

Overview and Scrutiny Committee Agenda



Reigate & Banstead
BOROUGH COUNCIL
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For enquiries regarding this agenda;

Contact: Democratic Services (01737 276182)

Email: Democratic@reigate-banstead.gov.uk

2 July 2019

To the Members of the OVERVIEW AND SCRUTINY COMMITTEE

Councillors: N. D. Harrison (Chair)

S. Parnall

R. Absalom

M. S. Blacker

G. Buttironi

J. C. S. Essex

R. J. Feeney

J. Hudson

F. Kelly

J. P. King

C. M. Neame

J. E. Philpott

S. Sinden

R. S. Turner

S. T. Walsh

Substitutes

Councillors:

Conservatives:

D. Allcard, R. Michalowski, N. C. Moses, K. Sachdeva and
C. Stevens

Residents Group:

G. Adamson, J. S. Bray and C. T. H. Whinney

Green Party:

H. Brown, S. L. Fenton, S. McKenna and R. Ritter

Liberal Democrats

S. A. Kulka

For a meeting of the **OVERVIEW AND SCRUTINY COMMITTEE** to be held on
THURSDAY, 11 JULY 2019 at **7.30 pm** in the New Council Chamber - Town Hall,
Reigate.

John Jory
Chief Executive

- 1. MINUTES** (Pages 5 - 16)
To confirm as a correct record the Minutes of the previous meeting.
- 2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**
To receive any apologies for absence and notification of any substitute Members in accordance with the Constitution.
- 3. DECLARATIONS OF INTEREST**
To receive any Declarations of Interest (including the existence and nature of any Party Whip).
- 4. LEADER'S UPDATE**
To receive an update on the work of the Council and future plans.
- 5. FIVE YEAR PLAN PERFORMANCE REPORT 2018/19** (Pages 17 - 32)
To consider the Council's performance in 2018/19 relative to its five-year plan, discussed at the Executive on 20 June 2019 and to make any observations.
- 6. ANNUAL GOVERNANCE STATEMENT** (Pages 33 - 42)
To consider the Annual Governance Statement for 2018/19 and the accompanying report as considered by the Executive on 20 June 2019, and to make any observations.
- 7. MEDIUM TERM FINANCIAL PLAN UPDATE** (Pages 43 - 104)
To consider the latest Medium Term Financial Plan (2020/21 to 2024/25) and Budget forecast for 2020/21.
- 8. FUTURE WORK PROGRAMME** (Pages 105 - 124)
To consider any updates to the Work Programme for the Overview and Scrutiny Committee for 2019/20 and consider the Action Tracker from the previous meeting.

9. EXECUTIVE

To consider any items arising from the Executive which might be subject to the 'call-in' procedure in accordance with the provisions of the Overview and Scrutiny Procedure Rules set out in the Constitution.

10. ANY OTHER URGENT BUSINESS

To consider any item(s) which, in the opinion of the Chairman, should be considered as a matter of urgency - Local Government Act 1972, Section 100B(4)(b).

(NOTE: Under the Committee and Sub-Committee Procedure Rules set out in the Constitution, items of urgent business must be submitted in writing but may be supplemented by an oral report.)

11. EXEMPT BUSINESS

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12. MEDIUM TERM FINANCIAL PLAN UPDATE (EXEMPT)

To consider any Exempt information in relation to the Medium Term Financial Plan Update.

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Overview and Scrutiny Committee
6 June 2019

Minutes

BOROUGH OF REIGATE AND BANSTEAD OVERVIEW AND SCRUTINY COMMITTEE

Minutes of a meeting of the Overview and Scrutiny Committee held at the New Council Chamber - Town Hall, Reigate on 6 June 2019 at 7.30 pm.

Present: Councillors R. Absalom, M. S. Blacker, G. Buttironi, J. C. S. Essex, N. D. Harrison, J. Hudson, F. Kelly, J. P. King, J. E. Philpott, S. Sinden, R. S. Turner, S. T. Walsh, D. Allcard (Substitute) and C. T. H. Whinney (Substitute).

Also present: Councillors V. H. Lewanski and T. Schofield.

1. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Committee Members: Councillors R. Feeney (substituted for by Councillor C. Whinney), Councillor C. Neame (substituted for by Councillor D. Allcard).

Councillor. S. Parnall (without a substitute)

Others:

Councillor. M. Brunt (Leader)

2. ELECTION OF CHAIR

To elect a Chair for this Committee for the Municipal Year 2019-20.

RESOLVED that Councillor N. Harrison be elected Chair of the Committee for the Municipal Year 2019-20.

Chair's Introduction

The Chair welcomed new Members to the Committee and thanked Members for attending overview and scrutiny training earlier in the week.

He set out four key things that were expected as Overview and Scrutiny Committee Members.

These were:

- to be a constructive critical friend to the Executive – observing the progress it is making and commenting on it;
- to amplify the views and concerns of the public – of our residents;
- to be independent and to present the Committee's own views and opinions to the Executive; and

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- overriding all this, aiming to improve public services and the service given to residents.

The Chair identified that many of the reports to Committee finished with “noting” items. If the Committee and its Members have views then they should convert these items into recommendations or observations they want to give to either Officers or to the Executive. If a recommendation would be appropriate, then Members should ask for that accordingly.

3. ELECTION OF VICE-CHAIR

To elect a Vice-Chair for this Committee for the Municipal Year 2019-20

RESOLVED that Councillor S. Parnall be elected as Vice-Chair of the Committee for the Municipal Year 2019-20.

4. MINUTES

To confirm as a correct record the Minutes of the previous meeting

The response to a Member question (asked at the April meeting of the Committee) to the Council’s External Auditors Deloitte regarding work on bank balances and trading companies was sent in an email to Committee Members.

RESOLVED that the Minutes of the meeting on 10 April 2019 be approved as a correct record.

5. DECLARATIONS OF INTEREST

No declarations of interest were made.

6. ANNUAL INTERNAL AUDIT REPORT 2018/19

The Committee considered the Annual Internal Audit Report and Opinion for the 2018-19 Municipal Year.

The Council’s Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes. This was introduced by the Executive Member for Corporate Direction and Governance, Councillor V. Lewanski. He explained that his new portfolio covered performance planning and would look at how the Council’s performance indicators linked in to its Corporate Plan. Future work included focus on organisational development.

For the 12 months ending 31 March 2019, the Head of Internal Audit’s opinion for Reigate and Banstead Borough Council was that:

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The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

A representative from the Internal Auditors (RSM) was present to answer questions.

There were a number of questions and comments on the report, relating to the following topics:

- **Procurement and contracts** – It was noted that the Council only received ‘partial assurance’ for its procurement and contracts work. More detailed information was requested on the extent of the problem that had been identified first in 2017 and what work was being carried out to make changes. RSM identified that the full detail was in reports provided to officers as part of the Internal Audit Service Reviews in 2018/19. Detailed findings were available to Members via the eMembers website (under Performance Information > Internal Audit Reports > Internal Audit Service Reviews). An independent review of the processes around procurement and the application of the rules was currently being scoped and costed. This was close to being completed and would result in a full work plan. Members would be provided with an update on progress to date outside of the meeting. It was confirmed that the audit included all procurement that the Council undertakes.
- **Assurance levels** – It was identified that the assurance levels set out in Appendix B of the report: Summary of Internal Audit Work completed 2018/2019 ranged from: No assurance, Partial assurance, Reasonable assurance and Substantial assurance. These were the four standard levels of opinion that RSM used within all internal audit reports. RSM confirmed that there were no ‘No Assurance’ opinions in 2018/2019 and explained that the opinion grading was designed to give an overall sense of compliance in different services. This fed into the overall annual opinion which was consistent with previous years and with similar organisations.

It was identified that an ‘Advisory’ assurance was one-off advice used when officers had asked Internal Auditors to look at an area of work, measure it against best practice and offer guidance on areas to improve. For example, it had looked at the Council’s Commercial Governance review and provided additional comments to give further reassurance before going to the Executive.

- **Grants Funding** – it was noted that the audit of the Council’s grant funding had a Partial assurance level with 1 ‘high’ and 6 ‘medium’ actions. The audit was timed to coincide with a review of how the Council supports the voluntary, community and faith sectors. The audit’s findings will be

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addressed in a report that will be considered by the Executive on 20 June. Members requested more information on this review. Individual audit reports and subsequent findings are presented to the Overview and Scrutiny Committee each quarter.

It was identified that information on the grants funding audit and also procurement and contracts audit would be provided to Members so they could clarify any points arising from the updates.

RSM concluded that their report summarised their work over the whole year, and the overall "adequate and effective" opinion was the same as the previous 2017/18 year.

The Chair placed on record the Committee's thanks to RSM for its work for the Council as its Internal Auditors.

RESOLVED that in noting the Annual Internal Audit Report and Opinion 2018/19, it was agreed that a further update be provided to Members of the Committee covering the procurement and grants funding audit matters set out in the Minutes above.

7. PROVISIONAL OUTTURN REPORT 2018/19

The Committee considered the provisional 2018/19 outturn report for Revenue, Capital and Treasury Management, to be reported to the Executive on 20 June 2019.

Councillor T Schofield, Executive Member for Finance, gave an overview of how the Council performed in the 2018/19 financial year (subject to final figures approved by the Council's External Auditors).

The capital programme progressed well in 2018/19 with a lower underspend than recent years of £3.29m or 8% compared to original forecasts.

As reported during the year, significant progress has been delivered across a number of major projects which support the Council's objectives, including Marketfield Way. The Council has also invested in additional commercial properties to support our ambition to achieve sustainable new income sources as well as maintaining our operational assets including play areas and car parks.

Revenue Budget Outturn 2018/19

For the Revenue budget the outcome this year has been a favourable variance of £1.62m or 9%. Income receipts were particularly buoyant:

- recycle prices were higher than expected and membership of the Garden Waste scheme continued to increase (£0.58m favourable).
- Investment in our property portfolio resulted in new income streams (£0.18m favourable).
- Planning fee income was higher than originally forecast (£0.26m favourable).

Borrowing costs were lower compared to the plan as the calls for property investments were lower than the forecasts when the treasury budget was prepared (£0.29m favourable) and there were budget savings due to staff vacancies as new management structures were implemented (£0.26m favourable). The main cost

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pressures during the year related to the continued requirement to buy in external legal services (£0.16m adverse) and slightly lower than expected benefit subsidy from Government (£0.12m adverse).

The report also confirmed the outturn position for the Headroom Contingency Budget after taking into account the one-off charge to the accounts that has been necessary to resolve long-standing bank reconciliation balances (£0.476m). This matter had been discussed at previous meetings of the Committee and of the Executive. The details relating to this charge would be reported when the statement of accounts for the year is presented to Executive in July following completion of the audit.

In view of the net £1.6m positive variance it is recommended that some of this resource be used to set up two new earmarked reserves which were:

1. £0.5m to help fund new posts that are being established across the council during 2019/20 to support delivery of corporate priorities.
2. £0.25m to be overseen by the new Commercial Ventures Sub-Committee and used to fund Feasibility Studies for new commercial initiatives to help ensure that business cases are robust.

Treasury Management Outturn 2018/19

The Treasury Management Strategy outturn report confirmed the Council has complied with Treasury policies previously approved by Council for 2018/19 and complied with the CIPFA Code of Practice on Treasury Management for local authorities.

In summary, despite continued financial challenges faced by local government (and at a time when many authorities were making damaging cuts and selling assets), the Council remained confident it would continue to run an ambitious programme while remaining committed to effective use of resources to provide excellent services for residents.

Members discussed the report, and there were a number of questions and comments, relating to the following topics:

Capital Programme Outturn 2018/19

Lee Street Bungalows – Members noted that Lee Street Bungalows had a projected underspend by £0.43m and requested further information on progress of this project.

Disabled Facilities Grant – the report referenced a £0.59m underspend which was due to both a combination of the number of applications received and the capacity of the previous contractor to complete the work. Members identified that further publicising it to residents could be useful so there was better uptake in line with the level of government funding available.

Members requested further information on the underlying causes of Capital Programme Outturn variances to distinguish between delivery delays and budget variances. This analysis should be provided to the Executive when they consider the report.

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Revenue Budget Outturn 2018/19

Headroom Contingency Budget Outturn (paragraph 10)

Members asked for more information about the Headroom Contingency Budget (paragraph 10) and questioned the charges made against this budget for historic bank reconciliation items (£476k).

The Interim Head of Finance explained that, within the approved budget each year since 2012/13, a contingency sum has been built into the budget to ensure that any unplanned costs could be accommodated. In 2018/19, this Headroom Contingency was £1.3m. It is considered good practice to build in contingency to a large and complex budget such as the Council's.

In 2018/19, the Council had been required to draw on Headroom Contingency as a consequence of concluding outstanding work on longstanding bank reconciliation adjustments. Table 3 sets out the charges made (£475k), resulting in a net outturn on this budget of £860k.

Table 4 sets out the changes to the Headroom Contingency Budget 2018/19 to 2019/20 that were approved as part of budget-setting for 2019/20, reducing the contingency by £0.5m.

The unspent balance on Headroom Contingency will be moved into general reserves at year-end, subject to any final closing budget entries following final review by external audit of the annual Statement of Accounts.

It was confirmed that the Council underspend was £1.6m across service budgets and that the final Headroom Contingency budget underspend (when confirmed after audit) would be on top of the £1.6m.

Future budget monitoring reporting would include the Headroom Contingency budget position.

John Jory, Chief Executive, reminded Members of the background and context to creation of the Headroom Contingency budget; following on from a period of significant financial pressures for the Council, whereas its financial standing now is the envy of many others.

Officers would consider observations from the Committee as to how approach financial reporting going forward.

Refuse and recycling

Members noted that the most significant income receipts greater than budgeted related to refuse and recycling. The volumes of paper, food and domestic recycling were all above budget leading to over-recovery of income.

Members noted that the Council's way of collecting recycling made money for the Council. They requested more information and a financial breakdown about domestic food and other recycling costs in the current budget to find out whether increasing volumes were due to roll-out of recycling changes in flats. They also

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asked for information about assumptions about market prices in the 2019/20 budget.

Councillor J. Essex declared an interest in this discussion as a Member of a working group at Surrey County Council on community recycling.

Leisure and Culture - Members noted the Harlequin property maintenance budget variance of £18.8k actual spend against a budget of £170.5k. Also Priory Park maintenance was budgeted at £42.4k but £2.8k spent to date. Both were due to delays in the planned work being carried out.

Members noted that the **Corporate Plan 2020-25** would be discussed at a future meeting of the Committee and this would link to the Budget planning process.

Chair of the Committee, Councillor N. Harrison, observed that the report showed a good set of numbers for 2018/19. As it is now well into the first quarter of 2019/20, he identified that when these numbers go to the Executive, officers reflect on these generally positive budget variances and consider whether these figures have any impact for the current financial year 2019/20 and for capital and revenue reserves.

In the July meeting, the Committee requested a report on the overall Medium-Term Financial Plan going forward to increase understanding of the overall financial picture. This would include a discussion under Part 2 Exempt business.

The Committee noted the Treasury Management position for the year. The Chair, Councillor N. Harrison, requested a future training session for Members on Treasury Management Strategy as it applies to local government.

RESOLVED – that the provisional 2018/19 outturn report for Revenue, Capital and Treasury Management (including use of reserves), and the observations of the Committee, as set out in the Minutes, be noted.

8. QUARTERLY PERFORMANCE REPORT (Q4 2018/19)

The Committee considered the Quarterly Performance Report for quarter 4 of the year 2018/19.

The report was introduced by the Executive Member for Corporate Direction and Governance, Councillor V. Lewanski. He outlined the Council's performance from January to March 2019.

Section 1 looked at Key Performance Indicators (KPIs). Of the 15 KPIs reported in this quarter, 9 were on target or within agreed tolerance. Five KPIs were contextual homelessness targets introduced to reflect changes required by the Homelessness Reduction Act (2017). As the impact of the legislation is uncertain, no target was set in 2018/19.

KPI 3 – relating to the government's target to build a set number of affordable homes completed – was reported as off target at the end of quarter four. The target was 100 and the actual number built was 68. It was identified that achieving this target was largely outside the control of the Council as it was significantly dependent on private developers in a few large sites.

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Section 2 on risk management identified no new strategic risks in quarter 4.

Section 3 covered Internal Audits completed in quarter 4 on: GDPR Governance, Governance Arrangements for Property Investment Company, Commercial Governance Framework and Grants Funding.

The Committee considered and discussed the report. There were a number of questions and comments, relating to the following topics:

Section 1 - Key Performance Indicators (KPIs)

- **Affordable housing** – A number of Members questioned the reasons for the affordable housing target (KPI3) as the Council had limited control over this target which is set in policy. Members felt that this was an arbitrary target as the Council does not have legal powers to force a developer to build affordable housing so in practice there could be zero affordable homes built in one year. It was noted that the Council is committed to increasing the number of affordable homes going forward.

The target of 100 is set in the Council's Core Strategy which is agreed by the independent Planning Inspectorate. Members expressed a desire to assess this target's applicability.

It was noted that this topic was discussed at a recent Corporate Plan workshop on the Council's housing strategy. Members recognised that it could not only rely on private sector developers to build affordable housing. If it wanted to deliver the level of affordable housing it wanted, then working with partners such as Raven Housing Trust would be a way forward.

Members observed that if developers say they cannot afford to build a higher number of affordable homes through their cost and expenses appraisals, the Council should intervene. It should be more critical about developers' written plans or have an overage (a future payment made to the seller of the land, by the buyer of the land) written into plans. If developers made more money on the sales, then the Council should receive a proportion of this to use to build affordable housing.

The Council regards its aims of delivering affordable homes in this context through shared equity and help to buy schemes, including discounted homes – sold at typically 20 per cent below market value if they are sold – as well as affordable rent-type homes. It was noted that Members on the Planning Committee were working with officers to review this area of work. For example, looking at how developers comply with government regulations, for example on the land values used in viability appraisals.

Members asked if affordable housing targets included houses built by private developer-led schemes as well as those houses built by Raven Housing Trust, for example a Redhill development which included nearly 50 affordable homes, and the Council's Lee Street development.

Members requested, for future years, that indicators could be broken down so they could see how much affordable housing could be secured in each of these above areas of housing development. This would not just look at

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private development but signpost the Council's forthcoming Housing Strategy and also its collaboration with Raven Housing Trust.

It was requested that next year (2020/21) there should be an annual process for Members to scrutinise the Service Delivery indicators to advise if these were set at the right levels each year, in addition to reviewing whether the Council was meeting those targets.

Section 2 – Risk Management

Strategic risk registers

It was noted that this report looked at quarter 4 of 2018/19. A new set of strategic risks for 2019/20 had been reviewed by Members at the 14 March 2019 (Agenda Item 69) meeting of the Committee. Further information on quarter 4 strategic risks would be available shortly on the eMembers portal which set out controls and a list of mitigating actions every quarter.

Members discussed the following areas:

- **Partner decisions (Strategic risk 7)** – Members asked for more information about mitigating the strategic risk on Partner decisions which was rated as Red. One example given was funding that came from Surrey County Council. The Council received approximately £1m a year from the County Council in its revenue budget to provide services such as family support, recycling and grass cutting. As the County Council was facing a funding crisis an example of mitigating this risk was the dialogue that senior officers had with County Council senior officers to ensure that reasonable funding decisions are made that would not impact negatively on the Borough Council.

Members observed that some partner decisions reflected immediate risks that could impact the current financial year, and were thus rated Red. Other risks like long-term financial sustainability were unlikely to impact this year and for that reason marked as yellow. Although not immediate, the issue was very pertinent to the Council, and therefore careful financial and service planning was needed.

Members noted that Raven Housing Trust Board's strategic risk register was a good practice model for officers to note.

Operational risks

- **Community Centres** – It was noted that this operational risk (number 13) was marked Red. This stated that the Council may be required to introduce an alternative delivery model for the Community Centres service, potentially at short notice and at a considerable cost. It may have to be prepared to bring Community Centres back under Council control again.

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The Chair said he had discussed this operational risk with the Executive Portfolio Holder, Councillor R. Ashford, who was planning to run a cross-party Member Task Group under his portfolio to start shortly. Committee Members would be able to have input into future planning and delivery of these services.

Section 3 – Internal Audit reports

- It was noted that this included three specialist reviews (set out above) which were advisory and an amber red rating on grants funding which was discussed earlier in the meeting (Agenda Item 4, Annual Internal Audit Report).

There were no further comments.

RESOLVED that:

- i. the quarterly performance reports for the fourth quarter of 2018/19 be noted.
- ii. the Committee requested that it has the opportunity to review the Key Performance Indicators for service delivery for 2020/21 before they are adopted, and that affordable housing targets are reported by type.

9. FUTURE WORK PROGRAMME

Members considered the Overview and Scrutiny Committee Work Programme which would be a standing item on future agendas to help with forward business.

It was noted that a report on service and financial planning would come to the next Committee meeting (11 July 2019) as an item on the latest Medium Term Financial Plan (2020/21 to 2024/25) and Budget Forecast for 2020/21.

The Leader, Councillor M. Brunt, would come to the Committee to give an update twice a year.

It was identified that in the updated organisational structure, three Executive Members had responsibility one of three areas of Council business: Organisation, People and Place. Therefore, each group of portfolio holders would be invited annually to meetings to present updates on each of their strands of business.

Other future Agenda items would include the developing housing strategy and any commercial revenue and benefits work.

It was requested that the planned updated plan on carbon management (discussed at Full Council on 7 February 2019 – Item 75 – Climate Change) come to the Overview and Scrutiny Committee for discussion before going to full Council.

Members thanked Councillor N. Harrison for standing as new Chair of the Committee.

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Overview and Scrutiny Committee
6 June 2019

Minutes

10. EXECUTIVE

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

11. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

The Meeting closed at 9.00 pm

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Agenda Item 5



SIGNED OFF BY	Head of Projects and Performance
AUTHOR	Aisling Byrne, Project and Performance Officer
TELEPHONE	Tel: 01737276468
EMAIL	aisling.byrne@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 20 June 2019
EXECUTIVE MEMBER	Leader of the Council

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Five Year Plan Performance Report 2018/19
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RECOMMENDATIONS
That the positive progress against the Council's Five Year Plan (2015-2020) priorities, as set out in the report, be noted.
REASONS FOR RECOMMENDATIONS
To note the Five Year Plan progress for 2018-19.
EXECUTIVE SUMMARY
<p>On 4 December 2014 Executive approved the Council's Five Year Plan, which commenced in 2015-16.</p> <p>As a high performing organisation, the Council developed the Five Year Plan in order to identify its vision and objectives over the medium term period. The plan seeks to ensure the Council continues to meet the needs and aspirations of our residents and Members, whilst overcoming the challenges (particularly financial) facing the organisation, and the wider local government sector, over the plan period.</p> <p>This report provides an update and summary of the progress made against the Five Year Plan priorities for the period 1 April 2018 to 31 March 2019.</p> <p>A review of the Council's Five Year Corporate Plan is underway, with a view to a new plan being adopted by the end of the year. Performance against the current Plan is being taken into account in developing the new Plan.</p>
Executive has authority to approve the above recommendations.

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STATUTORY POWERS

1. There is no statutory requirement for the council to produce a Five year plan or Corporate Plan.
2. The Council has adopted a Corporate Plan to set out the vision and priorities that guide all our service and financial plans. This is the approach taken by the best performing organisations, in both the public and private sector.

BACKGROUND

3. Reigate & Banstead's Five Year Plan was developed from considerable research and consultation with residents, Members and partner organisations, and articulates our vision for how we will deliver great services to those living and working in our borough.
4. Reigate & Banstead's vision is to be a leading council as recognised by our residents, peers and partners. The plan seeks to ensure that we continue to meet the needs and expectations of our residents whilst simultaneously overcoming the challenges we face.
5. In so doing, the plan is organised around three key themes:
 - People, supporting residents to enjoy healthy and happy lifestyles;
 - Place, a great place to live and work; and
 - Organisation, a great council.
6. Within each of these themes are a series of ambitious priorities that we have set ourselves in order to deliver our wider vision. Each priority has, in turn, an associated set of objectives and outcomes. These are set out in full within the Five year plan document.
7. Whilst there are major projects within the Five Year Plan delivery, it is also important to recognise that the majority of actions take place within existing service areas.
8. This report provides an update of the progress made against the Five Year Plan's priorities for the period of 1 April 2017 to 31 March 2018, and evidences the considerable progress made during the period.

KEY INFORMATION

FIVE YEAR PLAN PERFORMANCE: PEOPLE

9. The following sections provide a summary of performance against each priority within the people theme of the Five Year Plan.

We will support residents into employment – particularly those in vulnerable families and young people.

10. In Reigate and Banstead 0.8% of the population aged 16-64 are claiming job seekers allowances (JSA), this is below the south east average of 1.3%. However, in comparison to Local Authorities within Surrey, Reigate and Banstead is above the 0.7% average. Although the Council recognises this is a reflection of the borough's greater population size, there is also awareness that the Council can support the reduction of this figure with the correct investment of time and resources.
11. The Council is directly helping residents into employment by recruiting apprentices. In 2017, public sector targets were introduced requiring at least 2.3% of staff (approx. 42) to be employed as new apprentice starts between 1 April 2017 and 31 March 2021. The Council

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welcomed this target, and this positive attitude has resulted in us meeting the 2.3% target in 2019, having 21 employees starting apprenticeship schemes since 2017. We are confident we will continue to meet or exceed this target over the next two years. The Council continues to encourage current and new staff to take up apprenticeships.

12. In addition to apprenticeships, the Council runs a Workers Scheme which provides unemployed residents with the skills and experience to help them gain future employment, by guaranteeing them at least 25 hours of work for 26 weeks. Since 2011, over 240 people have joined the scheme, many of which have gone on to gain full time employment from the Council, other local authorities, the NHS and the private sector.
13. The Council is aware that the varying needs of residents means different methods of supporting people into employment are necessary. Joint partnership working has developed methods to help those facing significant barriers. The Council entered into a collaborative project with organisations across the borough, such as Raven Housing Trust and YMCA East Surrey to form the East Surrey Pathway to Employment. This project is an intensive, targeted service which intervenes to support those within and around the borough overcome significant barriers and move closer to the job market, or even into work. Currently, 86 people are being supported by the pathway, 14 people have moved into employment, and 3 people have moved into education. The success of the partnership has resulted in a 2 year extension to 2021.
14. In May 2018, the Council launched an employment and skills group to support residents by bringing partners together and using their combined knowledge to identify gaps in the employment market. This information is being used to advise residents on what skills to obtain to help improve their access into employment. Organisations involved hope they can focus on sector specific areas that are struggling to recruit and fill these positions with local residents.
15. Since 2012, Council staff have engaged as mentors with pupils from schools within the borough who are undergoing their GCSEs. The scheme allows pupils to talk about problems, share experiences and receive advice from working professionals, providing them with added support and helping them through the exam process. This support helps to improve their skills and encourages success in future studies or career pathways, maximizing the potential of young residents within the borough.
16. The Council teams that form the Wellbeing and Intervention service play a pivotal role in the achievement of this priority. They work with vulnerable families across the borough, including refugees, to ensure they have access to the support they need.
17. Supporting the changes to Welfare reform, including the introduction of Universal Credit, is a key aim of the priority. The Council have worked with families to prepare for the change to universal credit over the past year, and the support received from the Council teams has been vital to ensure problems such as debt do not escalate as a result of this change.
18. The Intervention team has supported refugees over the past year into employment and to build their lives within the borough. Specific groups, including an English language group at the Harlequin, Redhill, have also supported refugees in gaining the skills they need to enter into the work force. Currently, of 16 adult refugees within the borough, 3 have secured paid work, 5 are receiving training and 5 are active volunteers in the borough, this means in Reigate and Banstead more than 80% of refugees that the Council have worked with are part of, or entering into our work force.
19. The Council have successfully supported families who are in need of money support. Since October 2018, when the new Money Support Team was launched, approx. £3,200 of overdue rent payment has been cleared, approx. £5,000 of debt has been cleared and approx. £5,500 of extra income has been claimed.
20. Feedback from families which have been supported by the Family Support team further demonstrates the life changing work we provide, with all families worked with showing an

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average improvement of 65% against the embedded progress monitoring tool, and 96.3% of families giving feedback that the team were 'good' or 'excellent'.

We will work with and support our partners to provide great services for older people to help them stay independent

21. The borough has a rapidly increasing population of those aged 65 and over, with an estimated increase of 26% within this demographic over the next 10 years. It is crucial that support systems and activities are in place to allow this demographic to maintain their independency and high quality of life.
22. Our leisure centre provider Greenwich Leisure Limited (GLL) subsidises memberships for those aged 65 and over, with allotted periods in their timetable dedicated to elderly residents. A range of classes specifically for those who are over the age of 55 are available including Pilates, Total Body Conditioning and Circuits. Maintaining strength is important for older people as it can reduce the risk of accidents, and their severity, including falls. 11.1% of GLL members in the borough are aged 65 and over, an increase from last year, and the provision of coffee mornings and specific classes encourages their use of leisure centres and enables them to maintain social, active lifestyles. Along with our leisure centres, in the borough we also own community centres in Banstead, Woodhatch and Horley, all which offer a space for socialisation and activities targeted at elderly residents, including exercise classes.
23. The Harlequin theatre in Redhill is also used to provide entertainment and opportunities for elderly residents to socialise. Hi-Days, a voluntary organisation for older people, run workshops and social events every Monday throughout term time that elderly residents can attend. Each term there is an average of 50 local residents who sign up to attend the weekly sessions and in future this number is expected to increase as improved methods of advertisement are employed. Elderly residents are also encouraged to join the volunteer team at the Harlequin, which currently has 50 residents, predominantly of retirement age, who help with the daily activities and front of house duties. This is a great way in which the Council has been combatting social isolation and helping older residents feel valued in the community.
24. Difficulties faced by elderly residents include social isolation and an inability to carry out routine tasks outside of the house without support. To tackle these issues, again in 2018/19, the Council provided elderly and vulnerable residents with taxi vouchers. This is a vital means of maintaining independence, often used to get to/from hospital and GP visits, shopping trips, and our community centres. 345 voucher booklets were given to residents this year to provide flexible transport for older and vulnerable people. The Council have also established a transport scheme in Redhill, similar to Merstham Neighbours, where local residents volunteer as drivers for elderly residents. This is another way that helps elderly resident's access low cost transport. As both schemes continue to grow, so do the opportunities that elderly residents have to leave their homes and carry out activities, including at our leisure and community centres, that otherwise they do not have the required support to do.
25. The Council is conscious that elderly residents want to remain in their own homes, where they feel secure and independent. To help safeguard this independence, in December 2018 the Council entered into partnership with Millbrook Healthcare to provide home improvements and emergency repairs to residents who have disabilities, are elderly or otherwise vulnerable. Alongside home improvements there has also been the provision of a 'handy man' that operates within the borough. This service allows residents to remain independent in their own home, with the knowledge that they are living in safe, secure and water tight conditions.
26. Specific issues, such as Alzheimer's have continued to be supported by the Council. Since

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the withdrawal of funding from the Alzheimer's Society in 2017 from all of its Surrey services, there has been a need for support and signposting to elderly residents who are suffering with this disease. The Council provides support to a number of key dementia support services across the borough, and last year, the Council helped establish a Dementia Action Alliance which went on to run a series of events during dementia awareness week. With funding in all areas continually at risk it is vital that the Council is pro-active in identifying areas where extra support is needed, so that our elderly residents may continue to access the help and signposting they need.

We will encourage healthy lifestyles, particularly through the use of our leisure centres, parks and open spaces.

27. Through joint collaboration with partners including the Surrey Health and Wellbeing Board, local Clinical Commissioning Groups, Public Health partners and GLL, we have continued to encourage the use of the borough's facilities, both indoors and outdoors, as a means of helping to improve the health of our residents.
28. During the last year the use of the borough's leisure centres has continued to be high, with 1.2 million visits having been recorded across all three sites. Since 2015 there has been investment in the facilities – including at Donyngs which now boasts a spin studio and a range of new, high quality gym equipment following a £400k investment. This has allowed the Council's centres to continue to attract visitors and members despite increased competition from new providers in the borough. In addition to maintaining positive visitor numbers, the borough's centres receive consistently high levels of positive feedback in regular user surveys.
29. The Council is involved with the Wellbeing Prescription Service – now the largest scheme of its kind in the country – which has continued to go from strength to strength in the last year.
30. Wellbeing Prescription is a form of social prescribing where GPs refer clients to a trained Wellbeing Advisor who can help them lead a healthier lifestyle through providing them with advice, as well as connecting them with partners and services in the community. The scheme is particularly important in addressing health and wellbeing issues which are not necessarily clinical in their nature, or in assisting with the management of chronic health conditions that can be alleviated through non-clinical means, such as exercise. The scheme offers long term health benefits to individuals and also the wider health system by helping tackle the root cause of health issues.
31. In the last year, over 2000 people have been referred to the programme, with 78% of those having sustained positive change after one month. Moreover, 94% of surveyed participants found the service to be either 'useful' or 'very useful' in helping them overcome their health and wellbeing issues, with a further 48% of referees having visited their GP less following their time on the programme.
32. The Council is acutely aware of the importance of parks and open spaces to the health and wellbeing of residents and, as such, has delivered a number of innovative initiatives within the last year to encourage their use.
33. One such highly popular example of the latter is the recent 'Little Free Libraries' initiative, where five miniature libraries have been installed in five parks across the borough. The project's aim is to encourage residents to borrow and exchange books, share a love of reading with one another and encourage them to stay longer in our parks.

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34. In addition to new initiatives, the Council has continued to support a number of ongoing events in the borough's parks and open spaces, thereby ensuring that these continue to be a valuable community resource. Particularly well attended events include baby ballet classes at Memorial Park, Redhill, and the Silent Summer Screenings cinema, Lady Neville Recreation Ground, Banstead. The Council also actively supports Run Reigate, an award winning running event (delivered by an external third party) that achieved a record number of participants in 2018.
35. The Council is also continuing to identify and consider a wide range of exciting future events to take place in our parks and greenspaces in order to attract visitors and visitor spend and to further enhance the profile of the borough.
36. Resident engagement in the maintenance of the boroughs parks and greenspaces is invaluable to the Council. The Council works with several groups. One group, for example – the Woodchip Conservation Volunteers – a group of between 14 and 22 volunteers help maintain Chipstead Downs Nature Reserve and Banstead Woods, one of the boroughs three sites of Special Scientific Interest. The work completed by these groups ensures that the nature of the area can flourish, but also that visitors to the site can enjoy the area by ensuring paths are clear and habitats are maintained, which inevitably increases their use. The Council continues to support and encourage volunteers within the borough to help maintain parks and greenspaces as not only does this encourage pride within the community, but also helps to combat issues such as social isolation.
37. The Harlequin, much like our leisure and community centres, enables a strong sense of inclusion and the Council encourages groups including the 'Saturday Morning Cinema club' which provides discounted tickets for children, and special screening sessions for those who suffer with dementia to use the facilities that are available, allowing the Harlequin both to provide services to residents and increase the profit it is able to turn over.

We will improve safety through joint working with Surrey Police and other partners.

38. The latest borough profile shows that levels of anti-social behaviour have reduced by 24% compared to the previous year; this has been achieved despite increasing population and other pressures. The Council use the resources available and knowledge of trends in crime to intervene early and deter anti-social behaviour wherever possible. However, it is recognised that levels of anti-social behaviour are also affected by wider national trends and the emergence of new threats, which may require different action to be taken in the future to address these problems.
39. The need for additional resourcing to help deliver the Community Safety Action Plan was identified and the Council have now recruited a new Anti-Social Behaviour Officer.
40. The Council continues to be an active participant on the East Surrey Community Safety Partnership (ESCSP) which covers Reigate and Banstead, Tandridge, Mole Valley and Epsom and Ewell. In addition to a continued focus on antisocial behaviour, during the last year the Partnership agreed it would prioritise domestic abuse, Prevent (counter-terrorism) and serious and organised crime. The Council has developed a Community Safety Action Plan, setting out our local priorities and how they will be delivered.
41. The Council is involved in various initiatives to help tackle anti-social behaviour. The Community Harm and Risk Management Meeting (CHaRMM), a multi-agency group who work with individuals and groups whose anti-social behaviour is having a detrimental impact upon the local community is one way that the Council can positively influence levels of anti-social behaviour. During the year there were 20 referrals made to CHaRMM, which meant the Council could deliver a range of successful interventions, including anti-social behaviour

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contracts, engagement with local support services and the use of statutory powers such as Criminal Behaviour Orders. Currently there are just four individuals being managed by the CHaRMM.

42. Anti-social behaviour within towns and public spaces is also being combatted. Following the success of the Public Spaces Protect Order (PSPO) which was introduced in October 2017, an annual review has formed the basis of the decision to maintain the PSPO for Redhill Town Centre. The annual review found the PSPO powers were used on 30 occasions by Council and police officers to deal with low level anti-social behaviour early before it had the chance to escalate. Having such powers has contributed to the downward trend seen in the borough profile.
43. The Council is also active in a number of initiatives that seek to signpost individuals to support and to also raise awareness of issues such as domestic abuse, counter terrorism and serious and organised crime. There are also many ways in which the Council support victims, including contributing towards a sanctuary scheme that helps improve home security for victims of domestic abuse, and signposting support services such as Alliance Support Coaching for victims of anti-social behaviour. There is continual work to ensure residents are aware of these forms of support, an example of this is the communications campaign that was run to raise awareness of modern slavery, which saw a significant increase in awareness, including 900 people pledging to support the initiative to recognise the signs and report any suspicions of modern slavery.
44. The Council is also delivering a partnership project called 'Get Connected'. The project's objective is to bring together local agencies to develop a shared understanding and joint action plan that will address issues of youth exploitation and serious violence. The Council have given presentations at forums to partners including Surrey Police, to help engage and inform on the impact of such issues locally and possible actions moving forward. The Council understands the importance of collaborative working to tackle threats to the safety of residents and so takes a leading role in developing action plans to eradicate these issues.
45. The Council's Joint Enforcement Team (JET) and Surrey Police have continued to strengthen their relationship by participating in joint monthly meetings, attending weekly morning police briefings, carrying out joint patrols and attending crime prevention days where they can develop and improve their knowledge.
46. The JET team has dealt with the following issues during 18/19:
 - 934 reports of abandoned vehicles
 - 1218 reports of fly tipping
 - 93 reports of graffiti, 25 of fly posting
 - 31 of race crimes and 287 of anti-social behaviour
 - 22 unauthorised encampments
 - 21 Fixed Penalty Notices issued for littering

FIVE YEAR PLAN PERFORMANCE: PLACE

47. The following sections provide a summary of performance against each priority within the place theme of the Five Year Plan.

Encourage existing businesses to thrive and grow within Reigate and Banstead and attract new businesses to the borough.

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48. Reigate and Banstead has the highest 5 year business survival rate in comparison to other Local Authorities in Surrey, at a rate of 48.6%. The Borough Profile also shows the success of businesses within Reigate and Banstead, having a growth rate of 26.8% of the number of businesses registered since 2010. The Council supports and encourages this growth by working to make our borough a desirable location to initiate business ventures.
49. Reigate and Banstead ranks 29 out of 324 local authority areas in England regarding prosperity – meaning we have an economy that is producing wealth and jobs – according to the Grant Thornton Vibrant Economy Index 2018. This places us in the top 10% of boroughs for this category and we aspire to maintain this level of prosperity, as well as improve our position. To do this, it is essential that the correct investments are made and opportunities are provided to support both businesses and residents to succeed in the borough.
50. The Council has identified the need for improved transport links within and around major towns to help deliver against this priority. Therefore, the Council will be recruiting a member of staff dedicated to the delivery of transport projects. Future work to improve transport connections will focus on ensuring an ease of access between our towns and business hubs such as Gatwick airport.
51. The Council is part of a joint venture to deliver Horley Business Park which will be located strategically adjacent to Gatwick airport. The business park will create thousands of job opportunities which will be open to local people, new opportunities for already established businesses and improved public transport routes, pedestrian footpaths and cycle routes to increase the ease by which residents and employees can access the town centre, which is currently undergoing regeneration work. Currently 35k residents that live within the borough travel outwards for work. Schemes such as Horley Business Park will provide increased opportunities for residents to work within the borough, allowing the retention of skilled workers. Positive progress has been made towards securing a development site allocation in the DMP.
52. Support for local business is ongoing, with grants available for small businesses of up to £1,000 for those wishing to start, develop or grow. Businesses who are successful in their bid are also gifted a free year's subscription to Enterprise Nation. In 2018 the council invested £57k into local business to help them grow and succeed, this money has been spent in various ways including on new equipment, training and paying for new members of staff.
53. Local businesses are encouraged to network and develop their business skills and acumen at the free learning lunches that run at the Town Hall. These lunches run once a month and attendees have the opportunity to hear an informative speaker followed by the chance to network. The lunches are well established and cover topics such as marketing, using social media and artificial intelligence in finance, with the aim at providing local business with the chance to better understand and receive advice as to how they can improve.
54. The Reigate & Banstead Business Awards have launched for 2019, giving the diverse local businesses present in the borough a chance to be recognised for their success. Winning an award gives a business the chance to demonstrate to potential customers and investors the success they have had, as well as motivate employees. There are eight categories ranging from start-up of the year, customer service of the year and employer of the year, each sponsored by large businesses within the borough, including Gatwick airport. The event will take place at Reigate Manor on the 6 June, hosted by broadcaster Nicholas Owen.
55. The fifth Entrepreneurs Academy concluded in November 2018. This is a six month project, run in conjunction with East Surrey College, where budding local entrepreneurs are provided with the opportunity to gain and develop the essential business skills to turn an idea into reality, including business planning, finance, and marketing and online business promotion.

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Ten Academy members pitched their business start-up ideas to a panel of three 'dragons'. The winner, who impressed the judges with their pitch on homemade polymer crafts, received a cash prize of £5k to use towards the establishment of their business. The sixth Entrepreneurs Academy launches in April 2019.

To ensure our towns and public spaces are clean and attractive to residents, businesses and visitors.

56. In the 2019 Retail Vitality Rankings, Reigate & Banstead came twelfth out of 1,000 retail locations. Whilst this is positive, the Council is keen to continue investing in the four major towns within the borough Horley, Redhill, Banstead and Reigate. It is essential that all four major high streets are clean and attractive.
57. In January 2019 the revitalisation of Horley High Street began which received a £530,000 investment from RBBC and £220,000 from Surrey County Council. This project is creating a clean and attractive space in Horley for both residents and business, as well as an area for hosting events. This investment in our high streets encourages visitors and new businesses into the area. The pedestrian precinct will see updates to lighting, pathways and areas to sit which will be completed at the end of July 2019.
58. The Council's continues to deliver regeneration work in Redhill Town Centre, for which a Future High Streets Fund application was submitted in March 2019. The major regeneration works at the Marketfield Way site in Redhill will encourage footfall into the area by introducing new options for retail and the food, beverage and entertainment industry, further increasing the desirability of the area to residents and visitors. A major step forward was taken in 2018/19 with the confirmation of the Compulsory Purchase Order.
59. In addition to the investment in the boroughs town centres, parks and open spaces are well looked after and invested in. Two of Reigate and Banstead Boroughs parks received a Green Flag award in August 2018. This is an international award that means those areas maintain the highest possible environmental standards, are beautifully maintained and have excellent visitor facilities. This is the ninth time Priory Park, Reigate, has received this award and second time for Memorial Park, Redhill. The Council continue to make improvements to our parks, including the revitalisation of playground equipment in Priory Park, which is due to start in May. Not only does this fulfil our priority of ensuring our parks are clean and tidy, but also our priority to encourage their use.
60. In Horley, the Council is now responsible for the maintenance of the Riverside Green Chain. This greenspace was created during the last year by developers of The Acres residential area to protect the environment and floodplain. Now, this greenspace in Horley has a public bridleway, new bridges and play areas that residents can enjoy.
61. The borough benefits from an active community of volunteers – 23 separate groups – that regularly litter pick in their local area, and are supported by the Council's Cleansing team who provide all necessary equipment and disposal of the waste that is collected. As there are 481 miles of road in the borough, it is vital we support volunteer groups to ensure high performance each quarter when the Council's Joint Enforcement Team carry out the cleanliness survey, on a randomly selected section of road. The cleansing operations team value the support from volunteers and the Council continue to support and encourage resident participation.
62. The Cleansing Operations Manager regularly attends the Keep Britain Tidy conferences, by attending these conferences the Council can further their understanding of the challenges Local Authorities face when trying to keep their streets clean and tidy, and this can lead us to

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new, innovative ideas on how to maintain cleanliness. One way has been through resident engagement, and the Council received training on how to engage residents in the cleaning activities of the borough, which is reflected in the healthy number of volunteer groups.

Establish a Development Management Plan (DMP) to deliver affordable and other types of housing, employment space and infrastructure, whilst protecting the borough's pleasant environment.

63. The Development Management Plan (DMP) includes policies to guide decision making on planning applications, policy designations and development site allocations.
64. The DMP was first prepared and presented to the public in August 2016. Over the past year, significant progress has been made in bringing forward the DMP with the document being submitted to the Secretary of State for examination in July 2019. Examination hearings were held in autumn 2018 and in January 2019 the Planning Inspector published their initial advice and findings, including the main modifications needed to make the DMP sound. Public consultation on these Main Modifications was completed from 6 March – 18 April 2019 and the responses have been provided to the Inspector to enable a Final Report to be drafted.
65. After considering the submitted DMP and evidence presented to the examination hearings, the initial feedback of the Planning Inspector indicated that much of the document was sound, including some important new policy requirements such as the increase in the amount of affordable housing that developers of our sustainable urban extensions will be required to provide from 30% to 35%. This will go a long way in helping the Council deliver its targets on affordable homes in the borough. Adoption of the DMP is anticipated to occur early within the next year of the Corporate Plan.
66. In 2018/19 the borough saw the construction of 515 residential dwellings, with 1,864 still under construction at the end of Quarter 4 (Q4). There have also been 68 affordable homes completed, with a further 55 under construction at the end of Q4. In addition, affordable housing products are proposed on Council owned sites at Cromwell Road and Pitwood Park sites, both of which were granted planning permission over the past year. These are being delivered directly by the Council using land owned by and resources belonging to the Council to help progress the delivery of affordable housing.
67. The Community Infrastructure Levy (CIL) is in place and collections have continued throughout the year. This provides developer funding for infrastructure and other projects to address the demands placed by development in the area. A strategic infrastructure programme (SIP) has been developed that sets the council's priorities for CIL spending. More than £3.3 million has been collected since the adoption of CIL in 2016.
68. A number of projects on the SIP have progressed over the past 12 months. The Council is supporting the delivery of projects led by partners such as Three Arch Road junction improvements, which in the last year has had preliminary designs prepared, agreed and consulted on. Extension works to a school within the borough and a General Practitioners surgery were also completed in the past year, supported by CIL funding from the Council.
69. The Council has set up Panels for the prioritisation of projects using money from the Local Fund, which is 15% of the total CIL fund. This will deliver small projects that will benefit the local area, particularly our greenspaces and parks across the borough.

FIVE YEAR PLAN PERFORMANCE: ORGANISATION

70. The following sections provide a summary of performance against each priority within the organisation theme of the Five Year Plan.

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We will be financially self-sufficient by 2020, without impacting on residents' priorities.

71. Achieving financial self-sufficiency is essential to ensure the continued delivery of high quality services despite the continued withdrawal of funding from Central Government. Currently, the Council is on track to achieve this goal, evidenced by the achievement of a balanced budget in 2018/19 whilst maintaining prudent levels of monetary reserves, without any revenue support grant from central government.
72. A key element of achieving self-sufficiency has been to identify and develop new income streams. By offering the services we provide to other Local Authorities and private organisations we are able to generate income in areas including Revenues, Benefits & Fraud, Greenspaces and Property and Facilities.
73. Our Revenues, Benefits & Fraud service generated over £250k over the past year delivering benefits, council tax, debt recovery and fraud investigation work for public sector organisations. Clients of the service include other local authorities, as well as housing associations and charities. Plans have been developed to further increase this income through both public and private sector opportunities.
74. The Revenues, Benefits and Fraud service continues to maintain high levels of council tax and business rate collections; at the start of 2018 the Council was identified as having the highest rate of business tax collection in England and Wales thanks to the hard work of the team. The service also helps to save money by supporting the housing team in identifying fraudulent applications before they enter the system, which has saved the Council several million pounds over the past few years of the Five Year Plan period.
75. The Council has reduced expenditure on temporary emergency accommodation, making savings of approximately £321k in the past year. This is a result of opening new council owned emergency accommodation in September 2018, combined with a strong focus on homelessness prevention. This has improved the quality of life for those who are in the emergency accommodation, allowing them to maintain their life in the borough, as previously they may have had to relocate to access housing. This is a clear example of how the Council can both save money, generate income, and benefit residents at the same time.
76. To help the Council achieve its goal of self-sufficiency, services were tasked with ensuring they were operating in the most efficient manner possible. The Electoral Services team have excelled at this task, achieving savings of £9k through for the 18/19 annual canvass. Not only were savings made, but a high response rate of 95.8% was obtained, and the team reduced the amount of homes they needed to visit from 20k to 10k.
77. My Reigate&Banstead accounts launched on 28 January 2019 and are now available for residents and local businesses to sign up for from the council website. The 'My' account is the first online account Reigate and Banstead have developed and gives quicker and easier access to a range of council services online, working to further our channel shift strategy, which encourages residents to self-serve – a key aim of this priority. Functions such as pre-populating forms will save users time and make the provision of services more efficient and reduce the amount of unnecessary customer contact time.

Communicate and engage with our residents and businesses, to help inform service delivery.

78. The Council's communications and engagement strategy, adopted in June 2016, focuses on delivering key behaviour change and marketing campaigns, including: council reputation, community safety, financial wellbeing (Universal Credit), health and wellbeing, channel shift,

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and support for commercial services. Inclusion and communication are key to the success of the Council; if we are failing to communicate with our residents we are unable to make informed decisions.

79. The strategy states the ambition of the Council using the right channels to engage with residents. To achieve this, the Council has invested resource in developing social media channels resulting in healthy follower numbers and engagement with us via Twitter (10k followers), Facebook (6k followers), and Instagram (1.7k followers) as of March 2019.
80. Regular drop in sessions, attended by Council employees from our Community Development team, are held in Redhill, Horley, Merstham and Preston. In these sessions residents can raise concerns and resident led solutions can be discussed and implemented such as the creation of a WhatsApp group which has connected local older people and challenged isolation.
81. Pre-empting the difficulties that residents and our partners could face following the introduction of Universal Credit, the council ran the 'Working Better Together to Tackle Poverty' event which saw over 100 attendees. The event ran in October 2018 before the roll out of universal credit – one of the strategies key areas of focus – launched and had key note speakers from the Centre for Social Justice. This event improved, partners understanding of the issues facing residents experiencing poverty and encouraged greater focus on and multi-agency collaboration to tackle poverty in our borough. A summary report was produced after the event, capturing actions and next steps to maximise impact.
82. The Council has delivered very successful campaigns throughout the year, on a variety of topics:
 - In partnership with the Clewer Foundation and Surrey Police, a campaign to raise awareness and encourage reporting of modern slavery demonstrated a significant increase in awareness and over 900 people pledging to support the crackdown on modern slavery.
 - The council's 'Be A Councillor' campaign also delivered tangible results. Aimed at attracting a more diverse range of potential councillors, 65% of people who registered for more information following the campaign met one or more of the Council's ambitions.
 - The Council's support for the LGAs national #Ourday social media marathon showing how public sector workers and volunteers' work improves the lives of residents, resulted in RBBC reaching 646,000 Twitter feeds and 6,600 Facebook timelines.
83. A boundary review for the borough was completed in January 2019 which has seen the number of councillors reduced from 51 to 45 after the May 2019 elections. Having fewer wards means the Council will deliver better electoral equality for voters in local elections and that all councillors represent approximately the same number of electors.

We will increase the value of, and income derived from, the Council's property and assets.

84. Property investment and development is a key component of the Corporate Plan. In order to meet the shortfall seen with increased withdrawal of funding from Central Government, the Council embarked on a programme of acquiring additional income and potential capital-generating commercial investment opportunities. The Council has prioritised its outline Capital Investment Strategy which will further excel the investment success that has already been seen.
85. When the current Five Year Plan came into effect in 2015, the Council generated £1.3 million

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annually from property and assets. At the end of the 2018/19 financial year there is a net income of £3.57 million, which is an increase of 168%, three times greater than the desired increase of 50% stated in the Five Year Plan.

86. The Council owned property Investment Company that was established in December 2016 – Greensand Holdings Limited – held £2.6 million worth of property at the end of 2018/19. Greensand's also generates over £100k per annum in interest for the Council
87. This priority also encompasses the assets that the Council already own, including the Harlequin theatre in Redhill, which became a member of the Redhill Business Guild in 2019. The Council's ambition for the Harlequin to become a cost neutral asset to the Council that not only generates income, but provides entertainment and works as a social hub for residence has been positively progressing since the start of the current plan. At the end of the 2013 financial year the Harlequin cost the Council £312k, which has now reduced by 55% to £173k per annum and this includes money spent investing in the facilities such as a new stage winch system and website development.
88. The services and entertainment provided by the Harlequin continue to develop as income streams for the Council. A record breaking pantomime season ran in December 2018 which sold 151k tickets and generated over £4.5k for four charities that the council supports. Since 2015, the amount of tickets that have sold each year for the annual pantomime have continually increased and planning for the next show has already begun to continue the positive trend of increased popularity. The space has also proven popular with schools, dance shows, community groups and even the East Surrey Opera club who all choose to use the Harlequin as a venue for their events.

We will maximise the potential of our staff

89. The Council is committed to attracting, developing and retaining talent. Our values of 'do the right thing', 'be bold and confident' and 'make a difference' and the associated behaviours of being flexible, supportive, positive and innovative, are at the centre of everything that is done. During the recruitment process the Council will consider all these qualities within each applicant, and we ensure ongoing training and support is available to nurture these behaviours as well as ensuring these values and behaviours are monitored and assessed in our performance management approaches.
90. Since 2015 31 employees have participated in three different formal talent development programmes, for those aspiring to take on more senior roles. As a result many of the participants have enjoyed career progression, increased job satisfaction, and brighter career futures. We have a strong talent development culture and there are great examples of career progression where staff have demonstrated the right qualities, created or accessed new work opportunities, and engaged with formal or informal learning and development to progress within the organisation.
91. The Council has a positive attitude towards apprenticeships and recognises the value they add through the combination of working whilst studying. To that end, the number of staff starting an apprenticeship since 2017 has doubled this year, having 21 members of staff taking advantage of these opportunities by the end of 2018-2019 compared to 10 at the end of the previous year. The Apprenticeship Levy introduced in 2017 has meant we have been able to take advantage of additional funding and alternative approaches to utilising apprenticeships throughout the council and we will continue to use this funding to upskill new and existing staff.

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92. 106 nominations were submitted in the autumn 2018 round of our Great People Recognition Scheme, where staff can recognise their colleagues for evidencing one or more of our corporate behaviours (flexible, supportive, positive, innovative). This is the second highest number of nominations since the scheme was first launched, and nominations were for individuals throughout the council's various teams and sites, highlighting that the behaviours are well embedded in our culture and that our staff are engaged with the concept of recognition and the value this can bring.

NEXT STEPS FOR 2019-20

93. A review of the Council's Five Year Corporate Plan is underway to ensure that the Council's priorities continue to reflect the needs of residents and businesses. Performance against the current Plan is being taken into account in developing the new Plan. A first draft of the new Corporate Plan 2020-2025 was agreed by the Executive in March 2019, and further member engagement on this draft Plan is currently underway. It is anticipated that public consultation on the draft Plan will be undertaken over the Summer, and that the updated Plan will be adopted by the end of 2019.
94. In parallel with the development of the new Corporate Plan, the Council is preparing its Capital Investment Strategy and reviewing governance arrangements, to ensure the new Plan can be funded and delivered efficient and effectively. The emerging new Corporate Plan priorities will also inform the 2020/21 service and financial planning/budget setting process

OPTIONS

95. Members are asked to note the report. No decision is required.

LEGAL IMPLICATIONS

96. There are no legal implications to this report.

FINANCIAL IMPLICATIONS

97. There are no financial implications to this report.

EQUALITIES IMPLICATIONS

98. There are no equalities implications to this report.

COMMUNICATION IMPLICATIONS

99. There are no communication implications to this report.

RISK MANAGEMENT CONSIDERATIONS

100. In support of the Five Year Plan and service delivery, the council has a robust risk management system in place with regular reports to Executive, Overview and Scrutiny and Management Team.

OTHER IMPLICATIONS

101. There are no other implications to this report.

CONSULTATION

102. The material for this Five Year Plan performance report has come from the activities

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identified in service business plans for the reporting period noted above.

POLICY FRAMEWORK

103. The Five Year Plan forms part of the council's policy framework.

BACKGROUND PAPERS

1. Corporate Plan 2015-20 - http://www.reigate-banstead.gov.uk/council_and_democracy/about_the_council/plans_and_policies/corporate_plan/index.asp
2. Borough Profile - http://www.reigate-banstead.gov.uk/download/downloads/id/5146/borough_quality_of_life_profile_2018.pdf

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Agenda Item 6



REPORT OF:	HEAD OF FINANCE & ASSETS
AUTHOR:	PAT MAIN
TELEPHONE:	01737 276063
E-MAIL:	Pat.Main@reigate-banstead.gov.uk
TO:	EXECUTIVE
DATE:	20 JUNE 2019
EXECUTIVE MEMBER:	COUNCILLOR T. SCHOFIELD

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

SUBJECT:	ANNUAL GOVERNANCE STATEMENT
RECOMMENDATION:	
(i) That the Annual Governance Statement set out in Annex 1 be endorsed.	
REASONS FOR RECOMMENDATIONS:	
To seek Executive endorsement of the Council's Annual Governance Statement before it is included within the annual Statement of Accounts.	
EXECUTIVE SUMMARY:	
The Council is required to publish an annual statement on its corporate governance arrangements. This should accompany the Council's annual Statement of Accounts. Statutory regulations recommend that the body charged with overall responsibility for governance within the Council should review and endorse the statement prior to its formal signature by the Leader of the Council and the Chief Executive.	

Executive has authority to approve the recommendation.

STATUTORY POWERS

1. The *Accounts and Audit Regulations 2015* require the Council to prepare and publish annually a statement on the adequacy of its internal control and governance framework. This is known as the Annual Governance Statement (AGS).

BACKGROUND

2. The Accounts and Audit Regulations require that the AGS accompany the Council's annual Statement of Accounts.
3. The *Code of Practice on Local Government Accounting* recommends that the Statement should be endorsed by a body within the Council that is responsible for overall corporate governance. Under the Council's Constitution, that responsibility sits with the Executive.

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4. The Code also recommends that the AGS should then be formally signed by the Leader of the Council and the Chief Executive.

GOVERNANCE STATEMENT

5. The Statement is compiled from the following sources of evidence:
 - Annual Internal Auditor Report.
 - External Audit and Inspection Reports.
 - Issues identified from the Council's Risk Registers.
 - Annual assurance statements signed by the Management Team that confirm that the Council has achieved 'best value' and has complied with all relevant legislation, regulations and codes of practice.
6. Based on the above sources of evidence a statement for the year ended 31 March 2019 has been compiled and is attached as Annex 1.

OPTIONS

7. The Executive can accept, reject or amend the contents of the statement in Annex 1.

LEGAL IMPLICATIONS

8. There are no legal implications.

FINANCIAL IMPLICATIONS

9. There are no direct financial implications associated with this report.

EQUALITIES IMPLICATIONS

10. There are no equalities implications.

COMMUNICATIONS IMPLICATIONS

11. There are no communications implications.

CONSULTATION

12. The Executive Member for Finance was consulted during the preparation of this report.

POLICY FRAMEWORK

13. There are no policy issues to raise as part of this report.

Background Papers: None

Annex 1

Reigate & Banstead Borough Council

Annual Governance Statement

1. Scope of Responsibility

Corporate governance describes how organisations direct and control what they do. For local authorities this also includes how a council relates to the communities that it serves.

The changing needs of our residents and communities, significant reductions in resources and central government reforms present a challenge to all councils. In addressing these challenges we must ensure that governance arrangements support the effective delivery of services and management of risk.

By applying the principles in our Code of Corporate Governance (summarised below) and applying the Principles of Standards in Public Life, we are committed to planning and delivering services to the residents of the borough in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

Our Code of Corporate Governance outlines our governance principles:

- i. Focusing on the Council's purpose and community needs;
- ii. Having clear responsibilities and arrangements for accountability;
- iii. Requiring good conduct and behaviour;
- iv. Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- v. Developing the capacity and capability of members and officers to be effective;
- vi. Engaging with local people and other stakeholders.

This statement describes how we have complied with our Code of Corporate Governance and how we have met the requirements of the Accounts and Audit Regulations 2015. Compliance with our Code of Corporate Governance is shown on the Council's website in the following areas :

Corporate Governance webpage

Councillor Code of Conduct webpage

Risk Management webpage

2. The Purpose of the Governance Framework

Our governance arrangements are designed to manage risk to a reasonable level. The arrangements cannot eliminate all risks but can provide reasonable assurance of our effectiveness.

The governance framework has been in place for the year to the date of approval of this annual governance statement.

3. The Governance Framework

Our governance framework comprises the systems and processes, and culture and values that allow us to achieve our strategic objectives and establish the extent to which services are delivered in an appropriate and cost effective way.

These are summarised below:

- Our Five Year Plan and other documents contained in our Budget and Policy Framework that set out priorities and intended outcomes for residents and service users.
- The Executive, Committees and Panels we have established to ensure democratic engagement and accountability is central to our key and other important decisions, as well as stronger governance to support our commercial activities.
- Our arrangements for the oversight and scrutiny of decisions and policy development by Councillors.
- A review of our governance arrangements in 2018 in relation to our changing commercial plans.
- The delegation and authorisation arrangements which document the roles and responsibilities of Executive and non-Executive councillors and our statutory (and other senior) officer functions.
- Our risk, performance and accountability arrangements that measure the quality of services - ensuring they are delivered in accordance with our objectives and that they represent the best use of resources. Our commercial decisions are subject to due diligence process and risk analysis.
- Our business plans and associated resource plans, , role profiles, organisation vision, values and behaviours and codes of conduct which underpin how Members and employees work.
- Our arrangements for consultation and engagement with the community.
- Our independent internal audit service arrangements which provide risk-based assurance as well as supporting wider audit requirements.
- The independent oversight and challenge provided by our external auditors, the Information Commissioner, Freedom of Information (Act 2000) requests

for information, General Data Protection Regulations and the Local Government Ombudsman;

- Our procedure rules and internal management processes for:
 - Financial management
 - Procurement
 - Project management
 - Risk Management
 - Information governance & data security
 - Health & safety
 - Decision making
 - Whistleblowing
 - Complaints handling
 - Anti-fraud & corruption

4. Review of Effectiveness

We regularly review the effectiveness of our governance arrangements through the officer Corporate Governance Group, by evaluating our performance against the CIPFA/Solace framework (*Delivering Good Governance in Local Government*) and through independent audit reviews.

Our review of effectiveness considers decisions taken and matters considered by full Council, the Executive, the Management Team, the work of the Overview & Scrutiny Committee, the Corporate Governance Group, internal auditors, work undertaken by external auditors and the opinion of the Local Government Ombudsman.

A self-assessment of our effectiveness

Our planning, performance and risk management framework has enabled us to focus on the delivery of our corporate priorities and provides the Overview & Scrutiny Committee and Executive with the information to check and challenge attainment of our priorities.

An internal audit review of our risk management function was undertaken in 2018/19 which provided full assurance of adherence to our risk strategy.

Overview & Scrutiny Committee and Executive Members have reviewed the register of the strategic business risks facing the Council. The Executive has received assurances about the operation of the arrangements for identifying and managing risk.

Our Capital Investment Strategy will provide a new framework within which all of the Council's investment decisions can be assessed.

Effective financial planning and management

The 2018/19 budget represented a challenge for the Council and required savings of £0.7m. Despite volatile economic conditions, expenditure was controlled and the final outturn was an underspend equivalent to 9% of the budget (£1.618m).

The Chief Finance Officer has ensured that effective budget monitoring and reporting arrangements, involving the Management Team, Executive and Overview & Scrutiny Committee and Corporate Governance Group have remained in place. Given the scale of the financial challenges, the Overview & Scrutiny Committee (and Budget Scrutiny Panel) also reviewed the proposed savings as part of the budget preparation process in Autumn 2018 noting that the proposals were clear, focused, achievable, realistic and based on sound financial practices.

Effective arrangements for accountability

We have reviewed the Constitution to reflect legislative changes particularly in relation to procurement. We also continue to review the Scheme of Delegation for the Council and Executive responsibilities to reflect various legislative and organisational changes. All Managers are being asked to participate in a review of document authorisation procedures for decisions made under the scheme to provide a clear description of decision making responsibilities and transparency of our decision making.

The Overview & Scrutiny Committee has agreed the Audit Plan and received an end of year report from Internal Audit.

Effective Conduct Arrangements

The Standards Committee has operated in accordance with our published local arrangements, supported by the Monitoring Officer, since the abolition of the statutory requirement to have a Standards Committee.

The Council has a locally adopted Code of Conduct and all Councillors are given training regarding the conduct requirements. A review of the Member and Officer Code of Conduct is proposed for 2019/2020 to ensure it remains fit for purpose.

Our Councillor conduct complaint handling arrangements are approved by the Standards Committee and published on our website. Emphasis is placed on a speedy informal resolution of concerns where possible. A set of principles has been agreed by the Political Group Leaders who work together to support this process. The Monitoring Officer maintains a register of complaints and resolutions and provides, as a minimum, an annual report to the Standards Committee.

Registers of Interest for Elected Members and senior Employees have been maintained and arrangements are in place for the declaration of appropriate interests when decisions are taken. We have also appointed a pool of Independent Persons, (shared with 6 other local authorities in Surrey) for four years up to 2023 to provide stronger options to meet this statutory responsibility.

Effective decision making arrangements

Our decision-making arrangements are one of our significant governance controls, linking to all of the governance principles that are set out in our Code of Corporate Governance. We continue to review these key principles on an ongoing basis and will recommend consideration of changes to reflect new working arrangements as identified.

Positive assurances have been given by all Managers and by the Statutory Officers on risk management activities.

Effectively developing skills and capacity

The Council is developing an Organisational Development Strategy which will set out the approach needed to help ensure officers are engaged and committed to deliver the Council's priorities and services. Personal development plans and investment in "talent management" helps to ensure we have in place effective succession planning and that our workforce has the skills, capability and capacity to meet the challenges facing the Council.

We undertake regular staff engagement, including surveys, and action plans are put in place to address any themes emerging from staff engagement activities.

An induction and Member Learning and Development programme is in place for new and returning Councillors and skills training for regulatory functions takes place annually before Members take up places on the Planning and, Licensing and Regulatory Committees. In addition, all Members are briefed on the requirements of the Member Code of Conduct. A variety of learning events take place during the year to ensure that, where needed, Councillors are briefed on new initiatives or legislative changes. The bespoke training and development undertaken in 2018/19 focused on media training for the Executive and broader communications skills training for all Members, specifically in the areas of use of social media and presentation skills. Training in 2019/20 will include Local Government Finance Training as well as updated social media and presentation skills training.

Effective Engagement

Consultation and engagement had taken place with local people and other stakeholders on a range of issues during the year to inform the plans and decisions taken by the Council. We have reviewed our approach to engagement and continue to improve our use of digital channels to reach audiences with an improved website and a greater use of social media.

Independent Opinions on Effectiveness

The Chief Internal Auditor provides independent assurance on the adequacy and effectiveness of the system of internal financial control. The Internal Audit Annual Report for 2018/19 included the following:

For the 12 months ended 31 March 2019, the head of internal audit opinion for Reigate and Banstead Borough Council is as follows:

Head of internal audit opinion 2018/19



The Annual Audit Letter (from our external auditors - KPMG) summarises the finding of the audit of the Council each year. The last letter received by the Council, in August 2018, in respect of the 2017/18 financial year contained the following conclusions:

- *We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 30 July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.*
- *We issued an unqualified opinion on the Authority's financial statements on 30 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements include the consolidated financial statements for Authority's Group, which consists of the Authority itself, Pathways for Care and Greensand Holdings Limited.*

A full copy of the KPMG Audit Letter can be found on the Council website:

http://www.reigate-banstead.gov.uk/download/downloads/id/4779/annual_audit_letter_2017-18.pdf

5. Significant Governance Issues

The independent opinions of our internal and external auditors provide considerable assurance in respect of the Council's arrangements. These have identified no significant issues or areas for improvement.

The outlook for local government over the next few years has increased challenges, related to growing demand and declining resources, the Council is confident that it has proposals in place to ensure that resources are directed toward identified priorities and to ensure that it will continue to seek innovative ways of securing value for money.

Councillor Mark Brunt

Leader of the Council

Date 20 June 2019

John Jory

Chief Executive

Date 20 June 2019

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Agenda Item 7



SIGNED OFF BY	Interim Head of Finance and Assets
AUTHOR	Pat Main, Interim Head of Finance and Assets
TELEPHONE	Tel: 01737 276063
EMAIL	pat.main@reigate-banstead.gov.uk
TO	Overview & Scrutiny Executive
DATE	Thursday 11 July Thursday, 18 July 2019
EXECUTIVE MEMBER	Councillor Tony Schofield

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Medium Term Financial Plan Update
----------------	-----------------------------------

RECOMMENDATIONS
<p>Recommendations for Overview & Scrutiny</p> <p>(i) That the report be noted.</p> <p>(ii) That the Committee provide feedback to the Executive on the following:</p> <ul style="list-style-type: none"> • The scale of commercial investment opportunities to be pursued; • The type of investments that the commercial strategy should focus on; • The extent of borrowing to purchase income-generating assets; • Whether commercial investment should be through joint-ventures with partners; • Whether commercial investments should focus on assets within the Reigate and Banstead borough; and • The relative importance of commercial and People/Place objectives when considering a new investment opportunity. <p>(iii) That the Committee provide feedback to Executive on potential options for addressing the forecast revenue budget challenge in 2020/21 onwards.</p>

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(iv) That the Committee provide feedback to Executive on the draft Reserves policy and the Draft Fees & Charges Policy.

Recommendations for Executive:

- (i) That the Medium Term Financial Plan be adopted as the framework for the budget elements of service and financial planning for 2020/21 onwards.**
- (ii) That the Draft Reserves Policy be noted for review and development as part of the service and financial planning process with the final version presented for approval with the November budget report.**
- (iii) That the Draft Fees & Charges Policy be noted for review and development as part of the service and financial planning process with the final version presented for approval with the November budget report.**

REASONS FOR RECOMMENDATIONS

The Council is required to set a budget by 11 March each year. This report and the associated documents will support this obligation for 2020/21.

EXECUTIVE SUMMARY

The purpose of this report is to set out the background and context for the budget elements of service and financial planning for 2020/21 onwards. It provides an early opportunity for the Overview & Scrutiny Committee and the Executive to consider the factors that will be taken into account when preparing draft budget estimates that are scheduled to be reported in November.

The report will be considered at the meeting of the Overview & Scrutiny Committee on 11 July 2019 and their feedback and questions will be reported to the 18 July meeting of the Executive.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. The Local Government Act 1992 places a requirement on Councils to set the following year's Council Tax by 11 March each year. The Local Government Act 1972, as part of proper financial management, requires a Council to set the associated annual budget requirement. This report is part of that process.
2. Section 65 of the Local Government Finance Act 1992 requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year

BACKGROUND

3. The Council has a well-established service and financial planning process that details the approach and timescales for development of budget proposals for the following

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financial year.

4. The process is subject to regular review to ensure that it continues to meet requirements.
5. The attached Medium Term Financial Plan (MTFP) document has been prepared in response to Members' requests for sight of key budget information earlier in the budget-setting process. Previously a short version of the MTFP was appended to the November draft budget report.

KEY INFORMATION

MTFP Details

6. The MTFP provides an update on the Council's budget position. It follows on from the Budget Report 2019/20 to Executive in January and the Council Tax recommendations to Full Council in February.
7. It covers the following:
 - Objectives and priorities for the 2019/20 budget;
 - Context to budget-setting, including updates on the national economic forecast, local government funding, Corporate Plan priorities and specific factors to be taken into account when developing budget proposals for 2020/21;
 - Key budget information, including the 2018/19 budget outturn position, current year budgets and forecast new budget pressures and saving opportunities;
 - Updates on the capital programme and treasury management;
 - Information about the service and financial process and budget-setting timetables;
 - A summary of budget risks and sensitivities and how they will be managed.
8. It includes draft Reserves and Fees & Charges policies for development during the service & financial planning process. The final versions will be presented for approval by Executive with the November budget report.
9. A reason for presenting the MTFP at this stage in the service and financial planning cycle is to give Members of the Overview & Scrutiny Committee an early opportunity to have an input to the budget-setting process.
10. Scrutiny Members are therefore asked to provide feedback on options for addressing the forecast budget challenge in 2020/21 onwards; including their views on the Council's emerging commercial strategy:
 - The scale of commercial investment opportunities to be pursued;
 - The type of investments that the commercial strategy should focus on;
 - The extent of borrowing to purchase income-generating assets;
 - Whether commercial investment should be through joint-ventures with

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partners;

- Whether commercial investments should be focussed on assets within the Reigate and Banstead borough; and
- The relative importance of commercial and People/Place objectives when considering a new investment opportunity.

This feedback will be taken into consideration when preparing the next version of the Capital Investment Strategy that is scheduled to be reported to Executive in September.

OPTIONS

11. The Executive can accept, amend or reject any or all of the MTFP information and request that other factors are taken into account when preparing 2020/21 budgets..

LEGAL IMPLICATIONS

12. It is a legal requirement that the Council set a balanced budget which it can deliver.

FINANCIAL IMPLICATIONS

13. These are addressed throughout the report and Annex

EQUALITIES IMPLICATIONS

14. This report provides background and context for the budget elements of service and financial planning activities of the Council. There are no equalities issues arising directly from the MTFP or accompanying policy documents. Where individual changes, projects or policies are developed, equalities impact assessments will be carried out by the responsible officer(s).

COMMUNICATION IMPLICATIONS

15. There are no communications implications arising directly from this report. The budget proposals will be communicated with key stakeholders and local communities as they are developed.

HUMAN RESOURCES IMPLICATIONS (if applicable)

16. There are no human resources implications arising directly from this report. Council employees and their representatives will be consulted on budget proposals that have staffing implications.

RISK MANAGEMENT CONSIDERATIONS

17. These are addressed throughout the report and in Annex 1.

OTHER IMPLICATIONS

18. None

CONSULTATION

19. As part of the budget setting process, budget proposals will be circulated to the business community via the monthly Business e-bulletin (which has in excess of

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1,500 recipients).

20. Savings and growth proposals will be considered by the Budget Scrutiny Panel of the Overview & Scrutiny Committee in November 2019. The conclusions and recommendations of the Panel and the Committee are reported to the Executive.

POLICY FRAMEWORK

21. Approval of the annual Revenue Budget, determination of the Council Tax and approval of the Capital Programme are functions of the full Council under the Council's constitution (Article 4.12).
22. The budget reflects the priorities in the Council's Corporate Plan and puts in place resources to deliver these priorities.
23. The recommendations in this report are a key decision because they form part of the annual service and financial planning process that lead to recommendation of the annual budget and council tax to full Council.

BACKGROUND PAPERS

- *Budget 2019/20 & Capital Programme 2019 to 2024*, Report to Executive, 24 January 2019
- *Treasury Management Strategy 2019/20*, Report to Executive, 18 March 2019
- *Outline Capital Investment Strategy*, Report to Executive, 18 March 2019

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MEDIUM TERM FINANCIAL PLAN

2020/21 to 2024/25

July 2019

Introduction

1. Medium Term Financial Plan Objectives
2. Medium Term Financial Plan Priorities
3. Medium Term Financial Plan Context
4. Corporate Plan Priorities
5. Budget-Setting Priorities 2020/21
6. The Revenue Budget
7. Council Tax
8. Business Rates (National Non-Domestic Rates)
9. New Homes Bonus
10. Revenue Reserves
11. Medium Term Financial Plan Forecast 2020/21 onwards
12. Capital Investment Strategy
13. Treasury Management & The Prudential Code
14. Medium Term Financial Plan Risks & Sensitivities
15. Budget Equalities Impact Assessments
16. Budget Scrutiny
17. Consultation
18. Service & Financial Planning Timetable 2020/21
19. Conclusion

APPENDICES

1. Revenue Budget 2019/20
2. Capital Programme 2019/20 to 2023/24

- 3.1 Draft Reserves Policy
- 3.2 Revenue Reserve Balances at 31 March 2019

- 4. Draft Fees & Charges Policy
- 5. Strategic Financial Risks
- 6. Service & Financial Planning Timetable 2020/21

GLOSSARY

Introduction

This Medium Term Financial Plan (MTFP) is a summary of our key financial information, including the budget challenges that we face over the period 2020/21 to 2024/25 and our approach to addressing them.

It sets out our approach to establishing a sustainable financial base to support delivery of our policies and priorities. It also highlights the financial risks and issues which have to be tackled, including ongoing reductions in Government funding.

The new CIPFA Financial Management Code (the Code) will be implemented in 2020. The Code does not prescribe the financial management processes that local authorities should adopt but it does require them to demonstrate that they satisfy the principles of good financial management, taking into account the authority's size, responsibilities and circumstances. CIPFA explain that good financial management has to be proportionate to the risks posed by the twin pressures of scarce resources and rising demand.

The Code introduces an overarching framework of assurance which builds on existing best practice, but which, for the first time, sets explicit standards for financial management in local government.

With regard to Medium Term Financial Planning, the Code sets out the following requirements:

- The authority has carried out a credible and transparent Financial Resilience Assessment
- The authority has a Long Term Financial Strategy for financial sustainability.
- The authority has a Capital Investment Strategy aligned to its long term financial strategy
- The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities
- The authority has a rolling multi-year Medium Term Financial Plan
- The authority has sustainable service plans that are consistent with its long term financial strategy and the medium term financial plan

This MTFP demonstrates how Reigate and Banstead Borough Council meets these standards.

In November 2018 the Executive approved the previous version of the MTFP which was based on the objectives of the Corporate Plan at that time. It set out the latest resource projections and estimates of expenditure. This document refreshes and updates the MTFP in anticipation of service & financial planning for 2020/21.

The annual service & financial planning budget reports later this year will set out the detailed actions required to deliver a balanced budget for 2020/21 onwards that is consistent with the direction and objectives set out in this MTFP.

1. Medium Term Financial Plan Objectives

The objectives of this MTFP are to help us:

- Provide a robust financial framework to assist our decision-making processes
- Manage council finances within the context of a forward-looking service & financial planning framework
- Prioritise resources to align spending plans with our vision and strategic objectives and resident priorities
- Recognise the ongoing funding challenges that will need to be addressed through changes to how services are delivered, realising new sources of income and delivery of cashable budget savings, or a combination of all three
- Maintain council tax resource levels
- Maintain a balanced budget and continue to strengthen that position
- Maintain the General Fund reserve at a minimum of 15% of the annual net Revenue Budget to cover significant unforeseen expenditure
- Maintain Earmarked Revenue Reserves for specific purposes, consistent with achieving our priorities and managing risks. The use of Earmarked Revenue Reserves will be in line with the draft Reserves Policy at Appendix 3.1 and will be reviewed annually
- Help confirm the affordable level of capital investment required to support our strategic and financial priorities while remaining within prudential borrowing limits
- Ensure that fees and charges are set at an appropriate level and that they take into account comparative levels of charge and ability to pay, in line with the draft Policy at Appendix 4
- Demonstrate probity, prudence and strong financial control
- Manage financial risks
- Continually review budgets to ensure resources are targeted on key objectives
- Continue to improve our approach to commissioning and procurement to ensure value for money for local taxpayers
- Support new ways to ensure financial sustainability and maximise income to deliver our priorities. This includes the development of commercial projects to capture both revenue income and capital growth opportunities.
- Pursue opportunities for securing external funding
- Support opportunities for working in collaboration with partners where this will support our priorities and improve service value for money.

2. Medium Term Financial Plan Priorities

In considering future budget projections, it is recognised that there are unknowns which could impact upon forecasts. The MTFP is not a static document but rather one that is constantly evolving as the environment around it changes. Some of the key risks and sensitivities which need to be monitored are set out below.

- **Economic conditions.** The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model.
- **Impact of Brexit.** While the Government has underwritten EU funding agreed prior to the 2016 Autumn Statement, the impact of the UK's departure from the EU is one that remains unclear and may impact both politically and economically.
- **Government Finance Legislation.** There are key pieces of Government legislation which will impact upon the future financial position of the Council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the Governments current Fair Funding Review of local Government finance which is due to be introduced in 2020.
- **Other Government Legislation.** There are a significant number of political initiatives particularly in relation to localisation and the role of local Government. These will need to be assessed for their relevance to Reigate and Banstead and the impact on future finances.
- **Buoyancy of Income Streams.** These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored.
- **Strategic Investments:** The Council is looking to continue to pursue developments that produce financial returns while at the same time supporting the delivery of housing and regeneration priorities.
- **Commercial Ventures:** The Council will seek to take advantage of commercial opportunities wherever possible to cover costs and to review our fees and charges in order to maximise income in line with corporate objectives.
- **A Financial Review** of the historic budget outturn position and of our base budget to ensure maximum value is obtained from those resources already allocated – effectively to ensure financial discipline and good housekeeping are maintained.
- **Using Reserves** in a sustainable and prudent manner to support the Council's strategies and priorities. This will be supported by the Reserves Policy which is appended as a draft at Appendix 3.1. It is recognised that reserves can only

be used on a 'one off' basis. However, they can play an important part in supporting initiatives or investments which can deliver future benefits.

- To maintain the Council's financial standing it is important that it continues its proactive approach to **Service & Financial Planning** and ensures that budget plans are deliverable and that investments are focussed on securing our financial health.

3. Medium Term Financial Plan Context

Service & financial planning takes place within the context of the national economic and public expenditure plans; this MTFP has been formulated within the context of the current UK economic position, continued reductions on local government funding and political uncertainty surrounding the shape of Brexit.

In response to this financial challenge, local government has innovated, streamlined services and increased productivity. The Government's plans to devolve more responsibilities through the localisation of business rates are still intended to take effect from April 2020, however the detail as to whether councils will be required to take on additional responsibilities remains unclear. The devolution of business rates is intended to be fiscally neutral but how this will work in practice is currently being developed alongside the Fair Funding Review. These changes will bring both risks and opportunities and are still intended to be implemented for the 2020/21 financial year

The Economy and Public Spending

There remains considerable uncertainty in financial and economic forecasts. In April 2019 the Office for Budget Responsibility (OBR) reported

Economic growth in the UK and globally has slowed since the Budget in October, leading us to revise down our near-term GDP forecast. But tax receipts have performed better than we expected in the final months of 2018-19 and we judge that much of this buoyancy will endure. Together with downward pressure on debt interest spending from lower market interest rates, this delivers a modest medium-term improvement in the public finances.

The Chancellor has banked most of it in lower borrowing, but has spent some on higher planned public services spending. Of the six forecasts we have produced since the EU referendum, four have shown an improved outlook for the public finances and two have shown deterioration – but each one has been accompanied by some fiscal giveaway.

- *Public sector net borrowing (PSNB) in April was £5.8 billion, just £33 million lower than last year. This was despite a £0.8 billion boost to receipts from a special dividend paid by RBS.*
- *We expect a small rise in borrowing in 2019-20. This reflects both the income tax giveaways announced in Budget 2018 and higher departmental spending (on the NHS in particular).*

In June 2019 the council's Treasury advisors (Link Asset Management) observed:

- *Central government receipts (excluding PSNB-neutral transfers related to 'quantitative easing') were up 3.2 per cent in April, above our full-year forecast of a 2.6 per cent rise (on a like-for-like basis).*

- *Central government spending (excluding PSNB-neutral grants to local authorities) was up 3.5 per cent, close to our full-year forecast of a 3.4 per cent rise (on a like-for-like basis).*
- *Net debt was 1.6 per cent of GDP lower in April 2019 compared with a year earlier.*
- *PSNB for 2018-19 was revised down by £1.1 billion to £23.5 billion, and is now just £0.7 billion above our March forecast. This figure remains provisional. Outturns typically take several months to settle down and revisions can be significant.*

Interest Rates

The base rate remains at 0.75% (June 2019). Average forecasts continue to predict a sustained increase; however Brexit continues to create uncertainty.

Table 1	June 2019	Dec 2019	June 2020	Dec 2020
Forecast Interest Rates	%	%	%	%
Forecast Bank Rate	0.75%	0.75%	1.0%	1.25%

Source: *Link Asset Management June 2019*

Inflation

The rate of inflation (as measured by the Consumer Price Index - CPI) currently falls within the Bank of England target of 2%.

Table 2	2019/20	2020/21	2021/22	2022/23	2024/25
Forecast Inflation (CPI)	%	%	%	%	£%
Forecast CPI	1.9%	2.0%	1.9%	1.9%	2.0%

Source: *Forecasts for the UK Economy: A Comparison of Independent Forecasts*
[Compiled and published by HM Treasury May 2019]

Economic Growth

Economic growth – as measured by Gross Domestic Product (GDP) - is forecast to rise over the next five years.

Table 3	2019/20	2020/21	2021/22	2022/23	2024/25
Forecast Growth	%	%	%	%	£%
Forecast GDP Change	1.4%	1.5%	1.7%	1.7%	1.8%

Source: *Forecasts for the UK Economy: A Comparison of Independent Forecasts*
[Compiled and published by HM Treasury May 2019]

Context: Potential implications of the national economic situation for local government

- It may be harder to collect sums due, for example for council tax and business rates. Despite these increasing pressures, to date our performance on income collection remains consistently strong.

- Increased demand for services to assist residents falling into hardship.
- Suppliers and contractors being at risk of liquidation, potentially affecting delivery of services.
- Cost inflation pressures may be greater than assumed.
- Brexit may have impacts on our supply chain eg. price increases, impacts on operational delivery of capital schemes, supplier workforce impacts.

Local Government Funding

The local government sector has been one of the areas hardest hit by the Government's deficit reduction plan. For Reigate and Banstead Government Revenue Support Grant reduced from £1.6 million in 2014/15 to nil by 2017/18.

Over recent years the framework for local government funding has been subject to a sustained period of change and uncertainty:

- April 2011 – New Homes Bonus introduced
- April 2013 - Business Rates Retention introduced
- October 2015 – 100% BRR and Funding Review announced
- April 2016 – Government and LGA working groups set up and start meeting
- Early 2017 - Call for evidence on Fair Funding and Business Rates Retention consultation
- April 2017 – New Homes Bonus scheme changes
- May 2017 election – Business Rates Retention primary legislation falls; Fair Funding Review to continue
- Summer 2017 – announcement of move to 75% Business Rates Retention; confirmation of new Business Rates Baseline and continuation of Fair Funding Review – all for 2020/21
- July 2018 – new simplified Business Rates Reset first suggested
- December 2018 – no figures beyond 2019/20 available; indications that 'Negative Revenue Support Grant' will result in significant funding reductions for councils like Reigate & Banstead
- December 2018 – new consultations on Fair Funding Review, Business Rates Retention and confirmation of a full Reset of Business Rates growth
- Spring/Summer 2019 – likely that Spending Review¹⁹ may not go ahead; might be one year settlement only

Consultations and announcements over recent months have covered the following aspects of local government funding:

Spending Review¹⁹

- At some point in 2019, the Chancellor will need to publish the outcome of HM Treasury's forthcoming Spending Review. At a minimum, this will set

detailed departmental allocations for the 2020/21 financial year, and possibly beyond. The Chancellor is yet to confirm how much he plans to spend overall (the 'spending envelope'), but did set out some provisional spending totals in the 2018 Autumn Budget for the years up to 2023/24. These provisional totals underpin the official fiscal forecasts and therefore provide an indication of what we might expect.

Fair Funding Review

- Intended to be introduced in 2020/21 and will set new funding baselines and confirm any transitional arrangements. The Government's intention (subject to Spending Review19) was to publish indicative allocations through a further stage of formal consultation before the 2020/21 provisional local government finance settlement in December

Business Rates Growth: Reset and 'Alternative' System

- The Government's stated aim is to balance risk and reward through a system of *Resets, Safety Nets, Levies, Tier Splits* and *Pooling*. Also to simplify the system by looking again at appeals, while addressing income volatility and introducing more simplification.

New Homes Bonus:

- There remains speculation that there will be further changes to the system, for example further changes to the methodology based on a reduced funding allocation and/or the allocation of higher amounts to fewer authorities (or lower amounts to many).

Specific Grants:

- There is still an expectation that these will be rolled into the funding system when 75% business rates retention is introduced (expected as part of Spending Review19)

Council Tax:

- There is a possibility of increased freedoms (primarily for social care precepting authorities)

Local Government Funding – Current Position

In his Spring Statement 2019 the Chancellor announced:

'...Subject to an EU exit deal being agreed, the Chancellor confirmed that the government will hold a Spending Review which will conclude alongside the 2019 Budget. This will set departmental budgets, including 3-year budgets for resource spending and will include a zero-based review leading to multi-year capital investments...'

The Chancellor did not indicate what would happen to Spending Review19 if there was no Brexit deal agreed.

Options include rolling the 2019/20 funding forward to 2020/21. At the time of preparing this MTFP these plans remain unclear.

Service & Financial Planning: Government Funding Assumptions

For the purposes of preparing this MTFP and the draft 2020/21 budget the following has been assumed:

- No changes to total local government funding as a result of Spending Review19
- Funding changes will go ahead as planned in 2020/21 This means that
 - Fair Funding Review will reduce our Government funding by £1.5m ('negative RSG')
 - the Reset of Business rates will reduce our funding by £0.6m
- No transitional funding arrangements
- Council taxbase growth of 1.04% per annum and council tax increases capped at a maximum of 2.99% or £5
- Funding from New Homes Bonus to continue (and to remain outside our budget calculations)

4. Corporate Plan Priorities

We are currently preparing a new Corporate Plan covering the period 2020-2025 which will set out our proposed priorities for the next five years, and will explain how we will focus our resources and deliver services to those living, working and spending time in Reigate & Banstead.

This MTFP is being developed to align with the emerging Plan vision and priorities. The new Plan is proposed to be an evolution of the current Plan. It will have its roots in the current Plan and will retain the three themes of People, Place and Organisation given the success of the Council in meeting many of the priorities under the current Plan.

The emerging draft Plan includes objectives in relation to Housing, Vulnerable People, Communities & Community Safety, Leisure & Wellbeing, Towns & Villages, Economic Prosperity, Shaping our Places, Clean & Green Spaces, Environmental Sustainability, Financial Sustainability, Commercial Activities, Operational Assets and Skills & Great People.

Differences between the proposed new Corporate Plan and the current Five Year Plan include:

- A new set of 'cross-cutting commitments' describing how the Council will deliver services, covering aspects such as communications, customer contact, partnership working and environmental sustainability
- A new 'housing' objective to do more to secure the delivery of homes that are more affordable for local people.

- Expanded objectives about communities and vulnerable people, reflecting the Council's proactive housing, family support and community development activities
- A new objective that recognises the need for the Council to support towns and villages in the borough to thrive and an updated
- objective on Shaping our Places recognising the future focus of our work in this area

To achieve our financial sustainability objective, our emerging draft Corporate Plan explains that we will:

- Ensure that our budget setting process is transparent and well-managed to deliver a balanced budget outcome each year
- Run an effective collection team to recover money owed to us
- Operate in an efficient and rigorous way across all our day-to-day financial Operations
- Publish and keep up-to-date our Capital Investment Strategy; and that we anticipate that we will need to increase Council Tax every year to reflect increasing costs, but we will review this position annually.

5. Budget-Setting Priorities 2020/21

The Priorities that will be taken into account when preparing the draft budget for 2020/21 are set out below:

- To ensure resources are aligned with the emerging **Corporate Plan priorities**
- To maintain a **balanced budget** such that expenditure matches income from council tax, fees and charges, and government and other grants and to maintain that position
- To set a rate for **council tax** which maximises income necessary to deliver our strategic objectives while ensuring that Government referendum limits are not exceeded. The percentage increase will be reviewed annually and be approved by Full Council
- To **maximise other income** by setting fees and charges, where we have the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs
- To ensure a long term sustainable view is taken of our **investments** and that appropriate risk analyses are used when considering new investments

- To consider and take advantage of **commercial opportunities** as they arise to deliver new income streams
- To maintain an adequate and prudent level of **reserves** and regularly review their planned use and allocation to support delivery of our priorities.

Value for Money

We will assess and challenge the value for money (economy, efficiency and effectiveness) provided by each service through the service & financial planning process.

Information about our performance compared to other councils across a range of published measures is published on the LGA website at <https://lginform.local.gov.uk/>

6. The Revenue Budget

Our Revenue Budget comprises five 'building blocks' as follows:

1. **Net Cost of Services:** These are the direct costs incurred in delivering services through the three Directorates, net of specific income generated by them.
2. **Corporate Budgets:** These are costs incurred and income received that are not service-specific, eg. Pension Fund deficit contributions and treasury management costs and income. Also included in this block is the Headroom Contingency budget.
3. **Contributions to/from Reserves:** This relates to our use of Earmarked Revenue Reserves, which have been allocated to fund specific purposes. For example the Corporate Plan Delivery Fund. The impact of the use of Reserves is a reduction in the total income demand on council taxpayers.
4. **Sources of Funding:** These income budgets are general, non-service specific income sources. They include other grant funding from Central Government and our share of Non-Domestic Rate income. For 2019/20 it includes the impact (benefit) of the one-off elimination of 'Negative Revenue Support Grant' that was announced by the Government in December 2018.
5. **Council Tax:** After the budgets requirement has been established for the other blocks then the amount required by their Council from council tax can be calculated; known as the 'Demand on the Collection Fund'.

Revenue Budget Outturn 2018/19

In February 2018 the Council set a net Revenue Budget for 2018/19 of £15.5 million. Transfers from the Corporate Plan Delivery Fund and other grants received during the year resulted in a net increase to £17.8 million.

Net expenditure for the year was £16.2 million for services, giving a favourable outturn position of £1.62 million (9% of the overall budget).

The most significant Revenue Budget variances for 2018/19 were reported throughout the year and are summarised below:

- Income receipts greater than budget - volumes of paper, food and domestic recycling were all above budget leading to over-recovery of income. In addition, the numbers of garden waste subscribers continued to increase. This resulted in £588k higher than expected income.
- Development Services - £257k over-recovery of income was due to greater volumes of planning fees than was anticipated in the budget.
- Property and Facilities - £182k over-recovery of income generated through new rental streams from commercial property purchases during the year.
- Government funding lower than budget - £120k lower benefit subsidy than budgeted.
- Expenditure lower than budget - delay in investing in our property portfolio, resulted in the predicted borrowing of funds being deferred, resulting in £292k lower annual borrowing costs compared to budget.
- Senior Management Team - £260k budget saving caused by vacant posts and lower than originally-expected interim management costs.
- Place Delivery - some authorised posts remained vacant during the year leading to a net £164k budget saving.
- Expenditure greater than budget - £160k overspend compared to budget caused by a reliance on locum legal staff and external advice to deliver the service.

The service & financial planning process for 2020/21 will include an assessment of whether any budgets require realignment to reflect historic outturn trends.

Revenue Budget Summary 2019/20

The Revenue Budget for 2019/20 was approved in February 2019. In summary it comprises:

Table 4 Budget Summary 2019/20	£m
1. Net Cost of Services	12.854
2. Corporate Budgets:	3.441
NET EXPENDITURE	£16.295m
3. Net Contributions to/from Reserves:	(0.245)
4. Sources of Funding	(2.347)
5. Council Tax Requirement	(13.703)
NET SOURCES OF INCOME	£16.295m

Further details are provided at Appendix 1.

‘Headroom’ Contingency Budget

The Headroom Contingency Budget was originally established during budget setting in 2012/13 to ‘mitigate the reduction in Central Government revenue funding’.

It is appropriate to retain an adequate level of contingency in the Revenue Budget as well as holding reserves. When assessing the level of contingency required the following are examples of the factors that need to be considered:

- Budget risks (eg. delays or non-delivery of new income streams)
- Unexpected pressures on relatively volatile and/or demand led budgets
- Likelihood of incurring unexpected costs (eg. an uninsured loss, litigation costs)
- New pressures as a consequence of the uncertain economic climate

A reduction in the Headroom Contingency Budget was approved during the 2019/20 budget setting process.

	£
Headroom Contingency Budget 2018/19	1,335,800
Reduction: Reduction approved during 2019/20 service & financial planning	-500,000
Headroom Contingency Budget 2019/20 onwards	835,800

The level of Headroom Contingency will be reviewed and reported each year as part of the service & financial planning process.

7. Council Tax

Decisions around the annual council tax increase and taxbase growth are two key variables in the MTFP.

Although this is a significant funding source, it remains subject to restrictions by Government. The Localism Act included a requirement to hold a local referendum if any council tax increase is deemed 'excessive' and this level is currently set at 3%.

MTFP forecasts are currently based on an assumed council tax increase of 2.99% per annum; this will be subject to a political decision in February 2020, dependant on circumstances at that time.

The forecast amount of council tax to be collected takes into account local decisions on discounts, exemptions and reliefs and the local council tax support scheme.

Council Tax 2019/20

Reigate & Banstead's share of the council tax for 2019/20 increased by 2.99%. The respective shares of the main precepting bodies is set out below.

Council Tax 2019/20	Band D £	%
Reigate & Banstead	227.46	12%
Surrey County Council Precept	1,481.71	75%
Surrey Police & Crime Commissioner Precept	260.57	13%
Council Tax Total	£1,941.53	100%

Council Tax Options 2020/21

Each 1% increase in Council Tax generates £137,000 additional income for this borough. The maximum 2.99% increase would yield £2.9m additional income

8. Business Rates (National Non-Domestic Rates)

In 2013, the Government introduced a scheme through which local authorities retain a proportion of any business rates growth above a set 'baseline'. The purpose was to give authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth.

While this scheme was broadly welcomed by the sector, there remain concerns over the potential volatility of this income stream due to the level of appeals; even a small variation in the overall revenue generated can result in a significant financial impact.

The Government is currently undertaking a review of how business rates will operate going forward and has stated its intentions to achieve 75% localisation of business rates from 2020.

The full impact of this will only become clear later during 2019/20 as proposals are developed. This adds a further element of uncertainty to the projected position and suggests caution is needed in any future projections.

9. New Homes Bonus

The New Homes Bonus was introduced in 2011/12. Authorities are rewarded with a financial bonus, equal to the national average council tax on each additional property built which is paid for a number of years as a non-ring fenced Government grant. 80% of the Bonus is paid to the district council and 20% to the county council. here is an enhanced payment for new affordable homes.

New Homes Bonus was revised for the 2017/18 financial year with the length of time it is paid reducing from six to five years (for the 2017/18 award) and to four years from 2019/20 onwards. A new 'baseline' of +0.4% growth was also introduced before any Bonus is paid. The retained funds were used by the Government to support authorities with adult social care responsibilities.

The Government has set out its intention to end New Homes Bonus as part of the Fair Funding Review in 2020. The intention is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail remains unclear.

To date we have set aside this funding in an Earmarked Reserve which may be used for any purpose. Details at Appendix 3.2.

10. Revenue Reserves

The Council holds Reserves to provide protection against financial risks. Our current level of reserves provides a relatively secure financial base compared to many authorities; it is important to ensure an appropriate balance between securing the financial position of the Council and investing in delivery of services.

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.
- A means of setting aside sums for future identified uses and / or investments

There is an opportunity cost of holding reserves in terms of restricting capacity to invest in current service delivery but this is offset by the additional flexibility that reserves provide when manage budget risks and adverse variations.

Our draft Reserves Policy is set out at Appendix 3.1 with details of revenue reserve balances held at 31 March 2019 at Appendix 3.2. The draft Policy will be reviewed during service & financial planning over the summer with the aim of presenting the final Policy and recommended use of reserves in 2020/21 onwards as part of the November budget report. This will include an assessment of the adequacy and allocation of current reserves and the associated risks and opportunities.

General Fund Balance

The General Fund Balance Reserve is held to manage the impact of any unexpected events/emergencies. The Section 151 Officer is required to review the level of the General Fund Balance annually in relation to the overall financial position of the Council. CIPFA guidance on Local Authority Reserves and Balances (2003) and the Local Government Act of 2003 do not recommend a specific value or budget %.

The Council's Section 151 Officer advised in the November 2018 budget report that a working balance of £2.6m is considered the minimum level required. This represents 15% of the net budget for 2019/20. This minimum level will be reviewed again as part of 2020/21 service & financial planning.

Other Revenue Reserves

A reserve has been established to account separately for New Homes Bonus income. There are no restrictions on the use of these funds.

Earmarked Revenue Reserves

Earmarked Revenue Reserves may be used as part of a planned process to balance the budget in order to avoid short term actions which may not be in the best interests of the Council. They also allow funds to be set aside for specific purposes, often spanning more than one financial year.

Opportunity Cost of Holding Reserves

The opportunity cost of holding reserves has to be considered. Unused balances are used to either reduce temporary borrowing or are invested to generate income. In measuring the opportunity cost of holding reserves, consideration needs to be taken of the interest earned. The opportunity cost of holding reserves is therefore a judgment whether the 'worth' of expenditure foregone is more than the income generated. Given the current economic climate it is a balanced judgement as to whether to invest / spend reserves or to retain them.

Assessing the Adequacy of Reserves

The Chartered Institute of Public Finance and Accountancy (CIPFA) state that the Institute 'does not accept a case for introducing a statutory minimum level of reserves, even in exceptional circumstances'. It does however confirm that authorities should make their own judgment on such matters, taking into account all relevant local circumstances on the advice of their Chief Finance Officer.

The Local Government Act 2003 requires the Chief Finance Officer to formally report on the adequacy of the proposed financial reserves. To arrive at assessing the adequacy of reserves a number of issues need to be addressed:

- What are the strategic, operational and financial risks facing the Council?
- Does the Council comply with the requirements to ensure that there is an adequate system of internal control?
- Are the key financial assumptions in formulating the Council's budget robust and reasonable?
- Does the Council have adequate financial management and cash flow arrangements?

In addition there are a number of questions an authority can ask to demonstrate that it is managing its affairs satisfactorily:

- What is the track record of the Council in its budgetary and financial management?
- What is the Council's record regarding council tax collection?
- What is the Council's capacity to manage in-year budgetary pressures?
- What is the strength of the Council's financial reporting?
- What are the procedures to deal with under and over spends during and at the year end?
- In the case of Earmarked Revenue Reserves, will there be expected calls on the reserves that prompted the setting up of the reserves in the first place?

Finally, there is a need to look at the assumptions made in setting the budget, not just for the coming year but also under the MTFP. The budgetary assumptions cover:

- Inflation and interest rate projections.
- Estimate and timings of capital receipts.
- Treatment of planned efficiency savings.
- Financial risks involved in major funding arrangements.

11. Medium Term Financial Plan Forecast 2020/21 onwards

An early review of Medium Term Financial Plan budget forecasts have identified a number of new budget pressures that will need to be addressed through service & financial planning in 2020/21 onwards.

They include:

- The potentially significant impacts on available resources of Government funding reductions, including the Fair Funding Review (£1.5 million) and Business Rates Reset (£600k)
- Revenue and capital budget growth to deliver priorities in the new Corporate Plan – details to be confirmed during service & financial planning
- Budgeting for the costs of approved borrowing to fund planned Capital Programme commitments
- Making budget provision for future pay and pensions increases

The service & financial planning process over the summer will focus on quantifying the impacts of these potential pressures as the details are confirmed; also identifying the new sources of income that are to be delivered to help address them. The outcome will be reported in the autumn.

Revenue Budget-Setting Assumptions 2020/21

The following assumptions will be used during service & financial planning over coming months when preparing the draft budget estimates for 2020/21:

- | | |
|--------------------|---|
| Council Tax | <ul style="list-style-type: none">• To increase by the referendum limit• Plus an increase due to growth in the taxbase of 1% per annum• The impacts of local discounts, exemptions and the local council tax support scheme will be taken into account when preparing income forecasts. |
| Government Funding | <ul style="list-style-type: none">• Fair Funding Review is expected to reduce our Government funding by £1.5m ('negative RSG') |
| Retained | <ul style="list-style-type: none">• The Reset of Business Rates is expected to reduce our |

Business Rates Income	funding by £0.6m
Fees & Charges	<ul style="list-style-type: none"> • A draft Fees & Charges Policy is attached at Appendix 4. For budgeting purposes it is assumed that fees and charges will increase in line with the Policy. • The Policy will be reviewed during service & financial planning over the summer with the aim of presenting the final Policy and recommended use of reserves in 2020/21 onwards as part of the November budget report.
Investment Income and Borrowing	<ul style="list-style-type: none"> • Investments and borrowing will be forecast in line with forecast balances (reserves) and capital investment plans
Pay Inflation	<ul style="list-style-type: none"> • As a minimum all Council pay scales are now at or above the Real Living Wage • An allowance for a pay award will be included in the draft budget, in addition to forecast contractual pay increases. • This provides the option for pay rises but the specific rate of increase will be subject to established consultation processes. An objective is to seek to negotiate a multi-year pay award for 2020/21 onwards.
Employer Pension Costs	<ul style="list-style-type: none"> • The latest actuarial review of the Surrey Local Government Pension Fund was as at 31 March 2016; the outcome has been profiled into the budget for the three years to 2019/20. • The 2016 valuation confirmed that the Fund's total assets, which at 31 March 2016 were valued at £3,892 million, were sufficient to meet 83% of liabilities (ie. the present value of promised retirement benefits) accrued up to that date. The resulting total Fund deficit at the 2016 valuation was £679 million. • Each employer has a contribution requirement set at the valuation, with the aim of achieving full funding within an agreed time horizon and probability measure, as set out in the Fund's Funding Strategy Statement. Individual employers' contributions for April 2017 to March 2020 were set in accordance with this requirement. For Reigate & Banstead this is based on a 15% payroll oncost charge plus a £1.963m lump sum annual deficit payment. • The next actuarial review will be at 31 March 2019 and any budget implications will be built into budgets for 2020/21 onwards. The outcome of the revaluation will be reported by the Pension Fund later this year. • National consultation is currently in progress regarding moving to a four-year revaluation cycle going forward.

- Price Inflation
- The general assumption is that services should first seek to cover price inflation from their existing budgets, unless tied contractually to significant cost increases that warrant additional funding.

12. Capital Investment Strategy

Our Outline Capital Investment Strategy was approved in April 2019 and sets out a framework for funding and investment decisions in respect of capital assets, in the context of our vision and priorities and available financial resources.

The Capital Investment Strategy demonstrates that we take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made, and takes into account to both risk and reward and impact on the achievement of priority outcomes.

When setting its capital programme, each authority must have regard to:

- Our service objectives – the capital spending plans should be consistent with the Corporate Plan
- Stewardship of our assets – as demonstrated by our asset management planning approach
- The value for money offered by our investment plans – as demonstrated by the appraisal of the options
- The prudence and sustainability of our investment plans – their implications for external borrowing
- The affordability of capital investment plans – the implications for the council tax; and
- The practicality of capital expenditure plans – whether the forward plan is achievable.

Decisions on the Capital Programme have an impact on the Revenue Budget, in relation to:

- The revenue costs of financing capital, including prudential borrowing; and
- The ongoing running costs and/or income generated by new capital assets such as buildings.

Capital investment decisions therefore have implications for the Revenue Budget. The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within our financial plans and to demonstrate that the capital investment is affordable.

Our revenue and capital budgets are integrated with the financial impact of the proposed Capital Programme, being reflected in the Revenue Budget estimates.

We will only invest where capital spending plans are affordable, prudent and sustainable. The key constraint on capital investment is the scope to afford the financial implications in terms of acceptable council tax levels.

As supported by the Capital Investment Strategy, the Council's capital investment plans over the next 5 years are set out in the Capital Programme. The efficient and effective use of capital resources, including sound asset management, is fundamental to achieving our long- and medium-term aims and objectives. It is also critical to achieving the delivery of the required savings and income across the Council to secure a balanced budget.

Medium Term Capital Programme

While Revenue Budget expenditure is concerned with the day-to-day running of services our Capital Programme is concerned with investment in the assets required to deliver services or delivery new income streams. The Medium Term Capital Programme sets out how capital resources will be used to achieve our vision and corporate priorities.

The Council must have an affordable Capital Programme; affordability is assessed against business cases taking into account the level of future resources required to support project delivery and ongoing asset maintenance.

The strategic objectives of our Capital Programme can be summarised as follows:

- To maintain a five year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits.
- To ensure capital resources are aligned with our strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology
- To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams
- To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets.
- To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.

Capital Programme 2019/20 to 2023/24

The Council forecasts its Capital Programme over a 5 year period and the latest position is set out in the report to Executive in January 2019.

Table 7 CAPITAL PROGRAMME 2019/20 to 2023/24						
Approved Capital Programme	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget	Projected	Projected	Projected	Projected	Projected
	£000	£000	£000	£000	£000	£000
FINANCE & ORGANISATION:						
Strategic Property	38,363.0	50.0	50.0	76.0	76.0	76.0
IT Services	139.3	275.0	100.0	300.0	275.0	275.0
Organisational Development	181.0	30.0	30.0	30.0	30.0	30.0
PEOPLE SERVICES:						
Housing	1,549.1	1,495.1	1,115.0	1,115.0	1,115.0	1,115.0
Wellbeing & Intervention	245.0	145.0	145.0	145.0	145.0	145.0
Community Partnerships	29.5	25.0	25.0	25.0	25.0	25.0
PLACE SERVICES:						
Neighbourhood Operations	1,323.4	1,742.0	3,661.0	2,927.5	1,307.5	1,307.5
Place Delivery	3,884.2	17,064.7	24,283.6	23,283.0	15,100.0	0.0
TOTAL EXPENDITURE	45,714.50	20,826.80	29,409.60	27,901.50	18,073.50	2,973.50

Table 8 Capital Programme Growth Assumptions	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget	Projected	Projected	Projected	Projected	Projected
	£000	£000	£000	£000	£000	£000
Merstham Recreation Ground	0.0	100.0	700.0	700.0	0.0	0.0
Anticipated investment in new capital schemes in 2019/20 onwards to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy. Subject to further review as these plans are developed.	0.0	25,000.0	0.0	0.0	0.0	0.0
TOTAL GROWTH	0.0	25,100.0	700.0	700.0	0.0	0.0
TOTAL CAPITAL PROGRAMME INCLUDING GROWTH ASSUMPTIONS	45,714.47	45,926.76	30,109.60	28,601.50	18,073.50	2,973.50

Details at Appendix 2.

New Capital Investment 2019/20

£25m has been allocated in the above Capital Programme to fund new capital investments in 2019/20 onwards to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy.

The Commercial Ventures Executive Sub-Committee has authority to approve new capital schemes and commercial investments funded from this allocation.

Capital Programme Funding

The approved Capital Programme will be funded as follows:

Table 9 Capital Programme Funding	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget £000	Projected £000	Projected £000	Projected £000	Projected £000	Projected £000
Capital Reserves	21,824.8	2,416.9	0.0	4,378.2	0.0	0.0
Capital Receipts from sale of assets	290.3	462.0	17,333.4	11,569.5	15,575.5	475.5
Capital Grants & Contributions	3,599.4	3,047.9	2,776.2	2,653.8	2,498.0	2,498.0
Previously-Approved Borrowing	20,000	40,000	10,000	10,000	0.0	0.0
TOTAL CAPITAL FUNDING	45,714.50	45,926.80	30,109.60	28,601.50	18,073.50	2,973.50

The key funding sources for the capital programme are described below:

- | | |
|---------------------------------------|---|
| Capital Reserves and Capital Receipts | <ul style="list-style-type: none">• These comprise capital receipts from previous years that are being used to fund new capital investment. Capital receipts are the proceeds from the sale of an asset, usually property. At the end of March 2019 the residual balance of capital receipts was £626k.• An element of funding for the Capital Programme going forward is based on use of forecast new capital receipts generated from schemes that are currently in progress. |
| Capital Grants & Contributions | <ul style="list-style-type: none">• Capital contributions include developers' contributions (Section 106) committed as part of the planning process. They often must be used for a specific purpose. At 31 March the balance of contributions available amounted to £16.0m• Examples of significant Capital Grants include the Disabled Facilities Grant, currently £965k per annum. |
| Prudential Borrowing | <ul style="list-style-type: none">• The Prudential System of Local Government Capital Finance, as updated in February 2018, allows local authorities to borrow as long as their capital spending plans are affordable, prudent and sustainable.• In order for borrowing to be considered prudent, affordable and sustainable there must be a long-term source of revenue funding to meet the costs of borrowing. Ideally this will come from revenue budget savings or from additional income generated directly from the capital project.• Prudential Borrowing will be undertaken to support our priorities where there is a business case for it to do so and there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs. |
| Revenue Budget Contributions | <ul style="list-style-type: none">• Capital expenditure can be financed directly from revenue. There are no limitations on this, other than one of affordability. The 2019/20 budget includes an allocation of £500k for this purpose. |

13. Treasury Management & The Prudential Code

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

We are required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested with low risk counterparties in line with our risk appetite, ensuring adequate security and liquidity before considering investment return.

The second main function of treasury management is funding our Capital Programme. Our capital investment plans provide a guide to borrowing need, essentially for longer-term cash flow planning purposes, to ensure that we can meet our capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. We anticipate taking on long-term borrowing for the first time during 2019/20.

The contribution that the treasury management function makes is important, as the balance of debt and investment operations ensure liquidity and/or ability to meet budget commitments as they fall due, both on day-to-day revenue-funded activity and for larger capital projects. The treasury function balances interest costs of debt and investment income arising from cash deposits which in turn affect available resources. Cash balances generally result from our reserves and balances, therefore it is important to ensure adequate security of the sums invested, as a loss of principal will in effect result in a call on the General Fund Balance.

Our company investments are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

The Prudential Code

CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the 'Prudential Code') provides the framework for councils' capital investments. The key feature of the prudential system is that councils should determine the level of their capital investment – and how much they borrow to finance that investment – based on their own assessment of what they can afford, not just for the current year but also for future years.

The statutory basis for the prudential system is set out in the Local Government Act 2003, which:

- Confirms councils' power to borrow – which in the medium term must only be for capital purposes, while short-term borrowing can be for cash flow purposes
- Makes it clear that, as previously, councils may not mortgage assets
- Places a duty on councils not to exceed their prudential borrowing limits, or any national limits imposed by central government
- Places a duty on councils to determine – and review – their own borrowing limits in accordance with the Prudential Code
- Gives the Government a reserve power to impose borrowing limits that would override councils' own borrowing limits for national economic reasons

- Makes it clear that credit arrangements should be treated as borrowing under the prudential system
- Confirms that councils may invest both for the prudential management of their financial affairs and for purposes relevant to their functions.

Following two consultations intended to take into account the changing landscape for local government following the sustained period of reduced public spending and the developing localism agenda, the Prudential Code was updated in December 2017. One of the main changes was to introduce the requirement to publish a Capital Investment Strategy.

14. Medium Term Financial Plan Risks & Sensitivities

The Council's Strategic Risk Register contains the following risks:

- *The Council receives no Revenue Support Grant from Central Government. While council tax and business rates make up a significant portion of the Council's funding, they do not cover the full extent of the Council's expenditure.*
- *The Council's ability to generate income from investments may be restricted by changes in regulations and codes of practice.*
- *The Council must therefore put in place a capital investment strategy, supported by appropriate governance structures and resources, to generate additional income to sustain service provision. The failure to generate this income will jeopardise the delivery of corporate objectives. Managing this risk well is dependent on Officers and Members remaining ambitious.*

Details of the mitigating actions are set out at Appendix 5.

Operational Risk Register – Budget-Setting

The principles and assumptions contained within this MPFP are aimed at ensuring that the Council is financially sustainable and continues to deliver high quality services.

Individual revenue and capital budget proposals will be subject to risk assessment as part of the service & financial planning process.

The Council, in common with most local authorities, continues to be at risk from a range of financial risks. They include:

Perceived Risk	Impact	Likelihood	Preventative Action
Failure to remain up to date with changes in relevant legislation, regulations and guidance	High	Low	Ensure that all relevant information is taken into account when producing MTFP and budget forecasts.

Perceived Risk	Impact	Likelihood	Preventative Action
Changes in legislation affecting the scope of services and the cost of carrying them out	Medium	Medium	Maintain regular contact with Heads of Service regarding developments that have potential financial implications.
Local Government Financial Settlement worse than forecast	High	Medium	Model a range of MTFP and budget scenarios and strategies.
Outdated MTFP assumptions Significant variations due to economic factors	High	Low	Regularly review and update assumptions.
Inaccurate budget assumptions	High	Medium	Regularly review and update assumptions.
Unexpected financial events	High	Medium	Regular in-year budget forecasting, monitoring and reporting. Take action where adverse forecasts are identified. Regular reviews of key financial risks.
Deliverability of new income streams against forecast timescales	High	Medium	Regular in-year budget forecasting, monitoring and reporting. Take action where adverse forecasts are identified. Regular reviews of key financial risks.
Demographic and demand-led pressures	Medium	Medium	Regular in-year budget forecasting, monitoring and reporting. Take action where adverse forecasts are identified. Regular reviews of key financial risks.
Reduction in existing fees & charges income	Medium	Low	Regular in-year budget forecasting, monitoring and reporting. Take action where adverse forecasts are identified. Regular reviews of key financial risks.
Contract risks e.g. contractor viability, non-delivery	Medium	Low	Regular in-year budget forecasting, monitoring and reporting. Take action where adverse forecasts are identified. Regular reviews of key financial risks. Maintain regular contact with Heads of Service regarding developments that have potential financial implications.

Sensitivity Analysis

A small change in key underlying assumptions can produce a significant change in the budget.

Table 10 Sensitivity	Change	Estimated annual impact £000
Business Rates Income	+/- 1%	£8k
Staff Costs	+/- 1%	£190k
Non-Pay Costs	+/- 1%	£80k
Council Tax/Taxbase	+/- 1%	£138k

MTFP and Budget Monitoring and Review

The updated MTFP position will be reported as part of the draft budget report in November.

The processes and procedures relating to the monitoring of the Revenue Budget and Capital Programme are set out in the Council's Financial Procedure Rules.

15. Budget Equalities Impact Assessments

The annual service & financial planning reports include information about the implications of budget proposals. Where new service changes, projects or policies are proposed, equalities impact assessments will be carried out by the responsible officers. Changes that affect Council staff will be discussed directly with individuals affected and with their representatives.

16. Budget Scrutiny

The annual draft budget proposals are considered by the Budget Scrutiny Panel of the Overview & Scrutiny Committee in December and the conclusions and recommendations of the Panel and the Committee are reported to the Executive for consideration when the final budget proposals are presented to them in January.

17. Consultation

The MTFP is published on the Council's website.

The annual budget proposals are circulated to the business community via the Business e-bulletin (which has in excess of 1,500 recipients).

18. Service & Financial Planning Process and Timetable 2020/21

As explained above, this MTFP represents an overarching view of our finances and looks to anticipate future demands and pressures so that we can take timely decisions to secure financial sustainability.

The MTFP is supported by a number of key documents which contribute to management of the overall financial position. These are:

Revenue Budget Report	<p>Produced on an annual basis – draft in November and final in the following January. It sets out the plan for setting and managing a balanced budget for the following financial year.</p> <p>It is here the detailed decisions on revenue and capital expenditure are presented, including proposed budget savings and growth. The recommended Budget is supported by operational budget detail that forms the basis for in-year budget monitoring and management.</p>
Capital Programme	<p>Sets out capital expenditure plans over the medium term. This is aligned with the Revenue Budget where it results in costs of borrowing and income streams.</p>
Capital Investment Strategy	<p>First introduced for 2019/20. Updated on an annual basis and sets out the framework for investing in capital assets over the medium term. Objectives:</p> <ul style="list-style-type: none">• Ensure capital expenditure contributes to the achievement of the Council's organisational strategy• Set a Capital Programme which is affordable and sustainable• Maximise the use of assets• Provide a clear framework for decision making and prioritisation relating to capital expenditure• Establish a corporate approach to the review of asset utilisation

Treasury Management Investment Strategy.	Sets out the approach to managing the cash available to the Council and how to maximise its value. Also sets out the Council’s investment and borrowing arrangements and controls.
Reserves Policy	Sets out the reasons for holding reserves and how they will be used, including financial limits where appropriate. The draft Policy is attached at Appendix 3.1.
Fees & Charges Policy.	Sets out a corporate view of the fees and charges levied by the Council for consideration each year. The draft Policy is attached at Appendix 4.
Annual Council Tax Report	Approved by Full Council in February each year

Service & Financial Planning Objectives

The objectives for service & financial planning each year are to:

- Help Members determine budget priorities and their timing
- Forecast the changes in demand for services and match demand with likely resources
- Assess the likely implications of changes in legislation on resources
- Model the future costs of alternative policies; and
- Provide a framework for programming activities by individual services.

Service & Financial Planning Timetable

The timetable for Service & Financial Planning 2020/21 is set out at Appendix 6.

19. Conclusion

This MTFP presents a summary of the key financial processes and policies that help us forecast the likely financial position we will be facing over coming years.

It is the Council’s primary financial planning tool and will form the basis for ongoing discussions throughout service & financial planning for 2020/21.

APPENDICES

1. Revenue Budget 2019/20
2. Capital Programme 2019/20 to 2023/24
- 3.1 Draft Reserves Policy
- 3.2 Revenue Reserve Balances at 31 March 2019
4. Draft Fees & Charges Policy
5. Strategic Financial Risks
6. Service & Financial Planning Timetable 2020/21

REVENUE BUDGET 2019/20

	2019/20 Budget £000	2019/20 Budget £000
ORGANISATION		
Projects & Performance	1,889,400	
Organisational Development	692,900	
ICT	1,476,700	
Legal & Governance	1,884,500	
Finance	1,715,300	
Property	(1,937,000)	
PEOPLE		
Housing	989,700	
Revenues, Benefits & Fraud	(74,300)	
Wellbeing & intervention	188,600	
Community Partnerships	1,244,950	
Communications	740,100	
PLACE		
Planning	730,000	
Place Delivery	169,500	
Economic Prosperity	277,600	
Neighbourhood Operations	2,865,950	
1. NET COST OF SERVICES		12,853,900
Headroom Contingency Budget	835,800	
Pension Fund Deficit Contribution	1,963,000	
Other Pension Contributions	375,000	
Redundancy & Severance Costs	100,000	
New Posts Budget (new for 2019/20)	250,000	
Revenue Budget Contribution to Capital Expenditure	500,000	
Other Central Items	(245,000)	
Grants to Town & Parish Councils	57,500	
Subsidy Grants to Tenants	55,000	
Treasury Management – Interest Payments	157,000	
Treasury Management – Interest Receipts	(607,600)	

2. TOTAL CORPORATE BUDGETS		3,440,700
NET EXPENDITURE (1 + 2)		16,294,600
3. NET CONTRIBUTIONS TO/(FROM) RESERVES		(245,000)
Business Rates	(882,000)	
Elimination of 'Negative RSG' (one-off for 2019/20)	(1,465,000)	
4. SOURCES OF FUNDING		(2,347,000)
5. COUNCIL TAX REQUIREMENT		(13,702,600)
NET SOURCES OF INCOME (3 + 4 + 5)		(16,294,600)

Net Cost of Services: These are the direct costs incurred by the Council in delivering services through the three Directorates, less any specific income generated.

Corporate Budgets: These are costs incurred and income received by the Council that are not service-specific, e.g. Pension Fund deficit contributions and treasury management costs and income. Also included in this heading is the Headroom Contingency.

Contributions to/from Reserves: The impact of the use of Reserves is a reduction in the total income demand on council taxpayers.

Sources of Funding: These income budgets are general, non-service specific income sources. They include our share of Non-Domestic Rate income. For 2019/20 it includes the impact (benefit) of the one-off elimination of 'Negative Revenue Support Grant' that was announced by the Government in December 2018.

Council Tax: This income is also a general and non-service specific source of income. Only when budgets have been established for the other 'building blocks' can the amount required from council tax be calculated; known as the 'Demand on the Collection Fund'

CAPITAL PROGRAMME 2019/20 to 2023/24

CAPITAL PROGRAMME 2019-2024 - DETAILS

FINANCE & ORGANISATION

STRATEGIC PROPERTY	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Park Farm	50.0	0.0	0.0	0.0	0.0	0.0
London Road	3,734.5	0.0	0.0	0.0	0.0	0.0
Reading Arch Road	1,125.0	0.0	0.0	0.0	0.0	0.0
Albert Road North	1,003.0	0.0	0.0	0.0	0.0	0.0
Regent House	16,378.0	0.0	0.0	0.0	0.0	0.0
Units 1-5 Redhill Distribution Centre	15,989.5	0.0	0.0	0.0	0.0	0.0
Rolling Programmes:						
Commercial Investment Properties	83.0	50.0	50.0	76.0	76.0	76.0
	38,363.0	50.0	50.0	76.0	76.0	76.0

IT SERVICES	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Rolling Programmes:						
ICT Replacement Programme	69.3	275.0	100.0	300.0	275.0	275.0
Disaster Recovery Systems Upgrade	70.0	0.0	0.0	0.0	0.0	0.0
	139.3	275.0	100.0	300.0	275.0	275.0

ORGANISATIONAL DEVELOPMENT	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Replacement Photocopiers/Printers	70.0	0.0	0.0	0.0	0.0	0.0
Rolling Programmes:	0.0	0.0	0.0	0.0	0.0	0.0
Great Workplace	111.0	30.0	30.0	30.0	30.0	30.0
	181.0	30.0	30.0	30.0	30.0	30.0

PEOPLE SERVICES

HOUSING	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Grant Funded						
Flexible Homlessness Support (Grant Funded)	191.0	0.0	0.0	0.0	0.0	0.0
Disabled Facilities Grant	750.0	965.0	965.0	965.0	965.0	965.0
Repossession Prevention Fund	57.5	30.0	30.0	30.0	30.0	30.0
Home Improvement Agency (Part Grant Funded)	132.0	120.0	120.0	120.0	120.0	120.0
Housing Development						
64 Massetts Road	368.6	0.0	0.0	0.0	0.0	0.0
Lee Street Bungalows	50.0	380.1	0.0	0.0	0.0	0.0
	1,549.1	1,495.1	1,115.0	1,115.0	1,115.0	1,115.0

WELLBEING & INTERVENTION	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
Rolling Programmes:						
Leisure Centres	48.5	30.0	30.0	30.0	30.0	30.0
Existing Pavilions Programme	45.0	30.0	30.0	30.0	30.0	30.0
Harlequin Property Maintenance	90.5	40.0	40.0	40.0	40.0	40.0
Harlequin Facilities Maintenance	41.0	25.0	25.0	25.0	25.0	25.0
Capital Grants	20.0	20.0	20.0	20.0	20.0	20.0
	245.0	145.0	145.0	145.0	145.0	145.0

COMMUNITY PARTNERSHIPS	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
Rolling Programme:						
Day Centres Programme	29.5	25.0	25.0	25.0	25.0	25.0
	29.5	25.0	25.0	25.0	25.0	25.0

PLACE SERVICES

NEIGHBOURHOOD OPERATIONS	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Refuse Vehicle Replacement	0.0	720.0	1,620.0	1,620.0	0.0	0.0
Rolling Programmes:						
Earlswood Depot/Park Farm Depot	10.0	10.0	10.0	20.0	20.0	20.0
Vehicles & Plant Programme	610.0	582.0	1,542.0	846.0	846.0	846.0
Air Quality Monitoring Equipment	83.6	48.0	108.0	40.0	40.0	40.0
Contaminated Land - Investigation work	60.0	30.0	30.0	30.0	30.0	30.0
Land Flood Prevention Programme	6.0	6.0	6.0	10.5	10.5	10.5
Play Areas Improvement Programme	218.0	222.0	226.0	230.0	230.0	230.0
Park & Countryside - Infrastructure & Fencing	45.0	45.0	45.0	45.0	45.0	45.0
Priory Park Maintenance	37.4	5.0	0.0	0.0	0.0	0.0
Car Parks Capital Works Programme	154.0	30.0	30.0	30.0	30.0	30.0
Public Conveniences	11.0	5.0	5.0	4.0	4.0	4.0
Cemeteries & Chapel	20.0	0.0	0.0	10.0	10.0	10.0
Allotments	22.0	4.0	4.0	2.0	2.0	2.0
CCTV Rolling Programme	31.4	30.0	30.0	30.0	30.0	30.0
Infrastructure (Walls etc.)	15.0	5.0	5.0	10.0	10.0	10.0
	1,323.4	1,742.0	3,661.0	2,927.5	1,307.5	1,307.5

PLACE DELIVERY	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000
Merstham Regeneration	54.0	0.0	0.0	0.0	0.0	0.0
Preston Regeneration	249.9	418.5				
Redhill Public Realm Improvements	20.0	24.8				
Marketfield Way Redevelopment	2,430.3	6192.1	18,858.6	23,212.0	15,100.0	0.0
Cromwell Road Redevelopment	720.0	5,707.3	3,680.0	0.0	0.0	0.0
Pitwood Park	300.0	4,332.0	1,745.0	71.0	0.0	0.0
Horley Public Realm Improvements - Phase 3	110.0	390.0	0.0	0.0	0.0	0.0
	3,884.2	17,064.7	24,283.6	23,283.0	15,100.0	0.0

DRAFT RESERVES POLICY

Introduction

The establishment, monitoring and review of the levels of reserves and balances are an important element of the Council's financial management systems and financial standing.

The Chief Finance Officer (Section 151 Officer) is required by law to formally report to the Council their opinion on the adequacy of the Council's reserves. Irrespective of this, a well-managed authority is clear about the reserves it needs now and in the future to support its service aspirations, while at the same time delivering value for money within a climate of significant resource pressure and economic/social risk.

This Policy does not cover non-distributable reserves required to support financial accounting transactions e.g. the Revaluation Reserve, Capital Adjustment Account and Pension Reserve. (Non-distributable reserves are those that cannot be used for revenue or capital purposes.)

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.
- A means of setting aside sums for future identified uses and / or investments

Such reserves are generally referred to as Earmarked Revenue Reserves.

What are Reserves?

There is no clear definition of reserves even though reference is made to reserves in legislation. The Chartered Institute of Public Finance and Accountancy (CIPFA) states 'amounts set aside for purposes falling outside the definition of provisions should be considered as reserves.' Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Generally there are two types of reserves, those that are available to meet revenue or in some cases capital expenditure (Usable) and those that are not available to finance revenue or capital expenditure (Unusable). Useable reserves result from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. They can be spent or earmarked at the discretion of the Council.

The Council must manage its reserves in accordance with its strategic longer term planning process.

Policy principles:

- The General Fund Balance will be maintained at a minimum of 15% of the net Revenue Budget to cover any major unforeseen expenditure.
- Earmarked revenue reserves will be maintained for specific purposes that are consistent with achieving Corporate Plan priorities and/or where they are required to account separately for Government funding streams.
- Reserves must only be used to fund one-off expenditure.
- Recurring expenses may only be funded from reserves if plans are in place to fund the ongoing costs and replenish the reserve within 12 months.
- Unplanned revenue income receipts will be held in a reserve pending future decisions as to their use.
- We aim to balance the Revenue Budget over the period of the MTFP without reliance on the use of reserves

July 2019

REVENUE RESERVE BALANCES AT 31 MARCH 2019

	Balance at 31.3.19 £m	Purpose
General Fund Balance	£12.547m	Acts as a buffer against unpredicted budget pressures. The minimum level required is £2.6m

Other Revenue Reserves	Balance at 31.3.19 £m	Purpose
New Homes Bonus Reserve	£17.086m	Established to account separately for New Homes Bonus income. No restrictions on use.

Earmarked Revenue Reserves	Balance at 31.3.19 £m	Purpose
Government Funding Reduction Reserve	2.019	Established at the end of 2017/18 for the purpose of mitigating the planned reduction in Government funding.
Superannuation Reserve	1.507	Established to 'smooth' any sudden increases in employer pension costs.
Corporate Plan Delivery Fund (CPDF)	1.206	Provides time-limited funding to deliver key priorities, Corporate Plan objectives and invest-to-save initiatives.
Business Rates Equalisation Reserve	1.000	Established to mitigate the impact of any fluctuations in retained business rates income resulting from, for instance, a back-dated rating appeal or a major employer leaving the area.
Insurance Reserve	0.550	Provides cover against uninsured losses.
New Posts	0.500	Established at the end of 2018/19 to provide initial funding for new permanent posts created during the year to support delivery of new corporate initiatives. Thereafter the intention is to build these posts into the approved budget in 2020/21 onwards.
Homelessness Prevention	0.407	Established to account separately for the funding set aside for homelessness prevention.
Growth Points Reserve	0.286	Established to account separately for Growth Points funding.
Feasibility Studies	0.250	Established at the end of 2018/19 to set aside funds for feasibility studies, to be managed by the new Commercial Ventures Sub-Committee.
Business Support	0.147	Established to account separately for the allocation of

Earmarked Revenue Reserves	Balance at 31.3.19 £m	Purpose
Scheme		funding to help flood-affected business.
Neighbourhood Improvement Reserve	0.044	Established to account separately for the funding set aside for neighbourhood improvement projects.
High Street Innovation Reserve	0.040	Established to account separately for the funding of this initiative prior to it being used.
Total Earmarked Revenue Reserves:	£7.956M	

DRAFT FEES & CHARGES POLICY

Our Medium Term Financial Plan (MTFP) sets out our financial objectives to support delivery of the Corporate Plan. These plans remain challenging in the context of an uncertain economic future, on-going austerity measures, significant reductions in funding from Government and the move towards more locally-generated income streams.

In the future we will need to be financially self-sufficient and less reliant on central government funding. Maximising the potential for increased income will be integral to supporting delivery of the MTFP.

Seeking opportunities for income generation is a priority for the Council, alongside broader proposals for the trading and commercialisation of some services.

This Fees & Charges Policy outlines the key principles to be considered in charging for Council services in a transparent and consistent manner.

Scope

This Policy applies to the setting and reviewing of all fees and charges for Council services, where the Council has discretion to apply a charge and discretion over the level of charge applied.

The Policy excludes:

- Charges that are determined by Central Government
- Council Tax
- Business Rates
- Property rents
- Any charges where there are legal or contractual reasons for exclusion
- Any charges levied by Trading Companies or other third parties delivering services on behalf of the Council.

Application

Directorates should refer to this Policy when reviewing current charges or proposing new charges as part of the service & financial planning process for the forthcoming financial year, and for any other in-year consideration of service charging.

Understanding the relationship between cost and charges is vital when determining charges for services and support and advice should be sought from the Finance team when applying this Policy.

Aims and Objectives

The overarching aim of the Policy is to embed a commercial approach to setting fees and charges. An aim of commercialism is to ensure the Council thinks consistently in a business-like manner and clearly articulates the costs and benefits associated with the activities it carries out.

The objectives of the Fees & Charges Policy are:

- To promote efficiency and support the commercialisation of our business in order to support the MTFP and deliver the Corporate Plan
- To minimise the draw on local taxpayers of discretionary services and promote fairness by fostering a culture where discretionary services are supported largely by users rather than the council tax payer
- To set a clear, flexible and equitable framework of standards and procedures for applying charges and fees to relevant Council services for both individuals and organisations. The level of charge will reflect the cost plus a return where this is permissible/appropriate.
- To meet the aim of being 'business like' through service areas understanding and reviewing the costs and charges for their service areas.

Charging and Trading Legislation

The legislation and case law that governs Councils' ability to charge and generate income is complex. Specific powers to charge for services are contained in a variety of local government statutes.

These include:

- Local Authorities (Goods and Services) Act 1970 – introduced powers for councils to enter into agreement with other Local Authorities and public bodies for the supply of goods and services. Any agreement may contain such terms as to payment or otherwise as the parties consider appropriate.
- Local Government Act 2003 – added further opportunities to the above. This act enables council's to trade in activities related to their functions on a commercial basis and make a profit, which may be reinvested in services, through a trading company.
- Localism Act 2011 – the General Power of Competence (GPC) introduced a power to allow councils to do anything that an individual may do. However, for the purposes of charging, this should not exceed the cost of provision of the service in question, as operating for a commercial purpose (i.e. to make a profit) must be done through a trading company.

Standard Charging Principles

Standard principles will be applied to all fees and charges (within the scope of this Policy) set by the Council. Where a service plans deviate from these principles, the basis and reason for variation will be clearly documented and approved in accordance with the Council's Constitution/scheme of delegation.

Services that have discretion over charging are encouraged to operate more commercially in order to maximise efficiency and reduce dependence on corporate funding support. The ability of services to operate in this way is dependent on services being able to set and amend their charges with a level of flexibility, including consideration of current market rates and demand for the service. The Policy will also make decision making simpler and more timely.

This Policy enables us to apply differential charging, discounting and alternative pricing structures in order to maximise commercial benefit and target service take-up. Individual service areas can vary charge rates on a case by case basis, taking into account relevant market rates and the need to maximise income and operate efficiently.

All fees and charges will:

- Demonstrate how they contribute to the achievement of corporate and service objectives
- Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise a service
- Be subject to equality impact assessment screening and consultation where appropriate
- Minimise the costs of collection
- As a minimum be increased annually from 1 April each year in line with Consumer Price Index (CPI) inflation increases (rate published for the preceding September each year)
- Be subject to a scheduled review at least every 3-5 years.

Charging Models

When introducing or reviewing a charge the Council will follow one of three models:

Charge	Definition	Application
Full Cost recovery	<p>Full Cost Recovery is defined in this Policy as the Chartered Institute of Public Finance and Accounts' (CIPFA's) 'total cost' model.</p> <p>When charging 'total cost' the Council is aiming to charge the user the full cost to the Council of providing that service. The 'total cost' to the Council is calculated following CIPFA methodology.</p> <p>The cost of the charge will include, in addition to the direct cost of providing the service, costs such as fair and appropriate proportion of the cost of premises, central services and other overheads</p>	This is the Council's 'default' charging principle.

Charge	Definition	Application
Direct Cost Plus	<p>As a minimum the Council would recover the direct cost of providing the service plus wherever possible, a contribution to overheads.</p> <p>The level of overhead contribution is an operational decision, and will be dependent upon the particular circumstances and objectives.</p>	<p>This allows flexible pricing decisions to take account of external market conditions. For instance, there are circumstances where setting charges at a level more than full cost recovery may be appropriate (e.g. when trading with other local authorities or public bodies the Council is not limited in the amounts it can charge).</p> <p>This charging model also allows charges to be set below full cost recovery to achieve a particular objective – for example entering into a new market or attracting new business. However, in line with the Standard Charging Principles, the aim will always be to recover the full cost of a service over time.</p>
Subsidised	<p>A subsidised charge requires the Council to contribute to the direct cost of the service. Where the Council is not covering the direct costs of the service, it will require a contribution from the Council. All subsidies will be subject to the approval of the Executive.</p>	<p>This model provides the Council with the option to provide a service with full or partial subsidy. The level of subsidy will be determined by reference to the nature of the service and the rationale for any subsidy for example:</p> <ul style="list-style-type: none"> • providing a public good • encouraging service take up • the user group's ability to pay. <p>The financial impact of subsidy decisions on the budget will be identified both individually and collectively, and actively managed and reviewed.</p>

Authority to Set and Vary Charges

The decision on charging levels will be based on the relevant charging method: full cost recovery, direct cost plus or subsidised.

All charging decisions must be made in accordance with the Council's Constitution (Budget and Policy Framework, Scheme of Delegation and Financial Procedure Rules) and be able to demonstrate consistency with our strategic priorities, policies and statutory obligations.

The decision to vary charges for existing chargeable services which are not subsidised is an operational decision, which will be taken by the appropriate Director/Head of Service in consultation with the Chief Finance Officer.

Policy Review

This Policy will be reviewed periodically, taking into account developing Council policies and priorities and any changes in legislation.

July 2019

EXTRACT: STRATEGIC RISK REGISTER STRATEGIC FINANCIAL RISKS

Risk No	Risk Description	Owner	Controls	Mitigating Actions / Progress	Rating	Status	Last review Date	Direction of Travel
SR2	<p><u>Financial Sustainability</u></p> <p>The Council receives no Revenue Support Grant from Central Government. While council tax and business rates make up a significant portion of the Council's funding, they do not cover the full extent of the Council's expenditure.</p> <p>The Council's ability to generate income from investments may be restricted by changes in regulations and codes of practice.</p> <p>The Council must therefore put in place a capital investment strategy, supported by appropriate governance structures and resources, to generate additional income to sustain service provision. The failure to generate this income will jeopardise the delivery of corporate objectives. Managing this risk well is dependent on Officers and Members remaining ambitious.</p>	<p>PM</p> <p>Portfolio Holder: Cllr Schofield</p>	<p>We will be preparing updated Medium Term Financial Plan (MTFP) Revenue Budget forecasts and a five-year Capital Programme during service & financial planning for 2020/21 onwards.</p> <p>These will be used to confirm the extent of the financial challenges faced and support strategic service & financial planning decisions.</p> <p>We will implement the actions detailed in the Outline Capital Investment Strategy that was approved by Executive in April 2019.</p> <p>This will help ensure that capital investment decisions support delivery of the Council's strategic and financial objectives.</p>	<p>We will continue to ensure that strong financial management arrangements are in place and continue to invest in skills and expertise to support delivery of the council's financial and commercial objectives while managing associated risks.</p> <p>During 2020/21, it is anticipated that new funding arrangements for local government will be introduced, This will follow on from the Fair Funding Review, Business Rates Reset and Comprehensive Spending Review, the outcomes of which and the impacts for this Council are not yet known.</p> <p>The Council is therefore expecting to be increasingly reliant on other sources of income, primarily from fees and charges and from its treasury and commercial investments.</p>	A	Treat	24.04.19	

Risk No	Risk Description	Owner	Controls	Mitigating Actions / Progress	Rating	Status	Last review Date	Direction of Travel
			<p>We will implement the Treasury Management Strategy 2019/20 that was approved by Executive in April 2019.</p> <p>This will ensure that treasury investments achieve target returns within approved security and liquidity limits.</p>	<p>This risk was previously managed as SR1 – ‘Long-term financial sustainability’ on the Q4 2018/19 strategic risk register.</p>				

Service & Financial Planning Timetable 2020/21

Date	Event	Purpose
15 May 2019	Management Team Away day	Consider service position and initial forecasts
6 June 2019	Executive Away day	Discuss financial position and 'direction of travel'
11 July 2019	Management Team Away day	Consider provisional savings and growth proposals
11 July 2019	Overview & Scrutiny	Medium Term Financial Plan Update
18 July 2019	Executive	
23 July 2019	Executive Away day	Discuss and agree provisional savings and growth proposals
19 September 2019	Management Team Away day	Consider provisional budget proposals
10 October 2019	Executive Away day	Agree provisional budget proposals
7 November 2019	Executive	Agree provisional budget
21 November 2019	Overview and Scrutiny Budget Scrutiny Panel	Review of provisional budget
30 January 2019	Executive	Receive Scrutiny Penal Feedback and Approve Budget proposals
13 February 2019	Full Council	Approve Council Tax

GLOSSARY OF TERMS

Actuarial Valuation

An independent report of the financial position of the Surrey Local Government Pension Fund carried out by an actuary every three years. The actuary reviews the pension fund assets and liabilities as at the date of the valuation and makes recommendations such as, employer's contribution rates and deficit recovery period, to the Council.

Baseline Funding Level

The amount of a local authority's start-up funding allocation which is provided through the local share of the estimated business rates aggregate at the outset of the scheme as forecast by the Government. It forms the baseline against which tariffs and top-ups are calculated.

Billing Authority

Reigate & Banstead Council is the Billing Authority with responsibility for calculating the amount to be raised through the council tax in this borough after taking into account the precepts levied by the major precepting authorities.

Budget Requirement

The Council's Revenue Budget after deducting funding streams such as fees and charges and any funding from reserves (excludes council tax and business rates income).

Capital Expenditure

Spend on assets that have a lasting value, for example, commercial investments including land and buildings and large items of equipment such as vehicles. This can also include indirect expenditure in the form of grants or loans to other persons or bodies.

Capital Programme

The Council's plan for future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital Receipts

Proceeds from the disposal of land or other assets and can be used to finance new capital expenditure; but cannot be used to finance revenue expenditure.

Capping

This is the power under which the Government may limit the maximum level of local authority spending or increases in the level of spending year on year, which it considers excessive. It is a tool used by the Government to restrain increases in council tax.

CIPFA

The Chartered Institute of Public Finance and Accountancy is one of the UK accountancy institutes. Uniquely, CIPFA specialises in the public sector. Consequently, CIPFA holds the responsibility for setting accounting standards for local government.

Collection Fund

A statutory account maintained by the Council recording the amounts collected from council tax and business rates and from which it pays precepts to Surrey County Council, the Police & Crime Commissioner, Towns, Parishes and the Ministry for Housing, Communities and Local Government for business rates.

Collection Fund Surplus (or Deficit)

If the Council collects more or less than it expected at the start of the financial year, the surplus or deficit is shared with the major precepting authorities, Surrey County Council and the Police & Crime Commissioner, in proportion to the respective council taxes. These surpluses or deficits have to be returned to the council taxpayer in the following year through lower or higher council taxes. If, for example, the number of properties or the allowance for discounts, exemptions or appeals vary from those used in the council tax base, a surplus or deficit will arise. From 2013/14 onwards the collection fund has included business rates income. The business rates surplus or deficit is shared with the Ministry for Housing, Communities and Local Government.

Headroom Contingency

This is money held centrally in the base budget to meet the cost of unbudgeted items of expenditure.

Council Tax Base

The council tax base for a Council is used in the calculation of council tax and is equal to the number of Band D equivalent properties. To calculate this, we count the number of properties in each band and work out an equivalent number of Band D equivalent properties. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard' Band D, and so on.

The Council Tax Calculation

The formal calculation of council tax as presented in the Council Tax Resolution to Full Council in February each year.

CPI and RPI

The main inflation rate used in the UK is the CPI (Consumer Price Index); the Chancellor of the Exchequer bases the UK inflation target on the CPI. The CPI inflation target is currently set at 2%. The CPI differs from the RPI (Retail Price Index) in that CPI excludes housing costs. Also used is RPIX, which is a variation on RPI, which excludes mortgage interest payments.

Earmarked Revenue Reserves

These balances are not a general resource but earmarked by the Council for specific purposes.

Financial Procedure Rules

These are a written code of procedures in the Council's Constitution, which provide a framework for the proper financial management of the authority. They cover rules for accounting and audit procedures, and set out administrative controls over the authorisation of payments, etc.

Financial Year

The local authority financial year commences on 1 April and finishes on the following 31 March.

General Fund

This is the main revenue fund of the local authority; day-to-day revenue budget spending on services is met from this fund.

General Fund Balance

This is the main unallocated reserve that is held to meet any unforeseen budget pressures.

Gross Domestic Product (GDP)

GDP is defined as the value of all goods and services produced within the UK economy.

Gross Expenditure

The total cost of providing Council services, before deducting income from Government or fees and charges for services.

Housing Benefit Subsidy

Local authorities determine and pay applications for housing benefit in accordance with the national scheme and receive a Subsidy grant from Government to fund the costs. The Government is moving to a national scheme of universal credit which includes an element of housing benefit.

Individual Authority Business Rates Baseline

This is derived by apportioning the billing authority business rates baseline between billing and major precepting authorities on the basis of major precepting authority shares.

'Local Share'

From April 2013, local councils have been allowed to keep a proportion of the business rates they collect from businesses in their area. In most areas, half of business rates will have to be paid over to central government (the 50% scheme), with some piloting 100% business rates retention. Billing

authorities continue to collect all of the business rates in their area on behalf of the major precepting authorities and central government. Reigate & Banstead's share of the 50% retained is 40%.

Net Expenditure

This is gross expenditure less service income, but before deduction of government grant.

National Non-Domestic Rates

Also known as 'Business Rates', National Non-Domestic Rates are collected by billing authorities including Reigate & Banstead and, up until 31 March 2013 were all paid into a central national pool, then redistributed to authorities according to resident population. From 2013/14 local authorities have retained a 'Local Share', see above, the aim of which is to provide an incentive for councils to help local businesses set up and grow.

New Homes Bonus

Under this scheme councils receive a New Homes Bonus per each new property built in the borough for the first four years following completion. Payments are based on match-funding the council tax raised on each property with an additional amount for affordable homes. It is paid in the form of an unring-fenced grant. Since 2017/18 the scheme excludes the first 0.4% of growth to 'sharpen the incentive'.

Prudential Borrowing

Set of rules governing local authority borrowing for funding capital projects under a professional code of practice developed by CIPFA to ensure that capital investment plans are affordable, prudent and sustainable. Local authorities generally borrow from the National Loans Fund via the Public Works Loan Board (PWLB), a statutory body operating within the UK Debt Management Office, an executive agency of the Treasury.

Reserves

We set aside resources to provide protection against difficult economic times. The level of reserves helps ensure a relatively secure financial base. It is important to carry out regular reviews to ensure an appropriate balance between securing the future financial position of the Council and investing in current delivery of services.

Revenue Expenditure

The day-to-day running cost of services provided by Council.

Safety Net

In order to prevent local authorities having to drastically cut services as a result of a significant fall in business rate income and to provide some protection against major economic shocks, the government introduced a safety net mechanism to ensure that no local authority will experience a fall in business rate income of more than 7.5% in any one year under the 50% scheme. This safety net is paid for by a Levy on what the government deems to be 'excessive growth'.

Section 151 Officer

Legally councils must appoint under section 151 of the Local Government Act 1972 a named Chief Finance Officer to provide professional financial advice. In Reigate & Banstead this is the post of Head of Finance.

Service & Financial Planning

The annual process for reviewing service priorities and preparing budget forecasts.

Settlement Funding Assessment (SFA)

A local authority's share of the local government spending control total which comprises its baseline funding level (in 2013/14 this was called the 'start-up funding allocation').

Specific Grants

As the name suggests, funding through a specific grant is provided for a specific purpose and cannot be spent on anything else e.g. Homelessness Prevention.

Spending Review

The Spending Review is an internal Government process through which the Treasury negotiates budgets for each Government department. The 2015 Spending Review set Government spending for the four financial years up to 2019/20. Spending Review19 is expected this year ready for implementation in 2020.

Tariffs and Top-Ups

Because the amount of business rates an individual authority is able to collect will vary enormously depending upon location and the characteristics of the authority, the government introduced a system of top-ups and tariffs to redistribute business rates around the country. Local councils with a relatively high level of business rates pay a tariff into a national pot which is used to pay top-ups to those local authorities with relatively low levels of business rates. Reigate & Banstead is a 'tariff' authority.

Treasury Management

The process of managing cash flows, borrowing and cash investments to support our finances. Details are set out in the Treasury Management Strategy which is approved by Executive and Full Council each year.

Agenda Item 8



SIGNED OFF BY	Head of Legal and Governance
AUTHOR	Catriona Marchant, Democratic Services Officer
TELEPHONE	Tel: 01737 276066
EMAIL	catriona.marchant@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee
DATE	Thursday 11 July 2019
EXECUTIVE MEMBER	Not applicable

KEY DECISION REQUIRED	No
WARDS AFFECTED	All Wards

SUBJECT	Overview and Scrutiny Committee's Work Programme 2019/20
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RECOMMENDATIONS
<p>(i) To consider the proposed future work programme for the Overview and Scrutiny Committee, set out in Annex 1; and</p> <p>(ii) To note the Action Tracker (Annex 2) from the last meeting.</p>
REASONS FOR RECOMMENDATIONS
<p>The work programme for the Overview and Scrutiny Committee was recommended by the Overview and Scrutiny Committee at its meeting on 14 February 2019 and was agreed by Council on 11 April 2019.</p> <p>Arrangements for implementing the work programme have progressed and the latest plans are outlined in Annex 1. In addition an Action Tracker (Annex 2) which sets out the Resolutions and requests for information from the previous meeting is added to the Agenda.</p> <p>This is a standing item to the Agenda at each meeting to keep the Committee informed and to prepare for upcoming business.</p>

Agenda Item 8

EXECUTIVE SUMMARY

Background information

The selection and prioritisation of work is essential if the scrutiny function is to be successful, add value and retain credibility. This proposed standing item gives the Committee an opportunity to view and comment on future planning of the Overview and Scrutiny work programme.

Work Programme 2019/20

The Work Programme 2019/20 is a useful tool in planning the overview and scrutiny work programme. The Future Work Programme will be updated before each meeting.

This feeds into the [Corporate Forward Plan](#)

Action Tracker

The Action Tracker will set out the Resolutions and requests for information from the previous meeting.

STATUTORY POWERS

1. The *Local Government Act 2000* (as amended) established Overview and Scrutiny Committees within the Leader with Cabinet model of governance. Subsequent legislation including the *Police and Justice Act 2006*, the *Local Government Public Involvement in Health Act 2007*, the *Local Democracy, Economic Development and Construction Act 2009*, the *Localism Act 2011* and the *Local Authorities (Overview and Scrutiny Committees) (England) Regulations 2012* has provided additional responsibilities on the Committee.

BACKGROUND

2. The Overview and Scrutiny Committee Work Programme 2019/20 was agreed earlier in 2019 and sets out a programme of activity that is in line with the Council's priorities.
3. This report requests the Committee to use the Overview and Scrutiny Committee Work Programme 2019/20 and the Action Tracker as a tool to assist the Committee in managing its activities during the year.

OPTIONS

4. The Committee has the option to approve, add to or remove items from the proposed work programme or to ask Officers to review the position and report back on alternative options.

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LEGAL IMPLICATIONS

5. There are no immediate legal implications arising from this report.

FINANCIAL IMPLICATIONS

6. There are no financial implications arising from the recommendations set out in this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

EQUALITIES IMPLICATIONS

7. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
 - The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
8. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
 - How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
 - Whether the impact on particular groups is fair and proportionate;
 - Whether there is equality of access to service and fair representation of all groups within the Borough;
 - Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

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COMMUNICATION IMPLICATIONS
9. Not applicable
HUMAN RESOURCES IMPLICATIONS (if applicable)
10. Not applicable.
RISK MANAGEMENT CONSIDERATIONS
11. Not applicable.
CONSULTATION
12. Consultation with the Chair of the Overview and Scrutiny Committee will take place as part of the agenda planning process for each meeting.
POLICY FRAMEWORK
13. The Committee's activities through its work programme are designed to support the corporate direction of the Council. 14. The Chair of the Committee will meet regularly with the Leader of the Council to link the Committee's work programme to the Corporate Forward Plan of business.
BACKGROUND PAPERS
15. Overview and Scrutiny Committee Work Programme 2019/20 report (14 February 2019). Corporate Plan 2015-20 - http://www.reigate-banstead.gov.uk/council_and_democracy/about_the_council/plans_and_policies/corporate_plan/index.asp
ANNEXES
<ul style="list-style-type: none">- Annex 1 – Future Work Programme 2019/20- Annex 2 – Committee Action Tracker

Overview and Scrutiny Committee – Forward Plan 2019-20

Item	Date	Executive Member	Lead Officer	Details
	6 June 2019			
Election of Chair and Vice-Chair		N/A	N/A	To elect the Chair and Vice-Chair of the Committee for 2019/20.
Annual Internal Audit Report 2018/19		Portfolio Holder for Finance	Projects and Performance Team Leader	To consider the Annual Internal Audit Report and Opinion for 2018/19.
Provisional Outturn Report 2018/19		Portfolio Holder for Finance	Head of Finance and Assets	To consider the provisional 2018/19 outturn for Revenue, Capital and Treasury Management to be reported to the Executive on 20 June 2019.
Quarterly Performance Report (Q4 2018/19)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider the performance in the fourth quarter on the Council's Key Performance Indicators, Risk Management and Internal Audit.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To confirm the Work Programme for the Overview and Scrutiny Committee for 2019/20.

Item	Date	Executive Member	Lead Officer	Details
	11 July 2019			
Leader's Update		Leader of the Council	Policy Officer	To receive an update on the work of the Council and future plans.
Five Year Plan Performance Report		Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance	To consider the Council's performance in 2018/19 relative to its Five Year plan, as reported to the Executive on 20 June 2019 and to make any observations.
Annual Governance Statement		Leader of the Council	Head of Finance and Assets	To consider the Annual Governance Statement for 2018/19, as reported to the Executive on 20 June 2019 and to make any observations.
Medium Term Financial Plan (2020/21 to 2024/25) and Budget Forecast for 2020/21 Update		Portfolio Holder for Finance	Head of Finance and Assets	To consider the latest Medium Term Financial Plan (2020/21 to 2024/25) and Budget Forecast for 2020/21.

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Item	Date	Executive Member	Lead Officer	Details
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider any updates to the Future Work Programme for O&S 2019/20.
	12 Sept 2019			
Quarterly Performance Report (Q1 2019/20)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider the performance in the first quarter on the Council's Service Indicators, Revenue Budget Monitoring, Capital Programme Monitoring and Internal Audit.
Internal Audit 2019/20 update (Q1 progress report)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider progress in Q1 against delivery of the 2019/20 internal audit plan.
ISA 260 Annual External Audit Report 2018/19		Portfolio Holder for Finance	Head of Finance and Assets	To consider the External Audit Report for 2017/18, as reported to the Executive in July.
Local Development Framework Scrutiny Review Panel		Portfolio Holder for Planning Policy	Head of Planning	To receive a report on the constitution of a Local Development Framework Review Scrutiny Panel for the year 2019/20.

Item	Date	Executive Member	Lead Officer	Details
Capital Investment Strategy		Portfolio Holder for Finance	Head of Finance and Assets	To consider the emerging Capital Investment Strategy and to make and comments to the Executive.
Budget Scrutiny Review Panel		Portfolio Holder for Finance	Head of Finance and Assets	To receive a report on the constitution of a Budget Scrutiny Panel for the year 2019/20.
Corporate Plan 2020-2025		Executive Member for Housing and Benefits	Head of Corporate Policy	To consider the draft Corporate Plan for Reigate and Banstead and make any comments to the Executive.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To agree any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.
	17 Oct 2019			
Portfolio Holder Briefing – Organisation Portfolios		Portfolio Holders for Organisation Portfolios	Director of Finance & Organisation	To receive a briefing from the Organisation Theme Portfolio Holders regarding the Organisation Theme and their portfolios.

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Item	Date	Executive Member	Lead Officer	Details
Companies Performance Update		Portfolio Holder for Investment and Companies	Head of Finance and Assets	To receive an update on the performance of Council companies.
Draft Housing Delivery Strategy		Portfolio Holder for Housing and Benefits	Richard Robinson	To consider the Draft Housing Delivery Strategy in advance of the Executive meeting on 5 December 2019.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To agree any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.
	11 Dec 2019			
Leader's Update		Leader of the Council	Policy Officer	To receive an update on the work of the Council and future plans.
Budget Scrutiny Panel Report: Service and Financial Planning (Provisional Budget) 2020/21		N/A – Chair of the Scrutiny Panel	Head of Finance and Assets	To consider the report of the Budget Scrutiny Panel and make any comments on the service and financial planning (provisional budget) 2020/21, for consideration by the Executive in line with the Council's budget and policy procedure rules.

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Item	Date	Executive Member	Lead Officer	Details
Local Development Framework Scrutiny Panel Report: Local Plan Development		N/A – Chair of the Scrutiny Panel	Head of Planning	To consider the report of the Local Development Framework Scrutiny Panel and make any comments on the development of the local plan for consideration by the Executive.
Quarterly Performance Report (Q2 2019/20)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider the performance in the second quarter on the Council's Service Indicators, Revenue Budget Monitoring, Capital Programme Monitoring, Internal Audit and Risk Management. To note the report regarding 5 Year Plan performance.
Internal Audit 2019/20 update (Q2 progress report)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider progress in Q2 against delivery of the 2019/20 internal audit plan.
Schedule of Meetings 2020/21		Portfolio Holder for Corporate Direction and Governance	Democratic Services Officer	To consider the proposed schedule of meetings and make any comments for consideration by the Executive.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.

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Item	Date	Executive Member	Lead Officer	Details
	23 Jan 2020			
Annual Scrutiny of the work of the Community Safety Partnership		Executive Member for Community Partnerships	Partnerships Team Leader	To review the work of the East Surrey Community Safety Partnership in 2019/20
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.
	20 Feb 2020			
Portfolio Holder Briefing – Place Portfolios		Portfolio Holders for Place Portfolios	Director of Place	To receive a briefing from the Place Theme Portfolio Holders regarding the Place business strand and their portfolios.

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Item	Date	Executive Member	Lead Officer	Details
Draft Treasury Management Strategy 2020/21		Portfolio Holder for Finance	Head of Finance and Assets	To consider the draft Treasury Management Strategy 2020/21 and agree comments to report to Executive in January 2020 and then to Council.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.
Overview and Scrutiny Committee: Proposed Work Programme 2020/21		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider the proposed Work Programme for the Committee for 2020/21 and to forward the Programme to the Executive on 27 February 2019 and then for approval by Council on 9 April 2020.
	19 Mar 2020			
Portfolio Holder Briefing – People Portfolios		Portfolio Holders for People Portfolios	Director of People	To receive a briefing from the People Theme Portfolio Holders regarding the People Theme and their portfolios.

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Item	Date	Executive Member	Lead Officer	Details
Companies Performance Update		Portfolio Holder for Investment and Companies	Head of Finance and Assets	To receive an update on the performance of Council companies.
Internal Audit 2019/20 update (Q3 progress report)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider progress in Q3 against delivery of the 2019/20 internal audit plan.
Internal Audit Plan 2020/21		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To endorse the draft Internal Audit Plan for 2020/21.
Quarterly Performance Report (Q3 2018/19)		Portfolio Holder for Corporate Direction and Governance	Projects and Performance Team Leader	To consider the performance in the third quarter on the Council's Service Indicators, Revenue Budget Monitoring, Capital Programme Monitoring and Internal Audit.
Overview & Scrutiny Work Programme 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider any updates to the Overview & Scrutiny Committee Work Programme for 2019/20.

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Item	Date	Executive Member	Lead Officer	Details
	16 Apr 2020			
External Audit Plan 2019/20		Portfolio Holder for Finance	Head of Finance and Assets	To endorse the draft External Audit Plan for 2019/20.
119 Overview and Scrutiny Committee: Annual Report 2019/20		N/A – Chair of Overview & Scrutiny Committee	Democratic Services Officer	To consider the draft Annual Report of the Committee's work for the year for recommendation to Council.

Possible items to be scheduled at future meetings: * Planned updated plan on carbon management (discussed at Full Council on 7 February 2019 – Item 75 – Climate Change) before going to full Council. * A Local Authority Trading Company for Provision of Revenue, Benefits and Fraud Services

Action tracker - Overview and Scrutiny Committee 2019/20

Meeting 2019	Subject and request	Action	Who	When	Completed and Archive
6 June	Annual Internal Audit report – procurement and grants funding A further update be provided to the Committee on the procurement and grants funding audit matters	A further update be provided to the Committee on the procurement and grants funding audit matters.	Projects and Performance Team Leader	13 June 2019	Completed
6 June	Item 7 – Provisional Outturn Report 2018-19	<p>RESOLVED – that the provisional 2018/19 outturn report for Revenue, Capital and Treasury Management (including use of reserves), and the observations of the Committee, as set out in the Minutes (see below), be noted:</p> <ul style="list-style-type: none"> • Capital Programme Outturn 2018/19 - Lee Street Bungalows – Members noted that Lee Street Bungalows had a projected underspend by £0.43m and requested further information on progress of this project. • Disabled Facilities Grant – the report referenced a £0.59m underspend which was due to both a combination of the number of applications received and the capacity of the 	<p>Head of Finance</p> <p>Head of Housing</p> <p>Head of N'hood Operations</p>	<p>28 June 2019 and 1 July 2019 (incl. a follow-up Q&A)</p> <p>Requested information</p>	Completed

		previous contractor to complete the work. Members identified that further publicising it to residents could be useful so there was better uptake in line with the level of government funding available.			
6 June	Item 7 – Provisional Outturn Report 2018-19	Members requested further information on the underlying causes of Capital Programme Outturn variances to distinguish between delivery delays and budget variances. This analysis should be provided to the Executive when they consider the report.	Head of Finance	This will be covered in Q1 performance monitoring in September.	
6 June	Headroom contingency (reserves)	Future budget monitoring reporting would include the Headroom Contingency budget position. Officers would consider observations from the Committee as to how approach financial reporting going forward	Head of Finance	This will be covered in Q1 performance monitoring report in September. Portfolio Holder Cllr Lewanski is leading a review on the format of the quarterly performance monitoring reports, including financial reporting. The intention is to incorporate the outcome in the Q1 performance monitoring report in September.	
6 June	Item 7 – Provisional Outturn Report 2018-19	Members requested more information and a financial breakdown about domestic food and other recycling costs in the	Head of Finance	This will be covered in the Q1 performance monitoring report in September	

		current budget to find out whether increasing volumes were due to roll-out of recycling changes in flats. They also asked for information about assumptions about market prices in the 2019/20 budget.			
6 June	Item 7 – Provisional Outturn Report 2018-19	As it is now well into the first quarter of 2019/20, when these final figures go to the Executive, that officers consider whether these figures have any impact for the current financial year 2019/20 and for capital and revenue reserves.	Head of Finance	This will be covered in the Q1 performance monitoring report in September. Budget outturn 2018/19 is also being taken into consideration when preparing the 2020/21 budget estimates through the service & financial planning process	
6 June	Item 7 – Provisional Outturn Report 2018-19	In the July meeting, the Committee has requested a report on the overall Medium-Term Financial Plan going forward to increase understanding of the overall financial picture. This would include a discussion under Part 2 Exempt business.	Democratic Services Officer	MTFP update report on 11 July O&S Agenda	Completed
6 June	Item 7 – Provisional Outturn Report 2018-19	The Chair requested a future training session for Members on Treasury Management Strategy as it applies to local government.	Head of Finance to contact Treasury m'ment supplier to arrange training in Autumn	In progress for Sept/Oct 2019 before Members consider the half-year Treasury Management report in November	

6 June	Item 8 – Quarterly Performance Report	<p>RESOLVED that:</p> <p>ii. the Committee requested that it has the opportunity to review the Key Performance Indicators for service delivery for 2020/21 before they are adopted, and that affordable housing targets are reported by type.</p> <p>(It was requested that next year (2020/21) there should be an annual process for Members to scrutinise the Service Delivery indicators to advise if these were set at the right levels each year, in addition to reviewing whether the Council was meeting those targets.)</p>	Head of Performance and Projects	In progress	
6 June	Item 8 – Quarterly Performance Report	Members requested, for future years, that indicators could be broken down so they could see how much affordable housing could be secured in each of these above areas of housing development. This would not just look at private development but signpost the Council's forthcoming Housing Strategy and also its collaboration with Raven Housing Trust.	Request to Planning Officers	In progress. Requested 19 June 2019	
6 June	Item 8 – Quarterly Performance Report	Members noted that Raven Housing Trust Board's strategic risk register was a good practice model for officers to note.	Request to officers	Noted at meeting	
6 June	Item 9 – Future O&S Work Programme	It was requested that the planned updated plan on carbon management (discussed at Full Council on 7 February 2019 – Item 75 – Climate Change) come to the	Democratic Services Officer	Noted for future Agenda planning meeting	

		Overview and Scrutiny Committee for discussion before going to full Council.			
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