

BOROUGH OF REIGATE AND BANSTEAD

Overview and Scrutiny Committee 7th December 2017

ADDENDUM TO AGENDA

Agenda Item 5

Budget Scrutiny Panel Report

The report of the Budget Scrutiny Panel from its meeting on 23rd November 2017 was marked as To Follow, this is now attached to this Addendum to the agenda.

The Committee is requested to consider the conclusions and recommendations of the Budget Scrutiny Panel so that it can make any comments on the service and financial planning (provisional budget) consultation for 2018/19, for consideration by the Executive in line with the Council's budget and policy procedure rules.

REPORT OF THE BUDGET SCRUTINY REVIEW PANEL
23rd NOVEMBER 2017
REVIEW OF THE PROVISIONAL BUDGET PROPOSALS 2018/19

Present: Councillor N. Harrison (Chairman); Councillors M. Blacker, R. Coad, J. Essex, J. King, and J. Stephenson.

Also present: Councillor T. Schofield, Executive Member for Finance
Councillors B. Stead and C. Whinney

Apologies: None

INTRODUCTION

1. The Chairman welcomed Councillor T. Schofield, Executive Member for Finance; John Jory, Chief Executive; Jocelyn Convey, Head of Finance; and Gavin Handford, Head of Corporate Policy and Performance to the meeting.
2. The Chairman reminded all present of the Panel's aims, which were to determine whether the Service and Financial Planning proposals for 2018/19 were achievable, realistic, and based on sound financial practices.

BACKGROUND

3. The Panel received the Service & Financial Planning (Provisional Budget) 2018/19 report as approved by the Executive on 9 November 2017 for consultation and containing the following:
 - the Medium Term Financial Plan 2018/19 to 2022/23;
 - savings totalling £1.9295m and growth totalling £1.3048m, providing net savings of £624,700; and
 - an updated Capital Programme for 2018/19 to 2022/23.
4. Ahead of the meeting, the Panel had received the Provisional Outturn Report 2016/17, the Q1 2017/18 Quarterly Performance Report, the draft Q2 2017/18 Quarterly Budget Report, the 5 Year Plan Performance Report 2016/17, a Budget Comparison for 2016/17 – 2018/19, the movements between Approved 2017/18 Budget and Draft 2018/19 Budget, and changes in Salary Budget and Staffing over time.
5. Members of the Panel had submitted a total of 147 advance questions and sub-questions, which had been grouped according to the document to which they referred. It was noted that some of the questions cross-referred to other documents. The responses to these questions had been circulated in advance and are set out at **Annex 1**.

6. The Panel reviewed the responses to the advance questions received and the Executive Member for Finance and attendant officers provided further information in response to supplementary questions and additional points of discussion. These are set out in **Annex 2**.

TIMETABLE

7. It was noted that the recommendations of the Panel would be reported to the Overview and Scrutiny Committee on 7 December 2017, with recommendations as agreed by the Committee subsequently reported to the Executive on 11 January 2018. Final budget proposals were due to be considered by the Executive on 25 January 2018, and by Full Council on 8 February 2018.

CONCLUSIONS

8. The Panel thanked the Executive Member for Finance, the Chief Executive and Officers for their work to prepare the Service and Financial Planning report for 2017/18, and thanked Officers for their work in preparing the responses to the advance questions. These responses together with the clarifications and further explanations provided through the supplementary questions thoroughly tested the budget assumptions and risks and gave the Panel a sound basis to reach its conclusions.
9. The Chief Executive was invited to give an overall summary. The Chief Executive thanked the Executive Member for Finance and other Executive Members for their work on the development of the proposed Budget. The proposed Budget was considered to be a good, balanced budget, reflective of Member ambitions to maintain services for residents in a challenging financial context. Attention was drawn to the importance of the development of the Council's investment strategy, in conjunction with a refreshed 5 Year Plan. It was noted that no budget would be able to fully address the broader contextual uncertainties, and that it would therefore be important to be ready to adapt to changes in circumstance as they occur.
10. The Panel noted that the Corporate Plan Delivery Plan (CPDF) is projected to have a balance of £1m at the start of the 2018/19 budget year, and that expenditure supported by the CPDF for 2018/19 is projected at £1,778k. The Panel noted that the CPDF could be replenished by use of other reserve balances.
11. The Panel was pleased to support the intended changes to arrangements around the CPDF, which would recognise and address the proposed gap in its funding, and seek to rationalise the funding support for ongoing Council programmes. Specifically, the Panel was supportive of the planned transfer of longer term salary and support costs from the CPDF to the main Revenue Budget, but recognised this had to be done in conjunction with the aforementioned review of investment strategy and a refreshed 5 Year Plan.

12. The Panel was pleased that key areas of concern in previous years' budgets, specifically bed & breakfast accommodation expenditure and the income from recyclates, were being estimated on an appropriately conservative basis in the proposed Budget.
13. The Panel noted that the budgetary support from Surrey County Council had been reduced by £581k in refuse and recycling and highways verge maintenance, which were viewed as a firm estimate for the 2018/19 budget.
14. The Panel was pleased to note the progress towards establishing new arrangements with Surrey County Council regarding recyclate handling and parking enforcement and was hopeful that this would help reduce future uncertainty in these areas.
15. However, there continued to be a risk of increased budgetary pressure beyond 2018/19 as a result of cuts to funding by Surrey County Council, both directly and as a result of the impact upon partner organisations.
16. Specifically, the Panel noted concern that Family Support Services could come under significant pressure as a result of a reduction in support for the sector by Surrey County Council.
17. The Panel also noted that there remained a wider risk around refuse activities as a result of knock on effects of increased charging for waste disposal by Surrey County Council and the resultant potential increase to fly tipping in the borough.
18. The Panel noted that the implementation of Universal Credit was a complex issue, in terms of its impact on residents, their need for further support from the Council and its partners, and on council tax revenues. This potentially presented a budget risk.
19. However, the Panel noted the strong position of the Council's Reserves (chiefly the General Reserve which currently stood at £5.9m, being £3.5m above the policy minimum, and the New Homes Bonus Reserve which stood at £11.4m) and the flexibility that this provided the organisation in considering its future strategies.
20. The Panel also noted that the solidity of the Council's income from property assets and the low risk approach employed in developing the £1.0m growth in property income.
21. In its questions on affordable housing, the Panel was informed that there is currently only one single clawback agreement in place on sites where it had not proved possible to secure affordable housing upfront as part of the granting of planning permission. The Panel suggested that clawback arrangements be pursued on more sites, as a fallback where developers successfully argue during the planning stage that affordable housing would jeopardise the economic viability of a development.

22. The Panel was pleased to note that the proposed budget for 2018/19 did not present any scheduled cuts to services and included steps to mitigate the risks to services from external factors.
23. Based on the information and explanations provided, and its assessment of the risk factors, the Panel had no significant concerns in the context of the budget for 2018/19. Therefore overall, the Panel concluded that the 2018/19 budget proposals were achievable, realistic and based on sound financial practices and reasonable assumptions. The Panel was mindful of the serious budget challenges that remained in the years to come, including the uncertainty in the Government's plans for the localisation of business rates.
24. The Panel thanked the officers, particularly the Finance Officer and her team, for their efforts and in particular in responding to the 147 Advance Questions.

RECOMMENDATIONS

25. The Panel recommended:

- i) That in response to the Service and Financial Planning (Provisional Budget) 2018/19 report, the following comments 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 balanced budget proposals for 2018/19;**
 - b. That the Overview and Scrutiny Committee considers the following to be achievable, realistic and based on sound financial practices and reasonable assumptions:**
 - i. The provisional budget proposals for 2018/19 and Medium Term Financial Plan for 2018/19-2022/23**
 - ii. Savings proposals totalling £1.93m**
 - iii. Growth proposals totalling £1.30m**
 - iv. Updated Capital Programme**
 - c. That the Overview and Scrutiny Committee considers the potential impact of the savings and growth proposals on service delivery to be limited.**
- ii) That the Executive be asked to consider the Council's approach to implementing clawback arrangements in the event that economic viability precludes affordable housing in granting planning permission.**

The meeting closed at 9.28 p.m.

BUDGET SCRUTINY PANEL**23 November 2017****Responses to advance questions received (13/11/2017)****BSP 1 - SERVICE & FINANCIAL PLANNING EXECUTIVE REPORT**

No.	Question	Doc. Ref.
	<u>Business Rates Pilot</u>	
1	I am aware of the sums applied for in Surrey and how these would be shared between councils. My understanding that these are required to be earmarked to provide a mix of financial stability and economic growth. How is it intended to use these monies, if received, and what initiatives and projects would they support?	14
	Response The Business Rates Pilot funds, if received, will be used to financially support existing economic growth schemes such as the Council's business grants scheme, road network feasibility studies and other schemes supporting local economic growth.	
	<u>Universal Credit</u>	
2	Aside from Central Government proposals, what steps are we taking to provide additional help during the initial waiting period?	16
	Response We are shortly to embark on a 6 month project to provide leadership and co-ordination to this complex issue. This will take account of experiences elsewhere and work being delivered or planned by partners. By the end of the project, there will be recommendations about any future Council activities or partnership working to provide additional support to minimise the impact on residents.	
	<u>Housing</u>	
3	See questions under BSP 10.	15-18, 38
	Response Questions regarding BSP10 are addressed later in this document.	
	<u>Housing</u>	
4	How much of the New Homes Bonus Fund be used to provide new housing in 2017/8?	20, 38

Is S 106 and CIL money just to provide 'infrastructure' benefits to existing residents?
How do we persuade Developers to provide affordable housing?
Where affordable housing is deemed unviable do we have secure claw back clauses where a scheme is ultimately profitable?

Response

No New Homes Bonus was used to provide new housing in 2017/18. NHB is received on the basis of new homes delivered, but local authorities are not obliged to use NHB for housing development. For example in recent years RBBC has used it to help fund improved transport infrastructure and the Council's Neighbourhood Improvement Fund.

No. S106 is used to mitigate the impact of development that would otherwise be unacceptable in planning terms. As such it can be used for infrastructure, but also things like affordable housing, however these must be directly related to the development of the site. S106 may be by way of financial contributions or direct provision. CIL money must be used to fund infrastructure that will support the development of the area but is not site-specific.

We already have in place a planning policy requiring on-site affordable housing to be provided on larger sites and developers to make a financial contribution towards affordable housing on smaller sites. Qualifying sites already deliver housing or financial contributions unless the developer demonstrates a viability issue (the need to take account of viability is a requirement of national policy). Viability appraisals are critically investigated but can be very difficult to successfully challenge. Our emerging DMP includes a revised affordable housing policy intended to enable the Council to secure more affordable housing from developers.

Clawbacks are restricted to larger more complex, phased development sites. The Council seeks them on appropriate sites where it has not been possible to secure on site affordable housing. Currently there is a single clawback agreement in place on a site that is under development; whether the site will show sufficient profitability to make a contribution is yet to be assessed.

Housing Funding Mechanisms

- 5 Is the Council applying for help under these schemes? Can they be used to help meet our earmarked sites? 20

Response

Where appropriate, the Council will apply for help under Government schemes. In some instances they may be able to be used to help deliver planned site allocations. For example, we recently supported a bid by Surrey County Council to the Housing Infrastructure Funding to

forward fund infrastructure improvements in East Surrey to support future housing growth, including on the A25, M23 and A23. The outcomes of this bid are awaited. Opportunities to access Government funding will continue to be explored.

Health and Wellbeing

- 6 How will the secondment of Tom Keeley to the Surrey Trust benefit RBBC 23

Response

Tom Kealey has a full time contract with the Council. He has been seconded into Pathway For Care to help grow a successful business. In undertaking his role he spends time with key business partners such as Surrey Heartlands and West Sussex County council. His work with Surrey Heartlands is expected to drive better health and wellbeing outcomes in the Borough and elsewhere in Surrey, as well as business into Pathway For Care.

Refuse & Recycling

See questions under BSP 10 25-28, 42

Response

Questions regarding BSP10 are addressed later in this document.

Surrey CC

- 7 Please provide a summary schedule of risks (those costed and in the budget, and those not in the budget and the possible range of costs involved). 35

Response

The Council has provided for the following risks associated with SCC in the 18-19 budget These budgeted values have a sensitivity around them of around +/- 20% and are based on the latest information available at the time the budget was created:

Refuse & Recycling and Steet Cleansing			
			£
			000's
		Reduction in recycling credits;	
		Paper	410.6
		DMR	34.4
		Textiles	55
		Food waste subsidy	8
			508
		Greenspaces:	
			£
			000's
		SCC Highway Income verge maintenance	73
			73
		Total	581

Pathway for Care

- 8 Please explain how Pathway is accounted for in this budget plan. Is it 41
unconsolidated? (i.e. loan income and dividends). It is presumed
dividends are nil in the plan?

Response

Council owned companies are not consolidated into the budget for planning purposes. Interest accrued on loans to the company and charges for staff time and expenses have been budgeted in the council's revenue budget.

Loan income for Pathway for Care is part of the interest received on loans £125k. The business plan for Pathway for Care does not anticipate profits in the 18-19 fiscal year and as such no dividend income is included in the Income & Savings Proposal 18-19.

Parking

- 9 What may parking surpluses be used for? My earlier understanding 42
was that it should be non-profit making

Response

Any surplus from parking services must be reinvested in the service. RBBC does not currently make a surplus from parking services.

Parking

- 10 How big a risk is the Surrey review thought to be? There still seems 43
some capacity in the budget (£50k?) based on this year's outturn?

Response

There is no financial risk from the Surrey parking review. The on street enforcement service actually operates in deficit, as reported to the Local Committee. However, there is a risk in terms of service quality if a private contractor operates the service. As a result, the Portfolio Holder and Officers have been working with Surrey County Council to seek a continuation of Borough / District parking enforcement services and ensure a quality service continues to be provided into the future.

Revenues, Benefits and Fraud

- 11 This looks like a very worthwhile opportunity. What is the margin on cost for this income stream? How much is included in the current year's favourable variance for this budget line? 46

Response

The profit margin will be calculated as part of a business case to set up a local authority trading vehicle in early 2018. There are different streams of work being carried out for local authorities, housing providers and one national private sector supplier. All streams are currently generating at least a modest surplus after costs have been taken into account.

We have budgeted for £150K of additional income within the 2017/18 forecast, in respect of these contracts.

Staff Resources

- 12 See questions under BSP 4 48

Response

Questions regarding BSP4 are addressed later in this document.

New Homes Bonus

- 13 What is the New Homes Bonus £3902 to be spent on. Is any New Homes Bonus money to be the subject of community consultation? 51

Response

The New Homes Bonus is currently maintained as part of the reserves, rather than incorporated into the revenue budget. There is the potential for community consultation on its use.

Council Tax

- 14 What is the Council Tax collection rate for 2017/18, compared to budget? Is there a surplus in the collection account? Are adjustments required for next year's budget? 53
See also questions under BSP 11

Response

The collection rate for 17-18 is anticipated to be around 99%, in line

with 16-17. This is what we have budgeted for. We remain in the top decile nationally. The collection fund was in surplus at the end of the financial year 2016-17 as reported in the Councils Annual Financial Statement. The Council seeks to recover all collection fund debt in all cases.

General Fund

15 Unallocated balance said to be £3.9m, whereas MTFP states £5.9m 66

1. General Fund Reserve			
			£000
Balance at start of year			5,912.3
Less: Transfers out			0.0
Add: Projected underspend as at P5 2017			425.4
Anticipated balance at end of year			6,337.7
Financial Strategy Requirement			2,422.3
Surplus			3,915.4

Response

The Councils reserve policy states 15% of net revenue budget must be reserved for unallocated expenditure (£2.4m) – this reduces the available general fund reserve. Added to the available general fund reserve is the forecast underspend. This leaves the unallocated balance on the general reserve fund of £3.9m.

CPDF

16 Information about CPDF spending is appreciated – however it is still a little confusing. Could we have a table showing opening balance, spending, funding, closing balance for 2016/7 forecast 2017/8 budget 2018/9? 68, BSP6 10

Response

Please see separate table titled BSP1 SFP Exec Report Q16 and Q17 (attached at Annex 1).

CPDF

17 With spending estimated for 2018/19 at £1,778k and a balance available at the start of the year of £1m, how is this to be funded? What is the contingency if a “robust investment property” is not found? What capital investment would be required to fund this gap? Is this realistic – what is the deal flow / pipeline? 69-71

Response

Previous year budget underspends have been transferred with Executive approval to the CPDF reserve. It is anticipated a similar approach would be considered in 2018/19. Alternatively earmarked reserves will be used. Please see separate table titled BSP1 SFP Exec Report Q16 and Q17 for the figures.

Funding staff posts

- 18 Why do we not transfer long term committed staff posts to the Revenue Budget? 70

Response

The local government act requires the council to set a balanced budget. This means that the council's expenditure must not exceed its income. The council regularly reviews its position and when sufficient income is available these posts will be funded into revenue budget.

HR

- 19 See question under BSP4. 85

Response

Questions regarding BSP4 are addressed later in this document.

BSP 2 – SFP ANNEX 1 – MEDIUM TERM FINANCIAL PLAN

No.	Question	Doc. Ref.
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External Funding

- | | | |
|----|--|------|
| 20 | What new external funding is likely to be sought and what funds are likely to be withdrawn. Can these be quantified? | 3.10 |
|----|--|------|

Response

The Council will pursue external funding opportunities wherever possible. These might arise from changes in regulations (such as increase planning charges), charges to the Council's companies or work with partners.

Capital Programme

- | | | |
|----|---|-----|
| 21 | Capital reserves are falling, but is it possible to show how assets are increasing? | 7.6 |
|----|---|-----|

Response

The Annual Financial Statement 2016/17 includes the Councils balance sheet which shows the Councils assets for 2016/17 and 2015/16. The table below shows the increase in asset values.

Balance Sheet			
31 March 2016		31 March 2017	
£000		£000	
103,753	Property, Plant and Equipment	113,564	
35,960	Investment Property	47,122	
439	Heritage Assets	468	
140,152		161,154	

Revenue Reserves

- 22 What movements have there been in the revenue reserves in 2017/18, and what usage is anticipated in 2018/19? 8.4

Response

Revenue reserves are adjusted at year end and as such there have not been any movements on reserves in 2017/18. We are in the process of reviewing the Councils balance sheet, and looking at possible impacts on reserves for 2018/19.

Reserves

- 23 Could these small specific reserves be rolled up into the General Reserve? 8.4, vii to x

Response

Reserves are important to Local Authorities as, unlike Central Government they cannot borrow money other than for investment in assets, and they are required to balance the budget on an annual basis. These small or earmarked are used to:

- Create a working balance to help cushion the impact of uneven cash flows.
- As a contingency to cushion the impact of unexpected events on emergencies.
- Building up funds to meet predicted requirements.

For these reasons, the council maintains these small specific reserves.

Risk

- 24 Are our residents fully aware that the removal of the Revenue Support Grant reduction in Business rates retention and other funding cuts is forcing RBBC into a much more risky environment to maintain services? 9

Response

Our published Five Year Plan is clear that the Council's funding model will need to change to reflect the new financial situation that we face. It explains that - to become financially self-sufficient without impacting on residents' priorities and the quality of services we provide – the Council will need to take a more commercial approach. The due diligence

undertaken by the Council, our robust risk management arrangements, and financial management practices (including our Medium Term Financial Plan), put the Council in a strong position to manage the impact of funding reductions, as recognised through the LGA Peer Challenge process. Self-sufficiency, and a need not to rely on external funding streams, will allow us to maintain service provision for our residents: the alternative would be to shrink or cut these services.

BSP 3 – SFP ANNEX 2 – INCOME AND SAVINGS PROPOSALS

No.	Question	Doc. Ref.
	<u>Mixed Recycling Disposal</u>	
25	How do these savings arise?	Pg. 27
	Response	
	This saving will come from the fact that our Budget allows for us being charged £10 per tonne to dispose of Mixed Recycling, however we are currently gaining income of +£7 per tonne. This is due to an improved value of material within the Mixed Recycling market. The figure in the budget is an estimated figure, based on Market risk.	
	<u>Forum House, Travelodge Beech House</u>	
26	Is this rental income?	Pg. 28
	Response	
	Yes, the income/savings associated with Forum House, Travelodge, and Beech House is rental income.	
	<u>Property</u>	
27	The additional Property Income is £1,005k. How much is based on completed transactions/ rent reviews/ projects and how much is projected/ speculative? Please itemise the income in the schedule under these categories.	Pg. 28
	Response	
	Of the additional Property Income of £1,005k, £981k is actual income due to completed transactions/ rent reviews/ projects, and £24.5k is projected future income.	
	<u>Property</u>	
28	Has the Council dropped the plan to re-develop the forecourt in front of the Town Hall? Are other sites already in the Council's ownership which could be brought into redevelopment?	-

Response

Options are still being considered for the Town Hall car park site and proposals will be brought forward in due course. The redevelopment potential of other sites already in the Council's ownership is under consideration, and where suitable opportunities are identified these will be brought forward. Opportunities that are well-progressed include Cromwell Road, and land at Pitwood Park.

Greensand

- 29 How is Greensand properties reflected in the income/expense? Consolidated? -

Response

The local government act requires the council to set a balanced budget. This means that the council's expenditure must not exceed its income. Council owned companies are not consolidated into the budget for planning purposes. Interest accrued on loans to the company and charges for staff time and expenses have been budgeted in the council's revenue budget.

As Greensand Holdings Ltd is a separate legal entity the properties are not reflected, as required by regulation in the council's service and financial planning income and savings proposals. The statement of accounts 2016/17 published on the Council website shows the Greensand Holdings Ltd financial position consolidated into the Council's financial accounts.

Staff savings

- 30 Please indicate whether staffing reductions (eg Customer Contact) are removing already vacant positions and which require redundancies? If redundancies, what costs are expected and what is the balance in provisions for redundancies? -
What is the total number of vacant positions in the council, and how many are filled by temporary or contract staff?

Response

No redundancies will be required in the reduction of FTE totals for 2018/19. It is forecast that as at 1 April 2018 there will be 20 FTE of vacancies (which have been included in the overall budgeted FTE figures). 8 FTE of these vacancies are currently covered by contractors, agency workers, or employees taking on additional duties. 12 FTE of the vacancies are being covered by existing employees taking on additional duties/ hours whilst the scope of the roles are being reviewed. The sole staffing reduction is in Customer Contact and is for a vacant post.

Parking

- 31 See question in BSP 1. -
Questions regarding BSP1 are addressed later in this document.

Revenue Benefits and Fraud

- 32 See question in BSP 1. -
Questions regarding BSP1 are addressed later in this document.

Company Income – Finance on Loans

- 33 Please explain from which companies (Pathway, Greensands) the income arises, -
and the loan balances/ forecasts and margin over funding costs. For Pathway,
does this include the additional funding now approved at the last Executive?
There is an offsetting growth proposal of £142k – does this mean we are making
a loss on these loans?

Income on Company Loans			
Company	Interest Charge annual		
	£'s		
Greensand Holding Limited	90,760.00		
Horley Business Park Development LLP	11,040.00		
Pathway for Care Ltd	31,500.00		
	133,300.00		
S&FP assumption is a conservative position	125,000.00		

Response

For Pathway, the additional funding approved at Exec on 9th November 2017 has not been included in Service & Financial planning for 18/19.

The treasury growth resulting from borrowing of £142k is loan interest the council will incur on borrowing £5m to finance future asset

Company Income – Staff Cost Recharge

- 34 Please explain what is being recharged – property staff, legal staff (how many and -
the basis for each).

Response

The budget includes an assumption of management cost recharges to subsidiary companies, for those individuals in Director roles. Resource agreements will apply in FY1718 for the recovery of management costs by RBBC from its subsidiaries.

- 35 Please explain which of these savings have an impact on services to residents. -

Response

None of the identified savings will have an impact on services to residents. Considering a few specific examples :

Car Parking – savings as a result of reduced supplier costs – this will not impact on services to residents

Customer contact – savings as a result of staff reduction of 1FTE – this is a currently vacant post, and reduction is enabled by channel shift. This will not impact on services to residents

Greenspaces – savings identified as a result of a more efficient approach to handling equipment repairs. This will not impact on services to residents.

BSP 4 – SFP ANNEX 3 – GROWTH PROPOSALS

No.	Question	Doc. Ref.
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Finance

36	Question answered on P41.	Pg. 29
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Consultancy re. pay structures

37	Why is this CPDF, also Inv Development Surveyor and asset manager?	Pg. 30 & 31
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Response

Review of the council's pay structures is a one off project, it's appropriate to use CPDF to fund the consultancy required, rather than base budget. The post is a fixed term post related to the 5 year plan outcomes.

Legal

38	Can the loss of income from charges be reduced? Is this service loss making?	Pg. 30
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Response

Legal services has two parts:

Land charges, which generates income and is in surplus, and legal services, which has more limited income and is a net cost to the council. In relation to land charges, the service is open to competition and our market share has steadily declined (similar to Building Control). Officers will seek to maximise income from this service, however, the growth proposal recognises that the income target is not achievable at this time. In addition, legislation has been passed to nationalise the service through Land Registry.

It is therefore prudent to reduce our income assumptions in this area and therefore not be reliant on the income.

Headcount

- 39 Please indicate headcount increases/ decreases in these schedules – base and CPDF -

Response

It should be noted that many of the staffing budgets have been ‘right sized’ (reduced) for the 2018/19 budget, to reflect the actual FTE required to perform the role/ services. No staff have been affected by this process. These numbers are included in the budgeted FTE figures provided in the report.

Comms & Information: 0 change (continuation of funding/employment via CPDF)

Community Dev: 0 change (continuation of funding/employment via CPDF)

Corporate policy: +1 via CPDF (Corporate Policy Manager) and a 0 change (Corporate Policy Support/Graduate trainee) (continuation of funding/employment via CPDF)

Greenspaces: +1 via Base budget

Leisure & Wellbeing: 0 change (continuation of funding/employment via Base/CPDF)

Legal: 0 change (continuation of funding/employment following departmental restructure)

Policy & regeneration: +3.5 CPDF not new CPDF posts but currently vacant

Project & Business assurance: +2 CPDF

Property: +1 CPDF

Customer Contact: -1 Base

CPDF

- 40 Please indicate which of the 2018/19 items are repeats of 2017/18 expenditure, which are new and which have been dropped. -

Response

Please see separate table titled BSP4 SFP **Annex 2 Q40**

Corporate Policy Manager

- 41 What does this individual do? -

Response

The Corporate Policy Manager supports a range of critical areas including:

- Oversight of transport / infrastructure issues including Gatwick Airport issues and Community Infrastructure Levy spending priorities
- Production of briefing materials and reports to support Member engagement
- Horizon scanning and monitoring of Government proposals (and partner proposals) that may impact on the Council, assessing these and responding to consultations / assisting with the development of

responses

- Input into sub-national initiatives as appropriate including Devolution, Sub-national Transport Board, Coast to Capital LEP
- Coordinating the review of the Five Year Plan'
- Support for property investment activities, including corporate priorities for key sites, production of reports and briefings for management Team and Executive

Member Development

42 Why is this increasing? -

Response

To provide leadership development opportunities for Executive Members and an increased range of Member training opportunities. To support the costs of Member consultative days that forms the basis for planning future strategies and plans.

Electoral Services

43 Please explain the £125k standalone election, given that we have an underspend of £51k in 2017/18. Shouldn't the base budget be reduced? -

Response

The £125k is the additional funding needed to organise and run the election because it is not combined with another election. Where elections are combined, the costs are shared and the revenue budget assumes a shared election. The £51k underspend in 2017/18 is due to additional grants that have been received, but cannot be relied upon, and staff vacancies where recruitment is currently being progressed.

SCC Highways Income

44 Does this relate to grass cutting? How many grass cuts did we have in 2017/18 and how many are planned for 2018/19? -

Response

The growth represents a reduction in funding from Surrey County Council to enable us to continue to deliver the service to a satisfactory standard. In 17/18, we performed 7 cuts throughout the majority of the borough and anticipate performing the same amount again in 18/19.

Communication Role

45 What do these staff do; why are they necessary on top of the base staffing number? -

Response

The Council's communications & engagement strategy, developed after extensive consultation with the Executive and Management team, identified three key things required from the council's communications & engagement activities:

1. To inform and explain
2. Reputation management
3. To change behaviour

Two of these three (i.e. proactive reputation management and changing behaviour/raising income) were significant new activities for the council and have required additional staff resources to deliver.

HR

- 46 Please explain the need for these roles and programmes. -

Response

These areas of work have been identified as being crucial to invest in, in order to help us deliver the ambitious agenda set out in our Five Year Plan, particularly the objective of maximising the potential of our staff. We need to ensure the Council is attracting, retaining and appropriately rewarding high performing and engaged people. Also listed is growth in the base budget to cover our statutory obligations to meet the requirements of the Apprenticeship Levy.

Legal

- 47 What is the overall legal budget compared to the current year – cost and number of staff? We have an overspend of £260k in 2017/18, but only £200k growth – is the difference capitalised expenditure? -

Response

The total net budget for legal services is £48.2k in 2017/18. This covers both legal services and land charges, and the reported overspend in 2017/18 covers both aspects. The net budget for legal services alone is £388.7k. The difference between the current forecast overspend and the growth proposal is not related to capitalised expenditure, but due to a variety of factors the most significant of which has been our reliance on locum staff. Recruitment is nearly complete and the proposed growth is sufficient to support the FTE establishment (see previous answer regarding FTE).

ICT

- 48 Please explain the Disaster Recovery expenditure. -

Response

The funding is to cover the implementation and running costs of enhancements to our Technical Infrastructure. The enhancements will improve the speed of recovering Council wide ICT systems for staff and services in the event of a Disaster impacting access to the Town Hall.

Policy

- 49 Please explain the CIL expenditure. -

Response

Since CIL was implemented in 2016 administration costs have been funded through CPDF. Expenditure includes annual maintenance costs for CIL management software and 1FTE post (CIL officer). From 2019/20 onwards, these administration costs will be fully covered by CIL receipts (of which up to 5% may be used for administration). CPDF funding for 2018/19 will provide a 'top up' to this in the event that insufficient CIL receipts have been accrued.

The Council is required to report annually on CIL receipts and expenditure. The first annual report (for 2016/17) will be published on the website in December 2017 via the Council's Annual Monitoring Report. To date no infrastructure schemes have been funded through CIL, however the first tranche of Local CIL funding has been passed to Salfords & Sidlow PC and Horley TC.

Property

- 50 Expenditure on the Town Hall Middle Block and Pitwood exceeds income growth, please explain. Can we not capitalise? -

Response

This is not expenditure, it is loss of rental income following the termination of the Middle Block lease to the Surrey Police and from surrender of the 1 Pitwood Park lease to enable redevelopment.

Property

- 51 What is the overall size of the Property team, and its funding streams – base, CPDF, capitalised, and function (maintenance, investment etc.) -

Response

The Property team, excluding the Head of Property, currently comprises 8 FTEs. Of these posts 4.5 FTE are base revenue funded and 3.5 FTE are CPDF funded. These FTEs are split between functions as follows: Asset Management: 3 FTEs (of which 2 are CPDF funded), Buildings & Facilities 4 FTEs (of which 1.5 are CPDF funded), Investment & Development: 1 (Base budget funded). The department's budget has a revenue target for income from capitalised salaries but this does not form part of the funding of the salaries budget.

BSP 5 – SFP ANNEX 4 – CAPITAL PROGRAMME

No.	Question	Doc. Ref.
	<u>Regeneration</u>	
52	Is this expected to cease after 2018/9?	Pg. 33
	Response It is anticipated that the current capital programmes in the Preston, Redhill and Merstham regeneration areas will be completed in 2018/19. With the completion of these programmes, the focus of the team will shift to supporting other key corporate spatial projects, such as Horley Business Park, the delivery of associated infrastructure and other transport and public realm projects. The capital costs of these projects and infrastructure have not yet been quantified and will be developed over time, supported by dedicated project management resources.	
	<u>Strategic Property</u>	
53	Will this be in the Property Company after 2017/8/9?	Pg. 33
	Response Future strategic property costs are likely to be incurred by both the Council and the Property company. A decision will be made on a case by case basis, for each acquisition or development, as to the strategic and financial benefits of it being carried out by the Council or the property company.	
	<u>Rolling Programme</u>	
54	Is it proposed that any of these costs are transferred to revenue in the next 3 years?	Pg. 33 & 36
	Response There are no proposals to transfer the rolling programme costs to revenue over the next 3 years. Each year all expenditure incurred associated with rolling programmes is tested against regulation requirements to ensure it complies with asset recognition criteria.	
	<u>Air Quality Monitoring Equipment</u>	
55	What benefit is this to RBBC? I am sure we are well aware where air quality is poor but nothing we can do about it.	Pg. 34
	Response The council has a statutory duty to review and assess air quality in the borough, which cannot be discharged without taking measurements. The monitoring undertaken by the council provides a sound scientific evidence base on which to make informed decisions about measures to improve air quality, including those involving partner agencies e.g. which buses and on what routes to retrofit equipment to improve air quality. It also allows the Council to examine long term trends in pollution, e.g. in the vicinity of	

Gatwick Airport, which could not be detected any other way

Play Area's Improvement

- 56 Whilst the Play Area Improvements have been welcomed, the cost / benefit is questioned. Pg. 35

Response

The health & wellbeing of our residents is a key objective in our 5 Year and Health Action Plans, and aligned to this, the provision of free-to-use, safe and well-maintained play areas has been valued highly in our biannual resident's surveys, with satisfaction with parks, open spaces and play areas consistently being one of the top priorities for our residents. The capital programme also enables us to continue to deliver social value and free-to-use play facilities for lower income families within the borough

Refuse Vehicles

- 57 When are these to be replaced and at what cost? -

Response

Principal fleet vehicles are due to be replaced in 2020. The estimated cost is between £2.8 & £3.2 million.

MRP

- 58 What is the MRP budget for 2018/19 and how does it compare to the 2017/18 forecast? Would a review of policy in this area be helpful? -

Response

The council does not have a MRP budget for 2018/19 as no borrowing is currently anticipated in 2017/18, so there are no forecast MRP requirements for the following year in line with policy. The Councils approved borrowing strategy does not require MRP to be charged on all asset categories where borrowing is undertaken. The MRP will be reviewed post 1st January 2018 when the Government releases its new strategy guidance on MRP which must be adhered to in accordance with the Local Government Act 2003.

Refuse

- 59 What capital is involved in rolling out collection of recyclables to flats? When is this planned? -

Response

There was no capital carry forward from the waste blueprint from 2016 to 2017/18 and until issues around future financial transactions are resolved with SCC & RBBC, no additional funding has been allocated to flats, however, we continue to roll out flat recycling in Reigate & Redhill were practicable.

BSP 6 – OUTTURN REPORT 2016/17

No.	Question	Doc. Ref.
<u>Banstead Leisure Centre</u>		
60	These defects were due to be fixed some time ago. What is the current position?	5
Response All defects have now been resolved and the retention monies paid to the contractor.		
<u>Future Funding Gap</u>		
61	How broadly is this funding gap of £3m to be addressed? What additional level of property investment would be required to fill the gap (capital and resulting income)?	16
Response The £3 million funding gap will be addressed using all the levers available to the council, including savings, by continuing to bring commercial activities on stream and by seeking further council investment opportunities.		
<u>Pathways and Legal</u>		
62	Will the latest projections be included in the final budget?	Pg. 41
Response Interest accrued on loans to the company and charges for staff time and expenses have been budgeted in the council's revenue budget. There are no plans to change the current prudent assessment of company income on the base revenue budget. Growth in legal budget has been incorporated into the provisional 2018/19 budget, as per the growth schedule		
<u>Finance & Procurement</u>		
63	Year-end outturn was a favourable variance of £150k. Has this continued – please explain.	Pg. 41
Response In 2016-17 there were a number of vacancies that took time to fill. In addition there was a post that was vacant and has since been given up for savings. This situation has not continued in 2017-18.		
<u>Planning Service</u>		
64	Year-end outturn was £92k favourable. This year shows an adverse £40k – please explain.	Pg. 41

Response

The reason for the 2017/18 variance is explained on page 62. 2016/17 saw a number of staff post vacancies in the Planning Policy Team reflecting the market shortage of planners; the main reason for the 2017/18 variance is use of temporary staff resources within the team to ensure that the DMP is progressed in line with the agreed timetable.

Localisation of Council Tax Support

65 What is the budget and actual expenditure from the discretionary fund? -

Response

There is no discretionary fund – the Local Government Finance Act 2013 gives local authorities the power to reduce a person’s liability for a dwelling where it sees fit, and we use this to reduce payments for households experiencing particular hardship.

Business Rates

66 What is our experience of business rates revaluation challenges? Are our provisions and balances appropriate? -

Response

We have carried out some additional work introducing the new discretionary relief scheme for businesses affected by the changes. The collection rate was 70.64% at the end of October 2017, which was up by 3.10% on October 2016, so we are predicting a high collection rate in 2017/18 of 99.8% in line with last year.

The Councils provisions associated with business rates are reviewed every year to ensure they appropriately reflect the changing environment.

BSP 7 – Q1 2017/18 PERFORMANCE REPORT

No.	Question	Doc. Ref.
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Environmental Health

67	Please explain the £78k urgent drainage work in Great Tattenhams, and why it is a council expense. How will the expense be recovered in the long term?	Pg. 50
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Response

The work required is not limited to drainage matters, and is being undertaken under Works in Default powers to remedy a number of severe housing, pest and public health issues for a vulnerable, elderly owner occupier. The costs will be recovered by placing a charge on the property that is repaid upon disposal of the property.

BSP 8 – DRAFT Q2 2017/18 PERFORMANCE REPORT

No.	Question	Doc. Ref.
	<u>Environmental Health</u>	
68	Please show how the £30k for Pest Control, £38k in Air Quality monitoring and £24k in statutory case reviews are catered for in the 2018/19 budget.	Pg. 57
	Response Pest control – the 2018/19 budget is being re-built as part of a zero based budget exercise, as a result of a service re-tender during 2017. There will be no fixed pest control expenditure during 2018/19, as the Council only pays on a per-job basis for works undertaken, and generates an income on top of these charges. We are seeking to promote the service as widely as possible. Air quality monitoring – Like pest control air quality monitoring is part of a zero based budget exercise being undertaken in Environmental Health. Early work has indicated that there will be no end-of-year variance in 2018/19. Statutory case reviews are held with a view to identifying ‘lessons to be learnt’. These reviews are not budgeted for as they arise on an infrequent and ad-hoc basis. The requirement for authorities to carry out these reviews has been in place since April 2011, it is not possible to predict when or how many will be received in a particular year.	
69	<u>Chief Executive’s Office</u> What is included in the £1,400k budget for the CEO – what is the reason for the £85k variance? What are the extra staff costs?	Pg. 59
	Response The budget includes the following areas of expenditure: <ul style="list-style-type: none">• salary and employment costs for the Management Team, Executive and Leader support team• training and development for the above• refreshments for external meetings• subscriptions for organisations (including Local Government association, District Councils Network, South East England Councils, Surrey Leaders, Gatwick Diamond) Additional salary expenditure has been incurred due to long term absence within the support team and bonus payments that are not factored into the salary budget. Additional costs have been incurred in relation to training and development in areas such as commercial activities.	
	<u>Bonuses</u>	
70	What bonuses are budgeted/ forecast in the current year? How much was paid in 2016/17?	-

Response

With the exception of Management Team, bonus payments are not budgeted or forecast, as they are one off performance related awards and applied retrospectively. In the 2016/17 year performance bonus payments associated with appraisal assessments came to a total of £84,471.58.

BSP 9 – 5 YEAR PLAN PERFORMANCE REPORT – JUNE 2017

No.	Question	Doc. Ref.
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Young Workers Scheme

71	Any budget implications in the relaunch? How much do we pay in the apprenticeship levy, and how much are we forecasting to recover?	12
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Response

There were no budget implications arising from the relaunch and rebranding of the Young Workers Scheme, to the Workers Scheme.

Separate to this, the Council is required to pay 0.5% of our annual NI'able pay bill (taken monthly) into the Apprenticeship Levy. This is held for our use towards the cost of training and qualification courses for apprenticeships and available for use within a rolling 24 month period. If it is unspent within the period, it is not recoverable. The levy payment from RBBC for 2017/18 is forecast to cost £49k, £20k of which has already been committed for spending on apprenticeship training. There are plans to provide further apprenticeship training, therefore using the full apprenticeship levy each year.

Workers Scheme

72	With the high level of employment do we need a Workers Scheme?	12
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Response

The scheme continues to provide individuals who are having challenges securing employment, with the opportunity to obtain/ heighten their skills and future employability. The scheme has and continues to provide a best practice example of community support and engagement to businesses in and around our Borough, who in turn have adopted similar schemes to support people into work.

Family Support Programme

73	Do we receive any reward monies, or subsidy from Surrey or other boroughs?	18
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Response

Yes. Surrey CC provides £292,471.00, with £33,000 coming each from Mole Valley DC and Tandridge DC.

Family Support Programme

- 74 Why are we actively seeking referrals? 18

Response

To deliver this important preventative service requires a 'critical mass' of families to be referred. During 2016/17, referral rates were lower than anticipated. Officers took action to improve this situation which successfully reversed this trend. Since the beginning 2017/18, the team have had to operate a waiting list to cope with the increase.

Dementia

- 75 What budget is provided to support this dementia support service? What have Staywell done or are planning? 27

Response

There is no specific budget specific for dementia support services: this would form part of the wider Ageing Well budget. Staywell supports those people with early onset dementia across all three centres in the borough, and they host a 'dementia café' at Banstead. The provision of local dementia services will be considered by the Overview & Scrutiny Committee in December.

Vacant Commercial

- 76 Is the amount of vacant space increasing? 63

Response

With 22% vacant, what actions would help reduce this amount of vacant space?

There was a 22% decrease in the amount of office floor space available to the market in 2015/16, due to factors such as Permitted Development Rights. This has increased by 9.6% 2016/17. Total vacant Commercial space in the borough stands at 5.3%.

Temporary Accommodation

- 77 What is the impact of the delay in the Massetts Road project? 87

Response

The delay, although unfortunate, means that the build will be as comprehensive & robust as possible. It means that revenue spend savings will be delayed by a couple of months and more households will continue to be placed out of area for a few more months.

BSP 10 – BUDGET COMPARISON 2016/17 – 2018/19

No.	Question	Doc. Ref.
<u>Pathway for Care</u>		
78	Is the 2017/8 outturn the latest forecast following the Executive meeting on 9 Nov?	Pg. 83
Response Yes - The 2017/18 outturn is the latest forecast following the Executive meeting on 9 November. Council owned companies are not consolidated into the budget for planning purposes.		
<u>Chief Executives Office</u>		
79	Why has this increased dramatically?	Pg. 83
Response In previous years the salary and employment costs for the Heads of Service have been included within one service based cost centre. As Heads of Service are now responsible for multiple services and strategic projects, this was felt to inaccurately report the individual service costs. The Salary and employment costs for the Heads of Service were therefore transferred into the Chief Executive's Office cost centre.		
<u>Chief Executive's Office</u>		
80	Please explain the changes from 2016/17 (£509k) through 2017/18 (£1,400k) up to 2018/19 (£1,527k).	-
Response In previous years the salary and employment costs for the Heads of Service have been included within one service based cost centre. As Heads of Service are now responsible for multiple services and strategic projects, this was felt to inaccurately report the individual service costs. The Salary and employment costs for the Heads of Service were therefore transferred into the Chief Executive's Office cost centre.		
<u>Community Development</u>		
81	Why has this suddenly appeared in 2017/8 and then dramatically reduced in 2018/9? Has it moved to Housing?	Pg. 83 & 87
Response The 17/18 Community Development budget includes a combination of CPDF and base budget. At present, only the base budget figure is showing in the 18/19 budget. The remainder of the Community Development budget will come from CPDF (as reported in the 'growth proposals' table accompanying the November Executive report) – the total budget being the same as 17/18.		

Planning Policy

- 82 This drops significantly in 2018/9 – presumably assuming the DMP will be approved. What does the remaining balance of £469k represent? Pg. 84

Response

The 'Planning Policy' budget on page 84 is a combined budget for the Planning Policy, Regeneration and Economic Prosperity functions. The £469.5k for 2018/19 represents establishment staff costs and ancillary costs for the three teams. Forecast outturn for 2017/18 includes CPDF funded staff posts, and Planning Policy and Economic Prosperity activities (including DMP preparation). Anticipated CPDF for 2018/19 is reported in BSP4 (SFP **Annex 3: Growth Proposals**).

Housing

- 83 Please discuss the rationale for next year's budget. We are running £250k under plan, and yet the budget seems to have increased by £40k or so? It is understood that welfare reform, universal credit, housing allowance and the Homelessness Reduction Act will add pressure, but shouldn't the Massetts Road scheme provide additional capacity? What is the impact of the two year government grant for the new Act – how much and which years? -

Response

The budget increases by £35k due to staff costs. Added pressure on the service will arise due to reasons given in the question – this will in part be mitigated by extra capacity provided by Massetts Road project, but further need for emergency accommodation is expected over and above this.

The two year Homelessness Reduction Act Government Grant will initially fund new fixed term posts & other projects to assist us manage our new duties. Unspent grant can be carried over and used in following years. The grant will cover the time needed for new Act to 'bed in' and will delay the need to increase revenue budget for the next 2 years. Value and timing of the Grant is as follows:

- Homeless Support Grant 2017/18 £271k, 2018/19 £312k.
- New Burdens funding 2017/18 £38k, 2018/19 £35k, 2019/20 £37k.

Refuse & Recycling

- 84 Please discuss the rationale for next year's budget. We are running £540k under plan; we are forecasting growth of £500k and income/savings of £175k? This doesn't seem to tie in with the budget of £1,140k. How firm is the reduction in credits from Surrey and related initiatives (£500k)? -

Response

We anticipate a reduction in the statutory recycling credit of £17 per tonne and therefore have estimated an overall loss of income from SCC of £500K.

Pathway

- 85 Please explain the changes from 2016/17 (£470k) through 2017/18 (£148k) up to 2018/19 (£nil). -

Response

BSP 10 reflects loan draw down as at 30th September 2017 and for the full year FY201617. Funding for company investments has been projected within the Treasury Management Strategy (Borrowing Strategy) capital plans. The Borrowing strategy capital projections will be revisited as part of the FY1819 Treasury Management cycle.

BSP 11 – MOVEMENTS BETWEEN APPROVED 2017/18 BUDGET AND DRAFT 2018/19 BUDGET

No.	Question	Doc. Ref.
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Expense Categories

- | | | |
|----|---|---|
| 86 | In prior years we have had an analysis of the budget by expense type/ category etc. Could that be provided these years (2017/18 and 2018/19)? | - |
|----|---|---|

Response

See separate table BSP11 Budget Movements **Annex 3** Q86

Inflation and other changes

- | | | |
|----|---|---|
| 87 | Please relate underlying changes in the expense base to inflation / increases for each expense category. Where is inflation related to general purchases? | - |
|----|---|---|

Response

Inflation is not applied across all expenditure budgets as an assumption. Each budget holder challenges their own budget areas, and where commensurate saving can be made by operational change, these are used to offset inflation. Budget growth items include both inflationary impacts and cost change impacts; however these are not separately identified in the service and financial planning process.

Salary Growth

- | | | |
|----|---|--------|
| 88 | Contract changes and increments total £453k compared with £148.5k cost of living. How are these changes controlled? | Pg. 91 |
|----|---|--------|

Response

Contract changes are mostly relating to re-grades and acceleration through the grade resulting from change/ expansion in duties and also external pay benchmarking. This requires senior management approval, and in some cases, Member approval.

Increments are relating to the incremental pay increases awarded to individuals for consistently high or outstanding performance in the previous year, through the appraisal process. The incremental awards are approved by senior management.

The cost of living increase (recently clarified as an annual pay review), is agreed by the Chief Executive and Head of Finance, in conjunction with the Chair of the Employment Committee, following negotiation with the recognised trade unions. The £148.5k cost of living increase is the incremental increase in employment costs in the 2018/19 budget.

Salary Increases

- 89 What changes are expected to employee contracts which would cause growth of £256k? -

Response

Between 1 April 2017 and 31 March 2018 there have been, or are expected to be, a number of changes in individuals' incremental pay scales and/or pay grade as a result of significant increases or changes in role responsibility. Coupled with an improved employment market, many roles have been regraded to help maintain comparable levels of pay with the market, therefore supporting staff retention.

Salary Increases

- 90 Please relate the salary increases of £752k to the 2.6% referred to in the MTFP para 5.2 and 6.3 vi. -

Response

The £752k of salary increases includes £148k of cost of living increase (an incremental increase in budget 18/19). The assumption used in budget setting brings together HM Treasury's forecasts of CPI for 2018/19 as shown in MTFs employment capacity information, similar employers expected pay increase

Increments

- 91 If recruits join at the bottom of the scale, shouldn't increments for existing staff be met by new recruits replacing staff who leave? Please explain the basis for the £197k. What increments/ discretionary increases have been made in the current year? -

Response

Depending on the knowledge, skills, competency, experience and external market rates, new recruits might not start at the bottom of the pay scale for the role.

The £197k for increments is explained in the answer for Q.88.

NI Contributions

92 Please show calculation. -

Response

The calculations are made at the individual level and are based on the additional NI that will have to be paid. The comparable figure for 2017/18 was £37,500.

Unavoidable Pension Growth

93 Is there a case for funding this from the Superannuation Reserve? -

Response

As the pension increase is comparatively small compared to salaries a decision was taken to fund the pension changes from the 2018-19 budget rather than drawing on the earmarked reserve (called the Superannuation Reserve). This earmarked reserve is to smooth sudden increases in pension cost, and the change required in 2018-19 was considered to be manageable.

Net Budget

94 Please show how the net budget is funded and the change from 2017/18 to 2018/19. What does the £5 increase bring in? Business Rates would appear to bring in an extra 70K (Executive Report para 51). What are the other factors? What assumptions (% and £) in relation to Council Tax are made for new properties in the budget? Does it relate to experience this year? -

Response

In 2017/18 and 2018/19 the net budget is funded by, retained non domestic rates and council tax yield. Council Tax yield is impacted by both the tax base and the council tax.

A £5 increase on council tax is expected to generate a yield increase of between £70,000 and £80,000. Historical new property trends combined with known future property growth is used to inform the assumptions around funding the budget.

Net Budget

95 How does this relate to the Minimum Savings Target of £700k (Executive Report para 58)? -

Response

The minimum savings target is what is required to achieve a balanced budget, as required by the Local Government Act. In 2018/19 savings proposals equal the minimum savings target. Where net savings exceed the minimum requirement, the future years savings pressures will be eased.

Contribution to Capital Spending

- 96 Please explain where this is reflected in the Revenue Budget. -

Response

This budget is located within Finance.

Income from fees, charges and services

- 97 What is the level of income and what inflationary or other increases are expected - % and £? -

Response

Please see the table given in answer to BSP11 Budget Movements Q86. Income budgets are not routinely inflated across the council. Any Income budget increases include both inflationary impacts and prior performance factors. However these are not separately identified in the service and financial planning process.

Additional Non-Referenced Questions

Budget Scrutiny Panel Questions November 2017.

General

Staffing

98. Please provide details of the FTE staffing levels by directorate across the council in terms of a) number of staff, b) number of vacant posts, c) proposed reductions or increases in FTE staffing levels and posts as reflected in the budget for the 2018/19 financial year.

Response

It should be noted that FTE and headcount figures fluctuate throughout the year within departments, and therefore the information provided is a forecast of the expected position as at 1 April 2018. Some of this information is included within answers to previous questions, but is provided again for clarity.

99. How many apprenticeships are currently employed by the council, and how is this expected to change over the coming year?

Response

RBBC is currently supporting 9 apprenticeships, with an additional 4 expected to commence by the end of 2018/19.

100. How many of the staff positions currently funded as well as the additional 16 proposed to be funded through the CPDF are anticipated to be long-term (as noted in para 70 of the report). Which ones?

Response

Of the staff positions currently funded through CPDF, 12.5 posts are considered to be long term. As noted under question 49, £18k of CPDF for CIL is partial funding for CIL officer post. In future years this should be able to be 100% funded by the CIL itself.

101. What is the current pay award increase assumed in the budget as it stands? What is the measure used (e.g. RPI, CPI) used to consider what is the fair 'cost of living' increase for staff pay? What does this amount to in total?

Response

A 2% pay award has been budgeted for 2018/19, which results in an incremental budget increase of £148k. Multiple factors are considered in the pay negotiations, including RPI, CPI, market rate benchmarking, and other rewards/ benefits, provided as part of the total remuneration package.

102. Please provide the number of posts that are vacant in the Greenspaces team currently, at what officer/staffing level, how this has changed in the past year, and how it is planned to change in the 2018/19 financial year.

Response

There are currently two Greenspaces vacancies. The Greenspaces Manager role became vacant in 2017/18, and is currently being fulfilled by two existing officers taking in further duties and responsibilities. This position will be reviewed in 2018/19 year.

There is also one Greenspaces operative vacancy. Currently we have 1 FTE vacancy at a management level, and the intention is to fill this in the near future. There have been no changes to the overall FTE count for the department in the past year, and the intention is to grow the department to include an operational arboriculture team in 18/19.

Savings and growth targets

103. What does the minimum savings target of £700,000 mean, and what does this refer to?

Response

Please see answer to Q95.

Gross Budget

104. What is the gross budget for 2018/19 and how does this compare to 2017/18 and 2016/17 out-turn figures. Please provide a full breakdown to the same level as detail as provided for the net budget, showing total income and total expenditure in each directorate.

Response

See separate table BSP Budget Movements **Annex 4 Q104**

Impact of Changing Business Rates

105. The current expected retained business rates is expected to drop from £2.29m in 2018/19 to £0.83m in 2019/20. Please provide the rationale for this and what the new figures are expected to be if the Surrey-wide business rates retention pilot gets the goes ahead, and when this is likely to be?

Response

The Department for Communities and Local Government (DCLG) provided a Final Settlement statement giving this information on 20th February 2017. It can be accessed on the following website link.

<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2017-to-2018>

If the Surrey business rates retention pilot proposal is accepted, there will be an uplift of £500k revenue in 2018/19 as a one off item.

Brexit

106. Noting that the council states that Brexit represents the greatest uncertainty for the council please can the council's Brexit risk strategy be shared, together with details of mitigation considered, including any estimation of budgetary impact? In particular, has a risk analysis been made of potential impact if property prices started to fall, and market commercial rents fell in line with these reductions on the income we receive from our assets that are rented/leased out?

Response

The Council does not have a Brexit risk strategy. We are monitoring the information and guidance that is issued by the Government and the Local Government Association to understand the implications of Brexit for the Council – which is not clear at this stage. The council will continually review and adjust assumptions within the MTFP and make appropriate adjustment to financial decisions, particularly those involving commercial activities. At this stage, and for the remainder of 2017/18, this risk is considered to be low.

Most of the Councils assets are secured on longer term leases and demand remains at an acceptable level. There is no current expected significant reduction in rental income. We constantly evaluate risks from the wider economic market, and our project work, where there is likely to be a bigger impact and this is dealt with when we prepare Executive reports so the data is current to that point.

Climate and Environment

107. In the next year there will be a global meeting in Poland to ratchet-up targets for greenhouse gas emissions reduction. Please provide details of the new actions proposed next year and FTE assigned for work in this area by the council.

Response

The Council has previously committed to undertake activities to reduce carbon emissions and tackle climate change. This includes energy efficiency measures within our own estate, promoting energy efficiency schemes to local residents and businesses, and improving the efficiency of our fleet operations. These measures will continue to be implemented.

The draft DMP includes a dedicated policy on Climate Change. As appropriate, through the Examination process, there will be the scope to update this policy to reflect any changes to wider policy requirements.

108. Please confirm what budget is being allocated to measures to reduce air pollution, and what these are.

Response

There is a capital budget for air quality monitoring equipment, shown at p.34, **Annex 4**. In addition, the Council receives S.106 money annually from Gatwick Airport Limited, which funds air quality monitoring. The Council is part of the Surrey Air Alliance (SAA) and takes an active part in projects to achieve the aims of the SAA Action plan, including working with external partners to seek improvements in air quality.

The main areas of work currently are trialling of electric vehicle charge points, and a major modelling exercise to examine PM2.5 concentrations across the borough, in response to new legal obligations around PM2.5 assessment. The Council also operates the Air Alert service, which uses the monitoring data to feed into a pollution warning service that notifies residents with asthma or other respiratory problems 24 hours in advance (by text email or phone call) of any pollution problems likely to affect health so that they can make an informed decision e.g. ensure they have their reliever inhaler with them.

109. Please indicate the level of Bike-It funding provided in 2018/19.

Response

Reigate & Banstead had entered into a contract with the Bike-It scheme providing funding of £29,092.00 for 2018/19 which includes staff, projects and monitoring and evaluation of the scheme.

Green Spaces and Street Cleaning

110. **Greenspaces team.** What are the staffing implications (e.g. number, seniority) anticipated from the Greenspaces budget 'rightsizing'? and what does the £19k savings in the delivery of Greenspaces services relate to?

Response

There are no staffing implications anticipated from the budget 'rightsizing', it references identified operational efficiencies relating to our recruitment of an in-house mechanic and the ability to reduce downtime of vehicles and machinery, saving on hire costs, and a change in our grass cutting equipment. The £15k of the £19k savings relates to the sourcing of parts for machinery and contractor costs for machinery repair due the recruitment of our in-house mechanic. The remaining £4k relates to additional income generated through the sponsorship of horticultural features – a reduction in budget where income is expected to increase, as opposed to a saving.

111. Please confirm whether completion of the Earlswood Common Management Plan is anticipated in 2017/18 and if not what the budget for completion of this is included in 2018/19.

Response

The production of the management plan is scheduled in our programme during 18/19, and will be funded through our usual department budget allocation – no additional funding is required.

112. Please confirm the budget for street sweeping and litter picking is for 2018/19 and what change that is from 2017/18.

Response

The budget for Street Sweeping and Litter picking was £935,300 for 2017-18 and is £958,400 for 2018-19.

Refuse and Recycling

113. Please could you indicate what movement is anticipated in the recycling market, and how this is estimated to affect income for 2018/19. Also, how much worse would it be for Reigate and Banstead would it be if Surrey County Council took control of the Reigate and Banstead doorstep recycling materials, at a price of £40/tonne (as noted by SCC in their published proposals)?

Response

This year has seen significant fluctuation in the value of materials. At present prices in the market place are falling and in January 2018 the imposition of stricter import controls by the Chinese, is likely to impact the market place further. This has been taken into account when estimating income and value of material.

If SCC were to take control of our doorstep material, specifically DMR, the potential losses would be £360K in recycling credits and £60K income, total of £420K. If SCC were to take control of our paper, the loss would be £600K of income and £440K recycling credits, total for paper alone £1,040,000.

114. What is the potential budget impact of the SCC level of proposed loss of recycling credits from SCC in future years beyond 2018/19 – and how will the council fund ‘invest to save’ initiatives in this area going forward.

Response

See Q113 above. In order to fund invest to save initiative, we would have to review our non-statutory services.

115. Please provide a full breakdown of the anticipated ‘cost growth figure of £500,000 considered in this area’ including the level of increase in income anticipated from the Council’s garden waste and trade waste services.

Response

The growth figure of £500K is derived entirely from a reduction in recycling credit from £56 per tonne to £40 per tonne.

116. Please confirm the FTE allocated to speaking to individual houses and those in blocks of flats is to reduce contamination and whether this includes any of the staffing in the JET team.

Response

One temporary member of staff, provided through Surrey Waste Partnership, for approx. 4 months during 2017/2018. This does not include any JET staffing.

3. Housing and Welfare

Benefits/Welfare changes, including Universal Credit

117. Please confirm if the council has carried out any analysis of welfare changes (including reductions in working benefits and child benefits to families, benefits cap and a freeze on the local housing allowance and reductions in funding of Housing Related Support for older people and people with disabilities provided by Surrey County Council) and share details, including the current impacts on our residents in Reigate and Banstead and how this is anticipated to change in the coming year, and what the estimated budgetary impact of helping address these might be.

Response

The Council is working with the DWP and with Surrey County Council on the impact of these changes. This is in early stages, and there is no detailed impact available at this time. Funding has been made available through CPDF to provide additional resource to address the impact of Universal Credit, and

there us additional funding from DCLG to help deliver the new housing legislation.

118. Please provide details of estimated budget impact and action anticipated in association with the roll-out of the Universal Credit in Reigate and Banstead, broken down into the following areas:
- a). The financial impact on the Council and Registered Providers as a result of more tenants getting into rent arrears, and requiring assistance;
 - b). Increased numbers of people presenting as homeless as they face eviction as a result of getting into rent arrears; and
 - c) A decreased willingness of private landlords to accept households in receipt of benefits, including in-work benefits.

Response

Referring to previous questions, details are not known at this stage on the exact numbers of households affected and budgetary impacts on the Council or housing providers. Work will be done into 2018/19 to address the above issues, and the Council will be working closely with the DWP, Surrey County Council and Raven Housing Trust to provide appropriate advice and support.

119. Please confirm how these impacts are reflected in the revised Local council tax support scheme proposed for 2018/19.

Response

The impacts of these changes are not specifically taken into account within the local council tax support scheme. The Local Government Finance Act 2013 gives local authorities the power to reduce a person's liability for a dwelling where it sees fit, and we use this to reduce payments for households experiencing particular hardship.

Housing and Homelessness

120. Please indicate how the number in temporary accommodation, emergency accommodation /B&B has changed in the past year, as is proposed for the 2018/19 budget and the total budget impact associated with this.

Response

We have access to a fixed number of temporary accommodation units, around 120 which are always full. On average for the first half of this year we have had 12 households in emergency B&B, last year this figure was 25. For 2018/19 Massetts Road will provide an additional source of temporary accommodation; however the impacts of Universal Credit and the Homelessness Reduction Act may also lead to an increase in the number of

individuals or households requiring such accommodation. It is not possible to quantify the likely level of this increase at the moment.

121. Homelessness Reduction Act: Please confirm the estimated budgetary and service impacts of introduction of the Homelessness Reduction Act in April 2018 and whether these costs will be fully met by the government grant for the next two years, or not.

Response

No Revenue budget impact is anticipated from the Homelessness Reduction Act in the next 2 years as DCLG grants should cover extra spend (see Q83). Impacts on service will likely include a significantly higher number of presentations, longer stays in emergency accommodation, larger sums of money paid out for rent in advance, deposits, shortfalls and new ICT required to manage the new responsibilities.

122. Q1 2017/18 variance on KPI indicators showed only 8 affordable home completions in the first quarter of this year. The budget report states the aim to build “new housing (including housing which is affordable to local people)”. How does the council intend to build housing that is affordable to meet the income and demands of all local people, and how is that reflected in the budget for 2018/19?

Response

The Council continues to secure affordable housing through planning policy. This current year started slowly in terms of affordable housing completions but has since improved in Q2 and is now on target for the year. In April the Executive agreed that the Council should be more proactive in delivering homes that are affordable for local people - a number of opportunities are being explored and will be reported in due course.

123. The RBBC Executive recently confirmed that it is considering establishing a register of private landlords in the budget. Please provide details how this is reflected in the budget for 18/19.

Response

It is not reflected in the budget.

Capital Programme and Local Authority Trading Companies.

Capital budget

124. Please provide details of what is included in the strategic property item on Lavender sandpit local nature reserve, Forum House and Beech House.

Response

Lavender Sandpit costs cover surveys and investigations to inform development feasibility.

Forum House and Beech House include purchase price and other acquisition costs.

125. Please confirm whether any of the budget reserves (£18.749m) are included in the capital resources summary.

Response

All the items described in the Capital Resources Summary are in the budget reserves.

126. Please confirm what is included in the allotments rolling programme for 2018/19.

Response

The planned allocation will be used for expenditure on allotments such as extending the life of allotment buildings, fencing, paths, drives and gates.

127. £300k of waste blueprint budget was deferred from 16/17 for the operational implementation of the flats kerbside recycling budget. Is this all expected to be completed this year, and will it require additional funding to complete?

Response

There was no capital carry forward from the waste blueprint from 2016 to 2017/18 and until issues around future financial transactions are resolved with SCC & RBBC, no additional funding has been allocated to flats; however, we continue to roll out flat recycling in Reigate & Redhill where practicable.

Local Authority Property Company

128. What is the proposed budget and activities for this for 2018/19 including net contributions to the council from both the Pathway and Property Trading company. For the latter, please provide a breakdown of income and expenditure by major sites.

Response

Council owned companies are not consolidated into the budget for planning purposes. Interest accrued on loans to the company and charges for staff time and expenses have been budgeted in the council's revenue budget.

Greensand has only acquired one asset but is constantly looking for others. It is financed via an agreed drawdown loan facility from the Council and this was set out in the Executive report. Acquisitions will only be made by the Company when it is prudent to do so.

129. The development of the Horley Business Park project was previously allocated £400,000 in the capital budget. Please provide a breakdown of the amount of this money that has already now been spent and the amount of budget either direct or via the council owned Property Company that is anticipated for this project in the coming year.

Response

Reports on the performance of Horley Business Park LLP and future funding plans will come through the executive subcommittee. Council owned companies are not consolidated into the budget for planning purposes. Interest accrued on loans to the company and charges for staff time and expenses have been budgeted in the council's revenue budget.

Reserves

130. Please provide details of the current balance in the all of the council's various reserves.

Response

The council's reserves are as stated in the published year end accounts for the year 2016-17.

131. Please provide indications of how earmarked reserves are planned to be spent either this or next year, including for the Growth Points Reserve, High Street Innovation Reserve and Business Support Scheme.

Response

Growth Points Reserve - we are drafting proposals to spend the balance of this initiative. High Street Innovation Fund is fully allocated. The Business Support Scheme is earmarked to support should a need in line with the reserve conditions arise.

Corporate Plan Delivery Fund

132. This is noted as expecting to spend £1.88m in 2018/19 and to fall from £4m to £1m in 2017/18. Please confirm the start and end balance, and expenditure of the CPDF this year and next year.

Response

Please see answer to question 16.

133. Please provide details of business/entrepreneurial support provided under 'small business grants', targeted SME engagement, entrepreneur workshops and other economic development activities, and the level of matched funding currently received by the council to support these activities locally, and what business areas those supported to date are working in.

Response

There have been 202 applications for business support grants spread throughout the borough. The total that has been awarded £161,352, Rejected £22,949, Pending £13,150.

Banstead Village	5	0
Chipstead, Hooley and Woodmansterne	2	1
Earlswood	10	0
Horley Central	5	2
Horley East	2	0
Horley West	6	0
Kingswood and Burgh Heath	8	1
Meadvale and St Johns	10	1
Merstham	9	6
Nork	3	2
Preston	3	0
Redhill East	21	5
Redhill West	8	1
Reigate Central	38	2
Reigate Hill	6	1
Salfords and Sidlow	7	0
Southpark	8	0
Tadworth	12	1
Tattenhams	1	
Other	8	7
	172	30

The Entrepreneurs Academy runs annually and usually attracts 16 participants, who are borough residents. The Council provides £5,000 Dragons Den funding. Partner organisations provide accommodation and speaker input.

SME engagement through over 60 networking activities per year. The Council contribution is through the occasional provision of accommodation. Targeted engagement with medium sized businesses indicated that they are, in general, well developed organisations with good access to range of resources they need.

Economic Prosperity has established Business Guild's in Banstead and Redhill to deliver collective benefit to their respective areas.

The Economic Prosperity team organised a Careers Fair at the Harlequin for over 550 local students from Year 9, 10 and 11. This was supported by a number of significant local employers.

134. Please provide details of which areas of the borough are covered through the £200k Community Development Team funding in the CPDF budget.

Response

The Community Development Team is working in the following priority communities: Merstham estate, Preston estate, Redhill West (Cromwell Road, Timperley Gardens, the Dome, and the Rivers), Horley (Court Lodge, the Acres, and the Gardens).

5. Savings and Growth Proposals

Growth proposals

135. Are the additional salary costs for property are in the council or the local authority property company.

Response

These are Council costs. Council staff supports the property company and will recharge their costs for work undertaken on behalf of the company.

136. What do the 2 project managers in 'project and business assurance' relate to, and which projects will they be working on?

Response

The Council has a substantial programme of work to deliver in accordance with the 5 Year Plan. Additional project management resource is required to deliver this work successfully and in reasonable timescales. Projects will include business change activities, implementation of CRM and commercial

development. The scoping and prioritisation of these activities is currently underway.

137. How does the increase to the small business grant and support for voluntary and charitable organisations changed, and what is the rationale for this?

Response

Following the success of the small business grants programme the annual budget has been increased to £50,000.

The level of support for the Voluntary Community Sector has not changed.

138. What projects are the strategic development project manager (x2) and project management resources (x2.5) recruitments related to?

Response

These posts relate to the regeneration team. It is anticipated that the current capital programmes in the Preston, Redhill and Merstham regeneration areas will be completed in 2018/19. With the completion of these programmes, the focus of the team will shift to supporting other key corporate spatial projects, such as Horley Business Park and the delivery of associated infrastructure, and the implementation of other transport, infrastructure and public realm projects. These will require dedicated project management resources to deliver.

139. What does the £50k disaster recovery item relate to, and how much additional spending to reduce and adapt to climate impacts in Reigate and Banstead is budgeted for in 2018/19.

Response

The funding is to cover the implementation and running costs of enhancements to our Technical Infrastructure. The enhancements will improve the speed of recovering Council wide ICT systems for staff and services in the event of a Disaster impacting access to the Town Hall. There is no additional budget in the Emergency Planning budget for 2018-19 in relation to reducing climate impacts.

140. Please confirm if any other budget to cover the reduction of expenditure from Surrey County Council is being considered, in addition to those items listed – for example, to bridge some of the funding gap in the Surrey County Council Local Committee Budget for 2018-19, both capital and revenue budgets – and the failure to replant street trees in verges.

Response

SCC has indicated that they will reduce provision of funding for the Home Improvement Agency and Handy Person Services by a minimum of 25% in each of 2018/19 and 2019/20. Consideration is being given to any scope for

utilising any underspend on the Large Scale and Small Scale Works Grants capital budget for this purpose.

As indicated in the Greenspaces growth projections, we have included growth to cover the reduction in funding for the highways verge maintenance contract

Income and Savings Proposals

141. **Interest on Loans.** What does the £125k interest received on loans refer to?

Response

Please see answer to question 33.

142. **Harlequin income.** Please clarify what price increases and volume increases underpin the £20k increase in income anticipated.

Response

Pantomime ticket prices will (in agreement with the pantomime production company) see a modest £1.00 increase on higher level prices and a £0.50 rise on lower prices.

Cinema prices will increase by £0.50 in April as they do each year and still provide a value offer that none of the local cinema providers equal.

Additional shows and event cinema will be reviewed on a case by case basis with promoters.

We are anticipating an approximate increase in ticket sales of 1.5% across all cinema screenings and events through the year.

143. **Charges.** Please confirm there is no change to allotment charges or garden waste charges proposed this year, or if not what is proposed.

Response

Allotment charges will increase in-line with the cost of living, from £42/£84pa in 17/18 for half/full plots to £43/86pa in 18/19.

144. **Staff cost recharge to companies.** Please provide details as to what the £245k of 'staff cost recharge to companies' refers to, whether this has started already, and what the impacts of this change are.

Response

The budget includes an assumption of management cost recharges to subsidiary companies, for those individuals in Director roles. Resource agreements will apply in FY1718 for the recovery of management costs by RBBC from its subsidiaries.

145. **Property.** Please provide addresses for the Pitwood No 4, Tanyard Barn, Forum House and Beech House properties listed and dates these have been purchased.

Response

<u>Address</u>	<u>Acquisition date</u>
Unit 4 Pitwood Park Waterfield Tadworth Surrey KT20 5JL	29/07/1938
Tanyard Barn Community Centre Brookfield Drive Horley Surrey	18/08/2017
Forum House 41 - 51 Brighton Road Redhill Surrey RH1 6YS	12/07/2017
Beech House 35 London Road Reigate Surrey RH2 9PZ	14/08/2017

146. **Parking.** Please confirm that no car park price increase is expected in the 2018/19 financial year. Please provide the level of temporary loss associated with the redevelopment of Marketfield Way carpark and how much of this is budgeted to occur in 2018/19 financial year.

Response

No car park price increase is planned for 2018/19. As set out in the growth schedule, we anticipate a temporary loss of income from Marketfield Way of £166k in 2018/19.

147. Please provide a summary of income and associated surplus generated by activities relating to property or serving residents outside of Reigate and Banstead, broken down by service area, noting the anticipated increases in income anticipated for the 2018/19 financial year.

Response

The Revenues, Benefits & Fraud service has been increasing its work for other boroughs and organisations outside of Surrey, and is forecasting a net income of £100K from 2018/19. Contracts are already in place with local authorities, housing providers and one national private sector provider, and the aim is to continue building on this work in future years, and to help with this a business case for a local authority trading company will be developed into the new year.

Income generated by Property to end of P6 2017/18 non Non-RBBC work	
Work for Spelthorne BC	£ 12,984
Work for Tandridge DC	£ 42,311
Work for NHS East Surrey CCG	£ 3,000
TOTAL	£ 58,295

148. Please provide a summary of the anticipated turnover, one-off expenditure and surplus anticipated to be generated by each of the local authority trading companies we have a stake in for the 2017/18 and 2018/19 financial years.

Response

Reports on the performance and future projections of trading companies are reported through the executive subcommittee. Council owned companies are not consolidated into the budget for planning purposes.

BSP1 SFP Executive Report**Q16 CPDF Reserve 2016-17 Actual**

	£000
Opening Balance	2,000.0
Spent in-year	-1,307.0
CPDF Balance at the Year End	<u>693.0</u>
Add total Management Budget underspend	1,035.0
Add transfer from New Homes Bonus Reserve	2,272.0
New CPDF Balance	<u><u>4,000.0</u></u>

CPDF Reserve 2017-18 Forecast

	£000
Opening Balance	4,000.0
Unspent approved requests 2016/17	-246.0
Forecast spend in-year	-3,347.1
CPDF Balance at the Year End	<u>406.9</u>
Add forecast Management Budget underspend at P6 2017	593.1
New CPDF Balance	<u><u>1,000.0</u></u>

CPDF Reserve 2018-19

	£000
Opening Balance	1,000.0
Unspent approved requests 2016/17	-58.7
Budgeted spend in-year	-1,777.7
CPDF Balance at the Year End	<u>-836.4</u>
Add transfer from Management Budget unspends or earmarked reserve	836.4
New CPDF Balance	<u><u>0.0</u></u>

Service & Financial Planning 2018/19:CPDF Growth Proposals

Service/Description	Salary CPDF 2018-19 £000	CPDF 2018-19 £000	New, Repeat 2017-18
<u>Car Parking</u>			
Loss of Marketfield Way Car Park Income		166.0	NEW
<u>Communications & Information</u>			
Communication role x 2	90.0		Repeat request
Intranet project		50.0	NEW
Support for GDPR compliance implementation		100.0	NEW
<u>Community Development</u>			
Community development team	185.0		Repeat request
Community development team		15.0	NEW
<u>Corporate</u>			
Corporate policy support / Graduate trainee	27.0		NEW
Resident satisfaction survey		9.0	NEW
Corporate Policy Manager	72.0		Repeat request
<u>Electoral Services</u>			
Standalone election 2018		125.0	NEW
<u>Human Resources</u>			
Consultancy to support review of pay structures, grading and contracts		25.0	NEW
Talent Attraction - employer branding		10.0	NEW
Biennial Staff Survey		5.0	NEW
Talent/Management development programme		40.0	Repeat request
<u>Leisure & Wellbeing</u>			
Health and Wellbeing Manager	56.0		Repeat request

Service/Description	Salary CPDF 2018-19 £000	CPDF 2018-19 £000	New, Repeat 2017-18
<u>Policy</u>			
DMP		100.0	Repeat request
CIL (previously approved) - £109k over 3 years		18.0	Repeat request
Economic development: Small business grants (previously approved)		12.5	Repeat request
Economic development: Targeted SME engagement (previously approved)		42.0	Repeat request
Economic development: Entrepreneur workshops (previously approved)		6.0	Repeat request
Economic development: Increase Small Business grants budget		57.5	Repeat request
Other economic development activity (previously approved)		20.0	Repeat request
Strategic development project managers (x2)	96.0		Repeat request
Project Management Resources (x 2.5)	118.0		Repeat request
<u>Project and Business Assurance</u>			
Project Managers	100.0		NEW
<u>Property</u>			
High Street Redhill		116.7	NEW
Investment and Development Surveyor	52.1		Repeat request
Asset Manager/building surveyor	63.9		Repeat request
	860.0	917.7	
Total Growth	<u><u>1,777.7</u></u>		

BSP11 Budget Movements Q86

Budget Analysis by Account Type

	Approved 2017-18 £'000	Draft 2018-19 £'000
Employees - Salaries	15,874.0	15,967.1
Employee - Other	3,516.1	3,481.9
Premises	2,165.5	2,126.5
Transport	1,194.5	1,191.2
Supplies & Services	7,412.1	8,406.6
Transfer Payments (out)	<u>38,952.8</u>	<u>38,952.8</u>
Cost Subtotal	69,115.0	70,126.1
Transfer Payments (in)	-39,276.7	-39,276.7
Income	<u>-14,944.3</u>	<u>-15,827.3</u>
Income Subtotal	-54,221.0	-55,104.0
Gross Budget	<u>14,894.0</u>	<u>15,022.1</u>

Budget Monitoring: Draft Budget Summary 2018-19

Responsible Officer	Service	2016-17 Year End Expenditure £000	2016-17 Year End Income £000	2016-17 Year End Outturn £000	2017-18 Forecast Expenditure £000	2017-18 Forecast Income £000	2017-18 Forecast Outturn £000	2018-19 Draft Budget Expenditure £000	2018-19 Draft Budget Income £000	2018-19 Draft Budget £000
Tom Kealey	Pathway for Care	469.8	0.0	469.8	142.0	0.0	142.0	0.0	0.0	0.0
	Events Company	15.0	0.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0
Mari Roberts-Wood	Community Development	0.0	0.0	0.0	234.0	0.0	234.0	48.7	0.0	48.7
	Housing Services	1,146.8	-260.3	886.5	867.2	-204.9	662.3	1,075.3	-124.1	951.2
	Supporting Families	526.0	-485.4	40.6	437.5	-358.5	79.0	93.1	0.0	93.1
	Benefits	39,787.8	-39,832.7	-44.9	40,241.3	-40,266.8	-25.5	39,778.1	-39,744.8	33.3
	Local Taxation	570.7	-466.1	104.6	509.6	-509.9	-0.3	465.4	-536.3	-70.9
	Human Resources	676.5	-59.5	617.0	674.1	0.0	674.1	592.0	-5.0	587.0
Frank Etheridge	Fleet	871.3	-75.9	795.4	837.9	-115.6	722.3	887.9	-134.7	753.2
	Refuse & Recycling	4,308.9	-3,827.9	481.0	3,816.1	-3,581.8	234.3	4,144.5	-3,003.3	1,141.2
	Car Parking	745.2	-2,975.5	-2,230.3	750.4	-2,749.3	-1,998.9	692.8	-2,895.9	-2,203.1
	Street Cleansing	1,094.9	-56.0	1,038.9	1,061.5	-139.5	922.0	1,033.4	-75.0	958.4
Ben Murray	Voluntary Sector Support	405.7	0.0	405.7	416.4	0.0	416.4	417.6	0.0	417.6
	Environmental Health & JET	1,232.9	-151.1	1,081.8	1,389.4	-128.9	1,260.5	1,251.7	-178.1	1,073.6
	Environmental Licencing	172.0	-573.1	-401.1	213.9	-557.7	-343.8	189.4	-524.5	-335.1
	Harlequin	969.6	-834.6	135.0	915.1	-743.1	172.0	946.6	-782.8	163.8
	Leisure Services	1,417.6	-1,014.1	403.5	710.6	-358.7	351.9	647.9	-298.8	349.1
Fiona Cullen	Communications, Web & Information	597.8	-1.3	596.5	575.2	-3.6	571.6	540.8	-3.6	537.2
	Customer Contact	335.8	0.0	335.8	354.4	0.0	354.4	384.0	0.0	384.0
	Information & Communications Technology	1,350.3	-8.0	1,342.3	1,240.7	0.0	1,240.7	1,155.9	0.0	1,155.9
Gavin Handford	Chief Executives Office	509.4	0.0	509.4	1,399.6	0.0	1,399.6	1,527.4	0.0	1,527.4
	Democratic & Electoral Services	1,492.7	-443.0	1,049.7	1,417.9	-366.0	1,051.9	1,114.2	-3.3	1,110.9
	Projects & Assurance	152.6	0.0	152.6	303.2	0.0	303.2	268.9	0.0	268.9
	Corporate Support	165.0	-0.8	164.2	108.2	0.0	108.2	118.1	0.0	118.1
	Building Control	484.1	-496.9	-12.8	490.3	-490.3	0.0	478.8	-490.3	-11.5
	Legal Services	816.0	-612.0	204.0	961.0	-649.3	311.7	710.5	-447.8	262.7
John Reed	Property & Facilities	2,767.5	-2,415.6	351.9	2,444.9	-2,872.2	-427.3	2,338.1	-3,449.4	-1,111.3
Lucinda Mould	Engineering & Construction	125.0	-29.6	95.4	112.8	-42.5	70.3	139.6	-36.5	103.1
	Development Services	1,190.9	-917.9	273.0	1,209.3	-939.7	269.6	1,177.0	-870.1	306.9
	Planning Policy	1,025.6	-86.6	939.0	819.2	-5.0	814.2	474.5	-5.0	469.5
	Greenspaces	1,667.6	-594.9	1,072.7	1,710.5	-604.2	1,106.3	1,799.9	-608.4	1,191.5
Jocelyn Convey	Finance	5,141.6	-605.2	4,536.4	5,424.6	-505.9	4,918.7	5,634.0	-886.3	4,747.7
		72,232.6	-56,824.0	15,408.6	71,788.8	-56,193.4	15,595.4	70,126.1	-55,104.0	15,022.1

*The departments allocated to Responsible officers have changed across the years shown above as well as the cost centres they contain. The information presented above uses the 2018/19 structure.

Annex 2

REVIEW OF THE SERVICE AND FINANCIAL PLANNING PROPOSALS 2018/19

1. The Panel reviewed the responses to the advance questions received and the Executive Member for Finance and attendant officers provided further information in response to supplementary questions and additional points of discussion as follows. The question numbers below are referenced to the relevant advance question as provided at Appendix 1.

SERVICE & FINANCIAL PLANNING 2018/19 REPORT TO EXECUTIVE

2. Business Rates – Question 1

Question 1. The panel enquired as to what proportion of business rates collected would be retained by the Council as part of the potential pilot scheme for local retention of business rates. Officers noted that the distribution of retained business rates would be coordinated at a county level, agreement around which had not yet been confirmed. The proportion potentially retained by the Council was therefore not yet known. It was also noted that it was expected that funding from business rates retention would be mandated for use supporting economic development in the area.

3. Universal Credit – Question 2

A query was raised regarding potential cost implications of any ongoing assistance required around the Universal Credit programme. Officers indicated that Local Authorities are scheduled to receive financial support from central government for the costs of the Universal Credit programme for a two-year time period, but that the wider issue of increased demand from the most needy in society was a consideration.

A follow-up query was raised re. if this broader increase in need would present budgetary pressure as a result of increased demand upon voluntary sector organisations. Officers noted that working with voluntary sector organisations constituted a key part of the Council's work to support residents in need, but that the Council's funding for such organisations was not currently scheduled to change. There was therefore acknowledged to be a risk of pressure to external organisations, but this was noted to be due to factors beyond the control of the Council.

4. Housing – Question 4

It was noted that S106 and CIL funding would be used to benefit both existing and new residents of the borough.

The Panel queried if there was scope for increased application of clawbacks from developments. Officers responded that there was the potential for this, subject to the individual circumstances of development, and that this would be considered in future.

5. Surrey County Council (SCC) – Question 7

The Panel queried if there was also a risk to funding for the Family Support Scheme. Officers confirmed that there was a risk, but this was not considered to be a Revenue concern for the 2018/19 financial year. Potential revenue considerations for 2019/20 would be considered in the budgetary process for that year. The context of the team, which had previously been funded by a combination of central government, SCC and borough council funding, but was expecting reductions in support from central government and the county council, was noted.

An additional query was raised asking if the loss of control of recyclates to SCC should be considered as a risk to the budget. Officers noted that this had previously been a concern, but that the Council was now approaching a settlement with SCC which would maintain and secure control of recyclates income.

6. Parking – Question 9

Officers clarified that whilst the parking service had a positive variance relative to its budget, the service as a whole currently operated at a loss. The Panel queried if an enforcement approach could be adopted which would allow the service to make a profit. Officers indicated that the service currently operated a balanced approach to enforcement, on the basis of political guidance. It was identified that a more aggressive enforcement approach would have the potential to increase income for the service, but might not serve the other interests of residents.

The Panel enquired as to the current status of SCC plans around future parking enforcement arrangements. Officers provided a summary of the current plans, involving the potential for a leading role in a cross-authority service in the East Surrey area. Discussions around these plans were noted to be progressing well.

Revenue Benefits and Fraud – Question 11

7. It was clarified that the establishment of any company in this area would require Executive approval via the usual process.

New Homes Bonus – Question 13

8. The intended topic of the advance question was clarified to be the New Homes Bonus. Officers noted that funding from the New Homes Bonus was currently maintained as part of the reserves, rather than incorporated into the

revenue budget. It was confirmed that there would be the potential for community consultation on its use.

Council Tax – Question 14

9. A query was raised regarding the potential for a Council Tax collection surplus to provide capacity for meeting any identified funding gaps.

Officers confirmed that a collection surplus would present this possibility. It was noted that the proposed budget incorporated safe estimates for collection rates, to ensure that projections were secure.

CPDF – Question 16

10. It was clarified that the CPDF was currently projected to be depleted by the end of 2018/19, although there would be the opportunity to top up the fund if any surpluses were generated in other areas. It was noted that alternative funding would need to be considered any projects currently funded by the CPDF if it were to be depleted.

CPDF – Question 17

11. The panel requested additional clarification regarding the longer term context of the planned handling of the CPDF and related projects.

Officers confirmed that the Revenue Budget being considered by the panel detailed the areas identified as requiring regular annual expenditure. The CPDF was noted to constitute a fund for supporting one off and short-term projects. It was noted that a number of projects currently being funded by the CPDF had transitioned into longer term activities, and were therefore due to be transferred into being funded as part of the main revenue budget in future.

The uncertainties of the broader financial climate facing the Council were noted to be a significant influence on future budget planning. Officers confirmed that the Council was undertaking a refresh of its 5 Year Plan and developing an updated investment strategy as part of the process of addressing this uncertainty. It was noted that the removal of funding from central government and budget pressure from increased demand for services continued to present a long term funding gap, which ongoing steps to increase efficiencies and income were working to address.

Additional Questions re. Service & Financial Planning 2018/19 report to executive

12. A query was raised regarding the wording of the officer recommendation in the Service & Financial Planning 2018/19 report to the Executive. It was noted that the panel was content with the wording used.

It was confirmed that the budget presented included no borrowing by the Council. It was noted that the reserves available to the Council had thus far

meant that borrowing had not been required, but that there was the possibility for it to be considered as part of future options.

SERVICE & FINANCIAL PLANNING ANNEX 1: MEDIUM TERM FINANCIAL PLAN

Reserves – Question 23

13. Officers clarified that there were a number of small reserves maintained separately to the main reserve, which had been previously been established in response to particular concerns being identified.

Risk – Question 24

14. Additional clarification was sought regarding the risk levels of the Council's current investments. Officers clarified that risks for the current investments via banks were considered to be very low. The Council's property investments were noted to be modest, with a reliable rate of return and options for redevelopment in contingencies. Investments in companies were noted to have a higher risk level, but to be small relative to the Council's overall asset base. It was noted that the investment strategy was expected to incorporate a number of different investments with a range of risks and returns.

Additional Questions re. Service & Financial Annex 1: Medium Term Financial Plan

15. It was confirmed that the Bank of England base rate had changed since the production of Table 1 in section 5.1 of the plan.

SERVICE & FINANCIAL PLANNING ANNEX 2: INCOME AND SAVING PROPOSALS

Greensand Holdings – Question 29

16. Officers confirmed that the Greensands half year position was consolidated into the Council's financial accounts as part of the formal accounting process, due to the company being wholly owned by the Council.

Officers confirmed that the budget contained only guaranteed sources of income.

Staff Savings – Question 30

17. It was confirmed that there were additional staff posts in some areas and that these were detailed in later sections of the supporting documents.

Company Income: Finance on Loans – Question 33

18. It was noted that the interest rates on loans to Council owned companies from the Council were as set out in the loan agreements, which contained a number of components.

SERVICE & FINANCIAL PLANNING ANNEX 3: GROWTH PROPOSALS

Legal Services – Question 38

19. Officers confirmed that the growth in Legal Services was due to a combination of a reduction in income from land charges and rightsizing of the budget. It was noted that, due to changes to legislation, income from land charges was expected to continue to reduce and that future financial plans were allowing for a progressive reduction of income.

Corporate Policy Manager – Question 41

20. It was confirmed that the corporate policy manager post was for the entire year.

Electoral Services – Question 43

21. Officers confirmed that the increase in cost was due to the local elections not taking place in conjunction with a national level election, and the costs therefore not being defrayed by central government, which would normally be the case.

Policy – Question 49

22. It was confirmed that administration of the CIL was budgeted on the basis of allowing for the permitted 5% administration cost.

Property – Question 50

23. A query was raised regarding the termination of the lease of an area in the Town Hall Middle Block by the police.

Officers confirmed that Surrey police were ceasing co-locating as part of a county wide policy. It was noted that the lease was still in effect until March, and that following its end, use of the Town Hall site would be rearranged to allow for letting of a suitable area of the site.

Property – Question 51

24. It was noted that funding arrangements for the property team would be considered as part of consideration of any changes to CPDF funding arrangements.

It was confirmed that staff seconded to work with companies were still included in the total team size.

SERVICE & FINANCIAL PLANNING ANNEX 4: CAPITAL PROGRAMME

Air Quality Monitoring – Question 55

25. Officers confirmed that the Council's air quality monitoring formed part of its representation on a number of relevant bodies. It was noted that air quality information provided evidence for supporting improvements to surface transport links.

Play Area Improvements – Question 56

26. The panel requested additional clarification regarding variances in maintenance costs for play areas. It was noted that this would be confirmed following the meeting.

Refuse Vehicles – Question 57

27. Officers confirmed that the cost of refuse vehicle replacements would be incorporated into the budget for the relevant year. It was noted that replacement arrangements would be confirmed following confirmation of future refuse collection relationships with Surrey County Council.

Minimum Revenue Provision – Question 58

28. Officers confirmed that MRP considerations would be reflected in the investment strategy when relevant.

Refuse Collection – Question 59

29. The panel requested additional information on the rollout process and associated costs for collection of recycling from flats in the borough. It was noted that this would be provided following the meeting.

OUTTURN REPORT 2016/17

Business Rates – Question 66

30. Officers clarified that details of any future arrangements around retention of business rates were yet to be confirmed. It was noted that planning assumptions were based on not receiving any business rates as part of the pilot scheme.

Additional Questions re. Outturn Report 2016/17

31. It was noted funding from the New Homes Bonus was not included in the base budget.

Q1 2017/18 PERFORMANCE REPORT

32. No additional questions were raised regarding this document.

DRAFT Q2 2017/18 PERFORMANCE REPORT

Environmental Health – Question 68

33. Officers confirmed the role of statutory case reviews.

Bonuses – Question 70

34. Officers confirmed the details of bonus arrangements for Management Team and other officers.

FIVE YEAR PLAN PERFORMANCE REPORT – JUNE 2017

Young Workers Scheme– Question 71

35. Officers confirmed that approximately 300 individuals had participated in the Young Worker scheme since its creation.

Additional information was requested on the current number of participants by the panel. It was noted that this information would be provided following the meeting.

Family Support Programme – Question 73

36. Officers confirmed that Family Support Programme funding was secure for 2018/19.

Vacant Commercial Space – Question 76

37. It was noted that the conversion of commercial space to residential space accounted for some of the reduction in vacant commercial space.

BUDGET COMPARISON 2016/17 – 2018/19

Pathway for Care – Questions 78 and 85

38. It was noted that additional details of accounting arrangements regarding reporting around the Pathway for Care company would be confirmed following the meeting.

MOVEMENTS BETWEEN APPROVED 2017/18 BUDGET AND DRAFT 2018/19 BUDGET

Expense Categories – Question 86

39. A clarification was provided on the accounting representation of expense categories.

CHANGE IN SALARY BUDGET AND STAFFING OVER TIME

40. No additional questions were raised regarding this document.

ADDITIONAL UNINDEXED QUESTIONS

Greenspaces Team – Questions 102 and 110

41. Additional information was requested regarding the team structure of, and any changes to, the Greenspaces team. It was noted that additional information would be provided following the meeting.

Brexit – Question 106

42. A query was raised regarding if the Council was fully considering the risks and opportunities around Brexit. Officers indicated that planning assumptions were made on the basis of pessimistic estimates in order to allow leeway for a wide range of risks. It was noted that it would be possible to make more accurate estimates in future as more information became available.

Climate and Environment – Question 107

43. A query was raised regarding Council activity around climate change considerations. Officers confirmed that there was no specific spending in the area, but that environmental considerations were incorporated into a number of areas of council activity.

Street Cleaning – Question 112

44. The panel queried if an increase in fly-tipping costs was responsible for the increase in the budget for Street Sweeping and Litter Picking. Officers noted that fly-tipping costs were not separately identified at present, but that incidence rates and potential budget pressures would be noted.

Reserves – Question 131

45. Officers clarified that High Street Innovation Fund payments were allocated by delegation to the head of service in consultation with the portfolio holder.

Corporate Plan Delivery Fund – Question 133

46. The panel requested additional information on the provision of and criteria for small business grants. It was noted that this information would be provided following the meeting.