



STRATEGY AND RESOURCES COMMITTEE

Tuesday 30 March 2021 at 7.00 pm

Place: Remote Meeting

PLEASE NOTE: this will be a 'virtual meeting'.

The link to the meeting is: <https://attendee.gotowebinar.com/register/5340804477711144976>
Webinar ID: 851-020-779

Telephone (listen-only): 0330 221 9922, Telephone Access code:252-043-355

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 Eber Kington (Chairman)
Councillor Clive Smitheram (Vice-Chairman)
Councillor Arthur Abdulin
Councillor Steve Bridger
Councillor Kate Chinn

Councillor Nigel Collin
Councillor Hannah Dalton
Councillor David Gulland
Councillor Colin Keane
Councillor Barry Nash

Yours sincerely

A handwritten signature in black ink, appearing to read "J.C. Beldan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Chief Executive

For further information, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

Public information

Please note that this meeting will be a 'virtual meeting'

This meeting will be held online and is open to the press and public to attend as an observer using free GoToWebinar software, or by telephone.

A link to the online address for this meeting is provided on the first page of this agenda and on the Council's website. A telephone connection number is also provided on the front page of this agenda as a way to observe the meeting, and will relay the full audio from the meeting as an alternative to online connection.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for the Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at Democraticservices@epsom-ewell.gov.uk.

Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government (Access to Information) Act 1985. Should any such matters arise during the course of discussion of the below items or should the Chairman agree to discuss any other such matters on the grounds of urgency, the Committee will wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions from the Public

Questions from the public are permitted at meetings of the Committee. Any person wishing to ask a question at a meeting of the Committee must register to do so, as set out below.

Up to 30 minutes will be set aside for written or oral questions from any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough on matters within the Terms of Reference of the Strategy and Resources Committee which may not include matters listed on a Committee Agenda.

All questions whether written or oral must consist of one question only, they cannot consist of multi parts or of a statement.

The question or topic may not relate to a specific planning application or decision under the Planning Acts, a specific application for a licence or permit of any kind, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chairman are vexatious or frivolous will not be accepted.

To register to ask a question at a meeting of the Committee, please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Written questions must be received by Democratic Services by noon on the tenth working day before the day of the meeting. For this meeting this is **Noon, 16 March 2021**

Registration for oral questions is open until noon on the second working day before the day of the meeting. For this meeting this is **Noon, 26 March 2021**

AGENDA

1. QUESTION TIME

To take any questions from members of the Public.

2. 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.

3. EXTERNAL AUDIT UPDATE (Pages 5 - 62)

This report presents the external auditor's Annual Audit Letter for the year ended 31 March 2020; the Housing Benefit Certification Letter for 2019/20; and the External Audit Plan for 2020/21. In accordance with audit regulations, these items must be presented to Committee.

4. EPSOM & EWELL BOROUGH COUNCIL'S DIVERSITY, EQUITY AND INCLUSION FRAMEWORK 2021-2024 (Pages 63 - 100)

This report provides details of the consultation undertaken on the Council's draft Diversity, Equity and Inclusion Framework and the final Diversity, Equity and Inclusion Framework 2021-2024 for approval.

5. VAT ON ELECTION EXPENSES (Pages 101 - 104)

This report seeks authorisation to use £50,903 from the Council's VAT reserve to fund the repayment to HMRC of over recovered VAT on the cost of holding elections.

6. LOCAL PLAN RESOURCES (Pages 105 - 116)

The report seeks approval for the additional resources required to have an up-to-date Local Plan in place by the Government deadline of December 2023.

7. MINUTES OF PREVIOUS MEETING (Pages 117 - 120)

The Committee is asked to confirm as a true record the Minutes of the Special meeting of the Strategy and Resources Committee held on 16 March 2021 and to authorise the Chairman to sign them.

8. EXCLUSION OF PRESS AND PUBLIC (Pages 121 - 122)

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 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.

9. REVIEW OF TOWN HALL ACCOMMODATION (Pages 123 - 130)

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 financial or business affairs of the Committee and third parties and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

10. RELEASE OF RESTRICTIVE COVENANT (Pages 131 - 138)

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 financial or business affairs of the Committee and third parties and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

11. POTENTIAL REGENERATION OPPORTUNITIES (Pages 139 - 146)

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 financial or business affairs of the Committee and third parties and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

12. 24 SOUTH STREET (Pages 147 - 178)

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 financial or business affairs of the Committee and third parties and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

EXTERNAL AUDIT UPDATE

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	Not applicable
Appendices (attached):	1 – Annual Audit Letter 2019/20 2 – Housing Benefit Certification 2019/20 3 – External Audit Plan 2020/21

Summary

This report presents the external auditor's Annual Audit Letter for the year ended 31 March 2020; the Housing Benefit Certification Letter for 2019/20; and the External Audit Plan for 2020/21. In accordance with audit regulations, these items must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Receive the Annual Audit Letter for 2019/20**
- (2) Receive the Housing Benefit Certification for 2019/20**
- (3) Receive the External Audit Plan for 2020/21**

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key Corporate Plan priority of being an Effective Council.
- 1.2 The recommendations will also enable to Council to meet its statutory obligations with regard to external audit.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work. The 2019/20 external audit provided the Council with an unqualified opinion on the accounts. Strategy and Resources Committee received Grant Thornton's final Audit Findings Report for 2019/20 at its meeting on 17 November 2020.
- 2.2 The Annual Audit Letter (Appendix 1) summarises the 2019/20 Audit Findings Report.
- 2.3 Grant Thornton have also certified the Council's housing benefit grant claim for the year-ended 31 March 2020.
- 2.4 The assurance process identified a small number of misclassifications affecting a small number of cases. This has resulted in a net £490 increase in the amount of Housing Benefit Subsidy Grant that the Council is claiming from the DWP for 2019/20. For context, the initial unaudited 2019/20 claim was for £17,951,156, and the audited claim is for £17,951,646. All errors have been corrected and Grant Thornton have certified the audited claim – the certification is attached at Appendix 2.
- 2.5 Officers have put in place additional measures to mitigate the risk of similar errors re-occurring in 2020/21, specifically by re-checking all cases where the same errors could occur and correcting them if necessary.
- 2.6 Grant Thornton have also prepared an audit plan for the 2020/21 Statement of Accounts audit as shown in Appendix 3.
- 2.7 The plan outlines the key risks and requirements for 2020/21, including a specific change to Value for Money reporting arrangements, following the National Audit Office's introduction of a new Code of Audit Practice for 2020/21.
- 2.8 As part of the Value for Money (VFM) opinion, auditors have always had to consider whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 2.9 While this remains the case, from 2020/21 the Code additionally requires that previously binary qualified/unqualified VFM conclusions must be replaced with more sophisticated judgements on performance, as well as key recommendations on any significant weakness in arrangements identified during the audit. Further details are set out in the audit plan.
- 2.10 Grant Thornton's Paul Cuttle is the new Engagement Lead for the external audit (replacing Sarah Ironmonger). Paul Cuttle will dial in to the committee meeting to introduce this item and answer any questions from Members.
- 2.11 Officers are satisfied that the audit plan addresses the key financial and governance issues.

- 2.12 The Committee is asked to receive the three items – the Annual Audit Letter 2019/20 (Appendix 1), the Housing Benefits Grant Certification Letter 2019/20 (Appendix 2), and the External Audit Plan for 2020/21 (Appendix 3).

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 The audit of the Council's financial statements and Housing Benefits subsidy claim comprise a key element of the Council's governance arrangements.

3.2 Crime & Disorder

- 3.2.1 None arising from the contents of this report.

3.3 Safeguarding

- 3.3.1 None arising from the contents of this report.

3.4 Dependencies

- 3.4.1 None arising from the contents of this report.

3.5 Other

- 3.5.1 None arising from the contents of this report.

4 Financial Implications

- 4.1 The scale fee for the 2019/20 Statement of Accounts audit had originally been set at £34,425 by Public Sector Audit Appointments Ltd (the independent body responsible for setting audit fees). However, to reflect additional audit requirements required by the Financial Reporting Council, the independent PSAA subsequently agreed to a request from Grant Thornton to increase the fee by £9,750 to £44,175, as set-out on pages 15 and 16 of the Annual Audit Letter. The £44,175 audit fee has already been reported to Strategy and Resources Committee on 17 November 2020.
- 4.2 Since November's Committee, Grant Thornton have requested an additional £7,000 fee, to reflect extra planning and audit testing caused by Covid-19, as detailed on page 16 of the Annual Audit Letter. Officers turned down the proposed increase and so it has been referred to the independent PSAA for a decision. Should PSAA decide that the £7,000 fee is reasonable and therefore payable, it will take the total main audit fee for 2019/20 to £51,175.

- 4.3 The Council's budget for the main audit fee is £36,750 and the potential additional fees exceed the budget by £14,425.
- 4.4 To fund increased audit fees, MHCLG has committed additional funding of £15m for the local government sector, however, EEBC has not yet been informed of its individual allocation.
- 4.5 The 2019/20 Housing Benefits Certification work has been completed, this is currently expected to be on budget at £16,000.
- 4.6 For 2020/21, the Housing Benefits Certification fee is expected to remain at £16,000 plus RPI inflation.
- 4.7 The main Statement of Accounts audit base fee for 2020/21 is expected to be £44,175, however this (along with any future fee changes) is subject to PSAA confirmation.
- 4.8 **Section 151 Officer's comments:** The Annual Audit Letter, Housing Benefits Certification, and External Audit Plan for 2020/21 form part of the overall external audit process for the Council. The Council received an unqualified opinion on its Statement of Accounts from the external auditor for 2019/20.

5 Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 5.2 **Monitoring Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 6.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 6.5 **Partnerships:** No specific implications.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- 2019-20 Statement of Accounts and Audit Findings Addendum – Strategy & Resources Committee, 17 November 2020.

Other papers:

- None.

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The Annual Audit Letter for Epsom and Ewell Borough Council.

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Appendix 1

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**Your key Grant Thornton
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Appendices

A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Epsom and Ewell Borough Council (the Council) and its subsidiary (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Strategy and Resources Committee as those charged with governance in our Audit Findings Report on 22 September 2020.

Our work

Materiality

We determined materiality for the audit of the group's financial statements to be £950,000, which is 2% of the group's gross expenditure.

Financial Statements opinion

We gave an unqualified opinion on the group's financial statements on 18 November 2020.

We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.

Whole of Government Accounts (WGA)

We completed work on the Council's consolidation return following guidance issued by the NAO.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 18 November 2020.
Certificate	We certified that we have completed the audit of the financial statements of Epsom and Ewell Borough Council in accordance with the requirements of the Code of Audit Practice on 18 November 2020.

Working with the Council

Detail a summary of the impacts of the COVID-19 pandemic on the Council, operationally and in preparing the financial statements, and how we have worked with them to complete the audit i.e., remote working arrangements, cover for sickness absence, access to key data from Council staff, virtual meetings with management and TCWG.

The global outbreak of the COVID-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. The impact has been widespread causing volatility of financial and property markets which impacted on your asset valuation. We also expected the current circumstances to have an impact on the production and audit of the financial statements. Additionally, changes in the regulatory framework as set out in our Audit Plan require us as your auditors to introduce additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the Council. The implementation of IFRS 16 has been deferred until 01 April 2021 and as such the related disclosures do not need to be made in the 2019/2020 financial statements.

In line with government directive, both the production and audit of the financial statements were done remotely. Furthermore, obtaining and review of audit evidence remotely proved more challenging and took longer than it would normally take to review. Our audit testing of information provided by the Council was completed remotely however this would be a more efficient process via on site visits. The combination of remote working and the challenges of gaining an understanding of complex spreadsheets via video links have impacted on the length of time to complete the audit.

In terms of the financial statements:

- you provided us with a complete set of financial statements together with supporting documents and good working papers before the agreed date.
- you prepared high quality draft financial statements and the volume and quality of the supporting working papers was good
- your finance team was responsive, helpful and fully engaged with the audit process, and provided responses in line with agreed turnaround times which enabled us to carry out the audit efficiently in June and July.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
January 2021

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Appendix 1

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £950,000, which is 2% of the group's gross expenditure. We determined materiality for the audit of the Council's financial statements to be £855,000, which is 90% of the group materiality. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality of £100,000 senior officer remuneration.

We set a lower threshold of £47,000 above which we reported errors to the Strategy and Resources Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>COVID-19</p> <p>The global outbreak of the COVID-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the COVID-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the COVID-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 08 June 2020; • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert • evaluated the adequacy of the disclosures in the financial statements that arose in light of the COVID-19 pandemic; • evaluated whether sufficient audit evidence could be obtained through remote technology; • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ; • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; • discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. 	<p>Your independent valuer declared a 'material valuation uncertainty' in the valuation report for Other land and buildings and Investment properties on the basis of uncertainties in markets caused by COVID-19.</p> <p>Surrey Pension Fund disclosed a material valuation uncertainty with respect to pooled property investments and private equity investments. The Council's share of these assets is material (£4.5 million for pooled property investments £5 million for private equity investments</p> <p>In response, we included an emphasis of matter paragraph in our audit report in respect of the uncertainty over valuation of the Council's land and buildings investment properties and the property assets of its pension fund given the Coronavirus pandemic</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The Revenue Cycle includes fraudulent transactions.</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue maybe 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 your revenue streams, 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, mean that all forms of fraud are seen as unacceptable. 	<p>There have been no changes to our assessment reported in the audit plan. Therefore, we do not consider this to be a significant risk to Epsom and Ewell Council and the Group.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have;</p> <ul style="list-style-type: none"> • documented and evaluated the design effectiveness of management controls over journals. • analysed the journals listing and determined the criteria for selecting high risk unusual journals. • gained an understanding of the accounting estimates and critical judgements made by management and consider. • their reasonableness with regard to corroborative evidence. • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our testing did not identify any material issue in respect to this significant risk.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of Land and Building</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£82 million of PPE in 2019-20) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management need to ensure the carrying value in your financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme of valuation is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>As part of our audit work, we have;</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. evaluated the competence, capabilities and objectivity of the valuation expert written to the valuer to confirm the basis on which the valuation was carried out. challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding of the valuer's report and the assumptions that underpin the valuation tested a sample of revaluations made during the year to ensure that they have been input correctly into your asset register. evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. 	<p>The valuer omitted a floor area of 92 sq. m in their calculation of the value of the Town Hall. This resulted in the value of the town hall being understated by £160k in the valuation report and the accounts as at 31 March 2020.</p> <p>As reported on page 6, your independent valuer declared a 'material valuation uncertainty' in the valuation report for Other land and buildings on the basis of uncertainties in markets caused by COVID-19. We have included an emphasis of matter paragraph in our audit report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties</p> <p>Our work has not identified any other issue in respect of this significant risk apart from those reported above.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>Your net pension fund liability, as reflected in the balance sheet, represents a significant estimate in the financial statements. The net pension fund liability is considered a significant estimate due to the size of the numbers involved (£37 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of your pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>As part of our audit work, we have;</p> <ul style="list-style-type: none"> Updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; assessed the accuracy and completeness of the information provided to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; obtained assurances from the auditor of Surrey County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>As reported on page 6, Surrey Pension Fund disclosed a material valuation uncertainty with respect to pooled property investments and private equity investments. Of this the Council's share of these assets is</p> <ul style="list-style-type: none"> £4.5 million for pooled property investments £5 million for private equity investments <p>As these values are material to the Council's financial statements, additional disclosure has been added to Note 4 of the financial statements to reflect the material valuation uncertainty for with respect to pooled property investments and private equity investments for pension. In response we have included an emphasis of matter in the audit opinion in relation to this matter.</p> <p>Our work has not identified any other issue in respect of this significant risk apart from the above.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the group's financial statements on 18 November 2020.

Preparation of the financial statements

The group presented us with draft financial statements in May in accordance with the agreed timescale and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the group's Strategic and Resources Committee on 22 September 2020.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the draft Statement of Accounts in May 2020.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Epsom and Ewell Borough Council in accordance with the requirements of the Code of Audit Practice on 18 November 2020.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

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Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Sustainable Resource Deployment – Financial Sustainability in the Medium Term</p> <p>The overall Local Government sector has been facing a challenging financial outlook in recent years, which is to continue for 2019/20 and for the medium term. Further pressure is expected across the sector as a result of continued increasing demand for services and falling central government funding on the factors which are also affecting Epsom & Ewell Borough Council.</p> <p>In addition to this, there is uncertainty surrounding the impact of COVID-19 Pandemic on your finances.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> • Evaluated your 2020/21 budget setting process and determining the reasonableness of your plans to resolve budget gaps. • Assessed the 2019/20 outturn position against the 2019/20 budget to determine the potential effect on medium term financial sustainability. 	<ul style="list-style-type: none"> • You have demonstrated that you have a robust budget setting process. This process incorporates an appropriate level of challenge and scrutiny from member committees to ensure budgets are achievable operationally, a good level of support from finance to ensure budgets are achievable from a resourcing perspective and that there is ongoing budget monitoring throughout the year to ensure budgets remain relevant and any risks identified quickly. • In terms of outturn position, you have demonstrated control over spending in 2019/20 and recorded an underspend of £11k on your revenue account, which was within 1% of the agreed budget. The £11k underspend has been added to the General Fund balance at year-end. You have performed well to achieve an outturn close to the overall budget, particularly in the current challenging financial environment with continued funding cuts from central government and the impact of COVID-19 in the last few weeks in March 2020. • During 2019/20, you have dealt with financial challenges including zero revenue support grant and just £25k emergency COVID-19 grant funding from central government. • The financial challenges also included star chamber service delivery savings and additional income required of £406k; and an increase of over £200k in budgeted income from fees and charges. • You have maintained a strong reserve position by increasing the level of usable reserves by £1.6 million in the year to £30.6 million including community infrastructure levy and capital receipts reserve. You have demonstrated robust financial planning by earmarking 49% of these reserves for specific strategic purposes which will allow you to meet your strategic objectives over the medium term. This demonstrates planned spending for specific purposes which will ensure you are able to deliver the services and developments committed to for the benefit of residents of the Borough • You have set yourself a minimum general fund balance of £2.5 million which you wish to hold to ensure a minimum level of funds is available for non-specific expenditure should it be required. You have demonstrated that you have exceeded this minimum threshold for 2019/20 by holding a general fund reserve of £3.4 million and your plans maintain the minimum level in the medium term.

Value for Money conclusion

Value for Money Risks- Continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Sustainable Resource Deployment – Financial Sustainability in the Medium Term</p> <p>Page 23</p>	<p>As part of our work, we have:</p> <ul style="list-style-type: none"> Evaluated your Medium-Term financial Strategy (MTFS) and its assumptions for reasonableness and relevance considering COVID-19. Understood your reserves policy and evaluated the actual use of reserves against planned usage. 	<p>Prior to COVID-19:</p> <ul style="list-style-type: none"> you successfully planned for the medium and long term by producing a Medium-Term Financial Plan (MTFP) for 2020/2021 based on realistic assumptions which allows you to identify and plan for savings. You produced a balanced budget for 2020/21 which was realistic in its assumptions and includes appropriate risks and opportunities. You were able to fully identify and plan for savings required in 2020/21 leaving no budget gaps to identify moving into next year. <p>COVID-19:</p> <ul style="list-style-type: none"> You have carried out a detailed assessment of the impact of COVID-19 on your 2020/21 budget. In quarter 1 of 2020/21, you have identified a loss of £2.5 million as the estimated cost of dealing with COVID-19. You have identified services which have been worst hit as income from fees and charges specifically car park income, income from council tax and income from commercial property. To date the Government has agreed one-off funding specifically for you totalling £918k. The Government has also provided £11m funding for local businesses through the small business grant schemes, £4k funding for rough sleepers and £344k hardship funding for council taxpayers Your Income from services has been severely hit during the outbreak. In quarter 1, you have had £2.5m losses from income as a result of COVID-19. Out of the £2.5m losses from COVID-19, income from fees and charges makes up the majority of the loss (£1.7m). <ul style="list-style-type: none"> You budgeted for an income from fees and charges of around £900,000 per month however this income has reduced to £300k per month. The services which are most affected are car parks, refuse, venues and the Rainbow leisure centre. You budgeted to receive £1.5m income from commercial property in the first quarter of 2020/21 however you have only received £500k in the first quarter of the year, with deferrals agreed for unpaid sums. Your Council Tax receipts at the end of April 2020 were 5.5% down compared to April 2019. If the level of recovery remains at this level throughout 2020/21, this would materialise into a loss on the collection fund of £3.6m, with EEBC's share of the loss being £375k. You budgeted for an income from business rates of £1.617m for the year, however as a result of COVID-19, you could see a reduced income from your share of business rates by up to £600k for 2020/21.

Value for Money conclusion

Value for Money Risks - Continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Sustainable Resource Deployment – Financial Sustainability in the Medium Term Page 24	<p>As part of our work, we have:</p> <ul style="list-style-type: none"> • Evaluated your Medium-Term financial Strategy (MTFS) and its assumptions for reasonableness and relevance considering COVID-19. • Understood your reserves policy and evaluated the actual use of reserves against planned usage 	<ul style="list-style-type: none"> • You have considered the impact of COVID-19 on your reserves for 2020/21 and have identified that you could be facing losses between £4.7 million to £8 million which would require funding by the end of 2020/21. You have identified funding from alternative strategic reserves and sources to fund the projected Quarter 1 deficit of £2.5 million. Your useable reserves at nearly £18 million could sustain these losses for 2020/21 by releasing earmarked reserves, but you will not be able to rely on using reserves as a medium to long-term solution to fund the deficit in your finances caused by COVID-19. Where you need to release earmarked reserves to respond to financial pressures from COVID-19, you will need to give future consideration of when and how to rebuild reserves set aside for a specific reason. • We have reviewed the Institute of Fiscal Studies report on the Coronavirus risk and financial resilience of local Government authorities which shows. Your reserves as a proportion of revenue expenditure as at March 2020 when compared to other authorities is within the low-risk category. Your revenue risk for fees and charges is in the high-risk category. This is consistent with your own assessment where you have identified income from fees and charges as one of the worst hit income source. You have taken steps to identify alternative sources of funding to address this issue as described above. <p>Conclusion</p> <p>Based on the work we performed to address the significant risk, we are satisfied that you have proper arrangements for securing economy, efficiency and effectiveness in your use of resources.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	02 July 2020
Audit Findings Report	22 September 2020
Audit Findings Report Addendum	18 November 2020
Annual Audit Letter	06 January 2021

Fees

	Planned £	Actual fees £	Additional fees for Covid-9 (see page 16)
Statutory audit	44,175	51,175	7,000
Housing Benefit Grant Certification	16,000	TBC	
Total fees	60,175	TBC	7,000

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £34,425 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage.	1,750
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	1,750
Raising the bar	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.	2,500
New standards / developments	IFRS 16 I implementation	1,500
Group accounts	You were required to start producing group accounts in 17/18 as a result of your wholly owned subsidiary, EEPIC, becoming active. These were introduced following the setting of the scale fee and require additional work to gain assurance over the valuation of the investment properties held by EEPIC and the consolidation process.	2,250
Total		9,750

Audit fee variation – Covid-19

Additionally, over the last six months the current Covid-19 pandemic has had a significant impact on all our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements has been multifaceted. This included:

- Revisiting planning- we have needed to revisit our planning and refresh our risk assessments, materiality and planning as well as additional work in areas such as going concern and disclosures in accordance with IAS 1 in particular in respect to material uncertainties.
- Managements assumptions and estimates - there is increased uncertainty over many estimates including investment and property valuations. Our audit opinion will include an emphasis of matter in respect of this.
- Remote working – the most significant impact of terms of delivery is the move to remote working. We, as have other auditors, have experienced delays and inefficiencies resulting from this new working environment. This is understandable and arise from the availability of relevant information, the need for us to devise alternative methods to evidence the veracity of the information provided and not being able to sit with an officer to discuss a query or a working paper. Obtaining an understanding via teams or telephone is often more time consuming.

We have been discussing the matter with PSAA over the last few months and these issues are similar to those experienced in the commercial sector and the NHS. In both sectors there is a recognition that audits will take longer with commercial deadlines expended by four months and the NHS deadline by one month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/about-the-frc/covid-19/covid-19-bulletin-march-2020> sets out the expectations of the FRC.

Fee variations are subject to PSAA approval.



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Housing Benefit (Subsidy) Assurance Process 2019-20 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2020.

To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ.

And: The Section 151 Officer of Epsom and Ewell Borough Council, Section 151 Officer.

This report is produced in accordance with the terms of our engagement letter with the Epsom and Ewell Borough Council dated 02 July 2018 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2019/20 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Epsom and Ewell Borough Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 28 April 2020.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2019/20.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2019/20 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The Section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151

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Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2019/20 dated 28 April 2020 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 28 April 2020 and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures, or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the

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Local Authority's members, as a body, for our audit work, for our audit reports and our opinions we have formed in respect of that audit.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We carried out the testing of all initial cases.

Cell 011 Non HRA Rent Rebates - Omission of Carer's Allowance.

Initial Testing of Cell 011 identified that for 1 claim, the authority did not include Carer's Allowance in the income calculation. The Authority identified all claims with Carer's Allowance in Cell 011 and has tested each claim. The authority also identified all claims with earnings in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebates – Incorrect Income as Carer's premium was incorrectly included.

Initial Testing of Cell 011 identified that for 1 claim the authority used incorrect earnings as they incorrectly included carers' premium. The Authority identified all claims with earnings in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebates – Incorrect Income Disregard and Omission of Carer's allowance in income calculation.

Initial Testing of Cell 011 identified that for 1 claim, the authority used the incorrect income disregard. They used £10 couples disregard instead of £20 carers disregard in the income calculation. In addition, they did not include the carer's allowance in the income calculation for the same period. This resulted in an overpaid benefit. The Authority identified all claims with earnings in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebates – Incorrect Earnings Calculation

Initial Testing of Cell 011 identified that for 1 claim the authority used incorrectly calculated the earnings. The Authority identified all claims with earnings in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebates - Misclassification of Overpayment

Initial Testing of Cell 011 identified that the Local Authority has incorrectly classified overpayment as an eligible overpayment when it should have been a technical overpayment. The Authority identified all claims in Cell 28 and has tested each claim.

Cell 011 Non HRA Rent Rebates - Misclassification of Expenditure

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Initial Testing of Cell 011 identified that the Local Authority has incorrectly classified claimant's property as a 1-bedroom self-contained property when it should be a 1-bedroom B&B property. Cell 014 is overstated and cell 012 is understated.

We have not carried out further testing as 40+ is not needed for errors which by their nature do not affect the amount of subsidy claimed i.e., the misclassification of housing benefit cases between cells of the same subsidy rate and tenure type.

Cell 094 Rent Allowances

No claims were found to be in error.

Completion of Modules

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

Completion of Module 2

We have completed module 2 and checked that the Authority entering the correct amounts when uprating the system parameters. No issues were identified.

Completion of Module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

There are no tests which resulted from our Cumulative Assurance Knowledge and Experience as there were no errors identified from the previous year.

Summary paragraph/ending of letter.

For the form MPF720A dated 17 February 2021 for the year ended 31 March 2020 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

Firm of accountant: Grant Thornton UK LLP

Office: London

Contact details: Sarah Ironmonger, +44(0)20 7865 2997, Sarah.L.Ironmonger@uk.gt.com

Signature/stamp

Grant Thornton UK LLP

Date 25/02/2021

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Appendix A: Exceptions/errors found.

There are no errors which need to be extrapolated. The authority carried out 100% testing of all cases with errors and as such the errors have been amended and detailed in appendix C.

Appendix B: Observations

Error Type 1 – underpaid benefit which did not impact claim.

Cell 011 Underpaid benefit - Incorrect Earnings

Cell 011 Non HRA Rent rebate

Cell Total: £542,271

Cell Total £126,507 – sub population

Cell Population: 144 cases

Cell Population: 37 cases – sub population

Cell 011 Overpaid benefit – Earned Income calculation error additional issue.

Initial Testing showed 1 claim (value: £7,804) where the authority used incorrect earnings as they incorrectly included carers' premium. There would not have been an overpayment if the correct earnings were used, instead there would have been an underpayment of benefit. Cell 14 would have been understated by £206.45. The overpayment error was caused by the Authority because of the incorrect calculation. As a result, there is expenditure misclassification between Cell 28 and Cell 26. Cell 28 is overstated by £206.45 and cell 26 is understated by the same amount. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy amendment purposes.

Cell 011 Overpaid benefit – Incorrect Earnings Calculation

From the 100% testing carried out on all cases with earnings, there were 2 claims (value: £637) where the authority used incorrect earning which generated underpayments. Cell 014 understated by £0.36. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments (or nil impact) identified do not affect and have not, therefore, been classified as errors for subsidy amendment purposes.

Cell 011 Underpaid benefit - Omission of Carers Allowance

Cell 011 Non HRA Rent rebate

Cell Total: £542,271

Cell Total £56,531– sub population

Cell Population: 144 cases

Cell Population: 8 cases – sub population

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Cell 011 Overpaid benefit – Earned Income calculation error additional issue.

Initial Testing showed 1 claim (value: £7,804) where the authority omitted the carer's allowance in the calculation of income. There would not have been an overpayment if the correct earnings were used, instead there would have been an underpayment of benefit. Cell 14 would have been understated. The overpayment error was caused by the authority because of the incorrect calculation. As a result, there is expenditure misclassification between cell 28 and cell 26. Cell 28 is overstated by £155.06 and cell 26 is understated by the same amount. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy amendment purposes.

Cell 11 Expenditure misclassification

Initial Testing showed 1 claim (value: £ 4,037) where the authority has misclassified this property as a 1-bedroom self-contained property when it should be a 1-bedroom B&B property. Cell 014 is overstated by £34.20 and cell 012 is understated by £34.20.

We have not carried out further testing as 40+ is not needed for errors which by their nature do not affect the amount of subsidy claimed i.e., the misclassification of housing benefit cases between cells of the same subsidy rate and tenure type.

Cell 11- Omission of Carer's Allowance – Additional issue

From the additional testing of carer's allowance, there was once claim (value: £13,694) where the authority included carer's premium, but no carer's allowance included in income on the system. However, through a DWP Spotlight search, claimant received the correct carer's allowance. Inclusion of correct carer's allowance in income has no effect on HB award as seen on the pink calculation sheets. (no cells overstated or understated)

Appendix C: Amendments to the claim form MPF720A

Error Type 3 – benefit overpaid or insufficient supporting information.

Cell 011 Overpaid benefit - Incorrect earnings – Incorrect Income Disregard and Omission of Carer's Allowance

Cell 011 Non HRA Rent rebate

Cell Total: £542,271

Cell Total £126,507– Earnings

Cell Total £56,531 -Carer's Allowance

Cell Population: 144 cases

Cell Population: 37 cases – Earnings sub population

Cell Population: 8 cases – Care Allowance sub population

Initial Testing showed 1 claim (value: £7,804) where the authority used the incorrect income disregard in the earnings calculation. They used couples disregard instead of carers disregard in the income calculation. For the same period, the authority also did not include the carer's allowance in the income calculation. This generated an overpayment of benefit of £656.88. Cell 014 is overstated £656.88 and cell 026 is understated by the same amount.

Cell 011 Overpaid benefit - Incorrect earnings

Cell 011 Non HRA Rent rebate

Cell Total: £542,271

Cell Total £126,507– sub population

Cell Population: 144 cases

Cell Population: 37 cases – sub population

Initial testing showed for the same claim (value: £7,804) as above but for a different period that the authority used incorrect earnings as they incorrectly included carers' premium. This generated an overpayment of £71.85. Cell 014 is overstated £71.85 and cell 026 is understated by the same amount.

The Authority identified all earnings claims in Cell 011 and has tested each claim. The number of cases in cell 11 with earnings was 37. We have re-performed the test on 8 cases and the Authority's findings on those claims were correct. A total of 4 claims were found to be incorrect from the additional testing as follows:

There was 1 claim (value: £4,972) where the authority incorrectly input a higher NI amount in the earning calculation. This resulted in incorrect earnings and an overstatement of cell 014 by £0.13 and an understatement of cell 026 by £0.13.

There was 1 claim (value: £5,252) where the authority incorrectly input a higher NI amount in the earning calculation. This resulted in incorrect earnings and an overstatement of cell 014 by £0.26 and an understatement of cell 026 by £0.26.

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The other two claims which were found to be in error have been detailed in appendix B as they have not been included in the amendment.

From the 100% review Cell 014 was found to be overstated by £729.12, Cell 026 was understated by the same amount.

Cells 014 and 026 have been amended on form MPF720a dated 17 February 2021. Cell 011 remains unchanged.

Cell 011 Overpaid benefit
Omission of Carers Allowance
Cell 011 Non HRA Rent rebate
Cell Total: £542,271
Cell Total £56,531– sub population
Cell Population: 144 cases
Cell Population: 8 cases – sub population

Initial Testing showed 1 claim (value: £7,804) where the authority did not include carer's allowance in the income calculation. This resulted in an overpayment of £601.96. Cell 14 is overstated by £601.96 and cell 26 is understated by the same amount.

The authority identified all cases with carer's allowance in cell 11. The number of cases in cell 11 with carer's allowance was 8. We have re-performed the test on 5 cases and the Authority's findings on those claims were correct. A total of 4 claims were found to be incorrect from the additional testing as follows:

There was one claim (value: £7,305) where the authority incorrectly included carer's premium in applicable amount which resulted in an overpayment. Cell 14 overstated by £2.58, cell 26 understated by £2.58.

There was one claim (value: £2,928) where the authority incorrectly excluded carer's premium which when calculating the housing benefit award. This resulted in an overstatement on cell 14 of £9.94 and understatement of cell 26 of £9.94.

The other two claims which were found to be in error have been detailed in appendix B as they have not been included in the amendment.

From the 100% review, Cell 014 was found to be overstated by £614.48 and Cell 26 was understated by the same amount.

Cells 14 and 26 have been amended on form MPF720a dated 17 February 2021. Cell 011 remains unchanged.

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Error Type 4 – expenditure misclassification. Where benefit expenditure has been misclassified

Cell 28 Expenditure misclassification – Incorrect classification of eligible overpayments

Cell Total: 8,580

Cell population 26

Headline Cell: £542,271

Initial Testing showed 1 claim (value: £ 4,037) where the authority has misclassified an overpayment as an eligible overpayment when it should be a technical overpayment Cell 028 is overstated by £8.90 and cell 027 is understated by £8.90.

The authority identified all cases in cell 28. The total number of cases in cell 28 was 22. We already tested 4 of those cases as part of our initial sampling.

We have re-performed the test on 2 cases and the Authority's findings on those claims were correct. No further errors were identified.

Cells 28 and 27 have been amended on form MPF720a dated 17 February 2021. Cell 011 remains unchanged.

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Appendix D: Additional issues

There are no other matters to report.

Epsom and Ewell Borough Council audit plan

Year ending 31 March 2021

Epsom and Ewell Borough Council
March 2021
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- Group audit scope and risk assessment
- Significant risks identified
- Accounting estimates and related disclosures
- Other matters
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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 planning 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 all 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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Key matters

Factors

Our response

Finances

The Council's financial position over the coming years is expected to be challenging. The quarter 2 forecast, presented to the Strategy and Resources Committee in September 2020 (the most up to date formal report), shows the Council facing a gross budget deficit, pre-government support, of £4.57m this year. The projected deficit is principally due to increased expenditure on homelessness, acquisition of personal protective equipment and running the Borough Emergency Control Centre and Community Hub over a prolonged period (April to July), combined with major reductions in income from services such as car parks and the Council's venues and a £0.7m provision for the potential loss of commercial property income. With government funding expected to provide £3.55m, the government support is projected to reduce the budget deficit to £0.78m per the quarter 2 forecast. To fund the deficit, it is anticipated the Council will need to use £0.70m from the Property Income Equalisation Reserve plus £0.08m of corporate contingency budgets. Per the quarter 2 forecast, on the core capital programme, the projected expenditure for the full year is £4.79m, £0.48m less than £5.28m budget. The main variances are the Hogsmill works which have been delayed to next year.

In the short-term, the future for local authority funding remains uncertain as new Local Government funding arrangements that were meant to be in place by April 2020 have been delayed until at least 2022. The Council has set a balanced budget for 2021/22, although this is achieved through a £422,000 one-off use of strategic reserves.

We will consider your arrangements for managing and reporting your financial resources and assessing your financial resilience as part of our audit in completing our Value for Money work.

Accounting and auditing developments

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM) There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As part of this process auditors also need to obtain an understanding of the effectiveness of the role of those charged with governance relating to accounting estimates adopted by management, which is particularly important where the estimates have high estimation uncertainty or require significant judgement.

Although the implementation of IFRS 16 has been delayed, audited bodies still need to include disclosures in their 2020/21 statements to comply with the requirements of IAS 8. As a minimum, we would expect the Council to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the impact of IFRS 16 is not known or reasonably estimable, the accounts should state this.

In the prior year the Council's valuer reported a material uncertainty regarding the valuations of properties due to the COVID-19 pandemic. In addition, there was a material uncertainty in relation to the valuation of the pooled property funds which impacted both the Council's and Pension Funds position. We will monitor the position for the 31 March 2021 valuations.

We will continue to provide you with sector updates via our Strategy and Resources Committee updates.

We will liaise with the Council's valuer to clarify any potential material uncertainties in 2020-21.

Key matters

Factors

Impact of COVID-19 pandemic

The outbreak of the COVID-19 coronavirus pandemic has had a significant impact on the Council’s normal operations. Throughout the pandemic the Council has kept critical services going at the same time supporting the COVID-19 national effort. The Council’s projected deficit of for 2020/21 was principally due to increased expenditure on homelessness, acquisition of personal protective equipment and running the Borough Emergency Control Centre and Community Hub over a prolonged period (April to July), combined with major reductions in income from services such as car parks and the Council’s venues, and a £0.7m provision for the potential loss of commercial property income. To address the funding deficit caused by the pandemic the Council has undertaken mitigating action to reduce non-essential expenditure where possible and the introduction of a corporate recruitment freeze for non-urgent vacant posts

Dividend income from EEPIC is forecast to be £0.9m, c. £0.4m below the £1.3m budget, following the rent-free period agreed at Strategy and Resources Committee in December 2020. Should any of this deferred rent not ultimately be paid by March 2021, this year’s dividend would be adversely impacted. The Council plans to meet the shortfall by a contribution from the Property Income Equalisation Reserve.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.

At this time we have not identified a specific COVID-19 significant audit risk (as we did for Local Government audits in 2019/20 which covered a number of risks including the availability of Council staff to produce accounts, year end stock take completion and valuation uncertainties in relation to land and buildings). We will revisit this assessment should the current pressures the sector faces continues and impacts year end accounting and auditing processes.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Epsom and Ewell Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Epsom and Ewell Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Strategy and Resources Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the the Strategy and Resources Committee of your responsibilities. 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 audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Epsom and Ewell Property Investment Company (EPEIC).

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Revenue cycle includes fraudulent transactions (risk rebutted)
- Valuation of land and buildings
- Valuation of net pension fund liability
- Management override of controls
- Fraud in expenditure recognition

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £0.9m (PY £1.1m) for the group and £0.8m (PY £1m) for the Council, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.045m (PY £0.05m).

Audit logistics

Our audit planning will take place in March 2021, and our final year end audit will take place in July – September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit is to be confirmed (PY: £51,175 for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Epsom and Ewell Borough Council	Yes		See pages 7 - 9	Full scope audit performed by Grant Thornton UK LLP
Epsom and Ewell Property Investment Company (EEPIC)	Yes		<p>EEPIC constitutes a significant component of your group, and is wholly owned by you.</p> <p>Elements of the financial statements of EEPIC including investment properties are material to your financial statements.</p>	<p>The audit of EPIC will be delivered by a separate auditor.</p> <p>We will perform sufficient work on this material balance to enable us to gain assurance that your group financial statements are not materially misstated.</p>

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council and Group	<p>Under ISA (240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue 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 nature of the revenue streams at Epsom and Ewell Borough Council and the group, 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 	We do not consider this to be a significant risk for Epsom and Ewell Borough Council or the group.
Fraud in expenditure recognition	Council and Group	<p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Council may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.</p> <p>Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p>	<p>We will:</p> <ul style="list-style-type: none"> • inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; • inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and • investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals ; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of Land and Buildings	Council and Group	<p>You revalue your land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£75m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into your asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£39.5 million in your balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Surrey County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty or require significant judgement.

Specifically do Strategy and Resources Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments

The Council's Information systems

In respect of the Council's information systems, we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place, we may need to report this as a significant control deficiency, and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate, we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g., asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate; and
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.



Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we have [sent enquiries to management and to Strategy and Resources Committee. We would appreciate a prompt response to these enquiries in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report. We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiary. If such a situation arises, we will consider our audit response for the group.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £0.9m (PY £1.1m) for the group and £0.8m (PY £1.0m) for the Council, which equates to 2% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £0.1m for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Strategy and Resources Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Strategy and Resources Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.045m (PY £0.05m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Strategy and Resources Committee to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs

£49.7m group

(PY: £54.7m)

£49.2m Council

(PY: £52.2m)



■ Prior year gross operating costs

Materiality

£0.9m

group financial statements materiality (PY: £1.1m)

£0.8m

Council financial statements materiality (PY: £1.0m)

£0.045m

Misstatements reported to the Strategy and Resources Committee (PY: £0.05m)

Agenda Item 3
Appendix 3

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary qualified / unqualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



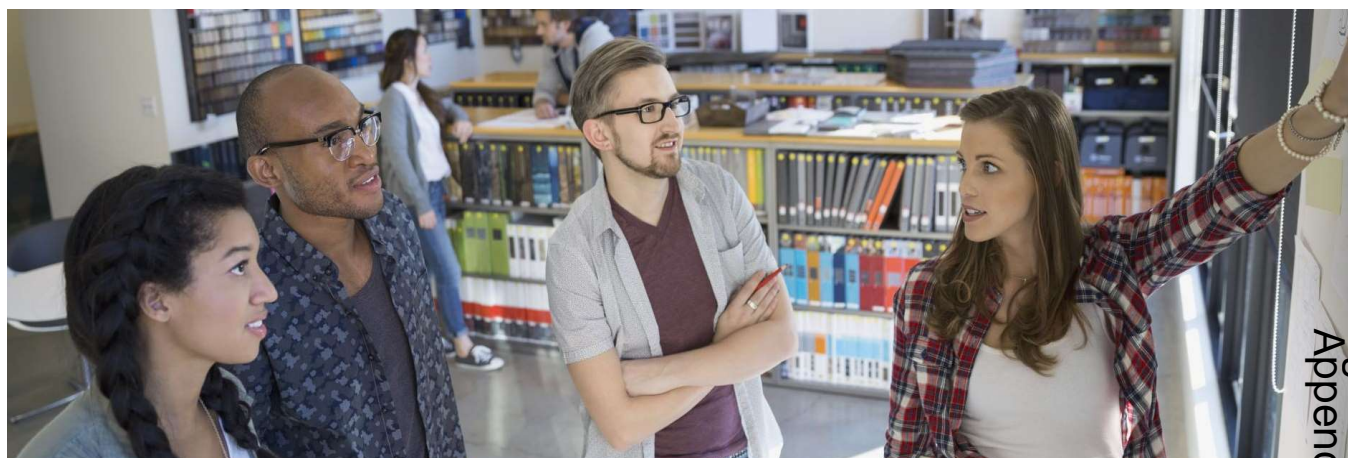
Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We have not identified any risks of significant VFM weaknesses although we set out the areas of focus we intend to review to enable us to produce commentary on arrangements across all of the key criteria. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out.

Key areas of focus

The Local Government operating environment has been significantly impacted by the pandemic and the future funding regime remains uncertain and this lack of certainty will impact on the Council's ability for long term planning. Our Value for Money work will primarily focus on the aspects listed below, but may increase in scope as further work is performed

- The Council's arrangements in response to the COVID-19 pandemic and capitalising on the benefits from the different models of service delivery and ways of working brought about by the pandemic;
- The Council's arrangements for setting the Medium-Term Financial Plan and achieving financial sustainability specifically how the council plans to achieve a balanced budget in the medium-term financial plan;
- The Council's arrangements for working with its key partners to deliver services more efficiently;
- The council's governance arrangement in terms of managing risk, responding to COVID-19 and ensuring overall service delivery; and
- Whether the council receives the expected dividends from Epsom and Ewell investment property at the year end and the impact on the council finances if the expected dividends are not received.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Page 55

Paul Cuttle, Engagement Lead

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders and final authorization of reports. Attendance of Strategy and Resources Committee meetings supported by Manager as required.



Sheena S Phillips, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by audit In-charge and junior team members. Attendance of Strategy and Resources Committee meetings alongside Engagement Lead as required.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

* The accounts timetable has not been agreed at the time of issuing this audit plan

Audit fees

In 2018, PSAA awarded a contract of audit for Epsom and Ewell Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £34,425. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 15, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Discussions are ongoing with the PSAA on the impact of the additional work on fees for 2020/21 and at the time of issuing this audit plan we are unable to confirm a proposed fee for 2020/21. When these discussions are finalised we will report back to the Strategy and Resources Committee.

	Actual Fee 2019/20	Proposed fee 2020/21
Scale Fee	£34,425	£TBC
Group Accounts	£2,250	£TBC
Fee variation	£14,500	£TBC
Total audit fees (excluding VAT)	£51,175	£TBC

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£34,425
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Group accounts	£2,250
Previously agreed annual increases (e.g. regulatory changes, enhanced audit procedures)	£7,500
Additional Fees for COVID-19	£7,000
Audit fee 2019/20	£51,175
<i>Revised 2021/21 baseline (£51,175 less COVID-19 additional fee of £7,000)</i>	£44,175
Additional work on Value for Money (VfM) under new NAO Code	£TBC
Increased audit requirements of revised ISAs	£TBC
<i>Proposed increase to agreed 2019/20 fee</i>	£TBC
Total audit fees (excluding VAT)	£TBC

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Capital receipts grant	£16,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £16,000 in comparison to the total fee for the audit of ETBC and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	✓
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	✓
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	✓
ISA (UK) 570 – Going Concern	September 2019	✓
ISA (UK) 580 – Written Representations	January 2020	✓
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	✓
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	✓
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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EPSOM & EWELL BOROUGH COUNCIL'S DIVERSITY, EQUITY AND INCLUSION FRAMEWORK 2021-2024

Head of Service:	Shona Mason, Head of HR & Organisational Development
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 Diversity, Equity and Inclusion Framework Consultation Results Appendix 2 Diversity, Equity & Inclusion Framework

Summary

This report provides details of the consultation undertaken on the Council's draft Diversity, Equity and Inclusion Framework and the final Diversity, Equity and Inclusion Framework 2021-2024 for approval.

Recommendation (s)

The Committee is asked to:

- (1) Review the findings of the consultation undertaken on the draft Diversity, Equity and Inclusion Framework 2020-2024.**
- (2) Approve the Diversity, Equity and Inclusion Framework 2021-2024.**

1 Reason for Recommendation

- 1.1 Now that the Council has a long-term Vision and Four Year Plan it is vital that the Council has a Diversity, Equity and Inclusion Framework to help achieve the aspirations of the Vision and commitments of the Four Year Plan.

2 Background

- 2.1 The Council is subject to the Equalities Act and the Public Sector Duty which means that we have a duty to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
 - Advance equality of opportunity between people who share a protected characteristic and those who do not
 - Foster good relations between people who share a protected characteristic and those who do not
- 2.2 These are sometimes referred to as the three aims or arms of the general equality duty. The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low
- 2.3 With recent events such as COVID-19, Black Lives Matter and Reclaim the Streets there is a current spotlight on equality matters. This spotlight has also sparked an appetite for the Council to influence and achieve more in relation to Diversity, Equity and Inclusion.
- 2.4 At Council on 14 July 2020 a motion was passed which is detailed as follows:
- 2.4.1 This Council notes and values the contribution that Epsom and Ewell communities and social media groups are making in support of community cohesion, anti- racism and calls for equality and justice.
- 2.4.2 In support of these local initiatives, including the “We Stand Together” movement, the Borough Council will:
- Invite local schools to contribute to a Borough Council programme celebrating multiculturalism and the achievements of differing communities in the borough
 - Use the EEBC Business Newsletter, Business Breakfasts and our conversations with the BID to raise issues of racism and prejudice in the workplace and, leading by example, encourage equality in recruitment practices, investment in unconscious bias training and other active ways to create equality.
 - Use the Community Safety Partnership to encourage local people to use their voice and report hate crimes to the police, and to develop with our partners a system for monitoring the outcomes of such reporting.
 - Continue our conversations with Community Leaders to better understand how the Borough Council can best manage its services to support those communities and best use its influence to make a positive difference.

- Listen to our own staff about their experiences and create an environment where they can speak freely, and raise awareness among Officers and Members to ensure equal access to services
 - Commit to work with partners and lobby the government for immediate action to implement the recommendations on the recent PHE report on the disproportionate impact of Covid-19 on our Black, Asian and Minority Ethnic communities
- 2.5 The commitments the Council made as a result of the Council motions have been incorporated into the action plan for 2021/2022.
- 2.6 On 22 September 2020 the draft Diversity, Equity & Inclusion Framework 2020-2024 was presented to Strategy & Resources for approval. Approval was also sought to consult on the draft framework with a view to inform how the framework is shaped and developed before being presented back to Strategy & Resources for final approval.
- 2.7 The consultation was conducted online and promoted across our communications channels including internal and external. Residents, Members and staff were invited to contribute to the consultation. The results are attached in Appendix 1.
- 2.8 From the 146 responses that were received, the results of the consultation can be summarised as follows:
- Over 90% of respondents either agreed or strongly agreed with the three equality objectives that have been identified
 - Less than 7% of respondents either disagreed or strongly disagreed with the three equality objectives that have been identified
 - The majority of respondent thought that the equality objectives were appropriate, achievable and would make a difference to the people of Epsom & Ewell
 - A larger percentage (21%) either disagreed or strongly disagreed that the equality objectives would make a difference to the people of Epsom & Ewell
- 2.9 The following common themes can be identified from the written comments about the purpose of the framework:
- Greater promotion of equality matters and educating people
 - Promotion of inclusive activities across the borough
 - Consider the appropriateness of language
 - Celebratory events to bring people together i.e. World Food Event
 - Greater engagement across different communities
 - Ensuring accessible services for all
 - Ensuring the Council's workforce is treated fairly and is encouraged to talk openly about DEI matters
- 2.10 The DE&I Framework has been developed around three themes:

- Developing Inclusive Communities and creating Community Cohesion
- Engagement and Accessible Services
- Workforce Inclusivity

These themes were supported by the consultation.

- 2.11 As part of the wider consultation and development of the framework Cllr Hannah Dalton, Rod Brown, Head of Housing & Environmental Services and Shona Mason, Head of HR & Organisational Development have also commenced community conversations. While this has been difficult to progress due the ongoing pandemic, from the initial two meetings that have taken place there is been a huge enthusiasm and buy in from those we have spoken with.
- 2.12 Two meetings took place in December 2020 with:
- Parasakthi Hindu Temple Trust
 - Epsom and Ewell We Stand Together
- 2.13 The objective of the community conversations was to:
- Better understand the lived experiences of communities with in Epsom & Ewell
 - Identify obstacles and opportunities to enhance lives and experiences of our communities
 - Gain feedback on the proposed themes for the DEI Framework
- 2.14 The following questions were asked and explored during the meetings which were held virtually due to the ongoing pandemic:
- What is your lived experience of living/working in Epsom & Ewell?
 - What opportunities do you think there are for the Council do things differently in relation to tackling racism?
 - What could the Council do differently to engage with your community?
 - What is your experience of Council communications?
- 2.15 Due to the impact of COVID19 it has been difficult to progress more community conversations however we are in the process of setting up additional meetings with other community leaders.
- 2.16 It is envisaged that this is the start of greater engagement with our community on equality matters and that we can build on this foundation which is also supported within the framework. We are seeking to host more community conversations with different groups across the Borough in the coming months.
- 2.17 The feedback that we receive as a result of these community conversations will be used to help inform future action plans and the Council's community leadership role in relation to DE&I matters.

- 2.18 The DE&I Framework has now been updated and strengthened to incorporate the feedback received as a result of the consultation. The key changes have been highlighted in yellow for ease of reference for the Committee. Due to the impact of COVID-19 and the delay in implementation, the framework has been reduced from four years to three years, spanning 2021-2024. This is in line with the Council's Four Year Plan.
- 2.19 The action plan has also been amended to reflect a one-year action plan, 2021/2022, as opposed to two years. A further action plan will be developed for year two and year three and will be presented to committee for approval at the appropriate time.
- 2.20 The number of actions has been streamlined to take into consideration the number of priorities the Council has in terms of recovery, service delivery plans, other strategies and action plans as well as the continuing need to support the emergency response into 2021-2022. This is to ensure that the DE&I action plan is realistic and deliverable, and the Council can be flexible in its approach to developing the framework in the coming years.
- 2.21 An annual report will be presented to Strategy & Resources in March 2022 to provide an update against the 2021-2022 action plan as well as to agree the year two action plan.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 An initial Equality Impact Assessment has been completed. During the consultation process consideration has been given to the impact assessment of the future framework.

3.2 Crime & Disorder

- 3.2.1 There are no crime and disorder implications for this report.

3.3 Safeguarding

- 3.3.1 There are no safeguarding implications for this report.

3.4 Dependencies

- 3.4.1 There are a number of dependencies that have been identified for this report. As detailed within the DE&I framework developing diversity, equity and inclusion will require input from many different groups.

3.5 Other

3.5.1 N/A

4 Financial Implications

- 4.1 There is no identified budget for the delivery of the D, E&I Framework and the action plan will be delivered from within existing budgets and resources.
- 4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

5 Legal Implications

- 5.1 The equality duty applies to public authorities and must be considered as part discharging the Council's activities. It is therefore important for authorities to have in place strategy on how it they will meet that requirements of that duty in the discharge of their functions.
- 5.2 **Monitoring Officer's comments:** none arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** All of the Council's Key Priorities are engaged:
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** None
- 6.4 **Sustainability Policy & Community Safety Implications:** None
- 6.5 **Partnerships:** None

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Epsom & Ewell Borough Council's Diversity, Equity & Inclusion Framework, Strategy & Resources, 22 September 2020

Other papers:

- N/A

Epsom & Ewell Diversity, Equality and Inclusion Framework Survey

This report was generated on 07/12/20. Overall 146 respondents completed this questionnaire. The report has been filtered to show the responses for 'All Respondents'.

The following charts are restricted to the top 12 codes. Lists are restricted to the most recent 100 rows.

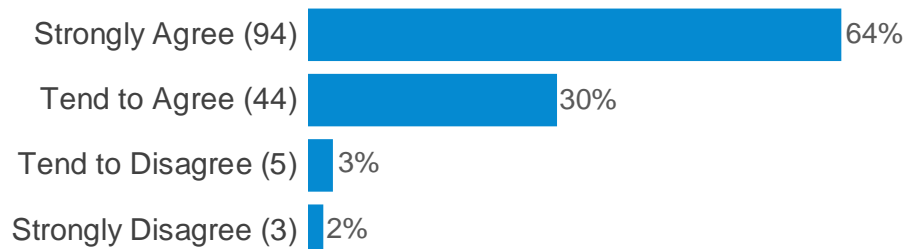
Are you...



If you are a private sector organisation/partner organisation please specify below

Surrey Lifelong Learning Partnership

Do you agree or disagree that this should be an Equality theme for EEBC?



What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

One suggestion is that initial interviews should be name blind. Age and gender are hard to conceal in a cv. Unconscious bias training should be compulsory for all HR personnel and team leaders and above (minimally).

Stop trying to make us feel guilty for being white and just treat everyone the same

Make the public, businesses and employers aware of the aims of EEBC and how they will be implemented and enforced.

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

-
- I understand there is no adult education available in Epsom. This would make adults feel included.
-
- Fund groups and activities that bring communities together rather than funding groups and activities for specific groups within the community. Make funding contingent on the funded group demonstrating their inclusive activities.
-
- There is growing evidence that non - contributory sections of the community are continuing to invade EEBC space and leave such areas as they inhabit in a disgusting state - e.g. the travelling community. Should these communities seek equality, then they should be positively encouraged to treat the EEBC environs with respect.
-
- Inclusive language and opportunity
-
- Outreach in deprived areas. Care for community.
-
- Open up libraries as communities centres for maybe one day a week
-
- Lots of publicity through mail drops and advertising
-
- Include fairness for all in your organisation values, and train your staff to uphold these. Make sure senior people lead by example. Don't overdo it ... there's no point in favouring one group over another, just be fair to everyone.
-
- Offering a variety of housing at different prices, including a variety of rented accommodation. Reopening the Wells Centre as a community centre for the local estate.
-
- In a non-covid environment a world foods day etc could be fine or similar festival
-
- I don't actually understand the question. The wording is not something I am familiar with.
-
- You appear to have it covered now
-
- I actually disagree with any scheme that discriminates against anyone be it black or white. It stands to reason that any scheme that favours one will discriminate against the other.
-
- As I believe all people are equal then when choosing someone for a job, position you should choose on their ability and suitability for the job. Priority should not be given just because they are black, transgender etc. Best person for the job is the only way to go.
-
- The Council should do what it is legally obliged to, no more.
-
- This is about communication. Having spent a working life in a communication industry by far the best mechanism is by direct personal contact. (As with Covid - 19 it will not seriously improve until all individuals, whatever their age, take ownership of the problem)
-
- More education for the public on the feelings, struggles and life styles of people of different races, religions etc. This could be done by interviewing residents and perhaps publishing in local magazines.
-
- Call meetings throughout the borough so people can be educated so that they are able to follow the Equality Theme. This may require both classroom activities as well as open debate. I'm not sure what happens to people who fail to take on board the ideas/concepts?
-
- During the early Covid lockdown, we have seen how adversity can bring communities together. Perhaps there is an opportunity to build on this - pls don't ask me how !
-
- From my experience there are no safety aspects for older people in the community. Government legislation is ignored and older people have to live in fear of harassment and intimidation from neighbours
-
- Exercise care in using terms such as " Inclusive Communities " and "Community Cohesion" 1/ Should the objective not be "An inclusive" community?
-
- Councillors should reply to communications sent from residents- in my experience this is often not the case. Residents should be involved in a meaningful way in any development initiatives- again this has not been my experience. The Council do not proactively help residents gain information - the onus is on residents.
-

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

The Council needs to articulate how they intend to achieve this. These need to be measurable so that Communities can see whether the Council is achieving or not.

Just treat everyone as you want to be treated yourself.

Diversity on council and ward representatives

Ensure that in house training is undertaken so that people contacting E & E Borough Council or using their services will be sure to be treated equally

Identify ethnic diversity in borough and identify ways to support and celebrate them i.e. religious, national holidays, language groups, festivals etc

I do believe that there is natural, unforced equality evolving since the 1950's when immigration began on a larger and broader scale. I myself was brought up in Balham, Clapham and BRIXTON. Whilst there were a few who found it difficult I know that most people welcomed all creeds, colours and religions with English politeness. This present move will hasten the integration and that is not a problem as long as it is merited by talent.

Just treat all people equally and fairly in all matters concerning the Council.

Encourage equality for all not just black people or any other group. Promote diversity and inclusion, educating people where appropriate. Be tough on discrimination of all forms. Have a diverse committee to implement this.

Greater accessibility for Disabled People - working more closely with Surrey Coalition of Disabled People.

Apply various criteria to all peoples

There are still citizens in the borough struggling with English Language. Perhaps we should have a volunteer system to help.

things like the round borough hike and bike setup cross sports clubs challenges e.g. to do a 5k run - so have all the local sports clubs, teams compete

Consult all the different communities within the borough. Communicate it. Monitor it Set achievable goals

I'm sure you are taking all necessary actions, don't go mad and spend too much time on issues that have not arisen, sometimes it's better to let people ask for services than supply the ones that are not needed

All individuals should be treated as same with due respect and dignity irrespective of the race or ethnicity of the person.

To give everyone equal chances within the basic standards of the country.

1. Leading by example 2. Reaching out into the community as an organisation and not leaving this matter to the politicians 3. Showing examples of what we are doing in practice (I can't think of anything we do beyond the letter of the law)

Epsom and Ewell Borough Council need to take steps to ensure that all sections of the community are being seen and heard; particularly actions to engage with hard to reach communities in the area. This could be done by engaging in community events with local organisations, for example hosting themed events around other religious celebrations so we can all have a better understanding of each other

make sure it's a working document and not just a piece of paper to be filed away. monthly meetings

Raising awareness of the different communities within Epsom and Ewell Encouraging representatives to share what makes Epsom and Ewell a place where their community can thrive Shine a spotlight on different communities and their contributions to the wider community

Bring communities together to celebrate differences through events

Information accessible to all so they have a sense of belonging and want to be a part of community

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

Clear communications which encourage inclusivity. Engaging with different people to understand what is important to them.

Just treat everyone the same

Insight article for all residents highlighting all the different communities that live in Epsom and Ewell; different religions, from different countries, etc and highlight how exciting that is. Do people know how diverse and interesting Epsom and Ewell is?

One example might be exploring how we communicate with non-English speakers. Surrey-i shows that Epsom & Ewell has modest sized communities of foreign nationals where some family members do not speak English or do not speak English as a first language. Where access to information is limited it may leave individuals dependent on others, which can sometimes raise issues of safeguarding and discrimination. This theme could also use an informed opinion which might be achieved by explaining what we mean by community cohesion.

Do more to bring people in the community together around issues that connect them - eg through citizens panels, prioritisation exercises at community events, supporting community action on ASB (eg litter picking), Participatory budgeting Reach out proactively to disadvantaged or hard to reach groups

Understand better the diversity within the community and actively seek input from all community groups representing this diversity

Publicising that the council takes a lead with its own workforce and HR policies , to the borough and communities Maintaining with the council's employment policies a diversity balance reflecting the wider borough ethnicity mix

Same opportunities for everyone.

We need to fully understand of whom our community is comprised so that we can ensure we fully support their needs. However we should not lose sight of the fact that all our residents must be treated equally. The aim is to put everyone on an equal footing not over support or over represent any particular group.

consultation and then listening to the responses and allowing these to inform policy

Before spending scarce time and resources developing can EEBC show that there is a problem in the area with inclusivity or cohesion?

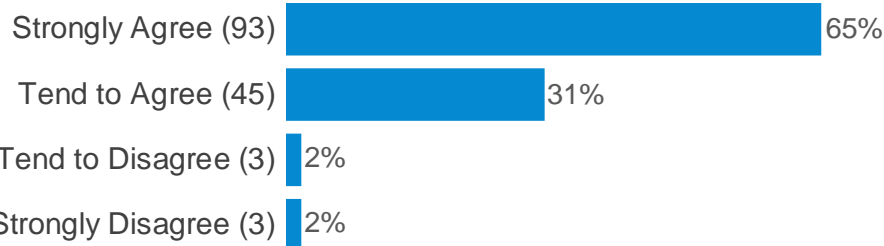
Education through the dissemination of appropriate materials to everyone. Awareness of prejudice that has been directly at the minority group and also an understanding that often traditional and hateful ideals are not suitable in this age. i.e. Just because this was how it was historically done doesn't mean that it is appropriate in this modern age. Also the exploration that the values of being British should not be associated with colour, sexual orientation and mental or physical disabilities but instead the understanding that people are different.

Ensure that services are open to all who would qualify- irrespective of protected characteristics Foster good relations between interest groups that are specifically for those with protected characteristics

Research how others have developed their work to enable inclusive communities Meaningful consultation with representatives from the different communities in the borough to identify the challenges they face Adequate resources (not tagged on to someone's role)

Work together to achieve this.

Some form of awareness programmes that celebrate diversity.

Do you agree or disagree that this should be an Equality theme for EEBC?**What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...**

A wider range of communication to the community

Important is to consider whether online activity only is accessible. For example the new SCC booking scheme for the recycling centre at Longmead might prevent some people from being able to attend.

Ask large shops to provide at least one seat for elderly and infirm

Make the public, businesses and employers aware of the aims of EEBC and how they will be implemented and enforced.

Again regarding adult education within Epsom

Make services accessible where ECONOMICALLY reasonable. You will lose public support if you use funding that is disproportionate to the few that might benefit.

Awareness

Accessibility is vitally important. Targeting people with needs.

Advertise this in the Borough News

Asking disabled people what is needed, finding funding to implement ideas.

I don't actually understand the question. The wording is not something I am familiar with.

As before

I actually disagree with any scheme that discriminates against anyone be it black or white. it stands to reason that any scheme that favours one will discriminate against the other.

More accessible services are a priority but this is not always practical.

I dont believe there are any further steps that should be taken

As theme 1

Call meetings throughout the borough so people can be educated so that they are able to follow the Equality Theme. This may require both classroom activities as well as open debate. I'm not sure what happens to people who fail to take on board the ideas/concepts?

The services and subjects of engagement must be relevant to the communities they serve.

EEBC does not engage or support older people. EEBC needs to have a specific contact point for older residents who will listen to their concerns and assist them.

Analyse carefully the balance between availability of services to all, or modifying delivery for those with special needs. I think, within reason, some set of defined service outcomes should be available to all, but delivered if necessary by differing mechanisms to ensure availability to all or as many as practicable.

Again my experience has been negative when trying to engage with Councillors. Residents are told what is going to happen generally as a 'fair accompli' and there is a real lack of meaningful engagement or understanding of community issues and needs.

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

The Council need to ensure that all residents are able to see what they are trying to achieve. That is measurable so that the Council can show if they are achieving or not. Also ensure that all residents, inc those who do not have access to IT, have this available to them.

If people need services, they should be able to find them and know their needs will be at least serviced. People should be able to approach, not be actively identified as different

Publicise that the EEBC is an Equal Opps employer and take it further to ensure that communities know that. Various leaflets and booklets could state this and also explain what it means. Appoint a figurehead so that people know who to contact if they feel their needs are not met.

No comment

Accessible services for hidden disabilities such as social anxiety (currently categorised within Autism) Dyslexia etc.

Go into community/social groups and get the opinion on how to improve access and awareness of services

Being of the generation that welcomed natural integration I find the subject strange and slightly offensive

Find the best ways to communicate equally and fairly with everyone in the Borough.

Speak to people in from ethnic minorities in the borough to see what issues are being faced. Use that as the basis to form the strategy for the D&I committee

Again, in partnership with Surrey Coalition to coproduce

An international food and wine festival would be wonderful.

As my previous answer.

Not really sure what all this actually means, what's an equality theme anyway? Surely you have a set of standard policies that are applies not vague themes?

All individuals, should be treated the same irrespective of whether the person has a disability or not.

Everyone should be given equal opportunities.

asking the community!

engagement with hidden and harder to reach communities to determine their needs and shape the Council's service provision

include the views of young people. currently services such as police and social services are under represented

Understand how Council services are accessed by residents Ask residents what they think about the Council Create opportunities for residents to tell the Council what they think

In different media forms, emails , poster advert around town. Leaflets distribution.

Sensitivity to cultural differences in perception of support services. What is considered by some as 'support' may be considered as 'interference' by others. Meaningful staff training to enable understanding of these differences so that approaches can be adapted to encourage engagement. Recognising that hidden disabilities can be as debilitating as physical disabilities. Developing clear inclusive communications.

Ensure that the disabled, particularly wheelchair users have equal access availability.

Communication on all the many varied services we provide.

Not only is accessibility a requirement under law it is also a crucial pillar of channel shift to digital services. Without sufficient adoption this council will struggle to make service transformation pay for itself. All future services should be designed with an accessibility first approach. We should explore which groups might be excluded or disadvantaged by inaccessible services and engagement.

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

Use new technology to make meetings more accessible to residents but ensure open to all groups eg those with hearing impairments Invest in town hall to make it an accessible hub for all including those with disabilities

Ensure all decisions on services, however small, consider the diverse community

making the council services as accessible and widely publicised to all sectors of the community using as wide and as diverse a means including both online social media, published media and in person (post Covid)

Don't exclude anyone from anything unless there is a good reason to do so.

We should aim to ensure all our community are equally represented on the Council, in the Council workforce and can reach and enjoy all Council services. However we should be for instance supporting help with learning English rather than printing all publications in other languages. The aim should be equal accessibility of serves not an inferior nor a superior accessibility.

Equality of opportunity can be helped by consultation but also by allocating financial and other resources, consultation by itself is not sufficient.

Can EEBC demonstrate there is currently a problem with this in the area?

Having a workforce that is inclusive because there will be an understanding in how the council should communicate with certain groups. Also, engagement with grass roots and recognised organisations that can explain what is right and wrong. Politics should not be involved especially if the party's interests outweighs community benefit. It's like cancer that spread and is difficult to treat.

Ensure that, where adaptation is practical, all our buildings have appropriate access and facilities Letters should be 14 font size Have hearing loops etc available for meeting with public

consultation with people with differing needs to identify the challenges they face engaging with the different communities engaging with the voluntary sector

Ensure that everyone is treated equally and any barriers removed.

Do you agree or disagree that this should be an Equality theme for EEBC?

Strongly Agree (88)  61%

Tend to Agree (47)  32%

Tend to Disagree (6)  4%

Strongly Disagree (4)  3%

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

Same response as for theme 1.

Make the public. businesses and employers aware of the aims of EEBC and how they will be implemented and enforced.

Whilst I support inclusivity, I do believe that people should be employed on their individual merits in relation to the role and hiring should not be driven by artificial targets set by the authority.

Development of advertising for job

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

As before

Monitor this and report back to the community

This should be covered by businesses not EEBC

I don't actually understand the question. The wording is not something I am familiar with.

Again as before

Best person for the job regardless of colour, ethnicity etc.

i dont understand how this relates to the community

As theme 1

Call meetings throughout the borough so people can be educated so that they are able to follow the Equality Theme. This may require both classroom activities as well as open debate. I'm not sure what happens to people who fail to take on board the ideas/concepts?

This is a no-brainer and a hearts and minds job rather than good words. People need to feel good about each other as well as themselves. I think we all need to understand the reasons for anti-social or discriminatory behaviour. In many cases I believe it's unintentional to begin with but positions become entrenched and resolute persistence becomes a matter of pride for those involved.

As previously stated older people are either ignored or not treated with respect and dignity

Output specifications for the workforce may have to be qualitative ranges rather than simply quantitative.

As before. Ensure this is measurable and accessible to all, inc those without IT access.

All work positions should be open to all. That simple

As outlined in my previous comments. Training is vital.

EEBC to attain Disability Confidence Level 3 status if not already attained. For lower skill base roles, shift balance of employment contracts offered back towards recruitment against sustainable contracts for employees, rather than gig economy style/ Agency based temp or self employed recruitment - providing for workplace security of tenure and financial protections. E.g. Some roles require initial training to be undertaken without payment. Proactive recruitment of all age Apprentices into EEBC Embedding offer for employees to enrol on "pay deducted" Credit Union saving schemes Increased use of DWP Work Trials Scheme; Access to Work applications - embedded early on in recruitment practices EEBC Business Awards to include the above practices as essential minimum requirement in all businesses competing/chosen as winners, across all categories of Award. EEBC Planning; Legal and Purchase and Supply teams to include requirement for above recruitment and employment practices to be essential working practices embedded in chosen Contractors; Suppliers etc.

Incorporate borough, country and national wide campaigns on diversity and inclusion. Maybe get guest speakers from initiatives and host a lunch and learn or workshop to learn more

ALL employment should be on merit and talent regardless.

Opportunity for everyone and not just certain group

Treat every employee equally and fairly and try to select employees on a fair and equal basis.

Remove names from cv's/job applications so minorities are not identified and sifted out during recruitment process. Have a BAME working group at EEBC

Get into the schools and find out what is being done to teach confidence.

Examine employment conditions Look at recruitment policies Look to recruit from within the borough. Provide assistance to minority or disabled applicants

Ensuring publicity to the community through the existing means.

What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

Every person should be treated as an equal irrespective of race, age or how they speak, (with different accents).

We should be fair to all and treat everyone the same. There's a view among the staff that some colleagues in a minority groups are able to get away with behaviours that others can't as the council is too afraid to call this out. It is also obvious that for a local authority we have a lot fewer staff from minority backgrounds than comparable organisations. While I do not advocate positive discrimination, we have to ask why.

a diverse workforce is a strong workforce; think about where job vacancies are advertised

make sure you have trained workforce rather than token workforce

Raise awareness amongst staff of EDI issues Create a culture where diversity and inclusion are valued Encourage staff to talk openly about EDI issues and how it affects them

Who ever is best for the job colour or race shouldn't come into it. Good to see a diverse workforce but always employ those who are best for the job.

Unconscious bias training for recruiting officers. Diversity principles should be embedded into all policies rather than being an 'add on'.

Where possible.

Highlight to members of staff through good communication how varied our workforce is. Ask people for ideas on how to educate each other about their interests, beliefs and way of life.

Has training in unconscious bias been considered? Worth a look. Revisit diversity nomenclature, eg BAME is outdated and often felt to be a catch all label.

Actively seeking applicants for new roles from diverse population and ensuring there are ways of diverse groups within the workforce can be heard

Include more work experience opportunities for people with Learning disabilities

As in my first statement

Equal opportunities regardless of race, religion, sexual orientation etc. However, please avoid positive discrimination - hire the best individual for the job!

Our work force should reflect those in the community it supports so should be appropriately diverse. I have concerns about quotas because this can lead to discrimination against a person who is the best candidate for the job. However measures should be put in place to ensure applications come in from all parts of the community and recruitment is fair and equal.

Not exactly sure what "Workforce Inclusivity" means in detail, but I feel that the Council should employ people who are best able to do what is required in the related job discrimination, rather than employ someone for a non work related characteristic.

I can't comment on this one, I'm retired.

I imagine there are already lengthy procedures to be followed in recruitment and staff management. Is there evidence these are failing?

Not all candidates speak perfect English or understand how things are traditionally done. There need to be an openness for change and being patient to let your workforce grow and learn. Be a council that is actually caring and loving of everyone but be prepared to step in when things are wrong.

It can be difficult to evaluate different jobs to ensure equality - but those undertaking the same jobs, with the same experience and performance records should be treated equally.

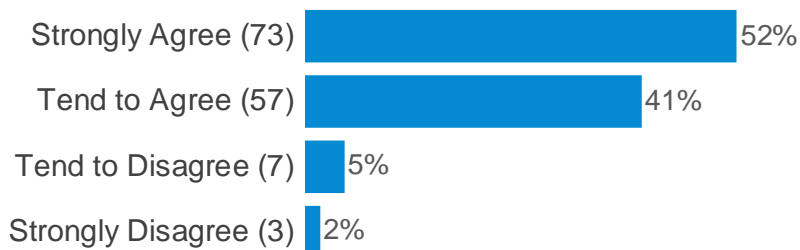
Mapping if the staff adequately reflect the diversity of the borough check all the processes eg recruitment, promotions etc. Learn what other organisations have done which has made a difference Survey the staff

The theme speaks for itself. We need to reflect the diversity of our local residents.

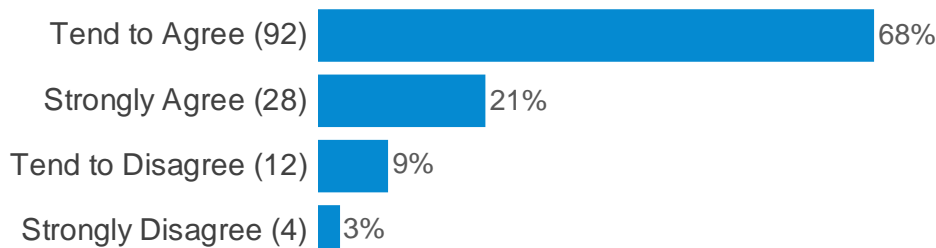
What actions do you think we need to take to deliver this theme for the communities of Epsom and Ewell? Please specify below...

Inclusively is important. However, it should not compromise merit based decisions.

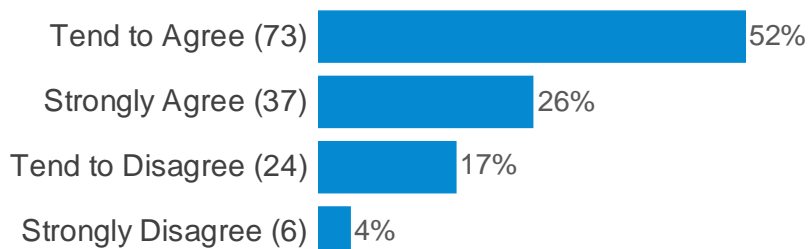
Overall, do you agree or disagree that the EEBC Equality Objectives are: (Appropriate)



Overall, do you agree or disagree that the EEBC Equality Objectives are: (Achievable)



Overall, do you agree or disagree that the EEBC Equality Objectives are: (Going to make a difference to the people of Epsom and Ewell)



Is there anything else that you feel should be an Equality theme for Epsom & Ewell Borough Council?

Nothing

No

Be sensible about it ... don't go overboard. Be fair to all but don't discriminate positively or negatively with any group.

Monitoring racial imbalance in action undertaken by local police

Need to be careful not to waste time/resource on areas that are not really a focus for the Borough, Equality is a good principle and underpinning theme, but should not over evaluate the approach

I don't actually understand the question. The wording is not something I am familiar with.

Is there anything else that you feel should be an Equality theme for Epsom & Ewell Borough Council?

No

No

All children should have equal opportunities

Modern society has more opportunity than ever before. Continue with this.

The Council can only create an equal opportunity environment.

The Council serves an extraordinarily diverse public both in terms of age and background as well as wealth and occupation. One-size fits all is not a way forward and I believe that you need to break it down into manageable chunks with measurable outcomes. Inevitably, prioritisation of quick wins will mean some of the more difficult topics will be neglected, but visible progress in a small number of areas will act as stimulus and encouragement to go after some of the more difficult targets.

Equality can not be achieved when if a member of the public makes a complaint decisions are made by one person

not sure

Opportunities to provide/receive a service/benefit should be open to all. Quality of expected and actual outcomes should be agreed by receiver of service and provider of service before and after delivery. Collaboration during specification and delivery of service is desirable, with a range of reasonable options/choices for delivery mode and outcomes.

Whilst I agree with the objectives my experience has been that lip service is paid to published objectives. The reality is Councillors often don't respond to legitimate communications and residents aren't included or consulted in a transparent manner. This leads to a lack of faith and trust in decisions made behind closed doors.

No

Already said.

I do not have a full informed opinion to know what else could be delivered

Ensuring that this reaches out across all generations.

I can't think of anything

All lives matter

AS I say having been brought up in Balham, Clapham and Brixton where my sisters still live WE naturally mixed and socialised with everyone after the war. There were a few who felt threatened that their lively hoods etc would be threatened but nearly everyone didn't make it an issue. I realise now that times and minds have changed but I am not sure that anything forced is a good way to conduct the natural progress.

Try not to judge people on their looks - e.g. physical attraction, dress sense, hairstyle.

All eating places should be accessible to wheelchair users. The Amazon, although closed could not accommodate wheelchair users.

Within the council itself which is a workplace - how is a career in local government achievable? Why does it matter? And our university - how many kids from local schools get in?

Making access to events/clubs/swimming cheap to encourage mixing

No.

None

In the "Marital status" box there should be a box to indicate whether you are a "Widow" or a "Widower". I am a "Widower" and you have assumed that I do not exist!

It is all very worthy, but (as a older white male) it all seems a bit bureaucratic. Hard to see how it relates to the world outside of the council offices.

Is there anything else that you feel should be an Equality theme for Epsom & Ewell Borough Council?

I have a nasty suspicion this whole thing is a box ticking exercise - if we want to do something positive we should be doing some proper engagement, have proper resources and some ambitious measurable targets - eg x% staff members from BAME backgrounds in x years

share information fairly and equally.

Teaching scheme for youths so they learn that there can be equality.

Treating all customers with equal respect. Too often I hear residents who approach the council for help are met with poor attitudes from staff, almost as if they are unnecessary nuisance, who do not deserve to be helped. On several occasions the attitude is one of complete indifference, I refer to the housing and benefits department in the main. Clearly a training need identified here.

Greater interaction/engagement (post Covid) of the community in and around the town centre.

No

It would be helpful to qualify what we mean by the terms in the framework.

This is a good start - there should be a cycle of regular reviews to check appropriateness to the current situation and ever changing community

Middle aged white men are in danger of being discriminated against. Be careful the pendulum does not swing too far!

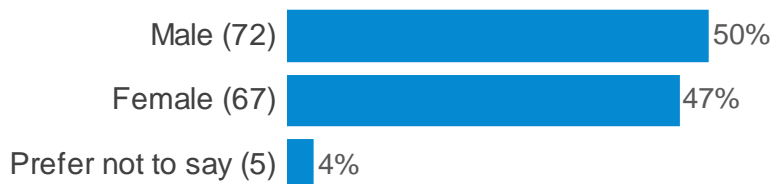
Ensuring wherever we can that the Police are treating all members of the community equally and fairly within the the Borough.

you have no specific targets or policies for racial inclusion and equity? I think we should have these.

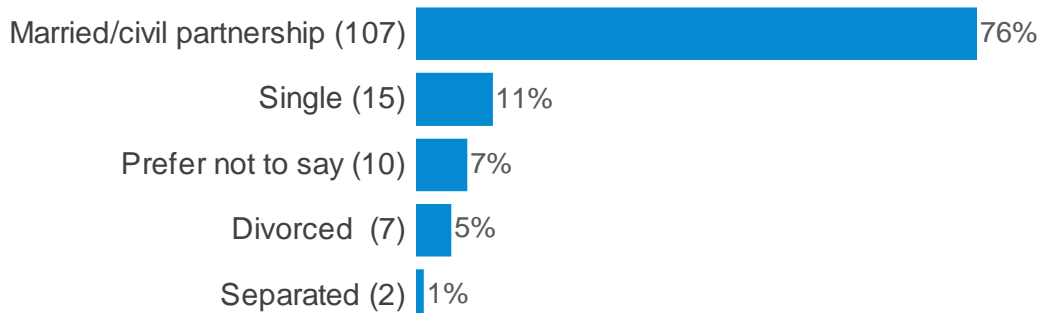
No. I believe EEBS should just focus on service delivery and continuous improvement.

No although the work may identify others as it progresses

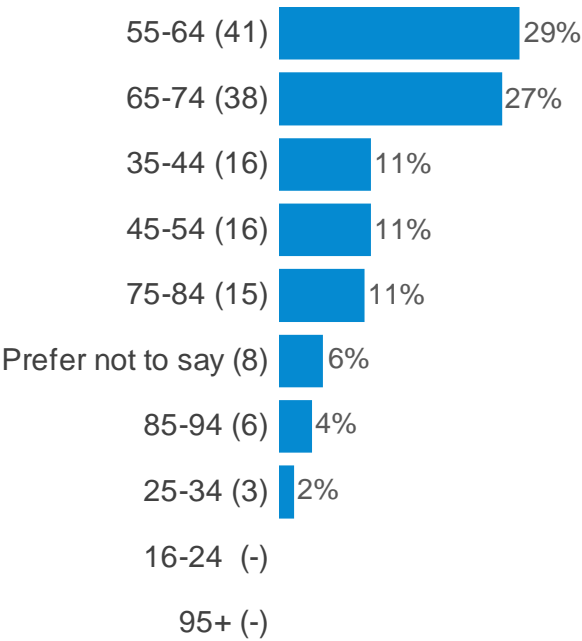
Are you ...



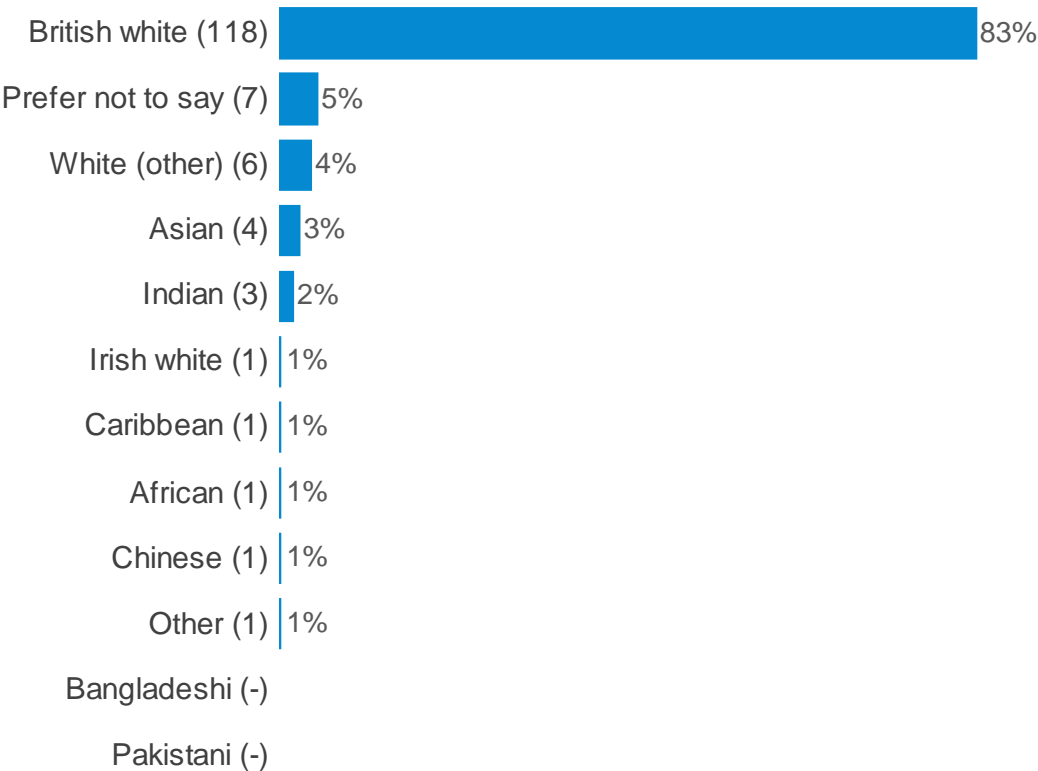
Which of the following best describes your marital status?



How old are you?

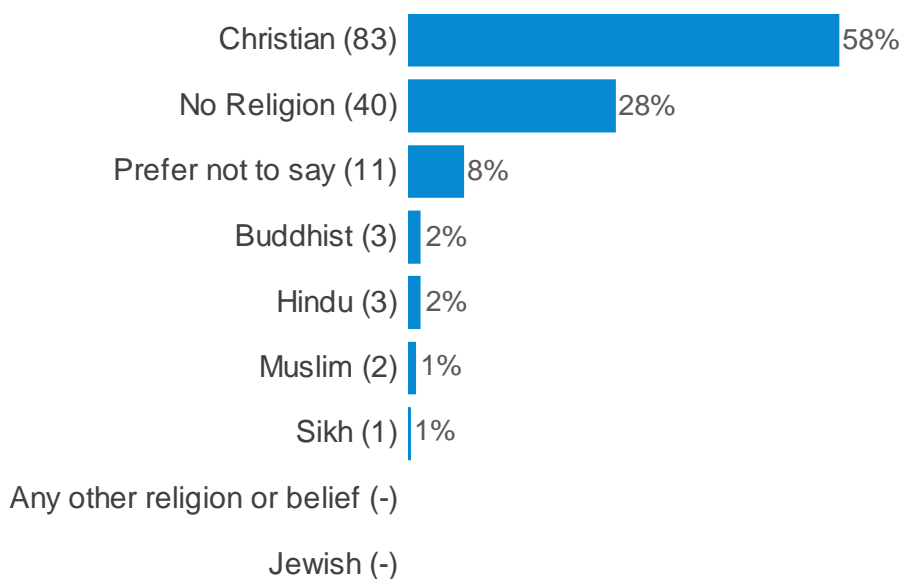
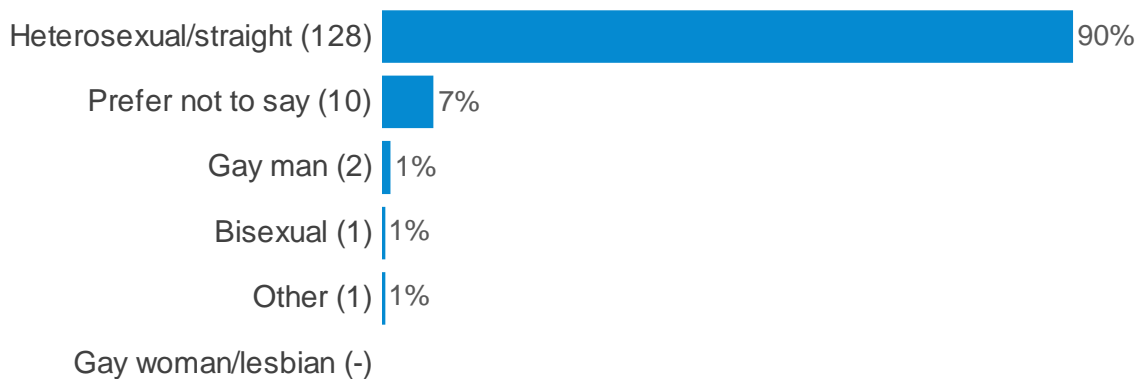


Ethnic Group



If other, please state:

Latin American

Religion or Belief**Is your gender identity different from the sex you were assigned at birth?****Do you identify as a... (please tick all that apply)****Sexual Orientation**

Have you been pregnant and/or on maternity leave in the past two years?



Do you believe you have a disability according to the Equality Act?



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Epsom and Ewell Borough Council's Diversity, Equity and Inclusion Framework

2021 – 2024

To support action promoting Community Cohesion, Anti-Racism, Equity and Justice

Tracking

Policy Title	Diversity, Equity & Inclusion Framework		
LT sign off	17 February 2021		
Committee	Strategy & Resources	Date approved	30 March 2021 (TBC)
Review due date	March 2022	Review completed	
Service	HR & OD		

Revision History

Revision Date	Revisor	Previous Version	Description of Revision
September 2020	Shona Mason	Draft Diversity, Equity & Inclusion Framework 2020- 2024	Initial draft approved for consultation with residents, Members and staff
March 2021	Shona Mason	Diversity, Equity & Inclusion Framework 2021 - 2024	Updated post consultation and to take account of impact of COVID19 on resources to deliver action plan including timeline of framework

Epsom & Ewell's Long-term Vision – Diversity, Equity and Inclusion Appendix 2

The Council's vision for Epsom & Ewell to be a creative and vibrant place can only be achieved through a strong commitment by the Council and Epsom & Ewell's residents, to encourage diversity and recognise and celebrate difference within the context of equity and fairness.

Part of the Council's long term vision, is to create a place that offers an excellent start in life, as well as ongoing opportunities and social/economic prosperity whatever a person's background. Promoting Diversity, Equity and Inclusion matters is essential to achieving the long term vision.

This Council holds a vision for Epsom and Ewell of a borough where people support each other and work together to build a fair, inclusive and safe place for everyone. This vision will help to create excellent starts in life for everyone within the borough, as well as a culture of equitable opportunity and prosperity.

We believe that working together and demonstrating a strong community spirit is a sure way to deliver the spirit and letter of our Vision. Actively promoting inclusion and diversity is integral to our vision and the success of our communities

We believe that Epsom and Ewell should be a place where everyone can thrive.

However, we recognise that this is not always the case, and that some people experience discrimination for a wide range of reasons. Through our interactions with our residents, we recognise that many people in Epsom & Ewell are held back because of inequality, discrimination and the lack of opportunity connected to one or more of the characteristics that are protected under the Equality Act 2010. We also recognise that there are other causes of inequality or exclusion such as people being excluded because they have a low income, are socially isolated, live in poor housing or due to poor health. At the Council, we do not think that this is acceptable. The Council is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse community and workforce brings.

We will do everything in our power to create equity of opportunity in our communities. This framework affirms our commitment to tackling inequality not just because it is our legal duty but also because in doing so helps create a more successful Borough.

Issues relating to other forms of inequality or exclusion are considered through other strategies and areas of Council work such as our Health & Wellbeing Strategy and HR & OD Strategy.

Valuing Epsom & Ewell's Diversity

Epsom & Ewell is becoming ever more diverse. This is one of its great strengths and being a more inclusive organisation will help the Council to:

- Understand our communities well and listen to them more closely
- Make decision which are informed by different points of view
- Develop and deliver the best possible services for all

The Borough Profile's provide information and insight to the makeup of the Borough
There is a link to this [DATA](#)

Harnessing the Benefits of Epsom & Ewell's Diversity

To harness the benefits of diversity we are building an inclusive organisation that actively recognises the contribution of people from different backgrounds, in all aspects of the Council's plans and work.

Being inclusive is not just about inviting different contributions but also tackling inequalities and advancing greater equality, as well as fostering good relations between people.

Diversity refers to the traits and characteristics that make people unique.

Equity refers to fairness and equality in outcomes, not just in support and opportunity.

Inclusion means refers to the behaviours and social norms that ensure people feel welcome.

"Conversations" with our communities are vitally important and during the period of this framework the Council is committed to developing these conversations in different forms.

Public Sector Equality Duty

As a public body, we have a specific duty under the Public Sector Equality Act 2010 to publish equality objectives that demonstrate how we are meeting our responsibilities.

Section 149 of the Equality Act 2010 places a general equality duty on the Council to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited under the Act
- advance equality of opportunity between people who share a protected characteristic and people who do not share it
- foster good relations between people who share a protected characteristic and people who do not share it

The characteristics protected under the Act are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

- Marriage and civil partnership

As outlined in the Technical Guidance on the Public Sector Equality Duty (LINK), compliance with the duty will result in:

- Better informed decision making and policy development
- A clearer understanding of the needs of service users, resulting in better quality services which meet varied needs
- More effective targeting of policy, resources and the use of regularity powers
- Better results and greater confidence in, and satisfaction with public services
- A more effective use of talent in the workforce
- A reduction in instances of discrimination and resulting claims

More information about the Equality Act 2010 and the Public Sector Equality Duty please see the Equality and Human Rights Commission website which can be accessed [here](#)

Diversity, Equity and Inclusion Framework

The Diversity, Equity and Inclusion Framework outlines the Council's commitment and approach to eliminating unlawful discrimination, harassment and victimisation, advancing equality of opportunity and fostering good relations in Epsom and Ewell over the next three years.

The Framework supports the key priorities set out in Epsom & Ewell's Four Year Plan. In a post COVID environment with significant budgetary challenges and an increase in demand for services, the Framework will enable the Council to develop services to meet resident's needs and to assess how changes in service delivery will impact residents.

Our Principles

- To be a learning organisation, working to make improvements
- To learn from our mistakes and experience
- Engage with communities, partners and stakeholders
- Fulfil our duty under the Equalities Act 2010
- Require our contractors to abide by the Equalities Act 2010

The Council's Diversity, Equity and Inclusion Approach

Theme 1 - Developing Inclusive Communities and creating Community Cohesion

- This theme is about developing a greater focus on promoting social inclusivity across all the Council's services and developing good community relations. The Council's long term vision is to create safe and healthy communities brimming with opportunity and prosperity. This means communities in which everyone regardless of their background, beliefs, personal situation or identity feels welcome and able to prosper.

Theme 2 - Engagement and Accessible Services

- This theme is about ensuring that Council services, information, and engagement opportunities remain accessible to all residents, particularly those with protected characteristics. As a public body, we need to make sure all our residents are able to access our information and services. Not everyone is able to do this in the same way, so we need to make sure there is a range of options available.

Theme 3 - Workforce Inclusivity

- This theme is about continuing to seek opportunities to build inclusivity into the Council's internal policies and procedures. The Council is committed to being an inclusive organisation providing opportunity for all.

Delivering for our Communities

We want people and organisations in Epsom & Ewell to see the Council as a community leader in addressing equality and inclusion. Our aspirations in delivering equity and inclusion are to:

- Leading by example across our whole organisation
- Taking a strategic approach to promoting equity and inclusion with a specific action plan
- Listening to communities and individuals about their lived experiences of all forms of inequality and exclusion and taking what is said in to account when we make decisions

Impact of COVID-19 on BAME Groups

There is clear evidence that COVID-19 does not affect all population groups equally. Many analyses have shown that older age, ethnicity, male sex and geographical area, for example, are associated with the risk of getting the infection, experiencing more severe symptoms and higher rates of death.

Public Health England produced a report to help better understand the impact of COVID-19 on BAME Groups and can be found [here](#).

The pandemic has highlighted inequalities that exist and there are many challenges faced by residents in the Borough as the pandemic continues. As part of the Borough's recovery our community needs to be stronger and more resilient than before and the DEI framework will help the Borough to achieve this.

Data and Evidence

We will continue to improve our equality data, and using local intelligence and data insight to inform future service planning and formal decision making. We need to make sure our services are sensitive to, and reflect the needs of our residents. We can only do this by understanding what those needs are. We can use data to help us do this, and make sure that the right information is available to those who are involved in planning and taking decisions about service delivery.

Responsibility and Ownership

Elected Members, Leadership Team, services, managers, teams, staff, contactors, partners, stakeholders and residents all have shared responsibility and ownership for realising and encouraging equality and diversity.

Members must fulfil their statutory responsibilities under equalities legislation to promote good community relations and as community leaders promote the framework through their work.

The Leadership Team will lead by example using the Framework to embed equality and diversity matters in all aspect of the Council's work. The Leadership Team will be active in the promotion of diversity, equity and inclusion and ensure that robust Equality Impact Assessments (EIA) are undertaken where required.

Teams across the Council will ensure development and implementation of service inclusion and diversity actions ensuring completion of EIA.

The Inclusion & Diversity Group is chaired by the Head of HR & OD and includes other senior members of staff. The group meet regularly at least four times a year. The purpose of the Group is to:

- be the lead for inclusion and diversity in the Council
- review the framework and annual action plan as well as related policies
- will act as an advisory group to support with raising awareness of inclusion and diversity matters
- support and deliver of inclusion and diversity events to help raise awareness
- providing oversight of the delivery of EIA
- ensuring compliance with equality legislation

The Councils [Behaviour Framework](#) outlines that staff should be respectful and appreciate diversity. Staff should demonstrate a commitment to equalities which is further outlined with the Council's People Framework through a number of procedures.

Residents play a vital role in creating community cohesion and inclusive communities. The Council expects residents to also be respectful to each other.

The Council is committed to creating equity, a place free from discrimination, harassment and victimisation and work with residents to address inequality.

Equality Impact Assessments

Equality Impact Assessment (EIA's) help us to consider policy, service or process and how it might affect the different groups affected by law. We use EIA's to find and remove barriers. This also helps us consider how best to provide help and support those who need it the most and to plan services that are as accessible and fair as possible.

EIA's are completed by relevant departments when new services are developed, there is a review of a service or a proposed major policy change. This is to make sure that they do not have unintended consequences for anyone with protected characteristics.

As part of the action plan a review of EIA guidance and forms will be undertaken to ensure that Heads of Service and Managers are clear of expectations and training provided to show how they should be used. This will also include a screening process which will allow the Council to determine when an EIA is required.

Financial and Resource Implications

There is no identified budget for Diversity, Equity and Inclusion and all activities related to this strategy and action plan will be met from within existing resources. However there is identified budget to enable reasonable adjustments to be made to enable the Council to comply with the Equality Act 2010. Financial sign off is required by the Head of HR & OD for all reasonable adjustments where funds cannot be identified from within existing service budgets.

Risks

The Council has a legal duty placed on it to ensure compliance with the Equality Act and may be open to legal challenge if it is unable to evidence its approach and how it meets these requirements.

It is therefore imperative that this strategy and action plan are implemented effectively to ensure that compliance is reached and maintained.

Engagement

Our Framework sets out our Diversity, Equity & Inclusion priority themes, which have been put together following a review of how the Council should discharge its equality duty, using guidance published by the Equality and Human Rights Commission, Local Government Association and in consultation with, Members, Leadership Team, Inclusion & Diversity Group, Staff and Residents.

Monitoring and Reporting

The Council's Diversity, Equity and Inclusion Framework is a three year framework which will be approved by Strategy & Resources.

The framework will be published on the Council's website to ensure that equality objectives are accessible to the public in line with the Public Sector Equality Duty.

The Action Plan will initially be for a one year period and will be reviewed on an annual basis, with an annual report submitted to Strategy & Resources Committee to demonstrate progress against each of the themes. This progress report will also be published on the Council's website.

Progress will also be monitored through the Inclusion & Diversity Group and Leadership Team with regular reporting on progress.

As part of the monitoring process annual workforce profile information will also be published on the Council's website.

Diversity, Equity & Inclusion Action Plan 2021 – 2022

Annex 1

- **Theme 1. Developing Inclusive Communities**
- **Theme 2. Engagement and Accessible Services**
- **Theme 3. Workforce Inclusivity**

Theme 1 - Developing Inclusive Communities Year 1

This action plan has been developed in response to both changing demographics and also the impact on the most vulnerable due to the pandemic

#	PRIORITY	ACTION	SUCCESS MEASURE	TARGET DATE	LEAD
1.1	Tackling health inequalities in the Borough	The Health & Wellbeing Action Plan to be updated to reflect health inequalities and impact of COVID-19	Plan updated	September 2021	Head of Housing & Community
		<p>Addressing health inequalities with a clear focus on supporting:</p> <ul style="list-style-type: none"> • Mental Health • Social Isolation and loneliness • Promoting health impact with local projects <p>Lobby, with partners, the government for immediate action to implement the recommendations on the recent PHE report on the disproportionate impact of Covid-19 on our Black, Asian and Minority Ethnic communities.</p>	Increased level of support / promotion	<p>March 2022</p> <p>Ongoing for the duration of the plan</p>	DEHR
1.2	Community Engagement	COUNCIL MOTION - Continue our conversations with Community Leaders to better understand how the Borough Council can best manage its services to support those communities and best use its influence to make a positive difference.			

#	PRIORITY	ACTION	SUCCESS MEASURE	TARGET DATE	LEAD
		Set up further community conversations with key groups	2 further meetings held	September 2021	Head of HR &OD
		Review of consultation and engagements and a refresh of the citizens panel to attract greater representation across the Borough	Updated plan and Citizens Panel	March 2022	Head of PPG
1.3	Encouraging and promoting greater participation from BAME populations across the Borough	From consultations identify barriers and seek to reduce these barriers through well designed service changes	Increased numbers of BAME residents accessing services (Reporting via LT Dashboard)	March 2022 March 2022	Head of PPG Head of Housing & Community
1.4	Encourage, share and promote events that celebrate Diversity	Develop a new community/civic event to bring people together and promote the best of the community with a focus on diversity, equity and inclusion	Events held and supported	March 2022	Head of HR&OD Head of Operational Services

#	PRIORITY	ACTION	SUCCESS MEASURE	TARGET DATE	LEAD
		COUNCIL MOTION - Invite local schools to contribute to a Borough Council programme celebrating multiculturalism and the achievements of differing communities in the Borough		March 2022	Head of Property & Regeneration
1.5	Support vulnerable members of the community to tackling crime against protected characteristics	COUNCIL MOTION - Use the Community Safety Partnership to encourage local people to use their voice and report hate crimes to the police, and to develop with our partners a system for monitoring the outcomes of such reporting. Improving Community Engagement as part of the Partnership	Initiatives to improve Communication/engagement	March 2022	Head of Housing & Community

Theme 2 - Engagement and Accessible Services Year 1

#	PRIORITY	ACTION	SUCCESS MEASURE	TARGET DATE	LEAD
2.1	Equality considerations are clearly presented as part of the Councils formal decision making process	New committee report template to include equality and diversity Equality Impact Assessments to be completed for all major decisions and policies	Improved reports focused on equality matters	Ongoing	CLO/Head of HR&OD/ Relevant HoS
2.2	Improved accessibility of residents to information, services and activities	Improved website in line with Accessibility legislations	EIA undertaken	Ongoing	Head of Digital & Transformation

#	PRIORITY	ACTION	SUCCESS MEASURE	TARGET DATE	LEAD
		Programme of marketing of services and activities including the harder to reach groups Database or list of harder to reach groups developed	Increased marketing / communications campaigns	March 2022	Head of HR/OD
2.3	Introduction of My Council Services to enhance access to digital services	My Council Services operational	Introduction of new service orientated modules	Phased approach from 2020/21 – 2023/24	Head of Digital & Transformation
2.4	Improved communication to businesses on equality matters	COUNCIL MOTION - EEBC Business Newsletters, Business Breakfasts and our conversations with the BID to raise issues of racism and prejudice in the workplace, encouraging equality in recruitment practices	Delivery of I&D campaigns	March 2022	Head of HR & OD
2.5	Developing meaningful relationships and creating better understanding within our community	COUNCIL MOTION - Develop conversations with Community Leaders to better understand how the Council can best manage its services to support those communities and best use its influence to make a positive difference	Meetings held with identified outcomes	September 2021	Head of Housing & Communities / Head of HR & OD
2.6	Information about residents and service users including those with protected characteristics is used to inform service improvements in a manner that is compliant with data protection legislation	Borough profile information with protected characteristics is available publicly Workforce profile is available publicly Promote and use of Surrey data within services Participation in the development of the Social Progress Index (SPI) with Surrey County Council to develop ward level index	Data updated and refreshed Data published and available publically	September 2021 September 2021 September 2021 - March 2022 September 2021 - March 2022	Head of HR & OD / Head of PPG

Theme 3 - Workforce Inclusivity Year 1

#	PRIORITY	ACTION FOR	SUCCESS MEASURE	TARGET DATE	LEAD
3.1	Having a diverse workforce	Workforce profile and working to increase diversity through active recruitment campaigns to attract diverse talent	Changes in diversity across workforce	March 2022	Head of HR & OD
3.2	Employees, Councillors and contractors are aware of, and actively uphold the Equality Duty and their equality responsibilities and training resources are available	Members Briefing evening or event on Equalities and Public Sector Duty Mandatory Training for new employees through e-learning Ongoing equalities training for staff	Briefing event & training held New e-learning opportunities	December 2021 December 2021 March 2022	Head of HR & OD / Head of PPG
3.3	Ensure the People Framework supports employees in addressing inclusion and diversity	Roll out of Part 3 of People Framework with a specific focus on: <ul style="list-style-type: none"> • Inclusion & Diversity • Dignity at work 	People Framework procedure to support staff	September 2021	Head of HR & OD
3.4	Treat employees fairly and equally	Workplace support for employees Increase those involved in the activities run or supported by the Inclusion & Diversity Group	Provision of support No of those involved	December 2021	Inclusion & Diversity Group

#	PRIORITY	ACTION FOR	SUCCESS MEASURE	TARGET DATE	LEAD
3.5	Developing the workforce to recognise bias. Acknowledge that prejudice exists and provide a platform for discussion (combine with above	Arrange unconscious bias training for LT/Managers and listen to our own staff about their experiences and create an environment where they can speak freely and raise awareness among Officers and Members to ensure equally access to services.	Training / event delivered	September 2021	Head of HR & OD
3.6	Acknowledge that prejudice exists and provide a platform for discussion	COUNCIL MOTION - Listen to our own staff about their experiences and create an environment where they can speak freely, and raise awareness among Officers and Members to ensure equal access to services	Listening events hosted and identifiable outcomes from events delivered	December 2021	Inclusion & Diversity Group

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VAT ON ELECTION EXPENSES

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report seeks authorisation to use £50,903 from the Council's VAT reserve to fund the repayment to HMRC of over recovered VAT on the cost of holding elections.

Recommendation (s)

The Committee is asked to:

- (1) **Agree that £50,903 can be transferred from the VAT reserve to fund repayment to HMRC of over recovered VAT.**

1 Reason for Recommendation

- 1.1 Following an assessment of the Council's treatment of VAT on election expenses, an unbudgeted repayment of £50,903 is due to HMRC of over-recovered VAT.
- 1.2 The Council holds a VAT reserve to mitigate the impact of potential adverse VAT judgements.

2 Background

- 2.1 Where local authorities incur expenses for providing local elections they are permitted to recover, from HMRC, the VAT on these expenses under S33 VAT Act 1994.
- 2.2 Where expenses are incurred by authorities relating to general elections, by-elections or European elections, no VAT is recoverable from HMRC, as all expenses for national elections are reclaimed gross (i.e. including VAT) from the responsible body, e.g., Cabinet Office instead.

- 2.3 In 2020, HMRC's Compliance team contacted all election authorities requesting information on the treatment of election expenses for the last four years.
- 2.4 When officers investigated the treatment of VAT relating to election expenses since 2016 (the statutory period under investigation), it became clear that all invoices had been processed net of VAT, meaning VAT was not only recovered on election expense claims to the Cabinet Office (or other responsible body), but it had also been recovered on the Council's VAT return to HMRC. The effect of this was that the Council had recovered £50,903 VAT from both government offices.
- 2.5 The Council has had to repay the £50,903 over-recovery to HMRC in 2020/21, and it is proposed to fund this expense from the VAT Reserve.
- 2.6 HMRC also issued a penalty of £7,635 for the error, suspended from 20 January to 19 February 2021. The suspension reflects that officers have worked co-operatively with HMRC and implemented internal controls to prevent future over-recovery. The suspension period has lapsed without incident, so the Council does not expect the penalty to become payable.

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 The Council has a legal responsibility to properly account for VAT on all transactions. An ongoing annual contract with a specialist VAT adviser is in place to help with issues relating to VAT treatment of supplies, including potential under and over recovery.
- 3.1.2 Internal systems have been upgraded so that clear notifications are attached to invoices for elections, other than local, where VAT cannot be recovered upon payment of invoices.

3.2 Crime & Disorder

- 3.2.1 None arising from the contents of this report.

3.3 Safeguarding

- 3.3.1 None arising from the contents of this report.

3.4 Dependencies

- 3.4.1 Auditors and other external bodies have an interest in the accuracy and transparency of the Council's financial transactions and statements.

3.5 Other

3.5.1 None

4 Financial Implications

- 4.1 **Section 151 Officer's comments:** The Council currently holds a reserve of £250,535 to mitigate expenses relating to potential breach of our partial exemption calculation limit or assessments raised to correct errors in accounting for VAT.
- 4.2 Use of the reserve to fund the repayment of £50,903 to HMRC complies with the general purpose of the reserve and avoids a significant, unbudgeted, overspend on revenue budgets. The reserve balance will reduce to £199,632.

5 Legal Implications

- 5.1 None for the purposes of this report.
- 5.2 **Monitoring Officer's comments:** none arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** None.
- 6.4 **Sustainability Policy & Community Safety Implications:** None.
- 6.5 **Partnerships:** Working together with central government offices, other local authorities and external advisors to the public sector supports consistent treatment of transactions and taxation.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- None

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LOCAL PLAN RESOURCES

Head of Service: Viv Evans, Head of Planning
Wards affected: (All Wards);
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Appendices (attached):

Summary

The report seeks approval for the additional resources required to have an up-to-date Local Plan in place by the Government deadline of December 2023.

Recommendation (s)

The Committee is asked to:

- (1) To approve the increase in budget of £712,000, as set out in section 2.23.2 of this report, for additional activities identified in the preparation and adoption of a new Local Plan.**
- (2) To approve the reallocation of resources and additional funding of £29,583 to complete existing workstreams as set out in sections 2.23.1 and 2 of this report.**
- (3) To approve the use of New Homes Bonus Grant totalling £741,583 currently held in the Corporate Projects Reserve to fund the increased cost of delivering the Local Plan.**

1 Reason for Recommendation

- 1.1 To seek approval for the additional resources required to prepare and adopt an up-to-date local plan for the Borough. The existing plan dates back to 2007 and is therefore over 13 years old. The age of the plan has placed the Council at risk of challenges to the planning decisions it makes. In addition, the Council is at risk of being placed under 'special measures' by central Government for not making sufficient progress on preparing an up-to-date plan. This risk remains until the Council has an up-to-date plan in place.

2 Background

Local Plan

- 2.1 The development plan for the Borough is the key suite of documents used to make planning decisions. The Council's current Local Plan comprises the Core Strategy (2007), Plan E (2011) and the Development Management Policies document (2015). Together with the Surrey Minerals and Waste Plans, these make up the statutory Development Plan for the Borough.
- 2.2 Section 19(1B) - (1E) of the Planning and Compulsory Purchase Act 2004 sets out that each local planning authority must identify their strategic priorities and have policies to address these in their development plan documents.
- 2.3 It is a legal requirement that planning decisions must be taken in line with the development plan unless material considerations indicate otherwise. Plans should set out a vision and a framework for the future development of the area, addressing needs and opportunities in relation to housing, the economy, community facilities, infrastructure, conserving and enhancing the natural and historic environment, mitigating and adapting to climate change, and achieving well designed places. It is essential that plans are in place and kept up-to-date. National planning policy and legislation requires that Local Plans should be reviewed and updated where necessary every five years.
- 2.4 The primary document of the existing plan dates back to 2007 and is thus over 13 years old. It now pre-dates all three versions of the National Planning Policy Framework (NPPF), and is considered out of date in many respects. The age of the plan has placed the Council at risk of challenges to the planning decisions it makes.
- 2.5 It is important to emphasise that the preparation and adoption of a Borough Local Plan is a legal requirement and not optional. If the Government considers that a planning authority is underperforming, including in its plan-making duty, it can place the authority under special measures¹ or intervene in other ways². This could ultimately result in the authority losing any decision-making powers in relation to planning.

¹ <https://www.gov.uk/government/publications/local-plan-intervention-letters-to-councils>

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929139/20200107_Letter_from_the_Secretary_of_State_South_Oxfordshire.pdf

- 2.6 The current deadline for authorities to have an up-to-date plan is by the end of 2023. The ongoing pandemic and lockdown coupled with the Government's indecision over revising the housing need figures for councils in England has led to delay and uncertainty over the timetable for producing the Local Plan and has also raised the issue of whether to continue with the existing emerging plan or to work towards a new-style local plan as indicated in the Government's Planning White Paper published in August 2020.
- 2.7 Following the decision of the Licensing and Planning Policy Committee on 4 March 2021, it has been decided to progress the Regulation 18 part 2 consultation in autumn 2021 with the intention to adopt a new Local Plan for the Borough by December 2023.
- 2.8 A number of pieces of work are required to be undertaken to refresh the evidence base for the new Local Plan including assessing the impacts of Covid-19 and also to react appropriately to the many changes to the current planning system introduced in the last 24 months. These include greater emphasis on the need to respond to climate change and new issues such as biodiversity net gain/accounting, and the need to consider how the impact of removing land from the Green Belt could be offset by compensatory improvements.

Existing resources for plan-making

- 2.9 The preparation and delivery of the Local Plan is carried out primarily by the Planning Policy team. When the team is fully staffed, there are 5 officers (comprising two full time posts and three part-time). In terms of specific resources dedicated to planning policy work, this translates to 3.34 officers (based on full time equivalent). In the past year, the Planning Policy Manager role has been vacant. This was an informed decision while the Council considered which direction it would take with its new Local Plan.
- 2.10 It is important to note that the Planning Policy team does not solely prepare and progress the local plan - it performs many other functions and tasks that may be indirectly related to plan-making. These include:
- drafting responses to Government and neighbouring authority planning consultations
 - maintaining the Brownfield Land and Self and Custom Housebuilding Registers
 - compiling the Authority Monitoring Report
 - supporting neighbourhood planning
 - providing policy comments on planning applications.

- 2.11 The team does not have any administrative support except for a small percentage of the Planning Policy CIL Officer time (equivalent to 0.14 FTE), the majority of whose time is spent on the administration and collection of CIL.
- 2.12 Existing staff resources are operating at full capacity with little spare capacity. The size of the team is comparatively small compared with other authorities and is not sufficiently robust to take on or manage any additional tasks or work areas where these may arise. Whilst the size of the existing team is adequate to cope with the day-to-day and routine workload, the publication, submission and examination of a local plan represent abnormal peaks in the workload cycle. A complement of 3.34 FTE is therefore inadequate to prepare and consult on a new Local Plan and then take it through two/three weeks of public examination hearings, particularly given the fact that the team will need to project manage the external production of the evidence needed to justify it. Whilst it would be theoretically possible to second planners from the Development Management team (or neighbouring councils) to assist, in practice, they are understaffed and overworked themselves.
- 2.13 The additional three-year fixed term contract Senior Planning Officer post for which funding is sought provides the opportunity not only to support the preparation of the Local Plan, but also to recruit a candidate with economic development expertise which could be used to take forward wider corporate objectives. Both this and the new fixed term contract Planning Officer post are considered to be essential if the Council is to stand any chance of delivering the new Local Plan by December 2023. The Senior Planning Officer position would include a skill-set which encompasses economic development to raise the in-house profile of economic development. The basic Planning Officer post is vital to provide sufficient capacity to support the preparation of the plan and the workload generated by the range of public consultations as well as policy development and research.

Recent delays in plan-making

- 2.14 The past year has been challenging for all Council services due to the coronavirus pandemic. This has required different ways of working and the delivery of services in new ways. This, coupled with the continuing changes/proposals to the planning system announced by central Government in the past couple of years, has been significant. The publication of the Planning White Paper last summer set out proposals for a complete reform of the existing planning system, including how local plans are prepared and what they contain. At the same time, the Government announced changes to the standard method for calculating local housing need.

- 2.15 The Planning White Paper and proposed changes to the standard method for calculating local housing need have created significant uncertainty for many local planning authorities in the middle of reviewing their Local Plans, with some authorities publicly announcing³ that they would pause until the new system was introduced. Alongside these announcements have been Ministerial Statements and letters published by the MHCLG Chief Planner Joanna Averley, warning councils that they should continue with local plan preparation.

Timetable

- 2.16 The Local Plan programme was considered and amended by the Licensing and Planning Policy Committee in August 2020 which set out the date for the adoption of a new Local Plan by December 2022. Following recent Government announcements, a revised Local Plan Programme was subsequently agreed by the Licensing and Planning Policy Committee at its meeting on 4 March 2021. This is attached as a background paper.

Current budget for plan-making

- 2.17 In July 2019, a report to the Strategy and Resources Committee entitled '[Allocation of Planning Delivery Grant Reserve](#)' set out what remained of the Planning Delivery Grant (PDG) funding and a proposal for the allocation of those funds to support the delivery of the Local Plan.
- 2.18 At that time, the agreed funding allocations were estimates of the costs of undertaking the studies needed and it was noted in the report that the actual costs would vary. It was therefore also proposed that the Head of Planning be permitted to proceed with the procurement of these studies within the envelope of the total PDG available (£155,788) with the agreement of the Chief Finance Officer.
- 2.19 In September 2019, a further report was taken to the Strategy and Resources Committee entitled '[Local Plan Consultation](#)'. This proposed a budget up to £75,000 for the commissioning of consultation and engagement experts and the purchase of specialist software to enable residents to comment on Local Plan consultations.

³Bromsgrove, Milton Keynes, Warrington, Wychavon, Malvern Hills and Worcester

- 2.20 The tables set out at 2.23.1 and 2 below show the existing budgets that have been agreed for Local Plan activities, and the balance currently remaining. They also detail the anticipated additional cost of work required to bring them to completion. Recommendation 2 of this report seeks agreement to reallocate the budget across those workstreams, and to an additional budget of £29,583 to complete this work. This request should be seen in the context of evidence submitted by the [Royal Town Planning Institute to the Government's Comprehensive Spending Review](#) which indicates that producing a local plan costs about £1 million per authority and can take up to four years. Indeed, costs of up to £3 million are not untypical.

Required additional budget

- 2.21 It is important to note that plan-making is an expensive process due to the complexity of issues, lengthy procedures and processes, all of which are time and resource intensive. Plan-making is also reliant on an up-to-date evidence base which is sensitive to external changes and or changes to national planning policy or guidance. There have been significant changes in circumstances since the last budget requests in 2019 and evidence the Council has already prepared or commissioned is gradually becoming out of date. The main changes which have caused delay in plan-making are outlined in the earlier part of the report and include the pandemic, proposed changes to the planning system and staff turnover.
- 2.22 In order for the Council to ensure it has an up-to-date local plan in place by the end of 2023 deadline and remove the risk of challenges to the planning decisions it takes, it needs to invest in additional resources to ensure this is the case. The external challenges caused by the pandemic and changes to the planning system, as well as other factors, mean that the delivery of the plan by the end of 2023 is unlikely with the existing resources. This has been confirmed by independent advisers who have reviewed the proposed timetable against the existing resources.
- 2.23 The tables below outline the existing resources previously agreed and required to complete workstreams already underway, and also the additional resources needed to make sure the Council has an up-to-date Local Plan in place by the end of 2023.

2.23.1 Existing workstreams:

Local Plan Existing Workstreams	Original Funding Allocation:	Funding Remaining	Estimated Costs Remaining	New Resources Sought	Total Cost
EEBC Masterplan ^a	£100,000	£27,962	£0	-£27,962	£72,038
Revised Strategic Housing Market Assessment ^b	£8,000	£0	£0	£0	£8,000

Strategic Development Viability Assessment ^b	£21,000	£7,440	£25,000	£17,560	£38,560
Spatial Economic Development Strategy ^b	£25,000	£11,275	£25,000	£13,725	£38,725
Retail Needs Study & Town Centre Health Check ^b	£27,000	£0	£0	£0	£27,000
Sports Facilities ^b	£25,000	£0	£0	£0	£25,000
Habitats Regulations Assessment ^b	£21,000	£13,750	£10,000	£-3,750	£17,250
Professional publication of the Local Plan documents ^b	£3,000	£0	£15,000	£15,000	£18,000
Contingency ^b	£25,788	£25,788	£25,788	£0	£25,788
Local Plan Consultation inc ICT package ^c	£75,000	£37,990	£53,000	£15,010	£90,010
Total	£330,788	£124,205	£153,788	£29,583	£360,371

^a Funding for Masterplan – S&R Committee July 2018

^b Planning Delivery Grant – S&R Committee July 2019

^c Local Plan Consultation – S&R Committee September 2019

2.23.2 Additional Resources:

Additional Activities Identified	New Resources Sought
Senior Planning Officer – 3-year fixed contract	£168,000
Planning Policy Officer – 3-year fixed contract	£144,000
New design code requirement work	£115,000
Sustainability appraisal	£40,000
Gypsy and Travellers research	£15,000
Transport Assessment	£30,000
Consultants' participation in examination hearings	£15,000
Legal support - examination	£65,000
Planning Inspectorate's Fee	£100,000
Neighbourhood Planning - examination and referendum	£20,000
Total	£712,000

3 Risk Assessment

Legal or other duties

3.1 Impact Assessment

- 3.1.1 The Planning White Paper is proposing significant reform to planning, including plan-making. Plan-making is very costly. To continue with the Local Plan may result in investing money and resources on a short lived Local Plan.
- 3.1.2 However, the Government has urged in a [press release](#) that councils should avoid any unnecessary delays in plan-making, emphasising the deadline of December 2023 for all councils to have up-to-date Local Plans in place.
- 3.1.3 The introduction of a revised version of the standard method for calculating local housing need caused councils to pause plan production - creating uncertainty over housing numbers. The Government [confirmed](#) in December 2020 that the existing standard method would remain unchanged except that it would apply a 35% uplift in housing numbers to Greater London and to the local authorities which contain the largest proportion of the other 19 most populated cities and urban centres in England (which do not include Epsom & Ewell Borough Council).
- 3.1.4 Resourcing issues, in part caused by the Covid-19 pandemic and other reasons including local government reorganisation and Government reforms remains a concern.
- 3.1.5 It is likely that legislation for a reformed planning system will take several years to be put into place. It is not a realistic option to wait until this is in place before work begins on a local plan. The Council remains vulnerable to challenges to its planning decisions until an up-to-date plan is in place.
- 3.1.6 Changes to planning legislation, policy and guidance may lead to new evidence being required or plans being redrafted. This will mean further unanticipated costs.
- 3.1.7 The existing local plan is outdated and the Borough has been consistently under-delivering new housing. In accordance with paragraph 11 of the NPPF, the 'presumption in favour of sustainable development' applies. The Council is therefore at risk of challenges to planning decisions - particularly in relation to speculative housing development.
- 3.1.8 The Council is at risk of being placed under 'special measures' by central Government for not making sufficient progress on preparing an up-to-date plan.

3.1.9 The Government published a new consultation on 10 February 2021 on possible changes to the New Homes Bonus (NHB)⁴; amongst other things, it is proposing that NHB could be withheld or reduced to authorities until such time that an up-to-date local plan is in place.

3.2 Crime & Disorder

3.2.1 None arising from this report.

3.3 Safeguarding

3.3.1 None arising from this report.

3.4 Dependencies

3.5 The Council's Local Plan timetable and resources continue to be dependent on any future changes to planning legislation and national planning policy that impact on local authority plan-making. At present it is also dependent on the continued challenges created by the Coronavirus pandemic.

3.6 Other

3.6.1 None arising from this report.

4 Financial Implications

4.1 The preparation and production of our new Local Plan involves the Planning Policy team and various external specialists commissioned to assist with the production of the evidence base. Wider teams across the Council, including legal services, procurement and communications are key to assisting with the various elements of the work programme.

4.2 The existing resources, coupled with external challenges caused by the pandemic and changes to the planning system, as well as other factors, mean the delivery of the plan by the end of 2023 is unlikely with the existing level of resources. This has been confirmed by independent advisers who have reviewed the proposed timetable against the existing resources.

4.3 In order for the Council to ensure it has an up-to-date local plan in place by the Government's end of 2023 deadline and remove the risk of challenges to its planning decisions, it needs to invest in additional resources.

⁴ The New Homes Bonus (NHB) was introduced in 2011 to encourage local authorities to grant planning permission for new houses. Under the scheme, grant funding is provided annually by central Government matching the extra council tax raised by new-build homes, conversions and long-term empty homes brought back into use. The grant is not ring-fenced leaving the Council to decide how to spend the funding. [NHB Allocations 2020-21](#)

- 4.4 The Government has also recently published a consultation on the New Homes Bonus. Amongst other things it is proposing that NHB could be withheld or reduced to authorities until such time that an up-to-date local plan is in place. Therefore there may be a financial incentive to ensure work on a new Local Plan is not stalled.
- 4.5 In 2021/22 the Council is due to receive £248,705 in New Homes Bonus funding. In recent years, the Council has set aside all NHB receipts within the Corporate Projects Reserve, in preparation to fund one-off projects such as the Local Plan. There is currently a balance of £1.8m in New Homes Bonus funding available within the Corporate Projects Reserve.
- 4.6 **Section 151 Officer's comments:** As set out in this report the Council has a statutory responsibility to deliver a Local Plan by the end of 2023.
- 4.7 The Head of Planning has advised that minimum additional resources of £741,583 are required to ensure the delivery of the Plan by December 2023. The additional funding requested can be financed from use of New Homes Bonus Grant currently available within the Corporate Projects Reserve, which currently stands at £1.8m.
- 4.8 Should any funding subsequently be awarded by MHCLG (or other bodies) to resource the workstreams identified in this report, that funding will be applied instead of New Homes Bonus and replace the equivalent sum in the Corporate Projects Reserve.

5 Legal Implications

- 5.1 Section 19(1B) - (1E) of the Planning and Compulsory Purchase Act 2004 sets out that each local planning authority must identify their strategic priorities and have policies to address these in their development plan documents. Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012 stipulates that a local planning authority must complete a review of a local plan every five years, starting from the date of adoption of the local plan, in accordance with section 23 of the 2004 Act (adoption of local development documents);
- 5.2 **Monitoring Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council
- 6.2 The new Local Plan will contribute towards delivering the Council's Visions and objectives identified in its Four Year Plan.
- 6.3 **Service Plans:** Plan-making is a matter included within the current Service Delivery Plan.

6.4 Climate & Environmental Impact of recommendations:

6.5 The Local Plan itself has a key role in implementing a number of key objectives that are set out in our Climate Change Action Plan.

6.6 Sustainability Policy & Community Safety Implications:

6.7 In order to comply with Government safety guidance due to COVID-19, consultation procedures need reviewing. Consultation procedures are outlined in a separate document, the Statement of Community Involvement. The Statement of Community Involvement (SCI) was published in 14 November 2019. A further report was taken to the 10 September 2020 Licencing and Planning Policy Committee meeting seeking approval of an Addendum to the SCI in the context of the Coronavirus pandemic. The Addendum was approved for the purpose of public consultation. The public consultation on the Addendum has not yet been undertaken.

6.8 Partnerships:

6.9 The Council has a duty to cooperate with relevant stakeholders in the preparation of a Development Plan. The Committee will receive information on progress with the duty at appropriate points in the process.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [Allocation of the Planning Delivery Grant Reserve. Strategy and Resources 30 July 2019](#)
- [Local Plan Consultation. Strategy and Resources. 24 September 2019](#)

Other papers:

- [Revised Local Plan Programme](#)
- [The Royal Town Planning Institute submission to the Government's Comprehensive Spending Review](#)
- [MHCLG press release on 19 January 2021 – "Councils urged to ensure Local Plans are up to date"](#)
- [Government response to the local housing need proposals in "Changes to the current planning system", 16 December 2020](#)

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**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
16 March 2021**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman);
Councillors Arthur Abdulin, Steve Bridger, Kate Chinn, Nigel Collin, Hannah Dalton,
David Gulland, Colin Keane and Barry Nash

Officers present: Kathryn Beldon (Chief Executive), Amardip Healy (Chief Legal
Officer), Brendan Bradley (Chief Accountant), Emma Hill (Principal Programme
Manager), Sarah Keeble (Democratic Services Officer) and Tim Richardson
(Committee Administrator)

70 QUESTION TIME

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

71 DECLARATIONS OF INTEREST

The following declaration was made in relation to Items of business to be
discussed at the meeting:

Local Government Reorganisation & Collaboration in Surrey

Councillor Hannah Dalton, Other Interest: In the interests of openness and
transparency, Councillor Hannah Dalton declared that she is the founder of the
Residents Single Surrey Unitary campaign.

72 LOCAL GOVERNMENT REORGANISATION & COLLABORATION IN SURREY

The Committee received a report asking them to consider next steps following on
from the analysis by KPMG who were engaged by the Leaders of the 11 Districts
and Boroughs in Surrey to explore alternatives to a single unitary authority in
Surrey.

The following matters were raised by the Committee:

- a) On-going process:** Following a question from a Member, the Officer
confirmed that all 11 Districts and Boroughs are currently looking to take
this report to its relevant Committee or Council for approval. It was noted
that once this has been completed, the next steps can be set to work
towards.

- b) **Collaborations:** In terms of collaborations being worked on outside the KPMG, the Officer noted that they hope to bring a report forward for Members' consideration in the next couple of months.
- c) **8 priority areas:** Members noted the 8 priority areas listed in the report. It was noted that this was not a definitive list, and that Epsom and Ewell would have their own priority areas which would be explored, in addition to those noted in the report.

Following consideration, it was resolved unanimously that the Committee:

- (1) **Agreed to note the Final Report's (Appendix 1) comments on the future structure of Local Government in Surrey;**
- (2) **Authorised the Chief Executive to progress further collaboration opportunities in the following service areas: waste, building control, IT infrastructure, housing, revenues and benefits, procurement, economic development and leisure services;**
- (3) **Authorised the Chief Executive to explore opportunities for collaboration on other service areas and with other local authority partners outside the priority areas and partners identified in the Final Report.**

73 EPSOM & EWELL DRAFT COVID 19 RECOVERY PLAN

To support our communities and local economy recover from the global pandemic, Members are asked to approve the draft Covid 19 Recovery Plan. To ensure that the Council can deliver the Vision, Four Year Plan and the Recovery Plan, there is a need to reconfigure the Council's current operating model. Members are asked to agree the priorities/ambitions which will form the basis for the reconfigured operating model.

The following matters were raised by the Committee:

- a) **Affordable homes:** Following a question from a Member, the Officer noted that Developers have a wide range of options available in offering homes as affordable, including offering a property as 10% below market value. The Officer noted that an evidence-base would be put in place to demonstrate affordable rented housing as priority.
- b) **Climate change:** Members raised concerns regarding the lack of emphasis on climate change throughout the report, and spoke about the possibility of incorporating some actions into this.

Following consideration, it was resolved unanimously that the Committee:

- (1) **Approved the draft Covid19 Recovery Plan to enable recovery work to commence and our partners to be consulted.**

- (2) Agreed the priorities/ambitions for the reconfiguration of the Council's operating model.**

74 SUBMISSION TO THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND ON COUNCIL SIZE

To agree the draft submission to the Local Government Boundary Commission for England (LGBCE) on Council size.

The following matters were raised by the Committee:

- a) Size submission:** Members noted the proposed reduction in number of Councillors from 38 to 35. It was noted by the Officer that the proposed number is reflective on what the Council believes it needs to function. Once this document is approved by the Committee, it will proceed to Public Consultation via Commission. Members of the public will then comment on whether they think 35 is an appropriate number of Councillors.
- b) Technology in Casework:** Members noted how the report states technology as being one of the most extensive methods of contact between Councillor and constituents, and noted that they might disagree with this. Members noted that, pre-Covid, the vast majority of their work was picked up through residents speaking to them on the streets and at their homes.
- c) Thanks to Task and Finish Group:** The Committee wish to place on record its thanks to all members of the Task and Finish Group in their on-going work for the Boundary Review.

Following consideration, it was resolved with 8 Members voting for, 1 Member voting against and the Chairman not voting that the Committee:

- (1) Agreed the draft proposal to the Local Government Boundary Commission for England on Council size, as set out in Appendix 1;**
- (2) Agreed to delegate to the Chief Legal Officer in consultation with the Chairman of Strategy and Resources and the Chair of the Electoral Review Task & Finish Group and changes to the draft Council Size Submission as may be necessary;**
- (3) Agreed to refer to Council, the approval of the Council's submission on Council Size to the Local Government Boundary Commission for England on Council size.**

75 MINUTES OF PREVIOUS MEETING

The Minutes and the Restricted Minutes of the previous Meeting of the Committee held on 28 January were agreed as a true record and the Committee authorised the Chairman to sign them.

The meeting began at 7.00 pm and ended at 7.52 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)

EXCLUSION OF PRESS AND PUBLIC

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the public from the Meeting for Part Two of the Agenda on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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