

Overview and Scrutiny Committee Agenda



Reigate & Banstead
BOROUGH COUNCIL
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3 September 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

Conservatives:

Residents Group:

Green Party:

Liberal Democrats

Councillors:

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

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

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

S. A. Kulka

For a meeting of the **OVERVIEW AND SCRUTINY COMMITTEE** to be held on
THURSDAY, 12 SEPTEMBER 2019 at 7.30 pm in the New Council Chamber - Town Hall,
Reigate.

John Jory
Chief Executive

1. MINUTES (Pages 5 - 18)

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).

AUDIT REPORTS

4. INTERNAL AUDIT 2019/20 - Q1 PROGRESS REPORT (Pages 19 - 34)

To consider the Internal Audit 2019/20 Quarter 1 progress report and to make any observations.

OVERVIEW AND SCRUTINY REPORTS

5. CORPORATE PLAN 2020-2025 (Pages 35 - 60)

To consider the Draft Corporate Plan 2020-2025 in accordance with the Council's constitution

6. CAPITAL INVESTMENT STRATEGY (Pages 61 - 104)

To consider the Capital Investment Strategy for the 2019/20 financial period and, where appropriate, provide feedback for consideration by the Executive.

7. QUARTERLY PERFORMANCE REPORT (Q1 2019/20) (Pages 105 - 116)

To consider the Performance Report for Quarter 1 (2019/20) and to make any observations.

8. CONSTITUTION OF BUDGET SCRUTINY REVIEW PANEL 2019/20 (Pages 117 - 120)

To receive a report on the constitution of a Budget Scrutiny Panel for the year 2019/20.

9. FUTURE WORK PROGRAMME - SEPTEMBER 2019

(Pages 121 - 140)

To consider any updates to the Work Programme for the Overview and Scrutiny Committee for 2019/20 and to consider the Action Tracker from the previous meeting.

10. 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.

11. 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.)

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Agenda Item 1

Overview and Scrutiny Committee
11 July 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 11 July 2019 at 7.30 pm.

Present: Councillors N. D. Harrison (Chair), R. Absalom, M. S. Blacker, G. Buttironi, J. C. S. Essex, R. J. Feeney, J. Hudson, F. Kelly, J. E. Philpott, R. S. Turner, S. T. Walsh and S. L. Fenton (Substitute).

12. MINUTES

RESOLVED that the Minutes of the meeting on 6 June 2019 be approved as a correct record.

13. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Committee Members: Councillors S. Parnall, J. King, C. Neame.

Councillor S. Sinden (substituted for by Councillor S. Fenton)

14. DECLARATIONS OF INTEREST

Councillor J. Essex declared a non-pecuniary interest as a director of Furnistore during discussion of Item 4 – Leader’s Update.

15. LEADER'S UPDATE

The Committee received an update on the work of the Council and its future plans from the Leader of the Council, Councillor Mark Brunt.

The Leader gave an overview on policy development across the Council. Items that were discussed included:

- **The Draft Corporate Plan 2020-25** – this would go out for consultation shortly to get more ideas and wider input from partners and the public, including areas that could have been missed. It was identified that the scrutiny role was very important. Councillors were asked to engage residents in the new Corporate Plan consultation. Tackling climate change would be included following a recent Local Government Association motion in support of the UN Sustainable Development Goals and the role of local government in delivering these.
- **Housing Delivery Strategy** – the Council strategy focused not on planning or how or where houses are built but on homes for people, social rent, homelessness and the growing affordability gap which was pricing people out

Agenda Item 1

of accommodation and the role of local government to support residents. It was not just about managing the housing list and allocating housing but how the Council could take an active role in delivering housing and enabling residents to find homes. There would be more consultation, including input from the Overview and Scrutiny Committee. The strategy was due to be adopted by the end of the year.

- **Climate change** – policy work was continuing to support the environmental motion on climate change that was made at Full Council at its 7 February 2019 meeting. It was looking at what resources would be needed to understand the Council's environmental impact as an organisation. To make a significant impact it would need to invest in skills to enable it to achieve this.
- **Partnership working** – including work with Surrey County Council was continuing. It was looking at services that were delivered to residents and who would be in the best place to deliver that service. This could be a number of organisations including the third sector. It had just carried out a review of the voluntary, community and faith sectors.
- **Corporate Plan performance measures** – work was ongoing. Key Performance Indicators (KPIs) were being reviewed to make sure Councillors had the right level of information and data when making decisions. This needed to be local performance measures not just government performance measures. Officers would look to work with the Committee so performance measures and information were more meaningful and timely. It was reported that the Council's recent Internal Audit into its governance arrangements had received a high rating with the internal auditors satisfied with what the Council was doing. This was a credit to the Committee's work, including its work on the Commercial Governance review. Although the feedback was very positive it was important not to be complacent.
- **External accounts and audit for 2018/19** – these would be reviewed at the Executive meeting on 18 July 2019. The Overview and Scrutiny Committee would consider the report from External Auditors in September. Finances continued to be challenging as there was now no Revenue Support Grant but the Council continued to manage its finances well. It had a future funding gap but its plan would not just be about cutting costs. In some areas, it was felt too many costs had been cut. The Budget Review Group was working with Executive Portfolio Holders as it continued its service and financial planning for next year's budget. The government position on business rates was unclear as yet, so revenue from this area could not be relied upon until confirmed. If it was continued, then this would be a bonus. Group Leaders had discussed the future funding gap and felt it was important for Members collectively to understand this and recognise the urgency of tackling this

Agenda Item 1

Overview and Scrutiny Committee
11 July 2019

Minutes

funding

gap.

- **Capital Investment strategy** – work was continuing on this to look at how it could address the funding gap and understand what would be needed. It would continue to understand the realities of the funding gap and put in place some building blocks to address this.

Committee Members had a number of questions in the discussion that followed.

- The Leader's comments on **climate change** and adopting the Local Government Association motion were welcomed. It was noted that this item would come back to the Committee at a later meeting. The Corporate Plan would recognise the challenges and set out what the Council plans to do and look its role in setting good practice across the borough. It needed to have a clear picture of what its environmental impact was currently. The Council could not commit to how much resource will be needed yet as this was ongoing work.

The Leader said that rather than the Council putting forward a short-term climate change emergency motion, a better way forward would be to have environmental impact as part of a longer term plan. It should be part of the five year Corporate Plan (with key milestones) rather than adopted as a short term project.

Cllr J. Essex declared a non-pecuniary interest as a director of Furnistore during the discussion of the item on the community and voluntary sector review.

- More information about the **community and voluntary sector review** and its outcomes were requested. It was identified that the review looked at the work with the community and voluntary sector, how the Council distributed funding and how it could make the most of the voluntary sector. For example, it could commission an organisation such as the Citizens Advice (CAB) to provide specific services over three years which would give both the council and the CAB more certainty. It was clarified that the detail of the review was outlined in the 20 June 2019 Executive report.
- Committee Members were pleased to see that the number of **Key Performance Indicators (KPIs)** would be reviewed and rationalised. It was identified that the performance measures would be developed this year and put in place for 2020/21.
- Members asked if it had been possible to obtain new powers for the **Joint Enforcement Team (JET)**. It was identified that it had tried to do this but would now take a different approach and look at what powers it already had

Agenda Item 1

and how it could use them, for example, on anti-social behaviour (ASB) such ASB parking.

- It was noted that on the topic of partnership working, **a consultation on libraries** was going to Surrey County Council cabinet in mid-July for discussion. There would be a broad consultation in September. Surrey County Council members would be interested in the Borough's approach at that time and ask for views.

The Leader identified that the Community Hub in Merstham was a good example of how the community can become involved with libraries. Visitors from other Boroughs had come to see what it was doing, including a Leaders' meeting to be held in the hub to see how it works.

- In the case of **youth work**, the Council's responsibility is to the borough but if it was in the best position to influence and enable services then this should happen with support from Surrey and other partners to develop a strategy. It was identified that the Borough was co-designing a potential youth strategy for the borough in conjunction with the County Council and third sector partners e.g. the YMCA. If Surrey does not have the staff to run a service and is not using the buildings in Preston or in Merstham, then it could work with organisations like the YMCA to gain access to those buildings at low or no cost so they could deliver youth services.
- Members asked about how the Council would look at the historic **performance of those organisations which received funding** and how the Council can challenge those groups to give residents the services they want. It was identified that it was early on in the commissioning process, but the Council would look at its priorities set out in the Corporate Plan and commission the services needed. The new approach to the Community and Voluntary Sector Review puts great emphasis on performance management and measuring success.
- Members noted that, while major towns in the south of the borough and Horley had good transport links, in the north of the borough **improved transport links** were needed. It was identified that the Council could look particularly at disabled transport across the Borough as well as looking at cycle networks. It could use the Surrey County Council Local Committees to bring up these issues as responsibility was with Surrey County Council Highways. The County Council was planning a consultation on rethinking local transport. It was identified that lack of rural bus services was a real issue although the Council did have some good transportation links by road and rail compared to neighbouring boroughs such as Tandridge.

Agenda Item 1

Overview and Scrutiny Committee
11 July 2019

Minutes

The Committee Members thanked the Leader for his update and would ask for a progress report when he returned to the Committee to give a further update at the 11 December 2019 Committee meeting.

RESOLVED – that the update from the Leader and the comments of the Committee be noted.

16. FIVE YEAR PLAN PERFORMANCE REPORT 2018/19

The Committee considered a report on the Council's performance relative to its five-year plan in the 2018-19 municipal year which had been discussed at the Executive on 20 June 2019.

Leader, Councillor Mark Brunt, introduced the report. He highlighted some key facts such as the excellent work of the family support programme which had a positive impact on families it worked with and the work on the refugee programme.

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

- **Investment in businesses** – the report noted that the Harlequin theatre was part of the local business sector that was supported by the Council. Members asked how the Council awarded grants to support the role of the local Council and the public sector and did this include voluntary and community services?

The Leader highlighted the work of Councillor Humphreys and the Head of Economic Prosperity and his team. Recent business awards had showcased thriving local businesses who appreciated the support from the borough including the grants programme. This programme has helped start-up businesses to grow and the £1000 grants have made a big difference to small organisations. If voluntary and faith sectors have innovative business ideas then the Council can look to see if they qualify for grants. It was identified that the Council supported businesses not just with money but with a monthly newsletter, lunch and learn sessions once a month that allowed networking. It was described as “a hidden gem” and it was keen to expand the approach and work with other boroughs across Surrey. A key part is working with the Local Enterprise Partnership (LEP). The Leader said that he was due to be appointed to the LEP board in October to represent this borough and the nine boroughs and districts around Gatwick.

It was identified that it was a difficult time for businesses. Canon had announced that due to consolidation of its offices it was sadly closing in Reigate. However, Fidelity conversely was looking to expand. How could the Council support and encourage those larger businesses as well as smaller businesses? Continued engagement with businesses, highlighting what makes the Borough a great place to work was important. The area has a vibrant economy but it is shrinking as businesses are changing. For example, less office space was needed as people worked from home two or three

Agenda Item 1

days a week. The Council needs to adapt to this, look through the changing ways of work and have supportive services and policies in place.

- **Money Support Team** – it was identified that the Council had supported families but little was known about the work done by the team and the services offered. Members asked for more information about this service.
- **Temporary emergency accommodation** – it was noted that the provision of council-owned temporary emergency accommodation in Horley had been very successful and had saved the Council money as well as improved support to residents. Could this be expanded to the north of the borough as if people have to move, then employment and schooling places could be lost? Demand would be kept under review and discussions regarding future provision would take this into consideration.
- **Introduction of Universal Credit** – it was identified that this could have an adverse effect on claimants and Members asked how the Council has worked with families to prepare for changes.

The Director of People Services said that the roll out of Universal Credit had only just started. It would be rolled out over the next two and a half years and the Council would not see the full impact until it is finally implemented. At the moment the numbers were quite small – 15 to 20 a month. The Money Support Team was formed from the preparation work that had been carried out to be ready for the introduction of Universal Credit. More information could be provided to Members.

The Borough had lobbied the DWP hard on the question of debt. The Council had limited powers but it could get money to people more quickly in certain circumstances. It has its own schemes for rent deposits and can work with residents to assist them if needed.

The DWP has said that Universal Credit will be rolled out over two years but the council does not have a timetable as yet. Members requested that they be informed when the main rollout starts.

- **Fraud and Universal Credit** – Members raised this issue which had been reported in the news. They asked what support was given to ensure that vulnerable people were not exploited. Members also asked how the Council helped those less fortunate get back into work. It was identified that the Council worked with the DWP to tackle fraud and carried out financial checks on those people who wanted to join the housing register, or presented as homeless, which had saved the organisation significant amounts of money. Its in-house expertise was used by other authorities. Community

Agenda Item 1

development workers also shared information with other agencies about loan sharks and others preying on vulnerable residents.

One aim of the Family Support Team was to reduce reliance on benefits.

However, they were working with families with multiple and complex problems such as mental health and addiction issues. It monitored numbers who got back into work and worked closely with partners to get individuals ready for the world of work.

- **Dementia Action Alliance** – Members asked if this was still running as NHS and other funding was drying up. It was confirmed that the Council was still taking part in supporting dementia-related activity and organisations directly providing support. Its role was to support and encourage their work. It was not the Council's area of expertise and it did not deliver direct services but supported those organisations.
- **Wellbeing prescriptions** – it was identified that wellbeing prescriptions operating in the south of the Borough had been very successful and has been taken up by GPs. It had looked at providing a similar service in the north of the Borough but the amount of funding on offer was not sufficient to operate it.
- **Children and mental health** – the Council worked with a number of organisations such as Heads Together to provide mental health support in schools. It was recognised as a growing problem and more funding was needed. In one area there was only nine months of funding as Clinical Commissioning Groups (CCGs) had cut funding. The numbers who needed services was going up and it was identified that this was an issue that should be tackled well before a child is 14 to help improve a young person's way of life.
- **Affordable homes** – it was noted that the Council needed to secure more affordable homes and to take a more active role. Only about five per cent of homes that had been built were affordable. How was performance measured? It was identified that it was frustrating for the Council as developers' lawyers often justified why they could not afford to build affordable homes. The Council was looking to change its approach as discussed at the Overview and Scrutiny meeting on 6 June 2019. It was delivering 100 affordable homes a year but the Leader said it should be aiming to double that target.

RESOLVED – that the Council's performance in 2018/19 relative to its Five Year Plan be noted.

Agenda Item 1

17. ANNUAL GOVERNANCE STATEMENT

Members considered the Annual Governance Statement (AGS) for 2018/19 and the accompanying report that were discussed by the Executive at its meeting on 20 June 2019. This was the annual statement on the Council's internal control and governance framework which would be published in the Statement of Accounts 2018/19. The Chair noted that he had asked for the AGS to come to the Committee in July, rather than wait until September as in previous years.

Councillor Tony Schofield, Portfolio Holder for Finance, introduced the item and said the 2019/20 AGS was coming to the Committee earlier so any feedback could be incorporated into the final version before it is signed.

It was noted that the outgoing External Auditors (KPMG) had provided their annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. They had concluded that the organisation had an adequate and effective framework but further enhancements were identified. Work was continuing to make improvements on these matters.

It was noted that the Committee had also discussed the Internal Auditors' report from outgoing Internal Auditors RSM and its positive result at its meeting on 6 June 2019.

Members discussed the item and raised the following questions:

- **Organisational Development strategy** – what were the targets and deadlines for this strategy? Members were advised that this work is being led by the head of Organisational Development and HR but will involve all of the management team and Members of the Employment Committee. It includes a variety of components such as how the Council recruits and retains staff, how it manages their performance and development so they are engaged in and delivering the Corporate Plan effectively.

The Council's biggest resource was staffing. It aimed to be an employer of choice but was facing challenges such as retaining key skills. The Organisational Development strategy would be discussed at the Employment Committee's meeting on 29 July 2019.

- One Member asked for more clarification on the statement in the **effective financial planning and management** section about expenditure and the underspend which was equivalent to 9 per cent of the budget.

RESOLVED – the Annual Governance Statement for 2018/19 and the accompanying report was noted.

Agenda Item 1

18. MEDIUM TERM FINANCIAL PLAN UPDATE

Members considered the latest Medium Term Financial Plan update (2020/21 to 2024/25) and Budget forecast for 2020/21.

Councillor Tony Schofield, Portfolio Holder for Finance, introduced this item. He said that local government continues to face a very challenging financial situation. Government funding is set to reduce further so the Council is continually challenged to find new ways to make more efficient use of existing resources while at the same time seeking new sustainable income streams.

The timing for many of the proposed funding changes was unclear – there was speculation that there may be a delay, but the Council needed to plan for implementation next year until formal announcements were made.

Councillor Schofield said that the Committee had been given the opportunity to consider the key budget and financial information earlier in the financial planning cycle than in previous years. The report gave as much information as possible at this early stage in the service and financial planning process to put the financial challenges and plans into context.

Members of the Committee were asked to consider and comment on aspects such as:

- the scale of commercial investment opportunities to be pursued
- the types of investment that the commercial strategy should focus on
- the extent of planned borrowing to purchase income generating assets
- the extent to which investment should be through joint-ventures, and
- the relative balance between commercial and people/place objectives when considering new investment opportunities.

Members commented on a number of areas of the MTFP update which included:

- **New Homes Bonus Reserve** – this was noted to be quite high with no restrictions on use. It was asked if some of this money be given to provide future affordable housing rather than waiting for the draft housing strategy to be completed. The Portfolio Holder for Finance said that the Council had not previously assumed that the grant would continue therefore it was not being used to support the base budget. And the government had set out its intention to end the New Homes Bonus as part of the Fair Funding Review in 2020. Affordable housing was potentially one area being looked at for use of these funds but there was not a firm plan yet.
- **Strategic Property – Capital Programme** – Members asked for more detail on the list of properties in the Capital Programme in Appendix 2 of the report. It was confirmed that this was mainly expenditure incurred on purchasing property.
- **Towns and Villages initiatives** – Members asked what would be included in future budgets to fund Corporate Plan priorities for 2020-25 (p58 of the report) that recognise the need for the Council to support towns and villages in the borough to thrive. This included villages that are in the north of the borough such as Banstead village which provided significant income to the

Agenda Item 1

whole borough. This would be considered as part of the budget setting process along with other priorities.

- **Economic growth** – Members asked if any allowance had been made for potential impacts on economic growth due to Brexit. It was confirmed that Brexit continued to create uncertainty and that has an impact on the Council's supply chain such as price increases, and that operational delivery of capital schemes had been considered.

The scale of the financial challenge in the next three years, included the change in external funding, with the Council more dependent on Council Tax than before. Income from Retained Business Rates was due to stop and the Revenue Support Grant was now zero. It could lose £2.1m in the Government's Fair Funding Review in 2019/20. It could also be affected by major cuts to services by Surrey County Council.

- The positives were that the **Reserves and Balances** were healthy. The General Fund Balance acts as a buffer against unpredicted budget pressures. Officers were in the early stages of developing an updated policy for future use and size of Reserves that existed, particularly ones with a small balance remaining. The Business Rates Equalisation Reserve remained as it there was uncertainty on Business Rates funding continuing.
- A timetable was set out which included the Management Awayday that had taken place earlier in the day, and future updates to the Overview and Scrutiny Committee. It was explained that a **Budget Advisory Working Group** had been set up to support the Portfolio Holder for Finance. It was noted that the membership of this Group consisted of Councillors Feeney, King, Neame, Sachdeva and Paul.

In conclusion, it was a challenging fiscal environment. However, the Council had good reserves but it did not want to draw on these reserves too much as its aim was to be financially sustainable.

The Committee discussed the presentation and made observations in the following areas:

- **Brexit** – Members asked if Brexit could lead to a potential drop in rental values commercially and a drop in property values. It was identified that if property values dropped it would be reflected in the balance sheet at year end. It was not thought that capital values would have an immediate impact on rental income. It could also be an opportunity for buying property at a lower value and therefore at a lower cost to the Council.
- **Purchasing property/other commercial investments** – Members asked what return the Council was achieving at the moment from its income-generating assets. Members noted that if they funded the majority of acquisitions from reserves, this would mean losing investment interest. If the Council cannot use reserves and if it makes substantial investments, then it would have to start borrowing money and it would be paying circa 2.5 per cent interest plus provision for repayment costs.

Agenda Item 1

- Members asked why the **Capital Programme in 2018/19** was £25m less in 2019/20. It was identified that £25m has been made available for new investments to support corporate priorities, including commercial investments. The Commercial Ventures Sub-Committee has the authority to approve new spending. Members asked if the Council has the skills and resources to acquire sites.

It was identified that investment included proposals to purchase land for redevelopment that would not generate revenue yet but could take some years for the revenue to come through. Business cases would include an exit strategy for the Council.

- Members asked if the Council could look at **joint venture commercial investments with the public sector**, for example, with Surrey County Council or with the NHS (eg. to develop the nurses' accommodation at East Surrey Hospital). It was confirmed that it was part of the Commercial Ventures Sub-Committee's role to look at the Council's existing property portfolios and land that it owned. This included looking at its social value as well as commercial value and whether it should develop or dispose of some of it. Some major schemes were well outside the Council's ability to fund and would need support from other partners which included Surrey County Council.

It was noted that Committee Members had been asked to give the Executive feedback on the scale and type of investments as well as assets within or outside the Reigate and Banstead borough.

- Members asked if it could invest in more residential properties to support residents. It did have some **residential affordable housing** schemes such as Lee Street Bungalows and Cromwell Road. These were not as large as other commercial schemes. It was identified that these discussions were part of the draft housing strategy.
- Members discussed the relative importance of **commercial and People/Place objectives** when considering a new investment opportunity. It was identified that a balance of all three was positive. One Member thought that looking for opportunities outside the borough was very important. It was noted that while investment should be considered outside the borough, the greater the distance when investing in a property, the greater the risks. The right skills and resources would be needed to manage these investments. A Member who had worked on town centre redevelopments said that local authorities could have delays in getting development plans underway if they did not own the land. Investments should be strategic and have clear benefits for the Council. It was identified that the Council could have some restrictions on schemes outside its area of economic influence – developers could challenge a decision if it borrowed money to fund an acquisition so it had to be careful where it looked.
- Members said that the Council needs to consider the **environmental impact**. If climate change was to be part of the Corporate Plan, then this should also be part of its investment strategy, for example, whether it could

Agenda Item 1

invest in solar panels for one of the depot buildings, which would help balance the investment portfolio.

It was observed that the strategy did not discuss the Council's appetite for risk in investment. Should it invest in real estate property or with Brexit on the horizon should there be a balanced portfolio of investments such as in solar panels?

- Members considered if there were investment opportunities that would meet People/Place objectives. Some could involve property purchases that may not be expected to have a revenue stream immediately. One Member said that investments in properties should be made locally within the borough. Local people should benefit from the Council's property investments. It was not just about generating revenue but making sure local people could live in the properties or use them for work or leisure.

Members requested further information on the projects that could require new borrowing for the current approved capital programme, as capital programme costs rise by a large amount between 2020/21 and 2021/22. It was confirmed that work was still ongoing to look at this detail.

- Members asked if other commercial ventures were being considered such as **work for other councils** in the area of revenue and benefits fraud.
- It was noted that a **review of the reserves** and the reasons why they were held was underway. Members identified that these reserves should be consolidated to be more manageable.
- **Fees and charges** – A review of fees and charges was also noted to be part of this year's service & financial planning plans. Members asked that if the Council puts up fees and charges at a CPI rate, how did this compare to inflation? If it affected residents then it should do an equality impact assessment for residents as some of the charges could be very sensitive. One example was an increase on charges for allotments so Portfolio Holders needed to understand the impact of any decision. Members said that allotments should not be a profit centre. These should be considered as an amenity rather than an opportunity for increasing revenue.

It was identified that the Medium Term Financial Plan update was an initial draft report. It would be reviewed again at the Executive meeting on 18 July 2019 and through the Budget Advisory Working Group. It was quite early to expect considered responses but the O&S Committee Members' views would be considered in an updated report.

Members observed that the updated version of the MTFP should reflect all six of the requirements set out in the **CIPFA Financial Management Code**. This included a Financial Resilience Assessment, a long-term financial strategy and a multi-year MTFP.

Agenda Item 1

In summary, Councillor Schofield said that one of objectives of giving a detailed report was to give Members sufficient reference as to what was being considered in the budget planning process. More details would be given at a later stage.

Members said it was a good starting point and thanked the work of Councillor Schofield and finance officers.

RESOLVED – that the Medium Term Financial Plan update and the observations of the Committee, as set out in the Minutes, be noted. The Committee observed that:

(i) It would consider commercial investment opportunities to be made within the Reigate and Banstead Borough and surrounding areas.

(ii) It requested a further update on the Medium Term Financial Plan for the Committee so that non-exempt information could be discussed in the public part (Part 1) of the meeting.

19. FUTURE WORK PROGRAMME

Members considered the Future Work Programme for the Overview and Scrutiny Committee 2019/20 and the Action Tracker from the previous meeting.

The Committee noted that the Local Development Forum Scrutiny Panel would no longer be required following the decision of Full Council on 2 July 2019. The Council is not currently preparing a new plan and so there would be no need for the LDF Scrutiny Panel to convene. The Agenda items on the LDF scrutiny review panel constitution at 12 September 2019 meeting and the LDF scrutiny review panel report at 11 December 2019 meeting would therefore be removed.

Members had one outstanding query on the Action tracker on Capital Programme Outturn 2018/10 – Lee Street Bungalows – and had asked for a further response from the Portfolio Holder for Housing and Benefits.

RESOLVED – that subject to the amendments referred to above, the Future Work Programme for 2019/20 be endorsed and the Action Tracker from the previous meeting be noted.

20. 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.

21. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

Agenda Item 1

Overview and Scrutiny Committee
11 July 2019

Minutes

22. EXEMPT BUSINESS

RESOLVED that members of the Press and public be excluded from the meeting for the consideration of Item 12 of the agenda (Medium Term Financial Plan Update (Exempt)) 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.

23. MEDIUM TERM FINANCIAL PLAN UPDATE (EXEMPT)

Members considered information which had been published via an addendum to the agenda, in relation to the Medium Term Financial Plan Update in the exempt part of the meeting.

RESOLVED that the exempt information, published via an addendum to the agenda, in relation to the Medium Term Financial Plan Update (Exempt) be noted.

The meeting closed at 10.05pm.

Agenda Item 4



SIGNED OFF BY	Head of Projects and Performance
AUTHOR	Luke Harvey, Project & Performance Team Leader
TELEPHONE	Tel: 01737 276519
EMAIL	Luke.Harvey@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee
DATE	Thursday, 12 September 2019

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Internal audit 2019/20 - Q1 progress report
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RECOMMENDATIONS

- (i) That the Committee note the Internal Audit Progress Report attached at annex 1
- (ii) That the Committee make any comments and/or observations on the report to the Council's Section 151 officer

REASONS FOR RECOMMENDATIONS

Under the Council's constitution the Overview and Scrutiny Committee fulfils the role of the Audit Committee. As part of this role the Committee is required to review the quarterly internal audit progress report.

EXECUTIVE SUMMARY

This report provides a progress update on the delivery of the 2019/20 Internal Audit Plan and is presented to the Committee in its role as the Council's Audit Committee. At the end of Q1, delivery of the 2019/20 audit plan is on track. Additional detail is available in the body of the report and in the report of the Council's internal auditors (attached as annex 1)

The Committee has the authority to approve the above recommendations.

STATUTORY POWERS

1. The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which state that authorities

Agenda Item 4

must: 'undertake an effective internal audit to evaluate the effectiveness of [their] risk management, control and governance processes, taking into account public auditing standards or guidance'.

2. The latter standards are defined in the Public Sector Internal Audit Standards (updated in 2017).
3. In accordance with these standards and the Council's internal audit charter, the internal auditors are required to provide regular written progress reports to the Council's senior management and Audit Committee.

BACKGROUND

4. The Southern Internal Audit Partnership (SIAP) are the Council's new internal auditors, having taken over from the previous provider on 1 April 2019.
5. The Council has entered into a Partnership Agreement with SIAP for the provision of internal audit services. The Council has joined SIAP as a Key Stakeholder Partner and, in so doing, has discharged its internal audit function as permitted under section 101 (5) of the Local Government Act (1972).
6. The Council's Chief Financial Officer (Section 151) holds the statutory responsibility for overall financial administration of the Council's affairs and is therefore responsible for maintaining an adequate and effective internal audit function.
7. Under the Council's constitution the Overview and Scrutiny Committee also fulfils the role of the Audit Committee. The Committee is therefore receiving this report in its role as the Audit Committee which is distinct from its scrutiny function.
8. The role of scrutiny is to review Council policy and challenge whether the Executive has made the right decisions in delivering policy goals. The Audit Committee and function, however, is charged with providing independent assurance of the adequacy of the risk management framework and the associated control environment, as well as independent scrutiny of the Council's financial and non-financial performance insofar as it affects the Council's exposure to risk.
9. In accordance with its constitutional responsibilities, the Overview and Scrutiny Committee endorsed the internal audit plan for 2019/20 on 14 March 2019 (agenda item 4).
10. As set out under Part 3a of the Council's Constitution, the Committee is responsible for reviewing internal audit progress reports and monitoring delivery of the annual audit plan.
11. In order to facilitate the latter, progress reports on internal audit plan delivery will be provided to the Committee on a quarterly basis. The purpose of the report is therefore to aid the committee in the fulfilment of its audit responsibilities as defined in the Constitution.
12. The attached progress report:

Agenda Item 4

- Summarises the status of ‘live’ audit reports’;
- Provides an update on the delivery of the annual audit plan;
- Summarises internal audit performance, including assurance opinions given; and,
- Summarises any adjustments made to the audit plan

KEY INFORMATION

Q1 progress update

13. Internal audit reviews result in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. SIAP’s assurance opinions are categorised as follows:

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

14. In accordance with the 2019/20 internal audit plan, four internal audits commenced during the first quarter of the year.
15. Of the four, one audit was finalised during the quarter, with ‘Decision Making and Accountability’ concluding with a ‘substantial’ assurance opinion given. No management actions resulted from this audit.
16. An audit of the Corporate Plan is to be delivered in two parts; part one has concluded and part two will follow in October 2019, at which point an assurance opinion will be given.
17. The fieldwork for ‘Investments’ and ‘Refuse, Recycling and Street Cleaning’ has concluded and the final reports are due imminently. The outcome of these two audits will be reported to the committee within Q2’s progress report.
18. There has been a revision to the 2019/20 audit plan. The Main Accounting audit has been brought forward into this year’s plan. In order to accommodate this, the Benefits audit will now take place in 2020/21.

Agenda Item 4

19. Further detail can be found in SIAP's report which is available at annex 1.
20. In summary, delivery of the 2019/20 internal audit plan is on track.

OPTIONS

21. The Committee has two options open to it:
22. Option 1: Note the report and make any observations and comments on its contents to the Council's Section 151 officer.
23. Option 2: Note the report and make no observations to the Council's Section 151 officer.

LEGAL IMPLICATIONS

24. The Committee's review of the quarterly progress report assists in the fulfilment of the Council's statutory duty to maintain an independent and effective internal audit function.
25. There are no other legal implications resulting from this report.

FINANCIAL IMPLICATIONS

26. There are no financial implications resulting from this report.

EQUALITIES IMPLICATIONS

27. There are no equality implications arising from this report.

COMMUNICATION IMPLICATIONS

28. There are no communications implications arising from this report.

HUMAN RESOURCES IMPLICATIONS

29. There are no human resources implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

30. An effective internal audit function is an important part of effectively managing risk.
31. The Council's strategic and operational risk registers were utilised in the development of the annual internal audit plan.

OTHER IMPLICATIONS

32. There are no other implications arising from this report.

CONSULTATION

33. This report has been considered by the Council's Corporate Governance Group as part of its role in monitoring audit performance.

Agenda Item 4

POLICY FRAMEWORK
34. Internal audit makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan Priority areas.
BACKGROUND PAPERS
None

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Internal Audit Progress Report

August 2019

Reigate & Banstead Borough Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7
6.	Planning and resourcing	7
7.	Rolling work programme	7-9
8.	Adjustments to the Plan	10

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

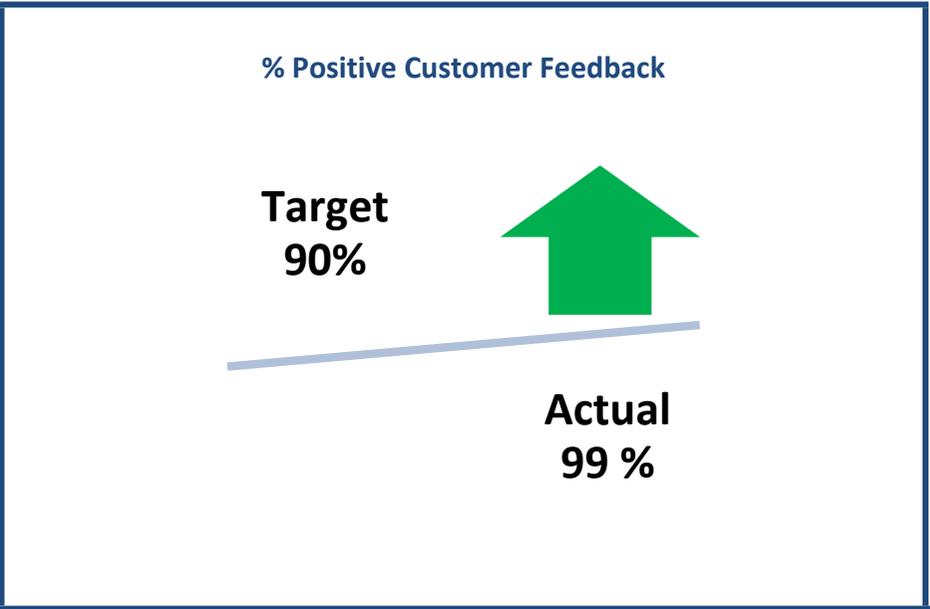
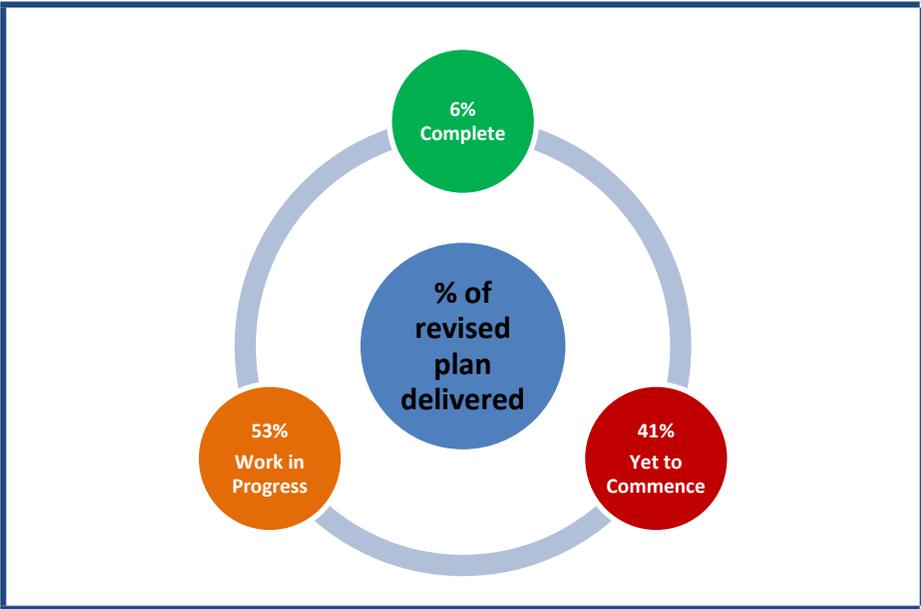
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

3. Performance dashboard

29



Compliance with Public Sector Internal Audit Standards	
	<p>An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:</p> <p><i>'It is our view that the Southern Internal Audit Partnership 'generally conforms' to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).</i></p> <p>In accordance with PSIAS, a further self assessment was completed in April 2019 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.</p>

4. Analysis of 'Live' audit reviews

There have been no final reports issued that have management actions either not yet due or overdue. The table below is to illustrate the format for future reports.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions					Priority			
				Total Rec's Reported	Not Accepted	Not Yet Due	Complete	Overdue	L	M	H	

Audit Sponsors			
HofCP	Head of Corporate Policy	HofW&I	Head of Wellbeing and Intervention
HofPP	Head of Projects and Performance	HofCP	Head of Community Partnerships
HofOD	Head of Organisational Development	HofC&CC	Head of Communications and Customer Contact
HofIT	Head of IT	HofP	Head of Planning
HofL&G	Head of Legal and Governance	HofPD	Head of Place Delivery
HofF&A	Head of Finance and Assets	HofEP	Head of Economic Prosperity
HofH	Head of Housing	HofNO	Head of Neighbourhood Operations
HofRB&F	Head of Revenues Benefits and Fraud		

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There are no new reports published concluding a “limited” or “no” assurance opinion.

6. Planning & Resourcing

The internal audit plan for 2019-20 was approved by the Corporate Governance Group and the Overview and Scrutiny Committee in March 2019.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
2019-20									
Corporate Cross Cutting									
Programme & Project Management	HofP&P							✓	Q3
Corporate Plan	HofCP	✓	✓	✓				✓	Audit being completed in 2 phases. Completion scheduled for Oct 2019.

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Corporate Governance									
Decision Making & Accountability	HofL&G	✓	✓	✓	✓	✓	Substantial	✓	Q1
Fraud & Irregularities	HofRB&F							✓	Q4
Human Resources & Organisational Development	HofOD	✓	✓	✓				✓	Q2
Information Governance	HofL&G							✓	Q4
Ethical Governance	HofL&G	✓						✓	Q3
Information Technology									
Information Security	HofIT							✓	Q4
System Development & Implementation	HofIT							✓	Q3
Core Financial Reviews									
Main Accounting	HofF&A							✓	Q3
Council Tax	HofRB&F	✓						✓	Q3

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Income Collection	HofF&A	✓	✓						Q2
NNDR	HofRB&F	✓						✓	Q3
Organisation									
Investments	HofF&A	✓	✓	✓				✓	Q1
People									
Housing	HofH	✓						✓	Q3
Refuse, Recycling & Street Cleansing	HofNO	✓	✓	✓	✓			✓	Q1
Development Management & Planning Policy	HofP							✓	Q4

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2019/20	
Removed from the plan	Reason
Supporting Families	Deferred to 2021/22 at the request of the client in order to bring forward the audits noted below.
IT Business Continuity	
Payment Card Industry Data Security Standard	
Housing Benefits	
Added to the plan	Reason
Fraud and Irregularities	Added to the plan at the request of CGG and O&S Committee.
Information Security	Added to the plan at the request of CGG and O&S Committee.
Main Accounting	Added to the plan at the request of the Interim Head of Finance and Assets.

Agenda Item 5



DIRECTOR	Chief Executive
AUTHOR	Catherine Rose, Head of Corporate Policy
TELEPHONE	01737 276766
EMAIL	Catherine.Rose@reigate-banstead.gov.uk
TO	Overview & Scrutiny Committee
DATE	Thursday, 12 September 2019
EXECUTIVE MEMBER	Leader of the Council

KEY DECISION REQUIRED	NO
WARDS AFFECTED	ALL WARDS

SUBJECT	Corporate Plan 2020-2025
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RECOMMENDATIONS
(i) That the Committee provide feedback to the Executive on the draft Corporate Plan, 'Reigate & Banstead 2025'
REASONS FOR RECOMMENDATIONS
The Executive agreed its draft Corporate Plan for consultation at its meeting on 18 July 2019. It is a function of the Overview & Scrutiny Committee to assist the Council (and the Executive) in its development of the policy framework.
EXECUTIVE SUMMARY
It is best practice for a Council to have an up-to-date Corporate Plan to communicate its priorities to local residents, businesses and partners, and to inform the organisation's service and financial planning activities. A new draft Corporate Plan, titled 'Reigate & Banstead 2025' was agreed by the Executive on 18 th July 2019, and is included at Annex 1. As an important document that forms part of the Council's Policy Framework, the Overview & Scrutiny Committee now has the opportunity to provide feedback on the draft Corporate Plan prior to it being finalised.

Agenda Item 5

BACKGROUND

1. The Council adopted its [current Corporate Plan](#) in late 2014. This plan runs to 2020.
2. A review of this 2015-20 Corporate Plan has been undertaken to ensure that it remains fit for purpose for the next five years.
3. The review has included consideration of: performance against the current Corporate Plan; the updated Borough Profile; the priorities of key partner organisations; the views of staff and stakeholders; and engagement with elected members. Further information about how the draft Plan was developed is included in the following background papers:
 - a. [Report to the Executive, March 2019](#)
 - b. [Report to the Executive, July 2019](#)
4. The Executive agreed the new draft Corporate Plan in July 2019 (included at Annex 1). As the Corporate Plan forms part of the Council's Policy Framework, a period of consultation is now being undertaken prior to the Plan being finalised. This includes consultation with the Overview & Scrutiny Committee as well as a public survey and associated publicity.
5. To ensure that the Council is able to robustly report on its performance in delivering the new Corporate Plan, a series of headline Corporate Plan success measures is being developed. These will be finalised as the content of the Plan is finalised and published when the final Plan is adopted. As is currently the case, an annual report will be prepared setting out the Council's progress in delivering its Corporate Plan.
6. The Committee is requested to consider the draft Corporate Plan, titled 'Reigate & Banstead 2025'. Views are particularly sought on:
 - a. The process undertaken to develop the new Plan, including member engagement
 - b. Whether the draft Plan's vision, priorities and objectives, and commitments reflect the areas in which the Council should be focusing its activities.
7. The Committee's feedback will be reported to the Executive for its consideration when recommending a final version of the Corporate Plan to Council for adoption.

BACKGROUND PAPERS

1. Five Year Plan 2015-20: http://www.reigate-banstead.gov.uk/download/downloads/id/610/our_5_year_plan_2015-20
2. Report to the Executive, March 2019: <https://reigate-bansteadintranet.moderngov.co.uk/documents/s3952/Corporate%20Plan.pdf>
3. Report to the Executive, July 2019: <https://reigate-bansteadintranet.moderngov.co.uk/documents/s3995/Corporate%20Plan.pdf>
4. Five Year Plan Performance Report, Executive June 2019: <https://reigate-banstead.moderngov.co.uk/ieListMeetings.aspx?Committeeld=137>

Agenda Item 5

5. Borough Profile 2018: <http://www.reigate-banstead.gov.uk/corporateplan>
6. Draft Corporate Plan Equalities Impact Assessment: <https://reigate-bansteadintranet.moderngov.co.uk/documents/s5568/Background%20Paper%20Equalities%20Impact%20Assessment.pdf>

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Reigate & Banstead 2025

Our Five Year Plan

**Draft for consideration by
Executive, July 2019**

WELCOME

Welcome to our draft Corporate Plan

This Plan sets out our proposed priorities for the next five years, and explains how we will focus our resources and deliver services to those living, working and spending time in Reigate & Banstead.

Our current Five Year Plan runs to 2020, and a lot has changed since we published it.

We want to ensure the work we do, and how we do it, remains relevant to our residents and service users, so we have had a good look at what has changed since we agreed our last Plan, what is likely to change in the future, and what our partners and residents are saying. The result is this document, our new draft Corporate Plan.

We would like your views on what we are proposing.

[insert signature]

Cllr Mark Brunt
Leader

How to take part

- Visit our website and view a copy of the draft corporate plan at www.reigate-banstead.gov.uk/rbbc2025
- Fill out our online survey
- Email your comments to corporate.plan@reigate-banstead.gov.uk
- Send your comments to Cath Rose, Head of Corporate Policy, Reigate & Banstead Borough Council, Town Hall, Castlefield Road, Reigate, Surrey RH2 0SH

We will be able to accept comments until 5pm on Monday 16 September.

What we do

We carry out a wide range of services and activities which benefit those who live in, work in, and visit the borough.

What we do	
✓ Waste & recycling collection	✓ Leisure and community centres
✓ Street cleaning	✓ Local Plan and planning applications
✓ Council car parks and parking enforcement	✓ Community safety
✓ Council greenspaces and allotments	✓ Business support
✓ Housing register and homelessness services	✓ Licensing and environmental health
	✓ Community development and family support

For all the services we provide, a typical (Band D) household pays £227.46 a year through its Council Tax– less than £4.38 per week.

The way local government is set up in Surrey means that the rest of your Council Tax goes to different authorities, who are responsible for providing the other services residents receive or need. For example, Surrey County Council provides many important services: education, adult social care, highways maintenance to name but a few. If you live in Salfords & Sidlow or Horley, your Parish or Town Council also provides important local services. Residents also benefit from services provided by the NHS, Police and other service providers.

What we don't do	
<p>Surrey County Council services</p> <ul style="list-style-type: none"> * Community recycling centres; waste disposal * Highways maintenance and potholes * On street parking restrictions * Highways trees, public rights of way * Minerals & waste planning; transport planning * Fire & Rescue * Education and libraries * Trading standards * Adult social care, Children's services 	<p>Registered housing providers eg Raven</p> <ul style="list-style-type: none"> * Management of social housing <p>Surrey Police</p> <ul style="list-style-type: none"> * Policing <p>NHS & Clinical Commissioning Groups</p> <ul style="list-style-type: none"> * Primary and acute healthcare <p>Private landowners</p> <ul style="list-style-type: none"> * Private car parks and private land

The context in which we operate

Our new draft Corporate Plan reflects the borough's local characteristics, the needs of our residents and businesses, and the wider context in which we operate (for example new and changing central government legislation and regulation).

You can find out more about the borough at www.reigate-banstead.gov.uk/rbbc2025

Over the term of our new Corporate Plan, we expect changes to the statutory framework in which we operate in, and changes to how local government is financed. We want to make sure we can respond to these changes by planning for the future.

Working in partnership

Partnership working is a theme throughout this draft Corporate Plan.

Our work is influenced by what other public sector organisations do. Some of these other organisations operate locally, others over a wider area. Some make decisions about priorities and funding which we can influence. Others provide services directly in our borough.

Some of our partners and key external organisations



We have developed our draft Plan having regard to the plans and strategies of partner organisations. More information about shared priority areas is included at Annex 1.

Working in partnership can deliver best value for our residents at a time when public finances are stretched. We will work closely with our partners to make sure our activities are aligned and to ensure their future funding decisions benefit our borough, help deliver our ambitions, and do not have a disproportionate negative impact on our residents and businesses.

Our relationship with Surrey County Council (SCC) is particularly important. Many of our services are complementary to those that the County Council provide, and we also carry out a number of services on their behalf. We will continue to work with SCC to plan and coordinate future service provision in the borough.

We also cannot deliver our Corporate Plan without you, our residents, customers and service users. Later in this draft Plan we have highlighted what you do can make a real positive difference, help us achieve our goals and help strengthen our local communities. Tell us what you think or if there is more you can do!

OUR VISION

Our vision is:

**To be recognised by our residents, businesses and partners as a leading Council.
This means:**

- **Delivering quality services and support**
- **Providing value for money**
- **Making the borough a great place to live, work in and visit**
- **Being proactive about tackling climate change and reducing our environmental impact**
- **Being flexible and sustainable, responding to the needs and demands of our borough, residents and businesses; and**
- **Operating as an increasingly commercial organisation.**

We know there is much that our residents and local businesses love about the borough, from our great location between London and Gatwick to our characterful local towns, our fabulous local parks and our beautiful countryside.

We are proud of these things. Not only do we have a stewardship role to protect what is good about the borough but we also have an opportunity to make Reigate & Banstead even better.

In recognition of the Intergovernmental Panel on Climate Change's (IPCC) warning that urgent action is required in order to avoid runaway global warming and climate breakdown, we have updated our vision to recognise the vital role the Council has to play in addressing the causes and impacts of climate change and supporting our residents and businesses to do the same. Only by taking a proactive approach and working together can we help meet UK and global targets.

OUR PROPOSED PRIORITIES TO 2025

Our proposed priorities explain how we intend to deliver our vision. Our priorities are divided into three themes:

These are also the themes in our current Five Year Plan. We have structured our services around them in recent years. We recognise there will be overlaps between these themes but have chosen to retain them as they reflect where we want to focus our activities and investment between now and 2025.



OUR COMMITMENTS

To continue to be a great Council, it is not just about what we do, but about how we do it. That's why we have a new section in this Plan which sets out our commitments to residents, customers and other service users.

We commit to:

High quality core services and continued service improvement

Our core services include things like environmental health, licensing, planning, waste and recycling collection, housing and homelessness responsibilities, land charges, car parks, revenue collecting and benefit distribution, and street naming and numbering. We are bound by national legislation in respect of the statutory services, but where possible we will provide added value or enhanced services (although these may come at an extra cost for those who use these enhanced services). Our operations are supported by a range of other Council teams such as legal, financial, human resources, democratic services, electoral services and project and business assurance. These teams ensure we deliver our services efficiently and effectively.

- ❖ We will report on our service performance, undertake service reviews and continual service improvement and gather data to understand what our customers want from the Council and levels of satisfaction.

Clear and effective communication

We know that how we communicate to our residents and other customers is important. We will focus our communications on explaining the services we provide, promoting our successes, responding to enquiries about our activities, and undertaking behaviour change and marketing campaigns to help deliver the priorities in this Plan.

- ❖ We will regularly review residents' and customers' communications preferences and requirements and target our communications activities accordingly to meet needs.

Putting residents and other customers at the heart of what we do

Customer care is important to us, and it is important that we treat our residents and other customers in a fair and inclusive way and respond to enquiries effectively and appropriately. The way people want to engage with their local Council is changing, with more people wanting to use digital methods. However we also know there will be times when our customers need different assistance.

- ❖ We will invest in technology and human resources to deliver this commitment, monitor how customers interact with the Council and focus our improvement activities in a cost-effective way.
- ❖ We will seek to eliminate all forms of unlawful discrimination, victimisation and harassment which are under the control of the Council and promote equality and good relations within and between all communities

Environmental responsibility

Environmental sustainability and tackling climate change is a global challenge, and the Council is committed to reducing its own environmental impact and supporting local residents and businesses to do the same. Across our own estate, assets and activities we will seek to reduce waste and emissions (including carbon emissions) and use natural resources more efficiently.

- ❖ We will review and update our plans in relation to environmental sustainability and carbon management to deliver this commitment, taking account of the latest evidence and national policy. We will report on our progress on delivering these plans.
- ❖ We recognise that social, economic and environmental sustainability objectives may not always align, and therefore that our decision-making will sometimes need to balance competing priorities and reflect the financial constraints we face as a Council.

Partnership working

Partnership working – with other service providers and the voluntary sector - is particularly important at a time when public finances are stretched. It can help us make the best use of the limited funding that is available. We are committed to working proactively with a wide range of other organisations, to deliver the priorities set out in this Plan.

- ❖ Where services fall outside of our direct control, we will use our existing relationships to promote - and lobby for - the interests of our local residents and businesses.

Responsible use of data

Given the wide range of activities the Council carries out, we hold a lot of data, some of it personal. We will comply with data protection legislation, only use data fairly and lawfully and only share data with external parties where there is a legal basis for doing so. We will use the data we do hold proactively so the services we provide are relevant, co-ordinated and efficient.

- ❖ We will regularly review our data protection policy and update it as required; and provide training for staff who deal with personal data.

Financial efficiency

While we receive only 12 pence in every pound of Council Tax paid in the borough and a small proportion of business rates, we know our residents and businesses expect us to operate efficiently and provide value for money.

- ❖ In line with statutory requirements, we will publish our audited annual accounts, and annual revenue and capital budget proposals. We will develop a clear strategy to explain how we will invest to secure our long term financial sustainability.

Helping residents and businesses make a positive difference in our communities

We cannot deliver this Plan alone. Residents and businesses can make a real difference and help us achieve our priorities. We will help you to do this, by providing appropriate advice and support and asking our partners to do the same.

- ❖ We'll make information about how you can make a difference available on our website, via our social media channels and our print publications.

Do you want to make a positive difference? Consider:

- ✓ Volunteering for a local charity or club
- ✓ 'Buying local', and spending time in our town and village centres
- ✓ Looking out for, and checking in with, your neighbours
- ✓ Reporting antisocial behaviour to our Joint Enforcement Team
- ✓ Eating healthily, exercising sensibly and visiting our local parks and countryside
- ✓ Re-using, and recycling using your kerbside boxes or one of our 'bring sites'
- ✓ Using water and energy efficiently
- ✓ Walking, cycling or using public transport where possible

Facts and figures



Population of
147,700

27% of people over
65, projected to
increase to 39% by
2035



Only 2.9%
unemployment,
compared with 4.1%
nationally

Average resident
income = £34,098



- Our three **leisure centres** receive over 1.2 million visits every year and the Harlequin Theatre sees around 60,000 visits
- Last year we helped over 250 households avoid **homelessness**
- In 2018/19 we provided over £330,000 of **grants** to local community groups and charities
- 91% of the families our **Family Support** Team have helped have seen an improvement in their circumstances
- The Council has welcomed 7 Syrian **refugee families** into the borough and is supporting them to access education and employment
- Our recently launched **Money Support** service provides practical advice about managing money well
- The borough's Mayor attends as many as 400 engagements per year and carries out fundraising event to support two charities each year

What we already do

Housing

Some of the challenges we face

- The average house price is £414,790¹ - over 11 times the average income² and well above the national average
- The average rent for a 2 bed flat is £1,075 per month³
- There are over 800 households on the housing register of which over 550 are on the waiting list⁴, and over 230 children in emergency or temporary accommodation⁵
- On average, the Council houses 13 households in B&B accommodation per night⁶
- It is increasingly difficult (and slow) to secure affordable housing on new developments

Our objective: Secure the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size of housing

Why is this important? Along with much of south east England, Reigate & Banstead is facing a housing affordability crisis. This means many of our young people are unable to stay in the borough, and employers are already reporting that the struggle to recruit local workers due to the high level of house prices and rents. Many who do live in the borough face insecure tenancies or overcrowding, and older people looking to downsize may not

have the options they want. We think the Council should take a more proactive role in helping provide a better choice of new homes for local people.

To achieve our housing objective, we will:

- Develop and implement a Housing Delivery Strategy
- Work with partner organisations (including Surrey County Council) and developers (including Raven Housing Trust) to deliver homes that can be afforded by local people and local workers and a better mix of types, sizes and tenures of homes
- Deliver a minimum of 30% affordable housing on all housing schemes on Council-owned land
- Provide local temporary and emergency accommodation and continue to secure accommodation through the private rented and social housing sector to prevent homelessness
- Work with Raven Housing Trust to identify and investigate opportunities for estate renewal, supported by new infrastructure and environmental improvements
- Give priority to local people for affordable housing
- Use our planning policies to require private developers to deliver affordable housing from qualifying schemes, and a mix of housing types and tenures

Communities & Community Safety

Some of the challenges we face

- The borough has generally strong communities, however there are still some areas where residents have fewer opportunities
- Crime rates are relatively low compared to other areas nationally but increasing: 62 crimes per 1000 residents per year⁷
- Reigate & Banstead has the 2nd highest level of domestic abuse in Surrey⁸

Our objective: Work with partners to create strong, safe and welcoming communities

Why is this important? Strong communities support their residents and local businesses. We know the next five years will bring challenges associated with the economy, the housing market, welfare changes and an aging population. People in strong communities are better able to endure challenging times, less likely to be socially isolated, and therefore less likely to require costly public sector support. We have a duty as a local authority to work with our partners and residents to collectively keep our communities as safe as possible.

To achieve our Communities & Community Safety objective, we will:

- Fund community development workers in target communities across the borough
- Deliver community activities at our community centres around the borough, including activities for older and more vulnerable residents
- Work with partners to provide a range of other community services to reduce social isolation across all age groups
- Use our 'place' activities to deliver wider community benefits

- Support local and community organisations to deliver services that help us to achieve the priorities in this plan
- Work with the Police and Surrey County Council and other organisations to tackle crime and the causes of crime, and to raise awareness of hidden crime such as domestic abuse
- Work with partners to continue to deliver more effective joint enforcement activities to respond to and reduce anti-social behaviour across the borough

Vulnerable Residents

Some of the challenges we face

- 9.2% of children in the borough are living in poverty⁹
- The borough has the second highest level of excess winter deaths in Surrey¹⁰
- 14% of residents report their day-to-day activities are limited¹¹
- Over 3,700 of residents provide more than 20 hours of unpaid care per week¹²
- Visits to foodbanks in the borough have increased in recent years

Our objective: Provide targeted and proactive support for our most vulnerable residents

Why is this important? While many residents enjoy a high quality of life, the borough is also home to many vulnerable adults and children who experience lower standards of living and feel isolated. Our aging population, high house prices, welfare reform, public sector cuts and other factors will present challenges for many residents. By providing early support, it is more likely that vulnerable residents can be helped to avoid some of the worst problems such as food and fuel poverty, debt, social isolation, severe mental health issues and homelessness.

To achieve our Vulnerable Residents objective, we will:

- Provide early help and advice, enabling residents in need to access jobs, housing, money advice and other support, including through our housing and family support teams
- Share information with relevant partners to target multi-agency support to those who need it most
- Provide advice, grants and other financial support to help older people and those at risk of homelessness, including to help them remain in their homes
- Work with partners to provide support for – and raise awareness in relation to - vulnerable older residents, those with dementia, and carers.

Leisure & Wellbeing

Some of the challenges we face

- 63% of the adult population in Reigate & Banstead is overweight or obese¹³
- 18% of reception age children in the borough are overweight or obese¹⁴
- Reigate & Banstead has the third highest proportion of mental health disorders in young people in Surrey¹⁵

Our objective: Provide leisure, cultural & wellbeing services that are accessible to, and meet the needs of, communities and visitors

Why is this important? Good health is something that is taken for granted by many people. Yet we are all likely at some time in our lives to experience poor physical and/or mental health. Taking care of our own personal wellbeing not only makes our own lives easier but also provides benefits to our communities, economy and society as a whole. Already the NHS and Surrey County Council social care services are stretched, and by making it easier for people to make healthy choices now we can reduce the pressure that will be placed on these services in the future.

To achieve our Leisure & Wellbeing objective, we will:

- Review and develop our leisure services offer in the borough
- Review the cultural opportunities that we provide for residents and visitors, including at the Harlequin theatre, and expand our offer to meet changing needs
- Focus on activities addressing the wider determinants of both physical and mental health, including for older people, and for young adults and children, and continue to support and promote wellbeing and 'wellbeing prescription' services, where economically feasible.
- Explore opportunities to co-locate of our services with those of partner organisations

Facts and figures



61,246 homes in
the borough

Economy worth
£4.75bn



72% of the borough
is countryside

54% of household
waste is recycled



What we already do

- Nearly 3,500 **new homes** have been built in the borough since 2012, of which in total 683 have been affordable homes
- Since 2016 we have collected nearly £20m from new developments to put towards **infrastructure** improvements
- In 2018/19 we provided **small business grants** to around 60 local businesses
- We are **strengthening links** between local employers and education providers – our last careers fair was attended by over 550 school children
- We maintain 55 **parks and open spaces** and 33 play areas, and manage over 1,300 allotments
- Each year we **clear the streets** of 1,400 tonnes of litter. In 2017/18 our Joint Enforcement Team dealt with nearly 4,000 incidents of **antisocial behaviour**

Towns and Villages

Some of the challenges we face

- People's shopping patterns are changing, which means the role of our town centres will need to evolve
- Our town centres face increasing competition from larger centres and online shopping
- However local residents and workers will continue to expect our towns and villages to provide the services they need

Our objective: With our partners, invest in our town and village centres, so they continue to be places where people chose to live, work and visit

Why is this important? Our towns and villages are at the heart of our local communities. However, across the country, retailers are struggling as a result of economic circumstances and changes in the ways people shop. This means we need to take a more proactive approach to ensure that our town and village centres continue to provide the important local services residents and employees rely on and remain attractive and vibrant places that people want to visit.

To achieve our Towns & Villages objective, we will:

- Use our own assets to provide new retail, leisure and business space and new homes in our town centres, including through the delivery of the Marketfield Way development in Redhill
- Work with local interest groups and partners to enhance the environment in our town and village centres and improve services for visitors and local businesses
- Use our planning policies to ensure our towns and villages can respond to changes in retailing, encourage a mix of uses in our centres and retain the facilities and services residents need

Economic Prosperity

Some of the challenges we face

- Over 35,000 residents commute out of the borough for work, with 27,000 people commuting in¹⁶
- Although some new offices are being built in the borough, the supply of new employment space is not keeping up with high levels of market demand
- The way people work is changing and we need to make sure our borough provides the type of space and services (business infrastructure) that businesses need to thrive

Our objective: Drive the continued economic prosperity of the borough, facilitate improved business infrastructure, and confirm the borough's reputation as a great place to do business

Why is this important? Reigate & Banstead has a relatively healthy economy, and is home to a wide range of employers. However our local businesses report a number of challenges, including difficulty for employees in accessing homes they can afford, and local congestion. We also know there are changes on the horizon that could challenge the future success of our local economy. We believe the Council has a role to play in making sure our economy is resilient to face these changes and continues to provide a good supply of jobs which local people can access.

To achieve our Economic Prosperity objective, we will:

- Provide support to start-up and micro businesses to increase business birth and survival rates
- Work with large employers and support them to maintain a local presence, employ local workers, build stronger relationships with local education and skills providers and support apprenticeships schemes
- Continue to facilitate networking to strengthen the business community in Reigate & Banstead
- Work with businesses and other organisations to make the borough a more attractive location for visitors to stay and spend time
- Work with partners across the wider economic area, including the Local Enterprise Partnership, to secure investment, promote the borough, deliver business floorspace

and business infrastructure (such as 5G), and to secure a greater range of higher education provision in the local area.

- Work with partners to progress our plans for Horley Business Park, supported by infrastructure including new road access, bus, walking and cycling routes, and a new public park; and secure jobs for local people including during construction

Shaping our Places

Some of the challenges we face

- Our great location, natural environment and good transport links make the borough an attractive place to live, but with this comes the challenge of balancing economic considerations with environmental and social considerations
- There is a high level of demand for new homes in the borough
- Providing transport and other infrastructure is challenging given limited public sector funding is available¹⁷
- Ambitious growth plans at Gatwick Airport are expected to result in increased numbers of passengers and employees which will have impacts that we need to plan for

Our objective: Ensure new development is properly planned and sustainableⁱ, and benefits the borough's communities and the wider area

Why is this important? The need for development in the borough must be balanced against the potential consequences to local environment and quality of life. As the statutory planning authority, the Council strives to achieve this balance by approving the right development in the right place. This includes taking a proactive role in shaping how places in the borough develop to make sure that local communities benefit from development and infrastructure investment.

To achieve our Shaping our Places objective, we will:

- Maintain an up-to-date local plan which sets out the scale and location of new development and includes social, economic and environmental policies to inform decision making on planning applications
- Use our planning policies to enable growth and development that is consistent with this Corporate Plan and the principles of sustainable development
- Collect Section 106 contributions and the Community Infrastructure Levy and spend it on the infrastructure needed to support new development
- Engage with infrastructure providers to make sure other funding is properly targeted to benefit the borough
- Work with Surrey County Council and other transport providers to promote sustainable transport choices and reduce congestion
- Work with neighbouring authorities and partners to identify the best locations for new development across the wider area and lobby for the investment in the infrastructure needed to support this

ⁱ Balancing economic, social and environmental considerations

Clean & Green Spaces

Some of the challenges we face

- Reported incidents of fly-tipping have increased in recent years
- Our parks and greenspaces cost about £1.2m to maintain each year
- The Council sweeps 481km of public highway and maintains 550 litterbins

Our objective: Provide high quality neighbourhood services to ensure that the borough continues to be clean and attractive and local people have access to the services and facilities they need

Why is this important? We know that residents and employers value the quality of both the urban and rural environment in Reigate & Banstead; it is part of what makes the borough a great place to live and work. Faced with the challenges of population growth and development pressure, it is important that we continue to invest to ensure that our public spaces are well maintained.

To achieve our Clean & Green Spaces objective we will:

- Invest in our parks, recreational facilities and countryside in Council ownership, promote biodiversity and encourage greater use of our green spaces through the provision of new facilities, activities and events
- Work with volunteers across the borough, and help communities to maintain their own local green spaces
- Deliver a high quality cleansing and street cleaning service and take a joint enforcement approach towards fly-tipping
- Work with partners including Surrey County Council and the Local Enterprise Partnership to tackle areas of poor air quality across the borough and promote the use of low emission vehicles.

Environmental Sustainability

Some of the challenges we face

- Without global action, international targets to keep global temperatures below 2°C will not be achieved.
- The borough emits around 800,000 tonnes of carbon dioxide per year, or 5.4 tonnes per person
- Recycling in the borough has increased in recent years, but we could do more

Our objective: Reduce our own environmental impact and support local residents and businesses to do the same

Why is this important? Without global action, natural resources will become increasingly scarce, the environment will face continuing threats including from pollution and climate change targets will be exceeded. We feel that it is important that we do our bit to respond to these challenges, and help our residents and businesses to do the same.

To achieve our Environmental Sustainability objective we will:

- Continue to deliver a waste & recycling service that provides good value to the taxpayer, and encourages recycling and reduces plastic waste, working with the Surrey Environment Partnership
- Review and update our plans in relation to environmental sustainability and carbon management, taking account of the latest evidence and national policy
- Seek to reduce waste and emissions across our own estate, assets and activities, and use natural resources more efficiently
- Work with Surrey County Council and other partners to help local residents and businesses to take action to reduce their own carbon footprint, and resource use.

Facts and figures

£0

No revenue support grant from Government

Annual net budget in 2019/20 of £16.3m



All our services for less than £4.38 Council Tax per week

What we already do

- Since 2009/10, the Council has made cumulative revenue savings of around £20m.
- Over £4m of income is predicted to be generated from our property portfolio in 2019/20
- Over 99% collection rate for Council Tax and Business Rates – one of the highest in the country.
- 11 apprentices employed and over 230 paid work experience opportunities provided to borough residents since 2011

Financial sustainability

Some of the challenges we face

- The Council receives no revenue support grant from Government; and we are not certain that we will be able to retain any of the business rates we collect in future years
- Most of the Council Tax residents pay goes to Surrey County Council and Surrey Police - only 12 pence in every £1 that we collect is available to spend on Borough Council services

Our objective: Be a financially self-sustaining Council

Why is this important? The Council now receives no Revenue Support Grant from Government, and the amount of business rates that we are able to keep is being cut dramatically and there are limits on how much we can increase council tax. We have been planning for the withdrawal of Government revenue support grant, but our ability to continue to provide high quality services now depends on the Council finding new sources of income to fund them.

To achieve our Financial sustainability objective, 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 Investment Strategy

We anticipate that we will need to increase Council Tax every year to reflect increasing costs but we will review this position annually.

Commercial Activities

Some of the challenges we face

- To be financially self sustaining we need to generate more income through commercial activities and investments to fill the gap left from the removal of Government grant.

Our objective: Undertake commercial activities to generate additional income and build our financial resilience, in order to sustain services

Why is this important? One way in which we can generate income to continue to provide high quality services is through commercial activities. This includes investment in buildings to generate new rent income and selling our services to other organisations. The income or profit will be reinvested in the services we provide.

To achieve our Commercial Activities objective, we will:

- Expand our Council Tax and Business Rates collection and counter-fraud services for other organisations where it makes commercial sense to do so.
- Investigate other opportunities to sell or diversify our services and pursue these where supported by a robust business case
- Invest in new property assets or development opportunities in our economic area where these will provide a reliable revenue income stream or longer term capital receipt and help us sustain services
- Use our existing property assets to generate revenue income or capital receipts for the Council, including by bringing some of them forward for development
- Consider all commercial investment opportunities in the context of our responsibility to promote economic, environmental and social wellbeing in the borough and delivering the objectives within this plan

Operational Assets

Some of the challenges we face

- The Council maintains a number of public and community buildings which require maintenance and repair.
- Other assets that we need to invest in to ensure our residents receive a high quality of service include refuse collection vehicles and IT systems.

Our objective: Ensure that our operational assets (things like our estate, equipment, IT and vehicles) are fit for purpose

Why is this important? The services that we provide to residents and other customers rely on our buildings, vehicles, other equipment and IT systems being modern, efficient and reliable. Maintaining these operational assets costs money, but without investment the quality of service we are able to provide will decline.

To achieve our Operational Assets objective, we will:

- Maintain an up-to-date asset management strategy

- Make best use of the assets we have to deliver high quality services and the objectives within this Plan
- Invest in our operational assets when required to ensure they remain fit for purpose and support environmental sustainability objectives

Skills & Great People

Some of the challenges we face

- Our Councillors and staff will require a variety of skills to deliver the objectives in this Plan
- It is increasingly difficult to recruit the people we need as we are competing with London authorities and the private sector

Our objective: Invest to ensure the Council (councillors and officers) has the right skills to deliver this Plan

Why is this important? We are one of the borough's main employers, and can offer a range of varied, flexible and interesting jobs to local people. Even our staff who do not live in the borough spend time and money here. We know that our residents and other customers expect high quality services from the Council. To deliver these services, we need to attract and retain great staff. We know that if we have an engaged, happy, motivated and well-rewarded workforce we will be a more efficient and effective Council.

To achieve our Skills & Great People objective, we will:

- Develop and deliver an Organisational Development Strategy
- Invest in attracting, retaining, developing and rewarding skilled staff to deliver our Plan in an increasingly digital environment
- Extend our apprenticeships scheme, maximising the value we secure from the Apprenticeship Levy and creating career development opportunities for residents and staff.
- Draw on external advice and expertise where in-house skills do not exist
- Encourage local people and communities to participate in the Council's work and decision-making
- Provide a modern working environment and competitive employment packages to attract and retain talented people and become an employer of choice

MONITORING AND REPORTING ON PROGRESS

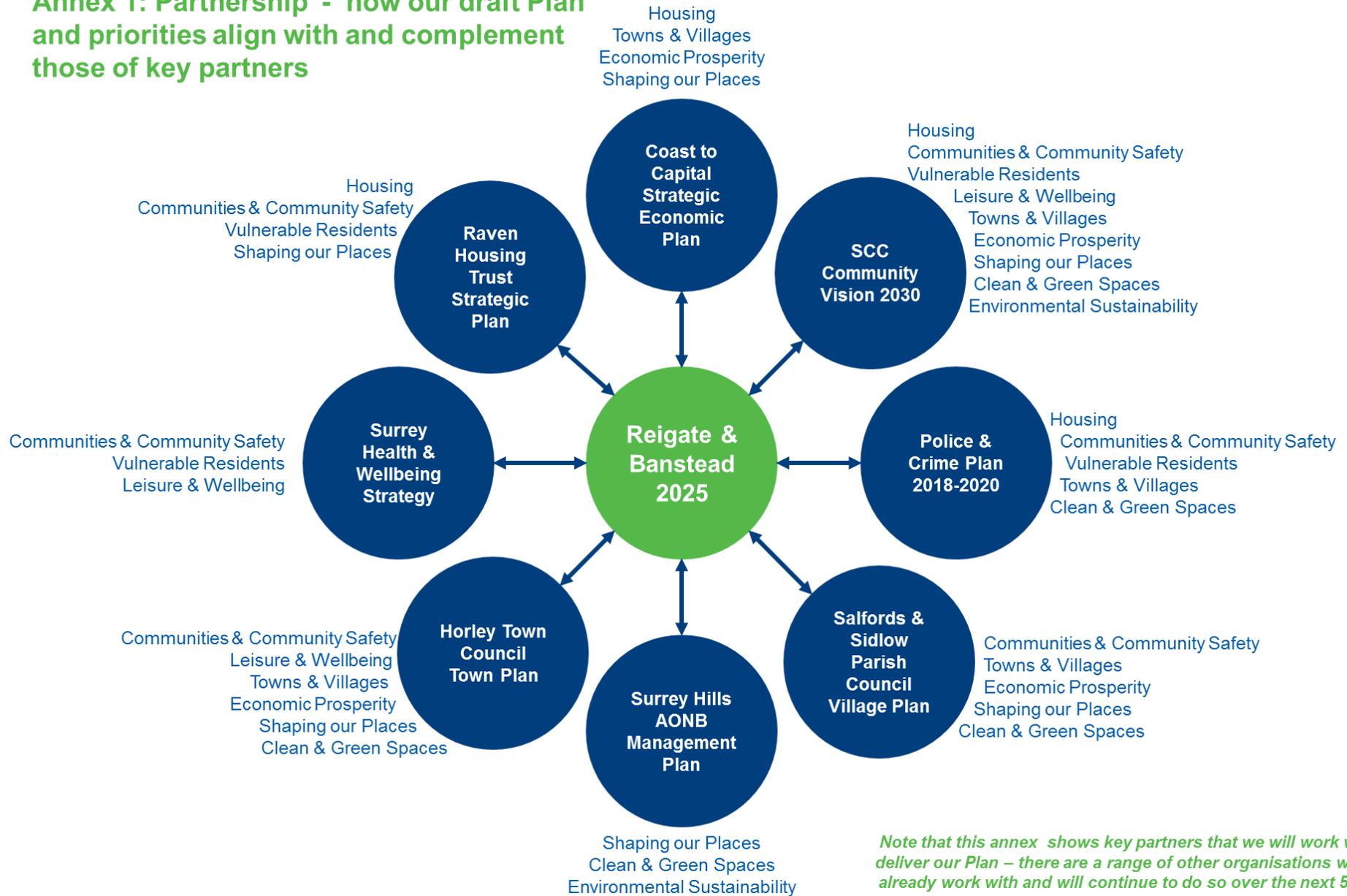
We are proposing to report annually on our progress towards delivering this Plan. We will report on contextual indicators – that is, things that are not entirely within our control but paint a picture of what is happening in the borough; things like house prices, levels of employment etc. We will also identify key Corporate Plan indicators so you can understand whether we are meeting our plan objectives.

We will publish these annual progress reports on our website.

The Council may also prepare action plans explaining in more detail the work which will be undertaken to deliver its objectives and priorities

Annex 1: Partnership - how our draft Plan and priorities align with and complement those of key partners

59



References

- ¹ Land Registry, October 2018
- ² Office for National Statistics 2018
- ³ Valuation Office Agency, December 2018
- ⁴ Reigate & Banstead Borough Council, 2018
- ⁵ Reigate & Banstead Borough Council, 2018
- ⁶ Reigate & Banstead Borough Council, 2018, average on a Friday night
- ⁷ Surrey Police, 2017
- ⁸ Surrey Police, 2018
- ⁹ HMRC, 2015
- ¹⁰ Public Health England 2017
- ¹¹ Census 2011
- ¹² Census 2011
- ¹³ Public Health England 2017
- ¹⁴ Public Health England 2015 (latest data available)
- ¹⁵ Public Health England 2015 (latest data available)
- ¹⁶ Census 2011
- ¹⁷ Surrey Infrastructure Study, 2018

Agenda Item 6



<i>REPORT OF:</i>	HEAD OF FINANCE & ASSETS
<i>AUTHOR:</i>	Pat Main
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<i>E-MAIL:</i>	pat.main@reigate-banstead.gov.uk
<i>TO:</i>	OVERVIEW & SCRUTINY EXECUTIVE COUNCIL
<i>DATE:</i>	12 SEPTEMBER 2019 19 SEPTEMBER 2019 26 SEPTEMBER 2019
<i>EXECUTIVE MEMBER:</i>	COUNCILLOR T. SCHOFIELD

<i>KEY DECISION REQUIRED:</i>	YES
<i>WARD (S) AFFECTED:</i>	ALL

SUBJECT:	CAPITAL INVESTMENT STRATEGY 2019/20
<p>RECOMMENDATIONS:</p> <p><u>Overview & Scrutiny:</u> That the Capital Investment Strategy 2019/20 be noted and, where appropriate, provide feedback for consideration by Executive.</p> <p><u>Executive:</u> That the Capital Investment Strategy 2019/20 be recommended to Council for approval</p> <p><u>Council</u> That the Capital Investment Strategy 2019/20 be approved</p>	
<p>REASONS FOR RECOMMENDATIONS:</p> <p>To support the adoption of a Capital Investment Strategy for the 2019/20 financial period.</p>	
<p>EXECUTIVE SUMMARY:</p> <p>This Strategy sets out our approach to capital investment. It forms a key part of the Council's governance arrangements and provides a mechanism by which investment and financing plans can be prioritised, ensuring that capital decisions take account of stewardship, value for money, prudence, sustainability and affordability.</p> <p>Going forward the Strategy is intended to be an integral part of the Council's Policy Framework and integral to service and financial planning and should be read in conjunction with the Corporate Plan and supporting strategies, the Commercial Investment Strategy, Capital Programme, Medium-Term Financial Plan, Treasury Management Strategy Statement and Asset Management Plan.</p>	

Agenda Item 6

Council has authority to approve the above recommendation.

STATUTORY POWERS

1. The Council operates its capital investment activity as an integral part of its statutory obligation to effectively manage the Council's finances under the *Local Government Act 2003* and associated regulations.
2. Investments are undertaken in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, and the Government's Investment Regulations.

ISSUES

Background

3. An Outline Capital Investment Strategy 2019/20 was approved by Executive in March 2019 and Council in April. It was a new report in line with updated guidance, providing a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. This updated Capital Investment Strategy (the 'Strategy') reflects the outcome of further work to develop our approach in this area over recent months.
4. The purpose of the Strategy is to:
 - Demonstrate how the Council's capital expenditure plans contribute to the achievement of corporate priorities
 - Confirm how we will ensure that the Capital Programme is affordable and sustainable
 - Describe the framework for decision-making and prioritisation relating to capital expenditure
 - Set out the approach to evaluating and monitoring asset utilisation

It is intended to be read in combination with the Treasury Management Strategy (reported to Council in April).

5. The Strategy covers:
 - How the Council's capital investment plans will support delivery of corporate priorities and key strategies – including (in due course) the new Corporate Plan and Housing Strategy
 - How capital investment options are evaluated – to demonstrate effective governance, robust decision-making and compliance with new regulations and guidance
 - How the Council plans to achieve a balance between capital investment to

Agenda Item 6

support service delivery and investments that deliver a financial return to support the budget

- How the capital programme will be funded and how the Council will ensure it is affordable over the medium term
- How capital investment risks are managed
- How the Council plans to extend capital investment planning timescales from short/medium-term to longer-term (10+ years)

6. Following approval of the Outline Strategy in April, the priority areas for further work to develop the final Strategy have included:

- Refreshing the Council's 5-year Medium Term Financial Plan in order to confirm scale of the future financial challenge and investment ambitions.

This was approved by Executive in July.

- Evaluating the performance and risk profile of existing and planned capital investments – covering investment in operational assets, commercial properties, company loans and other treasury investments.

This work is now in progress overseen by the new Commercial Ventures officer Board and Executive sub-committee.

- Further development of the supporting Governance and decision-making frameworks. The new Commercial Governance Framework has been adopted and is being used and matrices are being developed for evaluation of investment opportunities.

This has been progressed through establishment of the Executive sub-committee and a new Executive portfolio with responsibility for Investment and Companies.

The intention going forward is to update the Strategy on an annual basis as part of service and financial planning. The outcome is attached at Annex 1.

7. The Strategy is expected to develop further as priorities in the new Corporate Plan and Housing Strategy are finalised.

8. Further work will continue during service and financial planning for 2020/21 onwards where the following will be confirmed:

Other Council Plans and Strategies

- How Corporate Plan and Housing Strategy investment priorities will be approached and prioritised

Medium Term Financial Plan and forecast Budget Gap

- The extent to which new commercial income streams will be relied upon to help address the Budget Gap

Service & Financial Planning Budget

- Confirmation of ongoing capital investment

Agenda Item 6

and Capital Programme Proposals for 2020/21 onwards

commitments and how they will be funded

- The cost of borrowing to fund investment in new capital schemes

Commercial Investments

- Confirmation of the scope of commercial activities and investment plans through development of a Commercial Investment Strategy.

9. At this stage Executive is being asked to note the progress made in developing the updated Strategy and recommend this updated version for adoption by Council. Overview & Scrutiny Committee are asked to review the Strategy and provide any feedback for consideration by Executive.

Matters for Consideration

Guidance

10. The requirement to prepare a Capital Investment Strategy has been introduced as a consequence of recent revisions of MHCLG Investment Guidance, MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.
11. These changes are intended to reflect the increasingly complex business models being adopted by Local Authorities in response to reductions in other funding streams.
12. The objective is to demonstrate a longer-term focus within local authority capital plans. There are also enhanced reporting requirements surrounding commercial activity undertaken under the Localism Act 2011.

OPTIONS

13. There are 3 options:

Option 1 – Approve the recommendations within this report

This will provide the best opportunity to ensure compliance with the new reporting standards as well as establishing a framework for future investment decisions.

This is the recommended option.

Option 2 - To defer the report and ask Officers to provide more information and/or clarification on any specific points

The updated Prudential Code stipulates that the authority's Capital Investment Strategy must be approved prior to the financial year to which it relates.

Agenda Item 6

Any delay in approving the Strategy could leave the Council open to the same risks identified in option 3 below.

Option 3 - To not support the contents of this report

This would mean that the Council fails to meet the new reporting standards and also lacks the required frameworks for undertaking future investment decisions.

LEGAL IMPLICATIONS

14. There are no direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

15. The financial impacts of the Capital Investment Strategy have already been reflected within the Council's 2019/20 Budget proposals. There are no additional direct financial implications that arise from this report or from the changes to the CIPFA Prudential Code.

16. The Chief Finance Officer confirmed in the 2019/20 budget report that they were satisfied that the proposed Capital Programme is prudent, affordable and sustainable due to the robust assessment process and the close links between the Medium-Term Financial Plan, the Capital Programme and revenue budget and the Treasury Management Strategy Statement.

17. The current capital programme includes an allocation of £25 million for investment in corporate priorities along with an Earmarked Reserve of £250k to fund feasibility studies. The Commercial Ventures Executive Sub-Committee has delegated authority to approve investment of these funds.

EQUALITIES IMPLICATIONS

18. There are no equality implications arising directly from this report. An equalities impact assessment will be prepared as part of the Service and Financial Planning report to Executive in November when the full implications of all budget proposals, including any arising from the Capital Investment Strategy and Capital Programme, can be assessed.

COMMUNICATION IMPLICATIONS

19. There are no communication implications arising from this report. A copy of the Strategy will be published on the Council's website.

RISK MANAGEMENT CONSIDERATIONS

20. These are detailed in Annex 1

OTHER IMPLICATIONS

21. There are no other implications arising from this report

Agenda Item 6

CONSULTATION

22. The proposals in this report will be considered at an informal meeting with members of the Commercial Ventures Executive Sub Committee on 5 September 2019.

POLICY FRAMEWORK

23. The Strategy is part of the Council's Policy Framework as set out in Article 4 of the Constitution.

Background Papers:

24. None

Capital Investment Strategy 2019/20 September 2019

INDEX	Page
FOREWORD	2
1. INTRODUCTION	3
2. PURPOSE	4
3. SUMMARY	5
4. INFLUENCES ON CAPITAL INVESTMENT	8
5. CURRENT CAPITAL EXPENDITURE	10
6. COMMERCIAL INVESTMENT STRATEGY	15
7. FUTURE CAPITAL INVESTMENT PLANS	17
8. RISK MANAGEMENT	19
9. CAPITAL APPRAISAL PROCESS	20
10. GOVERNANCE	22
APPENDICES	
1. TREASURY MANAGEMENT FRAMEWORK	26
2. DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER	28

FOREWORD

This updated Capital Investment Strategy ('the Strategy') sets out Reigate & Banstead Council's approach to capital investment. It builds on well-established decision-making structures and policies that support our investment ambitions that underpin our draft Corporate Plan, Reigate & Banstead 2025, which explains the Council's proposed priorities for the next five years, and explains how we will deliver services to those living, working and spending time in our borough. This includes things like how we will deliver leisure and housing services, neighbourhood services (including recycling and refuse collection), our plans to tackle climate change and how we will support our towns, villages and local businesses. The draft Plan has been developed looking at resident feedback, what is likely to change in the borough over the next five years and what our partner organisations are saying.

An Outline Strategy was approved by Executive in March 2019 and by Council in April 2019. The underlying details are being developed further as priorities in our new Corporate Plan and Housing Strategy are becoming clearer and our commercial investment ambitions have developed.

This Strategy forms an important part of our governance arrangements and provides a mechanism for prioritising our capital investment and financing plans, ensuring that decisions take account of stewardship, value for money, prudence, sustainability and affordability.

Throughout this document we describe follow-up actions that are planned to develop our approach further to help ensure that our capital investment decisions continue to support delivery of corporate priorities.

1. INTRODUCTION

Reigate & Banstead Borough Council is committed to delivering high quality services and support, and providing value for money for customers, be they residents, workers, local businesses or visitors.

However, being a great Council is not just about what we do, but about how we do it. The ways in which local government is funded has changed in recent years: we now receive no revenue support grant from central government and are able to retain only a small amount of the business rates that we collect. We therefore need to operate in a more commercial way, and become self-financing, if we are to deliver the quality of services that our residents and our other partners expect.

This Capital Investment Strategy is an important part of the jigsaw which explains how we will do that. Over the medium term the intention is for this Strategy to include a longer-term vision, for investment covering the time frame for the ten years to 2033/34. The objective is to take a forward look at those projects that are likely to run beyond the initial five-year Strategy and programme period.

It is focused on the investment activity we need to undertake to deliver the priorities set out in our current corporate Five-Year Plan which runs until 2020. Throughout 2019, we will be developing the new Corporate Plan, for the period 2020 to 2025, and so, of course, this Strategy will continue to develop to ensure we can deliver our new priorities as well as our existing ones.

In the meantime this document provides a clear framework for our future investment activity so that Reigate & Banstead can continue to provide high quality services, value for money and make the borough a great place to live, work in and visit.

2. PURPOSE

This Strategy has been developed by Members and officers to set out the framework for future capital investment decisions and to ensure transparency in how these activities are reported.

The underlying principles are summarised below:

- Capital investment decisions reflect the aspirations and priorities included within our Corporate Plan and supporting strategies. This is underpinned by the commitment of Members and senior officers to adopt a strategic approach, making effective use of our capital resources to deliver corporate priorities, balancing ambition with prudence, sustainability and affordability.
- We will seek opportunities to work in partnership across the public and private sector to deliver our aims.
- New capital investment opportunities will be prioritised according to availability of resources and scheme-specific funding along with factors such as legal obligations, health and safety and environmental considerations and the longer-term impacts on our financial position.

Throughout:

- Commissioning and procuring capital schemes will comply with the requirements set out in our Constitution, financial procedure rules and contract standing orders.
- Risks will be identified and monitored as investments are evaluated and pursued.

3. SUMMARY

This Capital Investment Strategy presents an overview of:

- how we plan to invest to meet the needs of the area and local residents in a sustainable manner, as set out in the Corporate Plan and other key strategies
- how capital expenditure, capital financing and treasury management activities contribute to the provision of services
- how the associated risks are managed; and
- how the implications for our future financial sustainability are assessed.

Going forward the Strategy is intended to be an integral part of our Policy Framework and integral to service and financial planning and should be read in conjunction with the Corporate Plan and supporting strategies, Capital Programme, Medium-Term Financial Plan, Treasury Management Strategy Statement and Asset Management Plan. Next step will be to develop our Commercial Investment Strategy.

Figure 1: Service & Financial Planning Framework – Links to Capital Investment and Commercial Investment Strategies



The Strategy is reported separately from the annual Treasury Management Strategy Statement. This ensures the separation of information about commercial investments and fixed assets from the treasury function which focuses on investment of cash balances and operates under the principles of security, liquidity and yield.

In relation to investment in commercial investments and fixed assets, the Strategy covers:

- The governance and decision-making arrangements
- How we will set service objectives relating to capital investments

- How we will assess expected income, costs and resulting contribution to support our budget
- The links to borrowing and financing costs and the debt payback policy (Minimum Revenue Provision Policy); and
- The risks associated with each activity.

Our approach to developing the Strategy has included:

- Taking on board the relevant guidance and regulations
- Collating information about current custom and practice relating to our investments so that it can be reviewed and made available in one place
- Calling on support from our Treasury advisors, Link Asset Services
- Briefing and consulting senior management and Executive and other Members
- Holding a workshop with a group of representative Members, facilitated by Link; and
- Adopting a two-stage reporting and approval process to reflect the fact that our investment plans will change as the new Corporate Plan and Housing Strategy are developed.

Progress over recent months includes:

- Allocation of £25 million in the Capital Programme for investment in corporate priorities in 2019/20 onwards and creation of an Earmarked Reserve of £250k that is available to fund feasibility studies. The Commercial Ventures Executive Sub-Committee has delegated authority to approve investment of these funds.
- Further progress in developing the new Corporate Plan ('Reigate & Banstead 2025') which is now open to public consultation www.reigate-banstead.gov.uk/rbbc2025
- Approval of an updated Medium Term Financial Plan for the revenue budget by Executive in July 2019. This included approval of a draft Reserves Strategy.
- Implementation of new governance and decision-making arrangements relating to capital and commercial investment – further details below.
- Development of reporting on our existing asset portfolio and an assessment matrix for new property investments.
- Continued progress towards developing a new Housing Strategy which is currently expected to be available by the end of the calendar year.

Next Steps - Action Plan

Action	Timescale
<p>Further development of the 5-year Medium Term Financial Plan – to confirm scale of the financial challenge and future investment ambitions and confirm the extent to which the balanced budget and council tax calculation is dependent on commercial activity. To include an assessment of the extent to which overall funding to meet corporate service delivery objectives is dependent on achieving forecast net commercial income streams.</p>	<p>Q2/Q3 19/20</p>
<p>Ongoing Capital Investment Strategy updates as part of the service and financial planning process to reflect:</p> <ul style="list-style-type: none"> • new Corporate Plan 2020 to 2025 priorities for investment • the new Housing Strategy 2020 to 2025 priorities for investment 	<p>Q3 19/20</p>
<p>Commercial Ventures Executive Sub Committee to consider the types of assets / commercial activity that will be considered and investment durations where appropriate along with the maximum level of investment and any other decision-making criteria. Taking account of new guidance as appropriate. To also identify any options for disposals to realise capital funds for new investments</p>	<p>Q3 19/20</p>
<p>Further work to develop a longer-term vision, a forward-look at those projects that are likely to run beyond the five-year Strategy. This will cover a timeframe for the 10 years to 2033/34</p>	<p>Q4 19/20 Q1 2020/21</p>

4. INFLUENCES ON CAPITAL INVESTMENT

Influences on Investment

Current capital investment plans that underpin this Strategy reflect external, partner and internal influences. We aim to take a strategic view in relation to capital investment so that it can be directed to make a real and demonstrable impact on service delivery and the local economy by:

- Ensuring that service delivery is supported by fit for purpose assets
- Regenerating the borough, building on the established investment programme, by attracting external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer. This is defined in its widest sense and will include investments in the borough that create retail, industrial, office and housing assets including working in partnership with other developers.
- Using regeneration investment to drive up gross value-added and increase the yield from business rates and commercial rents
- Working with partners, including Surrey Council and other public and private sector bodies, to take advantage of joint investment opportunities, co-location and the release of surplus assets
- Adopting transformational approaches to the delivery of services with and by local communities
- Aiming to get the basics right and drive improved business performance through investment in technology and instigating new service delivery models.

To date the Council has focussed its investments on properties and developments that located within the borough. A number of these investments over recent years (funded from capital receipts) have delivered financial returns to support our ambition to be financially self-sufficient; nevertheless a primary goal remains to focus investment to support our regeneration and community development ambitions.

Going forward, the overall investment value and range of assets acquired has to represent a mix and spread of risk, size and location across differing sectors to ensure that the portfolio is resilient to change that might lie outside our control. At the same time, it will be important that we maintain an adequate level of reserves and balances to ensure it can manage any down turn in the property market and limit the impact it will have on revenue income.

The Council may hold property assets either directly or indirectly. Direct property investment gives us full control over the property and responsibility for its management and the properties brought forward over the past year for investment are held in this way. Indirect property investment is where the asset is held through an arm's length trading company and will be necessary where the Council holds investments solely for income generation or where that is the most effective way The Council has previously acquired one property in this way, owned by its subsidiary company Greensand Holdings Limited.

Progress over recent months includes:

- Continued progress in delivery of major schemes in the current Capital Programme, including the Marketfield Way, Cromwell Road, Lee Street and Pitwood developments.
- Communications with key stakeholders and taxpayers during service and financial planning and Corporate Plan consultation to highlight areas of improvement and achievement in the Council's commercial investment approach for example, through publicising the emerging Capital Investment Strategy.
- Reviewing current asset condition surveys in order to assess the level of maintenance investment required over coming years. This will be taken into consideration in service and financial planning when developing the proposed Capital Programme for 2020/21 onwards.

Next Steps - Action Plan

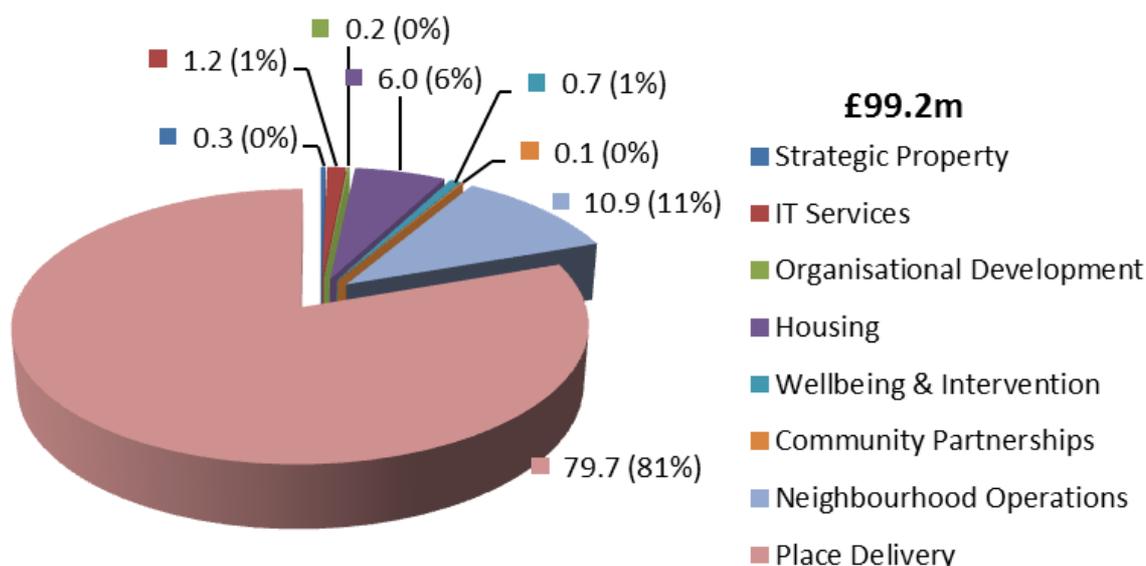
Action	Timescale
Asset Management Plan refresh to help support current and future aspirations. An objective will be to ensure that the ongoing costs associated with existing assets are fully reflected in revenue and capital budgets and are taken into account when making decisions on the use and performance of assets.	2020/21

5. CURRENT CAPITAL EXPENDITURE

Capital Programme

The Capital Programme for 2019/20 to 2023/24 includes initial forecasts for capital growth during the 2019/20 year and the resources available to fund it. New investment opportunities will be reported to the Commercial Ventures Executive sub-committee for approval during the year as our Commercial Investment Strategy priorities are confirmed.

Figure 2: Capital Programme 2019/20 to 2023/24 by Service



Source: Budget Report 2019/20, Executive 24 January 2019

Capital Programme spending plans and priorities will be reviewed again as part of service and financial planning for 2020/21 onwards.

Asset Management

For an organisation like the Council, with a diverse property portfolio, the Asset Management Plan describes the general direction that the organisation's property portfolio will take over the next 5-10 years, the approach to be adopted in getting there and the policies that will be applied to decision making. The Asset Management Plan presents such a vision and reflects the operational and business strategies of the Council. It is essential to achieving efficient use of corporate assets.

We plan to review and refresh the Asset Management Plan to help support current and future aspirations. An objective will be to ensure that the ongoing costs associated with existing assets are fully reflected in revenue and capital budgets and are taken into account when making decisions on the use and performance of assets.

Commercial Investment

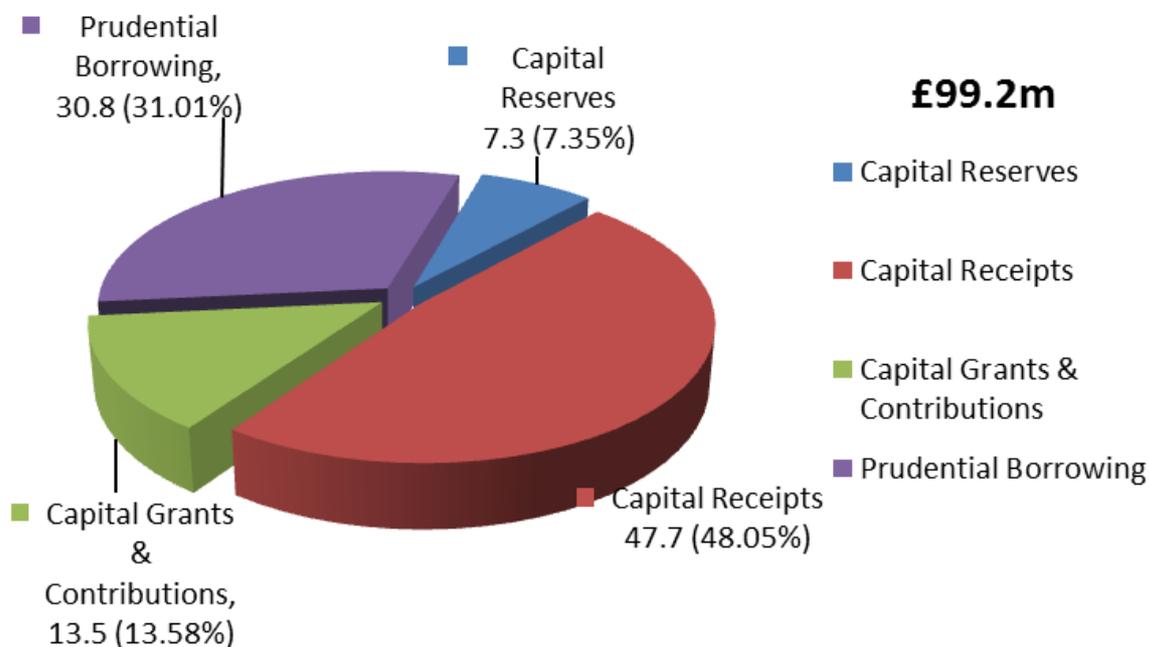
Our commercial investments comprise those activities and assets that deliver income streams to support our objective of achieving financial self-sufficiency over the medium term.

Our current approach to making commercial property investment decisions was approved by Executive in 2014 and explains how investment decisions are made, delivery approaches and how risks will be managed. This is now being updated by the Commercial Ventures Officer Board reporting to the Commercial Ventures Executive Sub-Committee which were established during 2019. A Commercial Investment Strategy is also under development, as referenced elsewhere in this document

In order to support investment decisions we rely upon the principles established in our evolving Commercial Investment Strategy and powers under the Localism Act 2011. This forms the framework for maximisation of new and existing income streams to support service provision. We will continue to identify suitable property investments and to complete substantial due diligence. We will also be taking into account updated guidance from CIPFA on prudential borrowing, which is currently subject to consultation.

Capital Funding

Figure 3: Capital Financing 2019/20 to 2023/24



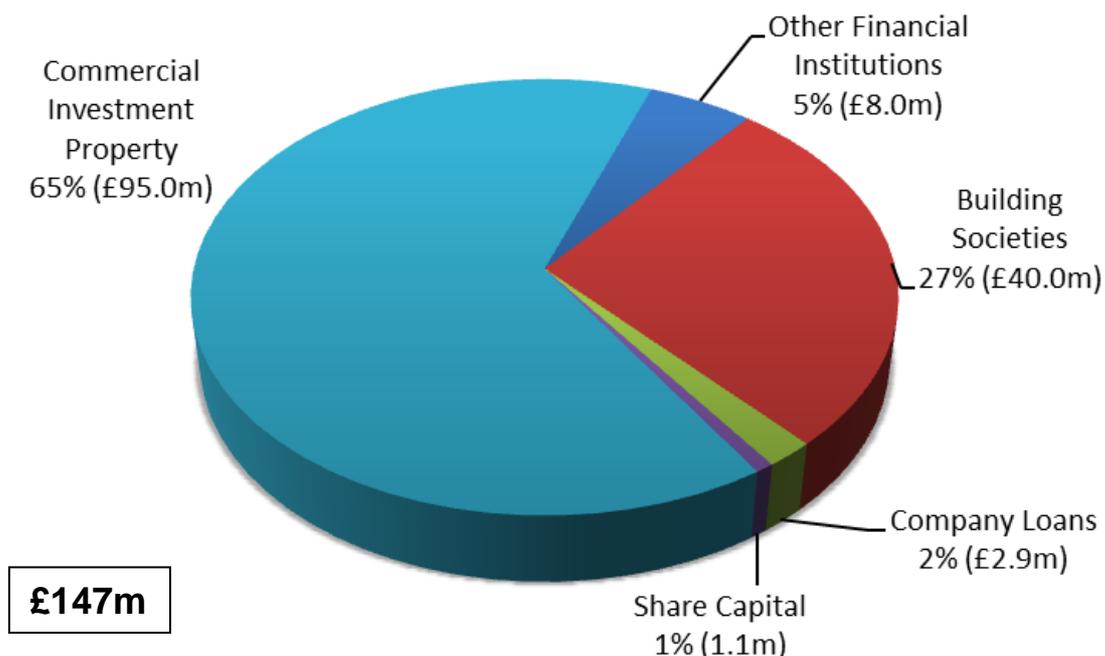
Source: Budget Report 2019/20, Executive 24 January 2019

Capital funding requirements are monitored throughout the year as part of treasury management activities and will be reviewed in detail during service and financial planning for 2020/21 onwards. At 31 March 2019 there was still no borrowing necessary to fund capital expenditure; however, this is expected to change during 2019/20 as there are now very limited capital reserves available.

Treasury Management Investments

Our Treasury Management Strategy Statement is reported each year to Executive and full Council. Treasury investments are central in providing an income stream to help fund our revenue activities.

Figure 4: Investment Portfolio Components at 31 March 2019



Our Treasury Management Framework is described in more detail at Appendix 1. The Framework and associated Treasury Management Strategy and reports cover:

- how long-term projections are prepared and managed for external debt, internal borrowing and the use of cash-backed reserves
- the authorised limit and operational boundary for external debt, internal borrowing and cash back reserves
- the liability benchmark for the authority. This is an indicator that describes the Council's debt position and its ability to cover it
- how debt will be repaid and the associated Minimum Revenue Provision (MRP) Policy which confirms compliance with the latest statutory guidance
- how treasury management decisions are made and risks are managed, along with key delegations
- arrangements for the scrutiny of treasury management activities by Overview & Scrutiny Committee and the Portfolioholder's Treasury Management Panel
- ensuring awareness of the availability of capitalisation flexibilities under circumstances (the Council has not made use of them to date)

Government regulations require authorities to consider whether each asset retains sufficient value to provide security of investment using the 'fair value' model

[International Accounting Standard 40: Investment Property (paragraph 37)]. A fair value assessment has been undertaken as part of year-end processes for 2018/19 and has confirmed that the underlying assets provide security for the capital investment. Short-term reductions in value may arise (for example if assets are being used to support delivery of regeneration developments) but no other assets are currently at risk of significant impairment. As explained in this Strategy, work is underway to carry out condition surveys and review planned maintenance budgets to ensure that appropriate levels of investment are funded going forward.

Progress over recent months includes:

- Implementation of the Commercial Governance review which resulted in recommendations to adopt a good practice Framework and Checklist to guide future working and ensure lessons from past practice are implemented to inform investment decisions
- Ensuring that policies and governance arrangements are clearly established for the approval of commercial activity through the establishment of the Commercial Ventures Executive Sub-Committee and the Commercial Ventures Officer Board.
- Reporting on the Treasury Management outturn position for 2018/19
- Commencing a review of the performance and risk profile of existing and planned capital investments in commercial properties - to help inform capital investment decision-making and investment prioritisation in future – led by the Commercial Ventures Executive Sub-Committee supported by the Commercial Ventures Officer Board.
- Commencing a review of the current Capital Programme and capital growth proposals as part of service and financial planning for 2020/21

Next Steps - Action Plan

Action	Timescale
Evaluate performance and risk profile of existing and planned capital investments in treasury investments - to help inform capital investment decision-making and investment prioritisation in future.	Complete - see Treasury Management Strategy and Q3 Performance Report
Evaluate performance and risk profile of existing and planned capital investments in company loans - to help inform capital investment decision-making and investment prioritisation in future.	Complete - see Company Performance Report
Evaluate performance and risk profile of existing and planned capital investments in operational assets - to help inform capital investment decision-making and investment prioritisation, taking into account risk	Q3 19/20

Action	Timescale
appetite, in future.	
Asset Management Plan refresh to help support current and future aspirations. An objective will be to ensure that the ongoing costs associated with existing assets are fully reflected in revenue and capital budgets and are taken into account when making decisions on the use and performance of assets.	2020/21

6. COMMERCIAL INVESTMENT STRATEGY

Commercial Investment Strategy

We plan to develop a Commercial Investment Strategy which is anticipated to cover:

- Our objectives for generating sustainable future income streams to support service delivery
- The role of commercial investments acquisition in achieving that objective
- The commercial investment decision-making process
- The financial resources that will be available to facilitate commercial investments
- How commercial investment risks will be managed

Commercial Governance Framework

Commercial property investment opportunities often arise unexpectedly and it is important to be agile in order to take advantage of opportunities when they arise. The Commercial Ventures Officer Board and Executive-Sub-Committee are now responsible for identifying suitable opportunities and developing the viability appraisal and business case for the Council to invest. The Framework is important to provide a guide when identifying appropriate investment opportunities. Examples of where the Council may need to respond without delay include the traditional route of a selling agent and bidding process, through auctions and 'off market' through direct approaches from prospective sellers who want to save time and risks of abortive costs. Receivers or administrators of distressed sellers may also seek offers for commercial property assets quickly. The Framework and supporting tools will provide a systematic assessment investment opportunities so that we are able to move quickly when a compelling opportunity arises.

Asset Management

It is also important that the Council actively manages the investment portfolio. Such work includes rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management. The commercial Ventures Officer Board and Executive Sub-Committee are now responsible for ensuring that the portfolio is delivering the investment returns that were envisaged and to always act in the Council's financial interest, which will also include making recommendations for appropriate disposal of investments that are underperforming or no longer meet the Council's objectives.

Progress over recent months includes:

- Implementing the Commercial Governance Framework and supporting tools for evaluating new investment opportunities – overseen by the Commercial Ventures Executive Sub-Committee.
- Monitoring the potential impacts of emerging guidance on investment and borrowing, in particular on 'borrowing in advance of need'.
- Commissioning an independent review of the Council's Property service and

calling on the services of interim development management and strategic acquisitions advisors to help take key developments and investment opportunities forward.

Next Steps - Action Plan

Action	Timescale
Further development of our Commercial Property Investment approach and priorities. Including confirming investment decision criteria and their relative importance.	Q2 19/20
Monitor and respond to further developments in relevant CIPFA guidance and Government regulations	Ongoing
Develop organisation capacity and skills to support delivery of our commercial investment ambitions. Including implementation of the recommendations from the Property team review.	Q3 19/20

7. FUTURE CAPITAL INVESTMENT PLANS

Capital Investment Plan 2019/20 to 2023/24

The Capital Programme includes £20.8m of investment in 2019/20, with an indicative programme for the subsequent four years of £78.4m. In addition, the Commercial Ventures Executive sub-committee has delegated authority to approve new investments funded from the £25 million allocated for investment in corporate priorities. Our intention is to develop this Programme over the coming year to include longer-term (10-year) forecasts.

How Future Capital Requirements Will Be Prioritised

We plan to assess our approach to capital expenditure and investment, and aim to avoid over-exposure to specific markets, sectors or activity. This will reflect investments made to deliver Council services and those designed for wider economic benefit.

We also recognise delivery of our ambitions will be constrained by availability of funding which then necessitates prioritisation of the use of capital resources. We are therefore developing our approach to assessing new opportunities and for prioritising capital investments.

Overall, the intention is that our portfolio will comprise an acceptable balance of risk and return, based on market conditions and the level of secured / unsecured investments. Appropriate risk management tools will be applied, tailored to individual schemes and projects.

Capital growth is considered as part of the service and financial planning process. Heads of Service submit proposals for new investments that are considered for inclusion in the five year rolling capital programme by Executive which is subject to review by Overview and Scrutiny Committee.

Proposals for investment in new commercial assets and initiatives are considered by the Commercial Ventures Executive Sub-Committee which has delegated authority to invest. Work is under way to develop new processes for evaluating and prioritising new investment opportunities.

Option appraisals include an assessment of strategic and operational risks.

Asset Management Planning

Our Asset Management Plan will both inform, and be informed by, this Capital Investment Strategy. The overriding objective of asset management within the Council is to achieve a portfolio of property assets that is appropriate, fit for purpose and affordable. Our property portfolio consists of operational property, commercial investment property and property held for specific community or regeneration purposes.

Purchase of Shares/Provision of Loans:

We may make investments to support delivery of local public services, including making loans to and buying shares in service providers, local businesses to promote

economic growth and our subsidiaries that provide services or which have been established for the purposes of trading.

During 2018/19 our Members carried out a Commercial Governance Review that focussed on our companies and Executive agreed a number of recommendations that are intended to further develop the governance arrangements relating to their operation.

Non-Specified Investments

Shares are the only investment type that we have identified that meets the definition of a non-specified investment in the government guidance.

Treasury Management Investments

Our Treasury Management Strategy Statement and Annual Investment Strategy set out our current decision-making arrangements, investment position and forward view.

Other Capital and Commercial Investments

This will be covered in our Commercial Investment Strategy

Progress over recent months includes:

- Establishment of the Commercial Ventures Executive Sub-Committee with delegated authority to monitor existing and approve new investments. The Sub-Committee is supported by an officer Board with aligned terms of reference.
- Establishment of People & Place Officer Board to oversee delivery of new initiatives, with associated reporting arrangements to ensure that Executive Members are kept informed on delivery progress.

Next Steps - Action Plan

Action	Timescale
Continued development of our approach to assessing new opportunities and prioritising capital investments.	Q3/Q4 2019/20
Implement recommendations from the Commercial Governance Review of the Council's companies	Complete
Develop 10-year capital investment plan to support an improved view of affordability and better identification of the financial and non-financial outcomes of capital investment	2020/21

8. RISK MANAGEMENT

Our capital investment activity requires us to manage a range of risks.

This section of the Strategy provides an initial overview of known risks. An initial risk assessment has been carried out and this will continue to be monitored and developed, as referenced in the action plan below. Details at Appendix 2.

Affordability and Delivery Risks

We are exposed to a range of risks with regard to the continued affordability and delivery of the Capital Programme and Commercial Investment Strategy as follows:

- Financial risks related to the investment of our assets, cash flow and market volatility
- Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and the wider national and global economy
- Credit and counterparty risks related to investments, loans to public and private institutions
- Operational risks related to operational exposures within the organisation, its counterparties, partners and commercial interests
- Strategic risks related to key initiatives undertaken by we such as areas of organisational change necessary to enable the Council to meet its goals and objectives, significant capital schemes and major purchases and new ventures
- Reputational risks related to our dealings and interests, and the impact of adverse outcomes on our reputation and public perception
- Environmental and social risks related to the environmental and social impact of our Strategy and interests
- Governance risks related to ensuring that prudence and careful consideration are prominent in Council decision-making, augmented by quality independent advice and appropriate checks to ensure that we have the correct level of oversight, scrutiny and efficiency.

Progress over recent months includes:

- Producing a draft Risk Register for consideration and development – copy at Appendix 2.

Next Steps - Action Plan

Action	Timescale
Ongoing development of the Capital Investment Strategy Risk Register, including and assessment of risk tolerances and risk appetite and cross-references to the Corporate Risk Register	Q3 19/20

9. CAPITAL APPRAISAL PROCESS

In considering schemes for inclusion in the capital programme, regard will be had to the following principles:

Funding

- available capital funding will be optimised e.g. through surplus asset disposal, maximising use of planning gain, by pooling capital receipts and by exploring external financing sources
- the financial implications of capital investment decisions will be fully-integrated into revenue budget and medium term financial plans
- capital appraisal will promote schemes which provide a direct gain to our revenue budget position within agreed risk appetite limits, e.g. council tax and business rate growth, commercial investment return, 'invest to save' outcomes
- capital funding decisions will seek to minimise or mitigate the ongoing revenue implications of investment decisions

Evaluation

- investment proposals will be supported by an affordable and sustainable plan, including careful consideration of risks, value for money and options appraisal along with an appropriate level of due diligence and assurance regarding deliverability
- environmental and social sustainability issues in line with Council policy will be built into project appraisal

Deliverability

- capital schemes will adhere to corporate project management and governance arrangements, with clear responsibility for delivery and risk management
- there will be effective working relationships with partners
- projects will be reviewed on completion to ensure key learning opportunities are captured.

Progress over recent months includes:

- Establishment of the Commercial Ventures Executive Sub-Committee with delegated authority to monitor existing and approve new investments. The Sub-Committee is supported by an officer Board with aligned terms of reference.
- Establishment of People & Place Officer Board to oversee delivery of new initiatives, with associated reporting arrangements to ensure that lead Members are kept informed on delivery progress.
- Adoption of the Commercial Governance Framework and development of an outline investment appraisal process for commercial investments
- Considering the latest MHCLG and CIPFA guidance on 'borrowing in

advance of need'. The Council does not currently borrow for commercial investment and is aware of the additional risks that this entails.

- Commencing a review of current Capital Programme plans as part of service and financial planning
- Confirming those commercial activities that will require formal Business Plans to help map their future strategies

Next Steps - Action Plan

Action	Timescale
Further development of the approach to capital investment appraisal.	Continual improvement of the approach as schemes are brought forward for approval, overseen by the work of the Commercial Ventures officer Board and Executive Sub-Committee.

10. GOVERNANCE

Capital Programme

Democratic decision-making and scrutiny processes provide overall political direction and ensure accountability for investment in our Capital Programme. These processes include:

- Executive and full Council approve the Corporate Plan and supporting Strategies which set out our strategic priorities
- Full Council is ultimately responsible for approving the Capital Investment Strategy, Treasury Management Strategy Statement and Capital Programme
- The Commercial Ventures Executive Sub-Committee will receive regular capital monitoring reports, approves variations to the programme and consider new bids for inclusion in the Capital Programme
- Overview & Scrutiny Committee can call in Executive reports and routinely receive and scrutinise reports
- All projects progressing to the Capital Programme comply with the Constitution and financial procedure rules
- The Capital Programme is subject to internal and external audit.

Any new capital expenditure is subject to thorough evaluation which focuses on the key benefits that are expected in relation to Council priorities. The evaluation includes financial considerations such as the expected cost and funding sources identified. Risks to either the delivery or cost forecasts are considered as part of the evaluation.

Approval to spend on individual capital schemes will only be given once procedural guidelines have been complied with and assessed to the satisfaction of the Chief Finance Officer. Designated budget managers monitor the delivery of individual capital schemes.

It is for the Chief Finance Officer to advise, and ultimately Members to determine, the level of borrowing the council should undertake. The principles of prudence, affordability and sustainability are a reference to revenue budget impact. The revenue costs must be fully budgeted for through either:

- Savings/efficiencies made elsewhere; or
- Net income generated (after borrowing costs) from investments – going forward these have to be robust enough to fund the debt for the lifetime of the loan.

Progress over recent months includes:

- Establishment of the Commercial Ventures Executive Sub-Committee with delegated authority to monitor existing and approve new investments. The Sub-Committee is supported by an officer Board with aligned terms of reference.
- Adoption of the Commercial Governance Framework and development of

an outline investment appraisal process for commercial investments

- Development of management information to support the Sub-Committee and Board in their work so that they have oversight of how investments are being managed and reported on a routine and exception basis. This is in addition to established quarterly revenue budget monitoring and capital programme monitoring
- Establishment of People & Place Officer Board to oversee delivery of new initiatives, with associated reporting arrangements to ensure that lead Members are kept informed on delivery progress.

Treasury Management

Day to day decisions on investment and borrowing are delegated to the Chief Finance Officer and the Finance Team, who act in line with the Treasury Management Strategy Statement, which is approved by full Council before the start of each financial year. The underlying framework is explained at Appendix 1.

The Overview & Scrutiny Committee is responsible for scrutiny and governance of Treasury Management. It reviews the Treasury Management policy and procedures and all Treasury Management reports. It also scrutinises the full suite of budget reports prior to their presentation to Executive and Council for final approval.

Throughout the year the Overview & Scrutiny Committee receives regular updates on performance and emerging issues and the Mid-Year Treasury Management report which is also reported to full Council. The Treasury Management function is also subject to regular internal and external audit reviews.

Progress over recent months includes:

- Reporting treasury management outturn for 2018/19 to Executive and preparing to report the mid-year position for 2019/20. These reports set out details of the current treasury investment portfolio, its risk profile and how risks are managed.
- Balance sheet and cashflow planning to ensure that treasury investments are optimised while ensuring security' liquidity and yield objectives are met.
- Drawing on support from treasury advisors on extending the range of treasury investments available to the Council

Skills and Advice

Work is underway to ensure that we have access to appropriate levels of skills and knowledge to support delivery of this Strategy. This includes the establishment of a corporate Project Management office to support capital scheme delivery while progress is monitored by the People & Place Board and Member Panels.

The Council draws on support from its Treasury Advisors (Link Asset Services) when preparing treasury management reports and plans. Officers make reference to the regular technical updates that Link provide and attend their seminars on treasury and investment topics. These are also valuable networking opportunities with other councils as well as ensuring that we are up to take with the latest thinking and guidance. Link also provide treasury management briefings for our Members. A number of treasury brokers are called upon to provide information about specific treasury investment options. We also subscribe to relevant CIPFA networks and attend their practitioner briefings and training events.

Proposals for investment in new capital assets are always supported by independent valuations and appropriate legal advice.

The appointment of external advisers is periodically tested through a tendering process to ensure that the quality of advice is benchmarked, monitored and maintained. Regular client meetings are held to consider performance.

APPENDICES

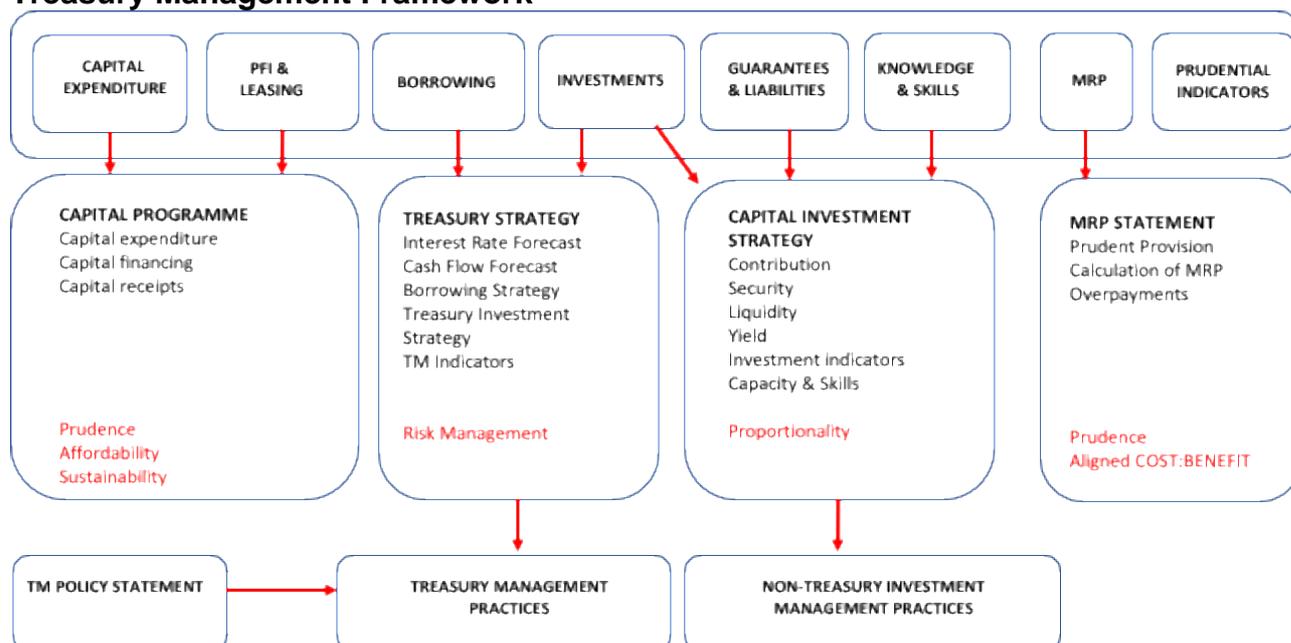
1. TREASURY MANAGEMENT FRAMEWORK
2. DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

TREASURY MANAGEMENT FRAMEWORK

To be read in conjunction with the Treasury Management Strategy Statement 2019/20.

The implications of financing capital expenditure from borrowing is that the expenditure is not funded immediately but charged to the revenue budget over a number of years. We may defer the timing of external borrowing on a short to medium term by using temporary cash resources held in reserves and balances. This practice, which is referred to as ‘internal borrowing’, does not reduce the magnitude of borrowing required or the level of funds held in reserves and balances; the funds are merely being utilised in the short term until they are required for their intended purpose. The timing of external borrowing and the balance of external / internal borrowing is determined by market conditions and our cash flow position. Officers manage this position on a day to day basis in line with the overall Treasury Management Strategy Statement, as approved by full Council each year.

Treasury Management Framework



Debt is only a temporary source of finance, loans must be repaid. We have a statutory duty to set aside an amount that we consider to be prudent, in line with guidance, for the repayment of borrowing. This is known as the Minimum Revenue Provision (MRP). See our Treasury Management Strategy Statement for the MRP Policy for 2019/20.

Our underlying debt liability will be repaid in line with the MRP Policy, amortised over the life of the assets creating the debt liability. Alternatively we may repay debt from selling capital assets (capital receipts).

Although capital expenditure is not charged directly to the revenue budget, interest payable and MRP are charged to revenue. The cost is offset by income and investment income. Our treasury and non-treasury investments make a contribution to our services, and in meeting our strategic aims and objectives.

Our ability to borrow to fund our capital investment plans is governed by CIPFA's Prudential Code, which requires local authorities to publish indicators to demonstrate that the level of borrowing is affordable, prudent and sustainable.

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
CISR1	Reputational	Delivery of commercial investment seen as high risk could be reputationally damaging for the Council	Corporate Management Team	12	Commercial Governance Review Commercial Investment Strategy Risk Management Governance structures	Recent Commercial Governance resulted in recommendations to adopt a good practice Framework and Checklist to guide future working and ensure lessons from past practice are implemented to inform investment decisions Development of Commercial Investment Strategy to identify the approach to commercial investment Commercial Ventures Sub-Committee established as part of a robust governance structure to support and inform decision making Communications with key stakeholders and taxpayers to highlight areas of improvement and achievement in the Council's commercial investment approach for example, through the emerging Capital Investment Strategy

94

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
CISR2	People / human	Failure to recruit / retain specialised staffing resource to deliver the volume of capital commitments impacting on delivery of services and morale of existing staff	Individual Heads of Service	12	HR policies and procedures Commercial Governance Review Business Case Development	<p>Promote skills sharing and lessons learned to assist in delivery of existing and future projects through the newly established PMO</p> <p>Corporate OD policies in place to attract and retain talent</p> <p>Commercial Governance Review has helped to identify opportunities for utilising alternative delivery vehicles to best effect</p> <p>Development of business cases identifies resource requirements as early as possible in development of individual proposals and the Council's Procurement Strategy is in place to steer procurement of external support as and when required</p>

95

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
CISR3	Financial / economic	<p>Downturn in the property market / commercial property market results in adverse effect on the Council's income, increasing financial pressures and potentially impact on service delivery.</p> <p>Abortive costs will be incurred in making bids that do not succeed, or from choosing (as a result of due diligence) not to continue to exchange of contract. These costs may include feasibility studies, ground investigations, advisers' costs, legal costs, survey fees and Officer time.</p> <p>PWLB borrowing</p>	Finance and Property Teams	15	<p>Development of the Capital Investment Strategy</p> <p>Development of a Commercial Investment Strategy</p> <p>Risk Management</p> <p>Update / refresh of the Corporate Asset Management Plan / Strategy</p>	<p>Adoption of a good practice Framework and Checklist to guide future working and ensure lessons from past practice are implemented</p> <p>Development of the Commercial Investment Strategy to set out the approach to commercial investment and guide / investment decisions</p> <p>Commercial investment risks identified as part of individual investment proposals and a commercial risk register to be maintained by the Property Team, highlighting significant risks in accordance with the Corporate Risk Management Strategy</p> <p>The Corporate Asset Management Plan / Strategy will be regularly reviewed to ensure this aligns with objectives set out in the Capital Investment and Commercial Investment Strategies</p> <p>The risk of incurring abortive</p>

96

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
		<p>rates have been consistently below 3% for some time but the market can change.</p>				<p>costs is inherent to property investment. The focus will be on ensuring that potential problems are identified at the earliest possible stage of each acquisition.</p> <p>To mitigate the risk of interest rate changes the borrowing required for a business case will be undertaken and fixed at the time the scheme is committed. A significant change in interest rates would require a reassessment of target rates of return for investments.</p>

97

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
CISR4	Financial / economic	Inaccurate capital scheme forecasting leading to capital scheme overspends and potential revenue impact	Finance Team	15	Business Case Development Newly established Programme Management Office	Standardisation of data captured to inform business cases and investment proposals PMO newly established to support officers in developing and maintaining business cases and capturing key information Scenario and sensitivity testing of forecasts and assumptions Performance and exception reporting to flag issues and risks
CISR5	Financial / economic Capacity	Skills shortages in management of the capital programme lead to slippage	Individual Service Managers	12	Newly established PMO Performance and Risk Management	PMO established to support Officers with management of capital schemes Performance and exception reporting to flag issues and risks
CISR6	Financial / economic	Adverse impact on General Reserves position	Finance Team	12	Reserves Strategy	Mitigated through Reserves Strategy which is reviewed at least annually Reporting on reserve position on a routine basis to flag issues and risks

98

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
CISR7	Financial / economic	New development requirements (as a result of the emerging Local Plan) resulting in additional infrastructure and financial commitments from the Council	Finance Team	12	Development and maintenance of the Capital Investment Strategy	<p>Regular reviews of the capital investment plan to align with new information as this becomes available and reflect operational requirements</p> <p>Regular review and update of the Capital Investment Strategy which sets out the strategic influences on capital investment decisions</p>
CISR8	Legal/legislation	Challenge to commercial investment decision	Corporate Management Team	16	<p>Commercial Investment Strategy</p> <p>Governance structures</p> <p>Good practice Framework and Checklist</p>	<p>Due diligence on individual commercial investment proposals</p> <p>Capital Investment Strategy setting out commercial investment ambition and approach</p> <p>Development of Commercial Investment Strategy to identify the approach to commercial investment</p> <p>Commercial Ventures Sub Committee established as part of a robust governance structure to support and inform decision making</p>

66

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
						Adoption of good practice Framework and Checklist
CISR9	Government Policy/Legislation	Government / CIPFA intervention on commercial investment strategies may restrict investment	Finance and Property Teams	16	Development and maintenance of the Capital and Commercial Investment Strategies	Responses to any relevant consultations Capital Investment Strategy, to incorporate Commercial Investment Strategy and set out the strategic influences on commercial investment decisions, which is regularly reviewed and takes into account any updates to legislation, Government requirements and guidance
CISR10	Social / community	Escalating cost of maintaining community assets held for non-operational or commercial reasons	Property Team	12	Update / refresh of the Corporate Asset Management Plan / Strategy to reflect condition surveys	Confirm the relative priority for investment in community assets in the council's property portfolio.
CISR11	Environmental	New obligations as a result of environmental sustainability regulations and/or corporate policy priorities in this	Property Team Corporate	16	Update / refresh of the Corporate Asset Management Plan / Strategy Update Capital Programme	Confirm the relative priority for investment in environmental sustainability aspects of the council's property portfolio.

100

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
		area			investment priorities	
CISR12	Partnership / collaboration	Pressure to invest in surplus assets being disposed of by other sectors	Property Team Corporate	12	Options appraisal of the costs and development potential, ranked in comparison to other investment opportunities	Confirm the relative priority for investment and strategic benefits
CISR13	Operational	Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates. <ul style="list-style-type: none"> Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to 	Property Team	8	Tenancy management activities.	Ensure that tenancy management arrangements are fit for purpose and that timely and appropriate action is taken when issues arise.

101

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
		recover those costs from tenants. • Tenant default, and that financing costs could rise.				
CISR14	Capacity	Knowledge base and skill set gaps leading to risks of poor decision-making and/or delivery.	Corporate	12	In order to successfully implement the Strategy, the Council will need access to expertise that can support robust and timely decision-making.	It is intended that this will be best achieved with support from advisors and specialists to provide support as and when required in the following: <ul style="list-style-type: none"> • Interpreting relevant guidance and ensuring compliance with best practice • Identifying potential investment opportunities and evaluate values. • Carrying out necessary due diligence and advice on risks. • Supporting preparation of business cases. • Undertaking commercial negotiations. • Managing freehold and leasing arrangements. • Evaluating prospects for

102

DRAFT CAPITAL INVESTMENT STRATEGY RISK REGISTER

Risk Number	Risk Category	Risk Description	Owner	Initial Rating (pre mitigating actions)	Controls	Mitigating Actions / Progress
						<p>rental growth and capital appreciation.</p> <p>This use of external advisors will be carefully and consistently managed by the responsible Directors with oversight by the Commercial Ventures officer Board and Executive Sub-Committee</p>

RESIDUAL RISK SCORES						
IMPACT						
Grave	5			CISR3, 4		
Significant	4		CISR13	CISR1, 2, 5, 6, 7, 10, 12, 14	CISR8, 9, 11	
Moderate	3					
Minor	2					
Almost none	1					
		1	2	3	4	5
	LIKELIHOOD	Rare	Unlikely	Possible	More than likely	Almost certain

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

Tolerate	Accept the risk and take no further measures. This should be a conscious and deliberate decision taken having decided that it is more cost effective to do so than attempt mitigating action
Transfer	Transfer all or part - eg. insure or transfer to other agencies/contractors
Treat	Proactive action to reduce
Treat	Reduce probability of the risk happening by introducing control measures
Treat	The impact of the risk should it occur e.g. Business Continuity Plans

Agenda Item 7

Subject:	Quarterly Performance Report (Q1 – April to June 2019)
Officer:	Doula Pont
To:	Overview and Scrutiny Committee, 12 September 2019
Purpose:	To consider the key service performance for the first quarter of the year 2019-20.

Introduction

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

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

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

Key Performance Indicators	Section 1
Risk Management	Section 2
Revenue budget monitoring	Section 3
Capital budget monitoring	Section 4

Recommendation

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

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KEY PERFORMANCE INDICATORS

Headline Information

Of the 14 Key Performance Indicators reported on this quarter, 10 are on target or within the agreed tolerance, 2 are outside of tolerance, one is contextual and one is unable to be reported on.

KPI 4 is a contextual indicator that tracks the number of individuals/households that approach the Council for homelessness support. Whilst this figure is outside the direct control of the Council – and no target is therefore able to be set – it provides valuable context for the other homelessness performance indicators.

A copy of the full performance schedule is available in the eMembers portal.

Major variances

KPI 2 – Total number of residential completions	
Target	Actual
115	66

The low completions this quarter reflect the phasing of some major developments and, in particular, large developments of flats – a number of which commenced during 2018/19 – which results in an uneven distribution of housing completions through the year.

Housing completions are dependent on a ‘pipeline’ of homes – starting at the permissions stage, through to the build (the start of which is called a ‘commencement’) and then ultimately completion.

The data on permissions has been constant over the last few years. It can, however, take around 12 months for housing commencements to feed through to completions.

In 2017/18 there were 366 commencements which is lower than that received in previous years and has therefore resulted in lower completions in the first quarter of this year.

The latter notwithstanding, there were 597 commencements in 2018/19, many of which are part of large developments, including flats, as noted above. Commencements in 2018/19 are high when compared to previous years, meaning that these builds will lead to larger numbers of completions in the upcoming quarters.

At the end of Q1 there were 2,096 units under construction, with a further 55 having

commenced build during the quarter.

Notification of commencements are received from the National House Builders Council (NHBC) or Building Control. Once commenced, the Council does not track build progress as this is outside of our control and is determined by the builder. The Council is then notified when a dwelling is designated as complete. The time elapsed between commencement and completion can be more than one year, with some commencements being on the record for two or more years.

KPI 14 – Percentage of household waste that is recycled and composted	
Target	Actual
57%	51.6%

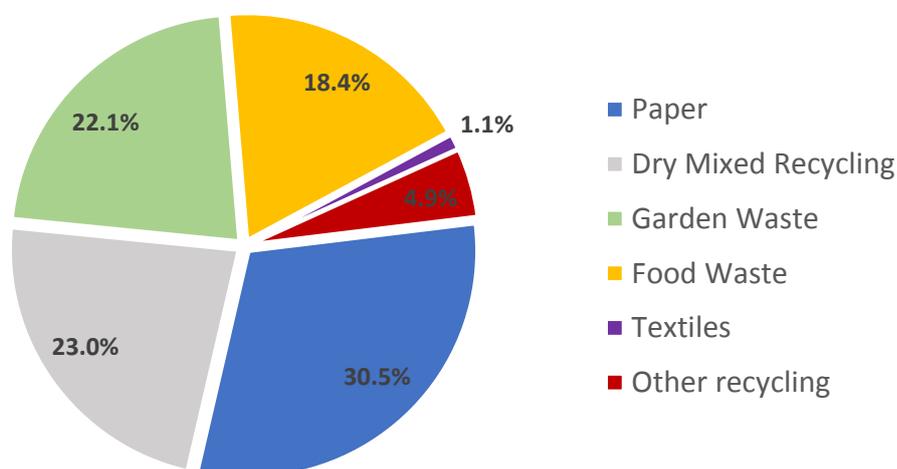
This is a retrospective indicator and looks at performance after waste tonnages have been verified and accepted by DEFRA.

Performance has increased in Q4 2018/19 when compared to Q4 2017/18 (where 50.4% was achieved). This is despite a reduction in garden waste of circa 500-800 tonnes largely resulting from dry growing conditions early in the year. Current indications show that mixed recycling tonnages are increasing, and this can be attributed to an additional 1,900 flats now receiving enhanced kerbside recycling collections.

Furthermore, Officers are engaging with Surrey County Council to ensure that weighbridge data is recorded as accurately as possible. There is some concern that trade waste tonnages may have been erroneously recorded as household waste. This would increase the base line residual waste tonnages against which recycling percentages are calculated.

The pie chart below details the composition of recycling materials collected in Q4 2018/19. The source of this data is the WasteDataFlow system which the Council uses to track the waste it collects and report on to central government.

Breakdown of recycling collected - Q4 2018/19



* 'Other recycling' refers to furniture, road sweepings and electronics.

Unable to report

We have been unable to report on one Key Performance Indicator:

KPI 1 – Maintain levels of self-service transactions	
Target	Actual
80%	-

This indicator compares transactions that take place online versus those that are carried out over the telephone. Due to a combination of several factors, including a back office systems upgrade, we have been unable to accurately report on this indicator in Q1. The latter is exacerbated by the dual running of two Customer Relationship Management systems as we phase the old system out.

eMembers room information

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

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RISK MANAGEMENT

A general risk management update is not provided in this quarter.

However, due to the UK's upcoming exit from the European Union it is appropriate for an update to be provided as the Council has this on its strategic risk register (SR1 – 'Brexit').

As the exit date of 31 October approaches, the Council has appointed a Brexit Lead Officer who is coordinating the Council's preparations for EU exit. The Council's Brexit Lead Officer is regularly engaging with central government and the Surrey Local Resilience Forum (LRF). The Council continues to monitor advice and guidance received from central government and the LRF and will take necessary action where appropriate and proportionate.

No new strategic risks were identified in Q1.

CLOSED strategic risk:

During Q1 one strategic risk was closed:

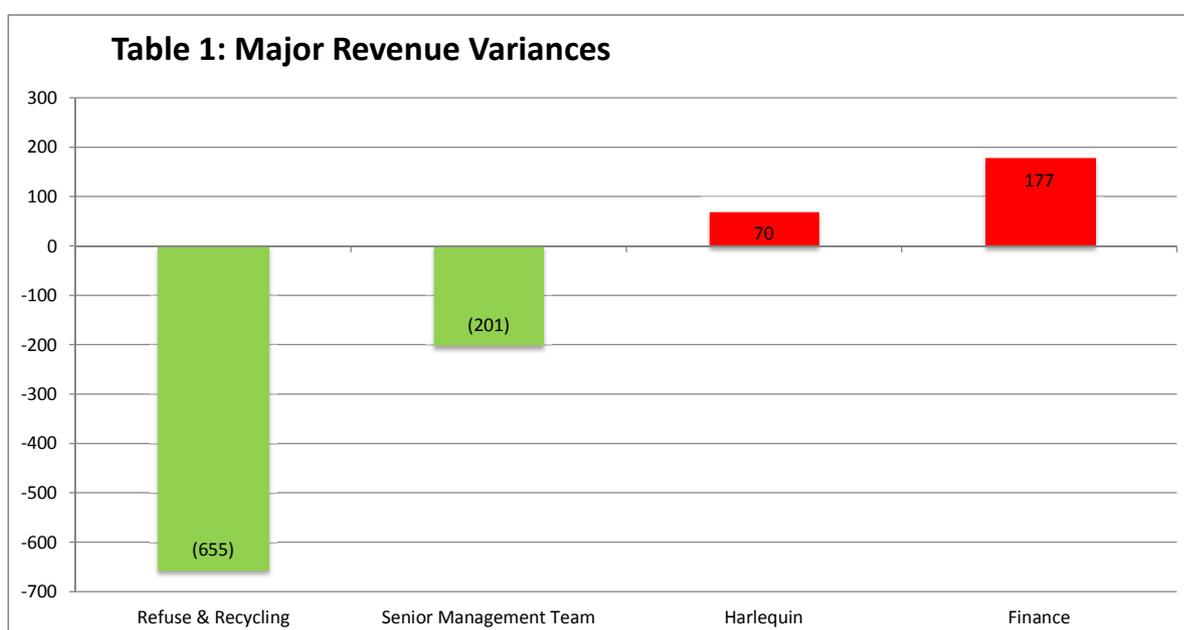
Risk description
<p>Local Plan (SR9)</p> <p>The Council's existing Core Strategy will become out of date in July 2019 and a new local plan must therefore be prepared to give certainty over housing need and other strategic planning matters.</p> <p>Failure to have an up to date strategic plan risks the Council losing the ability to control its planning decisions including where development is located.</p>

A decision was made at Full Council on 2 July 2019 that the existing Core Strategy is up to date and therefore a new Local Plan is not required at this time. It is on this basis that this risk is closed.

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Reconciliation of Original Budget to Management Budget for 2019-20			
	£'000	£'000	
Original Budget		16,294.6	
Transfers from Reserves:			
Corporate Plan Delivery Fund	292.8		
CIL funds	342.9		
Neighbourhood Improvement Fund	0.0		
		<u>635.7</u>	
Management Budget		<u>16,930.3</u>	

Headline Revenue Budget information 2019-20		£'000
Management Budget		16,930.3
Forecast Year End Outturn		16,155.9
Projected underspend		(774.4) (or -4.6% of the budget)



Major Variances

Refuse and Recycling:

Recycling income is forecast to be above budget. The largest variances are due to income from Garden Waste Subscriptions being £242k better than budget (the scheme is popular and there have been more users than expected, the price has not been increased from last year) and Paper Recycling which is £250k better than budget (due to both price and volume factors, although market pressures mean that we may have to retender the contract later this year).

Senior Management Team:

The forecast underspend is due to vacant posts (Director of Organisation and Finance and Executive Assistant), partly offset by consultancy support for Property Services.

Harlequin:

The forecast includes a £40k under recovery against ticket budgets (partly due to the delay in the cinema refurbishment), and an overspend in salary costs. This budget and the forecast will be reviewed and appropriate actions agreed during Q2.

Finance:

The £177k forecast overspend includes a staffing cost variance of £154k due to the increased use of agency staff and £17k of recruitment costs.

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Headline Capital Budget Information, Quarter 1 2019/20

Current Budget (annex 1):	£22,673,100	
Forecast Expenditure:	£22,562,400	
Projected Underspend:*	£74,400	(or 0.3% of budget)

***this is a mix of slippage and true underspends (Annex 2)**

Key Issues:

Property Rolling Programme – Capital Budgets 2019/20

(1) Budget Virements -	£136,000	(Annex 2b)
(2) In-year Cost pressures	£340,000	(Annex 2a)

Following the quinquennial building condition surveys carried out last year by the Oakleaf Group a more robust maintenance programme has been developed which requires increased levels of work. Delivery of this revised maintenance programme will require virements to the existing capital programme and will also require the allocation of additional resources.

As part of this exercise, the highest priority items were identified and some of them could be covered within the existing programme if we reallocate monies as reflected in the proposed virements at Annex 2b.

Capital Programme 2019/20 in-year Cost pressure – Housing Assistance Scheme

- Handy Person Scheme - £50k. (Annex 2a)

The name 'Handy Person Scheme' underplays the importance of this scheme as this budget is actually used for part of the Council's housing assistance programme, specifically Small Works Grants and Loans. These fund works in domestic premises of up to £500 and £6,500 respectively, and have been a feature of the Council's Housing Assistance Policy for many years.

All annexes are available on the eMembers portal.

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Agenda Item 8



SIGNED OFF BY	Interim Head of Finance and Assets
AUTHOR	Catriona Marchant, Democratic Services Officer
TELEPHONE	Tel: 01737 276066
EMAIL	catriona.marchant@reigate-banstead.gov.uk
TO	Overview and Scrutiny Committee
DATE	Thursday, 12 September 2019
EXECUTIVE MEMBER	Chairman of the Overview and Scrutiny Committee

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Constitution of Budget Scrutiny Review Panel 2019/20
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RECOMMENDATIONS
<ol style="list-style-type: none"> 1. To agree the membership of the Budget Scrutiny Review Panel and the timetable for scrutiny of the Budget for 2020/21 as set out in the report; 2. To agree the scope of the Budget Scrutiny Review Panel's work during 2019/20.

EXECUTIVE SUMMARY
To consider the membership, timetable and scope of work of the Budget Scrutiny Review Panel during 2019/20.

BACKGROUND
<ol style="list-style-type: none"> 1. The Executive on 18 March 2019 supported the Committee's request for the Budget Scrutiny Review Panel to be re-established for 2019/20 and included in its work programme. This was subsequently approved by Council on 11 April 2019. 2. The Committee is therefore requested to agree activity for the Panel for the year 2019/20. This will focus on consideration of the draft budget proposals for 2020/21.

Agenda Item 8

MEMBERSHIP

3. The Budget Scrutiny Review Panel is a 7 Member panel. The political proportionality requirements do not apply to scrutiny panels. However, the Committee has always sought to apply the principles. Therefore, this year's membership is as follows:

Conservative	4
Residents' Association	1
Green	1
Liberal Democrat	1

4. Meetings of the Panel are open to any Councillor to attend.
5. The Committee is asked to consider the nominations for Membership of the Panel, and the following have been received:

Conservative Party:	Nominations to be confirmed.
Residents' Association:	Councillor N. Harrison.
Green Party:	Councillor J. Essex.
Liberal Democrats:	Councillor J. Philpott.

The remaining nominations will be confirmed at the meeting.

6. The Committee is requested to approve the nominations made.

TIMETABLE

7. The indicative timetable for development of budget proposals for 2020/21 is as follows:

Event	Date
Executive: To approve the draft budget proposals for 2020/21 for formal consultation.	7 November 2019
Budget Scrutiny Review Panel: To consider and review the draft budget proposal.	21 November 2019
Overview and Scrutiny Committee: To receive the Panel's feedback and provide recommendations to the Executive on the draft budget.	11 December 2019
Executive: To consider the recommendations of the Overview and Scrutiny Committee on the Budget for 2020/21	16 January 2020
Executive: To approve the Proposed Budget for 2020/21, after considering Overview and Scrutiny Committee recommendations, and make a recommendation on the 2020/21 Council Tax to Full Council.	30 January 2020
Full Council: To consider the Council Tax for 2020/21.	13 February 2020

Agenda Item 8

ROLE OF THE OVERVIEW AND SCRUTINY COMMITTEE

8. The Panel's activity will therefore focus on considering and responding to the draft budget proposals for the municipal year 2020/21 published by the Executive. As in previous years this is expected to focus on providing an opportunity for Panel members to review the draft budget proposals, raise questions, receive written responses and have an opportunity to meet to discuss them. This year all members of Overview and Scrutiny are also invited to attend Financial Scrutiny training at the start of October which may lead to new lines of enquiry during the budget scrutiny process.
9. The Overview and Scrutiny Committee will consider the report of the Budget Scrutiny Review Panel at its meeting on 11 December and make any comments on the draft budget for 2020/21, for consideration by the Executive in line with the Council's Policy Framework and Budget Procedure Rules.

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

11. 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

12. 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.
13. 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.
14. The Committee, and the Review Panel, should ensure regard is given to these duties by considering them through the course of its work. This should include considering:
 - How budget proposals impact on different groups within the community, particularly those that share the protected characteristics;
 - Whether the impact on particular groups is fair and proportionate;
 - Whether there is equality of access to services and fair representation of all groups within the Borough;

Agenda Item 8

- Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

BACKGROUND PAPERS

- [Overview and Scrutiny Committee Work Programme 2019/20](#)

Agenda Item 9



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 12 September 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
<ul style="list-style-type: none"> i. To consider the proposed future work programme for the Overview and Scrutiny Committee, set out in Annex 1; and ii. To note the Action Tracker (Annex 2) from the last meeting.
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 from the previous meeting is added to the Agenda.</p> <p>This is a standing item to keep the Committee informed and to prepare for upcoming business.</p>

Agenda Item 9

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 and feed 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 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 Work Programme or to ask Officers to review the position and report back on alternative options to include any new resource implications.

Agenda Item 9

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;

Agenda Item 9

- Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

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 and Vice-Chair of the Overview and Scrutiny Committee will take place as part of the Agenda planning process of 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

Overview and Scrutiny Committee Work Programme 2019/20 report (14 February 2019).

Corporate Plan 2015-20 - www.reigate-banstead.gov.uk/council_and_democracy/about_the_council/plans_and_policies/corporate_plan/index.asp

ANNEXES

- Annex 1 – Future Work Programme 2019/20
- Annex 2 – Committee Action Tracker

REIGATE AND BANSTEAD BOROUGH COUNCIL:

OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME



Date of issue: 02 September 2019

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
12 September 2019								
<i>Luke Harvey, Project & Performance Team Leader</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance and Assets	Quarterly Performance Report (Q1 2019/20) To consider Council performance in the first quarter of the year in regards to key performance indicators, revenue and capital budget monitoring and risk management.	12 Sep 2019	19 Sep 2019		Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance	Internal audit 2019/20 - Q1 progress report To consider progress in Q1 against delivery of the 2019/20 internal audit plan.	12 Sep 2019			Open	
<i>Pat Main, Interim Head of Finance and Assets</i>	Deputy Leader and Portfolio Holder for	Interim Head of Finance and Assets	Capital Investment Strategy This will build on the Outline	12 Sep 2019	19 Sep 2019	26 Sep 2019	Open	KEY

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
	Finance		Capital Strategy and will include more detail in order to reflect any new national guidance, the final Corporate Plan and updated Medium Term Financial Plan (Dates TBC).					
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance and Assets	<p>Constitution of Budget Scrutiny Review Panel 2019/20</p> <p>To receive a report on the Constitution of a Budget Scrutiny Review Panel for 2019/20.</p>	12 Sep 2019			Open	
<i>Catherine Rose, Head of Corporate Policy</i>	Leader of the Council	Chief Executive	<p>Corporate Plan 2020-2025</p> <p>To agree a new Corporate Plan for Reigate & Banstead.</p>	12 Sep 2019	18 Mar 2019 7 Nov 2019 18 Jul 2019	12 Dec 2019	Open	PFP
17 October 2019								
<i>John Jory, Chief Executive</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance, Portfolio Holder	Chief Executive	<p>Portfolio Holder Briefing - Organisation Portfolios</p> <p>To receive a briefing from the Organisation Portfolio Holders regarding the Organisation business area and their portfolios</p>	17 Oct 2019			Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
	for Investment and Companies							
<i>Pat Main, Interim Head of Finance and Assets</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance and Assets	<p>Report from the External Auditors on the 2018/19 Financial Accounts (ISA 260 Report)</p> <p>This report, from the Council's external auditors, summarises conclusions and significant issues arising from the audit of the 2018/19 Annual Financial Report.</p>	17 Oct 2019	18 Jul 2019		Open	
<i>Kirsty Jane Hill, Democratic Services Officer</i>	Portfolio Holder for Investment and Companies	Head of Legal and Governance, Interim Head of Finance and Assets	<p>Companies Performance Update</p> <p>To receive an update on the performance of Council companies.</p>	17 Oct 2019			Part exempt	
<i>Alison Robinson, Housing Strategy and Performance Manager, Richard Robinson, Head of Housing</i>	Portfolio Holder for Housing and Benefits	Director of People	<p>Housing Delivery Strategy</p> <p>To agree the final Housing Delivery Strategy and action plan.</p>	17 Oct 2019	5 Dec 2019		Open	KEY

127

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Helen Stocker, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance and Assets	<p>Half Yearly Treasury Management Report for 2019/20</p> <p>To comply with the requirements of the regulatory framework for treasury management and meet the Council's reporting requirements.</p>	17 Oct 2019	7 Nov 2019	12 Dec 2019	Open	KEY
21 November 2019 (Budget Scrutiny Panel)								
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance and Assets	<p>Budget Scrutiny Panel: Service and Financial Planning 2020/21</p> <p>For the Budget Scrutiny Panel to (i) consider the provisional budget proposals for 2020/21; (ii) report back to the Overview and Scrutiny Committee with their findings; and (iii) make recommendations to the Executive in line with the Council's budget and policy procedure rules.</p>	11 Dec 2019 21 Nov 2019	16 Jan 2020		Part exempt	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
11 December 2019								
	Leader of the Council		Leader's Update (December 2019) To receive an update on the work of the Council and future plans.	11 Dec 2019			Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance and Assets	Quarterly Performance Report (Q2 2019/20) To consider Council performance in the second quarter of the year in regards to Key Performance Indicators, Revenue and Capital Budget Monitoring and Risk Management.	11 Dec 2019	16 Jan 2020		Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance	Internal audit 2019/20 - Q2 progress report To consider progress in Q2 against delivery of the 2019/20 internal audit plan.	11 Dec 2019			Open	
<i>Catriona Marchant, Democratic Services Officer</i>	Leader of the Council	Head of Legal and Governance	Schedule of Meetings 2020/21 To consider the proposed schedule of meetings.	11 Dec 2019	30 Jan 2020	13 Feb 2020	Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
23 January 2020								
<i>Ross Spanton, Community Safety Officer</i>	Portfolio Holder for Community Partnerships	Head of Community Partnerships	Annual Community Safety Partnership Scrutiny - 2019/20 To review the work of the East Surrey Community Safety Partnership in 2019/20.	23 Jan 2020			Open	
<i>Mari Roberts-Wood, Director of People</i>	Portfolio Holder for Community Partnerships, Portfolio Holder for Housing and Benefits, Portfolio Holder for Wellbeing and Intervention	Director of People	Portfolio Holder Briefing - People Portfolios To receive a briefing from the People Portfolio Holders.	23 Jan 2020			Open	
20 February 2020								
<i>Luci Mould, Director of Place, Luci Mould, Director of Place</i>	Portfolio Holder for Neighbourhood Services, Portfolio Holder for Place and Economic Prosperity, Portfolio Holder for Planning Policy	Director of Place	Portfolio Holder Briefing - Place Portfolios To receive a briefing from the Place Portfolio Holders regarding the Place business areas and their portfolios.	20 Feb 2020			Open	

130

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Pat Main, Interim Head of Finance and Assets</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance and Assets	Treasury Management Strategy 2020-2021 To consider the Treasury Management Strategy for 2020-21.	20 Feb 2020	30 Jan 2020 26 Mar 2020	9 Apr 2020	Open	PFP
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Head of Legal and Governance	Overview and Scrutiny Committee: Proposed Work Programme 2020/21 To consider the proposed work programme for the Committee for 2020/21.	20 Feb 2020	27 Feb 2020	9 Apr 2020	Open	
19 March 2020								
<i>Kirsty Jane Hill, Democratic Services Officer</i>	Portfolio Holder for Investment and Companies	Head of Legal and Governance, Interim Head of Finance and Assets	Companies Performance Update To receive an update on the performance of Council companies.	19 Mar 2020			Part exempt	
<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance	Internal audit 2019/20 - Q3 progress report To consider progress in Q3 against delivery of the 2019/20 internal audit plan.	19 Mar 2020			Open	

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<i>Luke Harvey, Project & Performance Team Leader</i>	Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance	Internal Audit Plan 2020/21 To endorse the draft Internal Audit Plan for 2020/21.	19 Mar 2020			Open	
<i>Luke Harvey, Project & Performance Team Leader</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance and Assets	Quarterly Performance Report (Q3 2019/20) To consider Council performance in the third quarter of 2019/20 in regards to Key Performance Indicators, Revenue and Capital Budget Monitoring and Risk Management.	19 Mar 2020	26 Mar 2020		Open	
16 April 2020								
<i>Pat Main, Interim Head of Finance and Assets</i>	Deputy Leader and Portfolio Holder for Finance	Director of Finance and Organisation	External Audit Plan 2019/20 To endorse the draft External Audit Plan for 2019/20.	16 Apr 2020			Open	
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Head of Legal and Governance	Overview and Scrutiny Committee: Annual Report 2019/20 To consider the Annual Report of the Committee's work.	16 Apr 2020		28 May 2020	Open	

132

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
To be scheduled								
<i>Simon Rosser, Head of Revenues, Benefits and Fraud</i>	Portfolio Holder for Investment and Companies	Director of People	A Local Authority Trading Company for Provision of Revenues, Benefits and Fraud Services, and Loan Facilities Incorporation of the company and associated governance requirements (Date TBC) .				Part exempt	KEY
<i>Tom Borer, Policy Officer</i>	Portfolio Holder for Neighbourhood Services	Head of Corporate Policy	Update on Carbon Management - Climate Change This is a request from Overview and Scrutiny to receive an update on carbon management – climate change, following the motion at Full Council on 7 February 2019 –Minute 75 – Climate Change.				Open	

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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. 	<p>Head of Finance</p> <p>Head of Housing</p>	<p>28 June 2019 and 1 July 2019 (incl. a follow-up Q&A). More information requested from Portfolio Holder.</p> <p>Update on 27/8/19 - The planning application for Lee Street had been submitted and was likely to be validated shortly, it is unclear at this point whether the application will go to the 2nd or 30th October Committee but we will know shortly We go out to tender on</p>	

		<ul style="list-style-type: none"> • 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. 	Head of N'hood Operations	<p>28 Aug, for a period of 3/5 weeks when we will then have accurate costings to compare to alternative builds e.g. brick built</p> <p>5 July 2019 – information sent to Members</p>	Completed
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.	Completed. More details now provided in commentary to Capital Monitoring annexes.
6 June	Headroom contingency (reserves)	Future budget monitoring reporting would include the Headroom Contingency budget position. Officers would consider observations from the Committee	Head of Finance	This will be covered in Q1 performance monitoring report in September. Portfolio Holder Cllr	Completed. Summary now included in annexes to Q1 reporting.

		as to how approach financial reporting going forward		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 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.	Head of Finance	This will be covered in the Q1 performance monitoring report in September	Completed. Recycling variances highlighted in Q1 report.
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	Completed. 18/19 Outturn variances are used to inform forecasts for 19/20 and are a factor in determining budget requirements for 20/21.
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	Democratic Services Officer	MTFP update report on 11 July O&S Agenda	Completed

		overall financial picture. This would include a discussion under Part 2 Exempt business.			
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. Link Asset Services have been approached for suitable dates for training.	
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	The new KPIs will be presented to O&S for review prior to being approved by the Executive. This is currently planned for December/January.	Action completed
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	Request to Planning Officers	In progress. Requested 19 June 2019	

		would not just look at private development but signpost the Council's forthcoming Housing Strategy and also its collaboration with Raven Housing Trust.			
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	Completed
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 Overview and Scrutiny Committee for discussion before going to full Council.	Democratic Services Officer	Noted for future Agenda planning meeting	Action completed
11 July	Item 5 – Five Year Performance Plan report 2018/19	Money Support Team – it was identified that the Council had supported families but little was known about the work done by the team and the services offered. Members asked for more information about this service.	Request to officers	In progress. Requested information on 18 July 2019. Duane Kirkland's team are putting together a summary of what the money support team does, how it came about, and its impact which will be ready early autumn.	
11 July	Item 5 – Five Year Performance Plan report 2018/19	The DWP has said that Universal Credit will be rolled out over two years but the council does not have a timetable as yet. Members requested that they be informed when the main rollout starts.	Request to officers	In progress – this will be supplied once the timetable for the roll-out of Universal Credit is known.	

11 July	Item 6 – Annual Governance Statement	One Member asked for more clarification on the statement in the effective financial planning and management section about expenditure and the underspend which was equivalent to 9 per cent of the budget.	Request to Head of Finance and Assets	In progress. Requested information on 19 July 2019. Breakdown of key reasons for the P12 services budget variance (as per the outturn report).	Completed. Separate response on this – highlighting the fact that the draft ISA260 report from the external auditors does not flag this as a concern.
11 July	Item 7 – Medium Term Finance Plan update	Strategic Property – Capital Programme – Members asked for more detail on the list of properties in the Capital Programme in Appendix 2 of the report. This was mainly expenditure incurred on purchasing property.	Request to officers	In progress. Requested information on 19 July 2019. This will be covered in the Q1 performance report.	Completed. There has been a separate response on this, more detail has been provided.
11 July	Item 7 – Medium Term Finance Plan update	The updated version of the MTFP should include and reflect all six of the requirements set out in the CIPFA Financial Management Code . This included a Financial Resilience Assessment, a long-term financial strategy and a multi-year MTFP.	Request to officers	In progress.	