

BOROUGH OF REIGATE AND BANSTEAD

OVERVIEW AND SCRUTINY COMMITTEE

Minutes of a meeting of the Overview and Scrutiny Committee held at the Remote - Virtual Meeting on Wednesday, 9 December 2020 at 7.30 pm.

Present: Councillors N. D. Harrison (Chair), S. T. Walsh (Vice-Chair), M. S. Blacker, G. Buttironi, J. C. S. Essex, R. J. Feeney, K. Foreman, J. Hudson, N. C. Moses, S. Parnall, J. Paul, J. E. Philpott, K. Sachdeva and R. S. Turner

Also present: Councillors T. Archer, V. Lewanski, T. Schofield

45. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Councillor S. Sinden. There were no substitutions.

46. MINUTES

The Minutes from the previous meeting were approved.

47. DECLARATIONS OF INTEREST

There were no declarations of interest.

48. PORTFOLIO HOLDER BRIEFING - ORGANISATION PORTFOLIOS

Members considered the Portfolio Holder Briefings – Organisation Portfolios from the Portfolio Holders for Finance and Governance (Councillor T. Schofield), Corporate Policy and Resources (Councillor V. Lewanski) and Investment and Companies (Councillor T. Archer). It was noted that the three Executive Members had received Advance questions which included their two or three most important objectives in their portfolios for the year and what they regard as the biggest risks and challenges.

Councillor T. Schofield said that the main priorities in the Finance and Governance area were to maintain effective financial programmes and controls that support the long-term financial sustainability of the Council. It would continue to provide and improve clear and transparent financial information. He was working with his three Heads of Service to ensure high standards of professionalism in the provision of services and support both to the organisation and to residents.

Finance priorities included continuing to develop MTFP budget forecasts taking into account new pressures and opportunities and uncertainties and ensure borrowing and investments are in line within the Treasury Management Strategy limits and continue to develop year-end closedown processes that have been affected this year. Challenges included continuing to manage the financial impacts of COVID-19 pandemic and planning for implementation of the Relative Needs & Resources (Fair Funding) review and other proposed changes to Government funding streams.

On Revenues, Benefits & Fraud the priority was working towards a commercial trading company and further developing external work to provide further new income streams. The ongoing adverse impacts of COVID-19 on collection rates for council tax and business rates was a risk.

Governance priorities included planning and delivery of elections in May 2021 which now included three concurrent elections including the PCC election with pressure to count and deliver the results. Also, a refresh and review of the standards protocol and the meetings cycle to enhance effective working relations between councillors and officers. The impact of COVID-19 on staffing and management of elections was a risk mitigated by detailed planning and risk assessments. Legal priorities included recruitment of a budgeted Property and Planning Lawyer and training and development of the trainee Solicitor and Paralegal. Risks included recruitment and retention of skilled and qualified lawyers.

Members asked questions and discussed the following areas:

- **Local elections** – Members asked what would happen if the local elections in May were postponed again and what the financial implications would be if this happened. Officers confirmed that the government had been very clear that it did not want to postpone the elections again. There were financial implications to run three elections in a covid-secure way and keep residents and staff safe. The Council was lobbying for additional money from Government for this purpose. It was not known yet what the exact figure would be for running the three elections, but officers would keep councillors informed. There may be savings for running three elections on one day and the budget from 2020 had been carried forward. It needed the right PPE and Perspex screens to protect staff and ensure polling stations and the count were covid-secure.
- **Procurement** – Members had asked an Advance Question on the savings realised in the costs of goods and services purchased through the new procurement arrangements. It was noted that the use of the outsourced service had given the Council a saving. However, the way in which procurement has been historically tracked and recorded has not lent itself to tracking savings and now that the arrangement is embedded, we are beginning to collate that information in order to calculate overall improvements on a comparable basis year on year. It was noted that Members welcomed this and supported this work.

- **Use of borrowing** – Members asked about potential borrowing, what this was for and sources of borrowing the money. It was noted that the capital programme funded the Marketfield Way development and house building. It should look for the best possible sources from the Public Works Loan Board (PWLB) or other Councils. The Interim Head of Finance said she would respond with a written answer to set out how the budget setting and borrowing works. Members noted that the Council would have to look creatively how to generate income for residents' best advantage.

Councillor T. Archer, Portfolio Holder for Investments and Companies, set out the key objectives for his portfolio which was to embed the commercial structure to allow the council to confidently take forward the Commercial strategy objectives from a firm foundation with transparency of activity coupled with a competitive standing in the market. Also, to progress the Council's major commercial projects such as mobilisation of Project Baseball (building a Crematorium in the Borough) and making progress on the Horley Business Park development. Also, the Council needed to maximise returns on existing assets and get the strategy, staff, approach and governance in place. Challenges included identifying income streams in line with the Council's agreed risk appetite and which were within the regulations set out on prudential borrowing and other restrictions.

Members asked questions and discussed the following areas:

- **Projects** – there would be more detailed information sessions for the Committee once the proposed Crematorium and the Horley Business Park projects had passed planning. Part 1 of the Commercial Strategy was part of this meeting's agenda for discussion and it committed the Council to an annual action plan which would be reported to Overview and Scrutiny in addition to six-monthly performance updates to the Committee and the Portfolio Holder updates.
- **Clearing woodland near Horley Business Park** – Members asked about reports that six acres of woodland near Horley Business Park had been cleared of trees. Councillor T. Archer confirmed that this had not taken place on Council-owned land. It was on privately-owned land that forms part of the land included in the DMP for the intended Horley Business Park and was not done with the Council's permission or authorisation. The Council had written to the private owners in the strongest possible terms to condemn this action, police were looking into the matter and the Council had placed Tree Preservation Orders on the remaining part of the site. The Council had issued a press release making clear it was not Council action or sanctioned by RBBC in any shape or form.

Councillor V. Lewanski, Portfolio Holder for Corporate Policy and Resources, set out his key objectives to effect change at a Borough level to deliver our sustainability strategy and move it forwards whilst continuing to be dependent on decisions taken at a national level and outside the Council's control. The Government needs to ensure that the Council has the right 'tools for the job' (i.e. powers, policy support etc) but also to commit the investment that will be required to decarbonise our transport, homes and businesses as far as possible.

The second objective on communications and customer contact strategy was to review and update the Customer Contact Strategy and minimise the potential for digital isolation. Especially in terms of the COVID-19 pandemic, it was important that those without easy digital access, were provided with non-digital means of accessing council information and services. This meant using additional communications channels such as radio and newspaper ads and printed flyers. The Council's data insight team (set up as a project) was also able to identify those particularly vulnerable residents requiring extra welfare support. This was done by combining a range of council data sets including benefit claimant, taxi voucher scheme users, community alarm users and recipients of assisted waste collection services – to identify those in most need of help.

Members asked questions and discussed the following areas:

- **Digital exclusion** – Members asked about communications with those residents who do not have the internet, computers or mobile phones and how the Council maintained contact with them. It was confirmed that the main form of communication was either by letters or by telephone calls. The Council tries and provides the best possible service and made sure that as many residents as possible know how to get in touch via the phone to the contact centre. Members asked whether the opening hours of the switchboard were long enough during the day so people could ring with their queries. It was noted that officers had been in touch with users of the three Community Centres and that the community development workers had been in touch with vulnerable residents. The pandemic had given the opportunity for individuals to be given tech to engage with them digitally, for example, activities such as online bingo run by the Community Centres staff. It was also running a befriending service for some of the most vulnerable people who were receiving a weekly call from the Council. Getting the right information to residents from getting bulky waste picked up to reporting fly tipping was crucial to delivery of services. The Council also made sure that welfare needs were met as well during the pandemic via phone calls. Members would be updated with a written answer about the number of residents in the Borough who did not have mobile phones or access to online services.

Clerk's note: A written answer was sent to Members following the meeting which said that information about digital exclusion from 2019 (ONS) suggested that 1.4% of the borough population had never used the internet, meanwhile figures from 2017 suggested that 8.2% of adults did not access online services over a three-month period, and around 20% lacked one or more basic digital skills.

- **Sustainability strategy** – Members welcomed the comments on the sustainability strategy and the need for policies and investments to support its delivery. Councillor V. Lewanski noted that the strategy aligned with national targets and the Surrey County Council targets. It was ambitious but had to be realistic. The action plan would be used to monitor progress and take account of any changing national policy. The team would look at any activities to update the strategy to help achieve the overall goals. There was also a cross-party working group which was an opportunity to receive

Member ideas and questions such as use of solar panels and training for employees on environmental issues.

RESOLVED – that the Portfolio Holder Briefings on the Organisation Portfolios as set out in the report, and the observations of the Committee for consideration by Executive Members be noted.

49. BUDGET SCRUTINY PANEL: SERVICE AND FINANCIAL PLANNING 2021/22

Members noted that the roll out of recycling to flats had started in 2012 but this still had not concluded and the budget indicated that this project would continue next year. It was acknowledged that there is provision for additional recycling crew in the budget, but more resources might be needed for Neighbourhood Services to speed up the roll-out and support residents, for example, by having half size bins for older residents that were more appropriate to their homes.

It was noted that there were delays this year due to the emergency response to COVID-19. Officers confirmed that the roll-out would restart after Christmas and they would look at smaller bins if necessary, although this would be an additional cost.

Members thanked the Finance team for clarifying the reserves policy and commented that it was a sustainable budget.

They also thanked Councillor T. Schofield, Executive Member for Finance, and Pat Main, Interim Head of Finance, and her team for the work on the budget. Councillor N. Harrison also thanked all Panel Members for contributing and their questions to the Executive Members and Officers.

RESOLVED – that the Committee receive the report from the Budget Scrutiny Panel to go forward to the Executive to i) consider the provisional budget proposals for 2021/22 and (ii) make the recommendations below to the Executive in line with the Council's budget and policy procedure rules.

That in response to the Service and Financial planning 2021/22 report to Executive on 19 November 2020, the following observations be submitted for the consideration of the Executive:

a) That the Overview and Scrutiny Committee thanks the Executive Member for Finance, Executive and Officers for preparing initial revenue and capital budget proposals for 2021/22;

b) That the Overview and Scrutiny Committee considers the following to be achievable, realistic and based on sound financial practices and reasonable assumptions:

(i) Revenue Budget Savings and Additional Income proposals totalling £2.094m.

(ii) Revenue Budget Growth proposals totalling £0.812m

(iii) Forecast ongoing income budget pressures in 2021/22 as a consequence of the COVID-19 pandemic totalling £1.610m (to be met by one-off funding from the Government Funding Risk Reserve)

(iv) Capital Programme Growth and Reprofiling proposals resulting in a net reduction in the five-year Capital Programme of (£0.286m)

(v) Revenue Reserve Balances at 1 April 2020 of £35.391m;

c) That the Overview and Scrutiny Committee considers the potential negative impact of the savings and growth proposals on service delivery to be minimal and concluded that the Council was managing its finances well on behalf of its residents;

(d) That the budget proposals for 2020/21 included an allowance of £1.256m for the use of reserves including £1m to fund the headroom contingency budget, or a net increase of £256k excluding the headroom contingency budget. For 2021/22 no headroom budget has been established, and a drawing of £539k from reserves is planned. Any overspending will require further drawings from reserves;

e) That implementation of the Council's Commercial Strategy is vital to meeting the budget gaps in future years, as government funding is further reduced. The Overview & Scrutiny Committee notes that no substantial additional commercial income from investments is included in the 2021/22 budgets;

(f) That some capital budgets for investment are yet to be finalised, as well as a number of revenue budget items, and for this reason the Overview and Scrutiny Committee has yet to draw a conclusion on the overall budget proposals for 2021/22.

50. ENVIRONMENTAL SUSTAINABILITY STRATEGY UPDATE

Members reviewed the Environmental Sustainability Strategy update report. Portfolio Holder for Corporate Policy and Resources, Councillor V. Lewanski, reported technical problems so did not take part in the agenda item until towards the end of the discussion. Head of Corporate Policy, Cath Rose, introduced the item.

The commitment to produce a new Environmental Sustainability Strategy was included in the Reigate & Banstead 2025 corporate plan in January and the strategy, action plan and performance measures was approved by the Executive on 28 July 2020. An Overview and Scrutiny Committee call-in took place on 27 August 2020 and confirmed that the strategy should be implemented without delay and then a report would come back to this Committee in December for scrutiny. Strategy themes and priority areas of focus included energy and carbon use, low impact consumption and natural environment and biodiversity. The action plan sets out the 24 objectives and 100 plus activities with a timeframe for delivery. The strategy emphasised communications and engagement with local residents and businesses as it was not in the gift of the Council on its own to deliver carbon reduction across the borough as a whole. It needed to work with Surrey County Council as well as respond to central Government targets and funding. There would be formal reporting annually to consider progress and any changing and new priorities and the main strategy would be updated every three to five years. It was noted that there was a cross-party Member task group on this issue which could feed into and comment on work and progress.

Members discussed the item and had the following questions and comments:

- **Energy minimisation** – Members asked how the Council would approach this and would the Council create its own power through wind or solar means? It was noted that a key element of the strategy was to minimise the energy used (for heating and lighting Council buildings etc) and reduce the fuel that was used. The facilities team was looking at the estate – some measures could be implemented quickly, and others would take longer (such as generating renewable energy). The strategy makes a commitment for the organisation to be carbon neutral by 2030. A website was being produced to provide advice to residents.
- **Government updated targets** – it was noted that the government had set new higher targets this week for 2030 and the Committee on Climate Change had just produced a report on the Sixth Carbon Budget and what it could achieve from 2033 to 2037. Members asked at what point would the Council update its plan for the next 10 years. Officers confirmed it would look at this report and keep what it was doing under review to reflect policy and guidance. Members also asked for clarity on which areas were a Borough Council response and which the County Council led on.
- **Council buildings** – it was noted that that in the 2050 vision it did not mention what would happen to Council buildings. It was confirmed that the Council's direct emissions are very small compared to the borough as a whole. It does not have direct control on those borough-wide emissions, but it was leading by example and helping residents and businesses to change behaviour and work with partners in those areas. The Council also did not own housing stock itself, but it was working closely with Raven Housing Trust on plans to decarbonise their houses and flats. It was also promoting the Green Homes grant that had been announced for residents as well as funding for the hardest to heat homes in the Borough. Members considered that Reigate and Banstead Borough Council should be the local authority to lead on the home retrofits and as it was responsible for planning policy. Members felt this had a low profile in the Council's strategy, although officers confirmed that the Council does not currently have the powers to intervene when it comes to the majority of the borough's housing stock.

Committee Chair, Councillor N. Harrison, asked if Members could follow the Advance Questions procedure to ask some of these detailed questions as this would enable the detailed answers to be produced before the meeting.

- **Action plan** – Members asked if there could be more target dates set out in the action plan to help give clarity on which actions needed resources and to help set out progress more fully. It was noted that officers were working on a more detailed action plan which included more information on resources and delivery of goals. A new Sustainability Project Officer had just joined the Council and was working on this action plan. Progress would be reported to the cross-party Member working group.
- **Surrey Joint Plan** – Members asked about reference to the Surrey Joint Plan and if the joint planning had been delayed due to the COVID-19 pandemic response. It was noted that Surrey County Council has a climate change strategy and the Council was working closely at officer level with the county council and other boroughs and districts to make progress. One

example was the successful bid for funding for the Green Homes grant to make positive change to the hardest to heat homes.

- **Performance indicators** – Members asked about performance indicators and targets that had been set, pointing out that targets for cutting vehicle emissions should be 2030 rather than 2035. Also, Members felt that the recycling target should be consistent with Surrey County Council. Members noted that proposals must be realistic and balance sustainability considerations alongside the need to provide cost effective and reliable services for residents. It was agreed that further detailed questions would be submitted as written questions for a written response from officers.

During a short discussion, Councillor J. Essex said he felt the Committee did not have enough information in the agenda pack, important papers were listed as background papers and there was not enough time in the meeting to scrutinise this topic. The Monitoring Officer responded that she was satisfied that the scrutiny function in this case had been met.

RESOLVED that –

- (i) the Environmental Sustainability Strategy and the observations set out in the Minutes be noted;
- (ii) the observations set out in the Minutes be reported to the relevant Executive Member with a request that they be taken into account as the Strategy is implemented and through the annual reporting and review process.

51. Q2 2020/21 PERFORMANCE REPORT

Members considered and discussed the Quarter 2 2020/Performance Report. This included the Key Performance Indicators (KPIs), Revenue and Capital Budget monitoring and the allocation of an additional payment of £0.054m in the capital programme for the Horley Pay-on-Exit parking to be funded through prudential borrowing.

Councillor V. Lewanski, Portfolio Holder for Corporate Policy and Resources, said that two KPIs were red rated. These were KPI 7 – Net affordable housing completions and KPI 10 – Recycling performance (Q1 2020/21 performance). The reasons for the red ratings were set out in the report but both were due to the pandemic. The report also contained figures on the Revenue Budget and Capital Budget with some detailed analysis. Councillor Lewanski thanked Councillor T. Schofield, Portfolio Holder for Finance, and the Finance team for their work in preparing this information.

Members asked questions and discussed the following points:

- **Building Partnership Control** – Members asked about the building partnership control with Tandridge and the budget for a financial shortfall of £197k. It was confirmed that the Council did not have to call on the budget this year. The Director of Place said she would provide a written response to Members giving more details.

- **Revenue, Benefits & Fraud service** – Members asked why this service was expected to make a net loss on traded services in 2020/21. This is a service that the Council provided to many of the districts and boroughs in Surrey. The Interim Head of Finance explained that there was a small deficit overall which was due to the impact of COVID-19 pandemic when resources were diverted from external work. The Interim Head of Paid Services confirmed that the service currently had 21 clients which included a mix of local authorities, housing associations and private clients. The team's fraud work in particular saves the Council significant amounts of money, for example, checks were carried out on everyone applying to go on the housing register or who were homeless. Over three months, the team has been awarded four new client contracts, with a number of older contracts currently being renegotiated.
- **Underspend this year** – Members noted that there was a forecast substantial net budget underspend this year (£1.713m) mainly because the Council had not made as many capital investments or borrowing as expected, and the headroom contingency budget was expected to be underspent. This was a positive position and more than offset the unfunded Covid-costs, which were forecast at £0.613m. Also, it was noted that the uncollected council tax collection rate was down by 1.37 per cent or £1.7m which was considered good in these times.

RESOLVED – that:

- (i) the Key Performance Indicator performance for Q2 2020/21 and the observations of the Committee be noted for the Executive;
- (ii) the Revenue and Capital Budget position at Q2 2020/21 and the observations of the Committee be noted for the Executive;
- (iii) the recommendation of the Executive to Council of the allocation of an additional payment of £0.054m in the capital programme for the Horley Pay-on-Exit parking to be funded through prudential borrowing be noted.

52. COMMERCIAL STRATEGY - PART 1

Members discussed the Commercial Strategy – Part 1 report which sets the scene on what the Council is aiming to achieve. Part 2 of the strategy will come to Overview and Scrutiny next year. Part 2 of the report will set out the specific types of investment and the information the Council is relying on to make commercial decisions and the appropriate governance around decision-making.

Councillor T. Archer, Portfolio Holder for Commercial and Investments, introduced the report. He said Part 1 of the Commercial Strategy set out why it was important to have the current income streams and the clear principles for making ethical decisions, underpinned by relevant and robust assessment of business cases. There was to be an annual action plan with its performance published each year and discussed at Overview and Scrutiny. The strategy went to Executive on 19 November and was presented to this Committee for comments and observations.

Members discussed the following areas:

- **Changes to government guidance** – it was noted that in the Chancellor’s Spending Review, he introduced new rules for obtaining funding from the Public Works Loan Board (PWLB). Guidance will be provided to support local authorities to determine if a proposed project is an appropriate use of PWLB loans. It was noted that in this Borough the investments were considered carefully to make sure that there would be a good commercial return as well as a social benefit such as regeneration of an area which would benefit businesses and residents.
- **New posts for the Commercial Directorate** – the Budget included two new posts to work in the Commercial Strategy arena as the current directorate was comprised of the Director, Company Secretary and PMO/admin support. The Council needed to invest and make sure the right team was in place to grow and fill the revenue gap by developing sound commercial activities. It was felt this was a sensible investment given the size and scale of the Council’s commercial ambitions.
- **Short-term income opportunities** – Members noted that many of the projects were longer-term projects such as the proposed Crematorium and Horley Business Park. In the short-term there were existing commercial assets and the Council was looking to make sure it was getting the best return from these assets. There was work underway to increase income from the Revenue and Benefits service provided to other organisations. The fees and charges review will also bring about additional revenue. It was noted that the Commercial Ventures Executive Sub-Committee had looked at a number of investments and had declined a large number as not right for the Council.
- **Setting targets and yields** – Members asked about setting targets in terms of assets and yields. This would be contained in Part 2 of the Commercial Strategy and will reflect appropriate market yields for the Council. It was confirmed in a written answer that finance, housing and commercial were all working together to ensure that the Housing Delivery Strategy, Capital Investment Strategy and MTFP and the Commercial Strategy were all aligned to ensure that if there is an opportunity to delivery housing, build a capital asset for the long term and create an income stream, that objective is achieved.
- **Social return on investment** – Members asked about the social return in the commercial strategy to balance both for maximum commercial benefit as well as a positive service to the community, such as the Crematorium. It was confirmed that social return is taken into account to get the balance right, so it is not purely a commercial return but right for the Borough’s economic, environmental and social wellbeing.

RESOLVED – that:

- (i) the Commercial Strategy – Part 1 as approved by the Executive at its meeting on 19 November 2020 and set out in Annex 1 be noted;
- (ii) the observations of the Committee be noted by the Portfolio Holder for Investment and Companies on the Commercial Strategy: Part 1 and that the ongoing development of Part 2 of the Commercial Strategy be supported.

53. TREASURY MANAGEMENT HALF YEAR REPORT 2020/2021

Members reviewed the Treasury Management Half Year Report 2020/21 and the updated prudential indicators. This was a substantial report and included all the finalised numbers. It was noted that the Council was well under the borrowing limits it had set itself earlier this year as a result of COVID-19 and the reduced level of new investments.

The Portfolio Holder for Finance, Councillor T. Schofield, said the Council had only one exception to its compliance with Treasury Management. This was due to the Council receiving so many different funding streams from central Government. It was a short-term problem to get the money correctly banked in different accounts and this was now done. Overall, the Council was on track and had complied with the limits that Members had previously approved.

RESOLVED – that the Treasury Management Performance for the year to date be noted and the updated prudential indicators be noted.

54. FUTURE WORK PROGRAMME

Members considered the Future Work Programme. It was noted that the January meeting was looking busy so a meeting in February had been set up to cover the Annual Community Safety Partnership scrutiny with the Borough Commander invited to this meeting. This would be an agenda item on its own to make the January and February meetings more manageable.

55. EXECUTIVE

It was reported that there were no items arising from the Executive that might be subject to the 'call-in' procedure in accordance with the provisions of the Overview and Scrutiny Committee Procedure Rules.

56. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

The Meeting closed at 9.41 pm