

Agenda

Executive

Thursday, 17 December 2020 at 7.30 pm

Remote meeting via video link



This meeting will be held **remotely**. Committee Members will be provided with the details of how to connect to the meeting one day before the meeting.



Members of the public may observe the proceedings live on the Council's [website](#).

Members:

M. A. Brunt (Leader)

T. Schofield

T. Archer

R. H. Ashford

R. Biggs

N. J. Bramhall

A. C. J. Horwood

E. Humphreys

G. J. Knight

V. H. Lewanski

Mari Roberts-Wood
Interim Head of Paid Service

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Published 09 December 2020

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

- 1. Minutes** (Pages 5 - 10)
To approve the minutes of the meeting of the Executive held on 19 November 2020.
- 2. Apologies for absence**
To receive any apologies for absence.
- 3. Declarations of interest**
To receive any declarations of interest.
- 4. Observations of the Overview and Scrutiny Committee on the Budget Proposals for 2021/22** (To Follow)
To receive the observations of the Overview and Scrutiny Committee.
- 5. Risk Management - Quarter 2 2020/21** (Pages 11 - 26)
Executive Member for Corporate Policy and Resources.
- 6. Quarter 2 2020/21 Performance Report** (Pages 27 - 72)
The Deputy Leader and Executive Member for Finance and Governance.
- 7. Rationalisation of Public Realm CCTV** (Pages 73 - 84)
Executive Member for Community Partnerships.
- 8. Statements**
To receive any statements from the Leader of the Council, Members of the Executive, or the Interim Head of Paid Service.
- 9. 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: Urgent business must be submitted in writing but may be supplemented by an oral report).

10. Exempt business

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

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

Risk Management - Quarter 2 2020/21

Annex 2 – Red Rated Operational Risk



Our meetings

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



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Notice is given of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held virtually on 19 November 2020 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), T. Schofield (Deputy Leader), T. Archer, R. H. Ashford, R. Biggs, N. J. Bramhall, E. Humphreys, G. J. Knight and V. H. Lewanski.

Also present: Councillors Blacker, Harrison, Kulka, Michalowski and Sinden.

40. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 17 September 2020 be approved.

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Horwood.

42. DECLARATIONS OF INTEREST

There were none.

43. COMMERCIAL STRATEGY

The Portfolio Holder for Investment and Companies, Councillor Archer, introduced the report which sought approval for the Commercial Strategy: Part 1.

Councillor Archer explained that the Council could not continue to rely on Government funding streams in the future. The Medium Term Financial Plan projected a funding gap in excess of £5.5 million. Generating income commercially represented the only realistic way of closing the funding gap. Councillor Archer explained that the Commercial Strategy Part 1 detailed how the Council would do this. It set clear parameters for the Council's commercial activity and committed the Council to commercial activity which was ethical and consistent with statutory roles and responsibilities. The Part 1 Strategy confirmed surplus income would be put towards continued delivery of local services for local people.

Councillor Archer explained that approval of the Commercial Strategy Part 1 would provide confirmation that the Council was committed to its commercial programme. It would ensure confidence that there was an agreed and transparent approach which underpinned the Council's budget commitment. Councillor Archer confirmed that, subject to agreement of Part 1, work would be undertaken with members of the Commercial Ventures Executive Sub-Committee and Officers to develop Part 2 of the Commercial Strategy.

RESOLVED:

1. The Executive approves the Commercial Strategy: Part 1 as set out in Annex 1 of the report.

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2. The Executive supports the ongoing development of Part 2 of the Commercial Strategy and notes that this will be brought to a future Executive meeting for approval.

44. APPOINTMENT TO OUTSIDE BODIES 2020/21

The Leader of the Council, Councillor Brunt, introduced the report which sought to appoint Council representatives to several outside bodies. Councillor Brunt thanked all members of the Council who volunteered to serve on outside bodies. These organisations, with whom the Council shares a mutual interest in supporting and delivering public services for residents, were critical to the welfare of the Borough.

Councillor Brunt explained that Group Leaders were provided with details of annual vacancies and were given the opportunity to make nominations earlier in the year. Nominations for uncontested vacancies were appointed under delegated authority in October. Contested vacancies were listed in the annex of the report for determination by the Executive. Some outside bodies allowed for the appointment of a deputy or substitute, and in those cases a member would be appointed to those roles.

In response to a query from a Visiting Member, it was confirmed that the appointments to Redhill Aerodrome Consultative Committee would be made under delegated authority by the Head of Legal and Governance.

RESOLVED:

1. To appoint the following Members as representatives to serve on outside bodies:
 - Councillor Kelly, Age Concern (Merstham, Redhill and Reigate)
 - Councillor Sinden (as Deputy/Substitute), Age Concern (Merstham, Redhill and Reigate)
 - Councillor Horwood, Borough of Reigate and Banstead Arts Council
 - Councillor Horwood, Gatwick Airport Consultative Committee (GATCOM) & GATCOM Steering Group
 - Councillor Absalom, Surrey Hills Board
 - Councillor McKenna (as Deputy/Substitute), Surrey Hills Board for the periods listed in Annexe 1 of the report.
2. To note the vacancies, set out in Annexe 1 of the report, for the Discretionary Relief Panel, Horley Town Management Group, YMCA East Surrey Children and Young People's Advisory Group, and YMCA East Surrey Health and Wellbeing Advisory Group.

45. SERVICE & FINANCIAL PLANNING 2021/2022

The Deputy Leader and Portfolio Holder for Finance and Governance, Councillor Schofield, introduced a report setting out service and financial planning proposals for 2021/22.

Councillor Schofield explained that the revenue budget proposals for 2021/22 were based on a full and robust assessment of what the Council does and how it does it by the Executive and the Management Team. The proposals allowed for the

continued provision of high-quality services. Councillor Schofield noted that the net £812,000 revenue budget growth proposals were offset by savings of just over £2 million and a small call on earmarked reserves. There was a requirement to draw just over £0.5 million from the General Fund Reserve to balance the budget. Councillor Schofield explained that the savings against the Markets Service shown in annex 3 were incorrect and should be £10,000.

Councillor Schofield explained that several matters were still to be concluded. The final budget position was dependent on the outcome of the Spending Review and the Provisional Local Government Settlement. Overall, the budget position was sound, and the Council was well positioned to take advantage of commercial opportunities. However, the most significant financial risk was the ongoing impact of the Covid-19 pandemic and uncertainty about income receipts returning to pre-pandemic levels.

The five-year medium-term budget forecasts had been updated. The Medium Term Financial Plan and supporting strategies provided a solid framework for future financial planning.

In terms of Revenue Reserves, Councillor Schofield explained that they remained sufficient to support the budget proposals and mitigate Covid-19 risks. Approval was sought for the Revenues Policy in annex 6.2 of the report.

Councillor Schofield went on to outline the proposal to increase the Reigate and Banstead element of Council Tax by 1.99%, equivalent to 9 pence per week for a Band D charge.

In terms of the Capital Programme, Councillor Schofield explained that the proposals meant that 2021/22 would be a year of consolidation with modest increases and some reductions due to reprofiling of existing allocations. This would reflect updated spending plans.

The Executive were asked to confirm the continued disregard of war disablement and war widow's pensions when assessing housing benefit claims.

The Executive were asked to recommend to Council the adoption of a new council tax policy to apply a 300% council premium for properties that have been empty for more than 10 years with effect from 1 April 2021.

In response to a question from a Visiting Member about Car Parking Charges, Councillor Schofield explained that it was projected that there was currently forecast to be a loss next year as a consequence of ongoing impacts of the Covid-19 pandemic. He also confirmed that service fees and charges were still under review.

It was noted that the Chairman of the Overview and Scrutiny Committee had invited all non-Executive Members to the Budget Scrutiny Panel on 3 December 2020.

The Leader of the Council highlighted the work undertaken by officers to review vacant posts and, where deemed to be no longer necessary, these had been deleted from the budget. The Leader thanked the Portfolio Holder for Finance and Governance and the Interim Head of Finance and other officers for their work in drafting the 2021/22 proposals.

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RESOLVED:

1. That the national and local policy context (Annex 1 to the report) be noted.
2. That the service proposals set out in the report which seek to respond to this context and deliver our corporate priorities, be endorsed.
3. That the draft business plans for 2021/22 to 2023/24 be approved, and that Heads of Service be authorised to finalise the plans for their service areas, in consultation with the relevant Portfolio Holders.
4. That the following be approved for consultation under the Council's budget and policy framework:
 - a. Medium Term Financial Plan Summary (Annex 2 to the report)
 - b. Revenue Budget Savings and Additional Income proposals totalling (£2.094) million (Annex 3 to the report)
 - c. Revenue Budget Growth proposals totalling £0.812 million (Annex 3 to the report)
 - d. Forecast ongoing income budget pressures in 2021/22 as a consequence of the COVID-19 pandemic totalling £1.610 million (Annex 2 to the report)
 - e. Capital Programme Growth and Reprofiling proposals resulting in a net reduction in the five-year Capital Programme of (£0.286) million (Annex 4 to the report)
 - f. Revenue Reserve Balances at 1 April 2020 of £35.391 million (Annex 6.1 to the report)
5. That the Fees & Charges Policy (Annex 5 to the report) be approved.
6. That the Reserves Policy (Annex 6.2 to the report) be approved.
7. That the Medium Term Financial Plan forecast for 2022/23 onwards (Annex 2 to the report) and proposed actions to address the forecast revenue budget gap be noted.
8. That the modified housing benefit schemes, whereby prescribed war disablement pensions and war widow's pensions are disregarded, be continued.
9. **That the Executive RECOMMENDS to the Council the adoption of a new council tax policy to apply a 300% council premium for properties that have been empty for more than 10 years with effect from 1 April 2021.**

46. TREASURY MANAGEMENT HALF YEAR REPORT 2020/2021

The Deputy Leader and Portfolio Holder for Finance and Governance, Councillor Schofield, explained that the purpose for the Treasury Management Half Year Report was to provide an update on the performance of the Council's treasury management activities. It also provided an update from the Council's advisors and an updated outturn report.

Councillor Schofield reported that the Council complied with legislative and regulatory requirements, bar one exception which related to the Government's payment of emergency funding as part of the national Covid-19 pandemic response. At short notice, it had not been possible to spread those funds across a range of banks and financial institutions as was required. This had been resolved.

Councillor Schofield explained that the Council's treasury management activity had been on track and had complied with limits that Members had previously approved. The report would be submitted for consideration to the Overview and Scrutiny Committee and to Council for noting in December.

RESOLVED:

To note the Treasury Management Performance for the year to date and note the updated prudential indicators, and to RECOMMEND to Council to note.

47. COUNCIL TAX BASE 2021/22

The Deputy Leader and Portfolio Holder for Finance and Governance, Councillor Schofield, introduced a report which proposed the Council Tax Base for the Council to adopt by the end of January 2021. The report also proposed Tax Bases for Salfords and Sidlow Parish Council and Horley Town Council.

Councillor Schofield explained that, despite strong growth expected in the area, the proposed Tax Base increase was modest due to expected increases in Council Tax support claimants as a result of the Covid-19 pandemic.

In response to a query from a Visiting Member, Councillor Schofield confirmed that there had been an increase in the number of Council Tax support claimants. A further increase was expected as a result of the second lockdown.

The Interim Head of Finance explained that the income from every household in receipt of Council Tax support was approximately 90% of a full paying household.

Due to the uncertainties that existed, an additional recommendation was proposed that would delegate authority to the Chief Financial Officer in consultation with the Deputy Leader and Portfolio Holder for Finance to make further adjustments to the final tax base where necessary to reflect any changes in the underlying assumptions and report the outcome to Executive in January.

RESOLVED:

- 1. That Executive approve a Council Tax Base for 2021/22 for the purpose of setting the Collection Fund budget of 61,354.3 Band D equivalents, this being a net increase in the Tax Base on 2020/21 of 0.37% after allowing for growth of 1.56% and an increase in local concessionary tax support as a result of COVID 19, and to RECOMMEND the Council Tax Base for 2021/22 be recommended to Council for approval.**
2. That Executive delegate authority to the Chief Financial Officer in consultation with the Deputy Leader and Portfolio Holder for Finance to make further adjustments to the final tax base where necessary to reflect any

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changes in the underlying assumptions and report the outcome to Executive in January.

48. DELEGATED AUTHORITY TO ENFORCE LEGAL PROVISIONS RELATING TO CORONAVIRUS, MADE UNDER THE PUBLIC HEALTH (CONTROL OF DISEASE) ACT 1984, INCLUDING ALL ASSOCIATED AND SUBSEQUENT REGULATIONS

The Leader of the Council, Councillor Brunt, introduced a report to note the Strong Leader Decision in relation to delegated authority to enforce legal provisions relating to Covid-19 which had been made under the Public Health (Control of Disease Act) 1984.

Councillor Brunt explained that a number of regulations had been made in response to the pandemic which placed restrictions and requirements on businesses and individuals and restrictions on gatherings and access to public spaces. Local authorities had been designated enforcers of specified elements of these regulations, including serving formal notices on businesses for breaches of the regulations and bringing prosecutions for the most serious offences.

Councillor Brunt explained that the Council must delegate these powers to appropriate officers. In order to ensure that officers of the Environmental Health team had the correct delegated authority to enforce the Regulations available to them immediately, and in keeping with the Council's Officer Scheme of Delegation, the powers had been delegated to the Head of Service with responsibility for Environmental Health, who had then delegated them to other officers as appropriate.

RESOLVED:

To note the Decision made by the Leader of the Council on 12 November 2020 to authorise the Head of Service with responsibility for Environmental Health to exercise the Council's powers, duties and functions with regard to all current and future legal provisions relating to Coronavirus that the Council is designated to enforce.

49. STATEMENTS

There were none.

50. ANY OTHER URGENT BUSINESS

There was none.

51. EXEMPT BUSINESS

There was none.

The Meeting closed at 8.13 pm



SIGNED OFF BY	Head of Corporate Policy and Interim Head of Finance
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TO	Executive
DATE	Thursday, 17 December 2020
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Risk management - Q2 2020/21
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RECOMMENDATIONS
<ul style="list-style-type: none"> (i) That the Executive note the Q2 update on risk management provided by the report and in the report and accompanying annexes. (ii) That the Executive approve the new strategic risk identified in Q2, and as detailed in annex 3, for inclusion on the strategic risk register.
REASONS FOR RECOMMENDATIONS
In accordance with the Council's risk management strategy, the Executive is required to receive regular updates on risk management.
EXECUTIVE SUMMARY
<p>This report provides an update on risk management in Q2 of 2020/21. Additional detail is provided in the report as well as the associated annexes.</p> <p>The Audit Committee received an update on risk management at its meeting on 26 November. The committee made no formal observations or recommendations to the Executive.</p>
The Executive has the authority to approve the above recommendations

Agenda Item 5

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse and new risks for inclusion on the strategic risk register.
9. Operational risks are risks that are encountered in the course of the day to day delivery of services. However, if an operational risk cannot be fully managed within the service or it has a wider organisational impact then it will be considered for inclusion in the operational risk register by the Council's Corporate Governance Group. Heads of Service have responsibility for operational risks.
10. The Executive approved the 2020/21 strategic risks at its meeting on 25 June 2020.

KEY INFORMATION

Risk management reporting

11. The Council's risk registers have been updated at the end of Q2, alongside Directors and Heads of Service.
12. The full risk registers are made available to all members via the ModernGov document library. Risk registers from previous years are available on the eMembers portal.
13. Each quarter the Executive receives an update on risk management. As per the Council's risk management methodology this report provides an update on all strategic risks as well as any red rated operational risks.

14. The update includes the current risk rating, the direction of travel of the risk (with reference to its score) as well as a summary of the key updates in the quarter.

Risk ratings

15. The Council’s risk management strategy and methodology utilises the following risk ratings:

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

Q2 2020/21 risk management update

16. An update on the Council’s strategic risks for 2020/21 is provided in annex 1.
17. In Q2 there was one red rated operational risk, the detail of which is set out in the exempt annex 2.
18. In Q2 one new strategic risk was identified, the detail of which is provided in annex 3.
19. No strategic risks were identified for closure in Q2.

Audit Committee observations/recommendations

20. In accordance with its constitutional responsibilities, the Audit Committee received an update on risk management at its meeting on 26 November 2020.
21. The committee made no formal observations or recommendations to the Executive.

OPTIONS

22. The Executive has two options:
23. Option 1: note this report and approve the newly identified strategic risk for inclusion on the strategic risk register; and,
24. Option 2: note this report and do not approve the newly identified risk for inclusion on the strategic risk register.

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LEGAL IMPLICATIONS
25. There are no legal implications arising from this report.
FINANCIAL IMPLICATIONS
26. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
27. There are no additional financial implications arising from this report.
EQUALITIES IMPLICATIONS
28. There are no equalities implications arising from this report.
COMMUNICATION IMPLICATIONS
29. There are no communications implications arising from this report.
RISK MANAGEMENT CONSIDERATIONS
30. The Council's risk registers inform the development of the annual risk based internal audit plan.
31. The Council's approach to managing risk is a core component of the Code of Corporate Governance.
OTHER IMPLICATIONS
32. There are no other implications arising from this report.
CONSULTATION
33. The contents of this report have been considered by the Council's Corporate Governance Group.
POLICY FRAMEWORK
34. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.
BACKGROUND PAPERS
None.

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR1	<p>Brexit</p> <p>The UK's withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. If new trade arrangements aren't negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>	Cllr Schofield	RED	<p>As of the end of Q2 the UK government and EU have not negotiated a new trading arrangement to take effect following the end of the transition period on 1 January 2021.</p> <p>Earlier in the year the UK government did not exercise the option to extend the transition agreement. This has therefore increased the likelihood of a no deal Brexit as there is now a limited timeframe for the negotiation of new trading arrangements.</p> <p>As part of previous Brexit preparations, the Council's supply chains have been reviewed.</p> <p>The Council continues to monitor the advice and guidance issued by the Government and the Local Government Association and take any steps that are required.</p>	—
SR2	<p>Financial sustainability</p> <p>The Council is now operating in a uniquely challenging and uncertain financial context.</p> <p>In the wake of the COVID-19 pandemic and likely recession which will follow, the Council faces a period of unprecedented financial uncertainty.</p> <p>The ongoing financial settlement with the Government also remains unclear with the Fair Funding Review</p>	Cllr Schofield	RED	<p>The Council's Medium-Term Financial Plan was reported to the Executive in July 2020. This sets out the forecast budget challenges over the coming five years. It will form the basis for service & financial planning for 2021/22 onwards.</p> <p>COVID-19 has resulted in material new financial risks, both in 2020/21 and potentially over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority's response and budgeted sources of</p>	—

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>and Business Rate Reset and Revaluation being delayed.</p> <p>There most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council’s COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support these unplanned financial pressures will have an adverse impact on the Council’s capacity to deliver against its Corporate Plan ambitions in future years.</p>			<p>income have been impacted by reduced demand during lockdown.</p> <p>Government funding received to date is likely to address a significant proportion of the one-off cost pressures but there remains uncertainty about funding support for lost income from fees & charges and local taxes in 2020/21 as well as about whether income levels will return to pre-COVID levels in the remainder of the year and beyond.</p> <p>In Q2 the Council has submitted the first claim to Central Government for lost income as a result of the COVID-19 pandemic.</p> <p>The importance of: (i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward income generating projects such as Horley Business Park, remains a high priority. Part 1 of a new Commercial Strategy will be considered by the Executive Committee in Q3, and will provide the parameters for the allocation of identified commercial budgets. External advice is also being taken as to appropriate commercial structures, roles and responsibilities.</p>	
SR3	<p>Local government reorganisation</p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of a new devolution agenda.</p>	Cllr Brunt	AMBER	<p>In response to the expected government White Paper on local government reorganisation, earlier this year Surrey County Council announced its intention to develop a proposal for a single unitary authority to cover the county. Surrey’s proposal was not one of three that the government invited to take forward.</p>	■

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>Given the COVID-19 Pandemic, a mandated reorganisation or devolution is unlikely. Instead, changes are most likely to result from a neighbouring or partner authority's financial failure or distress.</p> <p>The results of a possible reorganisation are uncertain, though it could adversely affect this Council and the delivery of services for residents.</p>			<p>The government has announced that the expected White Paper will now follow in 2021. It has also been confirmed that, at present, the government is not pursuing a mandatory top down reorganisation.</p> <p>The Council will continue proactively seek to influence the debate on the future structure of local government within Surrey alongside the other districts and boroughs and county council.</p> <p>Irrespective of the ongoing debate on devolution and reorganisation, the Council's neighbouring and partner authorities are operating in the same strained financial circumstances as detailed in SR2 above. The financial failure of a neighbouring or partner authority is therefore still a risk.</p>	
<p>SR4</p>	<p>Partner public sector funding decisions</p> <p>The public sector is experiencing significant funding pressures. Budgetary decisions made by other public service providers will impact this borough's residents and businesses as well as the Council itself.</p> <p>The COVID-19 pandemic has increased pressure on public services. These pressures may result in partners being stretched which may require the Council to increase services and support provided. This could have negative funding and resource implications.</p>	<p>Cllr Schofield</p>	<p>AMBER</p>	<p>Our partner public sector organisations are operating in a similarly challenging financial context as detailed in SR2 above.</p> <p>As noted in SR3, the financial distress or failure of a partner or neighbouring authority could result in changes to the structure of local government in Surrey.</p> <p>We will seek to align Council and partner priorities around the new Corporate Plan wherever possible, to ensure that all services are meeting the needs of our residents and businesses.</p>	<p>—</p>

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR5	<p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic will change the way the Council operates and will drastically change the organisational culture and ways of working.</p> <p>The Council will continue to be ambitious and the new ways of working will need to be embraced by both members and officers in order for objectives to be achieved.</p> <p>The failure to remain ambitious will risk the delivery of these objectives in these unprecedented times.</p>	Cllr Lewanski	AMBER	<p>Before the COVID-19 pandemic significant work was undertaken on the Council’s Great People work programme (formerly known as the Organisation Development strategy). This has formed a solid basis for post COVID planning.</p> <p>Organisational culture: The pandemic has resulted in a need for the organisation to work differently. This is being proactively driven by the New Ways of Working Recovery group. This group has member oversight</p> <p>Priority is currently being given to understanding and addressing staff welfare and wellbeing issues. A survey has taken place and the results are currently being analysed and an action plan will be formulated.</p> <p>Capacity and resilience: As recently agreed by the Employment Committee, the recruitment of a new Chief Executive will be paused and reconsidered in the Spring. Suitable plans are in place within the Management Team to cover all duties. Recruitment will be underway shortly to increase capacity in the Management Team.</p>	—
SR6	<p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic will have negative impacts upon the economy, with forecasts suggesting the worst recession in a century.</p>	Cllrs Humphreys and Schofield	RED	<p>The latest available data shows that Reigate and Banstead continues to have the highest number of furloughed employees in Surrey. We will closely monitor the impact of the ending of the government’s Job Retention (furlough) scheme on 31 October and the impact on local residents and businesses.</p>	—

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

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Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from paid for services and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>			<p>During the quarter the government announced the successor to the furlough scheme.</p> <p>In the autumn the Council will launch the East Surrey Work Local Youth Hub. The Hub is a new initiative to combat the recent increase in youth unemployment and to support the growth of local skills. The Council will work in partnership with the Department for Work and Pensions and Tandridge District Council to provide support in finding work and developing skills to young unemployed residents and those facing redundancy.</p> <p>The Council continues to be active in supporting local businesses. This includes the processing of business grants and applications for business rate relief. The Council has also distributed money to businesses via the local authority discretionary grant fund.</p>	
<p>SR7</p>	<p>Reliance on the welfare system</p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched and residents being threatened with homelessness. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	<p>Cllr Knight</p>	<p>RED</p>	<p>The COVID-19 pandemic has resulted in significant negative economic impacts on residents. The Council will closely monitor the impact of the gradual ending of the government's furlough scheme and the impact on local residents.</p> <p>During the quarter the government announced the Test and Trace support payment. The Council has setup processes to take applications and make payments.</p> <p>The full roll-out date for universal credit has yet to be confirmed. However, the system is live for those experiencing changes in their circumstances. The effects of COVID-19 has</p>	<p>■</p>

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

20

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>increased universal credit claimants in the borough.</p> <p>Evictions were temporarily suspended following the COVID-19 pandemic. The courts reopened in September and will recommence evictions and work through a backlog of cases. The Housing service will likely experience an increase in homelessness applications from families.</p>	
SR8	<p>Cyber security</p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases. More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The shift to remote working and teleconferencing in response to COVID-19 could potentially compromise cyber security.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction, disruption to the delivery of services and data theft.</p>	Cllr Lewanski	AMBER	<p>ICT reports data security matters to the Senior Information Risk Officer (SIRO). The ICT customer base will be kept informed of any specific threats and will be continually reminded to be vigilant when opening email or browsing websites, particular those from unknown sources</p> <p>The annual assessment of ICT security standards, set by the Cabinet office and known as the Public Sector Network Code of Connection (PSN CoCo), has been passed and certificated.</p>	—
SR9	<p>Fraud</p> <p>Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Schofield	AMBER	<p>The new areas of activity that the Council has delivered since the pandemic started increase the risk of fraud. The Council nevertheless has robust control measures in place to protect public funds from fraudulent activity.</p> <p>The Council's processes regarding the payment of small business grants were audited by the Council's internal auditors in Q2 of this financial year. An opinion of 'substantial</p>	—

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				assurance' was received, with no management actions recommended. An audit on discretionary grant payments is ongoing and will report shortly.	
SR10	<p>Marketfield Way</p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality and viability. It will also generate income which can be reinvested in Council services.</p> <p>The COVID-19 pandemic will likely negatively impact upon this development, including in its delivery as well as its financial viability.</p>	Cllr Humphreys	AMBER	<p>The project continues to be on track. Enabling work has continued despite the COVID-19 pandemic. Office based staff are working remotely and social distancing measures are in place on site. These measures are aligned to industry standards as well as all relevant government guidance. This is a key control to prevent work on site being delayed.</p> <p>We have entered into a building contract which reduces financial risk to Council by fixing a high proportion of outstanding costs.</p> <p>The current economic climate may make securing pre-let agreements – particularly for the cinema operator – difficult. This will be continually monitored alongside the Council's commercial agent.</p>	
SR11	<p>Gatwick Airport</p> <p>The COVID-19 outbreak is likely to have a prolonged negative impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue into the foreseeable future due to the negative economic outlook and likely ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will likely have a negative effect on local employment, which may result in an increased number of residents seeking support from the Council.</p>	Cllr Humphreys	RED	<p>This risk is largely outside of the Council's control and is dependent on any possible support provided by the government to the aviation sector and the commercial decisions made by private companies.</p> <p>As noted above, Reigate and Banstead has the highest number furloughed employees in Surrey. It is likely that a high number of Reigate and Banstead residents are on furlough from Gatwick and its associated supply chain.</p>	↑

21

ANNEX 1 – Q2 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>In the last few weeks of the quarter an increasing number of flights have operated from Gatwick.</p> <p>British Airways recommenced some long-haul flights from Gatwick in Q2, however short haul flights have moved to Heathrow and are not expected to return to Gatwick until 2021.</p> <p>As of 29 September there have been 1,400 redundancies at Gatwick (this figure does not include job losses in the associated supply chain). Passenger numbers are down by 80% on pre-pandemic levels.</p>	
22 SR12	<p>COVID-19: second wave/local lockdown</p> <p>In the event of a second wave or local lockdown, the Council will be required to stand up its response to support residents and businesses.</p> <p>This will result in members of staff being redeployed and could result in significant disruption to the delivery of services.</p>	Cllr Brunt	RED	<p>This risk was raised for inclusion on the risk register in Q1 2020/21.</p> <p>On 12 October the government announced a new local COVID-19 alert level framework. This was supplanted, however, by the recently announced national lockdown from 5 November 2020, upon the conclusion of which the tier system will recommence.</p> <p>The Council has plans in place to respond to a second wave and/or local lockdown or restrictions under the government’s new framework. These plans include providing support services to residents and businesses as well as maintaining business continuity and the delivery of core statutory services.</p>	↑

ANNEX 3 – NEW STRATEGIC RISK

Risk description	Owner	Rating
<p>Reform of the planning system</p> <p>Following the publication of the ‘Planning for the Future’ white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage and are subject to later change and revision, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC’s delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>	<p>Cllr Biggs</p>	<p>Amber</p>

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SIGNED OFF BY	Head of Corporate Policy Interim Head of Finance
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EMAIL	Luke.Harvey@reigate-banstead.gov.uk David.Brown@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 17 December 2020
EXECUTIVE MEMBER	Deputy Leader and Executive Member for Finance and Governance Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Q2 2020/21 Performance Report
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RECOMMENDATIONS
<p>That the Executive note:</p> <ul style="list-style-type: none"> (i) The Key Performance Indicator performance for Q2 2020/21 and make any observations to the Executive; and (ii) The revenue and capital budget position at Q2 2020/21; <p>That the Executive recommends to Council:</p> <ul style="list-style-type: none"> (iii) The allocation of an additional allocation of £0.054 million in the Capital Programme for the Horley Pay-on-Exit parking to be funded through prudential borrowing.
REASONS FOR RECOMMENDATIONS

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For the Council's performance to be reviewed.

EXECUTIVE SUMMARY

This report provides an overview of the Council's performance for Q2 2020/21, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring.

Of the ten KPIs reported in Q2, seven are on target or within the agreed tolerance. Two KPIs are off target and outside of tolerance (therefore red rated) and we are unable to report on one. Additional detail is provided in the report below as well as at Annex 1.

The Revenue Budget full year outturn forecast variance at the end of Q2 for Service budgets is £0.17m (1.1%) higher than the management budget. Central budgets are reporting £1.75m (18.6%) lower than budget, resulting in an overall forecast of £1.58m (6.4%) lower than budget.

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates. The potential financial implications are set out in Annex 3 (Section 3) to this report. The situation continues to be monitored closely and use of budget contingencies and Reserves may be necessary to offset any costs or income losses that are not funded by Government.

The full year Capital Programme forecast at the end of Q2 is £46.81m (37%) below the approved Programme for the year. The variance is as a result of £46.76m slippage and a £0.05m net underspend.

In a report to Executive on 17 September 2020 Members approved the allocation of £0.054 million additional capital resources to the Horley Pay-on-Exit parking project. As this sum is not included in the Capital Programme 2020/21 to 2025/26 that was approved by Council in February 2020 it will be necessary to seek approval from Council for this supplementary budget allocation, funded through prudential borrowing.

The Overview and Scrutiny Committee considered this report on 9 December 2020. The agenda pack for this Executive meeting was published before the Overview and Scrutiny Committee met, meaning that any observations/recommendations from the Committee will be tabled at the meeting of the Executive

The Executive has the authority to approve recommendation (i) and (ii); the Council has authority to approve recommendation (iii).

STATUTORY POWERS

1. Following the abolition of Best Value Performance Indicators (BVPI) in 2008 and the National Indicator Set (NIS) in 2010, there is no statutorily imposed framework for local authorities to manage performance.

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2. The Local Government Act 1972 requires the Council to set the associated annual budget as part of proper financial management. This report is part of that process.
3. The Local Government Act 1992 requires councils to set a balanced budget and announce the Council Tax level by 11 March each year. Section 65 of the Act requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year.
4. The Chief Finance Officer has a key role to play in fulfilling the requirements of the statutory duty under the Local Government Act 2003 to keep the authority's finances under review during the year and take action if there is evidence that financial pressures will result in a budget overspend or if there is a shortfall in income.

BACKGROUND

5. Each quarter the Overview and Scrutiny Committee and Executive receives an update on the Council's performance. The report provides an overview of KPI as well as budgetary performance.
6. KPIs are service level performance measures and are set in order to demonstrate performance against key corporate objectives.
7. A cross-party member working group was convened in the last financial year in order to help develop the indicators for 2020/21. The performance indicators for 2020/21 were approved by the Executive at its meeting on 25 June 2020.
8. Quarterly budget monitoring is a key financial control mechanism that demonstrates that the Council is fulfilling its responsibilities for managing public funds.

KEY INFORMATION

Key Performance Indicators – Q2 2020/21

9. Ten performance indicators are reported on in Q2 2020/21, the full detail of which is provided in Annex 1.
10. Of the ten indicators, seven are on target or within the agreed tolerance.
11. Two indicators are red rated:
 - KPI 7 – Net affordable housing completions
 - KPI 10 – Recycling performance (Q1 2020/21 performance)
12. Affordable housing completions are off target and outside of tolerance. Whilst the number completed so far this year is low, it is expected that affordable units will be completed in batches at several sites across the borough later in the year as the construction sector picks up. 363 affordable housing units are currently under construction in the borough.
13. The Council's recycling performance (KPI 10) is also off target. Performance is reported one quarter in arrears, with Q1 performance reported in Q2. In Q1 the tonnage and composition of household waste has changed significantly, a trend seen across Surrey and which has resulted from the COVID-19 pandemic. Compared with Q1 2019/20, over 520 tonnes of additional refuse was collected in Q1 of this year.
14. The suspension of the garden waste service also weighed on recycling performance, with the suspension of collections resulting in a shortfall of around 2,000 tonnes of

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garden waste. The Council also offered an amnesty on 'excess waste' being presented, particularly whilst Community Recycling Centres were closed. Additionally, the project to rollout kerbside recycling to flats in the borough was also suspended to focus on waste collections. In combination, this has resulted in the collected waste able to be recycled and composted being lower in absolute and percentage terms

Revenue Budget Monitoring

15. The 2020/21 Original Revenue Budget approved by Council in February 2020 is £24.46m.
16. At the end of Q2 the projected full year outturn is £23.02m against a management budget of £24.6m, including £1.44m one-off funding from the Corporate Plan Delivery Fund (CPDF) Reserve and Feasibility Studies (Commercial Ventures) Reserve), resulting in an overall net underspend of £1.58m (6.4%). As set out in the table below.

Table 1: REVENUE BUDGET MONITORING QUARTER 2 2020/21	Original Budget £m	In-Year Adjustments £m	Management Budget £m	Year-End Outturn £m	Year End Variance £m
Service Budgets	14.90	0.30	15.20	15.37	0.17
Central Budgets	9.56	(0.16)	9.40	7.65	(1.75)
Total	24.46	0.14	24.60	23.02	(1.58)

Service Budgets

17. The 2020/21 Original Budget for Services approved by Council in February 2020 is £14.90m. At the end of Q2 the projected full year outturn is £15.37m against a management budget of £15.20m resulting in an overspend of £0.17m (1.1%).
18. The £0.17m overspend is mainly as a result of:
 - £0.47m overspend in Finance, which is mostly attributable to the costs of interim staff covering vacant posts and additional support for the closure of accounts and advising on development projects. Permanent staff recruitment has now been completed with all staff in post by October. The Head of Finance post is still covered on an interim basis.
 - Other overspends within Finance relate to £0.06m increased cost of financial software and £0.02m transactional related charges from the Council's banking provider. These pressures will be addressed during 2021/22 Service and Financial Planning.
 - £0.42m combined overspend in Benefits Team and Benefits Paid/Subsidy Received. The Head of Service currently expects around £0.22m of pressures to arise directly as a result of COVID-19 [reported separately within section 3 at Annex 2]. A £0.10m reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council is not fully reimbursed by the government. The subsidy rate on all Housing Benefit expenditure is expected to be 99.3% of net expenditure, less than the usual rate of 99.6% that was received in the years leading up to 2019/20.

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- £0.16m of Printing and Software related cost pressures in the Revenues, Benefits & Fraud service are expected to continue from 2019/20. This budget is being reviewed as part of the 2021/22 Service and Financial Planning process.
- Services carried out for other local authorities and some private entities by the Revenues, Benefits & Fraud service are expected to make a net loss in 2020/21 as the service continues to build its contract base. This loss is currently forecast at £0.17m of which £0.08m is directly related to COVID-19 [reported separately within section 3 at Annex 2] and £0.09m relates to the underlying trading position. Losses are expected to reduce as more work is brought on stream and additional contracts are confirmed.
- £0.29m overspend in Refuse and Recycling due to expected overspend of £0.06m on temporary staff and £0.05m on overtime. COVID-19 has resulted in £0.05m of additional expenditure and £0.04m of reduced income in this service area [reported separately within section 3 at Annex 2].
- £0.09m underspend in Electoral Services: As elections will no longer take place in 2020/21 due to COVID-19, the unspent budget will be carried forward to 2021/22.
- £0.05m underspend in Greenspaces due to several vacant operative posts. It is anticipated that these vacancies will be filled in a few months. COVID-19 is likely to result in around £0.09m of lost income [reported separately within section 3 at Annex 2].
- £0.17m underspend in Projects and Assurance due to three vacant posts
- £0.20m underspend in Building Control due to £0.12m underspend on salaries (vacancies and maternity leave) offset by £0.18m of Consultancy cost to cover these posts and £0.20m underspend relating to the provision in the budget of a partnership loss that is not currently expected to be drawn upon this year.
- £0.06m underspend in Car Parking – vacancies are expected to last for remainder of year. COVID-19 is expected to have a material adverse impact on the income receipts this year. Currently an expected loss of £1.6m is predicted [reported separately within section 3 at Annex 2].

19. Further details are provided at Sections 1 and 2 of Annex 2.

Central Budgets

20. The 2020/21 Original Budget for Central budgets approved by Council in February 2020 is £9.56m. At the end of Q2 the projected full year outturn is £7.65m against a management budget of £9.40m resulting in an underspend of £1.75m (18.6%).

21. This underspend is mainly as a result of

- £1.008m forecast underspend in Treasury Management: This is due to the net effect of increased income from loans and investments, including interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley).

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- £0.770m forecast underspend in Budget Contingencies and New Posts Budget.
22. Any shortfall in Government funding support for COVID-19 expenditure or income losses [reported separately within section 3 at Annex 2] or other significant unbudgeted costs will result in a call on budget contingencies in 2020/21.
 23. Further details are provided at Sections 1 and 2 of Annex 2.

COVID-19 Pandemic – Forecast Budget Impacts at November 2020

24. The Revenue Budget for 2020/21 that was approved by Council in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.
25. This report reflects the most up to date forecasts for the financial impacts of the COVID-19 pandemic, the details of which are set out within section 3 at Annex 2. The underlying analyses are evolving on a weekly basis therefore the position at the time of preparing this report is very different to that which would have been reported at 30 September. Under the circumstances it is more appropriate to report current (at November 2020) forecasts.
26. Overall the pandemic represents a material financial risk to the Council's budget and financial position. The information presented in this report represents the forecast at November 2020 based on the impacts during the first six months of 2020/21 and is likely to increase as more information becomes available. The financial impacts of a deficit on the Collection Fund (further details below) will add to these pressures.
27. The current estimate of the net adverse financial impact in 2020/21 is up to £1.0m after taking account of COVID-19 grant funding.

Table 2: FORECAST COVID-19 FINANCIAL IMPACTS 2020/21	Full Year Forecast at November 2020 £M
Additional Expenditure	1.498
Income Losses	4.747
Government Grants	(2.546)
Government COVID-19 Income Reimbursement:	
• April – July Claim	(1.086)
• August – November claim (est.)	(1.000)
• December to March claim (est.)	(1.000)
Net Unfunded Estimated Cost of COVID19 in 2020/21	£0.613m

28. In principle this budget pressure can be funded through the Headroom Contingency sum that is included in the 2020/21 budget and other forecast budget underspends

during the year, however that would leave no remaining capacity to address other in-year budget risks without having to also call on Reserves.

29. The Net Revenue Budget requirement for 2020/21 is £18.258m. As a percentage of the net budget requirement therefore, the potential combined net loss of income and additional costs could be more than 5.4%.
30. The main options for mitigating the financial impacts of COVID-19 include:
 - Continue to lobby Central Government for additional funding in recognition of the impacts on district Councils and their ability to deliver services. The Council is actively working with other councils and networks on this.
 - Look to make offsetting savings and efficiencies where possible before calling on the unallocated balance of the Headroom Contingency Budget of £1.0m that is built into the 2020/21 Revenue Budget. This in turn would require a call on the General Fund Balance to release the resources to do so.
 - Make use of Earmarked Revenue Reserves to close the gap. This has implications for the projects and services and other potential risks that were intended to be funded from these resources.
 - Potentially apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. Local authorities are lobbying for greater flexibility from Government in this area. This may include using capitalisation flexibilities to cover costs from forecast future capital receipts and this may include making targeted asset sales to support this.
31. Other potential impacts on Council resources relate to the Collection Fund where income receipts from council tax and business rates are impacted by a range of factors, as explained at Section 3 of Annex 2. Over the short-term, during 2020/21, a range of measures have been implemented by the Government to help mitigate the impacts on the precepting authorities. However the ongoing adverse impacts on income levels in 2021/22 onwards remain to be confirmed.
32. Further updates on forecast impacts on costs and income and how they might be funded will continue to be included in the quarterly budget monitoring reports and in the final 2021/22 budget report to Executive in January.
33. Further details are provided at Section 3 of Annex 2.

Capital Programme Monitoring

34. At Q2, the Capital programme budget is £125.04m (including £29.49m of approved carry-forward capital allocations from 2019/20).
35. The forecast full year expenditure is £78.23m which is £46.81m (37%) below the approved Programme for the year. The variance is as a result of £46.76m slippage and a £0.05m net underspend.
36. The £0.05m net underspend is mainly as a result of:

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- £0.24m of Disabled Facilities Grant (DFG). COVID-19 has had an impact on the number of referrals for DFG works, with these stopping during the early part of lockdown. Works in properties were also suspended for several weeks, due to contractors halting their entire operations and vulnerable clients unwilling to allow works in their homes. Work is now underway again, but a lower than budget spend over the year is expected.
- £0.04m underspend of Handy Person Scheme. COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.

37. The £46.76m forecast slippage is mainly due to:

- £4.34m forecast slippage against the planned spend on the Marketfield Way. Slippage is due to the extended period it has taken to conclude the build contract and in securing all necessary consents.
- £3.0m forecast slippage against the planned spend on the Beech House, London Road. Negotiations with tenant (AIG) are still ongoing, slightly delayed by the COVID-19 pandemic. Current assumption is a revised £2.1m major works to be carried out in 2021/22 but this is subject to a review by external advisors. Property Services are reviewing options and will recommend the final sum to the Commercial Ventures Executive Sub-Committee once the review completed.
- £4.23m forecast slippage against the planned spend on the Cromwell Road Development. Spend profile has changed following contract signature and is slightly behind the original profiled schedule.
- £1.59m forecast slippage against the planned spend at Pitwood Park Tadworth. Spend profile has changed following contract signature and is slightly behind original profiled schedule, but lower slippage than expected in Q1.
- Housing Delivery is forecasting a £9.76m slippage against the £10m Capital allocation in 2020/21. The £0.24m forecast expenditure this year relates to the procurement of the design team to include professional services such as quantity surveyor, project manager, architect, civil, structures and building services consultants together with a wide range of technical consultants, procurement of supporting surveys and documentation required for the planning application and future development of the site.

38. Further details are provided at Annex 2 (Section 3).

Capital Programme – Supplementary Budget Approval

39. In a report to Executive on 17 September 2020 Members approved the allocation of £0.054 million additional capital resources to the Horley Pay-on-exit parking project. As this sum is not included in the Capital Programme 2020/21 to 2025/26 that was approved by Council in February 2020 it will be necessary to seek approval from Council for this supplementary budget allocation, funded through Prudential borrowing.

Overview and Scrutiny Committee – 9 December

40. The Overview and Scrutiny Committee considered this report on 9 December 2020.
41. The agenda pack for this Executive meeting was published before the Overview and Scrutiny Committee met, meaning that any observations/recommendations from the Committee will be tabled at the meeting of the Executive.

OPTIONS

42. The Executive has two options:
 - Option 1: approve the recommendations in the report.
 - Option 2: reject the recommendations and/or request further information.Option 1 is the recommended course of action.

LEGAL IMPLICATIONS

43. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

44. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

45. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

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

RISK MANAGEMENT CONSIDERATIONS

47. There are no risk management implications arising from this report. The annual budget report and supporting strategies include full risk assessments of budget proposals.

OTHER IMPLICATIONS

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

CONSULTATION

49. The performance report has been reviewed by the Council's Corporate Governance Officer Group.
50. There are no other consultations implications arising from this report.

POLICY FRAMEWORK

51. Robust performance management is integral to measuring the extent to which policy objectives have been achieved.

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BACKGROUND PAPERS
None.

ANNEXES

1. Key Performance Indicators
2. Revenue Budget Monitoring; COVID Implications Monitoring
3. Capital Programme Monitoring

Q2 2020/21 Key Performance Indicators

Summary

KPI	Status	Portfolio Holder
KPI 1 – Council Tax collection	AMBER	Cllr Schofield
KPI 2 – Business rates collection	GREEN	Cllr Schofield
KPI 3 – Staff turnover	GREEN	Cllr Lewanski
KPI 4 – Staff sickness	GREEN	Cllr Lewanski
KPI 5 – Homelessness positive outcomes	GREEN	Cllr Knight
KPI 6 – Housing completions	GREEN	Cllr Biggs
KPI 7 – Affordable housing completions	RED	Cllr Biggs
KPI 8 – Local Environmental Quality Surveys	Unable to Report	Cllr Bramhall
KPI 9 – Missed bins	GREEN	Cllr Bramhall
KPI 10 – Recycling	RED	Cllr Bramhall

KPI 1 – The % of Council Tax collected

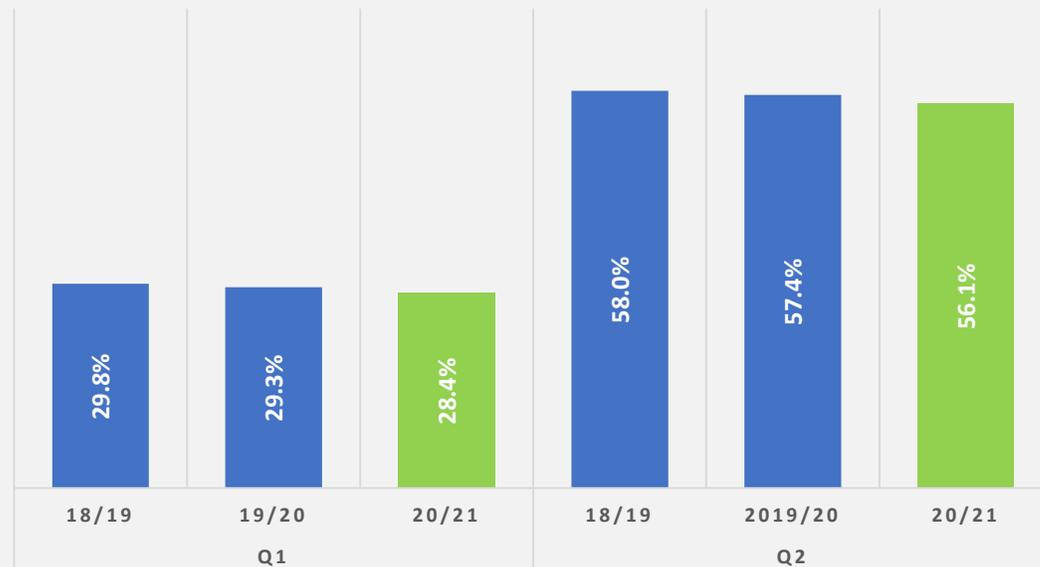
	TARGET	ACTUAL	STATUS
Q1	29%	28.43%	AMBER
Q2	57%	56.11%	AMBER
Q3	85%		
Q4	98.8%		

Description

This indicator measures the percentage of Council Tax collected by the Council. The performance reported is cumulative for the year to date. A tolerance of 1% is applied each quarter.

Narrative

Collection of Council Tax is down by £1.15m from target. Over 2,000 accounts have deferred payment to February and March 2021. There has also been an increase in tax-payers moving to 12-monthly payments. Court action for recovering Council Tax arrears is currently on hold due to the closure of the courts.



KPI 2 – The % of Business Rates collected

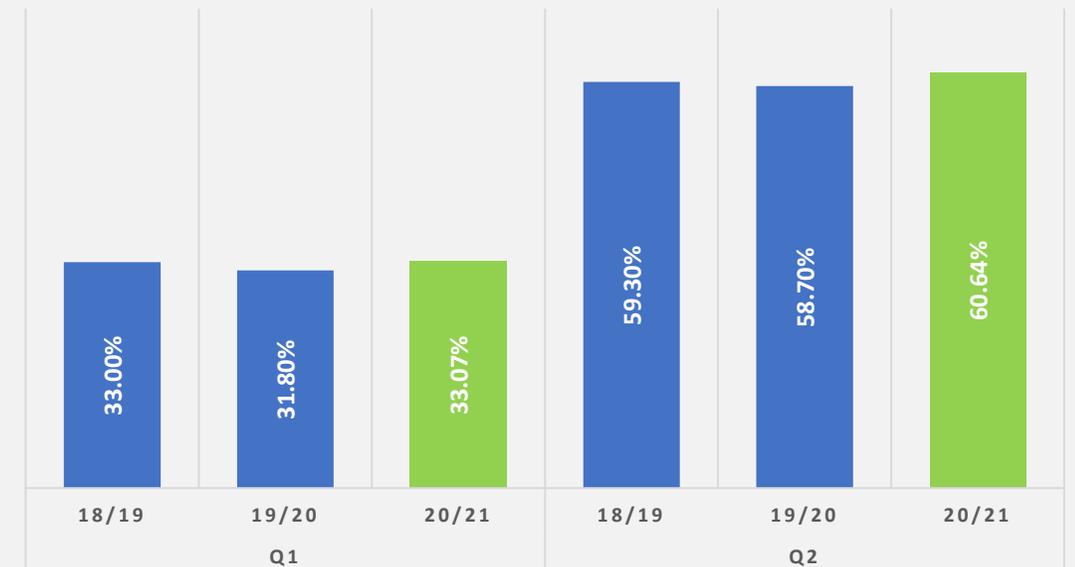
	TARGET	ACTUAL	STATUS
Q1	31%	33.07%	GREEN
Q2	58%	60.64%	GREEN
Q3	85%		
Q4	99.8%		

Description

This indicator measures the percentage of non-domestic rates (NNDR) collected by the Council. The performance reported is cumulative for the year to date.

Narrative

The total amount of Business Rates collectable has reduced by around £19m. This is due to the COVID-19 expanded relief for retail, hospitality, leisure businesses and nurseries. This money will be repaid by central government.



KPI 3 – Staff turnover

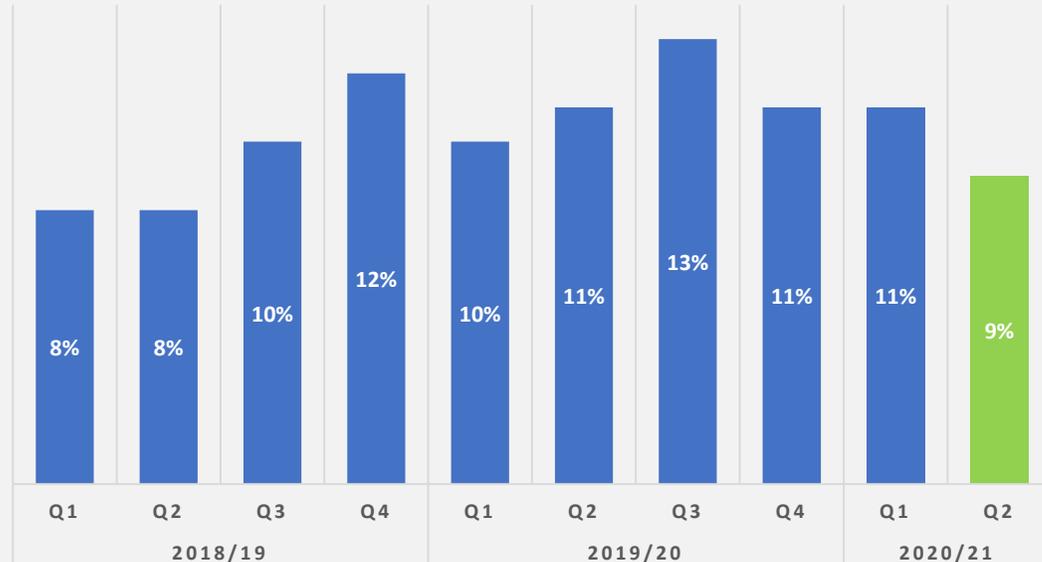
	TARGET	ACTUAL	STATUS
Q1	12%	11%	GREEN
Q2	12%	9%	GREEN
Q3	12%		
Q4	12%		

Description

This indicator tracks the percentage of staff that leave the organisation on a voluntary basis. The performance reported is for a cumulative rolling 12 month period.

Narrative

Staff turnover has continued to be within target throughout Q2 with a reduction when compared to Q1.



KPI 4 – Staff sickness absence

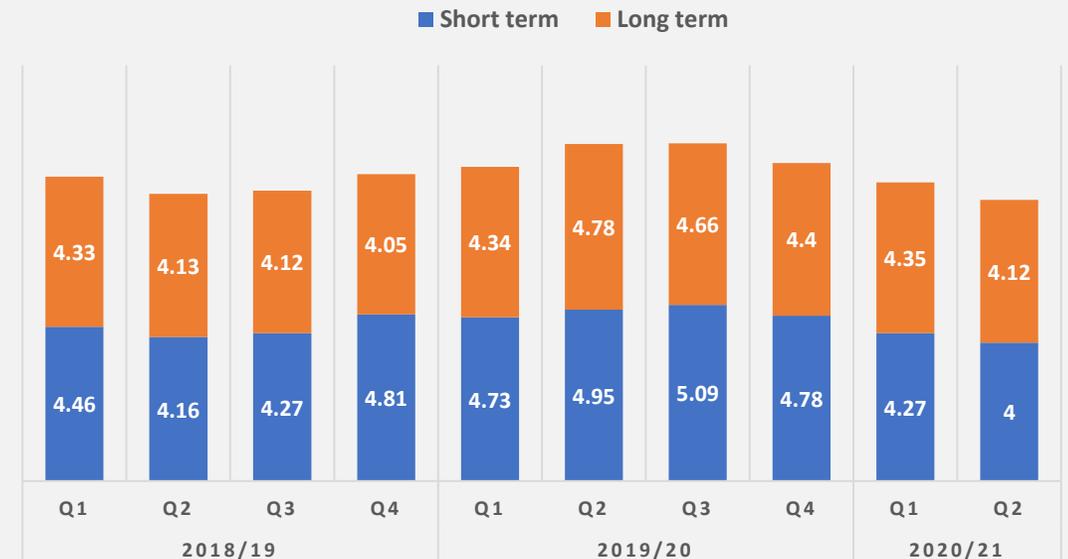
	TARGET	ACTUAL	STATUS
Q1	4 days	4.27 days	AMBER
Q2	4 days	4 days	GREEN
Q3	4 days		
Q4	4 days		

Description

This indicator tracks the average duration of short term sickness absence per employee. The performance reported is for a cumulative rolling 12 month period.

Narrative

Q2 has seen an improvement in performance, with the average duration of short term sickness per employee reducing from 4.27 to 4 days.



KPI 5 – The % of positive homelessness prevention and relief outcomes

	TARGET	ACTUAL	STATUS
Q1	55%	70%	GREEN
Q2	55%	80%	GREEN
Q3	55%		
Q4	55%		

Description

This indicator measures the Council’s performance in preventing and relieving homelessness where a household has approached the Council for support and where the Council has a statutory obligation to provide it under the Homelessness Reduction Act. Prevention and relief are terms that are defined by the Act.

Additional information on homelessness and the responsibilities placed on local authorities is available on the [government’s website](#).

40

Narrative

Q2 has seen the continuation of the Council’s high performance in homelessness prevention and relief. This is due to continued successful multi-agency working.

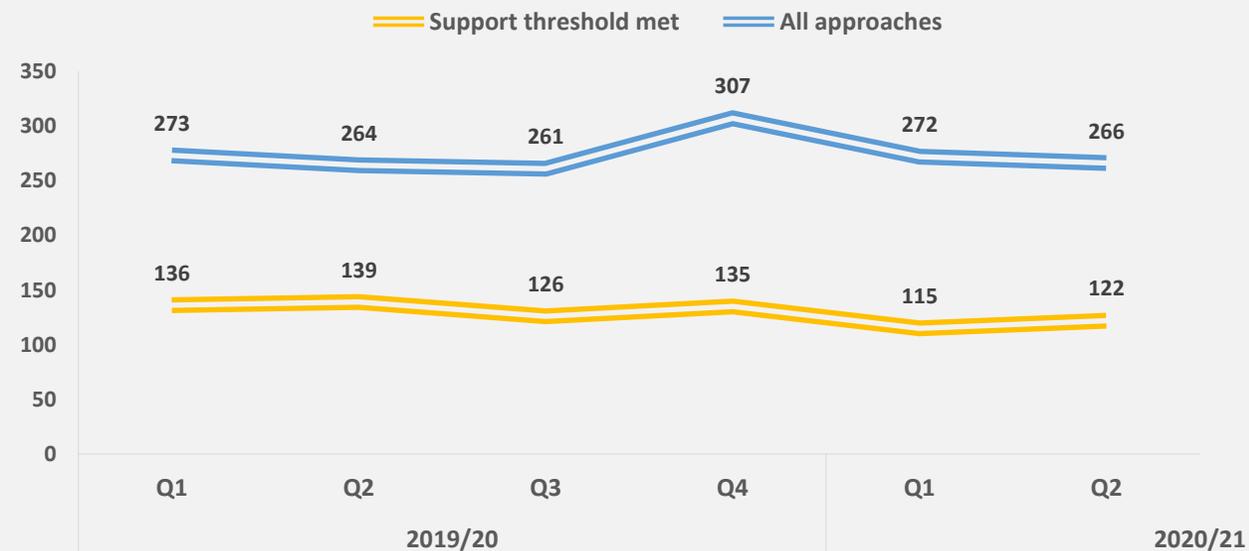
Homelessness approaches continue to be high, especially given that the courts have only recently recommenced evictions. The Housing service has seen an increase in approaches from single persons, many of whom have complex needs.

Additional contextual performance information is provided overleaf.

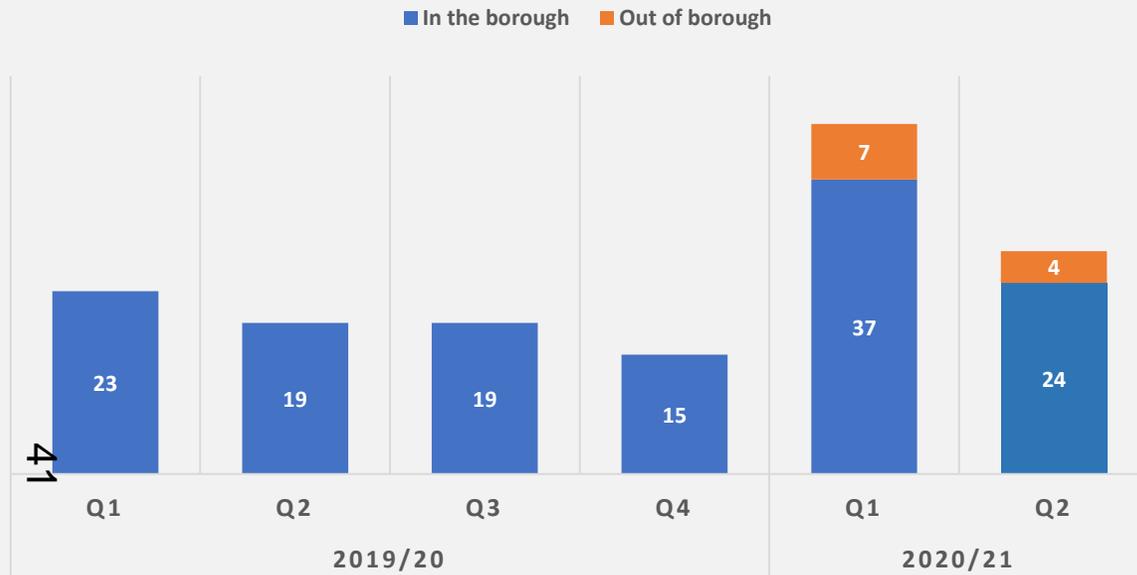
Positive homelessness prevention and relief outcomes



Homelessness approaches (contextual)



Average number of households in temporary emergency accommodation (contextual)



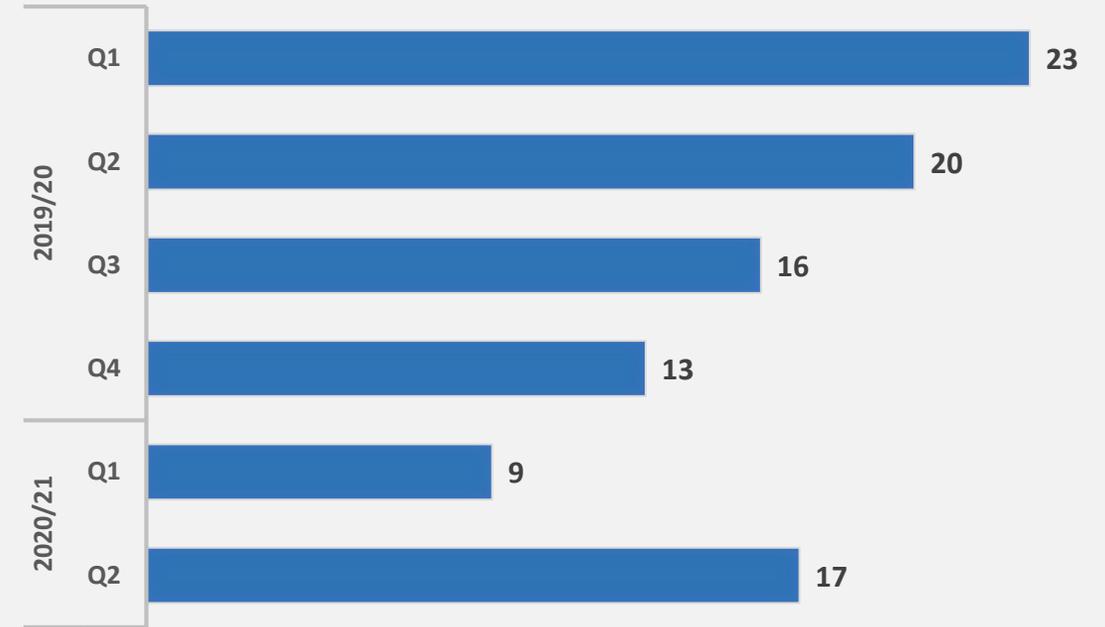
Out of borough data not available for 2019/20.

The **average number of households placed in temporary emergency** accommodation remains higher than usual. Of the 28 in Q2, 24 were under the usual homelessness duty, with the remaining 4 being the accommodation of rough sleepers.

Out of borough placements continue to be low, however.

In Q2 the **Council owned accommodation** has been operated at a reduced capacity in order to ensure its availability for emergency placements as commercial providers had closed. It reopened in September at a reduced capacity from normal due to COVID-19 social distancing measures. Occupancy in Q2 was 13%.

Main duty acceptances (contextual)



In Q2 there were 17 **main duty homelessness acceptances**.

Whilst this has increased compared to quarter 1, this is in line with previous quarters.

The main housing duty is a duty to provide accommodation until more secure accommodation is found.

KPI 6 and KPI 7 - Housing completions

KPI 6 - Net housing completions

	TARGET	ACTUAL	STATUS
Q1	115	45	RED
Q2	230	277	GREEN
Q3	345		
Q4	460		

KPI 7 - Net affordable housing completions

	TARGET	ACTUAL	STATUS
Q1	25	0	RED
Q2	50	2	RED
Q3	75		
Q4	100		

Description

KPI 6 measures the number of net residential housing completions that have taken place in the borough, whilst KPI 7 details the number of these which are affordable. The targets mirror those set in the Council's Development Management Plan. Performance reported is cumulative for the year.

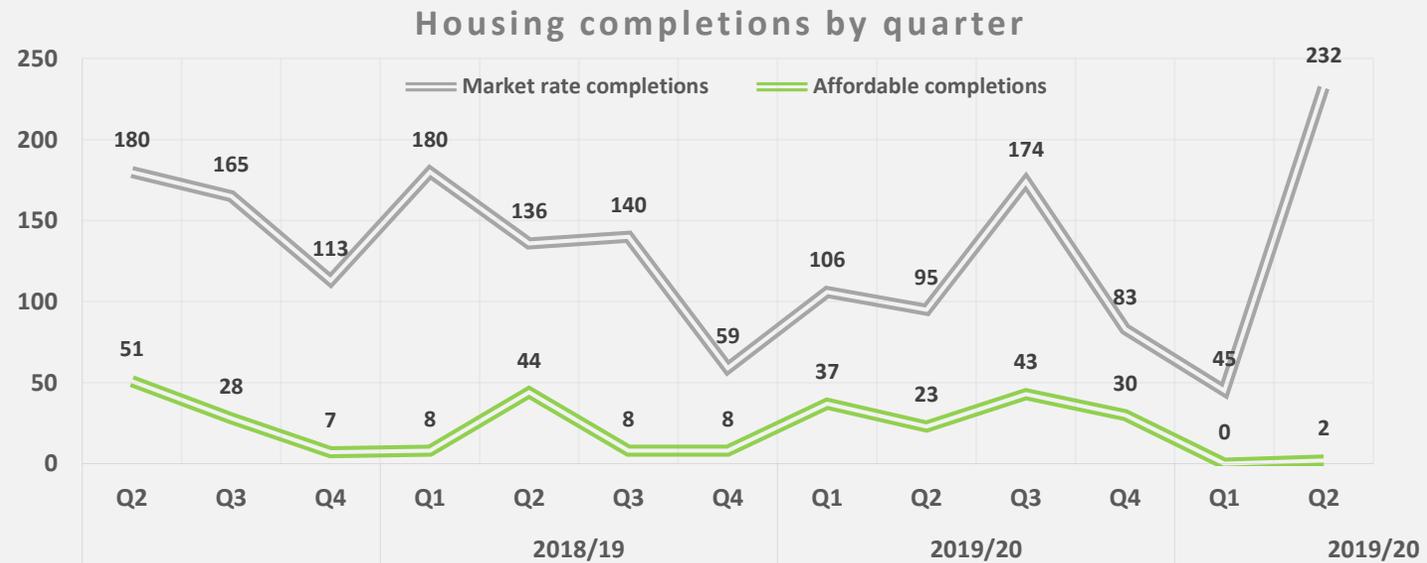
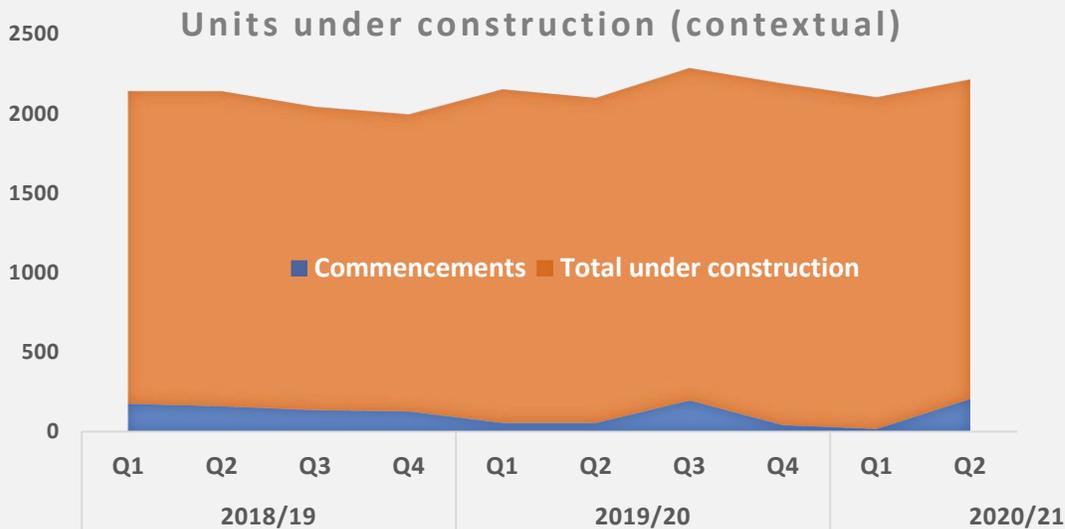
Given the fluctuations in housing completions throughout the year (see below graph), a tolerance of 60 applies each quarter for KPI 6, whilst a tolerance of 10 applies for KPI 7.

Narrative

In Q2 there has been a notable increase in **completions for market rate dwellings (KPI 6)**. Of the 232 completions in Q2, 124 were from a permitted development site.

This increase has not been matched by an increase in **Affordable Housing Completions (KPI 7)** however, with 2 completions in Q2. As the construction sector continues to pick up, it is expected that the delivery of affordable housing in batches at a range of sites in the borough will come through later in the year.

The latest data available indicates that in Q2 there were 206 commencements. This number of commencements is the highest seen in the last 3 years. The data also shows that, at the end of the Q2 there were 2,066 units under construction. Of these, a total of 363 are affordable units, up from 305 in Q1.



KPI 8 - Performance in Local Environmental Quality surveys

	TARGET	ACTUAL	STATUS
Q1	90% of sites grade B	Unable to Report	Unable to Report
Q2	90% of sites grade B	Unable to Report	Unable to Report
Q3	90% of sites grade B		
Q4	90% of sites grade B		

Description

Local Environmental Quality Surveys (LEQs) are a robust and well recognised methodology for measuring the cleanliness of places.

The methodology is developed and maintained by [Keep Britain Tidy](#). It is important to independently review local environmental quality to identify key issues and assess standards. It's also crucial to monitor the impact and effectiveness of campaigns and interventions that aim to reduce littering and improve local places.

Narrative

Due to the COVID-19, LEQs were unable to be carried out due to the additional duties placed on the team by the pandemic. This indicator will recommence later this year.

KPI 9 - Number of missed bins per 1,000 collected

	TARGET	ACTUAL	STATUS
Q1	10	1.33	GREEN
Q2	10	1.49	GREEN
Q3	10		
Q4	10		

Description

This indicator tracks how many refuse and recycling bins have been missed per 1,000 that are collected. Performance is measured and reported on quarterly.

Narrative

Despite the continuing challenges presented by the Covid-19 pandemic the Council has maintained a reliable statutory waste collection service for residents.

KPI 10 – Recycling: The percentage of household waste that is recycled and composted

		TARGET	ACTUAL	STATUS
19/20	Q1	57%	55.9%	AMBER
	Q2	57%	55.5%	AMBER
	Q3	57%	54.2%	AMBER
	Q4	57%	51.4%	RED
20/21	Q1	60%	49.9%	RED

Description

This indicator measures the percentage of household waste collected by the Council at the kerbside that is recycled and composted. Performance is reported one quarter in arrears, with Q1 2020/21 performance reported in Q2 2020/21. The target for this indicator has incrementally increased in recent years in pursuance of the 60% recycling target set in Surrey's Joint Waste Management Strategy, to which the Council is a signatory.

Narrative

In Q1 the tonnage and composition of household waste has changed significantly, a trend seen across Surrey. Compared with Q1 2019/20, over 520 tonnes of additional refuse was collected in Q1 of this year.

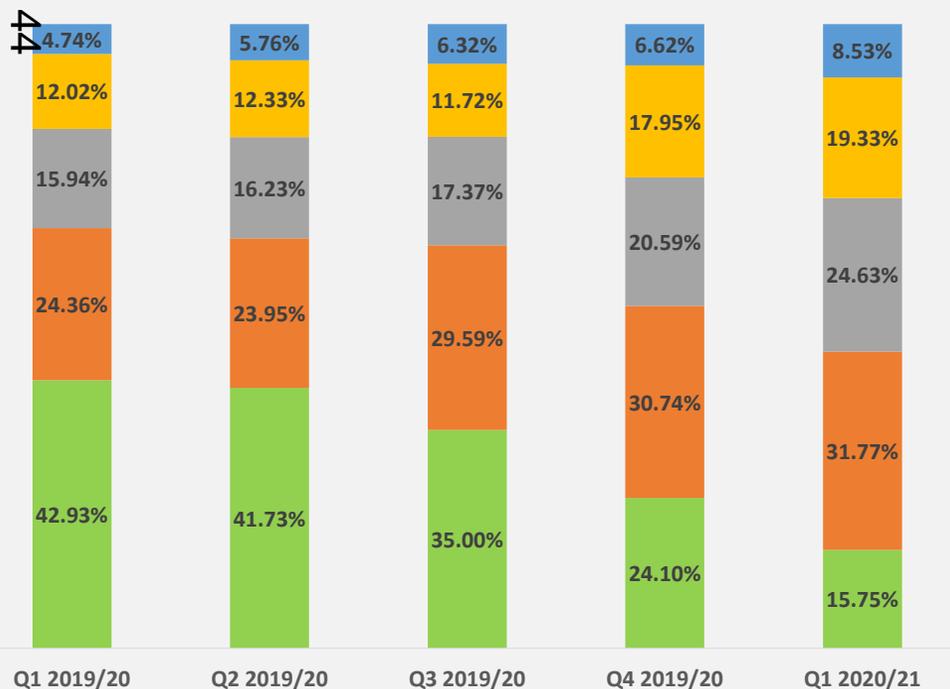
It is not clear how long the effect of the COVID-19 pandemic will impact waste collection services as residents spend more time at home and present increased waste at their doorstep. The suspension of the garden waste service also weighed on recycling performance, with the suspension of collections resulting in a shortfall of around 2,000 tonnes of garden waste. The Council also offered an amnesty on 'excess waste' being presented, particularly whilst Community Recycling Centres were closed. Additionally, the project to rollout kerbside recycling to flats in the borough was also suspended to focus on waste collections.

In order to further improve recycling rates, the planned rollout of full kerbside recycling services to flats and properties with communal bin areas will recommence in the New Year. This will deliver the opportunity to recycle more to around 8,000 properties. Along with Surrey Environment Partnership we will also take part in a communications campaign to encourage further participation in our food recycling service and address issues of contamination (the wrong items in recycling bins) to improve the quality and value of material collected.

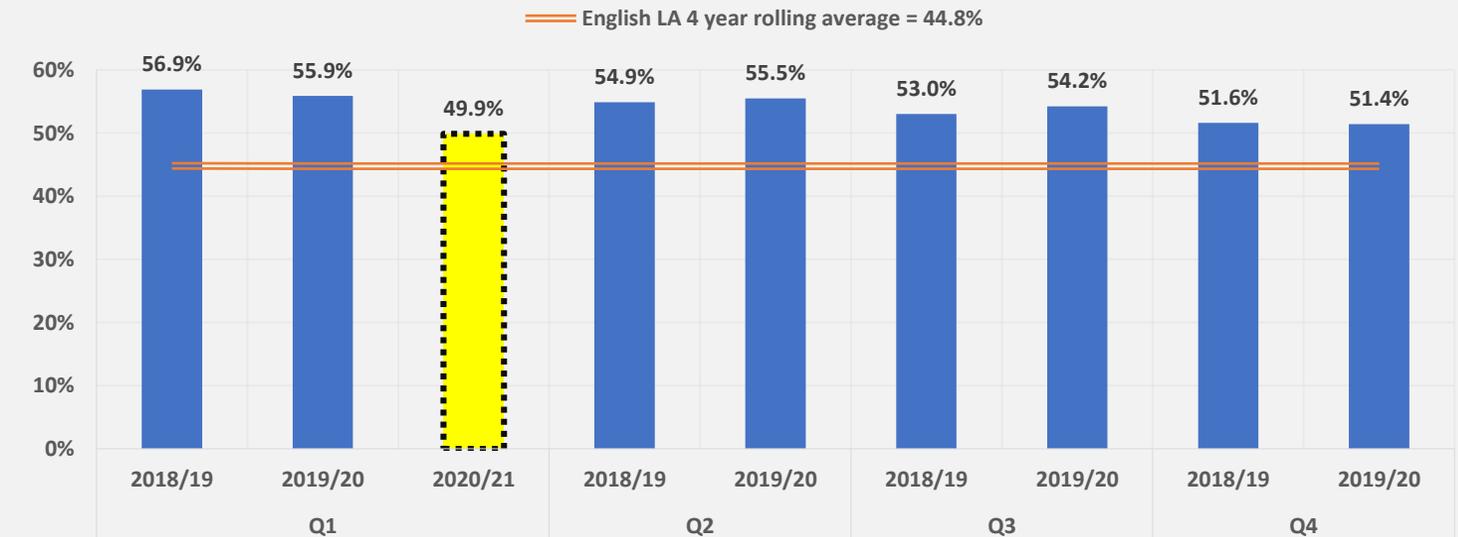
It should be noted that Q1 performance is currently provisional and awaiting Defra verification

Recyclates as a % of the total collected (contextual)

■ Garden waste ■ Mixed paper & card ■ Waste food ■ Mixed glass ■ Mixed Plastics



% of household waste that is recycled and composted



2020/21 Quarter 2: Revenue Budget Monitoring

Summary

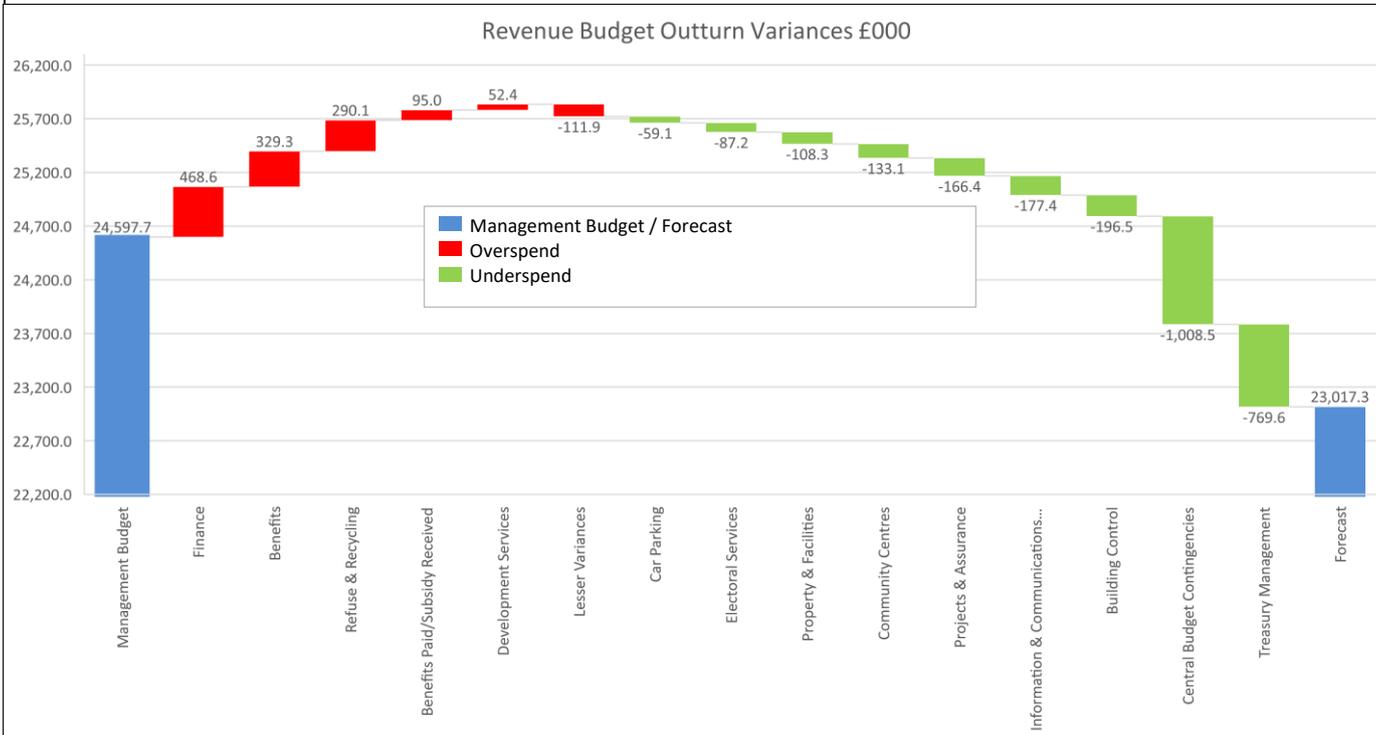
The full year forecast at the end of Period 6 for Service budgets is £0.166m (1.1%) higher than the management budget; the Central budgets are reporting £(1.746m) (18.6%) lower than budget, resulting in an overall forecast of £(1.713m) (-6.9%) lower than budget.

Reconciliation of Original Budget to Management Budget for 2020/21

	£000	£000
Original Budget		24,459.6
Transfers from Reserves:		
Corporate Plan Delivery Fund Reserve	241.0	
New Posts Reserve	39.8	
Reduction in Contingency	-142.7	
		138.1
Management Budget		<u>24,597.7</u>

Headline Revenue Budget Information 2020/21

	£000
Management Budget	24,597.7
Year End Forecast	23,017.3
Projected underspend	<u>(1,580.4)</u> (-6.4% of the budget)



Forecast for Services is £0.166m over budget:

Finance: £468k overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent Staff recruitment has now been completed with four of the permanent staff already in post and one expected to start in October 2020. The forecast includes some overlap to ensure adequate handover from the interim staff.

Benefits Team and Benefits Paid/Subsidy Received: Combined forecast is £424k over budget. A £95k reduction in Housing Benefit Subsidy is currently predicted as the collection rate for 20/21 is likely to be 99.30%, down from 99.60% (the 18/19 rate which the target is based on). Additionally, £155k of Printing & Software related cost pressures are expected to continue from 2019/20. It is also expected that a £92k loss will arise from commercial activities in the underlying service area. These pressure are offset by £20k of additional minor favourable variances.

Refuse and Recycling: Expenditure: A £290k overspend is forecast on Temporary Staff £55k, Overtime £45k which are deemed to be necessary to deliver the service in the current climate. The balance comprises a shortfall of Trade refuse income of £45k and other smaller variances.

Income: Excluding the COVID-19 cost implication being reported separately, the overall income is expected to be on budget.

Development Services: There is a £120k underspend on salaries due to maternity leave and vacancies, which is offset by £180k overspend on consultancies.
Electoral Services: The current expectation of expenditure this year is significantly reduced as elections will no longer take place in 20/21. However, this will adversely affect next year, as there will be multiple elections to be held at that point.
Community Centres: £133k underspend relates to a reduction in cost of services (catering and activities) as a result of long term closure.
Projects and Assurance: The £166k underspend is a result of three vacant posts.
Information & Communication Technology: The £177k forecast underspend comprises a £30k underspend on salaries due to vacancies, £135k underspend on Software charges and two roughly £10k underspends relating to Telephone rentals and Hardware maintenance.
Building Control: The forecast underspend of £197k relates to a partnership provision that is currently not expected to be drawn upon this year.
Forecast for Central Budgets is £1.713m under budget
Treasury Management: Forecast of £1,008k under budget. The primary driver for the interest forecast is the second loan to Greensand Holdings Limited (for the purchase of land at Horley). The forecast also includes interest receivable, based on current interest rates for on-lending and investments.
Budget Contingencies: £770k underspend is forecast, no demand for these is predicted at this stage.
COVID-19 Budget Impacts
These are detailed at Section 3

1. General Fund Reserve			£000
Balance at start of year			8,949.0
Less: Transfers out (Payment of Three Year Employer Pension Contribution in advance)			(4,693.0)
	Add Projected underspend at 31 March 2021		1,580.4
Anticipated balance at end of year before Reserves Review/Reallocations *			5,836.4
*Minimum General Fund Balance Required (15% of total Management Budget)			2,738.3
2. Corporate Plan Delivery Fund (CPDF) Reserve			£000
Balance at start of year			1,000.0
C20-01 Principal Development Manager post	Place	88.0	
C20-09 c/f Data Protection Compliance	Housing Services	15.6	
C20-09 c/f Customer Relationship Management	I.C.T	8.8	
C20-10 c/f Salaries	Community Centres	118.6	
C20-11 Environmental Sustainability Strategy	Corporate Policy	10.0	241.0
<u>Capital</u>			
None			0.0
Balance before any further transfers in year			759.0
3. Feasibility Studies (Commercial Ventures) Reserve			£000
The Feasibility Studies (Commercial Ventures) Reserve was established to ensure that funding is available to prepare business cases and obtain external professional advice for new initiatives designed to deliver new capital schemes, including new sources of sustainable commercial income streams. Once a Capital scheme is approved by Executive, the costs can be capitalised and the funds will recycle back to the Feasibility Studies (Commercial Ventures) Reserve.			
Balance at start of year			1,934.4
FS 20-01 Feasibility work Horley High Street Car Park	Place	103.4	
FS 20-02 Delivering Change in Horley Town Centre	Place	83.3	
FS 20-03 Charitable Community Benefit Society feasibility study costs	Property & Facilities	8.5	
FS 20-04 Site appraisal costs	Property & Facilities	7.4	
FS 20-05 Property appraisal costs	Property & Facilities	37.2	
FS 20-06 Tax Advice	Property & Facilities	20.0	
FS 20-07 Merstham Recreation Ground Refurbishment	Place	45.0	304.7
<u>Capital</u>			
Project Baseball (New Crematorium)	Property & Facilities	650.0	650.0
			979.7

Revenue ANNEX 2: Section 2

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Simon Bland	Economic Prosperity	397.2	9.0	406.2	405.4	(0.8)	A small underspend is expected on salaries as one member of staff is currently filling a full-time post on a part-time basis.
Kate Brown	Human Resources	764.4	0.0	764.4	764.4	0.0	The needs and requirements of the organisation need to be assessed and future forecast amended based on outcomes.
Richard Robinson	Housing Services	1,009.4	15.6	1,025.0	1,022.6	(2.4)	Small underspends at Q2. The nature of B&B and Temporary Accommodation spend is highly volatile so this forecast is subject to change as the year continues.
Frank Etheridge	Senior Management Team	1,127.4	(90.0)	1,037.4	1,060.6	23.2	There is a 25k forecast for consultancy fees with 8k forecast overspend relating to Corporate subscriptions. Underspends relate to current and expected travel and mileage expenses being lower in 2019/20.
	Emergency Planning	29.7	0.0	29.7	29.1	(0.6)	Minor variance.
Catherine Rose	Projects & Assurance	594.9	0.0	594.9	428.5	(166.4)	Underspends attributable to three vacant posts
Caroline Waterworth	Corporate Support	182.0	0.0	182.0	145.3	(36.7)	In the first months of the year there has been significantly less need for the purchase of office stationary and postage. The current forecast expects these levels to have picked up and returned to normal by the end of the financial year.
Justine Chatfield	Community Development	406.2	0.0	406.2	406.2	0.0	
	Partnerships	419.3	0.0	419.3	415.1	(4.2)	Minor variance.
	Community Centres	407.5	(9.6)	397.9	289.6	(108.3)	Underspend relates to a reduction in cost of services (catering and -activities) as a result of long term closure.
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Peter Boarder	Place Delivery	292.8	88.0	380.8	395.2	14.4	An overspend of around £14k is currently forecast. This results from recent payments in respect of staff appraisals which were higher than the current budget allows.

Revenue ANNEX 2: Section 2

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Morag Williams	Fleet	860.9	0.0	860.9	890.0	29.1	The ageing fleet of waste vehicles gives rise to the £29k overspend and until they are replaced they will require increasing levels of expenditure on spare parts. These vehicles are planned to be replaced over a three year period beginning this year.
	Refuse & Recycling	1,211.3	0.0	1,211.3	1,540.6	329.3	The £180k overspend reported here is due to expected overspend on Temporary Staff of £55k, an Overtime overspend of £45k, increased costs for the disposal of Dry Mixed Recyclate of £14k, and a shortfall of Trade refuse income of £49k. There are other minor variances totalling £17k.
	Engineering & Construction	109.2	(50.0)	59.2	58.1	(1.1)	Minor variance.
	Environmental Health & JET	1,066.5	10.0	1,076.5	1,043.5	(33.0)	The variance is the net underspend of several of cost centres. Food inspection work has seen an unbudgeted £10.5k of one-off income as a result of recovery of costs involving sampling of private water supply. In addition, the expenditure forecast has been adjusted to show an underspend of £7.3k in Housing standards due in part to a reduction in property clearance costs, so far this year. We have also benefited from an underspend for Public Health Funerals at £12.3k due to the favourable recovery of costs through inheritance and insurance cash receipts. There are other minor variances.
	Environmental Licencing	(212.8)	0.0	(212.8)	(181.4)	31.4	Lower demand for licencing than originally forecast, especially for taxis.
	Greenspaces	1,410.9	0.0	1,410.9	1,365.8	(45.1)	The underlying service area is likely to underspend by £43k, £54k of which is due to several operative vacant posts. It is anticipated that these vacancies will be filled in a few months time. The remaining £11k overspend is due to the purchase of equipment that was delayed from 2019/20 and some minor variances.
	Car Parking	(2,036.7)	0.0	(2,036.7)	(2,095.8)	(59.1)	The underlying variance of £59k is generated by vacant posts expected to last for the remainder of the year; there being little point in filling them if parking activity remains at a low level.
Street Cleansing	991.9	0.0	991.9	980.9	(11.0)	The forecast includes £-6.8k for the cheaper cost of fuel, earlier this year. It has also includes £-5.5k reflecting a reduction in use of Temporary Staff, as well £-5.3k for an unused personal vehicle use budget of £5.5k. There are other minor variances.	
Catherine Rose	Corporate Policy	0.0	140.0	140.0	119.2	(20.8)	Underspend attributable to part year vacancy
Duane Kirkland	Supporting People	157.5	0.0	157.5	158.7	1.2	
	Supporting Families	90.0	0.0	90.0	90.0	0.0	
	Harlequin	351.4	0.0	351.4	318.8	(32.6)	Income reduced due to lower demand.
	Leisure Services	(93.3)	0.0	(93.3)	(108.9)	(15.6)	Negotiations with leisure provider continue following closure for the COVID-19 pandemic.
Andrew Benson	Building Control	221.5	0.0	221.5	25.0	(196.5)	The underlying service is expected to underspend by £161.7k. This is made up of £120k underspend on salaries (vacancies & maternity leave) offset by approximately £180k of Consultancy to cover these posts and a £197k Building Control underspend. The Building Control underspend relates to a partnership loss provision that is not currently expected to be drawn upon this year. An old £20k Drainage budget will no longer be spent and is being offered up as a 21/22 saving.
	Development Services	211.4	0.0	211.4	263.8	52.4	
	Planning Policy	362.8	0.0	362.8	345.2	(17.6)	
Carys Jones	Communications	609.9	(53.6)	556.3	536.3	(20.0)	Forecast reflects the difference between budgeted values for 3 issues of Borough News with only 2 expected in 20/21.
	Customer Contact	389.1	0.0	389.1	372.4	(16.7)	There are also salary underspends currently forecast within the Web team. Underspends due to differences in Salary costs from budgeted values due to vacant funded hours.

Revenue ANNEX 2: Section 2

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Darren Wray	Information & Communications Technology	1,778.9	62.4	1,841.3	1,663.9	(177.4)	Forecast shows a £30k underspend on Salaries, £135k underspend on Software charges and two roughly £10k underspends relating to Telephone rentals and Hardware maintenance.
Caroline Waterworth	Democratic Services	850.1	0.0	850.1	829.5	(20.6)	A part year vacancy is the reason for the majority of this variance. Other contributors are reduced forecast spend on Mayoral events.
Joyce Hamilton	Electoral Services	442.7	0.0	442.7	355.5	(87.2)	The previous expectation of election expenditure this year, has been significantly reduced as elections are not being held. However, this will adversely affect next year, as there will be multiple elections to be held at that point.
	Legal Services	792.2	0.0	792.2	840.3	48.1	The overspend relates to under-recoveries of budgeted income, most notably the budgeted s106 income target which is now unachievable due to the service being outsourced. There are significant changes expected to recruitment and outsourcing requirements which are currently forecast but susceptible to change pending potential recruited staff going forward.
	Land Charges	(107.8)	0.0	(107.8)	(146.7)	(38.9)	Levels of income from Land charges are subject to seasonal variation. Current trends show a large increase in quantity of requests and therefore higher levels of income.
	Property & Facilities	(1,691.0)	128.2	(1,562.8)	(1,695.9)	(133.1)	Some adjustments were made to the income forecasts to include Reading Arch Road and Salfords. Otherwise very little movement.
Pat Main	Finance	1,159.5	0.0	1,159.5	1,628.1	468.6	Overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent staff have now been recruited for all vacant posts filled as of October 2020. The forecast includes some overlap to ensure adequate handover to permanent staff. Other overspends relate to the increased cost of financial software and transactional related charges from our banking provider.
Simon Rosser	Benefits Paid/Subsidy Received	342.8	125.2	468.0	563.0	95.0	The underlying service is currently forecast to overspend by £430k. A £95k reduction in Housing Benefit Subsidy is currently being predicted as our collection rate for 20/21 is likely to be 99.30%, i.e. less than the 99.60% (18/19 rate) which the budget is based on. £160k of Printing & Software related cost pressures are expected to continue from 19/20. This budget is being reviewed as part of the 2021/22 Service and Financial Planning process. The costs of 5x staff (£145k) are currently being borne by the budget as a result of staff being transferred away from Commercial activities, and therefore no longer being able to generate any income. Commercial activities are expected to make a loss in 20/21 of around £109k whilst the Head of Service continues to build the contract base. £80k of this loss is directly related to Covid whilst £29k relates to underlying activities. Losses will reduce as more work is brought on stream and additional contracts are confirmed. Approx. £30k of additional payments were made to staff in P4 relating to appraisals etc, all of which is unbudgeted.
	Benefits	(295.3)	(74.4)	(369.7)	(79.6)	290.1	
	Benefits Commercial Activities	0.0	0.0	0.0	28.7	28.7	
Total Services		14,899.5	300.8	15,200.3	15,366.1	165.8	1.1%

Revenue ANNEX 2: Section 2

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Central Budgets							
Pat Main	Insurance	482.1	0.0	482.1	496.3	14.2	Insurance contract at higher rate than forecast.
	Treasury Management - Interest on Investments	(54.0)	(528.0)	(582.0)	(1,247.5)	(665.5)	The primary driver for the interest forecast is the second loan to Greensand Holdings Limited (for the purchase of land at Horley). The forecast also includes interest receivable, based on current interest rates for on-lending and investments.
	Treasury Management - Interest on Borrowing	922.0	0.0	922.0	922.0	0.0	The interest payable forecast is based on the expected borrowing required to implement the Capital Program. The current borrowing forecast reflects the latest Capital Programme forecast and is lower than that assumed when the budget was set.
	Treasury Management - Interest on Trust Funds	36.0	0.0	36.0	18.0	(18.0)	The forecast reflects the UK's current low investment return rate, which is expected to continue throughout 2020/21, due to uncertainties in the economy caused by the COVID-19 pandemic
	Minimum Revenue Provision	0.0	528.0	528.0	203.0	(325.0)	The interest payable forecast is based on the expected borrowing required to implement the Capital Programme. The current borrowing forecast reflects the latest Capital Programme forecast and is lower than that assumed when the budget was set.
	Employer Pension costs	6,579.0	0.0	6,579.0	6,579.0	0.0	This budget represent 3 years pension costs that have been paid in 2020/21
	Central Budget Contingencies	1,207.7	(150.2)	1,057.5	287.9	(769.6)	See analysis below.
	New Posts Budget	158.8	0.2	159.0	158.8	(0.2)	
	External Audit Fees	50.3	(0.3)	50.0	53.6	3.6	Expectation of fees based on PSAA forecast.
Kate Brown	Apprenticeship Levy	71.4	(2.4)	69.0	71.4	2.4	Expected to be on budget at outturn
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	The recruitment of multiple senior staff can account for nearly all of the budget in this area, further recruitment spend will push this budget into overspend although at this time further costs have not been identified/quantified.
	Corporate Human Resources Expenses	66.8	(10.0)	56.8	68.7	11.9	The variance presented relates to expected training costs.

Total Central Budgets		9,560.1	(162.7)	9,397.4	7,651.2	(1,746.2)	(18.6%)
Grand Total		24,459.6	138.1	24,597.7	23,017.3	(1,580.4)	(6.4%)
Pat Main	Central Budget Contingencies						
	Miscellaneous salaries	150.2	(150.2)	0.0	0.0	0.0	Current expectations are that there will be no call on these funds
	Headroom Contingency Budget	1,000.0	0.0	1,000.0	250.2	(749.8)	The current forecast outturn costs are the settlement payments relating to the former Chief Executive
	Preceptor Grants	57.5	0.0	57.5	37.7	(19.8)	Expected payover is expected to be less than budgeted values
Central Budget Contingencies		1,207.7	(150.2)	1,057.5	287.9	(769.6)	

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COVID-19 Pandemic – Financial Implications at November 2020

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.

Government Funding

The Government originally indicated an intention to fully-compensate councils for the financial impacts of COVID-19, however it remains unclear whether this commitment is just in relation to the additional costs incurred or whether it will also cover loss of income.

To date, relative to the scale of forecast financial impacts, the Council has received a the financial support as summarised the table below from Government and other agencies to offset the impacts on its budget.

Table 4.1: EMERGENCY GRANT (not ring-fenced)	£m
Emergency Grant allocation 1 • Equates to 64p per household.	0.042
Emergency Grant allocation 2 • Equates to £22.70 per household.	1.481
Emergency Grant allocation 3 • Equates to 3.09p per household.	0.203
Emergency Grant allocation 4 • Equates to £2.25 per household.	0.148
	1.874

Table 4.2: OTHER SPECIFIC GRANTS AND FUNDING ALLOCATIONS	£m
Rough Sleepers accommodation funding. • In addition, £39.7k has been received from Surrey County Council from their Emergency Grant allocation to contribute to the cost of temporary accommodation for rough sleepers.	0.002 0.040
Next Steps Accommodation Funding - £180.3k • Contribution towards B&B costs	0.180
Reopening High Streets Safely Fund • Allocated to prepare for the reopening of non-essential retail	0.132
Emergency Assistance Grant for Food & Essential Supplies • Allocated via Surrey County Council	0.089
Compliance & Enforcement Grant • For enforcement of measures to support public health including social distancing	0.058
Test & Trace Scheme - for payments to individuals who have to self-isolate and are unable to claim benefits • general claims	0.048

• discretionary claims	0.029
• admin funding	0.027
Clinically Extremely Vulnerable Funding	
• share of Surrey County Council grant allocation	0.067

Income Compensation Scheme

In addition the Council is able to claim for reimbursement of a proportion of some COVID-19-related income losses. The terms of this reimbursement are quite specific:

- The scheme involves a 5% deductible rate, whereby authorities will absorb losses up to 5% of their planned (budgeted) 2020/21 sales, fees and charges income, with the Government compensating them for 75p in every pound of relevant loss thereafter. By introducing a 5% deductible Government argued that it is accounting for an acceptable level of volatility, whilst shielding authorities from the worst losses.
- Income from commercial activities is not eligible of reimbursement under the scheme
- Claims have to be certified by the Council's Chief Financial Officer and may be subject to audit.

This Council's share of income funding had not been confirmed at the time of preparing this report; the first claim for £1.086m (for eligible income losses in April to July) has been submitted.

The total COVID-19 Emergency funding allocated so far to this Council to cover expenditure incurred and lost income is therefore in the region of £2.5 million and a further £1.0 million has been claimed for income losses so far. However, as set out below, the forecast costs and loss of income forecast will potentially exceed the grants awarded.

Through the Local Government Association, Surrey Leaders, the Society of District Council Treasurers and the Surrey Treasurers' Association we have continued to make clear to the MHCLG and HM Treasury the scale of the financial impact and the case for additional funding.

While the Government published 'Our Plan to Rebuild' in May 2020 it remains uncertain as to how long the lockdown restrictions are likely to last and when the Recovery phase will end.

This means that accurate forecasting of the full financial impacts for this Council is remains challenging at this time and other updates will be provided through in-year financial monitoring and budget reports.

At the time of preparing this report, while the pandemic continues, there is also not yet confidence that that these financial impacts will not continue into 2021/22; or whether Government funding support will continue.

Other COVID-19 Funding

The Council has also received the following funding from Government:

- Council Tax Hardship funding - £0.755m
- Business Grants funding - £23.8m
- Business Grants funding – Discretionary Scheme - £1.13m
- Business rates – extended retail relief funding - £18.69m
- Business rates – nursery/local newspapers relief funding - £0.700m
- November 2020:
 - Local Restrictions Support Grants - £2.975 million (grants to businesses on the rating list)
 - Additional Restrictions Support Grants - £22.095 million (grants to other businesses)

How they are being utilised is explained in the sections on the Collection Fund and Business Grants below.

Expenditure Pressures

Since the outset of the pandemic the Finance Team has been tracking the financial impacts of the Council's COVID-19 response. New cost codes have been established to identify expenditure and an income and expenditure impacts model has been set up.

These detailed records are being maintained so that the impacts are readily identifiable to facilitate reimbursement wherever possible either from the Government or from Surrey County Council. For example, the costs incurred when providing support to residents in Category A (shielded) which is the responsibility of the County Council.

The financial impacts have been modelled based on lockdown restrictions lasting throughout 2020/21 in line with the parameters specified in the MHCLG's monthly COVID-19 financial impacts monitoring return. These assumptions are subject to regular review. The most return to MHCLG covers the period to 30 September. The figures quoted in this report for cost and income pressures are based on actual figures and full-year forecasts at 30 September.

The forecast additional expenditure for 2020/21 is summarised in the table below which follows the categories specified by MHCLG for the monthly financial data return:

Table 4.3: MHCLG EXPENDITURE CATEGORY	Full Year Forecast at 30.9.20 £M	Type of Expenditure Incurred
Housing Rough Sleepers	0.288	Temporary accommodation for Rough Sleepers and additional demand for B&B accommodation

Table 4.3: MHCLG EXPENDITURE CATEGORY	Full Year Forecast at 30.9.20 £M	Type of Expenditure Incurred
Environment & regulatory – waste Management	0.099	Garden Waste – admin costs and vehicle hire
Finance & Corporate	0.076	Stationery, marketing materials and licensing for outdoor seating
Finance & Corporate	0.001	Vehicle Hire – cemetery
Other - PPE (non-Adult Social Care) April 2020	0.055	Staff remote working – IT systems and support
Other	0.441	Staff and volunteer Training and Professional Support
Other	0.002	Revs and Bens Compliance and Checks for Business Grants
Other - shielding	0.288	Voluntary Action Reigate & Banstead - VARB and YMCA Welfare Calls over a 10-week period Shielded Food Parcels and Communication
Other - PPE (non-Adult Social Care) April 2020	0.097	Purchase of PPE for staff and volunteers
Other - excluding service areas listed	0.152	Publicity materials – e.g. social distancing banners Funding support - Voluntary Sector contributions Provisional Cost of support for Leisure Services Provider Support for Shielded Residents – including welfare calls, visits, foodbank and meals
Total Forecast Impact 2020/21	1.498	

Income Reduction Pressures

In addition to incurring additional expenditure, the Council is also impacted by a significant reduction in budgeted income streams.

Overall, COVID-19 financial impacts are forecast to be more significant for the Council's income budgets compared to the additional expenditure incurred. This is in line with other district and borough councils, which tend to rely on fees and charges income as a greater portion of their budget.

Table 4.4: MHCLG INCOME CATEGORY	Full Year Forecast at 30.9.20 £M	Type of Income Loss
Recreation & Sport	0.263	Leisure Services Provider - reduced Management Fee
	0.254	Community Centres – room hire, activities, catering
Cultural & Heritage	0.889	Harlequin – ticket sales, room bookings, event catering and concessions
Planning & Development	0.360	Planning Fees
Commercial Income losses	0.319	Commercial Rents – (including Redhill Market)
Other Sales, Fees & Charges income losses	2.213	Car Parking charges
Waste Management	0.477	Garden Waste charges
	0.251	Trade Waste charges
Other Sales, Fees, & Charges income losses	0.171	Reduction in Revenues & Benefits income from external Clients
	0.034	Private Hire licence fees
Total Forecast Impact 2020/21	4.713	

The main areas impacted include:

- Car parks usage and income from season tickets fell significantly following closure of council car parks on 30 March and the announcement that councils were required to make parking free for key workers.

Income from Pay and Display is forecast to reduce by £1.3 million compared to budget. whilst the bulk of expenditure associated with car parks, such as business rates and insurance, will still be incurred. The Council's policy with regard to residents who have paid for annual parking permits was reviewed and an extension was agreed, reducing forecast income by £200k. In addition many local businesses have applied for refunds on prepaid permits for staff.

A further impact is the reduction on forecast parking ticket revenue: the predicted loss of income until the end of March is £60k

- It is anticipated that across a range of other services including Planning, Building Control, Local Land Charges and Redhill Market income will fall significantly below budget in 2020/21 and there has been a temporary waiver of the monthly management fee received from the Leisure services provider - £263k.
- The increased risk to recovery of commercial rental income is estimated to be £200k. The most significant risk relates to Travelodge which applied for a Company Voluntary Arrangement (CVA), a legally binding agreement with the company's creditors to allow a proportion of the debts to be paid back over time,

and some to be written off, typically lasting between two and five years. The Council is in negotiations with another hotel chain to take on the lease.

- The Revenues, Benefits and Fraud team experienced a reduction in recovery costs of £127k while magistrates courts were closed. Their income from contracted work for other councils has also reduced due to decisions by client authorities to pause recovery action.
- Pausing the garden waste collection service from March to June 2020 has resulted in a £477k reduction in income.

It is important to note that the Council's income budgets are not all based on an assumption of a 100% collection rate. Where appropriate, a level of arrears is assumed and a provision is made for bad debts. It is currently too soon to forecast whether the existing bad debt provisions will be sufficient to address all non-recovery as a consequence of COVID-19. An increase in the provision would require a call on revenue Reserves. This will be assessed as part of the year-end financial closedown.

Capital Programme Impacts

The Capital Programme 2020/21 to 2024/25 was approved in February 2020. No material changes to forecast expenditure or capital receipts have been identified to date. The main impacts are likely to be in terms of the timing of expenditure and income as some delays (slippage) may arise. The latest forecasts will be reported as part of quarterly capital programme monitoring and where necessary reports will be presented on specific schemes if any significant impacts are identified.

COVID-19 Pandemic: Summary Financial Implications

Overall the pandemic represents a material financial risk to the Council's budget and financial position. The information presented in this report represents the forecast at November 2020 based on the impacts during the first six months of 2020/21 and is likely to increase as more information becomes available. The financial impacts of a deficit on the Collection Fund (further details below) will add to these pressures.

The current estimate of the net adverse financial impact in 2020/21 is up to £1.0m after taking account of COVID-19 grant funding.

Table 4.5: FORECAST COVID-19 FINANCIAL IMPACTS 2020/21	Full Year Forecast at 30.9.20 £M
Additional Expenditure	1.498
Income Losses	4.747
Government Grants	(2.546)
Government COVID-19 Income Reimbursement:	
<ul style="list-style-type: none"> • April – July Claim • August – November claim (est.) • December to March claim (est.) 	(1.086) (1.000) (1.000)

Table 4.5: FORECAST COVID-19 FINANCIAL IMPACTS 2020/21	Full Year Forecast at 30.9.20 £M
Net Unfunded Estimated Cost of COVID19 in 2020/21	£0.613m

In principle this can be funded through the Headroom Contingency sum that is included in the 2020/21 budget and other forecast budget underspends during the year, however that would leave no remaining capacity to address other in-year budget risks without having to call on the Council's Reserves.

The Net Revenue Budget requirement for 2020/21 is £18.26m. As a percentage of the net budget requirement therefore, the potential combined net loss of income and additional costs could be more than 5.4%.

An alternative measure (to allow comparison with other councils) is to calculate the impacts in relation to the Council's 'Core Spending Power', the Government's standard measure which takes into account the authority's annual local government settlement funding assessment, forecast council tax income and its new homes bonus allocation. This Council's core spending power for 2020/21 is £18.43m therefore the impact of the COVID-19 pandemic remains in the region of 5.4% of its Core Spending Power.

Options for Mitigation of the Financial Impacts

The main options for mitigating the financial impacts of COVID-19 include:

- Continue to lobby Central Government for additional funding in recognition of the impacts on district Councils and their ability to deliver services. The Council is actively working with other councils and networks on this.
- Look to make offsetting savings and efficiencies where possible before calling on the unallocated balance of the Headroom Contingency Budget of £1.0m that is built into the 2020/21 Revenue Budget. This in turn would require a call on the General Fund Balance to release the resources to do so.
- Make use of Earmarked Revenue Reserves to close the gap. This has implications for the projects and services and other potential risks that were intended to be funded from these resources.
- Potentially apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. Local authorities are lobbying for greater flexibility from Government in this area. This may include using capitalisation flexibilities to cover costs from forecast future capital receipts and this may include making targeted asset sales to support this.

Further updates on the forecast costs and income and how they might be funded will be included in the quarterly budget monitoring reports and the final 2020/21 budget report in January.

Longer-Term Outlook

The preceding sections have focused on the short-term financial impacts for the Council in 2020/21. Of potentially greater concern is the impact of the projected economic downturn on public expenditure and local government finances and what that means for public sector funding over the longer term.

UK public sector net is estimated to have been £36.1 billion in September 2020, £28.4 billion more than in September 2019 and the third-highest borrowing in any month since records began in 1993.

Once the immediate crisis is over and lockdowns have ended, the IMF have indicated that governments will have to raise taxes and put the brakes on public spending to bring their books closer to balance.

This need to bring down public debt is going to come into play alongside an economic contraction unprecedented in modern times. This will not only place additional pressure on Government funding but is also likely to have considerable impact on the Council's ability to raise additional income.

In recent years, local government has been increasingly relying on business rates as a source of income, which will in future years be less buoyant. In addition to the medium-term impact of the economic effects of COVID-19, in January 2021 the UK's transition period with the EU comes to an end, and it is still not clear what the nature of the final exit agreement will be and what impact that will have on the economy.

In the labour market it is reported that 9.6m people were furloughed and classed as economically inactive at a cost of £41.4 billion. It is uncertain how the long-term effects on unemployment rates will work through the economy. At August 2020 The UK unemployment rate was estimated at 4.5%, 0.6 percentage points higher than a year earlier and 0.4 percentage points higher than the previous quarter.

The number unemployed was expected to increase as furlough payments from Government reduced from 80% to 70% in September and to 60% in October. The scheme closed to all new entrants from 10 June. Any increase in unemployment and / or furloughing of employees will also affect the sums the Council has to pay in Council Tax support, the amount collected in Council Tax and may have further knock-on effects to the business rates base and income from all sources – including car parking, planning and commercial rents.

Collection Fund Impacts

The in-year cash flow impact of business rate and council tax income shortfalls will be accounted for through the Collection Fund and eventually impact on the budgets of all precepting authorities (the County Council, the Police & Crime Commissioner and the Government), as well as this Council.

The latest forecast for Collection Fund impacts were set out in the September financial return to MHCLG

Table 4.6: FORECAST COLLECTION FUND IMPACTS	Forecast Total Impact 2020/21
MHCLG Category:	£m
Business Rates losses (after reliefs)	3.450
Council Tax receipt losses	4.200
Total Collection Fund losses	7.650

The precepting authorities have a legal right to expect the billing authority to pay over their full precept when it becomes due, regardless of actual collection rate performance or take-up of Council tax support.

In response to COVID-19 the Government has rescheduled the dates when its 2020/21 share of business rates income from the Collection Fund is payable to help ease the initial cashflow impacts on billing authorities. This means that we can defer the payments which were due to have been paid over in April, May and June by six months.

Council Tax Collection

The two main risks to council tax income are:

- An increase in households claiming council tax support

At the time of preparing this report the number of working age support claimants has increased by 400 claims (11.22%) to 3,964. Pensioner claimants are broadly the same

- If the collection rate falls below 99% due to non-payment.

At 31 October the impacts on recovery were as follows:

- 2020/21 debt: at end of October 2020 was 65.45%, down by 1.37% or £1.7m.

The full picture will take some time to confirm however it is forecast that. Despite current strong performance, the council tax Collection Fund will be in a deficit position by year-end 2020/21 as households and businesses find it increasingly difficult to pay as the recession deepens and Government support reduces. This deficit will have to be recovered from the precepting authorities. On 2 July the Government announced that 2020/21 Collection Fund losses may be recovered over three years rather than one; the details of how this will be implemented have recently been confirmed and are being considered.

A further risk to this Council, as the billing authority, is the Collection Fund cash flow risk; if council tax support takes up increases and collection rates fall, then the sums due to be paid to the Government and precepting authorities would be higher than the cash collected. The Government has provided some support by rescheduling the dates when its 2020/21 share of business rates income from the Collection Fund is

payable to help ease the initial cashflow impacts on billing authorities however the precepting authorities have confirmed that they expect sums due (based on the original forecasts) to be paid on time and in full.

Local Council Tax Support Scheme (LCTS)

The Government has allocated a hardship fund for those households that are struggling financially as a result of COVID-19 and this Council has been allocated additional funding of £0.754m. Those households that are already on LCTS but still pay a contribution towards their Council Tax are being credited with an additional £150 of support. These LCTS credits were processed in April and revised bills were sent to individual households reflecting the lower amounts due.

In addition, Government Hardship Funding of £754,507 has also been provided to make short term discretionary payments to those that are affected by the LCTS and are struggling financially. This funding is being distributed on a case by case basis as people contact the Council to discuss their situation. At 31 October £415,252 had been allocated to 3,177 households.

Business Rates

Business rates are collected by this council with the majority of income received being paid over to the Government along with a share to the County Council.

In May 2020 the Government extended 100% rate relief to all businesses in the leisure and hospitality sector, regardless of size. This has reduced the sums to be collected during 2020/21 from £54m to £35m.

- The majority of businesses have now received the 100% Expanded Retail, for retail, hospitality and leisure, which totals £18,693,015 (1,010 businesses) .
- Nurseries have now received relief which totals £700,624 (25 nurseries).

The details on how local authorities are to be compensated for this income reduction are still to be confirmed by Government, but at this stage it is expected that the Government will reimburse the 19.4 million reduction in full.

It is currently unclear how businesses will clear any arrears of business rates due, but it is assumed that cash collected will fall and arrears will increase. An assessment will therefore need to be made about the provision for bad debt which may arise in 2020/21 and beyond and any changes to the appeals provision going back to 2010 in some cases. This will influence the level of income to the General Fund in 2020/21 to 2022/23.

To help mitigate this type of risk the council has already established a 'Government Funding Reduction Risks' reserve which currently has a balance of £3.28m. In principle this Reserve is available to help offset fluctuations to income paid from the Collection Fund to the General Fund as well as the impacts of other funding changes including 'Negative RSG', the Business Rates reset and the planned Fair Funding Review. However, the scale of COVID-19 risks was not taken into account when the Reserve was created and it will be necessary to review its adequacy as part of the next Medium-Term Financial Plan review.

Unlike Council Tax where all income losses relating to the borough's income share fall on this council, as part of the local government funding system, the Government sets a 'floor' below which an authority's business rates income will not drop as a result of a national 'safety net' mechanism.

Business Rates Recovery

At 30 October the impacts on recovery were as follows:

- 2020/21 debt: at the end of October 2020 collection performance was 68.7%, up by 0.85% compared to October 2019.

It is difficult to assess the underlying position due to the value of COVID-19 reliefs that have been awarded.

Cash Management.

Unlike some authorities which are facing a severe cashflow crisis, this Council remains in a good position to fund service provision without resorting to short-term borrowing.

Business Support Grants

In April 2020 the Government paid £23.8 million to the Council to administer the business support grant scheme. When the scheme ended in September 2020 £22.54 million had been paid to 1,714 local businesses. This first round of grants was only available to companies on the rating list at mid-March 2020.

The Government subsequently announced an extension to the scheme for those businesses who may pay rent to a landlord, which includes rent and a contribution to rates. For that reason, they would not appear on the rating list. These businesses include:

- Businesses in shared office premises
- Permanent market traders with fixed asset costs
- Charities in small properties
- Bed and breakfast businesses that pay council tax

Funding of £1.156 million was made available for these grants. When the scheme ended in September 2020 £1.130 million had been paid to 161 businesses.

In November 2020 further funding was provided for grants to be distributed to businesses affected by the November lockdown:

- Local Restrictions Support Grants - £2.975 million (grants to businesses on the rating list); and
- Additional Restrictions Support Grants - £22.095 million (grants to other businesses).

Other COVID-19 Financial Implications

On 28 April the Government announced that implementation of the Fair Funding Review and the move to 75% Business Rates Retention planned for 2021/22 was deferred for at least a year. Both changes had been identified in the Council's MTFP as potentially adding to the authority's budget pressures in future years.

The current assumption is that this means the loss of Negative Revenue Support Grant (is also being pushed back a year; this will probably only be confirmed when the outcome of the Spending Review²⁰ is announced in the late Autumn.

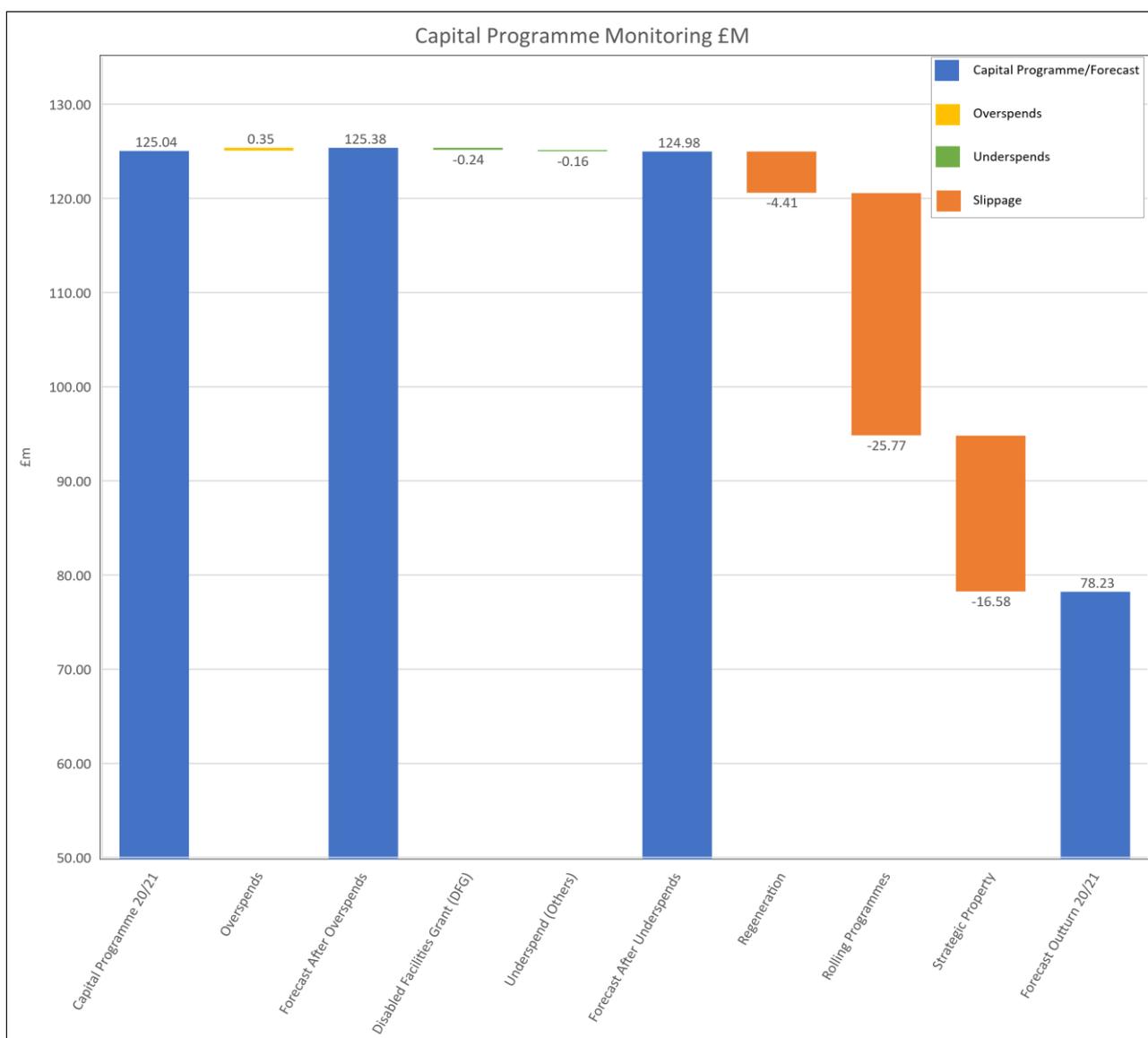
2020/21 Quarter 2: Capital Programme Monitoring

Summary

Forecast Full Year expenditure against the Capital Programme at the end of Quarter 2 is £78.23m which is £46.81m (37%) below the approved Programme for the year. The variance is predominantly a result of £46.76m slippage, as well as £0.35m overspend and a £0.40m net underspend as set out below.

Headline Capital Budget Information 2020/21

	£m
Current Budget (Section 1):	125.04
Projected Net Overspends	0.35 (or 0.28% of Programme).
Projected Net Underspends	(0.40) (or 0.32% of Programme).
Projected Slippage	(46.76) (or 37% of Programme)
Forecast Capital Expenditure	78.23



Forecast Overspends

Regeneration	<p>Preston - Parking Improvements (£112k overspend) - There was delay in securing all the necessary consents for the Chetwode Road highways scheme. Works have now progressed and are due to be substantially completed by the end of this year.</p> <p>Preston - Landscaping (£117k overspend) - The focus of the Preston programme has been on getting the Chetwode Road scheme underway. Now, priorities for the remaining programme are now being discussed with local ward members and the portfolio holder.</p>
Other	<p>ICT Replacement Programme (£67.8k overspend) - Additional in-year funding of £67,850 was approved during the COVID-19 outbreak to fund a Microsoft Teams implementation and Zoom license to improve collaboration and video conferencing facilities</p> <p>All other projects within the programme are expected to continue this year although later than originally scheduled due to COVID-19. These include:</p> <ul style="list-style-type: none"> - Netcall upgrade to improve resilience for the Contact Centre and enable Payment Card Industry Data Security Standards compliance - Improvements to the Harlequin Theatre network infrastructure <p>Play Area Improvement Programme - minor overspend of £8k.</p>

Forecast Underspends

Disabled Facilities Grant (DFG)	<p>(£238k underspend) - COVID-19 has had a big impact on the amount of referrals for DFG works, with these stopping during the early part of lockdown. Works in properties were also temporarily suspended for several weeks, due to contractors suspending their entire operations and vulnerable clients unwilling to allow works in their homes. Work is now underway again, but a lower than budget spend over the year is expected. The was movement of -£4k between the Qtr 1 and Qtr 2 forecast outturn, after receiving a grant repayment in Q2. Monies would usually be repaid under certain conditions as per the agreement (for example, when a property is sold). This can occur randomly at any time and therefore cannot be forecast in advance.</p>
Other	<p>Handy Person Scheme (£40k underspend) - COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.</p> <p>Vibrant Towns & Villages (£80k underspend) - This allocation is intended to enhance the revenue allocation for the four town centres to ensure that they remain attractive and vibrant places. The stakeholders we would normally have worked with to identify suitable capital projects were not accessible due to COVID-19 lock down. From the return of non-essential retail their attention has been very much on trying to rebuild trade. As a result they have not had the capacity to engage with us in the process of identifying potential works for consideration. It is unlikely that demands will be made on this programme in 2020/21 due to COVID-19 related disruption, but £0.02m may be required.</p> <p>Contaminated Land - Investigation work (£30k underspend) - This is an emergency contingency budget to be used in exceptional circumstances. There are no plans to use the budget at this time.</p> <p>Capital Grants (20k underspend) - South Park Football Club awarded £20k towards the creation of a 3G football pitch in 2019/20. Funding was carried forward into 2020/21 due to delays to work. Latest update from the football club is that works have been further delayed, in part due to COVID-19. The Service is investigating further and will be seeking Portfolio Holder's view on whether to continue to make the grant available to the club.</p>

Forecast Slippage

<p>Regeneration</p>	<p>Marketfield Way (£4,341k slippage) - Slippage occurred due to the extended period of time it took to conclude the building contract and to secure all necessary consents. The building contract has now been finalised, a programme and cashflow prepared to provide more accurate forecasts moving forward.</p> <p>Preston - Parking Improvements (£112k overspend) - There was delay in securing all the necessary consents for the Chetwode Road highways scheme. Works have now progressed and are due to be substantially completed by the end of this year.</p> <p>Preston - Landscaping (£117k overspend) - The focus of the Preston programme has been on getting the Chetwode Road scheme underway. Now that this is priorities for the remaining programme are now being discussed with local ward members and the portfolio holder.</p> <p>Horley Public Realm Improvements - Phase 4 (£70k slippage) - Authority was required by Executive for phase 4 of the public realm work before expenditure could be defrayed. The Delivering Change in Horley Programme has now been approved by Executive and the professional team are in the process of being appointed to enable the project to be brought forward.</p>
<p>Rolling Programmes</p>	<p>Beech House, London Road. Reigate (£3000k slippage) - Negotiations with tenant (AIG) are still ongoing, slightly delayed by the COVID-19 pandemic. Current assumption is a revised £2.1m major works to be carried out in 2021/22 but this is subject to a review by Knight Frank on the viability of the proposal. Property Services is reviewing the overall deal and will recommend the final sum to the Commercial Ventures Executive Sub-Committee once review completed.</p> <p>Priory Park Maintenance (£203k slippage) - The tenant (Pistaccios) have been issued a 1-year extension to their concession during COVID-19 and remain in occupation. Works will now be completed as part of the concession contract negotiation, delaying the refurbishment until 2021/22. This allows the ability to review the overall contract and capital outlay.</p> <p>Car Parks Capital Works (£180k slippage) - Works were tendered prior to the COVID-19 lockdown measures were imposed and the tender process was unable to be completed, as contractors were unable to price works and submit programmes. Rescheduled for 2021/22.</p> <p>Infra-structure (walls) (£49k slippage) - Reinstatement of surveys and reprogramming surveying inspections that were on hold during the COVID-19 lockdown.</p> <p>Units 1-5 Redhill Dist Centre Salfords - (£40.3k slippage) - COVID-19 delays caused by contractor availability. Non essential works were re-programmed during the level 4 lockdown enforcements. Access, travel, social distancing.</p> <p>Earlswood Depot/Park Farm Depot- (£60k slippage) - Earlswood Depot requires major boiler replacement. Works were unable to be completed during COVID-19. Works have now been delayed to 2021/22. Tenant at the Park Farm Depot has been given notice in accordance with the lease. Greenspaces will occupy the unit from January 2021. Works to be completed in line with Greenspaces occupation schedule.</p> <p>Unit 61E, Albert Road North (£53k slippage) - Roadway maintenance. Currently on hold pending a review of the Council's position as a whole on Albert Road North .</p> <p>Cemeteries & Chapel (£40k slippage) - Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.</p>
<p>Strategic Property</p>	<p>Lee Street Bungalows - (£255k slippage forecast). Project timing has slipped due to delays on other projects.</p> <p>Merstham Recreation Ground - (£740k slippage) - Slippage due to COVID-19 and capacity within the team. COVID-19 has affected our ability to be able to commence early engagement with local residents and stakeholders and delayed the appointment of key initial surveys and studies. Team now in place to deliver project. Initial Concept Plan prepared with main design works commencing in 2020/21 (subject to approval of final scheme by Executive).</p> <p>Cromwell Road Development - (£4.232k slippage forecast) Spend profile changed following contract signature - slightly behind original profiled schedule</p> <p>Unit 1 Pittwood Park Tadworth (£1.593k slippage forecast) - As project has progressed on site spend profile has been further updated, hence the £735k adjustment to the forecast outturn in Qtr2.</p>
<p>Housing Delivery Programme</p>	<p>Housing Delivery (£10m Capital allocation - 2020/21) - (£9,755k slippage forecast). Spend on a feasibility and options study of Horley High Street Car Park site that will enable the Council to review and approve a preferred design to progress through concept design to development and preparation of a planning application (the planning application to be submitted in early 2021/22). Expenditure will relate to the procurement of the design team to include professional services such as Quantity Surveyor, Project Manager, Architect, Civils and Structures and Building Services consultants together with a wide range of technical consultants, procurement of supporting surveys and documentation required for the planning application and future development of the site.</p>

Capital ANNEX 3: Section 1**Reconciliation of Capital Programme to Approved Budgets 2020-21**

	£m
Original Capital Budget	95.5
Budget approved but not yet released ¹	0.0
	<u>95.5</u>
Additions	
Carry Forwards from previous year	29.5
Budgets released during the year ¹	0.0
Reprofiling of projects	0.0
Other Changes	0.0
Current Capital Budget	<u>125.0</u>

Notes

- 1 Some budgets are approved as part of the Capital Programme but are not released pending further approval. These are added once the project documentation has been approved.

Capital ANNEX 3: Section 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Quarter 2: Explanation of Significant Variances
Vibrant Towns & Villages	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	20.0	-80.0	Simon Bland	This allocation is intended to enhance the revenue allocation for the four town centres to ensure that they remain attractive and vibrant places. The stakeholders we would normally have worked with to identify suitable capital projects were not accessible due to COVID-19 lock down. From the return of non-essential retail their attention has been very much on trying to rebuild trade. As a result they have not had the capacity to engage with us in the process of identifying potential works for consideration. It is unlikely that demands will be made on this programme in 2020/21 due to COVID-19 related disruption, but £0.02m may be required.
Horley Public Realm Improvements - Phase 2 and 3	100.0	0.0	0.0	0.0	0.0	0.0	30.4	100.0	30.0	-70.0	Peter Boarder	Authority was required from Executive for phase 4 of the public realm work before expenditure could be defrayed. The Delivering Change in Horley Programme has now been approved by Executive and the professional team are in the process of being appointed to enable the project to be brought forward.
Marketfield Way Redevelopment	18,858.6	0.0	3,821.2	0.0	0.0	0.0	4,002.7	22,679.8	18,339.2	-4,340.6	Peter Boarder	Slippage occurred due to the extended period of time it took to conclude the building contract and to secure all necessary consents. The building contract has now been finalised, a programme and cashflow prepared to provide more accurate forecasts moving forward.
Preston - Parking Improvements	0.0	0.0	399.5	0.0	0.0	0.0	0.0	399.5	512.0	112.5	Peter Boarder	There was delay in securing all the necessary consents for the Chetwode Road highways scheme. Works have now progressed and are due to be substantially completed by the end of this year.
Preston - Landscaping	362.1	0.0	21.2	0.0	0.0	0.0	0.0	383.3	550.0	166.7	Peter Boarder	The focus of the Preston programme has been on getting the Chetwode Road scheme underway. Now, priorities for the remaining programme are now being discussed with local ward members and the portfolio holder.
Regeneration	19,420.7	0.0	4,241.9	0.0	0.0	0.0	4,033.1	23,662.6	19,451.2	-4,211.4		
Leisure Centre Maintenance	30.0	0.0	7.0	0.0	0.0	0.0	2.1	37.0	30.0	-7.0	Roger Thompson	Unable to gain sufficient access due to COVID-19 and minor works are by arrangement only with GLL (leisure operator) Contractor safety and social distancing are an identified risk. Postponed minor works until 2021/22
Harlequin Property Maintenance	40.0	0.0	13.0	0.0	0.0	0.0	8.0	53.0	40.0	-13.0	Roger Thompson	Change of use due to accommodating the Response Centre during COVID-19. Agreed only essential works to take place to protect the welfare of staff working in the building. Postponed remaining works until 2021/22.
Play Area Improvement Programme	226.0	0.0	0.0	0.0	0.0	0.0	217.4	226.0	234.0	8.0	Morag Williams	Replacement of Nork Park and Petridgewood Common play equipment - also capital replacement of individual pieces of play equipment in various sites across the
Parks & Countryside - Infrastructure & Fencing	45.0	0.0	0.0	0.0	0.0	0.0	0.0	45.0	45.0	0.0	Morag Williams	Various civil works, including footpath, track and car park resurfacing, replacement of fencing and gates and sites across the borough
Harlequin - Service Development	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	Duane Kirkland	Due to the ongoing work around the venue's future vision and commitments, and delays as a result of the COVID-19 pandemic, previously approved Capital spend is now subject to review.
Harlequin Maintenance	40.0	0.0	0.0	0.0	0.0	0.0	4.1	40.0	40.0	0.0	Duane Kirkland	Budget is used for facilities maintenance at the Harlequin.
Pavilion Replacement - Woodmansterne	0.0	0.0	20.0	0.0	0.0	0.0	0.0	20.0	0.0	-20.0	Roger Thompson	
Priory Park Maintenance	198.0	0.0	30.0	0.0	0.0	0.0	24.9	228.0	24.9	-203.1	Roger Thompson	The tenant have been issued a 1 year extension to their concession during COVID-19 and remain in occupation. Works will be completed as part of the concession contract negotiation delaying the refurbishment until 2021/22. This allows the ability to review the overall contract and capital outlay.
Leisure and Culture	679.0	0.0	70.0	0.0	0.0	0.0	256.4	749.0	513.9	-235.1		
Lee Street Bungalows	234.0	0.0	386.8	0.0	0.0	0.0	10.8	620.8	365.4	-255.4	Richard Robinson	Project timing has slipped due to increased work on other projects.
64 Massetts Road	0.0	0.0	13.6	0.0	0.0	0.0	0.0	13.6	0.0	0.0	Richard Robinson	Planned spend for external works to the building in 2020/21.
Housing Delivery Programme	10,000.0	0.0	0.0	0.0	0.0	0.0	0.0	10,000.0	245.0	-9,755.0	Richard Robinson	Reprofiling of spend required across multiple years.
Cromwell Road Development 2016	3,680.0	0.0	5,690.0	0.0	0.0	0.0	1,235.6	9,370.0	5,137.6	-4,232.4	Richard Robinson	Spend profile changed following contracts being signed slightly behind original profiled schedule
Merstham Recreation Ground	700.0	0.0	93.7	0.0	0.0	0.0	1.3	793.7	53.0	-740.7	Peter Boarder	Slippage due to COVID-19 and capacity within the team. COVID-19 has affected our ability to be able to commence early engagement with local residents and stakeholders and delayed the appointment of key initial surveys and studies. Team now in place to deliver project. Initial Concept Plan prepared with main design works commencing in 2020/21 (subject to approval of final scheme by Executive)
Unit 1 Pitwood Park Tadworth	1,745.0	0.0	4,164.5	0.0	0.0	0.0	1,815.8	5,909.5	4,316.7	-1,592.8	Richard Robinson	As project has progressed on site spend profile has been further updated, hence the £735k adjustment to the forecast in Q2.
Strategic Property	16,359.0	0.0	10,348.6	0.0	0.0	0.0	3,063.5	26,707.6	10,131.3	-16,576.3		

Capital ANNEX 3: Section 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Quarter 2: Explanation of Significant Variances
Fleet Vehicle Wash-Bay Replacement	350.0	0.0	0.0	0.0	0.0	0.0	0.0	350.0	350.0	0.0	Morag Williams	Works on the wash bay replacement are ongoing. Though works have been delayed due to COVID-19, it is still anticipated at this stage that works will be completed on schedule.
Earlswood Depot/Park Farm Depot	50.0	0.0	30.0	0.0	0.0	0.0	1.4	80.0	20.0	-60.0	Roger Thompson	Earlswood depot requires major boiler replacement. Works were unable to be completed during COVID-19 and therefore reassigned to 2021/22. Tenant at the Park Farm Depot has been given notice in accordance with the lease. Green spaces will occupy the unit from Jan 2021. Works to be completed in association with Greenspaces occupation schedule
Waste Management and Recycling	400.0	0.0	30.0	0.0	0.0	0.0	1.4	430.0	370.0	-60.0		
Land Flood Prevention Programme	6.0	0.0	11.0	0.0	0.0	0.0	0.0	17.0	17.0	0.0	Lee Wilcox	This funding is for ditch clearance, drainage and swale works
Air Quality Monitoring Equipment	108.0	0.0	50.0	0.0	0.0	0.0	8.5	158.0	158.0	0.0	Katie Jackson	The Air Quality monitoring capital allocation (£108K) will be used to fund the replacement of the RG1 fixed air quality monitoring station, which is required every 10 years and is due in 2020. We operate this site to meet our statutory duties for air quality and as part of our Section 106 funding agreement with Gatwick Airport Ltd (GAL). Additional £50k will be used to fund replacement of the Rapid Electric Vehicle Charge point at Wray Lane. The rapid charger has reached the end of its serviceable life and is a key part of our local air quality strategy, by encouraging electric vehicle uptake which will in turn reduce emissions of harmful pollutants.
Contaminated Land - Investigation work	30.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	0.0	-30.0	Morag Williams	This is an emergency contingency budget to be used in exceptional circumstances. There are no plans to use the budget at this time.
Environment	144.0	0.0	61.0	0.0	0.0	0.0	8.5	205.0	175.0	-30.0		
Handy Person Scheme	50.0	0.0	0.0	0.0	0.0	0.0	6.3	50.0	10.0	-40.0	Katie Jackson	COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.
Home Improvement Agency SCC Grant	120.0	0.0	0.0	0.0	0.0	0.0	60.0	120.0	120.0	0.0	Katie Jackson	The project cost is based on fixed contract price, therefore no cost variation expected.
Disabled Facilities Grant	1,134.0	0.0	0.0	0.0	0.0	0.0	376.0	1,134.0	896.0	-238.0	Katie Jackson	The forecast movement from Q1 is £4K, after receiving a grant repayment in Q2. Monies would usually be repaid under certain conditions as per the agreement (for example, when a property is sold). This can occur randomly at any time and therefore cannot be forecast in advance.
Repossession Prevention Fund	30.0	0.0	11.5	0.0	0.0	0.0	57.5	41.5	41.5	0.0	Richard Robinson	The Repossession Prevention Fund is used to provide grants and loans to individuals to prevent homelessness. Last year (2019/20), we were successful in getting grants repaid to enable this fund to help more households.
Capital Grants	0.0	0.0	20.0	0.0	0.0	0.0	0.0	20.0	0.0	-20.0	Justine Chatfield	South Park Football Club was awarded £20k towards the creation of a 3G football pitch in 2019/20. Funding was carried forward into 2020/21 due to delays to work. Latest update from the football club is that works have been further delayed, in part due to COVID-19. The Service is investigating further and will be seeking Portfolio Holder's view on whether to continue to make the grant available to the club.
Capital Grants	1,334.0	0.0	31.5	0.0	0.0	0.0	499.8	1,365.5	1,067.5	-298.0		
Great Workplace Programme - Phase 2	250.0	0.0	0.0	0.0	0.0	0.0	8.4	250.0	250.0	0.0	Caroline Waterworth	The Workplace Facilities - Estates/Asset Development programme is currently being reviewed for physical workplace plans post COVID-19. The outcome of the review and any budget impact will be developed and reported later in the year.
Workplace Facilities	30.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	30.0	0.0	Caroline Waterworth	Funding used for deployment of laptops for new members of staff, which has seen an increase since the beginning of the year.
Disaster Recovery	0.0	0.0	18.0	0.0	0.0	0.0	26.2	18.0	19.6	1.6	Darren Wray	Carry forward Budget from 2019/20 to cover ICT disaster recoveries.
Organisational Change	280.0	0.0	18.0	0.0	0.0	0.0	34.6	298.0	299.6	1.6		

Capital ANNEX 3: Section 2

Capital Budget Monitoring: Summary by Programme and Project 2020-21

Programme/Project	Original Budget £000	Approved Budgets Not Released £000	Carry Forwards £000	Released In Year £000	Reprofiled £000	Other Changes £000	Year to date Spend £000	Current Budget £000	Year End Outturn £000	Year End Variance £000	Head of Service / Budget Manager	Quarter 2: Explanation of Significant Variances
Vehicles & Plant Programme	2,608.0	0.0	87.3	0.0	0.0	0.0	1,809.0	2,695.3	2,695.3	0.0	Lee Wilcox	2020/21 Tranche 2 of the fleet replacement project is complete, all vehicles have been delivered and are in service.
ICT Replacement Programme	225.0	0.0	125.7	0.0	0.0	0.0	325.2	350.7	418.5	67.8	Darren Wray	2020/21 procurement well underway. A number of assets have already been purchased for the greenspaces department. Orbis are facilitating the trial of 6 hybrid/electric cars and vans for use at the depot among a number of other items. Additional in-year funding of £67,850 was approved during the COVID-19 outbreak to fund Microsoft Teams implementation and Zoom license to improve collaboration and video conferencing facilities
Operational Buildings	115.0	0.0	140.0	0.0	0.0	0.0	126.8	255.0	137.4	-117.6	Roger Thompson	All other projects within the programme are expected to continue this year although later than originally scheduled due to COVID-19. These include: - Netcall upgrade to improve resilience for the Contact Centre and enable Payment Card Industry Data Security Standards compliance - Improvements to the Harlequin Theatre network infrastructure Boilers and plant completed. Air Conditioning Units, external decoration and roof works reassigned to 2021/22 due to limited resources and contractor/equipment availability during COVID-19
Day Centres Programme	75.0	0.0	13.0	0.0	0.0	0.0	19.1	88.0	74.9	-13.1	Roger Thompson	Realigned to work in conjunction with the community centre task force and its proposals for re-opening.
Existing Pavilions Programme	90.0	0.0	0.0	0.0	0.0	0.0	0.0	90.0	90.0	0.0	Caroline Waterworth	Upgrades of facilities to be carried out as proposed.
Tenanted Properties	100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	Caroline Waterworth	Park Farm Depot. Break clause initiated by RBBC. Works to be completed in line with the greenspaces occupation. Detailed survey required.
Crown House	75.0	0.0	0.0	0.0	0.0	0.0	0.0	75.0	75.0	0.0	Caroline Waterworth	Works to be completed this financial year
Acquisition of 3, 8 and 20 Reading Arch Road	0.0	0.0	0.0	0.0	0.0	1,029.0	985.5	1,029.0	1,029.0	0.0	Caroline Waterworth	Acquisition of units 3, 6, 8 and 20 Reading Arch Road
Units 1-5 Redhill Dist Centre Salfords	40.3	0.0	0.0	0.0	0.0	0.1	0.0	40.3	0.0	-40.3	Caroline Waterworth	COVID-19 delays caused by contractor availability. Non essential works were re-programmed during the level 4 lockdown enforcements. Access, travel, social
Linden House, 51B High Street Reigate	17.3	0.0	0.0	0.0	0.0	-0.1	0.0	17.2	17.2	0.0	Caroline Waterworth	Works to be completed this financial year
Unit 61E Albert Road North	55.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	2.0	-53.0	Caroline Waterworth	Roadway maintenance. On hold, reviewing Council's position as a whole on Albert Road North.
Forum House, Brighton Road Redhill	70.0	0.0	0.0	0.0	0.0	0.0	0.0	70.0	70.0	0.0	Caroline Waterworth	Works to be completed this financial year
Beech House, London Road Reigate	3,000.0	0.0	0.0	0.0	0.0	0.0	0.0	3,000.0	0.0	-3,000.0	Caroline Waterworth	£3m slippage in 2020/21, negotiations with AIG are still ongoing. Current status is a revised £2.1m Capital investment in 2021/22. Delays in negotiation with AIG due to COVID-19. The service is reviewing the overall deal and will recommend a course of action to the Commercial Ventures Board
Regent House, 1-3 Queensway Redhill	25.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	25.0	0.0	Caroline Waterworth	Works to be completed this financial year
Commercial Investment Properties	50.0	0.0	25.5	0.0	0.0	0.0	12.6	75.5	50.0	-25.5	Roger Thompson	Post COVID-19 identified essential works..
Infra-structure (walls)	55.0	0.0	49.0	0.0	0.0	0.0	12.8	104.0	55.0	-49.0	Roger Thompson	Reinstatement of surveys and reprogramming surveying inspections that were on hold during the COVID-19 lockdown.
Car Parks Capital Works Programme	190.0	0.0	180.0	0.0	0.0	0.0	1.0	370.0	190.0	-180.0	Roger Thompson	Works were tendered prior to COVID-19. Lockdown measures imposed and the tender process was unable to be completed, contractors unable to price works and submit programmes. Realigned for 2021/22.
Public Conveniences	5.0	0.0	40.0	0.0	0.0	0.0	10.8	45.0	18.5	-26.5	Roger Thompson	High Street Banstead completed, Consort Way Horley rescheduled to 2021/22.
Cemeteries & Chapel	40.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	0.0	-40.0	Morag Williams	Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.
Allotments	14.0	0.0	4.0	0.0	0.0	0.0	0.0	18.0	14.0	-4.0	Roger Thompson	Minor works required with planned maintenance work in 2021/22.
Building Maintenance - Support Cost	50.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	50.0	0.0	Caroline Waterworth	Consultancy, essential to the delivery of the 2021/22 schedule
CCTV Rolling Programme	30.0	0.0	48.6	0.0	0.0	0.0	0.7	78.6	78.6	0.0	Justine Chatfield	Outturn dependent on outcome of CCTV review, Member consideration of which has been delayed by the COVID-19 emergency response.
Commercial Investments Programme	50,000.0	0.0	13,977.1	0.0	0.0	-1,029.0	0.0	62,948.1	41,029.1	-21,919.0	Caroline Waterworth	Allocated capital funding for investment in new developments and commercial assets and activities that, in addition to local regeneration and place-shaping benefits, deliver a sustainable net income stream to the revenue budget. There has been a drawdown of £1.029m of expenditure in Q1 to fund the acquisition of units 3, 6, 8 and 20 Reading Arch Road with additional spend on further acquisitions forecast for rest of the financial year.
Rolling Programmes	56,929.5	0.0	14,690.2	0.0	0.0	0.0	3,303.5	71,619.7	46,219.6	-25,400.1		
Total Capital Budget	95,546.2	0.0	29,491.2	0.0	0.0	0.0	11,200.7	125,037.4	78,228.2	-46,809.2		

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SIGNED OFF BY	Head of Community Partnerships
AUTHOR	Ross Spanton, Community Safety Officer
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TO	Executive
DATE	Thursday, 17 December 2020
EXECUTIVE MEMBER	Cllr Rod Ashford, Executive Member for Community Partnerships

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Rationalisation of Public Realm CCTV
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RECOMMENDATIONS
<p>1. That the CCTV cameras at Bancroft and Clarendon Road Car Parks are upgraded and replaced by:</p> <ul style="list-style-type: none"> a) Upgrading cameras to digital technology replacing old analogue systems b) Upgrading existing connections to fibre technology and enable Wi-Fi connectivity where possible c) Undertaking local recording of images <p>2. That the CCTV cameras within Priory Park, Memorial Park and Lady Neville Park are upgraded by:</p> <ul style="list-style-type: none"> a) Upgrading cameras to digital technology replacing old analogue systems b) Upgrading existing connections to fibre technology and enable Wi-Fi connectivity where possible c) Undertaking local recording of images <p>3. That all other Council owned public realm CCTV cameras be de-commissioned</p>

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<p>4. That the Head of Community Partnerships be authorised, in consultation with the Head of Finance and the Head of Legal and Governance, to undertake procurement and enter into contracts for the upgrade and decommissioning works, and for subsequent maintenance and running costs of the remaining CCTV cameras, with any significant variation in anticipated costs as a result of the procurement process being resolved in consultation with the Executive Member for Community Partnerships and the Head of Finance and Executive Member for Finance.</p>
<p>REASONS FOR RECOMMENDATIONS</p>
<p>These recommendations offer a measured response to losing the current Police CCTV monitoring arrangements in the coming years. They will provide modern digital CCTV cameras in key locations in the borough.. The rationalisation recognises the developments in privately owned CCTV since the Council cameras were established and creates savings opportunities for the Council.</p>
<p>EXECUTIVE SUMMARY</p>
<ol style="list-style-type: none">1. The purpose of this report is to allow Members to decide on future CCTV options across the borough. It makes recommendations to retain CCTV in multi-storey car parks and in Priory, Memorial and Lady Neville Parks that have existing CCTV.2. In late 2018 Surrey Police announced to District and Boroughs that it no longer wanted to host and staff CCTV control rooms and that its reliance on public realm CCTV was very low. Surrey Police gave a 5-year timescale for councils affected by these changes to establish new CCTV arrangements.3. The current CCTV system is based upon old technologies and needs upgrading for technological efficiency and resilience, and for consistency with current legislation. There is now a far wider proliferation of CCTV and image capturing capabilities than when the Council's public realm CCTV cameras were installed in 1995. In practice, nowadays, most images used by Police are from mobile phones and privately owned CCTV.4. The current CCTV system is expensive to maintain and would be very expensive to replace in full. In future monitoring costs would be substantial as they would have to be borne by the Council. The report presents options which consider the effectiveness of CCTV alongside the associated costs. The recommended option achieves a balance between these two considerations by proposing to retain CCTV in key locations and decommissioning the remainder, with images in future being recorded rather than directly monitored.5. The recommended option requires an initial capital investment but is expected to deliver both a capital and a revenue budget saving over the medium term.
<p>Executive has authority to approve the above recommendations.</p>

STATUTORY POWERS

1. There are no statutory powers requiring the Council to have any CCTV system in use but where it does have a system a council must comply with The Protection of Freedoms Act 2012 and the Data Protection Act 2018. The General Data Protection Regulation (GDPR) and CCTV Data Privacy Assessments were conducted on the current CCTV network in October 2019
2. The current review of public realm CCTV and the recommended options in this Executive report will ensure we implement the recommendations of the assessment and guarantee our compliance.

BACKGROUND

3. The Council currently owns a system of 111 cameras located in major town centres, multi-storey car parks, several shopping parades and parks. A further 10 cameras owned by The Holmethorpe Industrial Estate Association are powered and maintained by the Council and monitored at Reigate Police station.
4. Cameras were initially set up in Redhill, Reigate and Horley in 1996 with the system expanding over the years into Banstead, Merstham, Tadworth and Tattenhams.
5. Cameras are predominately based around an ageing analogue system that is slowly being withdrawn by communications companies.
6. The Council commissioned a CCTV consultancy company to undertake a review of our current CCTV system and to provide future options with indicative associated costs. Their advice is that ageing analogue systems will be phased out within 5 years by current network providers.
7. If the Council could move CCTV cameras to Wi-Fi connectivity this would reduce line rental costs. A full Wi-Fi survey would need to be undertaken in order to understand where current CCTV systems could be switched to Wi-Fi.
8. Surrey Police are withdrawing from hosting CCTV monitoring as part of its planned move out of Reigate Police Station.

KEY INFORMATION

Surrey Police Position

9. In 2018 Surrey Police announced that it will cease to monitor CCTV in the borough within 5 years. This has prompted us to review our commitment to CCTV, including identifying options for monitoring / recording, review the current suitability of cameras and their compliance with current legislation, ensure any upgrade options are fit for purpose and make the best use of modern technologies available and that we benefit from any return of investment in the future.

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10. Surrey Police has indicated that it will provide a contribution towards the ongoing running costs of CCTV. The value of this contribution will be confirmed as part of a funding formula exercise that Surrey Police are currently undertaking with the affected Districts and Boroughs. It has also suggested that it may make a modest one-off contribution towards capital costs of transferring to a new CCTV system.
11. Surrey Police has provided the Council with feedback on the limitations of public realm CCTV in terms of the detection and prosecution of crime. Surrey Police provided data highlighting that only 1.4% (981) of all the 68,227 recorded incidents between Jan-June 2019 showed CCTV as a detecting factor. 100 of the 981 were dip checked and this showed that only 16 were attributed to public realm CCTV. Surrey Police has however recognised that there may be a benefit of public realm CCTV in certain night-time economy town centres but are not saying this is essential. It is worth noting that a significant number of privately-owned town centre premises have their own CCTV which cover the public realm. In practice, nowadays, most images used by Police are from mobile phones and private companies' CCTV. These cameras did not exist when the Council originally introduced public realm CCTV in 1995.
12. Surrey Police has a clear intention to engage a company, NICE, to licence and run a Digital Evidence Management System (DEMS). This demonstrates how it sees the best way of using CCTV imagery to support investigations. DEMS will enable members of the public and businesses to upload any mobile phone, dash cam, body worn, doorbell or business CCTV imagery to a secure site where it will be processed and assessed for future use in investigations and prosecutions. The use of this system saves time and money compared with current arrangements to secure imagery and allows for quicker investigations to take place.

Current Monitoring Arrangements

13. The current control room at Reigate Police station does not provide 24hr monitoring. It is staffed every weekday up to 10pm and at the weekends into the early hours of the morning by 1-2 staff per shift. The control room receives a total of 170 camera feeds, of which 114 are from cameras within Reigate & Banstead. The control room has 40 monitoring screens. Operators can review images by selecting a camera feed and placing it onto one of the monitors. If the camera is not being physically controlled by an operator, then it is left on a pre-set "tour" and images are recorded on a Video Management System. Image data is held for 28 days and then erased in accordance with current legislation. Control rooms must be a controlled entry dedicated space with restricted access to ensure data protection compliance and operated by appropriately trained and authorised staff.
14. A large majority of the cameras in the control room effectively operate as a remote recording system and will only become monitored if an incident is reported to the police or raised by an officer and an operator takes control of the camera.

OPTIONS

15. There are two key areas where decisions need to be made:

- What, if any, CCTV cameras to keep and upgrade
- What monitoring / recording systems to implement for these cameras

16. Table 1 identifies the primary options for cameras. It also sets out the capital financial implications of each option, namely for the initial upgrade / replacement / removal of cameras and for the ongoing capital costs, namely the capital (equipment) maintenance costs. It is important to note that these financial implications are indicative and are subject to the outcome of future procurement exercises. Table 2 sets out the options for the monitoring / recording of the images associated with the recommended camera option and the associated revenue costs, both of the monitoring / recording and of the operational costs of the CCTV network, namely the revenue (maintenance contract), broadband and electricity costs.

Table 1: CCTV Camera Options

CCTV Camera Options	Advantages	Disadvantages	Forecast Budget Implications
<p>Cameras Option 1: Replace / upgrade cameras to maintain existing CCTV coverage in the multi-storey car parks, Priory, Memorial and Lady Neville Parks and remove remaining cameras.</p> <p>This is the recommended camera option.</p>	<p>This option would provide upgraded CCTV technology in key locations</p> <p>The reduced number of cameras would allow for a saving in ongoing capital and revenue costs, whilst also maintaining crime identification via CCTV in key areas in the borough, supporting public reassurance and ensuring legislative compliance.</p> <p>New equipment will have a guarantee period, limiting the short-term capital costs.</p>	<p>The Council would have reduced CCTV coverage across the borough</p> <p>Potential anxiety of residents / businesses in areas where CCTV is removed</p>	<p>Initial capital cost 2021/22:</p> <ul style="list-style-type: none"> • £8,000 technical consultancy incl WiFi survey • £23,000 car park upgrades • £33,000 park upgrades • £10,000 decommissioning costs <p>Total = £74,000</p> <p>Ongoing capital budget implications:</p> <ul style="list-style-type: none"> • Maintenance (equipment) costs 2022/23 – 2024/25: £5,000 per annum (cameras in warranty) • Maintenance costs (equipment) 2025/26 onwards: £10,000 per annum (post-warranty)

CCTV Camera Options	Advantages	Disadvantages	Forecast Budget Implications
<p>Cameras Option 2: Replace / upgrade cameras to maintain existing CCTV coverage in town centres, parks and multi-storey car parks and remove remaining cameras</p>	<p>Maintains and upgrades existing CCTV within town centres, parks and multi-storey car parks.</p> <p>New equipment will have a guarantee period, limiting the short-term capital costs.</p>	<p>The necessary upgrades would come at a significant cost, substantially in excess of existing capital budgets.</p> <p>Potential anxiety of residents / businesses in areas where CCTV is removed.</p> <p>High cost and resource implications in relation to public value</p>	<p>Initial capital cost 2021/22:</p> <ul style="list-style-type: none"> £290,000 incl. technical consultancy and WiFi survey
<p>Cameras Option 3: Keep and upgrade all existing cameras</p>	<p>Maintains the current level of CCTV coverage and support this provides to Surrey Police</p> <p>Provides reassurance.</p>	<p>Cameras would need significant upgrades to be technologically future proofed for the analogue switch off, with costs substantially in excess of existing capital budgets.</p> <p>In a few locations legislative compliance could not be achieved.</p> <p>There would need to be a large monitoring programme established across this high number of cameras, at substantial cost to the Council, substantially in excess of existing revenue budgets.</p> <p>Capital and revenue costs would be disproportionate to public value.</p>	<p>Initial capital cost 2021/22:</p> <ul style="list-style-type: none"> £640,000 incl. technical consultancy and WiFi survey

CCTV Camera Options	Advantages	Disadvantages	Forecast Budget Implications
Cameras Option 4: Remove all cameras	Cost minimisation	<p>Does not provide public reassurance in key locations.</p> <p>This option would not provide any CCTV coverage in areas with existing public realm CCTV which we know are not covered by private CCTV.</p> <p>Potential anxiety of residents / businesses in areas where CCTV is removed.</p>	<p>2021/22 one off capital cost:</p> <ul style="list-style-type: none"> £35,000 decommissioning costs
Cameras Option 5: Do nothing	We would maintain crime identification via CCTV in key areas in the borough and support public reassurance.	<p>Does not address cost, compliance or technological resilience issues.</p> <p>Does not resolve arrangements for CCTV monitoring once Reigate Police Station closes.</p> <p>This option would not be financially viable and would not provide future compliance of the CCTV equipment.</p>	<p>Retain existing annual capital programme budget of £30,000</p> <p>NB: In 2020/21 there is a further £48,000 carried forward from previous years which would be needed for extensive repair works.</p> <p>The budget would be utilised to undertake the basic maintenance and upkeep of the current large CCTV system but it would not resolve the issue of modernising the system and ensuring compliance</p>

Table 2: Monitoring / Recording Options for the Recommended Camera Option

Monitoring / Recording Options	Advantages	Disadvantages	Forecast Revenue Budget Implications
<p>Monitoring / Recording Option 1: Local recording for all remaining CCTV cameras</p> <p>This is the recommended monitoring / recording option.</p>	<p>CCTV recording could be established at a main Council site and easily accessible when needed.</p> <p>Local recording would provide greater budget savings</p> <p>This option would provide savings whilst also allowing for opportunities to use CCTV footage in response to crime or ASB</p>	<p>Local recording would not provide the possibility to proactively identify or monitor crime and respond whilst it is happening</p>	<p>£25,000 per annum</p>
<p>Monitoring / Recording Option 2: Live monitoring for all remaining CCTV cameras</p>	<p>There is the potential to monitor a camera and identify a crime or ASB whilst it is happening and respond immediately.</p>	<p>In reality, live monitoring does not routinely result in crime being identified and responded to. Standard arrangements mean that cameras are only actively monitored when there is a Police report.</p> <p>There is an increased cost to 24hr live monitoring that is not proportionate to the level of crime prevention the cameras provide</p> <p>The cost of this option is not evidenced by the level of public value or public protection it would create.</p>	<p>£50,000 per annum</p>
<p>Monitoring / Recording Option 3: A combination of live monitoring and local recording for all remaining CCTV cameras</p>	<p>No significant advantages over option 2.</p>	<p>There would be a significant fixed minimum cost of live monitoring which would then increase more slowly if further cameras were included.</p> <p>Continues substantial costs of live monitoring which are not proportionate to the level of crime prevention the cameras can provide.</p>	<p>Expected to be approaching £50,000 per annum due to the significant fixed minimum cost of procuring a live monitoring service.</p>

17. The recommended actions are:

- a. To replace / upgrade CCTV cameras in the Council's multi-storey car parks and in Priory, Memorial and Lady Neville Parks
- b. That local recording arrangements are established for these cameras
- c. That remaining cameras are decommissioned.

18. These are set out as Option 1 in Table 1 and Table 2 above.

LEGAL IMPLICATIONS

19. The Council must comply with The Protection of Freedoms Act 2012 and the Data Protection Act 2018. The General Data Protection Regulation (GDPR) and CCTV Data Privacy Assessments were conducted on the current CCTV network in October 2019. These assessments highlighted a significant number of cameras where current legislation calls into question whether they have an identified pressing need. Under this legislation we should only have cameras with a clear identified pressing need. Non-compliance with the legislation could result in fines up to 4% of an organisation's turnover.

20. The recommendations put forth will ensure compliance with The Protection of Freedoms Act 2012 and the Data Protection Act 2018 including the necessity and purpose of each camera installed within the Borough.

21. Further considerations have been given to Human Rights implications. Article 8 recognises the right to a private and family life. The images captured by the CCTV proposed will be purposed and necessary for the safety of those living within the Borough. This is a proportionate response in order to ensure the reduction of crime and disorder within the borough and protect the interests of public safety.

22. The 3rd Data Protection Principle within the Data Protection Act 2018: data minimalisation will be complied with, as only images required for the purpose of protecting public safety within the Borough will be obtained.

23. The 6th Data Protection Principle: appropriate technical and organisational security will be complied with, as the Council will be the sole data controllers following the cease of Police monitoring of CCTV in the public realm. THE COUNCIL will ensure the same level of data control security, as it does for all privately held information in line with Information Commissioner's Office guidelines.

FINANCIAL IMPLICATIONS

24. Building on the financial implications included as part of tables 1 and 2 in the options section above, table 3 below summarises the current budget for the CCTV service, the indicative costs for implementing the recommended options and indicative savings. It is important to note that these savings are subject to the outcome of both the WiFi survey and procurement exercises for the replacement / upgrading / removal works, as well as for the maintenance contract, the broadband contract and the electricity supply contract.

25. Surrey Police has indicated that it will provide a contribution towards ongoing running costs, the value of which will need to be confirmed with them. It is not expected that this would meet the full running costs but may reduce the call on this Council's budgets.

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26. It is worth noting that only the recommended camera option combined with the recommended monitoring / recording option would allow camera upgrades to be achieved in key locations and achieve a financial saving. The other camera upgrade options would incur substantial additional capital costs beyond existing budgets. The alternative monitoring / recording options could both be delivered within the existing revenue budget, but without offering the same level of saving as the recommended monitoring / recording option, and without demonstrating a significant increase in public value or public protection.

Table 3: Indicative costs and savings from the recommended Option to (i) replace / upgrade CCTV cameras in the Council’s multi-storey car parks and in Priory, Memorial and Lady Neville Parks; (ii) that local recording arrangements are established for these cameras; and (iii) that remaining cameras are decommissioned.

		Current annual budget	2021/22	2022/23 to 2024/25	2025/26 onwards
Capital Programme	Annual Budget	£30,000 Plus additional £48,000 carried forward from previous financial years = £78,000	<ul style="list-style-type: none"> • £8,000 technical consultancy incl. WiFi survey • £23,000 car park upgrades • £33,000 park upgrades • £10,000 decommissioning costs Total: £74,000 – to be funded within existing capital programme allocation	Maintenance costs: <ul style="list-style-type: none"> • £5,000 per annum (cameras in warranty) 	Maintenance costs: <ul style="list-style-type: none"> • £10,000 per annum (post-warranty)
	Net (saving)	N/A	£34,000 saving – subject to confirmation when outcome of tendering is known	£25,000 per annum capital saving	£20,000 per annum capital saving
Revenue Budget	Budget	£88,300	£20,000 for transitional period as existing decommissions are implemented £25,000 new annual costs of maintenance, broadband and electricity	£25,000 per annum	£25,000 per annum
	Net (saving)	N/A	£43,400 saving – subject to confirmation when outcome of tendering is known	£63,000 saving – subject to confirmation when outcome of tendering is known	(£63,000) saving – subject to confirmation when outcome of tendering is known

- (i) In summary, the financial implications of the recommended option would provide savings compared to current capital and revenue budgets. These savings would increase after the initial capital investment in 2021/22.

EQUALITIES IMPLICATIONS

27. An Equalities Impact Assessment Part 1 Screening has been undertaken. The screening did not highlight that any particular protected characteristic was being treated less favourably by implementing the recommendations of this Executive paper.

COMMUNICATION IMPLICATIONS

27. Following the decision at Executive work will be undertaken to establish a Communication Plan jointly between the Council and Surrey Police.

28. The aims of the plan would be to update the public on the changes to CCTV and to explain what difference these changes might make. It will be important to dispel some of the common misconceptions regarding current CCTV coverage as well as promoting how the new digital systems will work to deter criminals or follow up on crime reports.

RISK MANAGEMENT CONSIDERATIONS

29. Seen in isolation the removal of CCTV cameras could be a cause for concern amongst residents. It will be important to share clear and transparent information regarding the reasons for these changes and the ongoing CCTV that will still be in place within the new Council arrangement and via the proliferation of private CCTV in key areas of the borough.

OTHER IMPLICATIONS

30. Implementing these recommendations will result in requests for appropriate Council officers to review CCTV images in relation to incidents at the camera locations. The current level of demand for review of CCTV footage is minimal and it would be anticipated that this could be incorporated into existing Council services.

CONSULTATION

31. We have consulted Surrey Police on its views of the merits of sustaining the current level of CCTV provision and the implications of a potential change to that provision.

32. We have discussed our plans with neighbouring districts and boroughs whose cameras are also controlled out of Reigate Police station.

33. Holmethorpe Estate Management Association have been made aware of the withdrawal of current control room facilities. They own 10 cameras on the system monitored out of Reigate. Once a decision has been made we will work with them as part of the decommissioning process.

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POLICY FRAMEWORK
34. The recommendations of this paper align with People and Place priorities within the Council's Five Year Plan 2025.
ANNEXES
None
BACKGROUND PAPERS
None