



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

REPORT OF:	CHIEF EXECUTIVE
AUTHOR:	JOHN JORY
TELEPHONE:	01737 276151
E-MAIL:	John.jory@reigate-banstead.gov.uk
TO:	COUNCIL
DATE:	11 APRIL 2013

AGENDA ITEM NO:	11	WARD(S) AFFECTED:	ALL
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SUBJECT:	ANNUAL PROGRESS REPORT
PURPOSE OF THE REPORT:	TO CONSIDER THE REPORT ON THE COUNCIL'S ACHIEVEMENTS IN THE 2012/13 MUNICIPAL YEAR
RECOMMENDATION:	That the report of the Chief Executive be noted.
SUMMARY	<p>This is a report of the Chief Executive and is intended to provide Members with an assessment of the Council's performance and progress in 2012/13. The report is an annual summary of the key achievements and issues.</p> <p>The report also summarises the direction of travel for the Council in 2013/14 and beyond, outlining the key challenges and aims for the Municipal Year.</p>

INTRODUCTION

1. This is my third annual report to Council since my appointment as Chief Executive in May 2010. The aim of this report is to provide a summary of some of the Council's achievements and highlight the challenges that we face in the coming year.
2. Quarterly reports on the Council's service and financial performance are provided to the Executive and Overview & Scrutiny Committee. These reports, which are well received, provide Members with performance information and this report is in addition to this regular reporting regime. This report, therefore, deliberately takes a wider perspective.
3. Reigate and Banstead is an excellent place to live, work, do business and visit. Reigate & Banstead has consistently been recognised in quality of life surveys, rising to 15th in the latest Halifax quality of life survey. In March, the Sunday Times named Reigate as the best place to live in the south east, and in the top 100 places in the UK.
4. Most importantly, our residents recognise the borough as an excellent place to live and work. The Council plays a strong role in maintaining and improving the area for the benefit of our residents. As a result their satisfaction with the area, as well as satisfaction with the Council, has increased in recent years.

CHALLENGES AND ACHIEVEMENTS IN 2012/13

5. Since 2008 the country has faced an unprecedented economic downturn. This has impacted on earnings, growth and investment. Although Reigate & Banstead is a prosperous area, it was not isolated from the impact of the economic downturn. Our businesses have been impacted by the negative and low growth and residents have faced higher unemployment.
6. The Coalition Government has embarked on a programme to drive economic growth and reduce public spending. This has seen considerable reductions in funding to local government.
7. The grant to Reigate & Banstead has reduced from £6.13m in 2010/11 to £4.05m in 2013/14. This is a reduction of 34%. In addition to this reduction, the low interest rates have meant that income from the Council's reserve funds has reduced from around £6m to around £0.5m per year.
8. Despite these significant financial challenges, leadership and management arrangements have ensured that the Council is in a strong financial position compared to many other local authorities. This has enabled the Council to continue investing in ongoing service improvements through the adopted Corporate Plan.

Corporate Plan Progress

9. The Council responded to the economic downturn and change in Government policy by adopting a new Corporate Plan in 2010 for the period 2010-15. The plan shifted the Council's priorities from environment, to focusing on people and places. The plan recognised the key issues facing the borough and set out priorities for the Council to support our residents and businesses.
10. The Corporate Plan also includes proposals that go beyond the traditional borough council functions, capturing the Council's ambitions to do more for younger and older people, promote the overall economic prosperity of the borough and take a strong role in relation to the health agenda.
11. I am pleased to report that there has been significant progress against the Corporate Plan themes and priorities over the last 12 months. A full report will be presented to the Executive in early summer, but it is worth highlighting some particularly positive achievements:

Self reliant and thriving communities - a clean, green, safe and healthy borough

12. Our expanded kerbside recycling service was launched in 2012, on time and on budget. The service was developed in response to extensive consultation with residents and enables residents to recycle a wider range of materials. As well as providing a better service, the Council also benefits from increased income from the recyclates.
13. The launch of the new service was supported by a substantial communications campaign. This has been extremely successful, with 94% of residents aware of the new service. There has also been a significant increase in support for the new service, and feedback shows that residents agree the Council is improving services.

14. Reigate & Banstead is one of the pilot areas for the Surrey Supporting Families project. The Government has established a national programme, with substantial funding available, to provide targeted support to those families most in need and suffering from (and causing) multiple problems. The programme will provide support to help families into employment and training and away from reliance on benefits.
15. We have been working with Surrey County Council to support this work locally and the multi-agency team will be established from May. The team of case workers will be seconded from a variety of partner organisations including the Police, Social Services, PCT and local housing providers.
16. The Council has developed very strong relationships with our partners. In 2012, we built on this partnership work to build a strong local health partnership. Responsibility for public health moved to Surrey County Council in April 2013 and new Clinical Commissioning Groups, led by GPs, will have responsibility for commissioning the majority of local health services. We have proactively engaged with these partners and signed Memoranda of Understanding to set out our joint health priorities.
17. We have adopted a new Council Tax Support Scheme that replaced Council Tax benefit from April this year. The scheme was developed following consultation with a wide range of Members and residents. Our scheme has recognised the need to support those most in need, but equally to encourage residents into employment. We have developed a communications plan to ensure that residents are fully aware of the changes to Council Tax benefit, and wider welfare reforms, and how it may impact on them.

Prosperity – improving and sustaining our communities

18. The Council has established a small grants scheme for local businesses. At a time when credit is harder to secure, the Council is offering grants of £500 to £1,000, which can be used to help fund new or improved equipment like machinery, tools or IT and training.
19. We continue to support local business networks, with events held at the Town Hall and in other offices across the borough. We are working with the network to consider the potential of creating an 'on-line' community for Reigate and Banstead that would be linked to face to face opportunities and events. The central concept is to encourage local businesses and support organisations to 'join' and then collaborate.
20. We have improved the way we engage with local businesses and potential businesses. A single point of contact has been established to work with local businesses and identify opportunities for providing greater support. As part of this, we have improved the links with local agents and major employers. We are actively engaged with the Department for Business, Innovation and Skills to respond to any potential investment interest.
21. Our young worker scheme goes from strength to strength. Young people are far more likely to be unemployed at present and the borough had some of the highest level of young people not in education, employment or training in the county. I am delighted that the Council has sought to tackle this issue through this scheme.

22. 2012 saw our highest intake of young workers yet, and they now make up 10% of the Council's total workforce. We have increased the range of placements that we offer, with opportunities for young people with few or no qualifications, to those that have graduated from university but are still unable to secure employment. It is probably the biggest scheme run by any District or Borough in the country and has a very high success rate, with 69% of participants going on to other employment, education or training. The Council also benefits from enthusiastic staff with new ideas and skills, as well as enhancing our reputation in the local community and beyond.
23. Our Corporate Plan includes significant regeneration ambitions for Redhill, Horley, Preston and Merstham. We have made significant progress in all these areas over the last twelve months and residents are starting to see the benefits of all our hard work and planning.
24. In Preston, the Council has submitted planning applications to provide a new, modern leisure centre. The new centre will include a swimming pool, gym and space for a variety of activities and exercises. Surrey County Council will be contributing to the scheme and the centre will be incorporating youth and community facilities. The new leisure centre will be an excellent community hub for our residents.
25. In Redhill, the Council has approved plans for the redevelopment of Warwick Quadrant. These proposals will provide a new larger retail store, gym and potentially also a hotel, which are key elements of our regeneration plans for the town. Our proposals for the redevelopment of Marketfield Way are currently being taken through a tendering process, with a recommendation expected towards the end of 2013. We are also in discussions with developers about other sites in the town centre and it is extremely positive to see the high level of private sector interest in Redhill. This will deliver millions of pounds worth of investment and job creation over the next few years.
26. In Horley, we have approved the sale of our Newman House site to provide modern retail facilities and affordable housing. This will improve a key site in the town centre which has been vacant for some time. We are also close to finalising a legal agreement with developers to support the housing development to the North West of Horley. This will provide substantial investment in Horley, with new and improved infrastructure and community facilities.
27. In Merstham, we have been working with partners to bring forward proposals for substantial redevelopment along Portland Drive. The proposals include a new community hub, with a variety of service and facilities for local people, as well as enhanced food retail and improved housing stock.

Our organisation – better for less

28. We have set a priority to encourage volunteering. We continue to work with the voluntary sector, providing grant funding and publicity for their activities. I can't report on the last year without highlighting some of the major community events that we have seen in the borough. As well as the ever popular Priory Park community event / armed forces day, communities in Banstead and Horley held major events as well as smaller community events and fun days throughout our borough.

29. We saw a huge community response to some major events in 2012. The Olympic torch relay crossed the centre of the borough drawing thousands of residents into Reigate and Redhill to celebrate. The event was supported by a large number of Council staff, but also a substantial number of volunteers. In September we also welcomed the Tour of Britain cycle race, which started the final leg right here in Reigate. International cyclists were greeted with fantastic support and cheers from the crowds and we can be very proud of the way the borough has supported these events.
30. In February this year, the Executive approved the next phase of our programme to change the way we use our office buildings to provide a flexible, modern workspace and deliver significant financial savings. This builds on the previous work that included the renting of office space to Surrey County Council and Surrey Police. As well as providing a rental income, this offers the opportunities for better joint working. We are in early discussions about the potential to lease space to other public sector partners.
31. The Executive also approved plans to improve our approach to customer service. The current service was established in the 1990s, and technology and attitudes have radically changed the preferences and expectations of our residents. We will offer a modern service that meets our customers' needs and ensures that our activities provide value for money. We want to provide a first class service and I look forward to the coming year as we make these improvements.

Service and financial performance

32. As reported to the Executive in March, as well as delivering against the Corporate Plan priorities, the Council continues to deliver excellent services. Of the 11 key service indicators, 9 were on target or within agreed tolerances. Management action has been taken on the two indicators that were below target and this is expected to improve in the final quarter of the year. Further details on our excellent performance can be found through the eMembers site.
33. It is important to remember that the economic environment is increasing the demand on many of our services, with significantly higher levels of applications to Housing and Benefits services compared to 2008. Despite this, our overall performance continues to be good.
34. Although our service performance is good, we continue to challenge process and practice to identify how we can improve or deliver savings. I have commissioned reviews in a number of service areas to help identify these opportunities and I am delighted with the actions that so far have been taken forward as a result.
35. In addition to delivering services well, the Council continues to manage its finances well. Managers throughout the organisation are continually testing and challenging spend to ensure we are providing value for money. As a result, the third quarter report projected an underspend of £1.4m.
36. Our capital expenditure will be below budget, with an underspend of £3.5m. Some of this is due to project slippage, but Managers are equally challenging about capital expenditure.

37. As a result of excellent service and financial management, the Council has been able to adopt a revenue budget for 2013/14 that delivers £1.1m of net savings without reducing the services we provide to our residents and businesses. Although the budget includes a Council Tax increase for the first time in 4 years, feedback from our residents shows that they would prefer to pay an extra £3.87 per household per year (based on band D) to maintain services. I am extremely proud that we have been able to deliver this in a time of significant pressure on public finances.
38. The final outturn report will be reported to Overview & Scrutiny Committee and the Executive in June, with proposals for the use of the underspend. Officers will be recommending that the majority be split between the reserves and the Corporate Plan Delivery Fund.

Talent management

39. None of the above would be possible without our staff. Our service and financial performance is due to the effort and dedication of staff, at a time when there are huge changes to the public sector. Frankly, we have great people.
40. I am delighted that the Council recognised the importance of our staff when it adopted the Corporate priority to 'maximise the potential of our staff through ongoing skills development'.
41. As Chief Executive, I have introduced a new approach to developing our staff. Whilst it is important that managers demonstrate strong leadership, I also want to ensure that we are utilising the talent of staff at all levels of the organisation. For example, we have identified staff that have potential to become our next generation of managers and leaders and are providing individual support and development to ensure our officers fulfil their potential. This increases our capacity and ensures staff remain motivated and engaged in delivering our priorities.

FINANCIAL ISSUES

42. As I reported last year, the indications are that Local Government can expect continued reductions in grant funding from central government. In December, the Government announced that our grant for 2013/14 will be £4.05m. This is a reduction of £0.56m (or 12%) on our grant for 2012/13, and a reduction of 34% since 2010/11.
43. In the Chancellor's budget announcements in March, the Government confirmed a further reduction of 1% for local government in 2015/16. I anticipate that this reduction may be higher for Reigate & Banstead, where we already receive one of the lowest levels of grant funding, and we are preparing our medium term financial plan to anticipate this. It is therefore considered likely that, if some authorities have to become self funding, this Council will be one of the first to do so.
44. As well as reductions in grant funding, I anticipate that the Government may place further restrictions on our ability to raise Council Tax locally. This year, the Secretary of State set a limit of 2% for Council Tax increases. Any higher would require a referendum to be held at substantial cost. It may be that the limit is reduced to 1% increases, or even 0% for 2014/15.

45. Finally, the impact of proposals to localise elements of Business Rates (National Non Domestic Rates or NNDR) have yet to be fully felt. The new arrangements place considerable financial risk on the Council should a major employer relocate or reduce their presence in Reigate & Banstead. As part of the budget, the Council agreed to establish a special reserve fund to provide some support against this risk.
46. Whilst the above highlights a number of challenges for local government, I can reassure Members that we are planning ahead to seek to manage these challenges very well.

SHAPING OUR FUTURE – PREPARING FOR 2020

47. Members have a high level of ambition for the Council and the improvements they wish to see in the community. The Council has set itself clear priorities to support residents, particularly those in greater need, and to maintain and improve the Borough's prosperity.
48. This is particularly important as residents will face further challenges in the next few years from welfare reforms and low economic growth prospects. It is unlikely that the economy will have improved significantly by 2015. An increasing proportion of our population is likely to need help living in the borough, with high house prices making affordable housing extremely important.
49. Technology continues to change at a pace. Whilst the customer service changes will see the Council respond to increasing demand for self service, particularly through 24 hour web access, the Council will need to continue adapting to changing technology and consumer demands. In order to understand the latter, the Council will need to further increase the use of market research and customer insight data to inform priorities and service changes.
50. Although the next Corporate Plan will not be adopted until late 2014 / early 2015, managers will work with the Executive during 2013/14 to begin discussions on what priorities may be included in our next Corporate Plan and how we may approach resourcing the plan.
51. However, Members need to recognise the resources available and the options for funding these ambitions. As outlined above, we may face increasing restrictions on our income through reductions and restrictions on Council tax and grant income. This currently makes up £16.3m of our income.
52. Whilst we generate £13.7m through fees and charges, there are limitations on these too. In a number of cases there are statutory restrictions on the level of fees that we can charge, and in other areas the amount we can charge is limited by market forces.
53. Our income from investments has reduced substantially since 2008, and our reserves currently provide limited return due to the low level of interest rates.
54. This highlights the increasing pressure on the Council's revenue budget. If we are to continue being an ambitious authority, with a desire to maintain and improve services and invest in our communities, we need to consider alternative and innovative ways of generating income.

55. Over the last 18 months, the Council has identified a number of opportunities to invest in schemes that deliver benefits to our residents, communities and businesses whilst also providing a higher rate of return. In Court Lodge, the Council is delivering housing development. In Redhill, we are considering funding a hotel within the Warwick Quadrant redevelopment.
56. These investments will provide increased capital value and /or ongoing revenue funding to support the delivery of our services and provide a more sustainable financial position for the Council. There may be further opportunities for this type of project in the future and officers will work with the Executive to consider these as part of our medium term service and financial plans.

CONCLUSIONS

57. Reigate and Banstead is a very good authority, with high levels of service performance and strong financial management. We continue to identify opportunities to improve our performance as we build upon good to become a great council, and an exemplar for local government.
58. The Council's reputation within local government and beyond has increased significantly. We are recognised as a high performing Council that is taking a proactive approach to the issues facing our area.
59. I am proud to be the Chief Executive at Reigate and Banstead Borough Council and of the achievements we have made in the last year. Members and Officers are increasingly keen to innovate and challenge existing practices.
60. However, there will continue to be challenges for the Council going forward and we will not let our good performance make us complacent. Officers will continue to work with the Executive and the wider membership of the Council to identify and implement proposals in order to ensure a sustainable approach to our services.
61. I place on record here my thanks to all those staff and Councillors who have enabled the Council to deliver the progress I have outlined in this report.
62. I am confident that the priorities and actions outlined within this report and as part of the Corporate Plan will lead to Reigate and Banstead Borough Council becoming a more sustainable Council, delivering great services, overcoming the financial challenges that we face in the next few years.

Background Papers: Corporate Plan 2011-15