

BOROUGH OF REIGATE AND BANSTEAD

OVERVIEW AND SCRUTINY COMMITTEE

Minutes of a meeting of the Overview and Scrutiny Committee held at the Town Hall, Reigate on Thursday, 16 February 2017 at 7.30 p.m.

Present: Councillors S. Parnall (Chairman), Mrs R.H. Absalom, R. Ashford, M. Blacker, R. Coad, J.C.S Essex, J.S. Godden, Dr Z. Grant-Duff, N.D. Harrison, R.S. Mantle, Mrs D.A. Ross-Tomlin, J.M. Stephenson and C. Stevens.

Also Present: Councillors J. Bray, R. Mill, T. Schofield and R. Turner.

47. MINUTES

RESOLVED that the amended Minutes of the meeting held on 19 January 2017 be approved as a correct record.

48. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Committee Members: Cllrs B. A. Stead (substituted by Cllr J. White) and J. Clarke

Other Members: None

The Chairman expressed the Committee's best wishes for Cllr Stead's speedy recovery.

49. DECLARATIONS OF INTEREST

Cllr Essex declared a non-pecuniary interest in the course of the Staywell presentation as Director of Furnistore, a charitable company.

Cllr Mantle declared a non-pecuniary interest as a trustee of the Banstead Community Centre Management Committee.

50. COMMUNITY FACILITY PROVIDERS

The Committee received a presentation from Shane Brennan, Chief Executive, and Anne Bren, Deputy Chief Executive of Staywell. Staywell were the Council's contractor for the management of the Council's three community centres. The contract had been in place since April 2016. The Committee noted in particular:

- That the 10th Annual Impact Report was available online and was a succinct version of their Trustee Report;

- Since assuming responsibility for the community centres in Banstead, Woodhatch and Horley they had preserved the existing services whilst conducting a consultation with staff and members to ascertain what services were popular and which could be improved or introduced;
- IT, telephone and financial systems and processes had been upgraded, increasing efficiency and leading to some financial savings; and
- The aims were to increase membership of centres by, for example, providing specifically requested activities, and for centres themselves to become community epicentres.

Questions and comments from Committee Members related to:

- Support and access for Alzheimer sufferers, in respect of which there was to be a meeting at the Woodhatch centre in a few weeks. The centres were open to all, but it was noted that if specific Alzheimer services were required then additional funding for specialised staff would be necessary. Staywell would liaise with the Dementia group that used its Banstead service.
- Each centre was different so the intention was to cross-fertilise ideas and activities from each. Popular activities included bingo, yoga, tai chi and dance classes. The surveys had identified that the food served in the centres required attention and this had been addressed by engaging a new chef, whilst keeping the prices the same.
- Specific aims included bringing more widowers into the centres and encouraging volunteering by younger people or the newly retired. Training would be provided for volunteers and staff would also receive training about working with volunteers.
- Increasing membership – it was noted that whilst Banstead and Woodhatch had in excess of 600 members, Horley had only 300. It was noted that Horley also offered services for children hence the membership model and use was different. In order to improve membership generally there would be wider distribution of the Staywell News publication and closer work with GP surgeries in the immediate vicinity of the centres. Members were pleased to learn the current membership numbers in view of the decline in membership from 1000 a few years ago.
- The relationship with the Surrey Reuse Network, which included Furnistore, would also be focused upon since at present the main relationship was with Kingston's Furniturelink.
- It was confirmed that no data had been inherited from the previous management of the centres due to data protection requirements, but the new Customer Relationship Management system that had been installed would enable future monitoring beyond class attendance figures.
- It was confirmed that the contractual agreement between the Council and Staywell specifically required that there were no changes in the first year and that any subsequent changes would be co-designed with existing users and

staff. There were no Alzheimer or dementia specific requirements in the contract.

- Resolution of transport obstacles for users was another key focus of Staywell.

Cllr Mill thanked Shane Brennan and Anne Bren for attending the meeting and emphasised the invaluable role of the Community Facility Centres in preventing social isolation, bearing in mind the significant increase, in both the country and borough, of people over 65.

The Committee thanked Shane Brennan and Anne Bren for their presentation and for responding to its questions.

The Committee then received a presentation from David Hughes, Partnership Manager, and Craig Parker, Regional Customer Services Manager, for GLL who manage and operate the Council's leisure centres and noted in particular:

- GLL was a social enterprise and operated as a not-for-profit organisation which was owned by its staff;
- GLL was the largest operator in the country and its centres included gyms, libraries and children's activities;
- Membership in Reigate & Banstead had increased from 800,000 in 2012 to 1.2 million in 2016;
- Additional types of memberships had been introduced such as junior memberships, memberships for those with disabilities and a GP referral scheme membership. Membership prices had also been reviewed for those in receipt of income support and taster sessions were available to encourage more users.

Questions and comments related to:

- Efforts being made to promote services, particularly in Horley. It was confirmed that GLL attended the Horley carnival with sample fitness equipment and/or free guest passes. The Community Sports Managers, for whom Craig Parker was responsible, were assessed on their success with hard-to-reach groups as opposed to financial targets.
- How GLL monitored and encouraged existing members who were not using their memberships. It was agreed that this was a weakness and improvements were currently underway in respect of online marketing and mobile phone text services for existing members. It was noted that the opt-in/opt-out permissions selected by customers would need to be considered in conjunction with the efforts to track and improve usage.
- Reduced Christmas hours, particularly in Tadworth. Following the meeting it was confirmed that the Tadworth Centre had been closed for training on 19 December and on Christmas Day, Boxing Day and New Year's Day. On Christmas Eve the centre had been open from 7am to 3pm. GLL would reconsider these hours and aim to extend opening times over the Christmas

period.

- Work to address obesity concerns. GLL advised that they had run a “Lose Weight the Better Way” initiative, which had been linked to the Council’s Health Action Plan. This had lasted 3 months with an annual membership awarded to the winner, who had lost several stone. The GP referral scheme included patients with obesity and those members usually started with a group format to enable members to support each other. There would also be a “Let’s Eat Right” initiative launched soon.
- Introducing the Healthwise programme to Horley. It was noted that a number of Horley users had been inducted at Redhill under this programme but it was agreed that the programme could be rolled out to Horley for greater benefit.
- The method of booking classes. GLL agreed that this was an ongoing and perplexing problem because no method would suit everyone but advised that it was kept under constant review.

Cllr Mill thanked GLL for attending today and praised the success of GLL and their improvement in membership across the centres. It was noted that a lot of marketing was by word-of-mouth and that the success in the north of the borough would also benefit Redhill and Horley.

The Committee thanked David Hughes and Craig Parker for their presentation and for responding to its questions.

RESOLVED that the presentations be noted.

51. DRAFT TREASURY MANAGEMENT STRATEGY 2017/18

The Chairman invited Cllr Schofield, Portfolio Holder for Planning Policy and Finance, to introduce the report. Cllr Schofield noted that the report had been scrutinised at the Treasury Management Panel Meeting and Members of that Panel were satisfied with the draft report, subject to some minor corrections.

Cllr Schofield noted that the borrowing limit was a key item, especially having regard to the imminent tendering process for Marketfield Way. It was intended to borrow at a fixed rate for a fixed period on a project by project basis, with project-focussed risk management. The risks would be considered by both the Property Company and the Strategic Property Advisory Group.

The Chairman reminded the Committee that the report would be presented to the Executive on 23 March for approval and that this was the final opportunity to comment upon the draft report.

Cllr Stephenson confirmed that he had no issue with the principle of the borrowing limit.

The Chairman noted that Advance Questions had been received from Cllr Stephenson, the responses to which had been provided to the Committee in advance. Bill Pallett, the Chief Financial Officer, responded to a number of supplementary questions regarding the definitions of the strategy and some

changes were already planned to make the strategy clearer.

It was confirmed that the Council is able to invest in anything but the list of investments in the strategy reflected the Council's appetite for low risk.

It was confirmed that the borrowing risk was to be contained within each project. This was a different regime to loan repayment. The circumstances were key and the approach would depend upon the intended treatment of an asset, for example whether it was intended to sell on the asset quickly.

Some Members raised concern that there were some "separate" risk concepts that were in fact integrated, so the MRP was suspended for some types of investment. There was a risk that the value of the asset could decrease and despite the luxury of time there was still a risk. If the asset was not sold, the Council may not generate sufficient income to service the associated debt (for example, if rents were not paid by tenants).

It was noted that the MRP was a requirement of Government regulations. A local authority was at liberty to develop its own risk management strategy, for example the use of exceptions. The lending of monies to the Property Company is an example of this.

Cllr Essex queried whether it was a valid approach to ascertain how much the Council was able to borrow based upon its own finances. Could the Committee be reassured that this borrowing level was comfortably within the maximum level.

The Chief Financial Officer confirmed:

- The MRP was a statutory requirement and this approach was a commonly used one.
- The report had to be agreed by both the external auditors and the Treasury Panel. In fact, in previous years, the Council's strategy had been criticised as being too cautious.
- The aim was to produce a prudent repayment plan. Some assets for which loans would be taken out would not repay themselves. Amortisation would be applied to such borrowing over the lifetime of the asset.
- If there was no obligation to sell an asset at a specific point in time, then the Public Works Loan Board arrangements would allow for a loan to be refinanced at the end of its term.
- The Council has reserves available to mitigate the risks but the intention was to contain the risks within the Property Company and its property portfolio.

Some Members expressed concern about the level of differentiation and the Treasury Select Committee concerns about local authority borrowing. The borrowing had to be prudent and based upon the Revenue Budget. Whilst total failure was unlikely, it was possible and was felt that reserves should not be used to address this.

It was noted that these were projections only and that the £80M was a ceiling figure. There would be different projects being financed at different times. Each project would be given a project specific risk assessment. At a monetary level there would be diversification of risk.

Cllr Schofield referred to the recent success of property investment and development by the Council and reference was made to Court Lodge in Horley. This showed how projects such as Marketfield Way could generate significant income.

Reference was made to the recession of 1989 and the risk of interest rate increases on investments. It was suggested that provision was included for such events affecting all investments simultaneously.

Alternative views explained that the risks were assessed around the specifics of each deal and therefore what was most important was to have a robust risk assessment in place for each deal. The Council owned the land for most of the projects so there was no risk or need for the sale of underperforming assets.

It was agreed that the Minute of the discussion would be provided to the Executive when considering the Treasury Management Strategy.

The Chairman emphasised that it was important to show that there had been a balance of views expressed on this subject at this meeting.

The Chairman thanked the Portfolio Holder and the Officers, particularly the chief Financial Officer, for producing an excellent and thorough report.

RESOLVED that:

- the Committee raised concern about the zero Minimum Revenue Provision charge for investment properties held solely for capital appreciation purposes with an intention to sell and request that the Executive consider if this should be reviewed; and
- the Minute from the Overview & Scrutiny Committee discussion on the Treasury Management Strategy be attached as an annex to the report to Executive on 23 March 2017.

52. OVERVIEW AND SCRUTINY WORK PLAN 2017/18

The Committee noted the proposed work plan for 2017/18. This followed the same approach as previous work programmes and had been developed by the Overview and Scrutiny Chairman, Cllr Stead, in discussion with the Leader of the Council

The Committee requested that:

- There be a presentation regarding Pathway at one of the next two Overview and Scrutiny Committee meetings before the end of the municipal year;
- Consideration be given to including scrutiny of all Local Authority Trading Companies as an annual agenda item in the future, with information provided pursuant to Local Authorities (Companies) Order 1995 no 849 (Part 2, Article 7) and included in the Part 2 section of the agenda if necessary;
- A report on the Council IT system improvements be provided to the Committee in view of the significant recent investment. It was noted that the majority of the programme had been focused on systems and hardware used by officers. However, work was underway to replace the committee management system, which would provide improved access for councillors; and
- Advance questions should be invited in respect of all presentations, whilst

portfolio holders would liaise with the Chairman and Vice-Chairman to address the expectations of the Committee in their briefing including performance information.

RESOLVED that the Overview and Scrutiny Work Programme 2017/18 be approved, subject to the Committee's comments, for recommendation to the Council and Executive.

53. CALL-INS

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 Procedure Rules.

54. ANY OTHER URGENT BUSINESS

There was none.

The meeting closed at 10:26 p.m.