiencies. | 19 | | 54 (12) | Two smaller accessible vehicles are on order, one small van conversion and one 9 seat minibus. These will support all services within the Department, and at the same time reduce the Route Call service lease fleet by an 11 seat bus saving £14,000 per annum. Delivery of these vehicles is expected end of June 2015. There is £13,500 from 2012/13 and £12,000 form 2014/15 left within this funding this has been put aside for scheduling software. |

| | | | | |
|--|----|----|----|--|
| Support people with asthma | 1 | 1 | 1 | Web based service to alert people with asthma living in the area to help manage their conditions. A text is received by the individual when air quality is poor. |
| Campaign to encourage and improved nutrition and healthy eating | 25 | 0 | 5 | Nutritionist engaged to teach and arrange classes. Classes have been held at the social housing facility - Norman Collier Court utilising their meeting room. Kitchen facilities have been used at Kings Church Hall to offer cookery lessons for single men over 50 and cookery classes for people with dementia and their carers. The Nutritionist employed the 'cook /eat/learn/review' methodology to help clients understand the importance of each process and this has been extremely successful. |
| Contribution to refurbishment of Auriol tennis courts | 20 | 0 | 0 | This has been completed |
| Refurbishment and improvement of the trim trail at Court Recreation Ground | 15 | | | One piece of damaged Trim Trail has been replaced and after consultation with the users of the Trim Trail and the Friends of the Park a new piece of equipment has been identified and will be procured this year. |
| Contribution to installation of gym equipment at Gibraltar and Warren recreation grounds | | 0 | 20 | Leisure Committee March 2014 item 7 (Capital Projects in Parks) identified grant funding from the Fields in Trust Legacy Fund 2014. A condition of this fund was that it was to be matched funded. A recommendation was made that Gibraltar Recreation ground and Warren Recreation ground use match funding at £10,000 each from this PPP fund towards the procurement of outdoor gym equipment subject to agreement from Strategy and Resources committee. This would make it possible for an outdoor gym to be provided for both locations. |
| Contribution to engage a Physical and Health Development Officer | | 20 | | To part fund a post within the Borough Councils Sports development department for full-time member of staff |

| | | | | |
|--|------------|------------|------------|---|
| Improved health through physical exercise | | | 25 | (1) Coordinating physical activity and health initiatives to increase take-up in target audience with health conditions at the Wellbeing centre (2) To arrange a borough wide activities month with a number of different sports and exercises for all ages to try. For example tennis, brain body health sessions, "Surrey Wheels For All" planned for 2016 (3) funding to support Sports Development Officer, to arrange activities and events. |
| Replacement of Court Recreation Ground Bowls club pavilion | 20 | 90 | | To provide a multipurpose modular building. Leisure Committee has approved the scheme. Feasibility study has taken place and consultation with stakeholders. The work is now out for tender but receiving quotations from companies has been slow |
| Social isolation | | | 6 | Transporting people to activities and events |
| TOTAL | 150 | 180 | 180 | |

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TREASURY MANAGEMENT PERFORMANCE 2014/15

| | |
|---|---|
| <u>Report of the:</u> | Head of Financial Services |
| <u>Contact:</u> | Lee Duffy |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | <u>Annexe 1</u> - Treasury Management Review 2014/15 <u>Annexe 2</u> - Prudential indicators 2014/15 |
| <u>Other available papers (not attached):</u> | Fund Manager Performance Report 2014/15 and Final Accounts Working Papers 2014/15. |

REPORT SUMMARY

This report reviews the performance of the council's treasury management function in 2014/15 and seeks changes to the treasury management strategy

RECOMMENDATIONS

That the Committee:-

- (1) receives the report on the Council's treasury management performance 2014/15;**
- (2) approves the actual 2014/15 prudential indicators as set out in Annexe 2;**
- (3) approves changes to the treasury management strategy as set out in paragraph 11.2 to the report.**

Notes

1 Implications for Community Strategy and Council's Key Priorities

- 1.1 Income earned from investments is used to help finance Council's services. The Treasury Management Statement sets out the strategy and procedures that are adopted by the Council to manage the investment of reserves and provisions and cash flow.

2 Introduction

- 2.1 A review of treasury management performance and activity is prepared on an annual basis. This is completed in line with Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Sector and the Treasury Policy Statement and Procedures approved by this Committee.
- 2.2 The reporting requirements of the annual performance review meet the requirements of the CIPFA Prudential Code.

3 Background

- 3.1 The Council, as part of its financial strategy, maintains revenue reserves and provisions and has also generated income from the disposal of property (capital reserves). For several years the main part of the Council's cash balances have been invested with external fund managers who use their expertise to invest on the money market to achieve maximum returns within defined risk parameters. The Council currently uses one external fund manager, Scottish Widows Investment Partnership (SWIP) and at the end of March 2015 the Council had £19.8 million invested with this fund manager.
- 3.2 Internally managed balances can be invested in long term gilts or deposits with a balance retained to meet short term cash flows invested in temporary loans or Money Market Funds. At the end of March 2015 the Council had £800,000 held in short term deposits of less than one year duration remaining.
- 3.3 The Council has no external debt. In accordance with the approved financial strategy no borrowings are undertaken except to meet temporary in year requirements.
- 3.4 The Committee will note that the Pension Fund does not form part of the Council's investments and is managed on our behalf by Surrey County Council.
- 3.5 The aim of treasury management is to ensure that funds are invested with institutions that balance the need to maximise investment returns with that of minimising risk on the monies invested. This means not investing in banks/building societies that are offering high investment returns but are at high risk of defaulting

4 Performance Review

- 4.1 A report on Treasury Management performance for 2014/15 is attached to this report at Annexe 1.
- 4.2 No temporary borrowings were required in 2014/15 except use of the Council's bank overdraft facility.
- 4.3 The average return achieved for 2014/15 of 0.85% compares favourably with the benchmark seven day London Interbank Bid (LIBID) rate of 0.35%. This amounted to total income for the year of £222,000, generated on reserves, working balances and cash flow.
- 4.4 The final outturn position shows an increase in income by £18,000 on what was reported in the half year report which went to Financial Policy Panel in December 2014, at this stage where it was anticipated that income from investments would be £204,000 at the end of the year.

- 4.5 The performance for 2014/15 on the Council's investments were as follows;

| | Average Investment | Interest Received | Average Rate of Return |
|---------------------------------|---------------------------|--------------------------|-------------------------------|
| Internally Managed Funds | £'m | £'000 | % |
| Money Market Funds | 2.2 | 12 | 0.54 |
| Interest Bearing Account | 0.3 | 2 | 0.56 |

| | | | |
|---------------------------------|-------------|------------|-------------|
| Externally Managed Funds | | | |
| Scottish Widows | 23.7 | 208 | 0.88 |
| Total | 26.2 | 222 | 0.85 |

- 4.6 Returns on investments for 2014/15 were £15,000 more than the budgeted income for the year and the average annualised return on investments was 0.85%.
- 4.7 Epsom and Ewell Borough Council has achieved this performance by following the strategy of investing its long to medium term funds with its external fund manager, Scottish Widows and keeping its short term funds mainly in money market funds or in an interest bearing instant access account.

5 Internally Managed Funds

Money Market Funds

- 5.1 Money market funds are pooled investments that allow instant access to withdraw monies. The benefit of MMFs is that the risk on the investment is very low as the money invested in the fund is spread across a range of counterparties, which limits the exposure of a significant sum be invested with a defaulting counterparty.
- 5.2 The return made on money market funds of 0.54% compared favourably to the benchmark of 0.35%. Investment in money market funds has been limited to short term investments from surplus funds which can be called back with no notice required.

Interest Bearing Accounts

- 5.3 Interest bearing accounts offer the same instant access as the money market funds and deliver a rate of return linked to base rate set by the Bank of England.
- 5.4 The risk on these investments is higher than the money market funds as money is deposited with one counterparty. Funds invested in this type of investment tend to be surpluses of daily cash flows which need to be called back at short notice.
- 5.5 The return made on interest bearing accounts of 0.56% again compared favourably to the benchmark of 0.35%. However, it should be noted that NatWest has significantly reduced the interest receivable on their account in the last year.

6 Externally Managed Funds

- 6.1 In continuingly difficult market conditions our external fund manager delivered returns of 0.88% for 2014/15 which compares to 0.83% for 2013/14. Returns have remained at historically low levels since October 2009 as opportunities for delivering significant returns have become very limited.
- 6.2 The Council has adopted a policy of investing the majority of our medium to long term funds with Aberdeen Asset Management (formerly known as Scottish Widows).
- 6.3 The main benefit to the Council of using external fund managers is it minimises the Council's risk, as the funds invested with Aberdeen Asset Management are spread across a wide portfolio of financial institutions. This results in the overall exposure to a potential defaulting bank being limited to a small percentage of the overall holding.

7 Financial and Manpower Implications

- 7.1 In line with previously agreed policy, income is credited to revenue reserves, trust funds and other accounts based on the total return for the year. In summary, income was credited to the following accounts:

| | £'000 | Purpose |
|-----------------------------------|--------------|--|
| General Fund Revenue Account | 184 | Used to maintain low Council Tax and finance services |
| Hospital Cluster Interest Reserve | 2 | Contingency for funding Hospital Cluster works |
| Repair and Renewals Fund | 6 | Used to fund the replacement of equipment |
| Insurance Reserve | 4 | Used to finance self-insured losses (e.g. sums below excess limits) |
| Hospital Cluster Commuted Sums | 39 | Used to fund maintenance costs |
| Property Maintenance Reserve | 2 | Used to fund backlog property repairs |
| Corporate Project Reserve | 8 | Provision for any high priority projects |
| Community Safety Partnership Fund | 1 | Used to finance community safety projects |
| Other Reserves/Accounts | 10 | Nonsuch Park Joint Management Committee and Epsom, Walton Downs Conservators, trust funds and bonds held |
| Total Interest Applied | 256 | |
| Funded by: | | |
| Interest from investments | (222) | |
| Interest Equalisation Reserve | (34) | |
| Total Funding | (256) | |

8 Interest Equalisation Reserve

- 8.1 The interest equalisation reserve was set up several years ago to enable variations in investment returns to be accommodated within the general fund budget without having an adverse effect on the levels of funds available for the delivery of services in year.
- 8.2 With base rates and investment returns at historically low levels and with no immediate sign of these increasing, the funds in this reserve are under increasing pressure.
- 8.3 A contribution to general fund of £59,000 from this reserve was included in the budget for 2014/15 but due to higher levels of funds being available during the year for investment than anticipated the required contribution from this reserve has reduced to £34,000.
- 8.4 The balance on this reserve at 31 March 2015 after drawing out the £34,000 is £631,000. The Panel have agreed in 2013/14 that up to £200,000 can be transferred to the property maintenance reserve, subject to an assessment of works required. Therefore, as at the end of 2014/15 the uncommitted balance on this reserve is currently £431,000.
- 8.5 The budget for 2015/16 agreed a drawdown of £5,000 from this reserve to fund services.

9 2015/16 Treasury Management Strategy

- 9.1 The Treasury Management Strategy agreed at Strategy & Resources Committee on 24 March 2015, sets out the criteria for assessing investment counterparties including Viability/Financial Strength ratings (Fitch/Moody's) and Support ratings (Fitch only).
- 9.2 These ratings reflected the implied level of sovereign support during the financial crisis of recent years and in response to subsequent regulatory changes the credit agencies are reducing or removing them to reflect this. Our Treasury Management Advisors suggest that we no longer include the Viability / Financial Strength and Support ratings when monitoring counterparties and use only the Short and Long Term ratings.
- 9.3 We are also advised to remove reference to the lowest common denominator when assessing suitability as it is anticipated that further methodology changes by the agencies could otherwise restrict our choice of counterparties so severely as to exclude even large institutions such as Santander, Barclays and, now that it is deemed no longer part nationalised, Lloyds.
- 9.4 Investments with Building Societies offering returns of around 1% have recently become available but our current strategy will not allow this without amendment to the table at page 12 of the Strategy as follows:
- 9.5 "Unrated Building Societies with assets in excess of £1billion: £2.5million maximum investment limit. 1 year maximum duration."
- 9.6 Officers request permission to make the changes set out above to the Treasury Management Strategy in order to maintain the ability to make investments in line with the Council's overall investment priorities of low risk, liquidity and returns.

- 9.7 These changes would not affect the Strategy's compliance with the CIPFA Code of Practice on Treasury Management.

10 Treasury Management Policy

- 10.1 In previous years the Council has recognised the increased levels of risk due to the uncertainty in the financial markets and consequently restricted the number of investments held over a fixed term. Currently, the majority of the funds are currently being maintained over the short term.
- 10.2 Officers are in the process of exploring other types of investments that potentially can increase yields without significantly increasing the risk to the capital invested. Areas include the use of property funds, peer to peer lending and potential lending to local Housing Associations.
- 10.3 Confidence in the banking industry continues to remain low and the Council's approach of restricting the period of investments has to date been effective in limiting exposure to capital loss. It will however continue to result in lower returns.
- 10.4 The UK General Election yielded a major surprise, with the Conservatives winning a small majority. However, given that they have pledged to follow similar fiscal rules to those adopted by the coalition, the outcome doesn't materially alter Aberdeen's thinking on the economic outlook. After a weak start, the economy should now gain momentum. Aberdeen have maintained their 2015 GDP growth forecast at 2.6% and forecast growth of 2.8% in 2016.
- 10.5 Dramatic falls in energy prices and its impact on inflation in the final quarter of 2014 delayed the path of possible rate hikes. However with the tighter labour market feeding through into a pick-up in wage growth, consumer spending should now accelerate. In addition, business investment prospects are encouraging and house building is strengthening. CPI inflation turned negative in April, but fading energy price effects and a pick-up in wage growth mean that sustained deflation should not be a threat. Aberdeen expect CPI inflation to average 0.4% over 2015 before picking up to 1.7% in 2016. That should allow the Bank of England's Monetary Policy Committee to start hiking rates very gradually from Q1 next year. As a result our external fund manager predicts a return on Investment Cash Fund for 2015/16 in a range of 0.8% to 1%.

11 Risk Assessment and Conclusions

- 11.1 Investment performance exceeded the benchmark level in 2013/14. The appointed external fund manager, Aberdeen Asset Management, performed well against the benchmark and the industry average.
- 11.2 The Strategy and Resources Committee approved the Treasury Management Strategy for 2014/15, which includes a risk management approach to investment of funds and returns. An amendment to this Strategy is requested as changes by rating agencies have reduced the number of eligible counterparties, this amendment will allow officers to maintain the ability to make investments in line with the Council's overall investment priorities of low risk, liquidity and returns. The requested changes are as follows:

- 11.2.1 When assessing suitability of individual counterparties reference to the lowest common denominator is removed;
- 11.2.2 The Council can invest in unrated building societies with assets in excess of £1 billion to a maximum investment of £2.5 million and for a maximum duration of 1 year.
- 11.3 Interest rates remain at historically low levels and are not expected to rise until at least next year. The Council is still following a policy of restricting the length of investments, which reduces the risk of loss of capital invested and investments being tied in at lower rates when interest rates start to increase. However, this reduces the level of return that can be achieved on investments.
- 11.4 The Council's externally managed investments of approximately £19 million are held within a pooled fund, valued at around £1 billion, in contrast to previous holdings in specific institutions. This spreads the risk across a much wider number of holdings and reduces the level of fluctuation of the fund throughout the year.
- 11.5 It is currently envisaged that the fund manager will be able to achieve investment returns at around 1% for 2015/16; this compares to an anticipated return built into the budget of 1.25%.
- 11.6 Any Councillors who have any questions on the treasury management performance for 2014/15 are requested to contact the Head of Financial Services prior to the meeting.

WARD(S) AFFECTED: N/A

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TREASURY MANAGEMENT – PERFORMANCE REVIEW 2014/15

1. Internally Managed Funds

The Council used two Money Market Funds and one special interest bearing account for all short term investments. Performance of the three funds was as follows:

| | Value of investments made in 14/15 <i>£'000</i> | Average balance held in fund <i>£'000</i> | % Return Achieved from Investments | Fund Performance | |
|---|--|--|------------------------------------|-----------------------|-----------------------------|
| | | | | % annual gross return | % annual return net of fees |
| Goldman Sachs | 30,910 | 1,582 | 0.56 | 0.55 | 0.40 |
| Deutsche Bank | 31,300 | 655 | 0.50 | 0.51 | 0.36 |
| RBS Special Interest Bearing Account (SIBA) | 9,750 | 312 | 0.56 | 0.42 | 0.27 |
| Total | 71,960 | 2,549 | 0.54 | | |

The total interest received on internal temporary investments in 2014/15 was as follows:

| | Average Value of Funds Invested <i>£'000</i> | Interest Earned <i>£'000</i> | % Return Gross of Fees |
|----------------|---|---------------------------------|------------------------|
| Internal Funds | 2,549 | 14 | 0.54 % |

The average rate of return achieved on money market funds and temporary internally managed funds (0.54%) exceeds the average seven day deposit rate of 0.35% by 0.19%. This compares to performance of 0.77% above the average seven day rate in 2013/14.

2. Externally Managed Funds

A summary of external fund balances 2014/15 is as follows:-

| Aberdeen Asset Management | Value <i>£'000</i> |
|--|-------------------------------|
| Fund Value at 1 April 2014 | 18,052 |
| Gross interest and profit for the year | 208 |
| Net investments to the fund in year | 1,500 |
| Fund value at 31 March 2015 | 19,760 |

TREASURY MANAGEMENT – PERFORMANCE REVIEW 2014/15

Fund managers performance is assessed on the rate of return excluding prior year adjustments for unrealised profits and losses against the benchmark of the 7 day LIBID rate. Performance against benchmark for 2014/15 was:

| Aberdeen Asset Management (Formerly Scottish Widows) | Value £'000 |
|---|------------------------|
| Average Value of Funds held during 2014/15 | 23,690 |
| Gross interest and profit for the year | 208 |
| | |
| Percentage return for 2014/15 gross of fees | 0.88 % |
| Benchmark Return (7 day LIBID) | 0.35 % |
| Variance 2014/15 to 7 day LIBID rate | +0.53 % |
| <i>Variance 2013/14 to 7 day LIBID rate</i> | <i>+0.48 %</i> |

Estimated and Actual Treasury Position and Prudential Indicators

1. Introduction

The Local Government Act 2003 introduced a new system of capital controls for Local Authorities, which replaced Part IV of the Local Government and Housing Act Regulations 1989, and came into effect from April 2004. The key principle of the system of controls is that local authorities have the freedom to borrow for capital investment purposes providing that they can demonstrate that borrowing is affordable, sustainable and prudent.

The previous system of credit approvals, Basic Credit Approvals (BCA) and Supplementary Credit Approvals (SCA), has been abolished and there is no restriction on capital investment, subject to government reserving powers to restrict borrowing for national economic reasons. With the abolition of the BCA/SCA framework, capital investment is supported through supported capital expenditure (revenue) which is incorporated in the capital finance Formula Spending Share calculations in a similar way to that of credit approvals.

In addition the Act requires all local authorities to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential. The Code is a professional code that sets out a framework for self-regulation of capital spending. It sets out the approach that all authorities must take in undertaking integrated medium term revenue and capital budget planning and a set of indicators that must be considered and/or approved in order to demonstrate that annual capital investment and treasury management decisions are affordable, sustainable and prudent.

Members' involvement through the process is essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice. The structure and content of the budget report has been modified to comply with the requirements of the Code for 2014/15.

To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators. These indicators are mandatory, but can be supplemented with local indicators if this aids interpretation and many will cover three years forward. The indicators cover affordability, prudence, capital expenditure, external debt and treasury management. These indicators will also form the basis of in year monitoring and reporting.

The indicators are purely for internal use by the Council and are not to be used as comparators between councils, as any comparisons will be meaningless. In addition the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and the year on year changes.

This Annexe provides a commentary on each Prudential Indicators relevant to the Council and sets out the actual prudential indicators for approval as part of the Council's requirement to comply with the prudential code.

2. Affordability Prudential Indicators

Prudential indicators are required to assess the affordability of the capital investment plans. These indicators provide an indication of the impact of the capital investment plans on the overall Council finances.

Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the net revenue stream.

As the Council is debt free and has net investment income this indicator is negative and represents the extent to which the Council is reliant on investment income to support its revenue budget provision.

Estimated and Actual Treasury Position and Prudential Indicators

Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax

This indicator identifies the trend in the cost of proposed changes in the three year capital programme recommended in the budget report compared to the Council's existing commitments and plans. The forward assumptions are based on the those included in the budget report, but will invariably include some areas, such as the level of government support, which is not published over a three year period.

The incremental impact on council tax for each year is expressed as a percentage increase. This increase equates to the level investment in capital expenditure funded from reserves that could have alternatively been invested to generate investment income. Capital expenditure plans are financed from newly identified capital receipts rather than existing capital reserves and there are no identified significant revenue consequences arising from capital expenditure plans or disposal of properties.

3. Capital Expenditure and the Capital Financing Requirement

The Prudential Code requires the calculation of the Council's Capital Financing Requirement (CFR). This figure represents the Council's underlying need to borrow for a capital purpose, and the change year on year will be influenced by the capital expenditure in each year and how its is financed. The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure decisions taken during the budgeting cycle.

The supported element of capital expenditure is that expenditure financed from existing reserves or capital receipts plus borrowing that is the supported capital expenditure under the previous capital controls regime. The unsupported element is the part of the capital expenditure freedom allowed under the Prudential Code financed from borrowing.

The CFR forms one of the required prudential indicators. Included also is the related capital expenditure figures for each year, split between supported and unsupported spending, and the expected external debt for each year. Both these are also mandatory prudential indicators. A key risk of the plan is that the level of government grant and other sources of funding have been estimated and are therefore subject to change.

The Council has been debt free since 1994 and has no underlying need to borrow for a capital purpose. The Council's Financial Strategy and Capital Strategy for the four year period 2012-16 does not anticipate any borrowing requirement for capital expenditure plans. The CFR for the Council over this period is, therefore nil.

The Council is asked to approve the actual and estimated CFR and actual debt figures set out below.

Estimated and Actual Treasury Position and Prudential Indicators

| | 2013/14 Actual £'000 | 2014/15 Original £'000 | 2014/15 Actual £'000 |
|--|-------------------------------------|---------------------------------------|-------------------------------------|
| <u>Capital Expenditure:</u> | | | |
| Total Capital Expenditure | 2,005 | 1,698 | 3,436 |
| <u>Capital Financing:</u> | | | |
| Borrowing | 0 | 0 | 0 |
| New capital receipts | 0 | 0 | 0 |
| Capital reserves | 452 | 628 | 621 |
| Capital grants | 825 | 260 | 255 |
| Other capital contributions | 728 | 810 | 747 |
| Revenue | 0 | 0 | 1,813 |
| Total Capital Financing | 2,005 | 1,698 | 3,436 |
| Capital Financing Requirement (CFR) | (161) | (161) | (161) |
| Movements in CFR | Nil | Nil | Nil |
| <u>External Debt:</u> | | | |
| Borrowing | Nil | Nil | Nil |
| Other long term liabilities | Nil | Nil | Nil |
| Total External Debt at 31 March | Nil | Nil | Nil |

4. External Debt

A key control over the Council's activity is to ensure that over the medium term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of additional capital financing requirement for 2015/16 and next two financial years.

The following table sets out the actual and estimated levels of borrowing and investment for 2014/15.

Estimated and Actual Treasury Position and Prudential Indicators

| | 2013/14 Actual £'000 | 2014/15 Original £'000 | 2014/15 Actual £'000 |
|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Gross Borrowing at 31 March | 0 | 0 | 0 |
| Investments at 31 March | 19,552 | 18,924 | 21,380 |
| Net Borrowing at 31 March | (19,552) | (18,924) | (21,380) |
| Capital Financing Requirement | (161) | (161) | (161) |

The Director of Finance and Resources reports that the Council complied with the requirement to keep net borrowing below the relevant CFR in 2014/15, and no difficulties are envisaged for the current or future years. This view takes into account current commitments and plans in the budget report.

A further two Prudential Indicators control the overall level of borrowing. These are:

The Authorised Limit

This represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements.

The Operational Boundary

This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

In line with the Council's Financial Strategy and Capital Strategy which does not anticipate any borrowing over the four year period 2012-16 the operational boundary will be set at nil. An authorised limit has been set to take into account any potential short term borrowings which may arise during the year due to temporary cash flow shortfalls.

The Council is asked to approve the authorised and operational limits set out below.

| | 2013/14 Actual £'000 | 2014/15 Original £'000 | 2014/15 Actual £'000 |
|--|-------------------------------------|---------------------------------------|-------------------------------------|
| <u>Authorised Limit for External Debt</u> | | | |
| Borrowing | 0 | 5,000 | 0 |
| Other long term liabilities | - | - | - |
| Total Authorised Limit for External Debt | 0 | 5,000 | 0 |
| <u>Operational Boundary for External Debt</u> | | | |
| Borrowing | - | - | - |
| Other long term liabilities | - | - | - |
| Total Operational Boundary for External Debt | - | - | - |

Estimated and Actual Treasury Position and Prudential Indicators

The purpose of the treasury management prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. However if these are set to be too restrictive they will impair the opportunities to reduce costs or maximise investment income.

The treasury management service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. It covers the borrowing and investment activities and the effective management of associated risks. Its activities are strictly regulated by statutory requirements and a professional code of practice, the CIPFA Code of Practice for Treasury Management in Local Authorities. This Council adopted the Code of Practice on Treasury Management and Strategy and Resources Committee approved a revised treasury management policy statement and procedures in April 2004.

The treasury management policy requires an annual strategy to be reported to Strategy and Resources Committee outlining the expected treasury activity for the forthcoming 3 years. A further report is produced after the year end to report on actual activity for the year. In line with Department of Communities and Local Government (DCLG) guidance it is expected that an Investment Strategy will also be required for approval at the beginning of each year.

In view of this potential additional requirement and the limited borrowing expected to be undertaken in the four year period 2012-16 a treasury management Strategy was approved by Strategy and Resources Committee in March 2015 but to set out those specific treasury management prudential indicators required by the Code in this Annexe for approval.

The introduction of the Prudential Code replaced the s45 limits imposed by the Local Government and Housing Act 1989, with four new prudential indicators:

Upper Limits on Fixed Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to fixed interest rates for borrowing based upon the debt position net of investments.

Upper Limits on Variable Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to variable interest rates for borrowing based upon the debt position net of investments.

Maturity Structures of Borrowing

This indicator sets out the these gross limits on borrowing which are set to limit the Council's exposure to large fixed rate sums falling due for refinancing.

Total Principal Funds Invested for Periods Longer Than 364 Days

This indicator limits the amount of long term investments which can be sold in each year, to reduce the need for early sale of an investment.

In line with the indicators for external debt set out above the Council will not have any net debt at any time over the next three years. The limits on fixed and variable borrowing on net debt are therefore set at nil. The limits on gross borrowing and investments at fixed and variable rates will be set as part of the Annual Financial Strategy reported to Strategy and Resources in March. Any borrowing over the next three years will be undertaken on a temporary basis and repaid within twelve months. The upper limit maturity structure and repayment is therefore set at 100% within twelve months.

Estimated and Actual Treasury Position and Prudential Indicators

The limits on fund invested longer than 364 days is based on the forecast level of investments over the next three years.

| | Figures are for the financial year unless otherwise titled in italics | 2013/14 Actual | 2014/15 Original Indicator | 2014/15 Actual |
|---|--|-----------------|----------------------------|-----------------|
| 1 | Capital Expenditure | 2,005 | 1,698 | 3,436 |
| 2 | Capital Financing Requirement (CFR) <i>at 31 March</i> | (161) | (161) | (161) |
| 3 | Treasury Position <i>at 31 March</i> | | | |
| | Borrowing | 0 | 0 | 0 |
| | Other long term liabilities | 0 | 0 | 0 |
| | Total Debt | 0 | 0 | 0 |
| | Investments | 19,552 | 18,924 | 21,380 |
| | Net Borrowing | (19,552) | (18,924) | (21,380) |
| 4 | Maximum Debt (Actual) compared to Authorised Limit (Original Indicator) | 0 | 5,000 | 0 |
| 5 | Average Debt compared to Operational Boundary (Original Indicator) | 0 | 0 | 0 |
| 6 | Ratio of financing costs to net revenue stream | -2% | -2% | -2% |
| 7 | Incremental impact of capital investment decisions on the Band D council tax | 1% | 1% | 1% |
| 8 | Upper limits on fixed interest rates (<i>against maximum position</i>) as above | 0 | 0 | 0 |
| 9 | Upper limits on variable interest rates (<i>against maximum position</i>) as above | 0 | 0 | 0 |

| 10 | Maturity structure fixed rate borrowing (%) | 2013/14 Actual | 2014/15 Original Indicator | 2014/15 Actual |
|----|--|----------------|----------------------------|----------------|
| | <u>Under 12 months</u> | 0 | 100 | 0 |
| | <u>12 months to 2 years</u> | 0 | 0 | 0 |
| | <u>2 years to 5 years</u> | 0 | 0 | 0 |
| | <u>5 years to 10 years</u> | 0 | 0 | 0 |
| | <u>10 years and above</u> | 0 | 0 | 0 |
| 11 | Maximum principal funds invested over 364 days (<i>against maximum position</i>) | 0% | 50% | 0% |

LOCAL COUNCIL TAX SUPPORT SCHEME

| | |
|---|---|
| <u>Report of the:</u> | Director of Finance & Resources |
| <u>Contact:</u> | Judith Doney/Kathryn Beldon |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | None |
| <u>Other available papers (not attached):</u> | Strategy & Resources Committee Report 11 November 2014 |

REPORT SUMMARY

This report provides options for the Local Council Tax Support Scheme for 2016/17 and asks Members to choose their preferred option in order that any consultation required can be undertaken over the summer.

RECOMMENDATIONS

That the Committee advise which option they wish to consider for the Local Council Tax Support scheme from 2016/17 and on which they wish to undertake any necessary public consultation:-

1. Option A – continue with the current scheme for a further year to provide time for a full analysis of the effects of the scheme and to assess the effects of other welfare reforms on the scheme. This would not require a public consultation.
2. Option B – consider increasing the percentage minimum payment on the current scheme by between 5% and 10% for the 2016/17 financial year. This would require a public consultation.

Notes

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

- 1.1 The Council's Safer and Stronger Communities service plan includes the following target:-

- Managing the changes in welfare benefit in a way that reduces the impact on the most vulnerable.

2 Introduction

- 2.1 Under changes made by the Local Government Finance Act 2012 to the Local Government Finance Act 1992, the responsibility for determining the arrangements for Local Council Tax Support passed to local authorities; previously a national scheme was in place. The first Local Council Tax Support Scheme had to be adopted by 31 January 2013. There were certain limitations on what local authorities could include in their schemes, for example, pensioners were protected.
- 2.2 Epsom & Ewell Borough Council's Local Scheme for Council Tax Support was based on the previous Council Tax Benefit scheme and continued means testing for pensioners and for those of working age on low incomes. The scheme provides additional protection for those with extra expenses or needs through a series of premiums and income disregards and these protections continue under the current scheme.
- 2.3 Each year the Council is required under the Local Government Finance Act 1992 to consider whether to revise its scheme or to replace it with another scheme. Any revision or replacement must be adopted no later than 31 January in the financial year preceding that for which the revision or replacement is to take effect.
- 2.4 If any revision or replacement has the effect of reducing or removing support to any class of persons, then the revision or replacement must include such transitional provision as the Council thinks fit.
- 2.5 Before making a scheme the Council must (in the following order) -
 - 2.5.1 Consult major precepting authorities (Surrey County Council and Surrey Police).
 - 2.5.2 Publish a draft scheme in such manner as we think fit, and
 - 2.5.3 Consult such other persons as we consider are likely to have an interest in the operation of the scheme.
- 2.6 The Strategy & Resources Committee on 11 November 2014 recommended a Local Council Tax Support Scheme for 2015/16 based on working age recipients of Council Tax Support making a 20% minimum contribution with the underlying means tested applicable amounts being uplifted by the same percentage as the Housing Benefit rates applicable from April 2015. It also agreed the continuation of the Discretionary Hardship Fund to assist those experiencing financial hardship due to the changes and increased the provision by £10,000 to £30,000. On 9 December 2014 the Council approved and adopted the scheme.

3 Current scheme evaluation

- 3.1 The current new scheme where everyone of working age pays a minimum of 20% of their Council Tax charge has only been in place for less than three months and it is not possible to provide a full analysis of the effects for Epsom & Ewell Borough Council.

- 3.2 At the end of May there are 1724 working age claimants in receipt of Council Tax Support of which 1518 also receive Housing Benefit. Details of the number of working age claimants in each ward are shown below for information.

| Ward | No. of working age CTS claimants |
|--------------|----------------------------------|
| Auriol | 45 |
| College | 48 |
| Court | 357 |
| Cuddington | 94 |
| Ewell | 137 |
| Ewell Court | 65 |
| Nonsuch | 14 |
| Ruxley | 257 |
| Stamford | 148 |
| Stoneleigh | 35 |
| Town | 293 |
| West Ewell | 138 |
| Woodcote | 93 |
| Total | 1724 |

- 3.3 Under the previous scheme 1085 claimants received full Council Tax Support due to the low level of their income or earnings and have therefore not been used to making any payments toward their Council Tax.
- 3.4 Of the 1724 claimants currently in receipt of Council Tax support 907 are in receipt of income support, jobseekers allowance or employment support allowance, 654 are employed and of these 213 earn the minimum wage or below and the remaining claimants are on a variety of other benefits such as disability benefits or tax credits.
- 3.5 Although we have not reached the final recovery stages on the Council Tax Support recipients, so far 25% of the 1724 claimants have not paid any Council Tax and a further 40% have already defaulted on their monthly payments.
- 3.6 We had reduced our expected collection rate for 2015/16 to 98.4% to take account of the expected lower collection on the Council Tax Support accounts. However at 31 May 2015 our collection is currently 21.2% against the profiled figure of 23.5%. At this point in the year it is too early to know if that trend will continue and the cause of the reduction.
- 3.7 Last year from the 406 who could get assistance from the Discretionary Hardship Fund, we received 49 applications and granted a total of £9,920 on 41 of those. This year we have already received 36 applications for assistance, compared to the 12 applications received at the same point last year. 16 have been awarded help, 11 have been refused and the remaining applications are being processed.
- 3.8 We are trialling a new approach with the support of Citizens Advice Bureau where we give a limited period of full assistance and then a phased reduction in assistance to help claimants adjust to budgeting to pay some Council Tax. To date £2,002 has been spent. If the experience from previous years is repeated we would expect a surge in applications once the more formal recovery processes for Council Tax Support begin at the end of June.

- 3.9 Since other Councils in Surrey and across the country have run similar schemes to our minimum payment scheme, we requested information on their collection rates. It appears however that few councils do this level of analysis, particularly where the number of Council Tax Support recipients is a low percentage of the taxbase. One Council in Surrey that set a 25% minimum payment or 10% minimum for those with a disability have reported a 74% collection rate for those affected and a Kent authority that has an across the board minimum payment of 25% reported a 76.2% collection rate for those affected. Another Kent site that moved to an 18.5% minimum payment last year achieved an 80.4% collection for those affected.

4 Financial and Manpower Implications

- 4.1 Last year we estimated that if we continued with the Surrey Framework scheme into 2015/16 the estimated funding gap would rise to £126,395 for EEBC. (A precise figure is unavailable since the Council Tax Support Scheme Grant is now included within the Revenue Support Grant and cannot be separately identified.) The change to a minimum payment scheme for 2015/16 was introduced to help reduce the estimated gap in central government funding for the Local Council Tax Support scheme by approximately £32,957 for EEBC. This was based on a reduction in expenditure of £374,508, a 20% minimum payment for working age claimants and an 80% recovery rate.
- 4.2 The introduction of the minimum payment scheme from 1 April 2015 actually reduced the expenditure on Council Tax Support to £359,497 (of which £39,545 relates to EEBC). This was less than expected but was due to a drop in the overall number of claimants. Based on this reduction and if achieving an 80% collection rate the estimated funding shortfall for 2015/16 would reduce by approximately £31,636 for EEBC.
- 4.3 We do not know the position regarding the government grant for the 2016/17 financial year. However, if the decrease in central government funding continues at the same level as it has 2015/16 and the current 20% minimum payment scheme continued the estimated shortfall in funding for Epsom & Ewell is expected to increase by between £9k and £13k depending on our level of collection.
- 4.4 Previously the recovery team were dealing with about 400 Council Tax support claimants and managed fairly high levels of recovery since the framework was geared to those who might have been able to pay the additional Council Tax. However although we achieved a collection rate of around 89% for Council Tax Support claimants in the first year of the Surrey framework scheme, this dropped to just under 82% for 2014/15.
- 4.5 The number of claimants the recovery team are now dealing with has risen to 1724 and the majority of those have not been required to pay any Council Tax before and have little means to make these payments. Once a liability order has been granted by the courts the usual route to collect the outstanding Council Tax from those on other social security benefits would be by deductions from social security. The current statutory rate of recovery from these benefits is £3.70 a week for 2015/16 which even on a Band A property would only cover half the annual amount payable.

- 4.6 Whilst the effect of a lower collection rate from the Council Tax Support claimants does not have significant effect on the overall collection rate since the Council Tax Support claimants only account for approximately 5.5% of the total tax base the increased work for the recovery team on this group is high. The capacity of the team is being monitored to inform future decision making.
- 4.7 Realistically Members have few other options available to fund the growing cost of Council Tax Support. Raising the Council Tax is limited to around 2% unless Members wish to go to a public referendum; reserves are currently only £600k above the minimum level and Council Tax Support is an ongoing cost. The only other option is to reduce services further. With the Council facing significant future deficits Members will need to consider carefully future service levels.

Chief Finance Officer's comments:

- 4.8 Epsom & Ewell Borough Council will only retain approximately 11% of any additional income received from reducing the level of Council Tax Support provided.
- 4.9 The potential additional costs incurred on recovery of monies due may significantly reduce any extra income anticipated for the Council.
- 4.10 A reduction in Council Tax Support could result in increased demand on the hardship fund which is currently unsupported by Surrey County Council or Surrey Police Authority and fully funded by Epsom & Ewell Borough Council.
- 4.11 Increasing the financial burden for families may cause additional pressure on homelessness budgets if families are unable to meet their financial obligations.

5 Options for 2016/17

- 5.1 Next year Councils can continue with the scheme as approved for 2015/16 or may modify their schemes. Any significant changes would require further consultation. Under the Prescribed Regulations those of pension age must continue to be protected from any changes and currently our caseload consists of 1254 pensioners (42%) who are in receipt of Council Tax Support.
- 5.2 There are 2 main options for a 2016/17 Council Tax Support scheme:
- Option A: Continue with current scheme.
 - Option B: Increase the percentage of the minimum payment for the 2016/17 financial year.

Option A: continuing with the current scheme

- 5.3 This would enable a full evaluation of the minimum payment scheme to be undertaken and the effects on certain groups of claimants to be assessed before making further changes to the scheme. It would also provide a better understanding of the collection problems and the effects of the increasing bad debt provision on the collection fund and the call upon staffing resources.
- 5.4 This option would not require a public consultation exercise.

Option B: Increasing the percentage of the minimum payment for the 2016/17 financial year

- 5.5 This option would continue to reduce the funding shortfall if the Council Tax owed by working age claimants can be collected at a reasonably high level.
- 5.6 The percentage payment can be set as a standard amount with assistance to vulnerable households provided by the Discretionary Hardship Fund as now or by setting different levels of percentages for vulnerable groups. If differing levels of percentages are introduced the overall percentage would need to take account of these reductions and information on this aspect would be included in any scheme proposed.
- 5.7 Should Members wish to pursue this option it is recommended that we go out to consultation on a range of % increases from 5-10%.
- 5.8 Since Option A would require no further consultation, a recommendation to continue this scheme for 2016/17 would be put forward to Committee. Option B would require full consultation and Committee will need to decide at its November meeting which percentage minimum payment level they wished to introduce for 2016/17.
- 5.9 The current Discretionary Hardship Fund enables officers to consider claims on an individual basis rather than as just belonging to specific groups. If Option A continues the existing £30k provision would need to be continued to mitigate the results of the Community Equality Impact Assessment. If Option B is chosen it is likely that to mitigate the findings of the Community Equality Impact Assessments increased provision may be required. This would be considered in conjunction with other options such as the use of differing percentages for Options B. This work will be undertaken as part of any proposals for the 2016/17 scheme.
- 5.10 For those current recipients who will be disadvantaged by any new scheme Options B would also require consideration of the transitional provisions which are thought fit. More details will be provided in a follow up report to be presented at the November Committee meeting.
- 5.11 Following the recent Haringey ruling it is felt that a multiyear settlement could leave us vulnerable to challenge. Please refer to paragraph 7.5.

6 Other factors impacting on future schemes

- 6.1 The Council Tax Support Scheme is to be statutorily reviewed this year by the Government. The review will consider whether to abolish the current scheme and move this to Universal Credit or leave it with local councils and may make further changes to the default scheme which we would need to take into account when setting future schemes. The results of the review are not expected until the autumn.
- 6.2 It is important that any scheme agreed by the Council is capable of being administered effectively. This Council uses Academy, one of a small number of systems available for this purpose. The costs of implementing changes to the scheme are relevant, in the context of the likely sums to be recovered from council tax payers and claimants. The Council's software company along with other providers of such software has stated its intention not make any further changes to its software until after the review.

- 6.3 The Government have already expressed their intention to make a further £12 billion of savings from the welfare budget and these will affect many Support recipients through other benefits/credits they receive and are likely to have an effect on their ability to pay the additional Council Tax required. Housing Benefit is particularly vulnerable because of its soaring budget and for 2016/17 the government has already announced a cut in the overall benefit cap limit from the existing £26k to £23k. Other proposals include reducing Housing Benefit by a flat 10% cut across all claims, freezing benefit rates for three years and limiting claims payments to a maximum of three children.
- 6.4 There is now uncertainty about the plans for full roll out of Universal Credit. Although the roll out of new claims from single claimants is due to happen in the Epsom & Ewell area from January 2016 onwards this will only affect a very small number of recipients. However, if the government decide to speed up the roll out the way we calculate the Support scheme will need to change as the current means tested method will not be sustainable and we would need to make more significant changes to the 2018/19 scheme if it continues to be run by local councils.

7 Equalities and Other Legal Implications

- 7.1 The Council has a duty under the Equality Act 2010, in the exercise of any of our functions, to have regard to the need to: eliminate discrimination, harassment, victimisation and other prohibited conduct; advance equality of opportunity; and foster good relations. This requires an assessment of the impact of any changes to the Local Council Tax Support Scheme on those with the relevant "protected characteristics".
- 7.2 The Community Equality Impact Assessment (CEIA) that was carried out for the introduction of the current minimum payment scheme and the criteria for the Discretionary Hardship Fund which takes into account the findings in the Community Equality Impact Assessment would need to be reviewed if the minimum percentage is increased.
- 7.3 Option B which changes the minimum percentage would require the Council to undertake a full consultation process of at least 8 weeks. This would be similar to that carried out for the initial scheme. It would involve consulting with current Council Tax Support recipients who would be directly affected by the changes, general taxpayers by use of a survey on the website and use of the Citizen's panel, monthly eBorough Insight, the Equalities Forum and local advice groups, residents associations and political groups and precepting authorities. Paper copies of the survey would again be made available at the Town Hall and Venues to get as wide a consultation as possible.
- 7.4 In order for the results of any consultation to inform final recommendations on the Council Tax Support scheme for 2016/17 the exercise must start at the beginning of July. An analysis can then be provided for the November Committee meeting.

- 7.5 Since the Council last undertook a public consultation on its Local Council Tax Support Scheme there has been a Supreme Court Judgment on the consultation carried out by the London Borough of Haringey. All Councils are now to have regard to the finding of this judgment when undertaking further consultation exercises. Councils are required to detail in their consultation what other options might be available to meet the shortfall in central government funding, such as raising the council tax, using reserves or reducing the funding of other services, and the reasons why the Council is not proposing to adopt any of these.
- 7.6 It is not absolutely clear from the legislation that Councils may adopt a scheme under which the maximum level of support will change (reduce) year on year for a number of years, without this constituting a “revision” to the scheme each year, requiring consultation etc. There is therefore a risk that a decision to do that may be susceptible to challenge.
- 7.7 For example, matters to be included in a scheme, as set out in the 1992 Act, include “A scheme must set out **the reduction** to which persons in each class are entitled...” indicates an expectation that the reduction will not change. Similarly, it states that a reduction may be “a discount”, calculated in a specific way. This must also be read in the context of the clear requirement to consider each year whether to revise or replace the scheme, and to follow the consultation requirements if it wishes to do so.
- 7.8 There is nothing, however, to stop the Council from indicating in a consultation this year that it intends to reduce the maximum available support for some classes of person in future years, and can take responses into account in deciding whether/how to revise the scheme in future years.
- 7.9 Other options which have been disregarded include, for example, adopting the “default scheme” published by the Secretary of State in accordance with the 1992 Act, or absorbing the funding shortfall in other ways (for example by reducing the sums spent on other services). Reference to these matters ought to be included in any consultation.

Monitoring Officer’s comments:

- 7.10 The cost of dealing with any challenge to our scheme would be substantial. There is concern about adopting a “multi-year” scheme, under which the maximum reduction changes year on year, without undertaking further consultation each year.

8 Sustainability Policy and Community Safety Implications

- 8.1 None for the purposes of this report

9 Partnerships

- 9.1 None.

10 Risk Assessment

- 10.1 The main risks identified remain the adverse impacts on claimants and financial risks to the council and therefore the council taxpayer. The shortfalls identified in paragraph 4 relate solely to Epsom & Ewell Borough Council but decisions made on the Local Scheme will also affect Surrey County Council and Surrey Police who must be consulted on any proposed changes.

- 10.2 It would be expected that increasing the percentage Council Tax Support recipients have to pay will affect collection rates. It is difficult to predict the possible loss in revenue at this stage given the lack of information from other sites and the fact our own scheme has only been running for a couple of months. A prudent approach to collection will need to be taken when setting the taxbase forecast for 2016/17 and the following 3 years.
- 10.3 It would be expected that the higher the minimum percentage set for Council Tax payment the lower the amount that could be collected. It would be necessary to ensure a substantial bad debt provision was made within the Council's collection fund to cover this.
- 10.4 If a Discretionary Hardship Fund assisting vulnerable households continues the Director of Finance & Resources would regularly monitor the expenditure against the provision.
- 10.5 If the Council looks to introduce a multi-year scheme (with the maximum level of support changing year on year) and the full roll out of Universal Credit happens during this period we will need to consider how the move to a non-means tested scheme can be put in place. Work on developing a replacement discount scheme should be given some priority. The legal risks associated with seeking to adopt a multi-year scheme are set out above.

11 Conclusions and Recommendations

- 11.1 At present there is insufficient data to provide a full analysis of the effects of the minimum percentage payment scheme. For the 2016/17 scheme members can choose to consider to either continue with the current scheme for a further year or to increase the percentage which may reduce the shortfall in funding from central government and consider the introduction of a multiple year scheme.
- 11.2 We have sufficient time to undertake a public consultation over the summer months on the possible levels of percentage increase and on methods to protect the most vulnerable residents for the effects of the scheme. Following recent cases highlighting shortcomings in other Council's consultation exercises we will take legal advice prior to our own consultation to ensure all aspects are covered.

WARDS AFFECTED: ALL

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PERFORMANCE MANAGEMENT: PROGRESS REPORT FOUR 2014/15

| | |
|---|---|
| <u>Report of the:</u> | Chief Executive |
| <u>Contact:</u> | Frances Rutter/Adama Roberts |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | Performance Management – Progress Report Four 2014/15 |
| <u>Other available papers (not attached):</u> | None |

REPORT SUMMARY

This report sets out performance against the Committee's actions for Progress Report Four 2014/2015.

| <u>RECOMMENDATION (S)</u> | <i>Notes</i> |
|--|--------------|
| (1) That the Committee receives Performance Management Progress Report Four, 2014/2015. | |
| (2) That the Committee identifies any issues requiring action. | |
| (3) Notes that the two deferred actions set out in paragraph 2.3 will be reviewed and, if still relevant included in the new Corporate Plan 2016 – 20. | |

1 Background

- 1.1 In December 2011 the Council adopted the Corporate Plan for 2012/16. The Plan identifies the Council's Key Priorities and Core Values for the next four years.
- 1.2 As part of the service planning process to support delivery of the Council's Corporate Plan, actions have been agreed under the Service Plans for 2014/15 and 2015/16 which is the last year of the life cycle of the current Corporate Plan.
- 1.3 It was agreed that due to the volatile nature of the economic climate, actions will be reviewed and set annually rather than for a period of four years. This was deemed more productive because changes and decisions around actions set in our Service Plans could be taken promptly, in line with changing economic times.
- 1.4 Corporate Management Board also agreed to trial production of the Performance Management Report based on the Committee cycle rather than quarterly cycles in order to make the information reported more streamlined and up to date. This has proved to be more effective and evident in years two and three of the Council's Annual Service Plan monitoring.

- 1.5 As a result, progressive updates are given, the traffic lights system of reporting has been replaced with an 'Achieved', 'On Target', and 'Not Met', status update for Progress Reports one to three. However the same format as in the previous system of reporting has been maintained for year-end i.e. 'Achieved', 'Signed Off', 'Rolled Forward' and 'Deferred or Deleted'.

| Key to Reporting Year End Progress | |
|---|--|
| Achieved | An action is achieved once all objectives specified have been completed |
| Signed Off | <p>An action is signed off for one of three reasons:</p> <p>(1) Because a similar/same target has been set within the next financial year (as it's an ongoing target);</p> <p>(2) Because it is nearly completed (98% of measures have been implemented and it's likely to be completed within the next couple of months) and does not warrant being carried forward to the next financial year;</p> <p>(3) Because initiatives cannot be taken any further due to lack of resources/funding or changes in legislation/policy.</p> <p>Please note that signed off actions continue to be monitored and subsequently achieved by the responsible officers. Officers are expected to keep a review list of all signed off actions and can be contacted for further information. This also enhances the data quality procedures in terms of accountability.</p> |
| Rolled Forward | An action is rolled forward to the next financial year, if it is considered to be of utmost significance and still relevant to priorities set. Rolled forward actions are expected to be achieved within the first reporting cycle of the Progress Report. |
| Deferred/Deleted | An action is deferred to the next financial year or deleted due to lack of resources or action being no longer feasible to implement. This can be done through an officer/ Corporate Management Board recommendation to the responsible committee, who then make the final decision as to whether to approve the recommendation/s given. |

- 1.6 A risk analysis section has been incorporated into the Performance Management Framework as per audit and CMB recommendations. It facilitates the pre-empting and reviewing of any issues that may prevent an action being achieved within a specific timeframe.
- 1.7 The Council's performance management framework enables progress against each of the Service Plan action areas to be monitored on a committee cycle basis as explained above.
- 1.8 This report sets out performance against the Year 3 Service Plan actions and Progress Report Four 2014/15 actions for which the Committee is responsible.

2 Performance as at March 2015

- 2.1 Annexe 1 to this report provides the Committee with an extract from the Progress Report Four 2014/15 covering all the Service Plan actions for which this Committee is responsible. The full Progress Report Four 2014/15 is available to councillors on the Council's Intranet, IRIS.
- 2.2 Overall, Strategy & Resources Committee has **25 actions** for the financial year 2014/15. As at year end, of the 25 actions, **10** have been 'Achieved', **seven (7)** 'Signed off', **three (3)** 'Deleted' and **three (3)** 'Deferred'.
- 2.3 The Committee at its meeting on 23 September 2014 agreed to defer two of its actions 2016/17 listed below to:

"Communicate and implement transfer of new working age claims to Universal Credit October 2013 (subject to confirmation from Department of Works and Pensions ie DWP)".

"Manage the transfer of legacy housing benefits claims to Universal Credit to the timetable set by the DWP"

- 2.4 The Committee is asked to note that the life cycle of the current Corporate Plan will end at March 2016. The two actions above will be reviewed and if still relevant included in the new Corporate Plan 2016/20.

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

- 3.1 There are no implications for the Sustainable Community Strategy.

4 Financial and Manpower Implications

- 4.1 There are no specific financial or manpower implications for the purpose of this report.
- 4.2 Actions identified for 2014/15, at the time of agreeing the actions, were considered to be achievable within agreed resources, including the reduced staffing budget.
- 4.3 **Chief Finance Officer's comments:** None for the purposes of this report.

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

- 5.1 There is the opportunity through the development and delivery of this Service Plan to secure significant benefits for residents.
- 5.2 There are no particular legal implications for the purpose of this report.
- 5.3 **Monitoring Officer's comments:** None for the purposes of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 Delivery of Year 3 of the Service Plan will assist the Council to create sustainable communities.
- 6.2 There are no particular community safety implications for the purpose of this report.

7 Partnerships

- 7.1 There are no particular partnership implications for the purpose of this report.

8 Risk Assessment

- 8.1 The creation of a Performance Management Framework mitigates against loss of focus and assists the organisation in ensuring that it has the financial capacity to deliver its objectives.

9 Conclusion and Recommendations

- 9.1 The implementation of a robust performance monitoring and management system is essential to ensure that the Committee's Service Plans, and ultimately, the Council's Key Priorities are delivered or any variances explained and decisions over future action made.
- 9.2 This report sets out performance information relating to the Service Plan for 2014/15 to date. In considering any action as a result of the information before them, Members must take into account the risks and implications of failing to meet a target or changing a target at some stage during the monitoring period.

WARD(S) AFFECTED: N/A

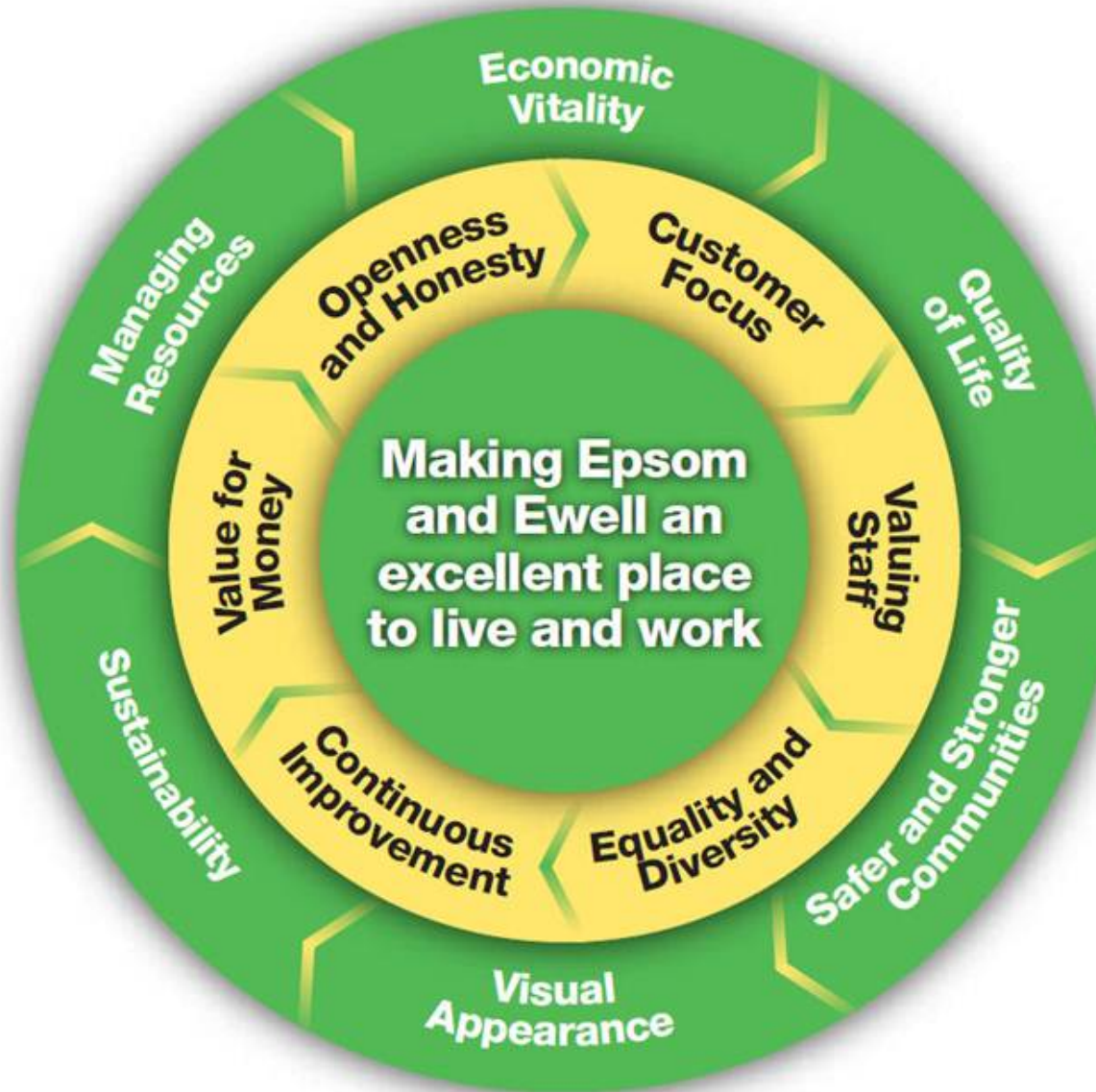


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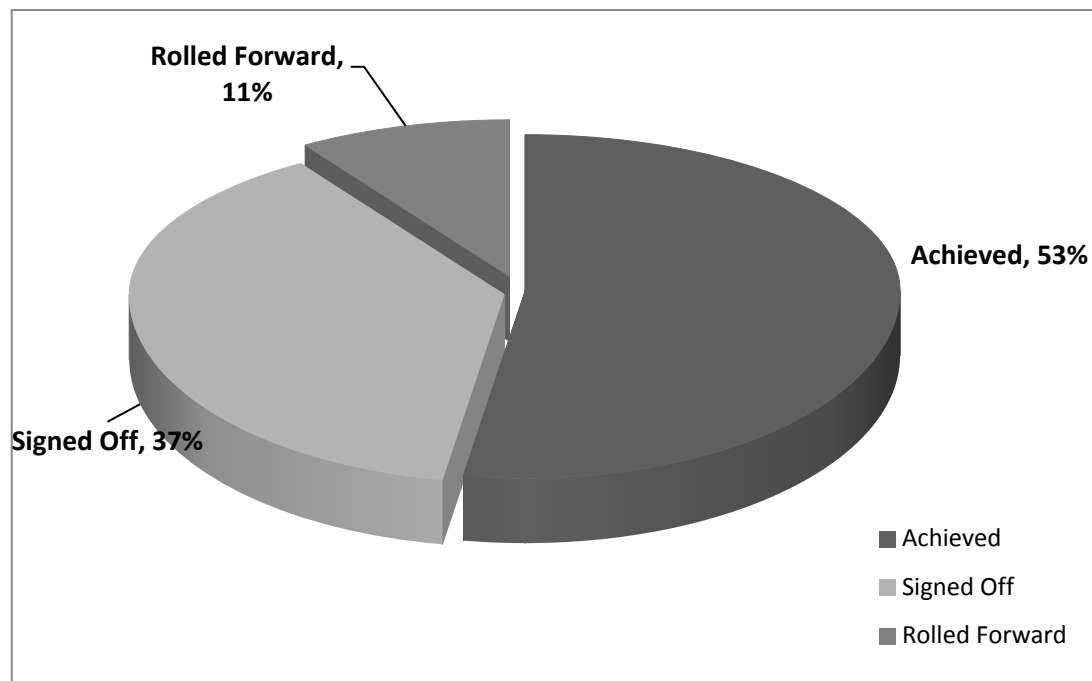
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Summary of Strategy & Resources Committee as at March 2015



The **Strategy & Resources Committee** had **25** Actions for the financial year 2014/15. **10** actions have been 'Achieved', **seven (7)** 'Signed Off', **two (2)** 'Rolled Forward', **three (3)** 'Deleted', and **three (3)** 'Deferred' (as listed on page 4).

| | |
|---|---|
| <p>Achieved Actions:</p> <ul style="list-style-type: none"> • Implement new customer services CRM, MR2 PR1 • Agree to a plan to deliver junction improvement at the Spread Eagle, EV4 PR1. • Review specific services agreed as part of 2014/15 budget preparation, MR3 PR2 • Review progress on venues subsidy reduction and set new targets for 2014-2016, MR4 PR2 • Set budget targets for 2015/16 to keep the tax level below the Surrey average, MR1 PR3 • Review and update cost reduction plan, MR6 PR3 • Work proactively with land owners to encourage the opportunities sites identified in Plan E to be brought forward for development, EV4 PR3 • Implement service changes agreed, MR2 PR4 • To reduce mains water use in line with agreed targets, S2 PR4 • Review the current use of social media at the Council, SS4 PR4 | <p>Signed Off:</p> <ul style="list-style-type: none"> • Monitor impact of parking charging regime and set charges in consultation with local businesses, EV1 PR4 • Achieve targets set for energy reduction on Council property, MR3 PR4 • Implement spend-to-save capital investment programme, MR3 PR4 • Implement cost savings for 2014/15, MR6 PR4 • To reduce electricity and gas consumption to 1.8m KWHs and 2.0m KWHs respectively, S2 PR4 • Appoint Trustee and prepare a strategic plan for the refurbishment of Horton Chapel (Rolled Forward from 2013/14), SS2 PR4 • Work with NHS partners to secure a thriving Epsom General Hospital site, QL3 PR4 <p>Rolled Forward:</p> <ul style="list-style-type: none"> • To adopt Development Plan Document as a local policy, EV3 PR4 • Planning application submitted and determined for new retail store and housing on Depot Road and Upper High Street, EV4 PR4 |
| <p>Deferred Actions:</p> <ul style="list-style-type: none"> • Undertake refurbishment at Horton Chapel, SS3 defer 2015/16 (S&R decision notice), PR1 • Communicate and implement transfer of new working age claims to Universal Credit October 2013 (subject to confirmation from DWP), SS5, defer to 2016/17, PR1 • Manage the transfer of legacy housing benefit claims to universal credit to the timetable set by the DWP, SS5, defer to 2016/17, PR1 | <p>Deleted Actions:</p> <ul style="list-style-type: none"> • To re-tender transport contract to minimise the environmental impact of vehicle use, S2 (S&R decision notice), PR1 • Implement the annual Asset Management Action Plan, MR4 (per Strategy & Resources Committee Decisions Notice Minutes of 16 February 2015), PR2 • To support the business partnership in developing and monitoring an annual work program, EV3 PR3 |

ECONOMIC VITALITY: Promote the economic vitality of Epsom & Ewell

| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
|---------|--|--|---|--|---|---|------------------------|
| EV1 | Encouraging a vibrant and successful retail and business environment in the Borough | Steve Davies/ Tracey Baker Environment/ Strategy & Resources | Monitor impact of parking charging regime and set charges in consultation with local businesses | Regular meetings and evaluation reports on car parking usage is submitted by the Finance Team and discussed with the relevant officer. Responsible officer to continue monitoring this action to gauge peaks and troughs. | Lack of buy-in from relevant stakeholders | Work with stakeholders to ensure their views are taken on board | Signed Off |
| | | | | This action has been signed off, however, it will continue to be monitored by the responsible officer but not reported in the Progress Report. | Problems engaging with business communities | Continue to monitor data provided to increase the level of car park usage | |
| EV3 | Developing and implementing appropriate planning policies to support economic development. | Mark Berry Strategy & Resources | To adopt Development Plan Document as a local policy | As reported in PR2 and PR3, a revised Local Plan Programme document was approved on 18 September 2014 to take account of changes to planning policy introduced by Government. The implications of the changes mean that this target cannot now be met within the time span of this Service Plan. The DM Policies Examination hearing was completed on 11 February 2015. The Inspector's report will be received in June/July with a full report prepared in September 2015 ready for the Full Council meeting. | Lack of management capacity resulting in delays | Ensure policies are fit for purpose and takes into account economic development. Ensure adequate management capacity is available. | Rolled Forward |

ECONOMIC VITALITY: Promote the economic vitality of Epsom & Ewell

| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
|------------|---|--|--|---|--|---|------------------------|
| EV4 | Making progress in delivering Plan 'E' (which provides a detailed vision for the future of Epsom Town Centre over the next 15 to 20 years). | Mark Berry Strategy & Resources | Planning application submitted and determined for new retail store and housing on Depot Road and Upper High Street | Delays to submission of planning application due to key retailer indecision. Extensive work has been done on this project but without any imminent prospect of resolution or definite outcomes. | Lack of buy-in from partners Impact of the current economic climate | Engage with partners to ensure projects are delivered on time | Rolled Forward |

| MANAGING RESOURCES: Utilise the Council's limited resources in the most efficient way | | | | | | | |
|---|--|--|--|--|--|--|------------------------|
| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
| MR2 | Continuing to ensure all our activities are customer focused and provide good value for money. | Joy Stevens Strategy & Resources | Implement service changes agreed | 55 entities have been completed. Entities completed include missed bins, graffiti incidents reported etc. | Customer Services & ICT staff time | Identify and implement achievable measures | Achieved |
| MR3 | Further reducing waste and improving efficiency. | Steve Davies Strategy & Resources | Achieve targets set for energy reduction on Council property | <p>The target for electricity has been exceeded (2014/15 target 1.81KwH, performance 1.73KwH).</p> <p>However, due to lack of data for Gas Consumption for the past five months it hasn't been possible to conclude the Council Gas usage for 2014/15. Our gas usage as at October 2014 was 2.02KwH and the target was 1.90KwH.</p> <p>This is an ongoing target and will continue to be monitored in 2014/15.</p> | <p>Severe weather</p> <p>Non-delivery of spend to save investments</p> | <p>Energy monitoring</p> <p>Monitoring capital programme</p> | Signed Off |

MANAGING RESOURCES: Utilise the Council's limited resources in the most efficient way

| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
|---------|---|---|--|--|---|--|--|
| MR3 | Further reducing waste and improving efficiency. | CMB 2012/13 Rolled Forward Action | Implement spend-to-save capital investment programme | As reported in Progress Report Three. Over 75% of actions in the Capital investment programme have been completed. Projected that have been not been completed include: | Spend to save projects not carried out | Prepare business cases for projects in capital; programme Project Plan for approved schemes; Monitor delivery of savings | Signed Off |
| | | Strategy & Resources | | <ul style="list-style-type: none"> Eco-Cooling System in Server Room; Further LED Lighting replacement of various sites; (part of the Town Hall have already been completed) Conversion of Car Parks to Barrier Controlled; etc. <p>The Finance team produce quarterly Capital Investment Projects Reports which used to be discussed at CMB and will now be discussed at the Statutory Officers Group meetings. The report will also continue to be disseminated to all members.</p> | | | |
| MR6 | Seeking to generate savings of at least £1.5 million over the next three years. | Kathryn Beldon Strategy & Resources | Implement cost savings for 2014/15 | The budget for 2015/16 has been approved and after the election work will commence on producing the Medium Term Financial Strategy (MTFS) and actions required to maintain the Council's financial standing. As part of that work the cost reduction plan will need to be remodelled. | Planned savings not delivered Cost pressures increase savings required | Corporate Budget Monitoring Board monthly performance indicators | Signed off ANNEXE 1 PAGENDA ITEM 9 |

| SUSTAINABILITY: Encourage energy efficiency, reduced waste and cleaner forms of transport | | | | | | | |
|---|---|--|---|---|------------------------------------|---|------------------------|
| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
| S2 | Further reducing the environmental impact of Council operations | Steve Davies Strategy & Resources | To reduce electricity and gas consumption to 1.8m KWHs and 2.0m KWHs respectively | The target for electricity has been exceeded (2014/15 target 1.81KwH, performance 1.73KwH). | Agreed investments not implemented | Robust arrangements in place to ensure implementation | Signed off |
| | | | | <p>However, due to lack of data for Gas Consumption for the past five months it hasn't been possible to conclude the Council Gas usage for 2014/15. Our gas usage as at October 2014 was 2.02KwH and the target was 1.90KwH.</p> <p>This is an ongoing target and will continue to be monitored in 2015/16. It is recommended to separate the electricity and gas targets as reported in the Monthly Reports for 2015/16.</p> | Adverse weather conditions | | |

| SUSTAINABILITY: Encourage energy efficiency, reduced waste and cleaner forms of transport | | | | | | | |
|--|------------------------------|--|---|--|------------------------------------|---|-------------------------------|
| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
| Page 87 | | Steve Davies Strategy & Resources | To reduce mains water use in line with agreed targets | <p>Water usage continues to be analysed on a quarterly basis. Jobs completed include the:</p> <ul style="list-style-type: none"> • Installation of water meters in all Council buildings • Waterless urinals • Percussive taps • Infra-red controls on taps • Smaller cisterns with reduced flushes • Insulation of pipes to prevent freezing etc <p>Auto water stop locks have also been piloted at Alex Rec and lessons learnt will be taken into consideration for future projects. The Council continues to promote the inclusion of water efficiency assessment component for all new buildings. Where renovations have been made, percussive taps have replaced old taps to make savings. This action will continue to be monitored in 2015/16 but has been completed for 2014/15.</p> | Agreed investments not implemented | Robust arrangements in place to ensure implementation | Achieved |

| QUALITY OF LIFE: Improve the quality of life for all residents, but particularly the more vulnerable within our society | | | | | | | |
|---|---|---|---|--|--|--------------------------------|------------------------|
| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
| QL3 | Championing health service improvements (Epsom General Hospital and GP consortia) | Frances Rutter/ Serena Powis Social/ Strategy & Resources | Work with NHS partners to secure a thriving Epsom General Hospital site | Have attended numerous different local health meetings held by Surrey Downs Clinical Commissioning Group (SDCCG) throughout the year. In addition Local Health Partners have attended and presented to the Health Liaison Panel. This is an ongoing action. | Uncertain future for Epsom General Hospital Failure to engage with NHS partners | Continue working with partners | Signed off |

| SAFER AND STRONGER COMMUNITIES: Promote safer, more active and caring communities | | | | | | | |
|---|---|--|---|---|---|--|---------------------------|
| KP Code | Our objective is | Responsible Officer/ Committee | Action 2014/2015 | Progress as at March | Risk | Mitigation | Year-end Action Status |
| SS2 Page 89 | Encouraging greater community involvement across the Borough | Simon Young Strategy & Resources | Appoint Trustee and prepare a strategic plan for the refurbishment of Horton Chapel Rolled Forward from 2013/14 | As reported at PR3, a project team has been formed and an architect appointed. Officers are working towards completion of a cost plan with Central Surrey Health (CSH) to explore whether this is a viable scheme. A community group has also been formed to work with the project group. This action has been signed off. For further information contact the Head of Legal & Democratic Services. | Failure to appoint Trustee | Engage with communities | Signed off |
| | Using new technology and social media to encourage community participation and cohesion | Irene Clarke Strategy & Resources | Review the current use of social media at the Council | Achieved - Ongoing review | Failure to review due to other workload | Prioritise workload Implement actions as a result of review | Achieved – Ongoing review |

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ADDITIONAL FUNDING FOR THE CONVERSION OF THE TOWN HALL AND HOPE LODGE CAR PARKS TO BARRIER CONTROL

| | |
|---|---|
| <u>Report of the:</u> | Head of Customer Services and Business Support |
| <u>Contact:</u> | Joy Stevens |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | N/A |
| <u>Other available papers (not attached):</u> | Reports to Environment Committee October 2013 and June 2015 |

REPORT SUMMARY

The Committee is asked to approve additional funding from capital reserves up to a maximum of £16,744 to enable the completion of the project to install barrier controlled parking in the Hope Lodge and Town Hall Car Parks.

RECOMMENDATION (S)

Subject to the approval of the decision of the Environment Committee, the Strategy and Resources Committee is asked to approve:

- 1) The purchase of infrastructure (chip and coin exit station and I.T. hardware/software) which is necessary for the completion of the project (£10,222);
- 2) The installation of bunds around the boundary perimeter of Hope Lodge car park (circa £5,000) which is not necessary but considered desirable;

A total of £16,744 (including a contingency sum which is considered best practice of £1,522) to be funded from capital reserves.

Notes

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

- 1.1 The Key Priorities of Economic Vitality and Sustainability are promoted by providing accessible, affordable car parking and minimising the anti-social effects of vehicle use.

2 Background

- 2.1 In January 2011 the Environment Committee considered and agreed the case for replacing the barrier control equipment at the Ashley Centre car park and for converting five further car parks (at Hook Road, Town Hall, Hope Lodge, Depot Road and Upper High Street) from pay and display to barrier control.

- 2.2 The project was divided into two phases. Phase one covered Ashley Centre and Hook Road car parks. Phase two covered the Town Hall, Hope Lodge, Depot Road and Upper High Street car parks.
- 2.3 Potential suppliers were asked to tender for the project and the contract was awarded to Scheidt and Bachmann.
- 2.4 Hook Road car park was converted to barrier operation in April 2012 and the new equipment was installed at the Ashley Centre car park in August 2012.
- 2.5 There are several reasons why barrier controlled car parks provide a better parking experience for the user. Firstly the pay machines give change or the option to pay by credit card. Secondly, the user does not have to estimate the duration of their stay in advance and perhaps either pay for time they do not need or curtail their trip to avoid the risk of a penalty charge for an overstay.
- 2.6 £200,000 was approved in the Capital Programme 2012/13 which was then carried forward to the 2013/14 Capital Programme for the implementation of barrier control in Town Hall, Hope Lodge, Depot Road and Upper High Street.
- 2.7 In October 2013 the Environment Committee considered and agreed the case for conversion of the of the Town Hall and Hope Lodge car parks to barrier control at an estimated total cost for the project of £129,000.
- 2.8 A further £5,000 was agreed to be funded from revenue in 2015/16 to part finance an additional cost for CCTV, increasing the total project to £134,000.

3 Request for additional funding

Infrastructure which is necessary for successful completion of the project

- 3.1 In the original project it was proposed that the second chip and coin exit station and barrier from Hook Road would be moved to Hope Lodge to reduce equipment costs.
- 3.2 However, for a number of reasons this is not considered to be a workable proposal. Hook Road Car Park usage has increased. The majority of the users are now permit holders using the swipe facility on their card. In order to function properly, a card must be swiped in and swiped out. A driver will not be able to come back "in", if they did not swipe out on exit on the previous occasion, and the system will assume that the vehicle has remained parked and charge the card accordingly. It requires Customer Services intervention to reset affected individual cards. It is therefore essential that, so far as possible, there is always a fully functioning chip and coin exit station to ensure the exit and entry loop is maintained, otherwise the card will need to be reconfigured. With two exit stations inline, if one is out of order, the other will usually be operational.
- 3.3 At Planning Committee on the 28 May 2015, planning permission was granted, subject to conditions, for the installation of perimeter safety fencing, increase in height of existing lighting columns (and installation of new LED light fittings) on the top floor of the Hook Road car park. This is the start of the work that will enable us to open the roof, which will provide approximately an additional 100 parking spaces.

- 3.4 It is therefore advisable that the existing chip and coin exit station and barrier remain in Hook Road as a fall back to minimise the risk, inconvenience to the users of the car park and reputational impact to the council, as well as the time which would be involved in reconfiguring all swipe cards affected by failure of an exit barrier, and possible loss of income if customers notice that the exit barrier is inoperable for a period.
- 3.5 It is also relevant that the type of exit station and barrier installed in Hook Road is of a type which is most suited to an “indoor” location, such as Hook Road. The proposed additional chip and coin exit station (£5,458) and barrier (£2,164) are the type that are recommended for a surface car park as they are more durable and suitable to being outside. The proposed barrier arm will be less susceptible to weather damage especially the wind. This should help keep maintenance costs to a minimum.
- 3.6 Various ICT items are also required including 2 x 12 port Cisco switches, 4 x Fibre GBIC modules, fibre patch cabling, maintenance, configuration and infrastructure, total cost £2,600.
- 3.7 This equipment will enable us to fully utilise all features and also provides opportunity to expand the services in the future, providing a more robust car parking infrastructure.

Desirable infrastructure

- 3.8 Currently the boundary perimeter of Hope Lodge car park is exposed and it is possible that vehicles could drive away from the car park over the grassed area without paying. Therefore, there is a risk to the income from the car park.
- 3.9 There are various options that can be considered such as planting ready mix hedging (£7,000), installing bollards (£6,500), or bunding (£5,000) where additional soil is added to the banks to increase the height and grass seeds are placed on top. Bunding is the cheapest option and will build a perimeter around Hope Lodge car park.

Contingency

- 3.10 A contingency sum of £1,522 is also required which will be returned back to the capital budget if it is not required after the implementation of the project.

4 Financial and Manpower Implications

- 4.1 **Chief Finance Officer's comments:** The financial costs of these works are detailed in the body of this report. If the Hook Road Barrier was to malfunction the lost income from pay as you go customers, based on 2014/15 performance, is estimated as £4,000 per week. The additional inconvenience to permit holders has been mentioned above.

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

- 5.1 Conversion of the two car parks will enable stored value Blue Badge cards to be used in additional locations. The ‘free hour’ arrangement for Blue Badge holders will remain unchanged.
- 5.2 **Monitoring Officer's comments:** No additional comments for the purposes of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 The tokens used by the new equipment are more environmentally friendly than the paper tickets used at present.

7 Risk Assessment

- 7.1 The main financial uncertainties relate to the proposed additional income and cost reductions. The increase in income is especially difficult to forecast.

8 Conclusion and Recommendations

- 8.1 In order to successfully complete this project additional resources are required. Certain elements are essential and certain elements are desirable.
- 8.2 Whilst bunding is desirable, and members ought to be aware of the potential risk associated with not creating a barrier between the car park and the highway, the project could be completed without it. Hedging would be an alternative option to installing bunds. This would be more aesthetically pleasing but would be more expensive.

WARD(S) AFFECTED: Town

USE OF A FRAMEWORK FOR THE MANAGED SERVICE FOR TEMPORARY AGENCY RESOURCES

| | |
|---|-----------------------------------|
| <u>Report of the:</u> | Director of Finance and Resources |
| <u>Contact:</u> | Gillian McTaggart/Kathryn Beldon |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | None |
| <u>Other available papers (not attached):</u> | MSTAR2 Core Specification |

REPORT SUMMARY

This report outlines the proposed approach for the procurement of agency staff.

The Council uses a high level of agency staff and the annual spend is in the region of £1.5 million per year. It is important that the Council is compliant with the Public Contracts Regulations 2015 (incorporating the requirements of the EU Procurement Directive) and Contract Standing Orders in procuring agency staff.

RECOMMENDATION (S)

Notes

- (1) To seek approval from Committee to join a framework for the supply of agency staff**
- (2) That the Council use the framework to enter into the Neutral Supply Vend Model which will provide optimum value and use of small/medium enterprises.**
- (3) That the award of contract is delegated to the Director of Finance & Resources, following consultation with the Chairman of Strategy & Resources.**
- (4) Heads of Service be authorised to award individual contracts for the provision of agency staff via the selected Neutral Vend Supplier.**

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

- 1.1 Any decision about employing agency workers is relevant to the Council's key priority of "Managing Resources" – the Council aims to utilise its limited resources in the most efficient and effective way. Any savings from changes in the delivery of this service will also help maintain a balance budget
- 1.2 There are no implications arising from this report for the Sustainable Community Strategy.

2 Background

- 2.1 The Council's Internal Auditors completed a review of the Procurement of Agency staff within the 2014/15 Audit Plan. They concluded that that:-
 - 2.1.1 The Council is in breach of EU Procurement regulations;
 - 2.1.2 Current process and practice is non-compliant with the Council's Contract Standing Orders;
 - 2.1.3 Some agency staff are paid below the Living Wage (£7.85)
 - 2.1.4 The Council does not have formal centralised records of agency staff and this impedes corporate control and information analysis;
 - 2.1.5 The Council is dependent on a large number of agency staff supplied by agencies with whom it has a limited contractual relationship;
 - 2.1.6 Although the current arrangement in Operational Services with long standing providers is delivering a low-cost service, the requirements of regulations may mean that the Council will in future incur higher costs in this area.
- 2.2 It was agreed by Corporate Board that arrangements would be made to go out to tender for the Agency Contract.
- 2.3 The current annual cost for agency staff is around £1.5 million each year. This is split over admin and clerical, professional roles and manual labour. This highest use of agency staff is at Operational Services, which accounted for 57% of spend in 2014/5.
- 2.4 As part of reviewing agency spend the Head of Operational Services and Head of HR and Occupational Development are reviewing alternative arrangements to reduce the overall number of agency workers in Operational Services. There will always be a need to employ some agency workers to cover seasonal demands, cover absences and ensures key services such as waste collection as operated This review will look at the use of permanent staff and fixed terms contracts. A review will also be undertaken to establish the needs of managers when hiring agency staff.
- 2.5 Under the Agency Workers Regulations, all agency staff employed for more than 12 weeks in the same job are entitled to the same basic employment and working conditions as if they had been recruited directly, if and when they complete the qualifying period. As part of selecting a Managed Service Provider, the Council will assess how best to meet this Directive.

3 Proposals

- 3.1 The Council are seeking to join a national framework operated by the Eastern Shires Procurement Service (ESPO). ESPO is a local authority owned purchasing and supply consortium. They operate a large number of frameworks to customers to provide a quick, simple and competitive route. The framework is available nationally by any public sector body. There are currently 113 local authorities using this framework. All the suppliers on this framework have been selected for their ability to provide customers with a comprehensive range of services that combine quality and value.

- 3.2 This framework offers a type of service where one Managed Service Provider (**MSP**) takes responsibility for delivering services on behalf of customers, as an alternative to the customer managing a framework of individual agencies
- 3.3 This framework offers three lots. Lots 1 and 2 can be called- off the framework without further competition but Lot 3 requires further competition.

| | | | |
|-------|------------------------------------|------------------------------|---|
| Lot 1 | Neutral Supply Chain Management | Transactional Service | Basic requirements of the specification selecting, ordering and placing temporary agency workers also including consolidated invoicing. |
| | | Strategic Service | Additional services can be supplied for a fee. |
| Lot 2 | Master Supply Chain | Transactional Service | Basic requirements of the specification selecting, ordering and placing temporary agency workers also including consolidated invoicing. |
| | | Strategic Service | Additional services can be supplied for a fee. |
| Lot 3 | Supply Chain Optimisation (Hybrid) | This is a customised service | The core specification can be altered to the specific needs of the customer but requires further competition. |

- 3.4 **The Neutral Supply Vend Model** delivers through a supply chain management from other agencies. They would not supply candidates and are therefore neutral. The other agencies are effectively contract managed and are continuously audited them to ensure high levels of compliance.
- 3.5 **The Master Supply Vend Model** this provides a complete recruitment package through their own candidates and will only use other suppliers when they cannot meet the requirements
- 3.6 The Neutral Vend offers a more flexible service to meet the Council's diverse and fluctuating requirement. The suppliers who have been selected to provide the Neutral Vend include:-

Comensura
De Poel
Manpower
Matrix SCM
Pertemps
Ranstad
Reed

- 3.7 The framework was awarded using a weighting of 60% price and 40% quality.
- 3.8 An internal exercise will be completed to evaluate the Council's needs by reviewing future requirements and the needs of all managers who use agency staff. Once determined an assessment will be carried out to assess which Managed Service Provider best meets the Council's needs. As part of this process an evaluation criteria will be agreed with the Procurement Officer.

4 Benefits of Using the Framework

- 4.1 This framework is fully compliant with UK and EU procurement legislation:
 - 4.1.1 All suppliers are assessed for their financial stability, track record, experience and technical and professional know how.
 - 4.1.2 Pre-agreed terms and conditions to under pin all orders.
 - 4.1.3 Build strategic relationships with suppliers to gain better value for money
 - 4.1.4 Gain value for money and improve cashable savings
 - 4.1.5 Improved accuracy of management information which can be reviewed by HR
 - 4.1.6 All payments will be in line with Working Time Regulations.
 - 4.1.7 The fees charged are transparent and clearly recorded. HR can obtaining monitoring information and KPI's

5 Disadvantages of Using a Framework

- 5.1 The agency workers may not meet the needs of the managers
- 5.2 The Managed Service Provider may not be able to provide workers at short notice or at early mornings at the Depot.

6 Implementation Timetable

- 6.1 The proposed key milestones are shown in Table 1 below:

Table 1: Proposed Key Milestones

| Action | Date |
|--|---|
| Agree to enter into as Framework | Agreed by Strategy & Resources Committee 24 June 2015 |
| Consult with managers to establish their needs | August 2015 |
| Clarify the overall needs of the Council | 1 September 2015 |
| Review and Select a Provider from the agreed list of suppliers | September 2015 |
| Award | October 2015 |
| Due diligence and review by the Managed Service Provider | To be agreed with the provider |
| Training to managers to utilise the software and request staff | January 2016 |
| Commencement of service | To be confirmed with the provider |

- 6.2 A training programme will be run by the MSP to managers to ensure they are aware of how to request agency workers.

7 Financial Implications and Manpower Implications

- 7.1 There may be additional costs to the Council if the hourly rates charged by the providers are higher than those charged by individual agencies. The rates are built up of agency rate, NI costs, work time directive costs and the ESPO rebate. This will be dependent on the MSP selected and the position filled by agency staff.
- 7.2 The Framework will deliver both non cashable and cashable benefits. The cashable savings are in the form of a guaranteed percentage spend payable at the end of each year.
- 7.3 The cashable benefits will be achievable through negotiated rates and guaranteed savings. The Council are first generation user and the proposed savings range from 1.15% to 13%. The exact level of savings will be based on the spend and this is expected to reduce if some staff are put on different contracts. Based on expenditure of £1M the cashable savings would equate to between £30,000 and £130,000 dependant on which MSP is selected.
- 7.4 The non-cashable savings will be through streamlined processes.
- 7.5 **Chief Finance Officer's comments:**-Procuring agency staff via the proposed framework offers the most efficient way to ensure compliance with legislation.
- 7.6 It is important that the Council undertakes a detailed review of its agency requirements. There is potential for agency costs to increase as a result of this procurement exercise and where possible the Council should seek to mitigate any increase.

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

- 8.1 The framework meets all UK/EU procurement legislation.
- 8.2 The framework was awarded using a weighting of 40% price and 60% quality.
- 8.3 The managed service provider will be responsible for vetting agency staff.
- 8.4 The Council's Standing Orders would normally require a contract of this value to be procured by a full tender process, with the contract being awarded by Committee. However, there is an exception in relation to the use of framework agreements, as these have already been subject to a competitive tender process to select the various providers. In this case, if committee approves the joining of the framework, it is then appropriate for the Director of Finance & Resources to award the call-off contract to the chosen supplier.
- 8.5 **Monitoring Officer's comments:** Procuring agency staff via the proposed Framework offers the most efficient way to ensure compliance with Procurement legislation. The standard contract documents which we will be required to sign and accept are considered to be acceptable.

9 Sustainability Policy and Community Safety Implications

- 9.1 None for the purpose of this report.

10 Partnerships

- 10.1 The Council will work in partnership with the appointed MSP to ensure local small to medium businesses are included within the agencies used.

11 Risk Assessment

- 11.1 There is a risk that agencies cannot provide adequately trained staff but this would be measured as a KPI.
- 11.2 Meeting the needs of Operational Services will be key to the success of the contract and there is a need for early morning shifts to be covered at short notice. These will be addressed when selecting a provider.

12 Conclusion and Recommendations

- 12.1 By tapping into the procurement know how of an existing contract the Council minuses the duplication of effort and the delay which would be caused by running one or more full procurement exercises. All suppliers have been scrutinised to ensure they can meet the needs of the core specification.
- 12.2 The Neutral Vend Model is considered to best meet the Councils needs and it is expected also to deliver cashable and non-cashable savings to the Council.

WARD(S) AFFECTED: N/A

**Minutes of the Meeting of the FINANCIAL POLICY PANEL
held on 9 June 2015**

PRESENT-

Councillor Neil Dallen (Chairman); Councillors Kate Chinn, Omer Kokou Tchri, Jan Mason, Jean Steer and Clive Woodbridge

In attendance: Councillor Alexander Clarke

Absent: Councillors John Beckett and Keith Partridge

Officers present: Kathryn Beldon (*Director of Finance and Resources*), Lee Duffy (*Head of Financial Services*) and Fiona Cotter (*Democratic Services Manager*)

- 1 MINUTES. The Minutes of the Meeting of the Financial Policy Panel held on 3 February 2015 were agreed as a true record and signed by the Chairman.
- 2 DECLARATIONS OF INTEREST. A disclosable pecuniary interest was declared in respect of item 03 on the Agenda (Financial Planning 2016/17) as set out below the relevant minute.
- 3 FINANCIAL PLANNING 2016/17. The Panel received a report which sought guidance on the approach to be used in preparing the budget for 2016/17.

The Panel noted that the Council was in the process of closing last year's accounts. As at the date of this meeting, it was anticipated that a contribution of £80,000 to £85,000 would be required from general fund reserves as opposed to the £100,000 originally forecast. This was a result of better than forecast income in areas such as planning and parking. However, homelessness, increased costs on property related matters and the salary budget were areas of significant adverse variance and homelessness, in particular, was an area of on-going concern. As a result, the draft final outturn provided that the revenue working balance would be maintained at around £3.3million with strategic reserves of £6.4million at the end of 2014/15.

The 2015/16 budget envisaged £229,000 use of general fund reserves and maintaining a working balance of £3million. It also anticipated receiving £1.9million in New Homes Bonus with £500,000 being used to fund services, the remaining going into reserves which could be drawn on for corporate projects if necessary.

The forecast budget deficit for 2016/17, as reported to Council in February 2015 was £878,000 which was based on:

- A 2% Council Tax increase
- An increase in annual yield from fees and charges of 2%

- An increase in the Council's pay bill of 2.6% (2% inflation and 0.6% for progression)
- Inflation of 2% on expenditure
- Use of £500,000 of New Homes Bonus to finance services

The Panel was informed that it was anticipated that the total amount of New Homes Bonus for 2016/17 was £2.3million. However, there was no guarantee that this would continue into the future and the grant could be withdrawn or the rules changed at any time – the Head of Financial Services cited the precedent of Planning Delivery Grant.

The Panel was further informed that it was likely that the position could potentially be worse. There remained several areas of significant financial risk within this forecast which needed to be investigated further. These included:

- Containing the cost of homelessness: the budget for 2015/16 allowed for around 70 families in Bed and Breakfast accommodation. Latest figures suggested that the budget needed to allow for around 80 – a further cost of at £100,000;
- An increasing demand on the property maintenance related budgets (both revenue and capital). Examples of recent necessary maintenance included new boilers at the Town Hall and repairs to the Playhouse roof. It was therefore prudent to increase the budget to cover such increasing major repairs to the Council's assets to £150,000. It was confirmed that the way major repairs were funded (traditionally out of capital reserves) was to be reviewed;
- Achievement of venues targets which had been below expectations and needed to improve;
- Changes to central government levels of funding – this was a big unknown

It was also noted that changes to the Local Government Pension Scheme did not address the deficit in the Surrey Pension Fund caused by poor return on investments. This was a national not purely a local problem. The Fund re-evaluation in 2013 identified an increase in employer contributions for this authority (based on aged and number of employees) of £133,000 per annum over the next three years. The impact of this would be felt in 2017/18.

Allowing for the increase in cost of homelessness and property maintenance, it was likely that the deficit for 2016/17 could, in fact, be over £1million.

Although there remained uncertainties within the forecast, the current position suggested that if the Council wished to deliver a balanced budget for 2016/17, it would still need to identify further savings in excess of £1million. Officers were working in conjunction with committee chairmen to identify service saving options and on a number of reviews to address the funding shortfall. These were:

- A base review, reflecting on 2014/15 to identify any potential savings;
- A "Star Chamber" exercise where service managers would present options for how their services could deliver savings;
- Individual Service Reviews;
- Doing Business Better, aiming at increasing efficiency, effectiveness and reducing cost of services;

- Property and Income Generation Reviews (which did not rule out the disposal of assets)

That the Panel confirmed:-

- (1) the approach to be taken to the 2016/17 budget review as set out in this report;
- (2) that officers work with policy committee chairmen to bring forward service saving options, in addition to the savings already targeted ; and
- (3) the budget reporting timetable set out in Annexe 1 to the report.

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

6 NOMINATIONS TO THE CAPITAL MEMBER GROUP. The Panel received a report which sought nominations to the Capital Member Group to assist in the formulation of the new capital programme for 2015/16 to meet the capital budget reporting timetable.

The proposed capital review timetable and provisional dates for Capital Member Group meetings were set out in the report as follows:

| Capital Member Group Action | Deadline |
|---|--------------------|
| Meet to discuss approach for 2014/15 bids and review schemes carried forward from the 2012/13 capital programme. | 22 July 2015 (Wed) |
| Meet to discuss approach and identify which of the potential bids should be worked into full bids for review in November. | 9 Sept 2015 (Wed) |
| Review of appraisals, funding and draft FPP report. | 11 Nov 2015 (Wed) |

Accordingly the Panel nominated Councillors Neil Dallen (Chairman), Michael Arthur, John Beckett, Jean Steer, Clive Woodbridge and a Conservative representative to be nominated by the Conservative Group Leader, Councillor Tina Mountain, to sit on the Capital Member Group.

The meeting began at 19.31 hours and ended at 20.03 hours.

NEIL DALLEN
Chairman

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OUTSTANDING REFERENCES

| | |
|---|--|
| <u>Report of the:</u> | Democratic Services Manager |
| <u>Contact:</u> | Fiona Cotter |
| <u>Urgent Decision?(yes/no)</u> | No |
| <u>If yes, reason urgent decision required:</u> | N/A |
| <u>Annexes/Appendices (attached):</u> | List of Outstanding References as at date of meeting |
| <u>Other available papers (not attached):</u> | None |

REPORT SUMMARY

This report lists the references to officers outstanding as at 24 June 2015.

| <u>RECOMMENDATION (S)</u> | <i>Notes</i> |
|--|--------------|
| <p>That:</p> <p>(1) the commitment to produce an annual report on energy consumption be reviewed during the setting of the new Corporate Plan;</p> <p>(2) The outstanding items be noted.</p> | |

WARD(S) AFFECTED: N/A

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| Date of reference/Item | Title and nature of report back | Officers | Original Timescale | Position as at last meeting | Latest Position |
|--|---|--|---------------------------|--|-------------------------|
| Council 21/02/12 Council 17/07/12 25/09/12 Min 35 19/03/13 Min 90 30/01/14 Min 76 23/09/14 Min 47 | Horton Chapel | Chief Executive | As appropriate | Previous commitment given to keeping members informed of progress via Members Briefing. Committee received a requested update at its meeting in September 2014. | Report to next meeting. |
| 24/06/14 Min 16 23/09/14 Min 39 | Customer Relationship Management software: implementation of new system | Head of Customer Services and Business Support/Head of ICT | September 2014 | The Committee received an update on the implementation of the system. It was intended that system would be fully "live" by the end of October. Commitment given to present further progress report in the New Year. | Report to next meeting. |
| 23/09/14 Min 40 | Housing Benefit Staffing Resources – review of staff & financial resource agreed for 2013/14 to assist in transition to Universal Credit as part of the of budget process | Head of Revenues and Benefits | Future Meeting | It was agreed to use £132,000 of the Corporate Projects reserve over the next three years to finance the additional resources required in the benefits team and noted that a further report would be provided to the Committee when more information was available on the Universal Credit roll out and the effects on benefit staff resources were known. | No change |

Annual reports

The Committee will receive the following reports annually:

| Date of Reference/item | Title and nature of annual report | Responsible Officer | Next report to be received |
|--|--|---------------------------------|---|
| 23/09/14 Min 46 | Review of Energy consumption and targets | Formerly Director of Operations | See Performance Management Report elsewhere on this Agenda. It is proposed to remove this outstanding reference as the priorities for a new Corporate Plan are due to be reviewed shortly. |
| 23/09/14 Min 34 (exempt from publication) | Insurance claims – Annual Report | Head of Corporate Risk | September 2015 |
| 30/01/14 Min 66 | Personalisation and Prevention Fund Funding - progress in relation to allocations to date and in relation to any tranche of money for 2015/16. | Head of Operational Services | March 2015 (See report elsewhere on this Agenda) |

EXCLUSION OF PRESS AND PUBLIC

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

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