

**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE
held on 29 September 2015**

PRESENT -

Councillor Neil Dallen (Chairman); Councillor Keith Partridge (Vice-Chairman); Councillors Michael Arthur (as nominated substitute for Councillor Mike Teasdale), Tony Axelrod, Richard Baker, Rekha Bansil, Eber Kington and Omer Kokou-Tchri

In Attendance: Councillor Jan Mason; Christian Heeger (*Director, Grant Thornton UK LLP*) (for items 20 to 23) and Elizabeth Olive (*Senior Manager, Grant Thornton UK LLP*) (for items 20 to 23)

Absent: Councillor Clive Woodbridge, Councillor Kate Chinn and Councillor Mike Teasdale

Officers present: Frances Rutter (*Chief Executive*), Kathryn Beldon (*Director of Finance and Resources*), Simon Young (*Head of Legal and Democratic Services*), Rod Brown (*Head of Housing & Environmental Services*), Nigel Campbell (*Senior Surveyor*) (for items 20 to 29), Stewart Cocker (*Countryside Manager*) (for items 20 to 29), Lee Duffy (*Head of Financial Services*), Karol Jakubczyk (*Planning Policy Manager*), Mark Lumley (*Head of ICT*) (for items 20 to 29), Michael Smith (*Chief Accountant*), Joy Stevens (*Head of Customer Services and Business Support*) (for items 20 to 27) and Fiona Cotter (*Democratic Services Manager*)

20 QUESTION TIME

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

21 DECLARATIONS OF INTEREST

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

22 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting of the Strategy and Resources Committee held on 24 March 2015 and 24 June 2015 were agreed as a true record and signed by the Chairman subject to noting that Councillor Eber Kington was, in fact, in attendance at the meeting on 24 March 2015.

23 2014-2015 FINAL ACCOUNTS - AUDIT FINDINGS

The Committee received the findings of the external auditor, Grant Thornton, on the Council's Financial Statement for the year ended 31 March 2015. Mr. Christian Heeger, Director, and Ms. Liz Olive, Senior Manager, of Grant Thornton UK LLP (the Council's external auditors) were in attendance.

Mr. Heeger reported that, in conducting the audit, it had not been necessary to alter or change the planned audit approach as set out in the Audit Plan dated 12 March 2015 and that the outstanding work set out in the introduction of the Executive Summary had been completed. Mr. Heeger praised the high quality of the working papers which accompanied the financial statements. It was anticipated that an unqualified opinion would be issued and the adjustments identified as required were not unexpected/exceptional in the context of such complex accounts.

In response to questions/comments from the floor, the following points were noted:

- It was confirmed that the in-house solicitor (also the Council's Monitoring Officer) had given the Auditors the assurance required in respect of legal claims against the Council;
- Scale fees for audit services had been reducing year on year;
- Significant movement in the Corporate Project Reserve had been generated by income from New Homes Bonus (£500k of which was being used to fund services, the remainder going into this reserve). This reserve had been used to fund the DMA (item 24 refers) and to purchase 102 Upper High Street;
- In respect of capital commitments, it was confirmed that this represented spend to which the Council was committed and was not intended to take account of any funding from external sources such as insurance;
- The pension fund deficit was growing in response to which the Council was making additional contributions in mitigation. The fund needed to be financially sustainable over a twenty-year period and this had been taken into account in drafting the Council's Medium Term Financial Strategy. The plan would be adjusted to take into account the outcome of the triannual review of the fund which was due to take place next year;
- Fixed asset valuations: £51m related to the buildings element. The figure of £64m included plant and equipment.
- Movement on Non-current Asset Statement: typographical error would be corrected. The correct figure was £1.561m not £1,561m.

The Committee wished its thanks recorded to the Finance Team. It was noted that the Council had never received a poor report but this was an excellent one, particularly in relation to Value for Money which made all the points members

would want to hear, particularly regarding member engagement in financial planning and monitoring.

Having received the Audit Findings for 2014/15 and the Financial Statements for the year ended 31 March 2015, the Committee:

- (1) Agreed the management action in response to audit recommendations;
- (2) Agreed that the Chairman of the Strategy and Resources Committee and the Director of Finance and Resources sign the Letter of Representation on behalf of the Council;
- (3) Delegated any further amendments to the Financial Statement for the year ended 31 March 2015 to the Director of Finance and Resources in consultation with the Chairman of the Strategy and Resources Committee.

24 POST DMA IMPLEMENTATION PLAN PROGRESS UPDATE

The Committee received and considered a report which outlined progress on the implementation of the Local Government Association's Decision and Accountability Review of the organisation following the decisions taken at Council on 23 March 2015.

The review had considered the Council's decision-making structures and had made a number of recommendations, the upshot of which was a reduction in the number of Directors and a flatter leadership team structure.

This new structure had been in operation since 1 April 2015 and the LGA would be invited back to do a light touch review in 12 -18 months' time. In the meantime, the Chief Executive had undertaken to do a review after six months.

In the opinion of the Chief Executive, the change in style of operation had been successful although the need had been identified for further work in some areas such as ICT and Procurement and officer working groups had been established to put together recommendations and action plans for the way forward in these areas. The previous organisational culture had been very unbalanced with Heads of Service operating at different levels. The intention was to encourage Heads of Service to operate at a higher level, more collaboratively. It was early days and would take time to embed. Whilst no significant skills gap had been identified in the new leadership team, Heads of Service were being supported through this cultural change which would be cascaded down through the organisation, establishing a "golden thread" to ensure that everyone was working towards the same outcomes.

It was recognised that there was a need to add capacity particularly around the health agenda but that this was not possible in the current financial climate. The post of Head of Community and Wellbeing remained vacant but existing teams had risen to the challenge.

Accordingly, the Committee noted, with thanks to Heads of Service and Senior Staff, the progress that had been made in delivering the recommendations of Council on 23 March 2015.

25 BUDGET TARGETS 2016-17

Note: Councillor Omer KouKou-Tchri left the meeting/Chamber and took no part in the debate or decision on this matter.

The Committee received a report which updated the financial forecast and recommended financial targets for preparing the draft budget for 2016/17 and financial planning for 2017/18, 2018/19 and 2019/20 as recommended by the Financial Policy Panel.

The report highlighted that the most significant financial risk to the Council over the next four years continued to be increased homelessness expenditure coupled with the impact of further benefit reforms being proposed by government and continuing reductions in government grant funding.

Action required to manage these risks was set out in a report to the Financial Policy Panel on 8 September 2015. That report set out a detailed financial analysis, including a review of revenue and capital reserves, comparative data regarding Council Tax levels in other Surrey District/Boroughs and forecasts on the budgetary position. Actions included the need to deliver costs reductions in the region of £850,000 in 2016/17 (based on the assumption when reported to the Panel that fees and charges would increase by 3%) and £2.5million over the next four financial years.

Having received the Minutes of the meeting of the Financial Policy Panel held on 8 September 2015, the Committee agreed:

- (1) The following overall budget targets for 2016/17:
 - (a) Estimates prepared including options to reduce organisational costs by £650,000, subject to the government grant announcement, to minimise the use of working balances and maintain a minimum working balance of £2.5million in accordance with the Medium Term Financial Strategy;
 - (b) That at least £400,000 additional revenue is generated from an increase in discretionary fees and charges, based on an overall increase in yield of 6%;
 - (c) That a provision for a pay award is made of £230,000 that represents a 1.5% increase;
- (2) That further savings are identified for inclusion within the Medium Term Financial Strategy that will reduce the Council's net operating costs by a minimum of £1,644,000 over the period 2017/18 to 2019/20;

- (3) That the Capital Member Group seek to limit schemes included within the capital expenditure programme that enable the retention of the agreed minimum level of capital reserves.

26 CORPORATE HEALTH, SAFETY AND WELFARE POLICY

Note: Councillor Omer KouKou-Tchri returned to the meeting/Chamber for the remainder of the meeting.

The Committee received a report which outlined the main content of the Council's revised Health, Safety and Welfare Policy, including details of the Council's commitment to, management of and arrangements for the effective implementation of Health, Safety and Welfare controls.

The Committee was informed that the Policy was last reviewed in May 2012 and that the Council had a statutory duty to regularly review its policy. The review had not highlighted the need for any fundamental changes but the revised policy reflected the change in organisational structure and new Health and Safety Executive Guidance.

It was highlighted that the General Policy statement contained a list of objectives which therefore implied that the Council would take a certain course of action. Eight of the twelve bullet points contained the word "will": four did not and were statements rather than objectives (bullet points 4, 6, 7 and 9). It was confirmed that these bullet points would be re-phrased to become objectives, for example: "Competent advice *would* be available to assist employees in meeting their responsibilities". The bullet points would also be replaced by numeric points.

Regarding the allocation of general responsibilities, Officers agreed to amend the text to read that it was the "responsibility of members" to "*review* and endorse the Health and Safety Policy Statement" and that Heads of Service should "*contribute*" to rather than "find" corporate solutions to health and safety issues.

The Committee was further informed of a reprographic error in the Introduction to Part 2 (Organisation for Health and Safety) in which the first two paragraphs were exactly the same except for the very last word. It was confirmed that the intention had been to delete the first paragraph.

It was clarified that, although not responsible for the day to day management of health and safety, members did have a role in making decisions about the provision of services and associated budgets which could affect the health, safety and welfare of staff. Members also had a role in holding officers to account for the management of any risks.

Officers were committed to continuous improvement in the effective management of health and safety through a programme of communications and training for Officers and the frequent auditing of levels of compliance and

effective management of risks by means of quarterly reports to the Leadership Team and an annual report to the Human Resources Panel.

Accordingly, the Committee endorsed the Council's Health, Safety and Welfare Policy.

27 UPDATE OF CRM PROJECT

A report was presented to the Committee which updated it on the Customer Relationship Management Project (CRM) and related projects as an undertaking had been given to do this, including a medium term plan to exploit the new software.

The new CRM system went live in 2014 and the report outlined its benefits. In particular, it was highlighted that it had enabled the creation of a new fees and charges database, maintained by finance, to be linked directly the CRM system.

As part of the audit annual plan, a post implementation review of CRM had been undertaken. A number of issues had been identified and the review had concluded that the CRM had not delivered all the intended business benefits and there were some processes which required parallel systems or CRM process workarounds in order for the teams to conduct everyday business activities. These were being addressed but the system was being kept as generic as possible to ensure its longevity.

In the medium term, a formal CRM Project Board had been set up to manage the on-going implementation of the system and changes across it. There were also a number of Council wide developments taking place over the next 6 to 12 months which had an impact on CRM, in particular the upgrade of the Council's website. A discrete Project Board and Reference Group had been set up for this project. Two keys areas in this regard related to on-line services in relation to revenues and benefits and booking of facilities and service such as sports pitches or venues.

The business case for the on-line accounts module for Council Tax and Benefits to facilitate self-serve demonstrated that Academy offered the best solution and the majority of the cost of this solution (£17,000) could be met from the new burdens grant received from the Department of Work and Pensions and Department for Communities and Local Government for revenues. The remaining sum (£10,000) could be met from the sum received from the Department of Work and Pensions for fraud and error reduction (in particular for reducing claimant overpayment).

Closure of the cash office had been agreed last year. This Council was the last authority in Surrey to operate this service and the Council needed to respond to the general trend to encourage the use of more on-line services. The Council was conscious of the impact of the closure on some residents. The closure of the service had been well publicised well in advance and staff would be on hand to support customers through the transition.

Having noted the report and the other improvements that the Council was making to the Customer Journey, the Committee approved the release of £17,000 of the new burdens grant received from the DWP and the DCLG in relation to revenues and benefits and £10,000 of Fraud and Error Reduction Grant to procure the self-serve module of the Revenue and Benefits system.

28 REPLACEMENT OF COURT RECREATION GROUND BOWLS PAVILION

The Committee received and considered a report which outlined the current situation regarding additional funding agreed by Officers in consultation with the Chairmen of the Strategy and Resources Committee and Leisure Committee for the replacement bowls pavilion and the VAT situation.

The report set out the background to the project and explained that the cost of the project after tendering exceeded the original agreed budget but, as a result of concerns that the external funding (from the Personalisation and Prevention Partnership fund and S106 contributions) might be lost as a result of further delay, Officers consulted the Chairman of this Committee and the Leisure Committee regarding a proposed way forward. This course of action (rather than convening a special meeting) was considered appropriate in the circumstances.

It was proposed to use additional S106 contributions set aside for outdoor sports facilities to cover the shortfall in the project (a maximum £62,141 in addition to the £5,000 already approved from this source) and expenditure of up to this amount had been approved. It was noted that Officers were satisfied that these contributions were being used in accordance with the relevant agreements.

It was confirmed that the pavilion had been designed with the intention of enabling its hire for use by the wider community and this was confirmed by the drawings.

The Committee was assured that Officers were continuing to seek to bring the costs of the project down. The Borough would be getting a building largely funded from external sources and, if not utilised, S106 contributions could not be retained by the Council for other purposes.

The report also informed Members that, to date, income from Epsom Bowling Club had been treated as exempt from VAT under HMRC land and property tax rules. This meant that although the Council could recover VAT on expenditure at the pavilion, no VAT had been charged to the club. In light of the significant additional financial implications to the Council of not doing so, it was considered essential the Council opted to tax the pavilion and in light of this recommendation there was a need to consider how the Bowls Club would be charged in future. It was noted that the Club currently paid a lower rent than the other three bowling clubs at recreation grounds in the Borough on the basis that it had contributed to the cost of the old pavilion. Discussions had taken place with Epsom Bowls Club regarding increasing its rent to the same level as the other Clubs on the basis that the Club would have the benefit of fully renovated facilities.

Having noted the update on the replacement of Court Recreation Ground Bowling Pavilion, the Committee agreed that:

- (1) Recreation Ground pavilion should be opted to tax for Value Added Tax (VAT) purposes;
- (2) the sum payable by the Epsom Bowls Club be set at the same level as that payable by other bowls clubs (currently £9,240) and that this sum be inclusive of VAT.

29 EPSOM COMMON LOCAL NATURE RESERVE: PATH RESTORATION CAPITAL PROJECT

A report seeking agreement to use external funding of up to £85,440 for the restoration of the circular bridleway on Epsom Common Local Nature Reserve was received and considered.

The cost of the scheme had exceeded the original approved budget. Whilst external funding had been identified to cover the additional cost of this scheme it meant that these funds would not be available to fund other potential projects.

Having noted that Internal Audit had been commissioned to conduct reviews of contract management and project management and that this project would be considered as part of that review, the Committee approved the use of external funding of up to £85,440 received from the developers of the former West Park Hospital site to pay for the protection of the fuel pipeline which ran across Epsom Common Nature Reserve.

30 COMMUNITY INFRASTRUCTURE LEVY (CIL): PROPOSED GOVERNANCE ARRANGEMENTS

The Council introduced the Community Infrastructure Levy (CIL) on 1 July 2014 and the Council was now responsible for the collection, distribution and spending of CIL monies. The Committee received and considered a report which sought endorsement of the governance arrangements to be introduced to ensure that CIL monies were appropriately managed in accordance with the relevant Regulations. The report also sought approval of the Regulation 123 List which identified the types of infrastructure the Council would spend CIL monies on.

Unlike S106 agreements, the spending of CIL was not time limited. It was also confirmed that, whilst CIL funding had been earmarked for the Kiln Lane project, this was predicated on a successful bid to the Local Enterprise Partnership. The bid in relation to Plan E Epsom Town Centre Improvements had already been successful and the Council had committed to contribute up to £250,000 from CIL receipts towards this project.

In regard to the governance arrangements, it was clarified that it was intended to establish a joint member/officer working group which could make recommendations via the appropriate channels to the Borough Council on the allocation of CIL. The Committee was informed that the Council had yet to finalise the precise mechanism for its approach to “engaging with

neighbourhoods” in regard of the allocation of the Neighbourhood Proportion of CIL (which amounted to 15%).

Accordingly, it was agreed that a joint member/officer working group should be established comprising of 3 Borough and 2 County Councillors and the Committee approved the Regulation 123 List.

31 AN OVERVIEW OF THE EPSOM AND EWELL ECONOMIC DEVELOPMENT STRATEGY

The Committee received a report which provided an overview of the development of a draft Economic Development Strategy.

A schedule of possible interventions was set out in the Annexe to the report. It identified the nature of the intervention and the outcomes that would be necessary to secure delivery. The proposed interventions covered the following:

- Securing essential enabling infrastructure, specifically in support for both the Plan E highway improvements and Kiln Lane link road, which were key programmes required to support future economic development in the Borough. The intervention also included the promotion of the inclusion of Epsom within Zone 6 of the Oyster Zone – thereby making Epsom a more affordable and attractive business location;
- Safeguarding and widening the choice of commercial property in the Borough to provide existing businesses with the opportunities to grow and expand, that new businesses had space to start-up and that there was accommodation for established businesses seeking to move into the area;
- Retaining existing and attracting new business investment by ensuring that there was local engagement with employers, understanding and supporting any local issues they might have, as well as working with local partners to promote the area as a business location and respond to location enquiries;
- Providing support for high level skills and long-term employment by continuing to promote available skills programmes and initiatives, particularly apprenticeship based within the Borough; and
- Providing economic development support to the three main retail centres and the development of a Business Improvement District in Epsom Town Centre.

The report highlighted that the Strategy needed to be developed in line with the Council's new Corporate Plan, Medium Term Financial Strategy (MTFS) and budget. The MTFS currently contained provision for the implementation of Plan E and made reference to potential sources of funding for Kiln Lane.

Clarity was required around the potential costs to the Council associated with the interventions contained within this Strategy, particularly around those outlined in the Annexe to the report and (where required) funding earmarked as part of the MTFS and annual budget prior to the content of the Strategy being adopted by members.

Requests for additional funding needed to be considered against the backdrop of having to reduce the General Fund Budget deficit of £2.4m over the next four years and a capital programme with bids over £.2.8m for next year.

It was confirmed that the Council's planning policies actively sought to protect smaller retail centres. The emerging draft Strategy was the result of a comprehensive piece of work done by the Local Government Association which Officer's had tried to distil into deliverable and affordable objectives.

The Committee supported the proposed content of the forthcoming draft Economic Development Strategy as set out in the Annexe to the report, commenting, in particular, that it supported the inclusion of Epsom within the Zone 6 Oyster Zone, and noted that a more detailed draft would be reported to a subsequent meeting of the Committee. The Chairman indicated a desire that this should be within the next six months.

32 OUTSTANDING REFERENCES

The Committee received and noted outstanding references to officers as at 29 September 2015.

33 EXCLUSION OF PRESS AND PUBLIC

The Committee passed 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 involved 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.

34 PROPOSED EAST SURREY BUILDING CONTROL PARTNERSHIP

A report was presented to the Committee (considered exempt from publication).

The decision of the Committee is set out in a separate minute (considered exempt from publication).

The meeting began at 7.30 pm and ended at 10.15 pm

COUNCILLOR NEIL DALLEN
(CHAIRMAN)