

COUNCIL - 13th February 2014

RECOMMENDATIONS OF THE EXECUTIVE

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9th Jan
2014
Executive
Minute
91/342-3

SCHEDULE OF MEETINGS 2014/15

A report was submitted with a proposed schedule of meetings for 2014/15. It set out background and factors for consideration. The draft schedule drew upon past experience and had regard to comments from both Members and Officers. It had been considered by the Overview and Scrutiny Committee at its meeting on 11th December 2013.

It was noted that the Government had agreed to combine the European and Local Elections to be held on 22 May 2014 which had a consequential change to the date of the Annual Council meeting which had been proposed for 12 June 2014 to reflect this.

RECOMMENDED that the Schedule of Meetings for the Municipal Year 2014-15, as set out in Annex 1 to the submitted report be approved.

Reason for decisions:

The Schedule of Meetings establishes a timetable to ensure the efficient and effective conduct of Council business throughout the municipal year.

Alternative option: None

30th Jan
2014
Executive
Minute
100/373-4

BUDGET 2014/15

The Deputy Leader and Portfolio Holder for Finance, Councillor V.W. Broad introduced the proposed Budget for 2014/15 which included a 1.9% increase in Council Tax for recommendation to Full Council. The report also included an updated Capital Programme to take account of the recently approved projects in Redhill and Banstead.

A consultation exercise had been undertaken on the savings and growth proposals that had been considered by the Executive in November 2013. These proposals had been the subject of review by the Budget Scrutiny Panel and the Overview and Scrutiny Committee and the Portfolio Holder thanked them for their hard work in ensuring that the proposals were sound.

Councillor Broad referred to conjecture that Government grant would be increasing next year. He considered this to be an unlikely and unrealistic projection indicating that he was taking a more prudent approach that anticipated a continuous decrease in Government base grant for the foreseeable future. This was the basis upon which the

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Executive was planning to ensure a financially sustainable future for the Council.

The Deputy Leader recognised the hard work that had been undertaken to identify the savings within the budget (over £1m) which, together with the proposed below-inflation tax increase, would allow the Council not only to maintain services but to continue to deliver them to a high standard.

The Executive noted the Chief Finance Officer's statement on the proposed budget which pointed out the risks and uncertainties associated with the budget proposals. This included economic factors, future government funding levels and a continuation of the austerity programme.

The Leader advised Members that she was aware of the possibility of changes to the capping arrangements in relation to Council Tax levels. If this became an issue for the 2014/15 Budget she would arrange for the necessary urgent meetings to determine any changes required to Council Tax levels.

RECOMMENDED that:

- (i) a budget of £16.012m including the savings and growth previously reported, a provision for a pay award and an increase in Council Tax of 1.9% be approved;**
- (ii) the updated Capital Programme (set out at Annex 1 of the report) be approved.**

RESOLVED that:

- (i) the statement of the Chief Finance Officer (set out at Annex 2 of the report) be noted; and
- (ii) the Chief Finance Officer be authorised to make any necessary technical adjustments to the budget and Council Tax demand proposed to Council arising from final budget refinements or changes to government grant.

Reasons for recommendation and decision: The Council is required to set a budget by 11th March each year.

Alternative options: Amend or reject the budget proposals.

30th Jan
2014
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101/374-6

COUNCIL TAX SETTING 2014/15

A report was submitted on the level of Council Tax for 2014/15. It set out relevant statutory powers, issues (the proposed Council Tax increase and information relating to precepting authorities), legal, financial and equalities implications, risk management considerations,

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consultation undertaken and policy framework factors.

The Deputy Leader informed the Executive that the proposed Council Tax would be the subject of a recommendation to the February Council meeting which would receive confirmation of the final precept levels from the County Council and the Police together with any necessary adjustments required.

RECOMMENDED:

(i) to note that on 12 December 2013 the Council calculated:

(a) the Council Tax base 2014/15 for the whole Council as 57,001 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")] and,

(b) for dwellings in those parts of its area to which a Parish precept relates:

Horley Town Council	8,479
Salfords & Sidlow Parish Council	1,341

(ii) to calculate the Council Tax requirements for the Council's own purposes for 2014/15 (excluding Parish precepts) is £11,487,982;

(iii) that the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

(a) £66,193,865 - being the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils

(b) £54,383,319 - being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £11,810,546 - being the amount which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).

(d) £207.20 - being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £322,564 - being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix).

(f) £201.54 - being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (1(a) above),

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calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) Horley Town Council- £236.16

Salfords & Sidlow Parish Council - £223.18

Being the amounts given by adding to the amount at 3(f) above the amounts of the special items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(iv) it be noted that the figures in the attached Appendix being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportions set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in different valuation bands.

(v) it be noted that for the year 2014/15 Surrey County Council and Surrey Police have stated amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown in Appendix 2.

(vi) having calculated the aggregate in each case of the amounts 1 to 5, above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown in Appendix 3.

RESOLVED that the Chief Finance Officer be authorised to make any amendments to the Council Tax demands as might prove necessary as the result of changes to the estimated demands issued by preceptors on the Council's Collection Fund.

Reasons for recommendations: The Local Government Finance Act 1992 sets out the requirement for local authorities to set a budget for the next financial year. The report provides the information to fulfil that requirement.

Under the Constitution the Executive considers a proposed budget and Council Tax, before then making a recommendation on the appropriate level of Council Tax to full Council. Following consideration Full

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Council may then authorise the budget and Council Tax.

Alternative option: None

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104/378-9

**CONSTRUCTION OF HOTEL WITH PRE-LETTING AGREEMENT
TO TRAVELODGE HOTELS**

The Portfolio Holder for Property and Regeneration, Councillor Mrs N.J. Bramhall introduced the report by referring to the report to the Executive in January 2013 that considered proposals to construct a Hotel in Redhill. At that time it was noted that further work would be required on the due diligence for a hotel operator and to undertake an appraisal and viability of the hotel element of the redevelopment at Warwick Quadrant. Under the terms of the option agreements with Aviva and Sainsbury's the Council had until 31 March 2014 to decide whether it wanted to fund the development of the hotel.

The Portfolio Holder indicated that this due diligence work had been undertaken and that she was recommending that the Council exercised its option to fund the construction of the proposed new hotel in Warwick Quadrant, Redhill. This would include taking a long leasehold interest in the hotel from Aviva and to agree a lease to the proposed operator, Travelodge Hotels Ltd.

It was noted that a considerable amount of work had been undertaken in conjunction with Sainsbury's, Aviva and Travelodge to establish reductions to the hotel development costs. Although these costs remained indicative they were not seen as being commercially viable to a developer.

Councillor Mrs Bramhall indicated however that the development was anticipated to produce an acceptable return on the capital investment and it would produce a significant income stream for the Council. Additionally, based on the appraisal assumptions, the development was anticipated to become profit making after 3 years. Details of the development costs, the income stream and the resulting yield were set out in the Part 2 report.

Members were assured that the proposed contract would still allow the Council to withdraw if, when the final development costs were known, the return to the Council was reduced to an unacceptable level due to higher than expected construction costs.

The Executive Member for Property and Regeneration responded to a range of questions from non Executive Members who had sought to understand the rationale being applied to commit Council resources to the hotel development. In concluding the debate Members of the

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Executive overwhelmingly supported the benefits that this development would bring to the economy; wider regeneration; local businesses and as an added income stream to the Council. It was therefore

RECOMMENDED that the Deputy Chief Executive (designate), in consultation with the Portfolio Holders for Regeneration, Property and Finance, be authorised to exercise the Council's option with Sainsbury's to fund the construction of a new 68 bedroom hotel forming part of the Warwick Quadrant redevelopment, the cost of which shall be funded from capital reserves and allocated in the Capital Programme.

RESOLVED that:

(i) the Deputy Chief Executive (designate), in consultation with the Portfolio Holders for Regeneration, Property and Finance, be authorised to exercise the Council's call option with Aviva to a 125 year leasehold interest in the hotel element of the Warwick Quadrant redevelopment; and

(ii) the Deputy Chief Executive (designate) in consultation with the Portfolio Holder for Regeneration, Property and Finance be authorised to agree the final terms of, and enter into, an agreement for lease and lease with Travelodge Hotels Limited to occupy and operate this new hotel.

Reasons for decision: To seek approval to exercise the option Agreements with Aviva and Sainsbury's to acquire the leasehold interest in the hotel and agree a sub-lease to Travelodge with the associated income stream.

Alternative option: Do nothing.

COUNCIL TAX 2014/15

SETTING OF TOTAL COUNCIL TAX (INCLUDING BOROUGH & ALL PRECEPTING AUTHORITIES) - BASIC AMOUNT (BAND D)

AUTHORITY	AREA		
	Reigate & Banstead	Horley TC	Salfords & Sidlow PC
	£	£	£
Reigate & Banstead *	201.54	236.16	223.18
Surrey County Council	1,195.83	1,195.83	1,195.83
Surrey Police	211.68	211.68	211.68
TOTAL	<u>1,609.05</u>	<u>1,643.67</u>	<u>1,630.69</u>

* Including Parish and Town Council where appropriate

COUNCIL TAX 2014/15

COUNCIL AREA	VALUATION BANDS							
	A £	B £	C £	D £	E £	F £	G £	H £
1. AMOUNTS OF TAX FOR REIGATE AND BANSTEAD BOROUGH COUNCIL, HORLEY TOWN COUNCIL AND SALFORDS AND SIDLOW PARISH COUNCIL								
Horley Town Council area	157.44	183.68	209.92	236.16	288.64	341.12	393.60	472.32
Salfords and Sidlow Parish Council area	148.79	173.58	198.38	223.18	272.78	322.37	371.97	446.36
Rest of Borough	134.36	156.75	179.15	201.54	246.33	291.11	335.90	403.08
2. AMOUNTS OF TAX FOR SURREY COUNTY COUNCIL AND SURREY POLICE								
Surrey County Council precept	797.22	930.09	1,062.96	1,195.83	1,461.57	1,727.31	1,993.05	2,391.66
Surrey Police precept	141.12	164.64	188.16	211.68	258.72	305.76	352.80	423.36
3. TOTAL AMOUNTS OF COUNCIL TAX FOR 2014/15								
Horley Town Council area	1,095.78	1,278.41	1,461.04	1,643.67	2,008.93	2,374.19	2,739.45	3,287.34
Salfords and Sidlow Parish Council area	1,087.13	1,268.31	1,449.50	1,630.69	1,993.07	2,355.44	2,717.82	3,261.38
Rest of Borough	1,072.70	1,251.48	1,430.27	1,609.05	1,966.62	2,324.18	2,681.75	3,218.10



REPORT OF:	MANAGEMENT TEAM
AUTHORS:	Peter Flynn
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E-MAIL:	Peter.Flynn@reigate-banstead.gov.uk
TO:	EXECUTIVE
DATE:	18 th September 2014
EXECUTIVE MEMBER:	COUNCILLOR V.W. BROAD COUNCILLOR G.J. KNIGHT

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	ALL

SUBJECT:	QUARTERLY PERFORMANCE REPORT (Q1)
RECOMMENDATION: To note the performance outlined in the attached report.	
REASONS FOR RECOMMENDATIONS: To consider the performance for the first quarter of the financial year 2014/15.	
EXECUTIVE SUMMARY: The attached report (Appendix 1) provides the headline issues in relation to the Council's overall performance for Quarter 1. The report was prepared for the Overview and Scrutiny Committee meeting scheduled for 4 September 2014. Following consultation with the Chairman of the Committee, this meeting was cancelled due to lack of business. To allow for consideration of the Quarter 1 Performance by the Overview and Scrutiny Committee, the report was circulated to Committee Members on 15 August 2014 and questions on it were invited. Two questions were received from the Committee, and responses from Officers were circulated to Committee Members electronically.	

Executive has authority to approve the above recommendation.



Subject:	Quarterly Performance Report (Q1 –April to June 2014)
Officer:	Peter Flynn
To:	Circulated to Members of the Overview and Scrutiny Committee
Purpose:	To consider the performance for the first quarter of the year 2014/15.

Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 1.

The detailed information showing all performance is available for Members to review at the eMembers room.

The headline performance information is set out in the following Annexes:

Key Service Indicators	Annex 1
Revenue Budget Monitoring	Annex 2
Capital Budget Monitoring	Annex 3
Internal Audit	Annex 4

Recommendation

The Committee is requested to review the performance update, consider any advance questions received in relation to strategic issues and make any observations to the Executive.

KEY SERVICE INDICATORS

Headline Information

Of the key service indicators for which information was available, eight were on target or within agreed tolerances. One was off target at the end of the reporting period.

Major variances (those off target)

KSI 7. Percentage of Planning appeals allowed by Planning Inspectors (low is good)	
Target for quarter:	Actual:
30%	44%

Management comments/action

10 appeals allowed out of total of 22 appeal decisions. Outcomes being reviewed for any action needed.

eMembers room information

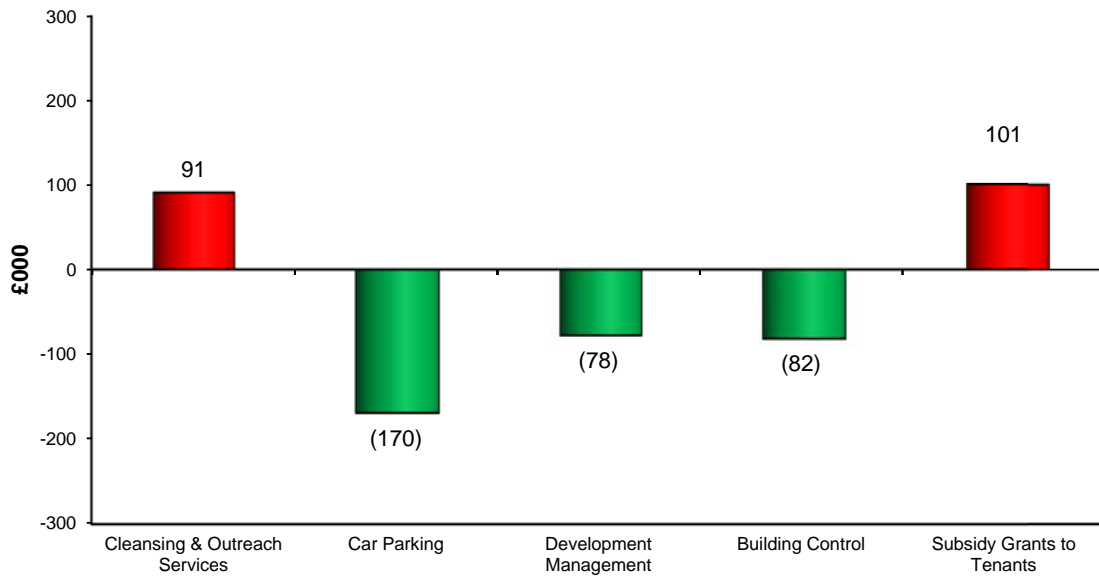
A copy of the full schedule can be found in the eMembers room.

REVENUE BUDGET MONITORING

Headline Information

■	Management budget:	£16,601,400
■	Forecast expenditure:	£16,316,400
■	Projected over-recovery/underspend:	£300,000 (or 2% of the budget)

Table 1: MAJOR REVENUE VARIANCES



Major Variances

- **Cleansing & Outreach Services** – a projected overspend mainly due to salary overspends and under-recovery of income.
- **Car Parking** – a projected over-recovery of income mainly from off-street parking Pay and Display.
- **Development Management** – over-recovery of planning fee income.
- **Building Control** – underspend on salaries due to vacant posts and over-recovery of income.
- **Subsidy Grants to Tenants** – these are rental subsidies given to RBBC tenants. This forecast is based on 2013/14 outturn and is currently unbudgeted.

eMembers' Room Information

Further information has been provided in the eMembers room to support the Committee's consideration of the monitoring report as follows:

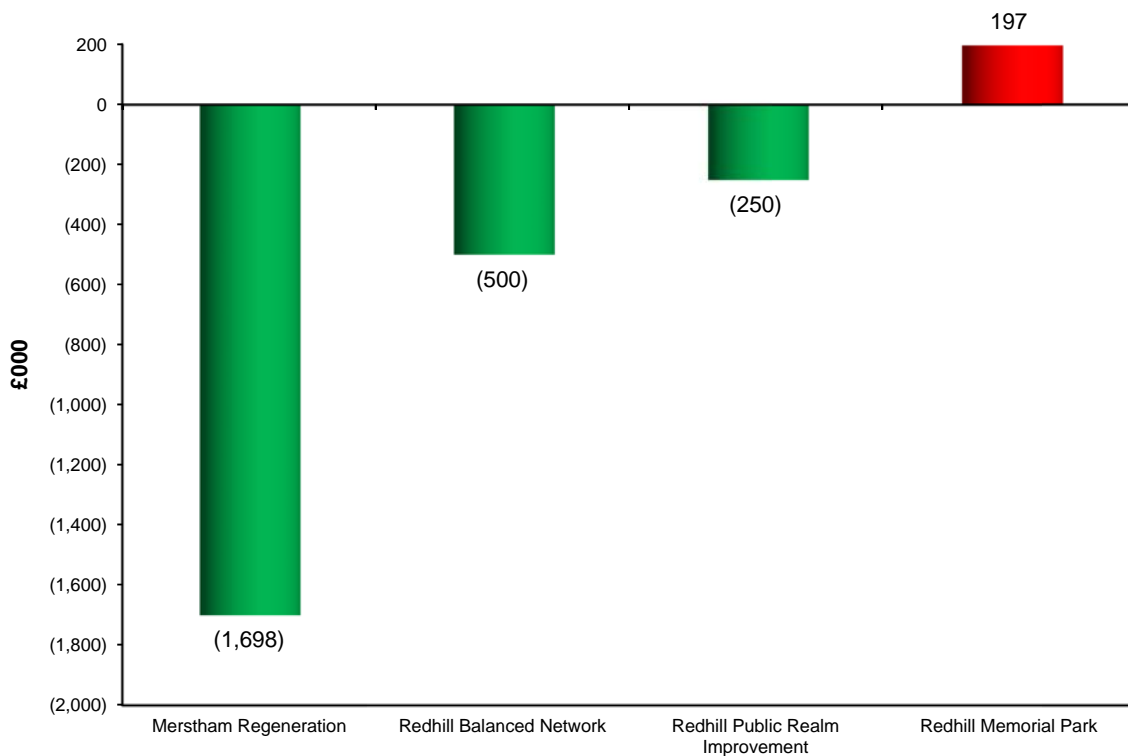
- Reconciliation of Original Budget to Management Budget
- Budget Monitoring Summary
- Analysis of Key Variances
- Impacts on Reserves.

CAPITAL BUDGET MONITORING

Headline 2014/15 Information

- Current budget: £ 20,147,200
- Forecast expenditure: £ 17,771,000
- Projected underspend: £ 2,376,000 (or 12 % of budget)

Table 1: MAJOR CAPITAL VARIANCES



Major Variances

- **Merstham Regeneration:** Construction work is expected to span two financial years (2014/15 and 2015/16). The underspend of £1,698,000 will be required in 2015/16. The budget will be reprofiled to reflect this.
- **Redhill Balanced Network:** £500,000 of Balanced Network budget needs to be deferred to later financial years, at Surrey County Council's request. This is because elements of the Balanced Network will be delivered in 2015/16 and 2016/17 to dovetail with highway modifications associated with the Redhill Town Centre development sites. The budget will be reprofiled to reflect the changes.

- **Redhill Public Realm:** Again, reprofiling is necessary to dovetail with other projects within the town.
- **Redhill Memorial Park:** The apparent overspend is due to the fact that the budget was originally split over 2 years but the majority of the spend will be completed in the current year. The budget will be reprofiled to reflect this.

Emerging Risk

- **Demolition of SA1 Annexe Council Office:** Actual asbestos levels have been found to be higher than expected. This additional asbestos is driving a variation to the contract, which will result in an overspend. The extra cost has not yet been fully quantified but could be in the region of £100,000.

eMembers' Room Information

Further information has been provided in the eMembers' room to support the Committee's consideration of the monitoring report as follows:

- Reconciliation of Capital Programme to Approved Budget
- Budget Monitoring Summary

INTERNAL AUDIT

Background

The Annual audit plan is agreed by the Overview and Scrutiny Committee.

SCORING

RED	Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
AMBER/ RED	Action needs to be taken to ensure this risk is managed. Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed
AMBER/ GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Headline Information

During the quarter the following internal audits have been completed

Name of Audit	SCORE
HR Self Service Implementation	AMBER/GREEN
Payroll	AMBER/GREEN

Number of High Recommendations – None.

Management action

N/A

eMembers room information

Copies of the full report and individual audit reports.



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

REPORT OF:	MANAGEMENT TEAM
AUTHORS:	Peter Flynn
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TO:	EXECUTIVE
DATE:	8 January 2015
EXECUTIVE MEMBER:	COUNCILLOR V.W. BROAD, LEADER OF THE COUNCIL

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	ALL

SUBJECT:	QUARTERLY PERFORMANCE REPORT (Q2)
RECOMMENDATION: To note the performance outlined in the attached report and note the comments made by the Overview & Scrutiny Committee.	
REASONS FOR RECOMMENDATIONS: To consider the performance for the second quarter of the financial year 2014/15.	
EXECUTIVE SUMMARY: The report provides the headline issues in relation to the Council's overall performance for Quarter 2. The attached report (Annex 1) was considered by the Overview and Scrutiny Committee on 11 December 2014. The Committee made no observations to be reported to the Executive.	

Executive has authority to approve the above recommendation.



Subject:	Quarterly Performance Report (Q2 –July to September 2014)
Officer:	Peter Flynn
To:	Overview and Scrutiny Committee, 11 December 2014.
Purpose:	To consider the performance for the second quarter of the year 2014-15.

Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 2.

The detailed information showing all performance is available for Members to review at the eMembers room.

The headline performance information is set out in the following Annexes:

Key Service Indicators	Annex 1
Capital Budget Monitoring	Annex 2
Revenue Budget Monitoring	Annex 3
Internal Audit	Annex 4
Risk Management	Annex 5

Recommendation

The Committee is requested to review the performance update, consider any advance questions received in relation to strategic issues and make any observations to the Executive.

KEY SERVICE INDICATORS

Headline Information

Of the key service indicators for which information was available, six were on target or within agreed tolerances. Two were off target at the end of the reporting period.

Major variances (those off target)

KSI 7: Percentage of Planning appeals allowed by Planning Inspectors (low is good)	
Target for quarter	Actual
30%	37%

Management comments/action

6 appeals allowed out of total of 16 appeal decisions. Previous outcomes review did not identify any action needed regarding policy or assessments.

KSI 9: Percentage of Non Domestic Rates due for the financial year which were received by the authority	
Target for quarter	Actual
61.00%	59.81%

Management comments/action

Internal target has been revised to 61.00%. Still below target as around 10% of companies have elected to pay their Business Rates over 12 months, which they have been able to do from 2014/15.

eMembers room information

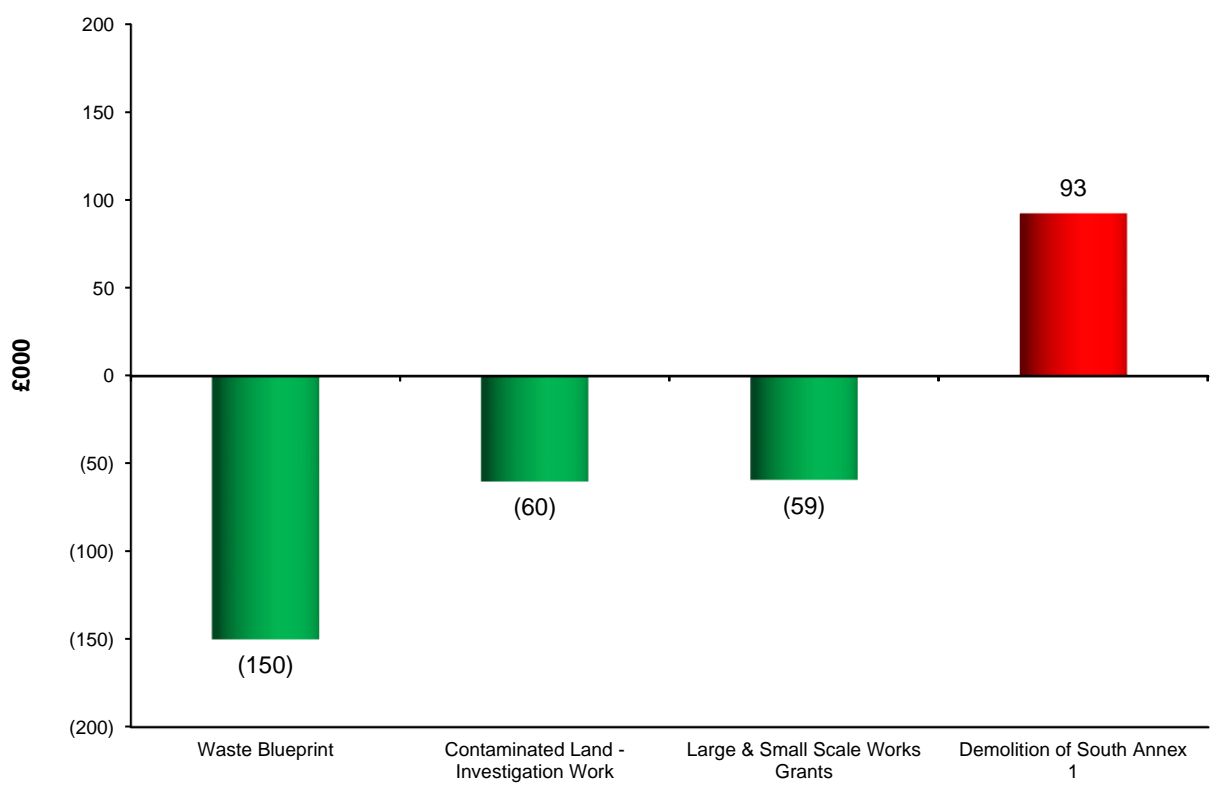
A copy of the full schedule can be found in the eMembers room.

CAPITAL BUDGET MONITORING

Headline 2014/15 Capital Budget information

- Current budget: £ 21,640,000
- Forecast expenditure: £ 21,296,000
- Projected underspend: £ 343,000 (or 1.6 % of budget)

Table 1: MAJOR CAPITAL VARIANCES



Major Variances

A number of individual projects, totalling £3.7 million, have been re-profiled into future years following the reported position in Quarter 1. These are set out in detail in Capital Annex 1 and mainly relate to slippage of regeneration projects. In addition, a number of new projects, totalling £4.9 million have been added following Executive approval. This mainly relates to the purchase of Linden House in Reigate. These additions are also detailed in Annex 1.

The major variances are set out below:

- **Waste Blueprint:** Only phase 1 of 5, of the planned delivery of kerbside service to flats, will take place in 2014/15. As a result an underspend of £150,000. Phases 2 to 5 are now expected to take place in 2015/16. The budget will be reprofiled for Quarter 3 to reflect the change in phasing of the project.
- **Contaminated Land - Investigation Work:** The underspend of £60,000 is as a result of no planned contaminated land investigation activity in 2014/15.
- **Large & Small Scale Works Grants:** Historically spending for this capital project has been at £40,000 to £50,000 which is in line with the current year forecast. The budget will be reduced to reflect actual spending trends for Quarter 3.
- **Demolition of South Annex 1:** As part of the demolition of South Annex 1 actual asbestos levels were found to be higher than expected. This additional asbestos drove a variation to contract, which has resulted in an overspend of £93,000.

eMembers' Room Information

Further information has been provided in the eMembers' room to support the Committee's consideration of the monitoring report as follows:

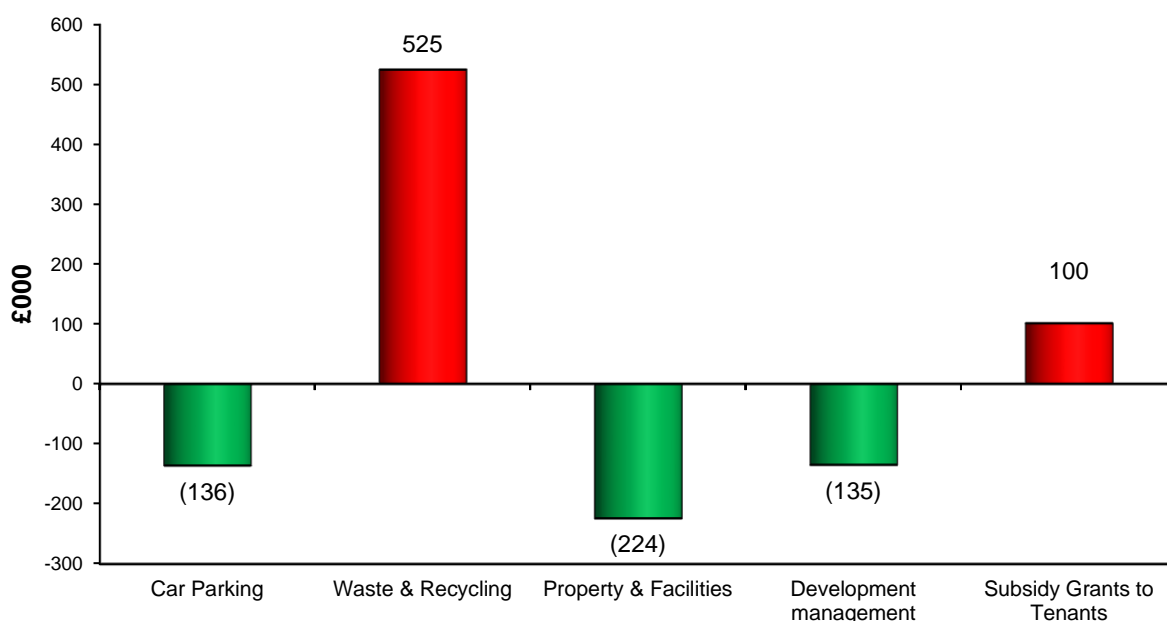
- Reconciliation of Capital Programme to Approved Budget (**Capital Annex 1**)
- Budget Monitoring Summary (**Capital Annex 2**)

REVENUE BUDGET MONITORING

Headline Revenue Budget information

- Management budget: £16,796,800
- Forecast expenditure: £16,780,800
- Projected over-recovery/underspend: £16,000 (or 1% of the budget)

Table 1: MAJOR REVENUE VARIANCES



Major Variances

- **Car Parking:** Forecast over-recovery of income mainly from off-street parking pay and display income.
- **Waste & Recycling:** A significant overspend is forecast. This is due to both the under-recovery of income and expenditure overspends. Income is under-recovering by £364,000, which is mainly due to paper recycling prices falling and lower trade waste customers than budgeted. Additional disposal costs of for mixed recyclates are being incurred.
- **Property & Facilities:** Recent property activity has generated additional income. The acquisition of Linden House in Reigate has generated £169,000 and the re-negotiated rent review of the Warwick Quadrant has raised a further £45,000.
- **Development Management:** An over-recovery of planning fee income due to a number of large applications received.

- **Subsidy Grants to Tenants:** These are rental subsidies given to RBBC tenants. This forecast is based on 2013/14 outturn and is currently unbudgeted.

eMembers' Room Information

Further information has been provided in the eMembers room to support the Committee's consideration of the monitoring report as follows:

- Reconciliation of Original Budget to Management Budget (**Revenue Annex 1**)
- Budget Monitoring Summary (**Revenue Annex 2**)
- Analysis of Key Variances (**Revenue Annex 3**)
- Impacts on Reserves (**Revenue Annex 4**)

INTERNAL AUDIT

Background

The Annual audit plan is agreed by the Overview and Scrutiny Committee.

SCORING

RED	Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
AMBER/ RED	Action needs to be taken to ensure this risk is managed. Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organization relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed
AMBER/ GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk organisation.
GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Headline Information

During the last quarter the following internal audits have been completed

Name of Audit	SCORE
Planning and Building Control	AMBER/GREEN
Compliance with s106 requirements.	AMBER/RED

Recommendations with a high priority

None.

Management action

N/A

eMembers room information

Copies of the full report and individual audit reports.

RISK MANAGEMENT

Introduction

The report covers the two aspects of risk management:

Strategic Risks

Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and the Medium Term Financial Strategy. The Management Team has shared responsibility for the Strategic Risks.

Operational Risks

Operational risks are those short term risks that are encountered in the course of the day to day delivery of services and functions. Individual operational managers will have responsibility for their own operational risks. The Management Team will be responsible for monitoring the operational risk registers.

Risk Rating

Each risk is scored using the potential Impact of the risk and the likelihood of the risk happening. The risk score then determines the level of management action required, see table below.

Risk	Action
Red risk	Where management should focus attention. Should have immediate actions identified and plans in place to reduce risk as a priority .
Amber risk	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus
Yellow risk	These should have basic mechanisms in place as part of the normal course of management.
Green risk	Where risk is minimal if does not demand specific attention but should be kept under review.

Strategic Risks

DESCRIPTION	Risk rating
<p>Financial sustainability</p> <p>As the Government is reducing grant funding over the medium term, the Council needs to be less reliant on this funding. We also need to ensure that income fluctuations are well managed. If we do not then this could lead to unplanned reductions in services / service delivery standards and/or failure to deliver on all our corporate objectives.</p>	Amber

<p>Drafting of new Corporate Plan 2015/16</p> <p>We are in the process of drafting a new Corporate Plan covering the period 2015-20. This draft needs to be in place in time to inform the Service and Financial planning process for 2015/16. If it is not in place then we will not be able to produce a budget or service plans that reflect the corporate objectives.</p>	<p>Green</p>
<p>Joint Law enforcement Pilot</p> <p>We are currently implementing a pilot to test the integrated of law enforcement at a borough/district council level. The work will be carried out by a dedicated team drawn from Reigate and Banstead, Spelthorne, Surrey Police and Surrey County Council. As this is a high profile pilot, with a number of partners, there is a risk of reputation damage, if the pilot is seen to fail. We therefore need to have clearly defined measure of what the success factors are for the pilot are in order to control expectations.</p>	<p>Amber</p>
<p>Welfare reform</p> <p>The Government are introducing a number of welfare reforms. We need to provide support to any vulnerable residents who are affected by these welfare reforms particularly, changes to benefits. Without this support there is a risk of an increase in homelessness in the borough which would incur further costs to the Council through emergency/temporary accommodation, which would be ongoing if alternative social housing is not available. There is also a likelihood of an increase in local hardship and a greater need to rely on voluntary organisations which could become unsustainable. There is also a reputational risk for the Council if adequate support is not made available.</p>	<p>Amber</p>
<p>Property investment</p> <p>Due to the predicted budget gap we will face in future years we need to have a well-defined and resourced Corporate Asset management Plan. This needs to be a programme of investments, developments and acquisitions either by ourselves or in joint working arrangement within and outside the Borough. If not we will not have sufficient funds and we will be unable to fulfil any of our ambitions Corporate objectives.</p>	<p>Amber</p>
<p>Core strategy</p> <p>If we fail to adopt the Core Strategy in a timely manner then we will be unable to progress the Community Infrastructure Levy which will affect our availability to collect funds to deliver the appropriate infrastructure.</p>	<p>Closed</p>
<p>Management action</p> <p>No red risks to report</p>	

Operational Risks

Exception reporting

This report highlights those risks that have been rated as **RED**. All risks are actively monitored by the Management Team to ensure that all appropriate controls are in place to ensure that the risk rating does not change over time.

The headline risk information is set out in the following tables:

Red Risk The red risk is as follows

RISK
<p>Homelessness</p> <p>Currently there is an increase in demand for temporary homelessness accommodation. There is also a reduction in the supply of suitable affordable temporary and permanent accommodation. At the same time we have difficulty recruiting and retaining suitable qualified staff. These factors combine to mean that we are at risk of failing to fulfil our statutory requirement which could result in a judicial review, a fine and damage our reputation.</p>
CONTROL
<p>There are a number of early intervention actions in place to try to help reduce homelessness before it occurs.</p> <p>In order to increase the supply of temporary accommodation we are;</p> <ul style="list-style-type: none"> • Considering the use of S106 money – Executive has approved the use of S106 money, and initial projects are being prepared. Initially refurbishment of one property, and building of two new homes. Consider other use of S106 money with housing providers • Negotiating with housing providers – Raven have agreed to allocate all units at the newly built Colne House to RBBC without reducing other TA. This will significantly reduce B&B numbers and cost. Meetings with six other providers have been set up during October/November • Working with Partners like SCC to identify suitable accommodation – SCC are keen to use some of their existing empty properties for young people. We need to approach their Property team, and potentially use some S106 money • Working with the private sector – we have agreed a Guarantor Scheme, and initial pilots are underway <p>More effective Housing Options/Homelessness Team – vacant posts have been filled, and processes being reviewed to allow officers more time to investigate cases</p>

eMembers room information

Full descriptions of these strategic and operational risks and their control are available in the eMembers room.



REPORT OF:	MANAGEMENT TEAM
AUTHORS:	Peter Flynn
TELEPHONE:	01737 276011
E-MAIL:	Peter.Flynn@reigate-banstead.gov.uk
TO:	EXECUTIVE
DATE:	26 March 2015
EXECUTIVE MEMBER:	COUNCILLOR G.J. KNIGHT

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	ALL

SUBJECT:	QUARTERLY PERFORMANCE REPORT (Q3)
RECOMMENDATION: To note the performance outlined in the attached report and note the comments made by the Overview & Scrutiny Committee.	
REASONS FOR RECOMMENDATIONS: To consider the performance for the third quarter of the financial year 2014/15.	
EXECUTIVE SUMMARY: The report provides the headline issues in relation to the Council's overall performance for Quarter 3. The attached report (Annex 1) was considered by the Overview and Scrutiny Committee on 5 March 2015. The Committee made no observations to be reported to the Executive.	

Executive has authority to approve the above recommendation.

Subject:	Quarterly Performance Report (Q3 –October to December 2014)
Officer:	Peter Flynn
To:	Overview and Scrutiny Committee, 5 March 2015
Purpose:	To consider the performance for the third quarter of the year 2014/15. To agree strategic and operational risks for 2015/16

Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 3.

The detailed information showing all performance is available for Members to review at the eMembers room.

The headline performance information is set out in the following Annexes:

Key Service Indicators	Annex 1
Capital Budget Monitoring	Annex 2
Revenue Budget Monitoring	Annex 3
Internal Audit	Annex 4
Risk registers 2015/16	Annex 5

Risk Registers 2015/16

In addition to the performance information Annex 4 shows the proposed strategic and operational risks for 2015/16. This will be monitored during the year and report to this committee in Quarter 2 and 4.

Recommendation

The Committee is requested to review the performance update, consider any advance questions received in relation to strategic issues and make any observations to the Executive.

The committee agree the strategic and operational risks for 2015/16

KEY SERVICE INDICATORS

Headline Information

Of the key service indicators for which information was available, seven were on target or within agreed tolerances. One was off target at the end of the reporting period.

Major variances (those off target)

KSI 9 Percentage of Non Domestic Rates due for the financial year which were received by the authority.	
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Target for quarter:	Actual:
89.50%	86.82%

Management comments/action

Below 2013/14 collection rate by 3.46%. This is accounted for by 10% of companies and businesses opting to pay over 12 months instead of 10. Increased payments in Periods 11 and 12 should see the recovery rate reach the expected level.

eMembers room information

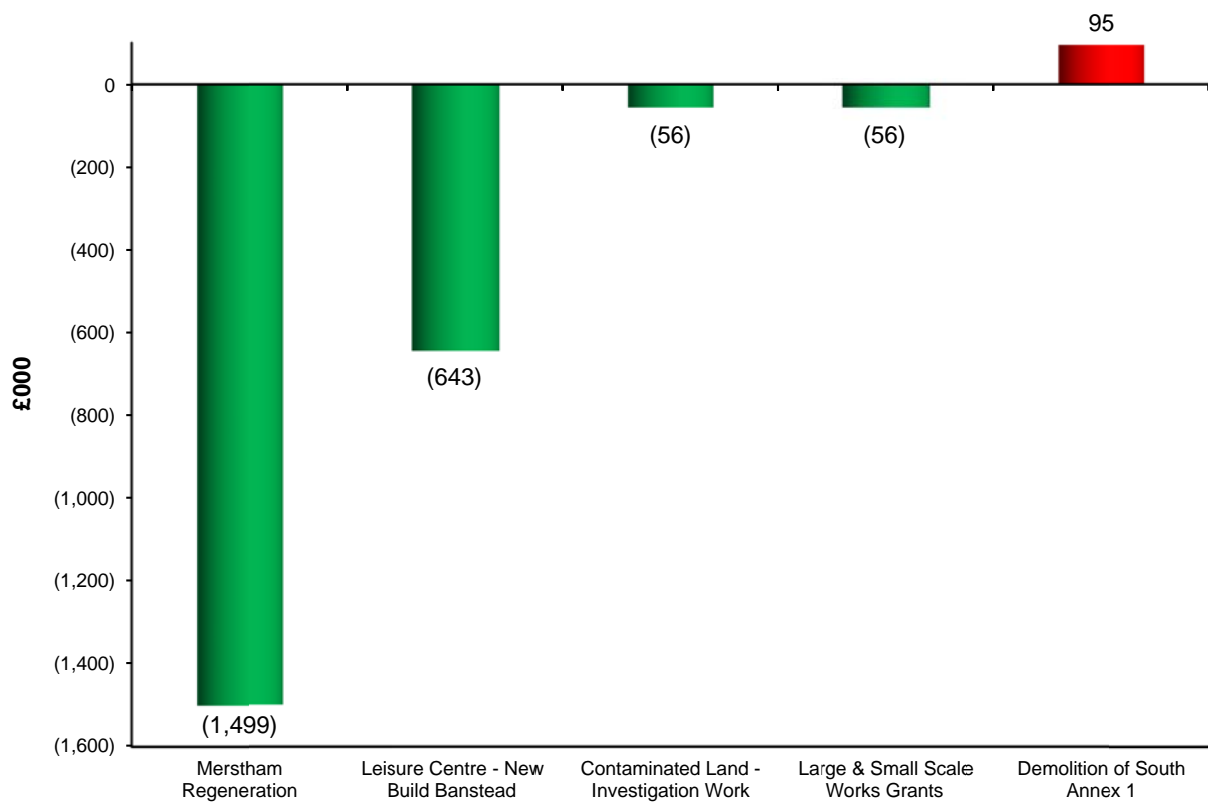
A copy of the full schedule can be found in the eMembers room.

CAPITAL BUDGET MONITORING

Headline Information

- Current budget: £ 21,442,000
- Forecast expenditure: £ 19,000,000
- Projected underspend: £ 2,442,000 (11% of budget)

Table 1: MAJOR CAPITAL VARIANCES



Major Variances

A number of individual projects, totalling £4.29 million, have been re-profiled into future years following the reported position in Quarter 2. These are set out in detail in Capital Annex 1 and mainly relate to slippage of regeneration projects. In addition, a number of new projects, totalling £5.25 million, have been added following approval. This mainly relates to the purchase of Linden House in Reigate. These additions are also detailed in Annex 1.

The major variances are set out overleaf:

- **Merstham Regeneration:** Delays in the acquisition of the Traingle site, by Surrey County Council (SCC) from Raven Housing Trust, have resulted in a lag in the completion of legal documentation between SCC and RBBC. This has resulted in an expected year end underspend of £1,499,000. The budget will be reprofiled for Quarter 4 to reflect the change in phasing of the project.
- **New Banstead Leisure Centre:** The contractors overestimated activity up to Xmas. The budget profile will be changed to reflect the change in timing of on-site activity. This change will not impact the project completion date.
- **Contaminated Land - Investigation Work:** The underspend of £56,000 is as a result of limited planned contaminated land investigation activity in 2014/15.
- **Large & Small Scale Works Grants:** Historically spending for this capital project has been at £40,000 to £50,000 which is in line with the current year forecast. The 2015/16 budget has been reduced to reflect actual spending trends.
- **Demolition of South Annex 1:** As part of the demolition of South Annex 1 actual asbestos levels were found to be higher than expected. This additional asbestos drove a variation to contract, which has resulted in an overspend of £95,000.

eMembers' Room Information

Further information has been provided in the eMembers' room to support the Committee's consideration of the monitoring report as follows:

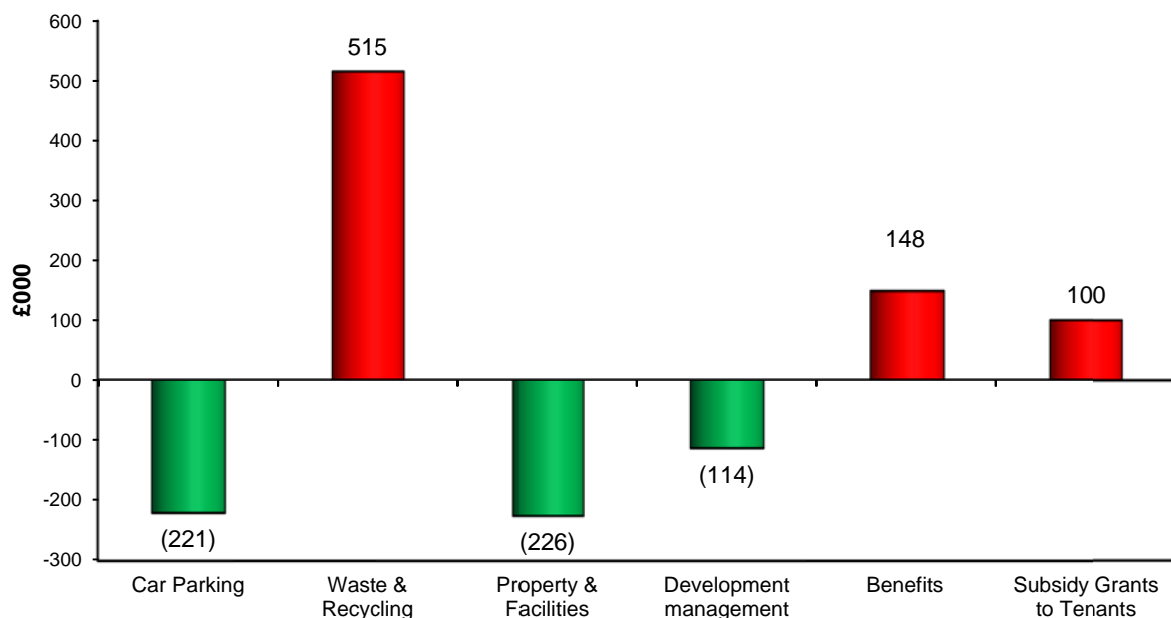
- Reconciliation of Capital Programme to Approved Budget (**Capital Annex 1**)
- Budget Monitoring Summary (**Capital Annex 2**)

REVENUE BUDGET MONITORING

Headline Information

- Management budget: £16,794,400
- Forecast expenditure: £16,902,400
- Projected under-recovery/overspend: £108,000 (<1% of the budget)

Table 1: MAJOR REVENUE VARIANCES



Major Variances

- **Car Parking:** Forecast over-recovery of income mainly from off-street parking pay and display income.
- **Waste & Recycling:** A significant overspend is forecast. This is due to both the under-recovery of income and expenditure overspends. Income is under-recovering by £343,000, which is mainly due to paper recycling prices falling and lower trade waste customers than budgeted. Additional disposal costs of for mixed recyclates are being incurred as RBBC have to pay for disposal rather than selling them due to market conditions.
- **Property & Facilities:** Recent property activity has generated additional income. The acquisition of Linden House in Reigate has generated £169,000 and the re-negotiated rent review of the Warwick Quadrant has raised a further £45,000.

- **Development Management:** An over-recovery of planning fee income due to a number of large applications received.
- **Benefits:** An overspend is expected due to increased rent allowance expenditure and the decrease in the rate of the government subsidy received.
- **Subsidy Grants to Tenants:** These are rental subsidies given to RBBC tenants. This forecast is based on 2013/14 outturn and is currently unbudgeted.

eMembers' Room Information

Further information has been provided in the eMembers room to support the Committee's consideration of the monitoring report as follows:

- Reconciliation of Original Budget to Management Budget (**Revenue Annex 1**)
- Budget Monitoring Summary (**Revenue Annex 2**)
- Analysis of Key Variances (**Revenue Annex 3**)
- Impacts on Reserves. (**Revenue Annex 4**)

INTERNAL AUDIT

SCORING

RED	Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
AMBER/ RED	Action needs to be taken to ensure this risk is managed. Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed
AMBER/ GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Headline Information

During the quarter the following internal audits have been completed

Name of Audit	SCORE
Customer Services (Wave 1 review)	GREEN

Number of High Recommendations – None.

Management action

N/A

eMembers room information

Copies of the full report and individual audit reports can be found in the eMembers room.

RISK MANAGEMENT 2015/16

The following are the new strategic and operational risks for the financial year 2015/16. These will form the bases for the performance reports during 2015/16 in Quarter 2 and Quarter 4.

Strategic Risks

Ref no	RISK DESCRIPTION 2015/6
SR01	<p>Financial sustainability</p> <p>As the Government is reducing grant funding over the medium term, the Council needs to be less reliant on this funding. We also need to ensure that income fluctuations are well managed. If we do not then this could lead to unplanned reductions in services / service delivery standards and/or failure to deliver on all our corporate objectives.</p>
SR02	<p>Joint Law enforcement Pilot</p> <p>We are currently implementing a pilot to test the integrated of law enforcement at a borough/district council level. The work will be carried out by a dedicated team drawn from Reigate and Banstead, Spelthorne, Surrey Police and Surrey County Council. As this is a high profile pilot, with a number of partners, there is a risk of reputation damage, if the pilot is seen to fail. We therefore need to have clearly defined measure of what the success factors are for the pilot are in order to control expectations.</p>
SR03	<p>Welfare reform</p> <p>The Government are introducing a number of welfare reforms. We need to provide support to any vulnerable residents who are affected by these welfare reforms particularly, changes to benefits. Without this support there is a risk of an increase in homelessness in the borough which would incur further costs to the Council through emergency/temporary accommodation, which would be ongoing if alternative social housing is not available. There is also a likelihood of an increase in local hardship and a greater need to rely on voluntary organisations which could become unsustainable. There is also a reputational risk for the Council if adequate support is not made available.</p>
SR04	<p>Commercial Partnership</p> <p>The Council has entered into a Partnership with Civica to become a Centre of Excellence to help generate additional income by carrying out services and activities for other Councils. If we are not successful in providing the required</p>

	standards to our customers there is a risk that we might suffer reputation damage.
SR05	<p>Development Management Plan</p> <p>The process for the allocation of specific sites for development will be politically sensitive and could result in negative publicity and impact on the Council reputation. Delay to formal allocation of development sites in an adopted plan increase the risk of speculative (particularly greenfield) planning applications.</p>

Operational Risks

Ref no	RISK DESCRIPTION 2015/16
OR1	<p>Planning decisions</p> <p>In order for planning decisions to be robust and sustainable they need to be based on sound planning considerations and judgements, free from non-planning related matters. The Council does not want to be exposed to challenge on its decisions as this could result in financial cost and/or loss of reputation.</p>
OR2	<p>Disability Grants</p> <p>Due to the current contractual arrangements, to assist with the processing of disability grants, the Council cannot guarantee the timeliness of solution being delivered to vulnerable resident's which could lead to complaints and poor publicity.</p>
OR3	<p>Homelessness</p> <p>Currently there is an increase in demand for temporary homelessness accommodation. There is also a reduction in the supply of suitable affordable temporary and permanent accommodation. At the same time we have difficulty recruiting and retaining suitable qualified staff. These factor combined means that we are at risk of failing to fulfil our statutory requirement which could result in a judicial review, a fine and damage our reputation.</p>
OR4	<p>Redhill Street Market</p> <p>During the course of the redevelopment of Redhill the Council needs to maintain a suitable site for the street market. Any alternative sites considered needs to be easily assessable to the public to ensure the continued use of the market to help with the long term economic regeneration of the area.</p>
OR5	<p>Property investment</p> <p>Due to the predicted budget gap we will face in future years we need to have a</p>

	<p>well-defined and resourced Corporate Asset management Plan. This needs to be a programme of investments, developments and acquisitions either by ourselves or in joint working arrangement within and outside the Borough. If not we will not have sufficient funds and we will be unable to fulfil any of our ambitions Corporate objectives.</p>
OR6	<p>Data Protection</p> <p>Recent reports issued by the Information Commissioners Office have highlighted the poor response to local Government, in general, to Data protection issues. We therefore need to be aware of the potential risk of personal information being disclosed in breach of the Data Protection Act and the associate penalty notice and other enforcement actions that would have a negative impact on the Council reputation.</p>