

# Agenda

## Overview and Scrutiny Committee

Thursday, 10 September 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 [YouTube](#) channel.

### Members:

#### N. D. Harrison (Chair)

S. T. Walsh

M. S. Blacker

G. Buttironi

J. C. S. Essex

R. J. Feeney

K. Foreman

J. Hudson

N. C. Moses

S. Parnall

J. Paul

J. E. Philpott

K. Sachdeva

S. Sinden

R. S. Turner

### Substitutes:

**Conservatives:** F. Kelly, J. P. King, R. Michalowski, C. M. Neame and C. Stevens

**Residents Group:** G. Adamson, J. S. Bray and C. T. H. Whinney

**Green Party:** H. Brown, S. McKenna and R. Ritter

**Liberal Democrats** S. A. Kulka

For enquiries regarding this agenda;

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**Mari Roberts-Wood**  
Interim Head of Paid Service

**1. Apologies for absence and substitutions**

To receive any apologies for absence and notification of any substitute Members in accordance with the Constitution.

**2. Minutes**

(Pages 7 - 16)

To confirm as a correct record the Minutes of the previous meeting on 11 June 2020.

To confirm the [Minutes of the additional meeting on 27 August 2020](#) on the call-in of the Executive decision on Environmental Sustainability

**3. Declarations of interest**

To receive any Declarations of Interest (including the existence and nature of any Party Whip).

**4. Leader's Update**

To receive an update on the work of the Council and future plans.

**5. Recovery Scrutiny Panel update**

(Pages 17 - 36)

To consider the Recovery Scrutiny Panel's feedback on the Covid recovery work to date.

**6. Q1 2020/21 performance report**

(Pages 37 - 72)

To consider the Performance Report for Quarter 1 (2020/21) and to make any observations.

**7. Five Year Plan Performance Report 2019/20**

(Pages 73 - 86)

To consider the progress during the final year of the Council's 2015-2020 Five Year Plan, and to make any observations.

**8. Treasury Management Outturn Report 2019/20**

(Pages 87 - 110)

To note the Treasury Management Outturn Report 2019/20 and Annex 1 and provide any observations to the Executive at its meeting on 24 September 2020.

**9. Annual Governance Statement 2019/20** (Pages 111 - 124)

To consider and to provide feedback on the draft Annual Governance Statement for 2019/20 as set out in Annex 1.

**10. Evaluating Overview and Scrutiny Panel recommendations** (Pages 125 - 134)

To consider and discuss the recommendations from the Evaluating Overview and Scrutiny Panel and note the Minutes from the Panel meetings.

**11. Future Work Programme** (Pages 135 - 150)

To consider updates to the Work Programme for the Overview and Scrutiny Committee for 2020/21 and to consider the Action Tracker from the previous meeting.

**12. Executive**

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

**13. Any other urgent business**

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

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



**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.

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## **BOROUGH OF REIGATE AND BANSTEAD**

### **OVERVIEW AND SCRUTINY COMMITTEE**

Minutes of a meeting of the Overview and Scrutiny Committee held at the Remote Meeting on Thursday, 11 June 2020 at 7.30 pm.

Present: Councillors M. S. Blacker, G. Buttironi, J. C. S. Essex, R. J. Feeney, K. Foreman, N. D. Harrison (Chair), J. Hudson, N. C. Moses, S. Parnall, J. Paul, J. E. Philpott, K. Sachdeva, S. Sinden, R. S. Turner and S. T. Walsh (Vice-Chair)

#### **1. ELECTION OF CHAIR**

The Committee elected a Chair for this Municipal Year 2020/21. Cllr N. Harrison was proposed by Cllr S. Parnall and seconded by Cllr S. Walsh.

**RESOLVED** that Cllr N. Harrison be elected Chair of the Committee for this Municipal Year 2020/21.

#### **2. ELECTION OF VICE-CHAIR**

The Committee elected a Vice-Chair for this Committee for the Municipal Year 2020/21. Cllr S. Walsh was proposed by Cllr N. Harrison and seconded by Cllr M. Blacker.

**RESOLVED** that Cllr S. Walsh be elected Vice-Chair of the Committee for this Municipal Year 2020/21.

#### **3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were no apologies for absence.

#### **4. MINUTES**

The Minutes of the previous meeting on 20 February 2020 were approved as a correct record of the meeting.

#### **5. DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

#### **6. TO AGREE A START TIME FOR MEETINGS OF OVERVIEW AND SCRUTINY**

The Committee discussed its preferred start time for meetings for 2020/21. It was agreed to keep the start time to 7.30pm as Members who worked would find it difficult to attend meetings that started earlier.

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## 7. INTERNAL AUDIT 2019/20 - ANNUAL REPORT AND OPINION

Members discussed the Internal Audit 2019/20 Annual Report and Opinion. Neil Pitman, Head of Internal Auditors, Southern Internal Audit Partnership (SIAP), gave an overview of the report and work carried out over the year. It was a positive report and reflected favourably on the organisation. The report concluded that Reigate and Banstead Borough Council's framework of governance, risk management and control was 'Adequate' and audit testing had demonstrated controls to be working in practice. This rating was good and one below the top rating of 'Substantial'. The report gave an overview of the reports across 15 review areas that SIAP undertook during the year. There were no 'Limited' or 'No' assurance levels.

The impact of Covid-19 on the Council would be fully considered in the 2020/21 Audit Plan. As regards the 2019/20 audit opinion, the only impact on the full delivery of the plan was to defer the audit of information security. This will be picked up in the 2020/21 plan. Work included an audit of the Main Accounting system with a focus on the processing of journals and timeliness of bank reconciliations. The review of programme and project management review acted as an advisory audit, effectively as a consultancy piece of work and focused on the governance arrangements following the establishment of a Programme Management Office (PMO) and development of the Project Management Framework. Annex 1 (Annual Report and Opinion) listed the individual audit reviews undertaken and opinions. Mr Pitman placed on record his appreciation to officers and Members of the Committee to enable the audit plan to be completed. This was the first year that SIAP were RBBC's Internal Auditors.

Members discussed the report and made the following comments:

- It was comforting to have no 'Limited Assurance' reviews which was unusual compared to other Councils and very positive.
- It was noted that this report came to this Committee as it had undertaken the responsibilities of the Audit Committee. Next year, a separate Audit Committee had been set up and this would now look at audit matters for the year ahead.
- Advance questions had been submitted by Members which included a question on why the audit of Programme and Project Management had not been given an assurance level. (This was because this was an advisory audit). Also, had a remediation programme and ongoing monitoring been agreed to update the policies and procedures notes and how many sets of policies and procedures needed to be updated? Officers said they would provide a written answer on the management actions and the timeline to complete these. The Committee asked for this to be added to the Action Tracker to monitor in the future. It would liaise with the Audit Committee on this action.
- Members had also asked how many high priority recommendations were raised in this year's audits and how many had yet to be implemented and were overdue? It was noted that there were 17 high priority management actions raised during the year which including 10 on Main Accounting. Members were told that of 10 high priority actions in this area, five had been addressed and five due dates were yet to be reached. Two high priority

actions had been implemented in the council tax area and the three refuse, recycling and street cleansing actions had been completed.

- Members asked whether the bank reconciliations were now up to date. Processes were now firmly in place and the report gave assurance that the Council was on track in this area.

Chief Executive, John Jory, thanked the Internal Auditors for the high quality of their work and said that reporting arrangements had been very sound, and the Council's work was better as a result of this.

**RESOLVED** that the Internal Auditor's Annual Report and Opinion 2019/20 be noted and the Committee's observations on the report be made to the Chief Financial Officer.

## 8. **QUARTERLY PERFORMANCE REPORT Q4 2019/20 AND PROVISIONAL BUDGET OUTTURN REPORT Q4 2019/20**

Members considered progress in the Council's performance for the fourth quarter in the year 2019/20, including Key Performance Indicators (KPIs) and risk management. Cllr V. Lewanski, Portfolio Holder for Corporate Direction and Governance, gave an overview of the report to the Committee. It noted that this was the last quarter 4 performance report based on the current KPIs and next quarter will have the new KPIs.

Members made the following observations and comments on the following areas:

- **Risk management** – strategic risks covered medium to long term impacts on the Council and it was not fully understood in Quarter 4 what impact Covid-19 would impose on the Council as an organisation (due to the timeline surrounding Covid-19). The new strategic risks for 2020-21 have been updated to reflect the impact of Covid-19.
- **Welfare reform and homelessness** – Strategic Risk 6 was on welfare reform. Members asked that given the Covid-19 response and the additional resources needed to accommodate homeless people in temporary accommodation, such as temporary units in Donyngs car park, would the Council have a moral responsibility for homeless people and the extra costs incurred? The Leader responded that it was following government guidance. It was a combined effort with the Council and the health authority to not only find accommodation for homeless people but deal with the issues that led to people becoming homeless such as addiction and mental health problems. The Director of People said a written update would be given to the Committee to give more detailed costs. Since lockdown on 23 March up to 5 June, the Council had placed 66 households in emergency accommodation and 35 directly due to government directives to house people due to Covid-19. Thirty-one of those were as a result of the Homelessness Reduction Act. There were significantly more single people than families with 17 families in total. However, with the courts closed and evictions stopped until August there were fewer families coming to the Council for help. There had been some successes with more difficult cases of rough sleepers. Members asked what the Council was doing to prepare once evictions restarted after 23 August when quite a few families could come to the Council for help. the Council was preparing for this scenario. Massetts Road at the moment was

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for families only but only at half occupancy to avoid the need of having shared bathrooms. The August extension enabled the Council to get Massetts Road to full occupancy by September and also increase work with local Housing Associations. It was also working with landlords to try and prevent eviction in the first place.

- **Financial sustainability and new commercial revenue** – Members had asked via the Advance Questions process to confirm the level of new commercial revenue targets (net of costs) included in the 2020/21 Plan. The Interim Head of Finance said that the 2020/21 Budget that was approved in February this year by Full Council included continuation of rental income from its property portfolio only. There is not forecast to be any new sources of commercial income. The Medium-Term Financial Plan in July will consider income targets for future years. It was noted that the rental income from Council properties was targeted to be £1.753m in 2020/21. Members asked if that income was on track. The Interim Head of Finance said that the new Property Services manager had been contacting all tenants to discuss options for deferring rent payments if needed. Negotiations continued with the Council's hotel tenant which was part of a national chain. Other areas of risk relating to income receipts that are under pressure due to Covid-19 were being addressed.
- **2019/20 Financial Outturn – Revenue Budget** – Members discussed this report. It was noted that the overall provisional outturn including Central items was £2.09m (11.9% lower than budget) and Service budgets were £470 (3.5%) higher than the management budget. Suspension/cessation of court hearings had led to a drop in income but this was expected to be recoverable over time once courts re-open. The Benefits paid and subsidy received budget was £573k over budget due £250k reduction in DWP grant over the last couple of years. The Finance service was £640k over budget due to additional work required during the 2018/19 audit of the Statement of Accounts, additional work relating to projects such as Project Baseball, Marketfield Way and Horley Business Park and the use of interim staff to cover permanent vacancies and to improve finance processes. As recruitment was now underway this cost should reduce later in the year. The fleet outturn was £221k over budget due to expenditure on spare parts to keep the ageing fleet running and high cost of repairs. Car parking was £170k under budget due to the reduced number of season ticket renewals tickets in March as a consequence of Covid-19. The delayed opening of the cinema and subsequent closure of the Harlequin theatre in late March due to Covid-19 meant it was £221k over budget. The Refuse and Recycling income was £703k higher than Budget for the year
- **Provisional Outturn for Central items** – this was £2.56m lower than budget due to a £1.212m lower than budget on pensions, unspent contingency budgets and the release of sums set aside in previous years that are no longer required. The underspend will be transferred to a reserve to help address unfunded Covid-19 budget pressure initially and any unspent balance will be used to rebuild reserves ready for the next pension fund revaluation in 2022. Interest on investments was higher than budgeted at £626k due to the £385k Greensands loan advanced during the year for purchase of land at Horley, and £240k interest from other combined investments. The Headroom Contingency budget showed an underspend of £737k lower than budget because funds had not been required during the year.

The Portfolio Holder for Finance said the Finance team was now constantly monitoring the impact of Covid-19 on the Council's finances and by year end something like normality may have returned. Members asked about the recovery plan to reinstate income where receipts had dropped from services such as the Harlequin and leisure centres. It was noted that these areas were being monitored very closely but that lockdown plans remain in place. Additional costs are also being incurred to deliver the Council's response to the pandemic. Nevertheless, the substantial underspend from 2019/20 meant that the Council starts the year in a strong position. Members had asked before the meeting for more detail on the 2019/20 outturn figures for Revenues and Benefits and for Finance. A written answer would also be provided with a breakdown of the forecast financial implications of the Covid-19 crisis. The Committee was informed that the Recovery Scrutiny Panel would be looking into the financial implications in more depth and report back to the Committee.

- **Air Quality Monitoring capital budget** – Members asked for more information on the reasons why the unspent capital allocation for Air Quality Monitoring had been used to fund electric vehicle installation points. A written answer would be provided.

The Chief Executive said the report which looked back at 2019/20 showed a good performance by the Council in revenue and capital spending and the quality of service. It reflected a strong political leadership with the Leader now in the second year of office and ensured the Council performed to a higher standard. It was also a credit to the staff at the Council who had worked hard to deliver services and bring about a good financial outcome.

**RESOLVED** that the Committee's comments and observations regarding the Quarterly Performance Report Q4 2019/20 and Provisional Budget Outturn Report Q4 2019/20 be noted.

## 9. **CONSTITUTION OF RECOVERY SCRUTINY PANEL AND EVALUATING OVERVIEW AND SCRUTINY PANEL**

The Committee considered a report to set up the Recovery Scrutiny Panel and the Evaluating Overview and Scrutiny Panel which included a proposed timeline.

The nominations for the four Conservative Members of each Panel would be given to the Committee at a later date. The opposition Members for the Recovery Scrutiny Panel were as follows: Residents' Association – Cllr N. Harrison, Green Party – Cllr S. Sinden, Liberal Democrats – Cllr J. Philpott. The opposition Members for the Evaluating Overview and Scrutiny Panel were as follow: Residents' Association – Cllr R. Feeney, Green Party – Cllr J. Essex and Liberal Democrats – Cllr J. Philpott.

**RESOLVED** – that the Recovery Scrutiny Panel and the Evaluating Overview and Scrutiny Panel be constituted.

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## 10. COVID-19 - RESPONSE TO DATE AND RECOVERY WORKSTREAMS

Members received a verbal update on the Council's response to the Covid-19 emergency and the Recovery workstreams from the Leader, Cllr M. Brunt, and Deputy Leader, Cllr T. Schofield.

The Leader praised the Council's workforce as all staff had gone above and beyond in response to the pandemic. This was changing the way and residents saw the Council as a more human face. This reflected well for the future. There had also been fantastic support from Members who were working hard in their communities. The Harlequin support centre had been set up and 1550 emergency food packages, 320 prescriptions deliveries and over 3000 hot meals had been cooked and delivered to vulnerable residents. This was despite not providing meals on wheels for 20 plus years. It was supporting local foodbanks and charities and 23,000 items had been distributed to existing foodbanks and charities. It was also supporting Voluntary Action Reigate & Banstead to coordinate the 900 new volunteers.

The Council was also supporting homeless people. This would not end when lockdown finishes as the Council has a responsibility for them. This also linked into its commitment to provide affordable housing and do more to deliver our homes ourselves.

The Leader reported that the Council has highest number of shielded residents in the county. It had contacted over 4,600 shielded residents to understand the support they need and made over 100 calls a week to residents to check in with them and provide a friendly ear. The impact had been huge. Volunteers had also been used including support from the YMCA. Members of staff had been making calls from their homes. The Customer Contact Team had been answering and assisting over 1,250 callers each week.

The back-office teams such as ICT and HR also had to adapt quickly as the Council moved 250 people from the office to working in a home environment almost overnight. The Council was also one of the first to get out business rates grants to local businesses and worked with suppliers to pay businesses promptly.

It was noted that there had been a huge amount of additional waste and recycling, described as 'like Christmas' every day and this was up by 30 per cent. The garden waste service had been suspended. The key reason was to ensure that the Council could maintain the essential services of refuse collections and recycling. RBBC collects paper and card weekly unlike other Councils who collect this fortnightly. Two crews were taken away from the garden waste service and were reallocated to other rounds. There was also a reduction in staff as some were unwell or self-isolating. The Council did successfully manage to maintain the rounds of waste and recycling without a break. The cleansing team were dealing with a massive increase in fly tipping incidents (275 incidents in the last week alone). A lot of rubbish had been left at our recycling sites including huge amounts of boxes and cardboard.

The Redstone Cemetery team worked hard to ensure they could cope with additional burials. There had not been a huge increase, but they had to make provision on that site in case there had been.

The Leader reported that more than 90 per cent of staff remained at work. They had demonstrated that staff can be effective while not working in the office. This was a

future opportunity to look at where Council staff will work from in the future. There had been a reduction in journeys and subsequent pollution, with an improved quality of life.

The Leader concluded by saying that the crisis had demonstrated the best parts of local government through the boroughs and districts who were closest to residents and could be agile and respond quickly to the changing needs of residents.

Members made comments and observations on the following areas:

- **Redeployment of staff** – Members asked through the Advance Questions process how many staff had been redeployed and working on Covid-19 duties and how many on ‘business as usual’ duties and which services had been effectively curtailed or withdrawn? It was noted that ICT staff had largely stayed in their current roles. Some Planning staff had been redeployed to support the Harlequin and making welfare calls. Staff were returning to their usual roles. There were approximately 90 redeployments on a full or part-time basis. The Depot operations staff had largely remained on business as usual. Some redeployments had been made into the depot to support refuse collections. Some services had been curtailed due to government guidance. Members would receive a written response to give the full picture. Members thanked the staff at the Council and paid tribute to those making vital welfare calls. Members asked if the Leader could thank all the volunteers, for example in the north of the borough as the response had been fantastic. The Leader agreed and said the communications team had been planning how to mark a public thank you at the end of the pandemic. There had also been a lot of neighbour to neighbour help.
- **Local shops** – Members asked how the Council was supporting local shops back into operation and how could areas for cafes outside be doubled or tripled. However, parking spaces were still needed so there would need to be a balance in the towns. As more people work from home more than one day a week, the Leader talked about creating spaces in our town centres that people can use which brings them into local towns rather than into London.
- **Climate sustainability** – this strategy did not go to Executive or Council before lockdown. How would it be part of the new normal and part of the recovery workstreams? The Leader said work on climate sustainability had not stopped and recruitment for an environmental sustainability officer was continuing and should be a focus for the Council.

Deputy Leader, Cllr T. Schofield, gave an update on finances and the recovery workstreams. The Council had been providing financial assistance to households through reductions in their council tax. The Council has also provided money support advice about accessing Universal Credit. It had distributed over £21m of Government grants to 1,600 local businesses and had launched a further discretionary grant scheme for businesses that have not been able to access other support, with an additional £1.16m of funding available. In the most recent return to the Ministry for Housing, Communities and Local Government (MHCLG), the Council had reported that so far unbudgeted expenditure associated with the emergency response was £1.177m and there is a forecast reduction in service income receipts of £2.260m. Potential implications for precepting authorities (including this Council) due to reductions in council tax and business rates was £7.270m. To date, the funding received from Government was £1.525m. Over the

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short term, the Council has sufficient contingency budgets and reserves to accommodate the pressures. Over the longer term any legacy impacts will need to be taken into account when updating the Medium-Term Financial Plan for 2021/22 onwards.

Members made the following observations and comments:

- **Precept returns from other authorities** – it was noted that by law the Council has to pay the full precept to Surrey Police and Surrey County Council even if this money is not collected. These authorities then return the money when the year-end position is confirmed. How would this affect the Council's working cash flow? It was noted that the Council was communicating these issues to the local MP and senior levels of government. Members were told that the level of council tax receipts had held up remarkably well so far and not many people had cancelled their payments. There were many people though who had asked for deferred payment plans.
- **Income receipts** – the forecast loss of income was just over £2m. Income from commercial rents was a relatively small percentage of this total and only a couple of tenants were having difficulty in paying. There was a potential future issue when the furlough scheme ended as there could be a rush of redundancies which may change office space requirements for some of the Council's tenants.
- **Recovery programmes and workstreams** – the Council had identified five workstreams to be part of the Recovery to define the 'new normal' and covering community business recovery. Teams in these workstreams were made up of a mix of Executive Portfolio Holders and Heads of Service working together to solve issues and bring together a vision of what the new council could look like. It was looking at a transition period up to July/August to go from an emergency response to transition out of lockdown for vulnerable residents. Then there would be a wider range of Council services brought onto a more 'normal' footing towards the end of the year. Implementing the changes was not going to be a quick fix. For example, there were some fundamental changes and demands placed on the ICT operation to provide the extra support and continue with a mix of remote and on-site working across the Council. It was agreed to circulate more information to the Committee when it was available, for example, on the plans for the Harlequin, supporting vulnerable members, including those made redundant, and supporting businesses. It was noted that signs and posters were being put up in the High Streets of the four main town centres to keep people at safe distances. Garden waste services was being restarted as well as the reintroduction of parking charges. The Benefits team were now starting to follow up on non-payment and deferred payment of council tax and NNDR. The Recovery Steering Group co-ordinated the work of the workstreams and agreed resources.
- **Cutting verges** – a proposal had been made to keep verges uncut to allow wildflowers to flourish. It was noted that the Council was starting to cut verges not just the sightlines on the roads. More information would be obtained from the Portfolio Holder.

In summing up, the Leader said he would continue to provide regular Member updates which were now held fortnightly. MPs were also briefed fortnightly. The

Communications team had produced double the amount of material in the last few weeks than in last year which residents have appreciated.

Cllr M. Brunt welcomed the new Recovery Scrutiny Panel which would give direct feedback to the Committee. The Council will maintain its dedicated Covid-19 website and provide residents with information as it is available. It was also using social media channels to respond directly to comments. Members were a central part of the communications with residents and the Council would do more to make it easier for Members to share information and updates with residents.

Chair of the Committee, Cllr N. Harrison thanked both the Leader and Deputy Leader for attending and updating the Committee, and thanked the officers supporting them in this vital work for residents. The Overview & Scrutiny Panel would look forward to working with them.

## 11. **OVERVIEW AND SCRUTINY COMMITTEE: ANNUAL REPORT 2019/20**

Members noted the Annual Report of the Committee 2019/20 for recommendation of Council which included membership and attendance for the year.

**RESOLVED** that the Overview and Scrutiny Committee: Annual Report 2019/20 be approved to go to the next Full Council meeting.

## 12. **LOCAL DEVELOPMENT FRAMEWORK SCRUTINY PANEL: NOTES FROM MEETING**

Members reviewed the notes from the LDF Scrutiny Review Panel review of the public consultation responses of the Draft Supplementary Planning Documents (SPDs) Panel meeting in February.

Cllr P. Harp, Chair of the Panel, said Members had looked at the public responses to four SPDs which were on Affordable Housing, Barn and Farm Conversions, Historic Park and Gardens and Reigate Shop Front Design. The comments had gone to the Executive for approval at the next meeting.

**RESOLVED** that the LDF Scrutiny Review Panel review of the public consultation responses of the Draft Supplementary Planning Documents Panel meeting be noted.

## 13. **FUTURE WORK PROGRAMME**

Members discussed the Future Work Programme for the Overview and Scrutiny Committee for 2020/21 and considered the Action Tracker from the previous meetings.

It was noted that the audit reports had been taken out of the work programme following the agreement at Full Council to set up a new Audit Committee. As a result, there were fewer Overview and Scrutiny Committee meetings during the year. The Evaluating Overview and Scrutiny Panel would look at opportunities to expand the work of the Overview and Scrutiny Committee. The Committee would

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continue to review the work of the Budget Scrutiny Panel and consider the Companies Performance updates.

Members asked for a progress update on the Trust Funds relating to the Reigate Baths Trust Fund and Commons Trust which had been raised at the Committee meeting in December. The Chair would follow-up with the Head of Legal and Governance.

The House of Commons report into the effectiveness of scrutiny and the follow-up government report was highlighted as a good report for the Evaluating Overview and Scrutiny Panel to review in its work. Reports from the Centre for Public Scrutiny were also highlighted. Work was ongoing to research other neighbouring authorities and their overview and scrutiny work.

**RESOLVED** that the Future Work Programme for 2020/21 and the observations of the Committee be noted.

## 14. EXECUTIVE

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

## 15. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

The Meeting closed at 10.00 pm

## **BOROUGH OF REIGATE AND BANSTEAD**

### **RECOVERY SCRUTINY PANEL**

Minutes of a meeting of the Recovery Scrutiny Panel held at the Remote - Virtual Meeting on 15 July 2020 at 6.30 pm.

Present: Councillors K. Foreman, N. D. Harrison (Chair), S. Parnall, J. E. Philpott and S. T. Walsh

#### **1. ELECTION OF CHAIR**

Cllr N. Harrison was nominated as Chair of the Panel, proposed by Cllr S. Walsh and seconded by Cllr K. Foreman.

Cllr N. Harrison was elected Panel Chair.

#### **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr R. Michalowski. Cllr S. Sinden sent her apologies due to technical issues.

#### **3. TERMS OF REFERENCE**

The Panel agreed the Terms of Reference, scope, focus and objectives for the meetings as set out in the Agenda pack.

#### **4. INTRODUCTION TO RECOVERY**

Cllr T. Schofield, Deputy Leader and Lead on the recovery work, gave an overview of the Covid-19 recovery. The Council was in transition out of lockdown and into strategic recovery and exploring opportunities to transform the organisation.

#### **5. WORKSTREAM UPDATES: PROGRESS AND FUTURE FOCUS**

Five recovery workstreams were meeting regularly with Lead Executive Members and relevant Heads of Service which was working well ensuring good communication. The five workstreams were: community connections, including supporting vulnerable residents; supporting local businesses and the local economy to recover, council services and project recovery, finances and income to fund future services and new ways of working and models of service delivery. The five workstreams report their recommendations into the Recovery Scrutiny Panel which was the decision-making body. The Panel is chaired by Cllr T. Schofield and members of this Panel included the Chief Executive, directors and the Leader as well as representatives from communications, finance and economic prosperity teams. The Steering Group meets weekly and tracks all recovery decisions in one place.

Cllr T. Schofield gave an update to Panel Members on the work of all five workstreams including the future focus of the work. Much of the work during the transition phase had looked at reintroducing services safely for residents. All

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playgrounds and sports pitches could now take bookings. It was noted that the number of welfare calls to shielded people was gradually decreasing. The community support centre in the Harlequin was gradually winding down with food supplies to be stored elsewhere in the Borough. The Waller Cinema had reopened safely.

A presentation to the Panel updated Members on the breadth of the recovery work, such as support for the Borough's high streets and town centres, grant funding, waste and recycling services, parking and environmental health, business support and grant funding.

## 6. DISCUSSION AND QUESTIONS

Panel Members asked questions and discussed the following areas:

**Budget** – Members asked if a budget had been set for each of the workstreams, what were expected costs and what the Council expected to recover from central government funding. It was noted that no separate budgets had been set for workstreams, apart from the time and costs of officers involved. The Finance team was keeping track of all additional spending, so they were clear on the impact on this year's budget, and the Finance and Income workstream will ensure that where appropriate ongoing recovery costs are considered as part of service & financial planning. Where linked to the Covid response, the Council will seek reimbursement from Government. For example, the YMCA was being paid for the cost of their staff making welfare calls. This had been approved by the Incident Management Team (IMT) and was 'Covid-recoverable' from government funding. There would be regular reporting against budget on a quarterly basis and a report was going to the Executive on 28 July.

**Redeployed staff** – the Panel discussed cross dependencies across service areas, for example, where staff are redeployed in the emergency response and when they are returning to business as usual work.

**Preparation for a potential second wave of Covid-19** – Members asked what would happen if there was a second wave of Coronavirus or a local lockdown. Members felt the Council's response had been impressive and asked if the current preparations and work had been documented. It was confirmed that this was being considered as the winding down of emergency services was being managed in a controlled way. The Local Resilience Forum (LRF) was preparing a debrief and was gathering information from teams about what had happened and what had worked well. A working group from the LRF was specifically looking at a response to a local outbreak.

**Community Centres** – there was a programme for phased and safe reopening of community centres beginning with reopening to selected tenants and membership fees waived. They were not open for traditional community day centre activities but some of the tenants were operating from them such as Age Concern Banstead and a podiatrist and hairdresser in Woodhatch. This was in consultation with the health and safety advisor and Covid-19 safety checks.

**Housing** – the Borough was working to secure positive housing outcomes for single homeless people in emergency accommodation. There were 41 people in temporary accommodation, and most were single homeless people with complex

needs. The Council wanted to continue using the temporary units (currently in Donyngs car park). Staff were working to secure longer term accommodation and other support needed for those currently in temporary accommodation. It is expected that there could also be increased demand for homelessness services as a result of the ban on evictions being lifted and changes in personal circumstances, and the Housing Team are making plans to respond to this.

**Survey of voluntary sector** – Members asked for more information about results from a recent survey to inform the future relationship with the VCF sector and local communities/volunteers. There had been a huge increase in volunteering and the Council was feeding back what it had learned from working with the voluntary sector during the emergency response.

*Cllr S. Parnall joined the meeting at 7.03pm.*

**Business guilds** – Members asked if the Council was engaging with local business guilds. It was confirmed that the Economic Prosperity team was continuing to offer support to local businesses. For example, the Council was actively engaged with Horley business traders.

**Youth Hub** – this was an initiative with Tandridge District Council and the Department for Work and Pensions to establish a Youth Hub to support young people to access employment, work experience and training/skills development. Whilst it was noted work was still underway to develop proposals, the Panel asked more information about resourcing for this work when it becomes available.

**Project prioritisation** – Members asked about the criteria for prioritising projects that had been paused and which were most critical. The majority of current projects were in the Place directorate such as developments at Pitwood Park, Cromwell Road and Marketfield Way and many had been able to continue throughout the crisis. It was confirmed that prioritisation related to a number of categories such as whether it was a Corporate Plan priority, legal or contractual considerations, revenue stream considerations, health and safety considerations. A recovery overview report tracked progress and dates in the different workstreams. Members asked if the Panel could be informed about which decisions had been added, changed or removed.

**Coast to Capital and the LEP** – the Panel was told that the Council had bid for additional LEP funding for the Marketfield Way development project in Redhill from government funding called 'Getting Building Fund' to help regenerate growth.

**Leisure centres** – there were ongoing discussions with Greenwich Leisure about reopening the three leisure centres in the Borough.

**Financial impact of Covid-19** – the Finance team was monitoring commercial property and revenue income collection. The Executive paper on 25 June contained an annex which set out the latest current estimate of the impact of the pandemic. Lost rental income was forecast to be around £300k. The Council was taking a proactive approach to agree payment plans rather than payment holidays. It was looking to recover delayed council tax payments and non-domestic rates income later in the year. The costs for responding to Covid-19 were due to be repaid by central government. Over the short term the Council has sufficient contingency to

# Agenda Item 5

Recovery Scrutiny Panel  
15 July 2020

Minutes

accommodate the forecast costs. The updated Medium-Term Financial Plan will consider longer term legacy impacts.

**Commercial revenues** – Members asked about plans that had been in place to increase commercial revenues this year to meet future needs. The Commercial Ventures Executive Sub-Committee was looking at this issue. It was confirmed that for the purposes of budgeting this year, it was not expected that there would be additional revenue from this source.

**Revenue collection** – the Panel asked if there was a sensitive approach to debt recovery of council tax where people were furloughed or made redundant and were struggling financially. It was confirmed that relatively few residents had asked for a payment deferral and a smaller number had cancelled their council tax direct debits. There were individual discussions about repayment plans with residents on what they could afford and over what period.

**Cemetery provisions** – Members asked how cemetery services had been affected during the pandemic response. Some non-essential cemetery services had been paused so staff could focus on continued safe and sensitive delivery of core services. The work and arrangements had been manageable. The Council also has in place arrangements for mutual aid from other local authorities, if required in future, which put it in a good place to respond to any future peaks in coronavirus.

**Measuring recovery** – Members asked how the recovery of services was being measured. It was confirmed that as services were getting back on stream the Council would use the KPIs and service level indicators that are in place to measure these targets. These would be monitored carefully and reviewed for future years if unanticipated trends were emerging and to reflect any new ways of working.

**Communication with Members** – The Leader's briefing to Members was welcomed and was continuing fortnightly. It was suggested that relevant Portfolio Holders could attend the Leader's fortnightly briefing. Members could ask to focus on specific workstreams for more detailed discussions in one area at the next Panel meeting should they wish. Panel Members would be updated in the interim with Recovery Overview summary updates.

A Member survey was planned to ask Members about their experiences of working remotely since March. It was noted that some Members had a poor service from their broadband provider/Wi-Fi and connectivity would be explored through the survey. ICT were providing support to those Members.

**New ways of working** – Members discussed hybrid working arrangements for the work of Committees and Council groups – working from home and from the Town Hall and how this may work in practice.

## 7. NEXT STEPS

It was agreed that an update from the Panel's meeting would be given at the next Overview and Scrutiny Committee meeting on Thursday 10 September. The next meeting of the Panel is Thursday 15 October.

The Meeting closed at 8.00 pm

# COVID-19 Recovery

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Recovery Scrutiny Panel  
July 2020



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

Agenda Item 5

# Introduction to RBBC recovery work

“The recovery of council services and activities in light of changes in the ways we all live, work and move about for the foreseeable future”

## Our five recovery workstreams



Community connections, including supporting vulnerable residents



Supporting local businesses and the local economy to recover



Council services and project recovery



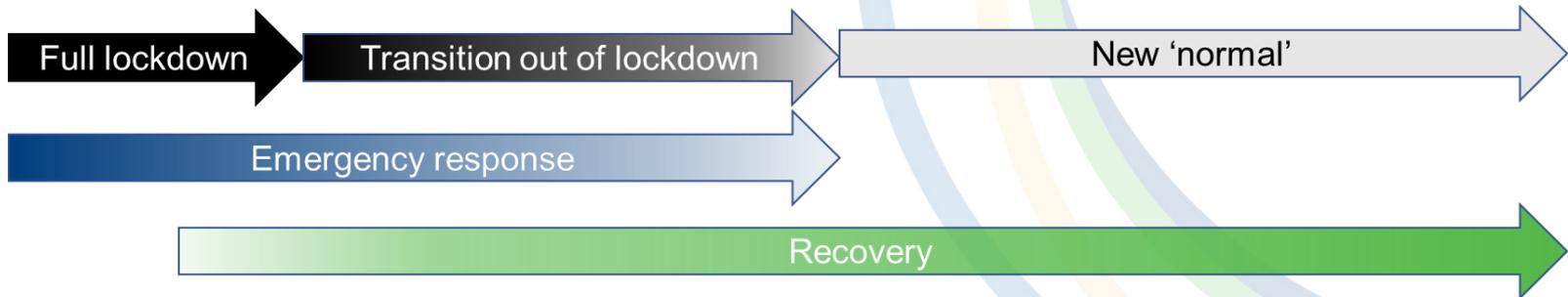
Finances and income to fund future services



New ways of working and models of service delivery

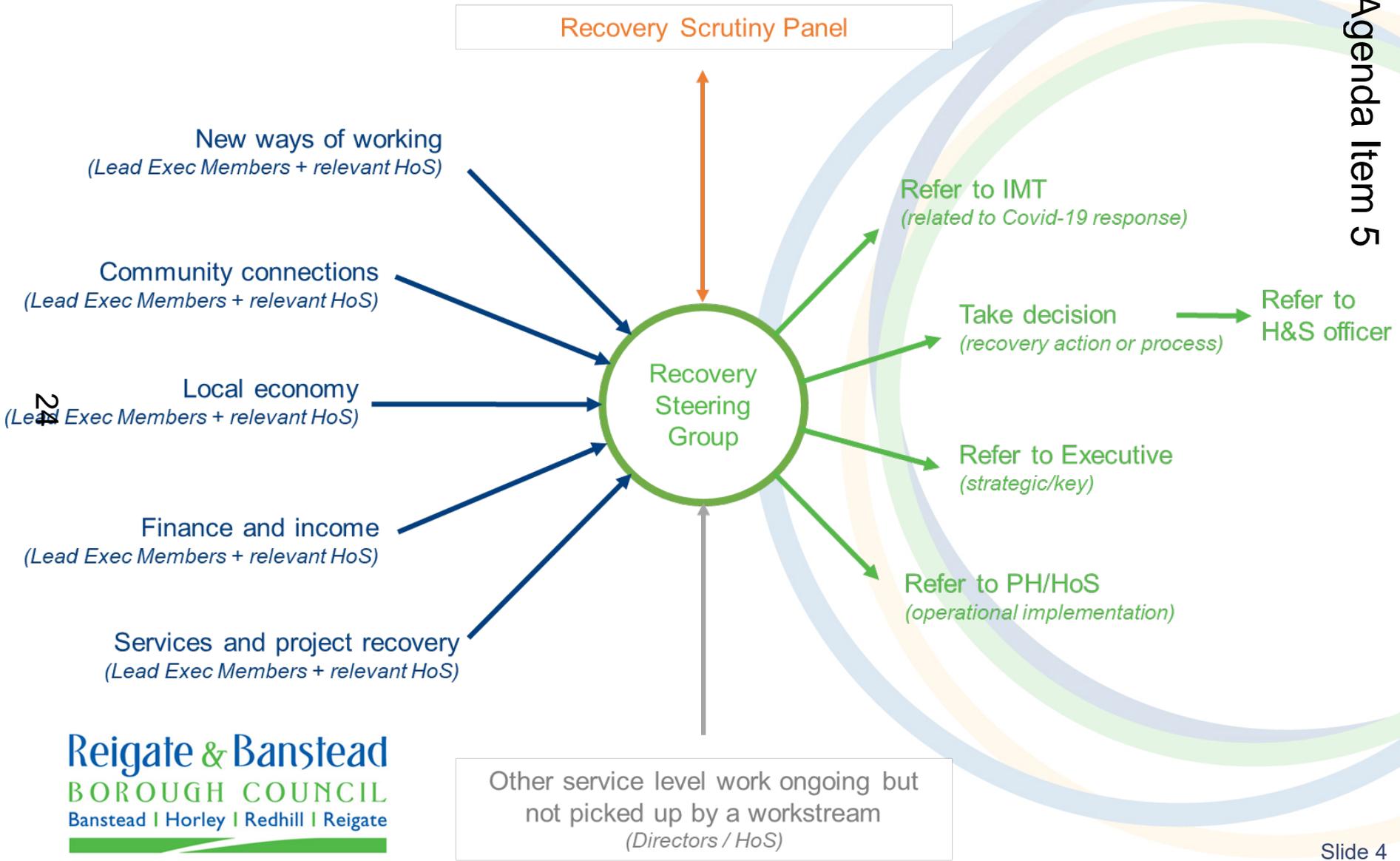
# Timescales

- **Transition:** supporting gradual transition out of lockdown for residents and ensuring vital services are provided safely (=> July and ongoing)
- **Strategic recovery:** returning the wider range of council services to a more normal footing (=> end of the year)
- **Transformation:** changing how we deliver services in light of the experiences of recent months (=> 2021/22 service & financial planning and beyond)



# Working arrangements

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# Workstream updates

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# Community Connections: Progress to date

## Harlequin

- Gradual winding down of community support centre operations (ensuring resilience for continuing needs and in event of future spike) and provide ongoing support for foodbanks
- Safe reopening of Waller Cinema, and activities to maintain profile of Harlequin Theatre including 'Live from Lockdown'

## Community centres

- Programme for phased and safe reopening of community centres beginning with reopening to selected tenants
- Membership fees waived

## Family Support

- Recommence full range of support incorporating Covid-safe ways of working

## Community Development and Partnerships

- Gradual winding down of welfare / shielded calls
- Borough-wide locality meetings to facilitate and cement relationships with community partners
- Keep up to date mapping of support services to inform residents

## Housing

- Work to secure positive housing outcomes for single homeless people in emergency accommodation

# Community Connections: Phase 2 focus

## Harlequin

- Develop plans for return of Harlequin as an arts and cultural venue

## Community Centres

- Increase activities provided from September where safe to do so
- Explore options for virtual or outdoor activity provision
- Recommence work to develop a future vision for the centres

## Leisure centres

- 27 Work with GLL to develop plans for re-starting leisure provision

## Community Development and Partnerships

- Use data/learning about vulnerable people to develop plans for future support
- Consider results of recent survey and determine future relationship with VCF sector and local communities/volunteers generally

## Family Support

- Recommence full range of support incorporating Covid-safe ways of working

## Housing

- Managing increased demand for homelessness services as a result of lifting of ban on evictions and changes in personal circumstances

# Local businesses and economy: Progress to date

## High Streets

- ‘Shop Safe Shop Local’ branding – signage, social media and support for business owners
- Town centres, and due to be rolled out to local centres on a smaller scale

## Grant funding

- Promotion to encourage uptake of small business grants and retail/leisure/hospitality grants schemes, and development and promotion of local discretionary business grants scheme

## Business support

- Use of existing channels to provide support and information to businesses
- Virtual meetings with business leaders and with local businesses to understand support needs
- Business champions social media campaign promoting local businesses going ‘the extra mile’

# Local businesses and economy: Phase 2 focus

## “Live Local Work Local”

- Refocused project to provide careers guidance to students and promote local employers and job opportunities

## Youth Hub

- Working with Tandridge DC and Dept for Work & Pensions to establish a Youth Hub to support young people to access employment, work experience and training/skills development

## Business support

- Recommence virtual ‘Learning Lunch’ webinars
- Explore opportunities for the reintroduction of start-up business workshops

## Business Barometer

- Bringing together key economic statistics and business intelligence to help monitor business impact and recovery

# Services and projects recovery: Progress to date

## Overview

- Mapping of on-hold or delayed activities and projects; prioritise and coordinate recommencement taking account of staff availability, health and safety etc

## Waste & recycling

- Plan and implement re-start of green waste service and registrations

## Greenspaces

- Plan and implement re-opening play of areas, skateparks, multi-use games areas etc, licensing for Covid-safe activities in parks and sports pitch bookings
- Plan and implement re-start of non-essential verge maintenance activities

## Parking and environmental health

- Plan and implement re-start of single yellow line parking enforcement and town centre car park charging
- Plan and implement re-start of proactive food premises inspections

## Sustainability and climate change

- Progress Strategy adoption and recruitment

# Services and projects recovery: Phase 2 focus

## Overview

- Continue to monitor service and project delivery and advise on Covid-recovery related issues
- 31 Provide advice and oversight about service & project recovery issues in event of a second spike in Covid locally or nationally

RBBC RECOVERY OVERVIEW		
15 July 2020		
Workstream: Services - Summary of Activities	Target/Completion Dates	Status
<b>Local Business and Economy</b>		
To grant outline approval to assume Lead Accountable Body responsibility on a partnership project	Wed 30/09/20	Future Task
To install signage in the borough's local shopping parades	Fri 31/07/20	Progressing
Town Centre Christmas Lights funding discussions	Mon 30/11/20	Progressing
<b>Community Connections and Vulnerable People</b>		
<b>Welfare, Food and Pharmacy Support</b>		
Cease to provide Emergency Food Packs other than to shielded residents	Fri 31/07/20	Progressing
Move food storage from Harlequin to an alternate property	Fri 31/07/20	Progressing
Transition from operational support back to the strategic oversight of foodbanks	Fri 31/07/20	Progressing
Cease Pharmacy delivery service support: offer support to develop their own in-house volunteer programmes	Fri 31/07/20	Progressing
<b>Community Centres</b>		
Virtual provision options	Mon 10/08/20	On Schedule
Outdoor centre provision options	Mon 10/08/20	On Schedule
Proceed with engagement to shape future of centres	Sun 31/01/21	On Schedule
<b>Family Support</b>		
Outdoor face-to-face contact	Wed 15/07/20	Progressing
<b>Reopening of Waller Studio</b>		
Modifying the venue	Mon 06/07/20	Progressing
Source for PPE	Mon 06/07/20	Progressing
Cinema opened	Fri 17/07/20	On Schedule
<b>New Arts Projects</b>		
Submission open	Wed 22/07/20	Future Task
Public voting	Wed 05/08/20	Future Task

Example of project tracking summary

# Finance and income: Progress to date

## Financial impact of Covid

- Ongoing operational activity to record, monitor and forecast impact
- Overview report to June Executive and MTFP to July Executive
- Covid impact to be reported through usual quarterly reporting process

## Commercial property income streams

- Oversight of impact on commercial property income streams
- 32 • Proactive approach to agree payment plans rather than payment holidays

## Revenues collection

- Oversight of impact on revenue collection
- Approach to payment plans/deferrals and recommencement of collection activity

## Covid impact on commercial activities

- Review of current market yields against property portfolio to inform commercial approach

# Finance and income: Phase 2 focus

## Service & Financial planning

- Ensure financial implications of recovery workstreams is incorporated into service and financial planning

## Income

- Continue to monitor commercial property and revenue income collection and advise on collection interventions.

## Financial and commercial implications of the 'new normal'

- Continue to advise on approach to address financial and commercial implications associated with macro-economic circumstances
- Input Covid recovery considerations into wider commercial ventures work
- Consider financial and commercial opportunities associated with potential new ways of working

# New ways of working: Progress to date

- Identification of the New Ways of Working that we should seek to achieve, and tools available to the Council to achieve these (*note that the below is work in progress and will continue to be refined*)

What is the 'New Way of Working'?	What is the outcome we are aiming for?
Services are designed and delivered taking into account users' needs, data and insight, communications, and environmental and social impacts	Service delivery is effective and adaptive to local needs and the positive reputation of the Council for delivering services is enhanced.
An organisational culture that is clearly articulated and embraced	Staff satisfaction and the positive reputation of the Council as a place to work is enhanced.
Measures in place to allow staff and members to use technology and other tools to work effectively	Staff and members are supported to work in an efficient and effective way, with a better work-life balance
Better use of technology/digital for committee meetings; clearer consideration and recording of the environmental and social impact of the decisions we make	Formal council decision-making is transacted in a more inclusive and transparent way
Running our operations in a more environmentally-friendly way and monitoring / reporting on this	The Council's environmental footprint (including from operational resource use, emissions and business-related travel) is reduced
Take a more active role in supporting local businesses and town and local centres to build relationships with their local communities	Local businesses and our high streets benefit from stronger local support
Build on our stronger relationships with partner organisations and the VCF sector to focus on the quality of 'people' services delivered, not who delivers them	Holistic, wrap-around support for our most vulnerable people
Greater understanding and transparency about the relationship between our costs and income to ensure sound financial decision making	Council generates efficiency savings/income as a result of the above or other opportunities

# New ways of working: Progress cont and phase 2 focus

## Evidence gathering

- Staff survey; member survey; ongoing work to review other third party data

## Options Assessment and proposal development, eg...

- Technology and digital solutions
- Facilities solutions (eg Town Hall)
- OD strategy (=> Employment committee)
- Service user engagement and contact methods
- Legal and financial considerations and implications

## Feeding into future policy/strategy development and budget setting



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# Questions and discussion

- Overall structure and scope
- Progress and future focus

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# Agenda Item 6



<b>SIGNED OFF BY</b>	Head of Projects and Performance, Interim Head of Finance
<b>AUTHOR</b>	Toyin Bamidele, Interim Finance Manager, Luke Harvey, Project & Performance Team Leader, Mark Herdman, Group Accountant
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<b>TO</b>	Overview and Scrutiny Committee
<b>DATE</b>	Thursday, 10 September 2020
<b>EXECUTIVE MEMBER</b>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance

<b>KEY DECISION REQUIRED</b>	N
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Quarter 1 (Q1) 2020/21 performance report
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<b>RECOMMENDATIONS</b>
<p><b>That the Committee note:</b></p> <ul style="list-style-type: none"> <li><b>(i) The Key Performance Indicator performance for Q1 2020/21 and make any observations to the Executive;</b></li> <li><b>(ii) The Revenue Budget and Capital Programme forecasts at Q1 and make any observations to the Executive.</b></li> <li><b>(iii) The full year Capital Programme forecast at the end of Q1 of £30.48m (24%) below the approved Programme for the year.</b></li> </ul>

# Agenda Item 6

<b>REASONS FOR RECOMMENDATIONS</b>
For the Council's performance to be reviewed.
<b>EXECUTIVE SUMMARY</b>
<p>This report provides an overview of the Council's performance for Q1 2020/21, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring.</p> <p>Of the ten KPIs reported in Q1, six are on target or within the agreed tolerance. Three KPIs are off target (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.</p> <p>The Revenue Budget full year outturn forecast variance (excluding COVID-19 expenditure and/or loss of income) at the end of Q1 for Service budgets is £0.38m (2.5%) higher than the management budget; Central budgets are reporting £2.06m (21.7%) lower than budget, resulting in an overall forecast of £1.68m (6.5%) lower than budget.</p> <p>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 the annexes 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.</p> <p>The full year Capital Programme forecast at the end of Q1 of £30.48m (24%) below the approved Programme for the year. The variance is as a result of £30.10m slippage and a £0.38m net underspend.</p>
<b>The Committee has the authority to approve the above recommendations</b>

<b>STATUTORY POWERS</b>
<ol style="list-style-type: none"><li>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.</li><li>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.</li><li>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.</li><li>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.</li></ol>

## 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. A new reporting template has also been developed for KPI reporting. The template – available at annex 1 – includes, where necessary, additional information to place performance within a wider context.
9. In addition to quarterly performance reports, in Q4 of each year the Committee receives the Council's annual corporate plan performance report.
10. Risk management is now reported to the Audit Committee in advance of the Executive. The Q1 risk management will be considered by the Audit Committee on 9 September 2020.
11. 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 – Q1 2020/21

12. Ten performance indicators are reported on in Q1 2020/21, the full detail of which is provided in annex 1.
13. Of the ten indicators, six are on target or within the agreed tolerance.
14. Three indicators are red rated:
  - KPI 6 – Net housing completions
  - KPI 7 – Net affordable housing completions
  - KPI 10 – Recycling performance (Q4 2019/20)
15. Housing completions (KPI 6 and 7) are off target and outside of tolerance primarily due to the slowdown in the sector as a result of the COVID-19 pandemic. Despite this there are currently over 2,000 units under construction within the borough, with over 300 of these at an affordable rate.
16. The Council's recycling performance (KPI 10) is also off target. Performance is reported one quarter in arrears, with Q4 2019/20 performance reported as part of Q1 2020/21 reporting. Against a target of 57%, 51.4% was achieved. This is primarily due to a reduction in garden waste materials collected at the kerbside. The latter notwithstanding, the final year's recycling rate of 54.2% is the Council's second-best reported rate.
17. We have been unable to report on one performance indicator:
  - KPI 8 – Performance in Local Environmental Quality Surveys

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18. We have been unable to report on this indicator due to resources being focused on responding to the COVID-19 crisis.

## Finance indicator – 2019/20

19. At Q4 2019/20 the Council was due to report on the finance performance indicator: 'business income expressed as a percentage of the Council's gross budget'. The indicator measures receipts of all business income including fees and charges, commercial income and sponsorship against budget targets. It excludes grant funding.
20. This data was not available for the Q4 report but is now confirmed. Against a target of 20.51%, the Council achieved 22.86%. This indicator is therefore green rated.

## Revenue Budget Monitoring

21. The 2020/21 Original Revenue Budget approved by Council in February 2020 is £24.46m. At the end of Q1 the projected full year outturn is £24.22m against a management budget of £25.90m (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 £1.68m (6.5%). As set out in the table below.

<b>Table 1: Revenue Budget Monitoring Quarter 1 2019/20</b>	<b>Original Budget £m</b>	<b>Total Variations £m</b>	<b>Management Budget £m</b>	<b>Year End Outturn £m</b>	<b>Year End Variance £m</b>
Service Budgets	14.900	1.503	16.403	16.783	0.380
Central Budgets	9.560	(0.060)	9.500	7.440	(2.060)
<b>Total</b>	<b>24.460</b>	<b>1.444</b>	<b>25.903</b>	<b>24.223</b>	<b>(1.680)</b>

## Service Budgets

22. The 2020/21 Original Budget for Services approved by Council in February 2020 is £14.90m. At the end of Q1 the projected full year outturn is £16.78m against a management budget of £16.40m resulting in an overspend of £0.38m (2.5%).
23. The £0.38m overspend is mainly as a result of:
- £0.50m 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 three of the permanent staff already in post and two expected to commence in August and 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.

## Agenda Item 6

- £0.32m 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 [this is reported separately within the COVID-19 section in 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.
- £0.16m of Printing and Software related cost pressures 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 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 the COVID-19 section in 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.
- £0.08m overspend in Land Charges: Levels of income from Land charges are subject to seasonal variation. There is the expectation that income levels will increase as the year progresses, but current forecasts indicate this may be optimistic.
- £0.06m overspend in Refuse and Recycling due to expected overspend on temporary staff amounting to approximately £0.06m. COVID-19 has resulted in £0.05m of additional expenditure and £0.04m of reduced income in this service area [reported separately within the COVID-19 section in Annex 2].
- £0.06m 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.
- £0.06m 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 the COVID-19 section in Annex 2].
- £0.17m underspend in Projects and Assurance due to three vacant posts
- £0.15m 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 for a partnership loss that is not currently expected to be drawn upon this year.

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- Car Parking - No variance is expected in the underlying Car parking service area, however 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 and reported separately within the COVID-19 section in Annex 2.

24. Further details are provided at Annex 2.

## Central Budgets

25. The 2020/21 Original Budget for Central items approved by Council in February 2020 is £9.56m. At the end of Q1 the projected full year outturn is £7.44m against a management budget of £9.50m resulting in an underspend of £2.06m (21.7%).

26. This underspend is mainly as a result of

- £0.85m forecast underspend in Treasury Management: This is due to the net effect of reduced income on-lending and investments. Includes interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley).
- £1.25m forecast underspend in Budget Contingencies and New Posts Budget: There are no plans to use these budgets at this time. Any shortfall in Government funding support for COVID-19 expenditure or income losses (Annex 2) or other significant unbudgeted costs will result on a call on this budget in 2020/21.

27. Further details are provided at Annex 2.

## COVID-19 Budget Impacts

28. 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.

29. In July 2020 the Government announced additional support for councils experiencing income losses. This is subject to further validation as the details of how the funding will be allocated but is expected to result in further funding support that will offset up to 70% of income losses.

30. The potential financial implications for this Council are set out at Annex 2. 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.

31. Further details on the potential impacts of COVID-19 on Council finances are presented in the Medium Term Finance Strategy 2021/22 which was reported to Executive on 27 July 2020.

## Capital Budget Monitoring

## Agenda Item 6

32. The Council approved a Capital programme budget for 2020/21 of £96.10m in February 2020. At Q1, the Capital programme budget is £125.46m (including £29.49m of approved carry-forward from 2019/20). The forecast full year expenditure is £94.98m which is £30.48m (24%) below the approved Programme for the year. The variance is as a result of £30.10m slippage and a £0.38m net underspend.
33. The £0.38m net underspend is mainly as a result of:
- £0.23m of Disabled Facilities Grant (DFG). COVID-19 has had a big 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 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.
  - £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.
34. The £30.10m forecast slippage is mainly due to:
- £8.43m 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 Knight Frank on the viability of the proposal. Property Services are reviewing the overall deal and will recommend the final sum to the Commercial Ventures Executive Sub-Committee once review completed.
  - £4.23m forecast slippage against the planned spend on the Cromwell Road Development. Spend profile changed following contract signature - slightly behind original profiled schedule.
  - £2.33m forecast slippage against the planned spend on Unit 1 Pitwood Park Tadworth. Spend profile changed following contract signature - slightly behind original profiled schedule.
  - Housing Delivery is forecasting a £9.74m slippage against the £10m Capital allocation in 2020/21. The £0.26m 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.

# Agenda Item 6

35. Further details are provided at Annex 3.

## **OPTIONS**

36. The Committee has two options:

Option 1: note the report and make no observations/comments to the Executive.

Option 2: note the report and many observations/comments to the Executive.

## **LEGAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

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

## **EQUALITIES IMPLICATIONS**

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

## **COMMUNICATION IMPLICATIONS**

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

## **RISK MANAGEMENT CONSIDERATIONS**

41. 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**

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

## **CONSULTATION**

43. The performance report has been reviewed by the Council's Corporate Governance Officer Group.

44. There are no other consultations implications arising from this report.

## **POLICY FRAMEWORK**

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

## **BACKGROUND PAPERS**

None.

# Q1 2020/21 Key Performance Indicators

## Summary

KPI	Status	Portfolio Holder
KPI 1 – Council Tax collection	AMBER	Cllr Schofield
KPI 2 – NNDR collection	GREEN	Cllr Schofield
KPI 3 – Staff turnover	GREEN	Cllr Lewanski
KPI 4 – Staff sickness	AMBER	Cllr Lewanski
<sup>45</sup> KPI 5 – Homelessness positive outcomes	GREEN	Cllr Knight
KPI 6 – Housing completions	RED	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%		
Q3	85%		
Q4	98.8%		

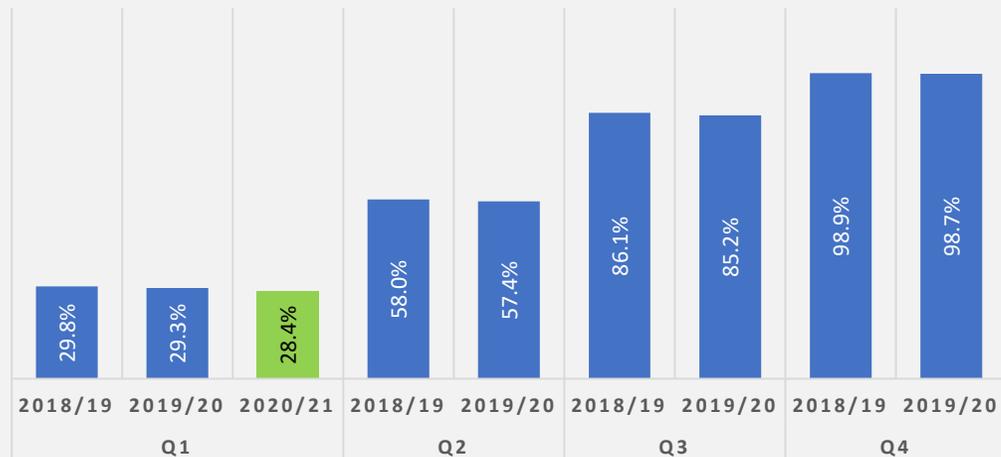
### Description

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 £1.05m on target. Recovery action has been on hold during COVID-19, and over 2,000 households deferred their April and May instalments to February and March 2021. In addition, increasing numbers of residents have opted for 12-monthly payments rather than 10.

### Council Tax collection



## KPI 2 – The % of Business Rates collected

	TARGET	ACTUAL	STATUS
Q1	31%	33.07%	GREEN
Q2	58%		
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 amount of Business Rates collectable has been reduced by around £19m due to the COVID-19 Expanded Reliefs for retail, hospitality and leisure industries and nurseries. This money will be repaid by the government.

### Business Rates collection



## KPI 3 – Staff turnover

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

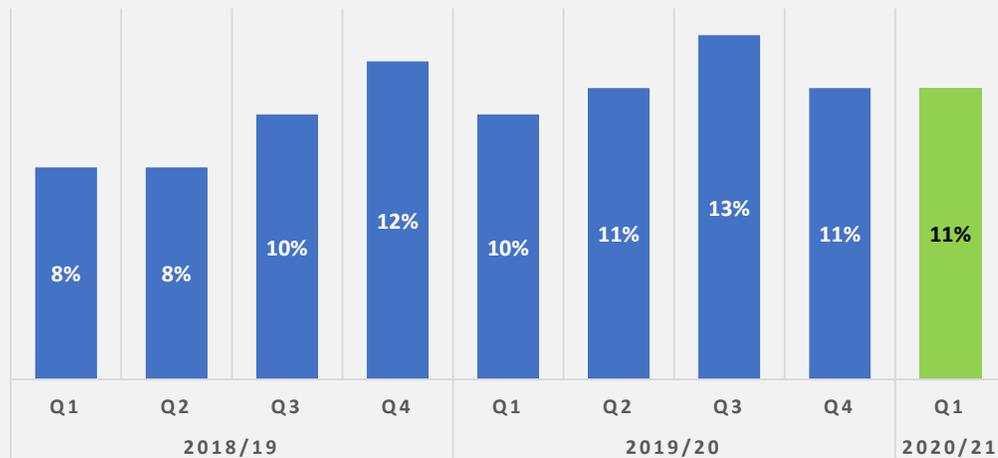
### Description

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

Turnover continues to remain at a similar level to previous quarters. The current turnover of 11% is regarded as being at a healthy level.

### Staff turnover



## KPI 4 – Staff sickness absence

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

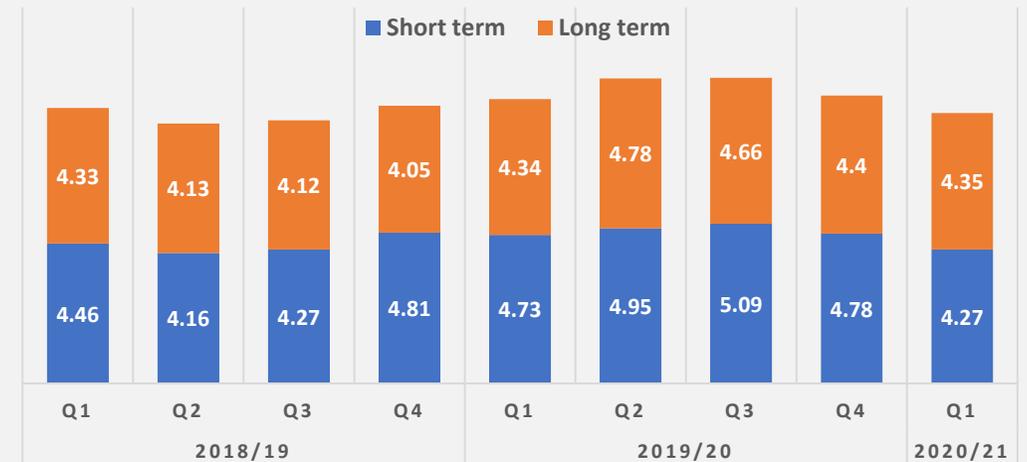
### Description

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

In Q1 short term staff sickness absence has slightly exceeded target levels; just over 4 days. Despite this, the overall sickness levels have decreased slightly in Q1.

### Staff sickness



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

	TARGET	ACTUAL	STATUS
Q1	55%	70%	GREEN
Q2	55%		
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](#).

## Narrative

In Q1 the Council’s **homelessness prevention and relief** performance has been very high due, in large part, to increased multi-agency working during the COVID-19 pandemic. In sourcing accommodation for applicants the Housing service has also proactively engaged with alternative private HMO landlords.

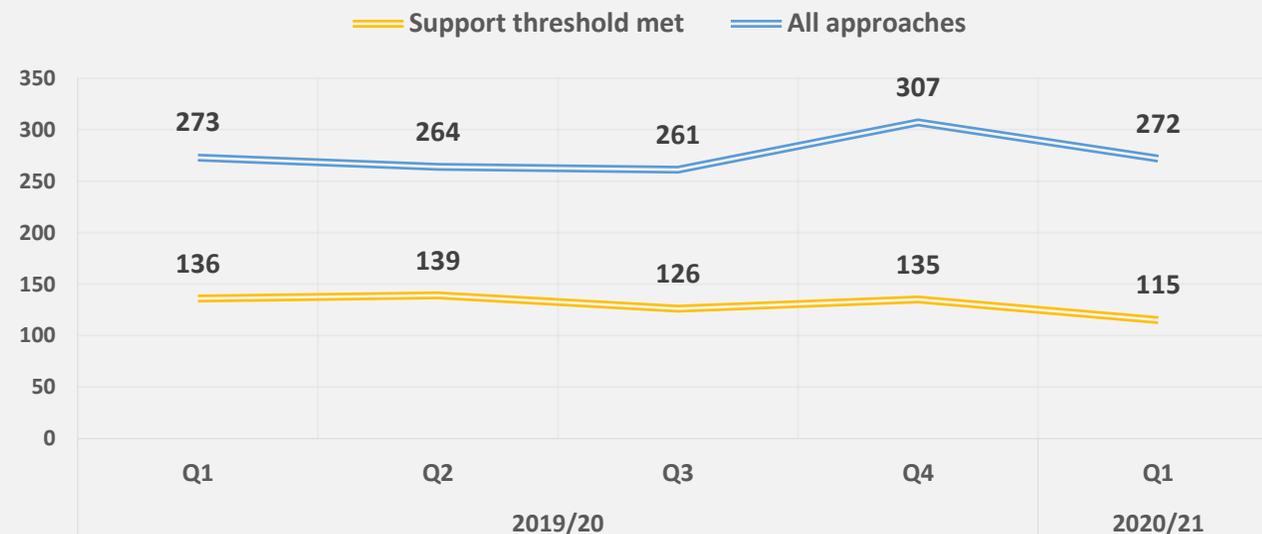
**Homelessness approaches** have been high in Q1 2020/21, particularly as the government has placed a temporary ban on evictions following the COVID-19 pandemic. The service has seen an increase in approaches from single persons, many of whom have complex needs.

Additional contextual performance information is provided overleaf.

## Positive homelessness prevention and relief outcomes

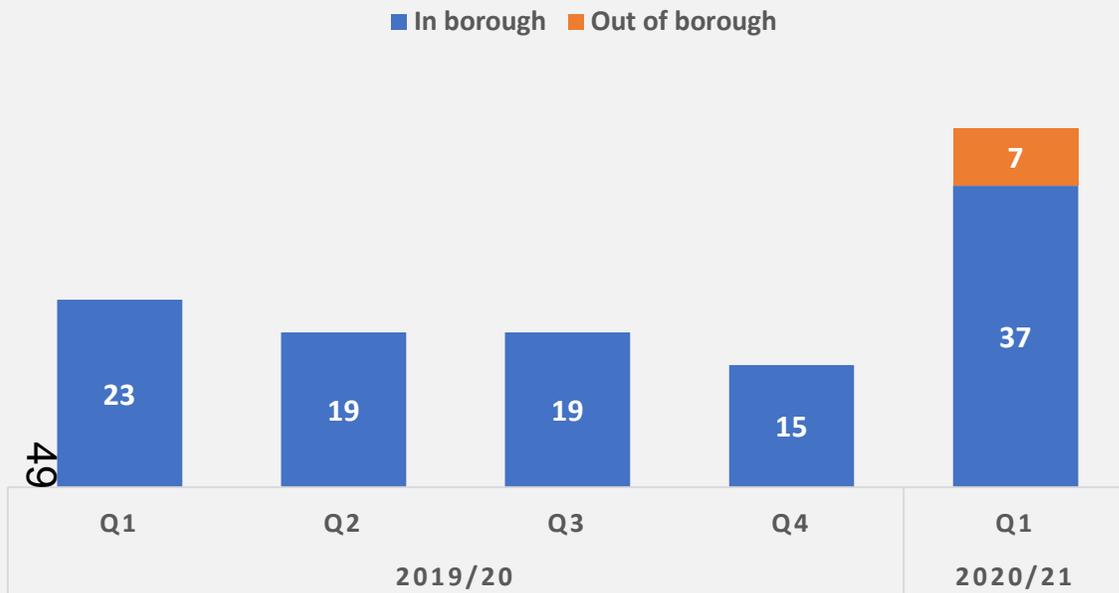


## Homelessness approaches (contextual)



# KPI 5 – The % of positive homelessness prevention and relief outcomes (continued)

Average number of households in temporary emergency accommodation (contextual)

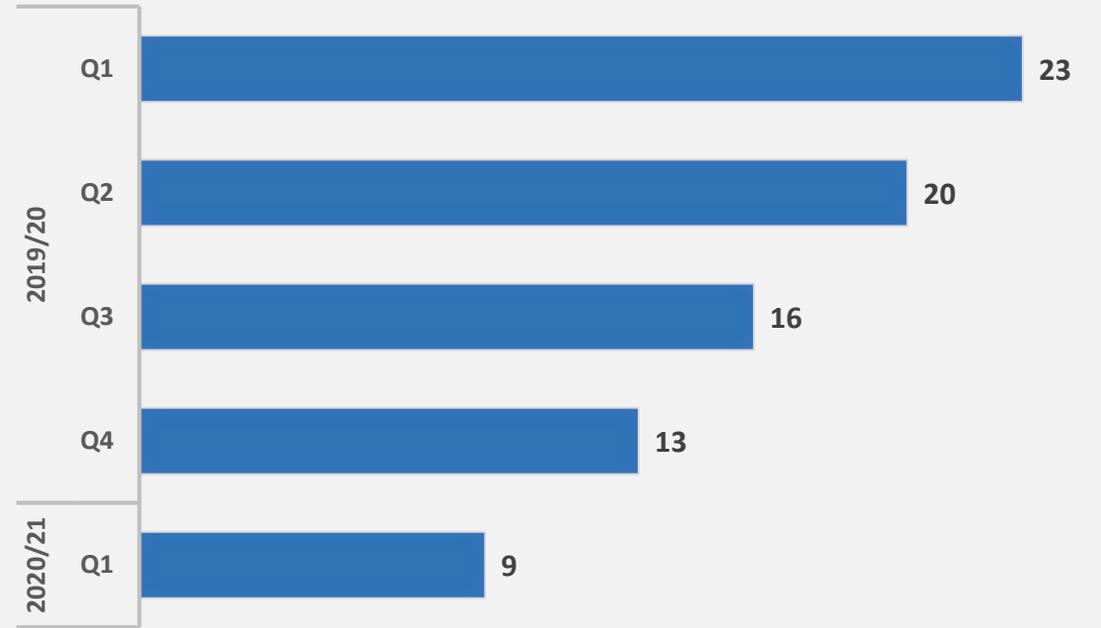


*Out of borough data not available for 2019/20.*

The **average number of households placed in temporary emergency** accommodation is considerably higher than usual due to the Council being required to house rough sleepers during the COVID-19 pandemic. The above chart also details the number of households that are accommodated outside of the borough. The service will always seek to ensure households are accommodated within the borough where this is possible.

In Q1 the **occupancy rate of Council owned accommodation** has stood at 28%. The service has had to run the accommodation at a much reduced capacity due to COVID-19 social distancing measures as well as the need to retain additional capacity as usual suppliers for emergency accommodation have closed due to the pandemic.

Main duty acceptances (contextual)



In Q1 there were 9 **main duty homelessness acceptances** in a continuation of the downward trend of previous quarters.

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

This good performance in Q1 is a result of the service having increased success with finding accommodation for applicants during the relief period prior to being required to make a main duty decision.

# KPI 6 and KPI 7 - Housing completions

## KPI 6 - Net housing completions

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

## KPI 7 - Net affordable housing completions

	TARGET	ACTUAL	STATUS
Q1	25	0	RED
Q2	50		
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.

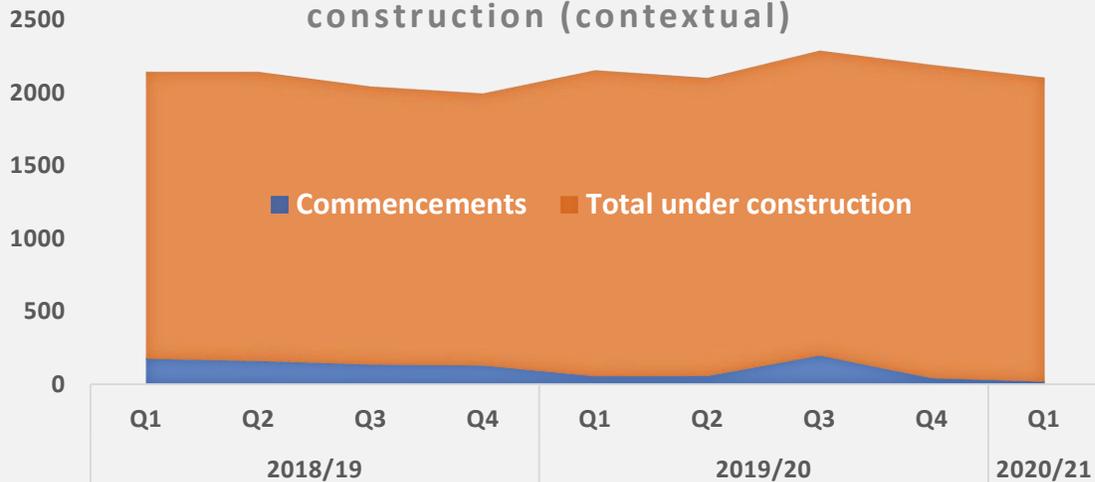
## Narrative

In Q1 there were reduced completions for both market rate and affordable housing in comparison to previous quarters. This is due to the slowdown in the construction sector due to the effects of the COVID-19 pandemic and resultant lockdown.

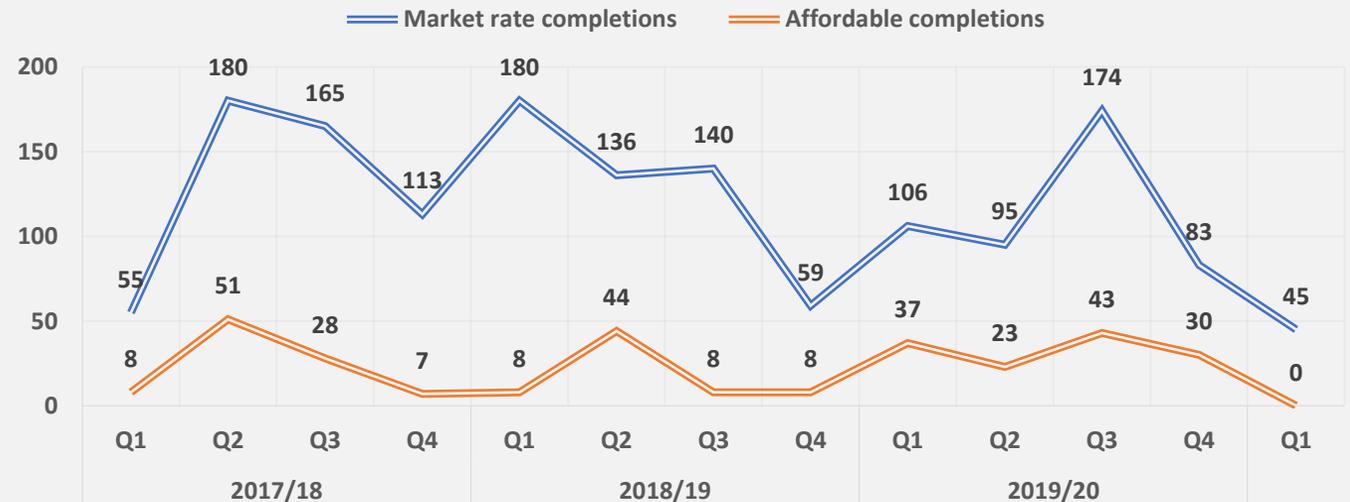
The pandemic has also impacted upon the number of unit commencements, where 17 units started construction in Q1 2020/21. By way of comparison, 55 units commenced construction in Q1 of last year.

At the end of the quarter there were 2,084 units under construction in the borough. Of these, a total of 305 are affordable units.

Total number of dwellings under construction (contextual)



Housing completions by quarter



## 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		
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 pandemic the Council has been unable to report on this indicator due to resources being focused on responding to the crisis. The indicator will be picked up in future quarters.

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

	TARGET	ACTUAL	STATUS
Q1	10	1.33	GREEN
Q2	10		
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 challenges of 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 (2019/20)

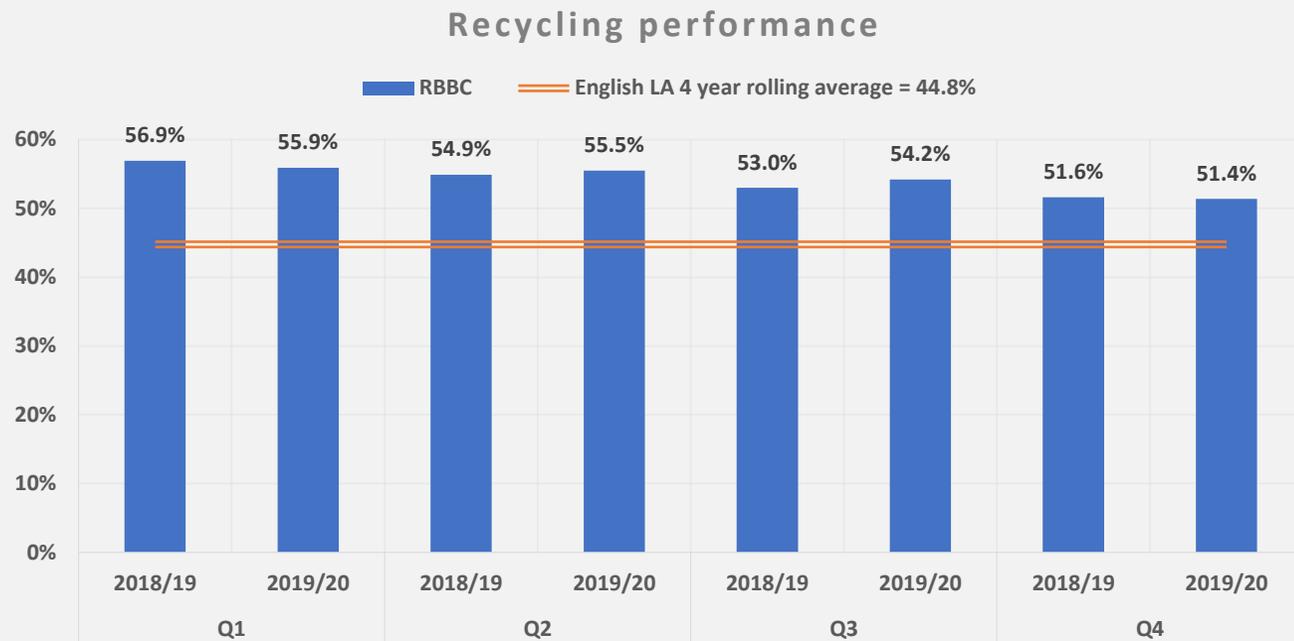
	TARGET	ACTUAL	STATUS
Q1	57%	55.9%	AMBER
Q2	57%	55.5%	AMBER
Q3	57%	54.2%	AMBER
Q4	57%	51.4%	RED

## Description

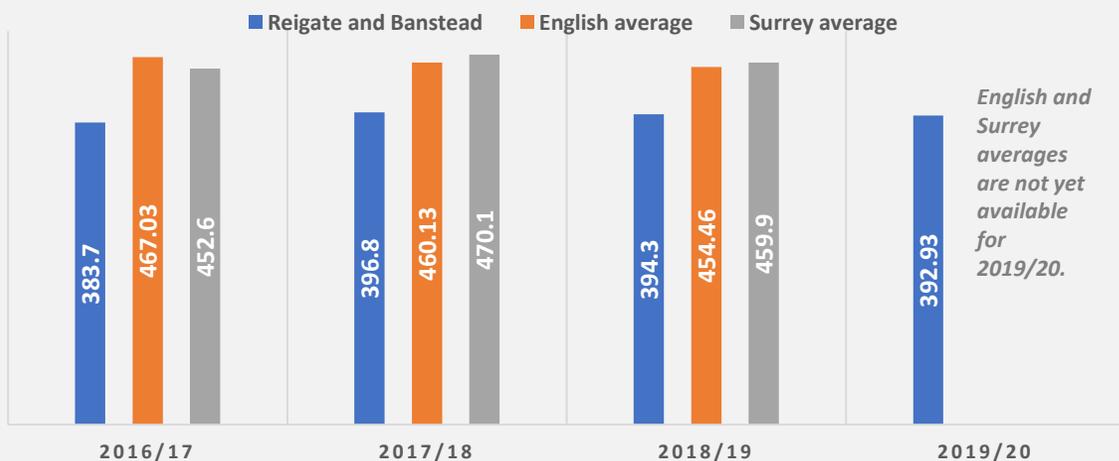
This indicator measures the percentage of household waste collected by the Council at the kerbside that is recycled and composted. Performance is reported one quarter in arrears, with Q4 2019/20 performance reported in Q1 2020/21. Recycling performance is affected by seasonal variations and it is therefore most appropriate to compare each quarter's performance with that achieved in the same quarter of previous years. 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

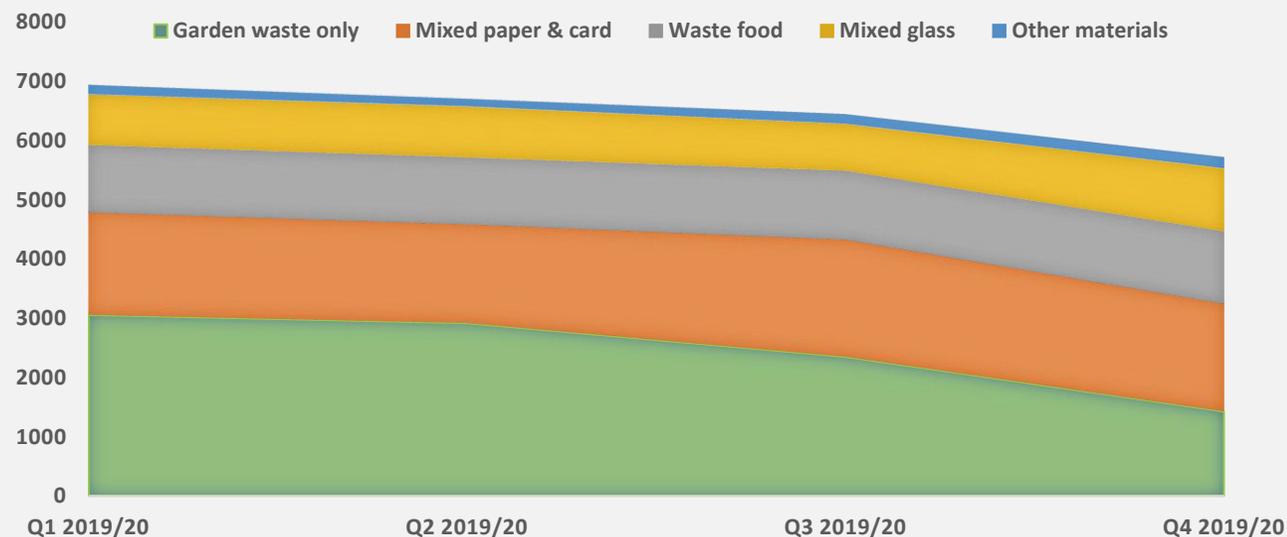
Quarter 4's results have remained in line with previous Q4 results. Low garden waste collections over the winter period are the key contributor to these lower figures. However, the final year 2019/20 recycling rate outturn of 54.2% is the Council's second best reported rate ever.



### Residual waste per household (kg) (contextual)

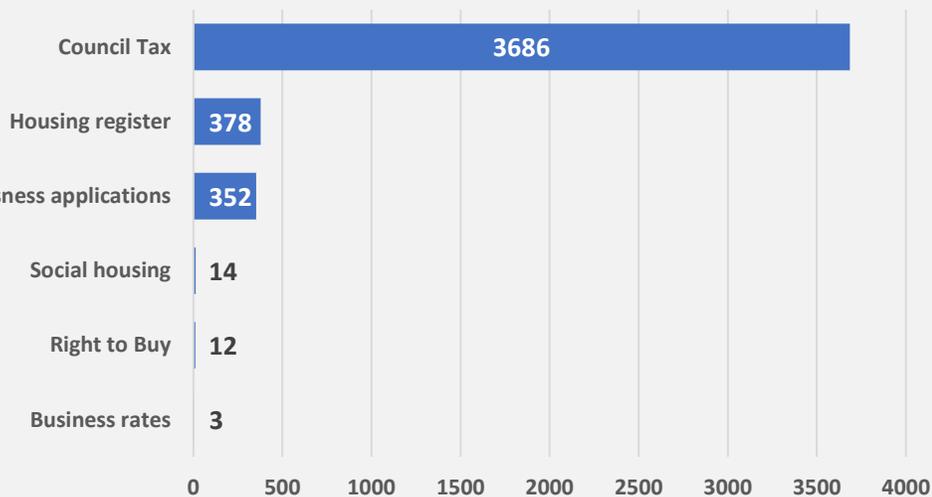


### Top recycling streams collected by tonnage (contextual)



# Contextual indicator – Fraud service performance for financial year 2019/20

## Fraud referrals by type



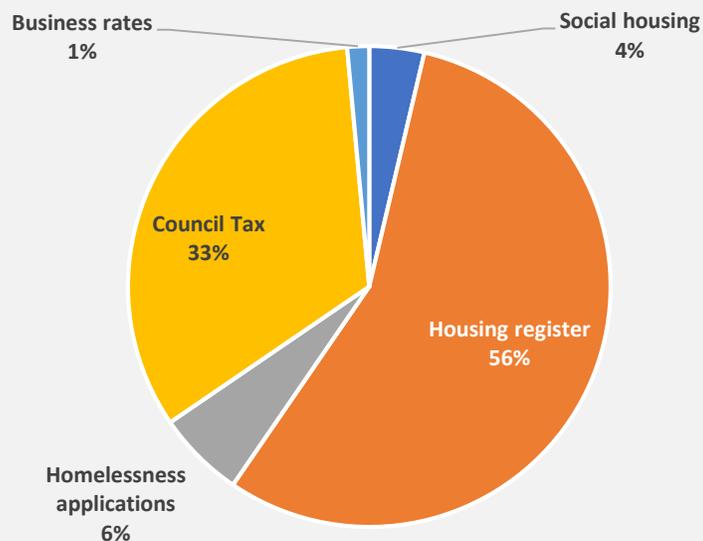
The Council has an in-house fraud investigations team. The team works to prevent and detect fraud affecting and, when necessary, undertakes investigations and takes legal action to recover monies.

Through the successful detection of fraud, in the 2019/20 financial year the fraud team identified fraudulent applications that would have cost the Council **£786,065.04** through the misuse of public funds (calculated as per Cabinet Office methodology).

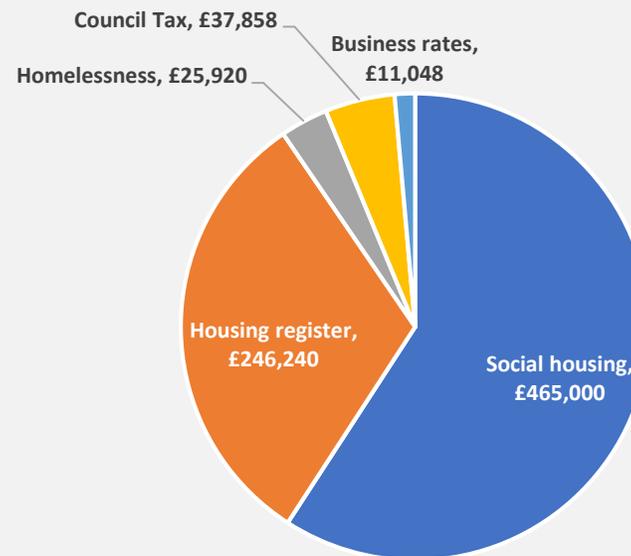
Fraud investigations are both proactive and reactive. Council Tax referrals are significantly higher than other types of fraud. This is largely a result of the National Fraud Initiative’s periodic data matching exercise. More information on the latter is available on [the government's website](#).

Due to high performance, the Council’s fraud team won the “Excellence in counter fraud” award at the Institute of Revenues Rating and Valuation (IRRV) annual ceremony in 2019.

## Fraud detected



## Value of fraudulent applications detected



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**Summary**

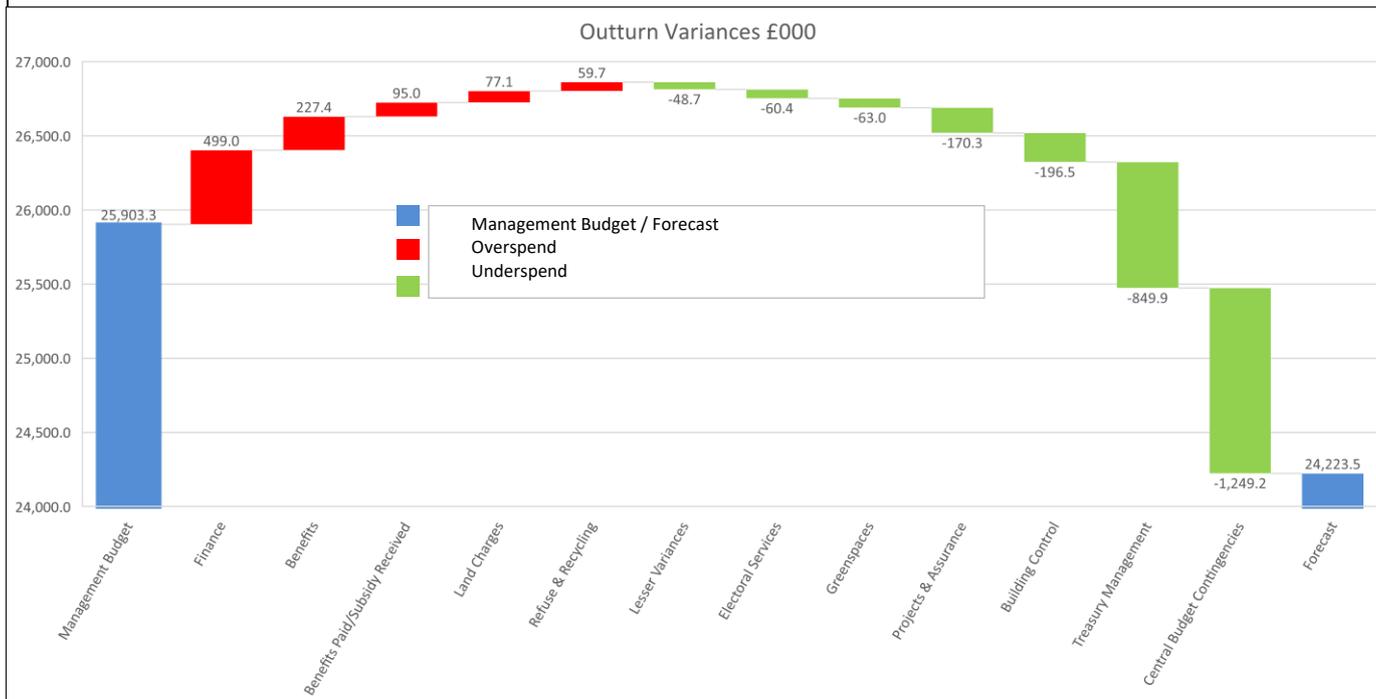
The full year forecast at the end of Period 3 for Service budgets is £0.380m (2.5%) higher than the management budget; the Central budgets are reporting £2.060m (21.7%) lower than budget, resulting in an overall forecast of £1.680m (6.5%) lower than budget.

**Reconciliation of Original Budget to Management Budget for 2020-21**

	£000	£000
Original Budget		24,459.6
Transfers from Reserves:		
Corporate Plan Delivery Fund	221.0	
Feasibility Studies (Commercial Ventures) Reserve	1,222.7	
CIL Funds	0.0	
	<u>1,443.7</u>	
Management Budget		<u><u>25,903.3</u></u>

**Headline Revenue Budget information 2020-21**

	£000
Management Budget	25,903.3
Year End Forecast	<u>24,223.5</u>
Projected underspend	<u><u>(1,679.8)</u></u> (or -6.5% of the budget)



**Forecast for Services is £380k over budget:**

- Finance: £499k overspend 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 three of the permanent staff already in post and two expected to commence in August and October. The forecast includes some overlap to ensure adequate handover to permanent staff. The Head of Finance post is still covered on an interim basis. Other overspends relate to £60k increased cost of financial software and £23k transactional related charges from the Council's banking provider. These pressures will be addressed during 2021/22 Service & Financial Planning.
- Benefits Team and Benefits Paid/Subsidy Received: Combined forecast (excluding COVID-19 cost implication) is £322k over budget. The Head of Service currently expects around £219k of pressures to arise directly as a result of COVID-19 [reported separately within the COVID-19 section of this report]. A £95K reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council does not get 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. £155k of Printing & Software related cost pressures 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 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 £172k of which £80k is directly related to COVID-19 [reported separately within the COVID-19 section of this report] and £92k relates to the underlying trading position. Losses will reduce as more work is brought on stream and additional contracts are confirmed.
- Land Charges: Is reporting a £77k overspend. Levels of income from Land charges are subject to seasonal variation. There is a hope that income levels will increase as the year progresses but current forecasts indicate this may be optimistic.
- Refuse and Recycling: Expenditure: COVID-19 has resulted in £50k of additional expenditure and £43k of reduced income in this service area [reported separately within the COVID-19 section of this report]. The £59.7k overspend reported here is due to expected overspend on temporary staff amounting to approximately £55k and £4k of other minor variances.
- Electoral Services: Is reporting a £60k underspend. Elections will no longer take place in 2020/21 due to COVID-19 - the unspent budget will be carried forward to 2021/22.
- Greenspaces: COVID-19 is likely to result in around £91k of lost income [reported separately within the COVID-19 section of this report]. The underlying service area is likely to underspend by £63k, £54k of which is due to several vacant operative posts. It is anticipated that these vacancies will be filled in a few months.
- Projects and Assurance: £170k underspend is attributable to three vacant posts
- Building Control: Approximately £425k of COVID-19 pressures have arisen within this budget, largely relating to a reduction in forecast Planning Fee income [reported separately within the COVID-19 section of this report]. The underlying service forecast underspend of £146.9k is made up of £120k underspend on salaries (vacancies & maternity leave) offset by £180k of Consultancy to cover these posts and a forecast £197k Building Control underspend. The Building Control underspend relates to the provision in the budget for a partnership loss that is not currently expected to be drawn upon this year.

**Forecast for Central items is £2.060m under budget**

- Treasury Management: The £850k forecast underspend is due to the net effect of reduced income on-lending and investments. Includes interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley) that was not included in the budget forecast.
- New Posts Budget: £99k underspend, there are no plans to use the budget at this time
- Budget Contingencies: £1.15m underspend is forecast. There are no plans to use the budget at this time. Any shortfall in Government funding support for COVID-19 expenditure or income losses (Annex 3) or other significant unbudgeted costs will result on a call on this budget in 2020/21.

**COVID-19 Budget Impacts**

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.

In summary the financial impacts are forecast to be (details at Annex 3):

	<b>£000</b>
Additional grant support from Government and other funding contributions	(1.614)
Forecast additional expenditure	0.889
Forecasts income reductions compared to 2020/21 budget forecasts	3.749
<b>Net financial impact if no further Government funding support is received</b>	<b><u>3.024</u></b>

In July 2020 the Government announced additional support for councils experiencing income losses. This is subject to further validation as the details of how the funding will be allocated but is expected to result in further funding support that will offset up to 70% of income losses.

**Options for Mitigation of COVID-19 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 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 other Earmarked Revenue Reserves to close the gap. This has implications for the projects and services 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 could include making targeted asset sales to support this.

Further details on the potential impacts of COVID-19 on Council finances are presented in the Medium Term Finance Strategy 2021/22 which was reported to Executive on 27 July 2020.

<b>1. General Fund Reserve</b>			
The General Fund Reserve acts as a buffer against unpredicted budget pressures			
		<b>£000</b>	<b>£000</b>
Balance at start of year			<b>8,949.0</b>
Less: Transfers out for Pension Fund Lump Sum			4,693.0
Add Projected 2020/21 underspend			1,679.8
Anticipated balance at end of year before Reserves Review/Reallocations *			<b>5,935.8</b>
*Minimum General Fund Balance Required (15% of total Management Budget)		3,885.5	
<b>2. Corporate Plan Delivery Fund (CPDF) Reserve</b>			
The Corporate Plan Delivery Fund Reserve provides time-limited funding to deliver key priorities, Corporate Plan objectives and invest-to-save initiatives, including investment in new technology.			
		<b>£000</b>	<b>£000</b>
Balance at start of year			<b>1,000.0</b>
20-01 Principal Development Manager post	Place	68.0	
20-09 c/f Data Protection Compliance	Housing Services	15.6	
20-09 c/f Customer Relationship Management	I.C.T	8.8	
20-10 c/f Salaries	Community Centres	118.6	
20-11 Environmental Sustainability Strategy	Corporate Policy	10.0	<b>221.0</b>
<u>Capital</u>			
None			
Balance before any further transfers in year			<b>779.0</b>
<b>3. Feasibility Studies (Commercial Ventures) Reserve</b>			
The Feasibility Studies (Commercial Ventures) Reserve is 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.			
		<b>£000</b>	<b>£000</b>
Balance at start of year			<b>1,934.4</b>
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	<b>239.7</b>
<u>Capital</u>			
Project Baseball	Property & Facilities	983.0	<b>983.0</b>
			<b>711.7</b>

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	404.5	(1.7)	A small underspend is expected on salaries as one member of staff is currently filling a full-time post on a part-time basis. The current forecast assumes that the postholder will be full-time in the Autumn but the situation will continue to be monitored.
Kate Brown	Human Resources	764.4	0.0	764.4	764.4	0.0	While the forecast is currently in line with the budget the HR support requirements of the organisation are being assessed; the future forecast may be amended later in the year based on outcome if additional HR resources have to be brought in.
Richard Robinson	Housing Services	1,009.4	15.6	1,025.0	1,018.5	(6.5)	Small underspends at Q1. The nature of Bed & Breakfast and Temporary Accommodation spend is highly volatile so this forecast is subject to change as the year continues.
Doula Pont	Senior Management Team	1,127.4	(90.0)	1,037.4	1,029.6	(7.8)	Small underspend across multiple areas notably expenditure on travel fees and conference expenses
	Projects & Assurance	624.6	0.0	624.6	454.3	(170.3)	Underspends attributable to three vacant posts
	Corporate Support	182.0	0.0	182.0	139.7	(42.3)	In the first quarter there has been significantly lower demand for the purchase of office stationery and demands on 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	416.5	10.3	£10k overspend, relates to expiry of third party grant income that has not yet been reflected in the service budget. This will be addressed during Service & financial Planning 2021/22.
	Partnerships	419.3	0.0	419.3	419.3	0.0	
	Community Centres	407.5	(9.6)	397.9	356.4	(41.5)	Forecast income has reduced by £261k compared to the original budget forecast due to closure of the centres during the COVID-19 pandemic. Other underspend relates to a reduction in cost of services (catering and activities) as a result of the closure with a predicted phased reopening of the Centres in September 2020.
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Peter Boarder	Place Delivery	292.8	274.7	567.5	565.8	(1.7)	
Morag Williams	Fleet	860.9	0.0	860.9	878.4	17.5	MOT income is predicted to reduce by £54k as a result of COVID-19 [reported separately within the COVID-19 section of this report]. The ageing fleet of waste vehicles gives rise to the £17.5k 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	1,271.0	59.7	COVID-19 has resulted in £50k of additional expenditure and £43k of reduced income in this service area [reported separately within the COVID-19 section of this report]. The £59.7k overspend reported here is due to expected overspend on temporary staff amounting to approximately £55k and £4k of other minor variances.
	Engineering & Construction	109.2	(50.0)	59.2	58.1	(1.1)	
	Environmental Health & JET	1,066.5	0.0	1,066.5	1,060.8	(5.7)	
	Environmental Licencing	(212.8)	0.0	(212.8)	(209.3)	3.5	£27.9k forecast reduction of Temporary Events Notices, Vehicles and Drivers licensing income due to COVID-19 is forecast [reported separately within the COVID-19 section of this report].
	Greenspaces	1,410.9	0.0	1,410.9	1,347.9	(63.0)	COVID-19 is likely to result in around £91k of lost income [reported separately within the COVID-19 section of this report]. The underlying service area is likely to underspend by £63k, £54k of which is due to several vacant operative posts. It is anticipated that these vacancies will be filled in a few months.
	Car Parking	(2,036.7)	0.0	(2,036.7)	(2,036.7)	0.0	COVID-19 is expected to have a material adverse impact on the income receipts this year. The service manager currently expects the loss to amount to £1.62m [reported separately within the COVID-19 section of this report]. No variance is expected in the underlying service area.
	Street Cleansing	991.9	0.0	991.9	988.7	(3.2)	

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Catherine Rose	Corporate Policy	0.0	150.0	150.0	127.0	(23.0)	Underspend attributable to part year vacancy
Duane Kirkland	Supporting People Supporting Families Harlequin	157.5 90.0 351.4	0.0 0.0 0.0	157.5 90.0 351.4	157.5 90.0 327.6	0.0 0.0 (23.8)	£365k of income is 'at risk' due to COVID-19 [reported separately within the COVID-19 section of this report] It is expected that there will be some income received when the venue reopens but the Harlequin team reports that demand for tickets is currently low. Underspend reflects the reduction in budgeted levels of casual staff.
	Leisure Services	(93.3)	0.0	(93.3)	(117.2)	(23.9)	Forecast reflects the reduction in costs due to activities (e.g. Summer Programs for Kids, Run Reigate and Star For a Night) that will not be going ahead due to COVID-19. Waiver of the GLL leisure services management fee has been agreed until centres are allowed to reopen [reported separately within the COVID-19 section of this report]
Andrew Benson	Building Control  Development Services Planning Policy	221.5  211.4 362.8	0.0  0.0 0.0	221.5  211.4 362.8	25.0  254.0 369.8	(196.5)  42.6 7.0	Approximately £425k of COVID-19 pressures have arisen within this budget, largely relating to a reduction in forecast Planning Fee income [reported separately within the COVID-19 section of this report] The underlying service forecast underspend of £146.9k is made up of £120k underspend on salaries (vacancies & maternity leave) offset by £180k of Consultancy to cover these posts and a forecast £197k Building Control underspend. The Building Control underspend relates to the provision in the budget for a partnership loss that is not currently expected to be drawn upon this year.
Carys Jones	Communications  Customer Contact	609.9  389.1	(53.6)  0.0	556.3  389.1	539.6  372.9	(16.7)  (16.2)	Underspend is attributable to a difference between budgeted and actual salary costs. Also a reduction in the cost of publishing Borough News Underspend is attributable to a difference between budgeted and actual salary costs.
Darren Wray	Information & Communications Technology	1,778.9	62.4	1,841.3	1,832.0	(9.3)	
Caroline Waterworth	Democratic Services Electoral Services  Legal Services  Land Charges  Property & Facilities	850.1 442.7  792.2  (107.8)  (1,691.0)	0.0 0.0  0.0  0.0  1,164.2	850.1 442.7  792.2  (107.8)  (526.8)	843.1 382.3  829.6  (30.7)  (501.4)	(7.0) (60.4)  37.4  77.1  25.4	Elections will no longer take place in 2020/21 due to COVID-19 - the unspent budget will be carried forward to 2021/22. The £37k overspend relates to the budgeted income target for advising on Section 106 which is now unachievable due to the work being outsourced to external providers. There are significant changes expected to recruitment and outsourcing, which are currently excluded from the forecast due to unavailability of accurate data at the moment. Levels of income from Land charges are subject to seasonal variation. There is a hope that income levels will increase as the year progresses but current forecasts indicate this may be optimistic. £237k of forecast rental income pressures as a direct result of COVID-19 [reported separately within the COVID-19 section of this report] An additional £34k of Rates costs is expected to be incurred on several properties as a result of RBBC taking over the management of community centres from Staywell from 1st April 2020.
Pat Main	Finance	1,159.5	0.0	1,159.5	1,658.5	499.0	Overspend 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 three of the permanent staff already in post and two expected to commence in August and October. The forecast includes some overlap to ensure adequate handover to permanent staff. The Head of Finance post is still covered on an interim basis. Other overspends relate to £60k increased cost of financial software and £23k transactional related charges from the Council's banking provider. These pressures will be addressed during 2021/22 Service & Financial Planning.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Simon Rosser	Benefits Paid/Subsidy Received	342.8	125.2	468.0	563.0	95.0	The Head of Service currently expects around £219k of pressures to arise directly as a result of COVID-19 [reported separately within the COVID-19 section of this report] The underlying service is currently forecast to overspend by £322k. A £95K reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council does not get 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. £155k of Printing & Software related cost pressures 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 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 £172k of which £80k is directly related to COVID-19 [reported separately within the COVID-19 section of this report] and £92k relates to the underlying trading position. Losses will reduce as more work is brought on stream and additional contracts are confirmed.
	Benefits	(295.3)	(94.4)	(389.7)	(162.3)	227.4	
<b>Total Services</b>		<b>14,899.5</b>	<b>1,503.5</b>	<b>16,403.0</b>	<b>16,783.3</b>	<b>380.3</b>	<b>2.3%</b>
<b>CENTRAL BUDGETS</b>							
Pat Main Central Items	Insurance	482.1	0.0	482.1	495.3	13.2	Insurance contract cost are higher rate than anticipated when setting the budget due to late notification of the charges. This will be addressed during service & Financial Planning 2021/22.
	Treasury Management - Interest on Investments	(582.0)	0.0	(582.0)	(1,291.9)	(709.9)	Forecasts are based on current interest rates for on-lending and investments. Includes interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley) that was not included in the budget forecast.
	Treasury Management - Interest on Borrowing	922.0	0.0	922.0	818.0	(104.1)	Forecasts are based on interest payments relating to borrowing required to implement the capital program. Current Capital slippage is estimated at 21% therefore borrowing requirement is lower than originally forecast when this budget was set.
	Treasury Management - Interest on Trust Funds	36.0	0.0	36.0	0.0	(36.0)	Budgeted investment return unlikely to be achieved due to low interest in balances.
	Treasury Management - Minimum Revenue Provision	528.0	0.0	528.0	528.0	0.0	
	Employer Pension costs	6,579.0	0.0	6,579.0	6,579.0	0.0	This budget represent the three years' employer pension costs that have been paid in advance in 2020/21
	Apprenticeship Levy	71.4	0.0	71.4	71.4	0.0	
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	Recruitment to five finance posts means that the budget allocation is already committed. Further recruitment spend will result in an overspend though at this time those costs are not confirmed.
	Corporate Human Resources Expenses	66.8	0.0	66.8	67.8	1.0	The level of spend on occupational health and training is forecast to rise as a result of COVID-19 [reported separately within the COVID-19 section of this report]. Other minor variances within the Corporate HR expenses make up the variance.
	Central Budget Contingencies	1,207.7	0.0	1,207.7	57.5	(1,150.2)	See analysis below.
	New Posts Budget	158.8	(59.8)	99.0	0.0	(99.0)	There are no plans to use the budget at this time
	External Audit Fees	50.3	0.0	50.3	75.1	24.8	Forecast is based on notified fees
<b>Total Central Items excluding COVID-19</b>		<b>9,560.1</b>	<b>(59.8)</b>	<b>9,500.3</b>	<b>7,440.2</b>	<b>(2,060.1)</b>	<b>(21.7%)</b>
<b>Total Central Items</b>		<b>9,560.1</b>	<b>(59.8)</b>	<b>9,500.3</b>	<b>7,440.2</b>	<b>(2,060.1)</b>	
<b>Grand Total</b>		<b>24,459.6</b>	<b>1,443.7</b>	<b>25,903.3</b>	<b>24,223.5</b>	<b>(1,679.8)</b>	<b>(6.5%)</b>

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
	<b>Central Budget Contingencies</b>						
	Miscellaneous salaries	150.2	0.0	150.2	0.0	(150.2)	There are no plans to use the budget at this time
	Headroom Contingency Budget	1,000.0	0.0	1,000.0	0.0	(1,000.0)	There are no plans to use the budget at this time
	Preceptor Grants	57.5	0.0	57.5	57.5	0.0	Any shortfall in Government funding support for COVID-19 expenditure or income losses (Annex 3) or other significant unbudgeted costs will result on a call on this budget in 2020/21.
	<b>Central Budget Contingencies</b>	<b>1,207.7</b>	<b>0.0</b>	<b>1,207.7</b>	<b>57.5</b>	<b>(1,150.2)</b>	

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.

**Additional COVID-19 Income & Grants**

At the time of preparing this report the Government allocated the following additional funding to support the authority in delivery of its COVID-19 Response and to help mitigate the impacts of income losses. In addition contributions have been received from other sources including Surrey County Council.

COVID-19 Sources of Funding		
COVID-19 Funding Received to Date	Actual @ P3 £m	Funding Description
MHCLG Emergency Grants - Allocation 1 (March 2020)	(0.042)	Equates to 64p per household
- Allocation 2 (May 2020)	(1.481)	Equates to £22.70 per household
Other Grants & Contributions	(0.091)	Includes: - Surrey County Council contribution towards accommodation for Rough Sleepers - Raven Housing Trust Donation towards Foodbank - Renewed Hope Trust contribution towards Foodbank - Mayor's Trust Fund Contribution - Income from Temporary accommodation - Other income relating to Food Packs - Income from Temporary Accommodation
<b>Total</b>	<b>(1.614)</b>	

**COVID-19 Expenditure**

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.

The financial impacts have been modelled based on lockdown restrictions lasting for four months from April to July 2020 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 figures quoted in this report for cost and income pressures are based on actual figures and full-year forecasts at the time of preparing the 31 July MHCLG return.

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:

MHCLG Expenditure Category	Forecast @ P3 £m	Expenditure Details
Housing Rough Sleepers	0.184	- Temporary Accommodation - B&B and Donyngs Accommodation
Environment & Regulatory - Waste Management	0.034	- Vehicle Hire
Finance & Corporate	0.511	- Staff redeployment to Support Relief Work - Staff remote working – IT systems and support - Health and Wellbeing support for Staff - Data Team support for response and recovery work - Staff Overtime
Other - PPE (non-Adult Social Care)	0.063	- PPE purchases
Other	0.098	- Support for Shielded Residents – including welfare calls, visits, foodbank and meals - Publicity materials – e.g. social distancing banners
<b>Total Expenditure</b>	<b>0.889</b>	

MHCLG Income Category	Forecast @ P3 £m	Income Details
Cultural & Related Sales, Fees & Charges income	0.570	- Harlequin – income reduction - Community Centre – income reduction - Leisure Services Provider Management Fees Waiver
Planning & Development	0.425	- Reduction in Planning Fee income
Other Sales, Fees & Charges income	1.892	- Reduction in Car Parking Income - Reduction in Rev and Bens Income from 3rd Party Clients - Reduction in Land Charges Income
Commercial Income	0.317	- Reduction in Rev and Ben income from external clients - Reduced rent income from Travelodge - Reduced rent income from other tenants
Other Income losses	0.545	- Trade Waste Income Shortfall - Green Spaces Related Losses
<b>Total</b>	<b>3.749</b>	

#### COVID-19 Agency Payments - Business Grants

In April 2020 the Government (Department for Business, Energy, Industrial Strategy) paid £23.8 million to the Council to administer the business support grant scheme followed by a further £0.422m in June - £24.222 million in total.

To the end of June (P3) £21.940 million has been paid to local businesses through the first round of grants which was only available to companies on the rating list at mid-March 2020.

The Government subsequently announced an extension to the scheme (up to £1.156 million) 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. To date over £0.800million has been paid.

Any residual unallocated funds when the scheme ends on 28 August are to be repaid to Government. These funds are administered on an 'agency' basis for Government therefore the grants have no impact on Council budgets other than receipt of a £0.130 million grant towards the costs of administering the scheme.

#### COVID-19 - 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 in 2021/22 onwards.

The main risks to income levels relate to the ability of households and businesses to pay their taxes during a post-COVID-19 economic downturn. Over the short-term the Government has provided £0.737 million additional hardship funding for council taxpayers and £19.391 million additional business rates reliefs which have mitigated many of the immediate impacts. Over the medium to longer term it is difficult at present to forecast the impacts on collection rates. The Government has announced that recovery of 2020/21 Collection Fund deficits can be spread over three financial years and has indicated that funding may be made available to offset some of this loss but the details are yet to be confirmed.

At the July 2020 MHCLG return the forecast risk to the Collection Fund from COVID-19 was £10.137 million, comprising £3.4 million in potential business rate bad debts and £6.2 million council tax losses. However the actual position will not be known until much later in the year.

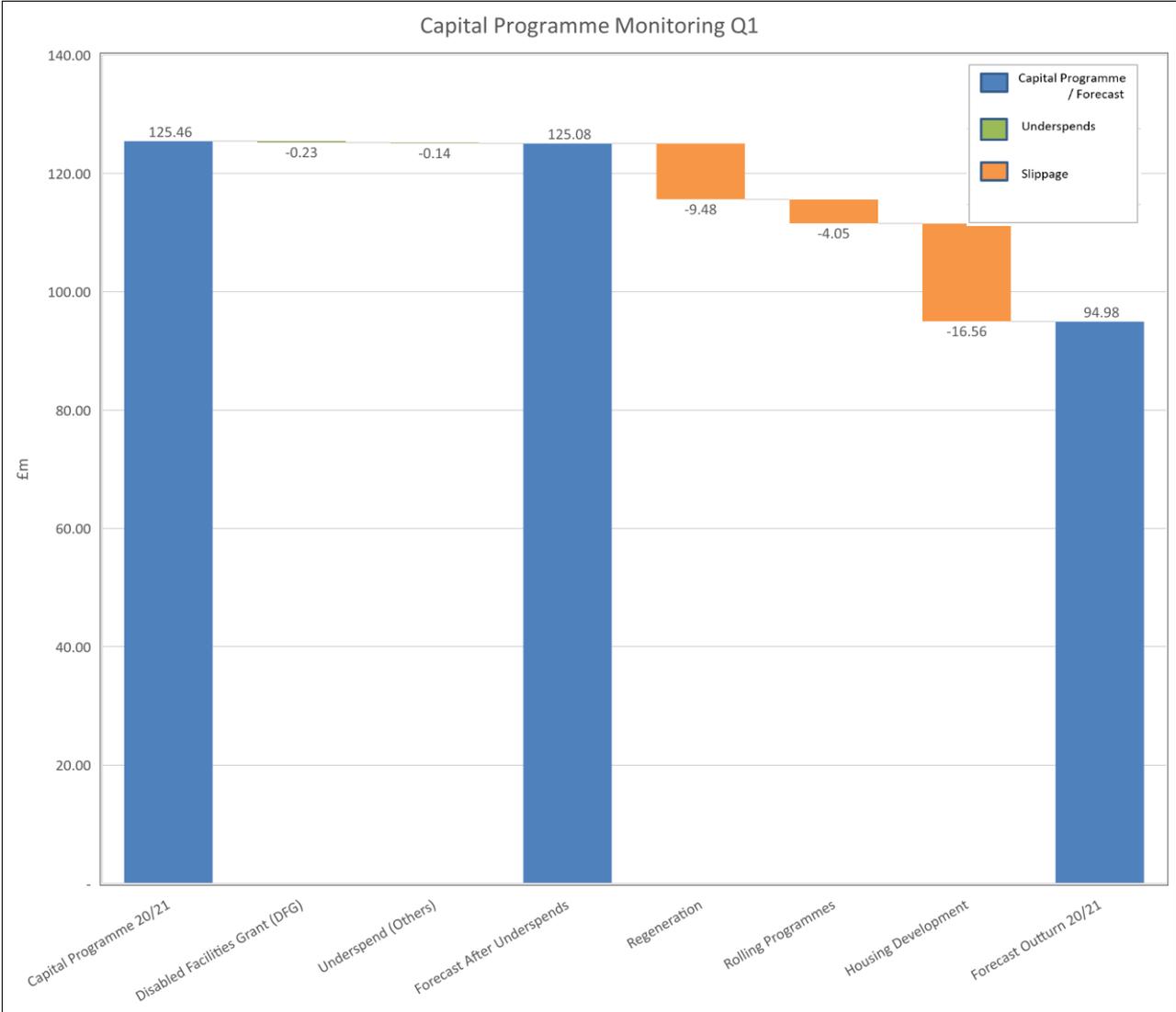
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**Summary**

Forecast Full Year expenditure against the Capital Programme at the end of Quarter 1 is £94.98m which is £30.48m (24%) below the approved Programme for the year. The variance is as a result of £30.10m slippage and a £0.38m net underspend as set out below.

**Headline Capital Budget Information, Quarter 1 2020/21**

	£m
<b>Current Budget (Annex 1):</b>	<b>125.46</b>
Projected Net Underspend	(0.38) (or 0.3% of Programme).
Projected Slippage	(30.10) (or 24% of Programme)
<b>Forecast Capital Expenditure</b>	<b>94.98</b>



## Underspends

Disabled Facilities Grant (DFG)	<b>(£0.23m underspend)</b> - 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.
<b>Underspend (others)</b>	<b>Handy Person Scheme</b> (£0.04m underspend) - COVID-19 has resulted in fewer applications being received and progressed for Small Works Grants and Loans than might otherwise be expected.
	<b>Vibrant Towns &amp; Villages</b> (£0.08m 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.
	<b>Play Area Improvement Programme</b> - minor overspend of £0.01m.

## Slippage

<b>Regeneration</b>	<b>Marketfield Way</b> (£8.43m slippage) - Slippage due to the extended period of time it has taken to conclude the build contract and in securing all necessary consents.
	<b>Preston Regeneration</b> (£0.23m slippage) - Chetwode Road Highways scheme - some delay in securing all the necessary consents for the scheme, main contractor now secured to deliver the project and works will be completed this financial year. Slippage due to remaining project priorities currently being discussed with local members and Portfolio Holder to be delivered next financial year.
	<b>Horley Public Realm Improvements - Phase 4</b> (£0.08m slippage) - Slippage due to capacity within the team. Team now in place to deliver project.
	<b>Merstham Recreation Ground</b> (£0.74m 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)
<b>Rolling Programmes</b>	<b>Beech House, London Road. Reigate</b> (£3.0m 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.
	<b>Priory Park Maintenance</b> (£0.20m 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 us the ability to review the overall contract and capital outlay.
	<b>Car Parks Capital Works</b> (£0.18m 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.
	<b>Tenanted Properties</b> (£0.10m slippage) - Park Farm Depot. Break clause initiated by the Council. Works to be completed in line with the planned Greenspaces occupation. Detailed survey to be carried out.
	<b>Council Offices Programme</b> - (£0.16m slippage) - Boilers and plant completed. Air conditioning, external decoration and roof works delayed to 2021/22 due to limited resources and contractor/equipment availability due to COVID-19
	<b>Earlswood Depot/Park Farm Depot-</b> (£0.06m 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 <u>occupation schedule</u> .
	<b>Unit 61E, Albert Road North</b> (£0.06m slippage) - Roadway maintenance. Currently on hold pending a review of the Council's position as a whole on Albert Road North .
	<b>Cemeteries &amp; Chapel</b> (£0.04m slippage) - Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.

<b>Housing Development</b>	<b>Lee Street Bungalows</b> - (£0.26m slippage forecast). Project timing has slipped due to delays on other projects.
	<b>Cromwell Road Development</b> - (£4.23m slippage forecast) Spend profile changed following contract signature - slightly behind original profiled schedule
	<b>Unit 1 Pittwood Park Tadworth</b> (£2.33m slippage forecast) - Spend profile changed following contract signature - slightly behind original profiled schedule
<b>Housing Delivery</b>	Housing Delivery (£10m Capital allocation - 2020/21) - (£9.74m slippage forecast). £0.26m 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.
<b>Commercial Investments</b>	£64m balance is currently available of the original £75m allocated capital funding (2019/20 - 2020/21) 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 £1.03m 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; therefore the current assumption is that all funds will be invested.

## Reconciliation of Capital Programme to Approved Budgets 2020/21

	<b>£m</b>	
<b>Original Capital Programme Budget 2020/21</b>	96.10	
Budget approved but not yet released	-	
	<hr/>	
	96.10	
<b>Additions</b> (detailed at Annex 2)		
Carry Forwards from Previous Year (2019/20)	29.49	
Additional Approvals In Year	0.07	Additional in-year Corporate Plan Delivery (CPDF) funding of £67,850 was approved during the COVID-19 pandemic to fund the Microsoft Teams implementation and Zoom license to improve corporate collaborative working and
Reprofiling of projects	(0.55)	Fleet replacement budgets 2020 to 2025 reprofiled.
Other Changes	0.35	New Capital Grants: Flexible Homelessness Support Grant 2020/21
Revenue Contribution to Capital	-	
<b>Current Capital Budget</b>	<hr/> <b>125.46</b> <hr/>	

## Capital Programme Monitoring: Summary by Project 2020-21

## Quarter 1

Project	Original Capital Programme 20/21 £m	Approved Budgets Not Released £m	Carry Forwards £m	Additional Approvals In Year £m	Reprofiled £m	Revenue Contribution to Capital (RCC) £m	Other Changes £m	Current Capital Programme 20/21 £m	Actuals to Date (P3) £m	Forecast Year End Outturn £m	Forecast Year End Variance £m	Explanation of Significant Variances
Horley Public Realm Improvements - Phase 4	0.100	0.000	0.000	0.000	0.000		0.000	0.100	0.000	0.020	(0.080)	Slippage due to capacity within the team. Team now in place to deliver project.
Marketfield Way Redevelopment	18.859	0.000	3.821	0.000	0.000		0.000	22.680	1.341	14.251	(8.429)	Slippage due to the extended period of time it has taken to conclude the build contract and in securing all necessary consents.
Preston - Regeneration	0.362	0.000	0.421	0.000	0.000		0.000	0.783	0.000	0.550	(0.233)	Some delay in securing all the necessary consents for the Chetwode Road highways scheme. Main contractor now secured to deliver the project and works will be completed this financial year. Slippage due to remaining project priorities currently being discussed with local members and Portfolio Holder to be delivered next financial year
Merstham Recreation Ground	0.700		0.094	0.000	0.000		0.000	0.794	0.001	0.053	(0.741)	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)
<b>Regeneration</b>	<b>20.021</b>	<b>0.000</b>	<b>4.336</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>24.356</b>	<b>1.342</b>	<b>14.874</b>	<b>(9.482)</b>	
Leisure Centre Maintenance	0.030	0.000	0.007	0.000	0.000		0.000	0.037	0.000	0.030	(0.007)	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	0.040	0.000	0.013	0.000	0.000		0.000	0.053	0.007	0.040	(0.013)	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	0.226	0.000	0.000	0.000	0.000		0.000	0.226	0.003	0.234	0.008	Replacement of Nork Park and Petridgewood Common play equipment - also capital replacement of individual pieces of play equipment in various sites across the borough.
Parks & Countryside - Infrastructure & Fencing	0.045	0.000	0.000	0.000	0.000		0.000	0.045	0.000	0.045	0.000	Various civil works, including footpath, track and car park resurfacing, replacement of fencing and gates and sites across the borough
Harlequin Facilities Maintenance	0.040	0.000	0.000	0.000	0.000	0.000	0.000	0.040	0.004	0.040	0.000	Budget is used for facilities maintenance at the Harlequin.
Harlequin - Service Development	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.100	0.000	0.040	(0.060)	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 are now subject to review.
Priory Park Maintenance	0.198	0.000	0.030	0.000	0.000	0.000	0.000	0.228	0.025	0.025	(0.203)	Pistaccios 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 us the ability to review the overall contract and capital outlay.
<b>Leisure and Culture</b>	<b>0.679</b>	<b>0.000</b>	<b>0.050</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.729</b>	<b>0.038</b>	<b>0.454</b>	<b>(0.275)</b>	
Lee Street Bungalows	0.234	0.000	0.387	0.000	0.000		0.000	0.621	0.002	0.365	(0.255)	Project timing has slipped due to increased work on other projects.
64 Massetts Road	0.000	0.000	0.014	0.000	0.000		0.000	0.014	0.000	0.014	0.000	Planned spend for external works to the building in 2020/21.
Cromwell Road Development	3.680	0.000	5.690	0.000	0.000		0.000	9.370	0.007	5.138	(4.232)	Spend profile changed following contracts being signed slightly behind original profiled schedule
Unit 1 Pitwood Park Tadworth	1.745	0.000	4.165	0.000	0.000		0.000	5.910	0.640	3.577	(2.333)	Spend profile changed following contracts being signed slightly behind original profiled schedule
Housing Delivery	10.000	0.000	0.000	0.000	0.000		0.000	10.000	0.000	0.260	(9.740)	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.
<b>Housing Development</b>	<b>15.659</b>	<b>0.000</b>	<b>10.255</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>25.914</b>	<b>0.649</b>	<b>9.353</b>	<b>(16.561)</b>	

## Capital Programme Monitoring: Summary by Project 2020-21

## Quarter 1

Project	Original Capital Programme 20/21 £m	Approved Budgets Not Released £m	Carry Forwards £m	Additional Approvals In Year £m	Reprofiled £m	Revenue Contribution to Capital (RCC) £m	Other Changes £m	Current Capital Programme 20/21 £m	Actuals to Date (P3) £m	Forecast Year End Outturn £m	Forecast Year End Variance £m	Explanation of Significant Variances
Fleet Vehicle Wash-Bay Replacement	0.350	0.000	0.000		0.000		0.000	0.350	0.000	0.350	0.000	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	0.050	0.000	0.030		0.000		0.000	0.080	0.001	0.020	(0.060)	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
<b>Waste Management and Recycling</b>	<b>0.400</b>	<b>0.000</b>	<b>0.030</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.430</b>	<b>0.001</b>	<b>0.370</b>	<b>(0.060)</b>	
Land Flood Prevention Programme	0.006	0.000	0.011	0.000	0.000		0.000	0.017	0.000	0.017	0.000	This funding is for ditch clearance, drainage and swale works
Air Quality Monitoring Equipment	0.108	0.000	0.050	0.000	0.000		0.000	0.158	0.005	0.158	0.000	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	0.030	0.000	0.000	0.000	0.000		0.000	0.030	0.000	0.000	(0.030)	This is an emergency contingency budget to be used in exceptional circumstances. There are no plans to use the budget at this time.
<b>Environment</b>	<b>0.144</b>	<b>0.000</b>	<b>0.061</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.205</b>	<b>0.005</b>	<b>0.175</b>	<b>(0.030)</b>	
Handy Person Scheme	0.050	0.000	0.000	0.000	0.000		0.000	0.050	0.003	0.010	(0.040)	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 (Surrey County Council) Grant	0.120	0.000	0.000	0.000	0.000		0.000	0.120	0.030	0.120	0.000	The project cost is based on fixed contract price, therefore no cost variation expected.
Disabled Facilities Grant (DFG)	1.134	0.000	0.000	0.000	0.000		0.000	1.134	0.189	0.900	(0.234)	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 months, 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.
Repossession Prevention Fund	0.030	0.000	0.012	0.000	0.000		0.000	0.042	0.018	0.042	0.000	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.
Flexible Homelessness Support Grant	0.000	0.000	0.000	0.000	0.000		0.350	0.350	0.028	0.350	0.000	Funds are used to prevent homelessness predominantly by providing interest free loans to applicants to cover rent in advance, as such expenditure is not at a consistent value throughout the year.
Capital Grants	0.000	0.000	0.020	0.000	0.000		0.000	0.020	0.000	0.020	0.000	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. Further update will be provided in Qtr.2 report.
<b>Capital Grants</b>	<b>1.334</b>	<b>0.000</b>	<b>0.032</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.350</b>	<b>1.716</b>	<b>0.268</b>	<b>1.442</b>	<b>(0.274)</b>	
Workplace Facilities: Estate/Asset Development	0.250		0.000	0.000	0.000		0.000	0.250	0.000	0.250	0.000	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: additional IT requirement for increase in workforce.	0.030	0.000	0.000	0.000	0.000		0.000	0.030	0.000	0.030	0.000	Funding used for deployment of new laptops for new members of staff, which has seen an increase since the beginning of the year.
<b>Organisational Change</b>	<b>0.280</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.280</b>	<b>0.000</b>	<b>0.280</b>	<b>0.000</b>	

## Capital Programme Monitoring: Summary by Project 2020-21

## Quarter 1

Project	Original Capital Programme 20/21 £m	Approved Budgets Not Released £m	Carry Forwards £m	Additional Approvals In Year £m	Reprofiled £m	Revenue Contribution to Capital (RCC) £m	Other Changes £m	Current Capital Programme 20/21 £m	Actuals to Date (P3) £m	Forecast Year End Outturn £m	Forecast Year End Variance £m	Explanation of Significant Variances
Vehicles & Plant Programme	3.162	0.000	0.087	0.000	(0.554)		0.000	2.695	1.371	2.695	0.000	2020/21 Tranche 2 of the fleet replacement project is complete, all vehicles have been delivered and are in service. 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.
ICT Replacement Programme	0.225	0.000	0.126	0.068	0.000		0.000	0.419	0.206	0.419	(0.000)	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 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
ICT - Disaster Recovery	0.000	0.000	0.018	0.000	0.000		0.000	0.018	0.001	0.018	0.000	Carry forward Budget from 2019/20 to cover ICT disaster recoveries.
Council Offices Programme	0.115	0.000	0.140	0.000	0.000			0.255	0.014	0.095	(0.160)	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	0.075	0.000	0.013	0.000	0.000		0.000	0.088	0.003	0.075	(0.013)	Realigned to work in conjunction with the community centre task force and its proposals for re-opening.
Existing Pavilions Programme	0.090	0.000	0.000	0.000	0.000		0.000	0.090	0.000	0.090	0.000	Upgrades of facilities to be carried out as proposed.
Commercial Investment Properties	0.050	0.000	0.026	0.000	0.000		0.000	0.076	0.002	0.050	(0.026)	Post COVID-19 identified essential works..
ITP-structure (walls)	0.055	0.000	0.049	0.000	0.000		0.000	0.104	0.000	0.055	(0.049)	Reinstatement of surveys and reprogramming surveying inspections that were on hold during the COVID-19 lockdown.
Car Parks Capital Works Programme	0.190	0.000	0.180	0.000	0.000		0.000	0.370	0.000	0.190	(0.180)	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	0.005	0.000	0.040	0.000	0.000		0.000	0.045	0.000	0.020	(0.025)	High Street Banstead completed, Consort Way Horley rescheduled to 2021/22.
Cemeteries & Chapel	0.040	0.000	0.000	0.000	0.000		0.000	0.040	0.000	0.000	(0.040)	Planned external decorations to chapel suspended during COVID-19. Contractors assigned to essential works only.
Allotments	0.014	0.000	0.004	0.000	0.000		0.000	0.018	0.000	0.014	(0.004)	Minor works required with planned maintenance work in 2021/22.
Woodmansterne sports club	0.000	0.000	0.020	0.000	0.000		0.000	0.020	0.000	0.000	(0.020)	Closed due to COVID-19. Further liaison required with the external tenant with access by agreement from the occupant .
Beech House, London Road, Reigate	3.000	0.000	0.000	0.000	0.000		0.000	3.000	0.000	0.000	(3.000)	£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 are with AIG due to COVID-19. The service is reviewing the overall deal and will recommend a course of action to the Commercial Venture Board
Tenanted properties - occupied by third-parties -planned building maintenance	0.100	0.000	0.000	0.000	0.000		0.000	0.100	0.000	0.000	(0.100)	Park Farm Depot. Break clause initiated by RBBC. Works to be completed in line with the greenspaces occupation. Detailed survey required.
Crown House	0.075	0.000	0.000	0.000	0.000		0.000	0.075	0.000	0.075	0.000	Works to be completed this financial year
Units 1-5 Redhill Distribution Centre. Salfords	0.040	0.000	0.000	0.000	0.000		0.000	0.040	0.000	0.000	(0.040)	COVID-19 delays caused by contractor availability. Non essential works were re-programmed during the level 4 lockdown enforcements. Access, travel, social distancing.
Linden House , 51b High Street, Reigate	0.017	0.000	0.000	0.000	0.000		0.000	0.017	0.000	0.017	0.000	Works to be completed this financial year
Unit 61E, Albert Road North	0.055	0.000	0.000	0.000	0.000		0.000	0.055	0.000	0.000	(0.055)	Roadway maintenance. On hold, reviewing Council's position as a whole on Albert Road North .
Forum House, Brighton Road, Redhill	0.070	0.000	0.000	0.000	0.000		0.000	0.070	0.000	0.070	0.000	Works to be completed this financial year
Regent House	0.025	0.000	0.000	0.000	0.000		0.000	0.025	0.000	0.025	0.000	Works to be completed this financial year
Reading Arch Road - (acquisition of units 3, 6, 8 and 20 Reading Arch Road)	0.000	0.000	0.000	0.000	0.000		1.029	1.029	1.029	1.029	0.000	Acquisition of units 3, 6, 8 and 20 Reading Arch Road
Building Maintenance – consultancy/capitalised staff costs.	0.050	0.000	0.000	0.000	0.000		0.000	0.050	0.000	0.050	0.000	Consultancy, essential to the delivery of the 2021/22 schedule
CCTV Rolling Programme	0.030	0.000	0.049	0.000	0.000		0.000	0.079	0.001	0.079	0.000	Outturn dependent on outcome of CCTV review, Member consideration of which has been delayed by the COVID-19 emergency response.

## Capital Programme Monitoring: Summary by Project 2020-21

Quarter 1

Project	Original Capital Programme 20/21 £m	Approved Budgets Not Released £m	Carry Forwards £m	Additional Approvals In Year £m	Reprofiled £m	Revenue Contribution to Capital (RCC) £m	Other Changes £m	Current Capital Programme 20/21 £m	Actuals to Date (P3) £m	Forecast Year End Outturn £m	Forecast Year End Variance £m	Explanation of Significant Variances
Vibrant towns & villages	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.100	0.000	0.020	(0.080)	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.
<b>Rolling Programmes</b>	<b>7.583</b>	<b>0.000</b>	<b>0.751</b>	<b>0.068</b>	<b>(0.554)</b>	<b>0.000</b>	<b>1.029</b>	<b>8.877</b>	<b>2.627</b>	<b>5.086</b>	<b>(3.792)</b>	
Commercial Investments	50.000	0.000	13.977	0.000	0.000	0.000	(1.029)	62.948	0.000	62.948	0.000	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.
<b>Commercial Investments</b>	<b>50.000</b>	<b>0.000</b>	<b>13.977</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(1.029)</b>	<b>62.948</b>	<b>0.000</b>	<b>62.948</b>	<b>0.000</b>	
<b>Total Capital Budget</b>	<b>96.100</b>	<b>0.000</b>	<b>29.491</b>	<b>0.068</b>	<b>(0.554)</b>	<b>0.000</b>	<b>0.350</b>	<b>125.455</b>	<b>4.930</b>	<b>94.982</b>	<b>(30.474)</b>	<b>(24.29%)</b>

# Agenda Item 7



<b>SIGNED OFF BY</b>	Mari Roberts Wood, Acting Chief Executive
<b>AUTHOR</b>	Abi Vine, Performance Officer Tom Borer, Policy Officer
<b>TELEPHONE</b>	Tel: 01737 276609
<b>EMAIL</b>	abi.vine@reigate- banstead.gov.uk
<b>TO</b>	Overview & Scrutiny Committee
<b>DATE</b>	10 September 2020
<b>EXECUTIVE MEMBER</b>	Cllr Lewanski, Executive Member for Corporate Direction and Governance

<b>KEY DECISION REQUIRED</b>	No
<b>WARDS AFFECTED</b>	All (All Wards);

<b>SUBJECT</b>	Five Year Plan Performance Report 2019/20
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## RECOMMENDATIONS

- To note the progress during the final year of the Council's 2015-2020 Five Year Plan priorities, as set out in the report, and to make any observations.**

## EXECUTIVE SUMMARY

2019/20 represented the final year of the Council's 2015-2020 Five Year Plan, which commenced in 2015-16.

A new plan for the period 2020-2025 has now been adopted, so this report provides the final progress annual report for the 2015-2020 plan, covering the period 1 April 2019 to 31 March 2020.

As a high performing organisation, the Council developed the 2015-2020 Five Year Plan in order to identify its vision and objectives over the medium term period. The plan sought to ensure that the Council continued to meet the needs and aspirations of our residents and Members, whilst overcoming the challenges (particularly financial) facing the organisation, and the wider local government sector, over the plan period.

# Agenda Item 7

From April 2020, Reigate and Banstead 2025 (as adopted by Council on 16 January 2020) will provide the framework for Council activity. Performance against the new Plan will be reported on an annual basis as the plan progresses.

## STATUTORY POWERS

1. There is no statutory requirement for the council to produce a five year plan or Corporate Plan.
2. The Council adopted its 2015-2020 Corporate Plan to set out the vision and priorities that would guide its service and financial plans. This is consistent with a best practice adopted by many organisations, in both the public and private sector.

## BACKGROUND

3. The Reigate & Banstead 2015-2020 Corporate Plan was adopted five years ago as a result of substantial research and consultation. The core purpose of the plan was to put into action what is important to our residents, who should be at the heart of everything we do. The plan has ensured that our work and resources have been directed towards the issues that matter the most to our residents. The plan has covered a challenging time for the Council, as central funding for local authorities has been taken away, whilst the need to support our communities has continued. Despite this context, the plan was ambitious in its goals and was supported by sound financial management, smart ways of working, and dedicated staff.
4. The plan is organised around three key themes:
  - People, supporting residents to enjoy healthy and happy lifestyles;
  - Place, a great place to live and work; and
  - Organisation, a great council.
5. This report represents the final report into progress in delivering the 2015-2020 corporate plan.
6. Looking to the future, the Council has now adopted an updated Corporate Plan, Reigate & Banstead 2025, covering the period 2020-2025. In a similar way to this plan, the new plan explains the Council's priorities for the next five years, and how we will deliver services to those living, working and spending time in the borough. The new plan has been developed looking at local evidence, resident feedback, and what has changed and is likely to change in the borough in the five years. We will continue to report on the progress of the new plan, with the first progress report to come this time next year.
7. Additional information on how the progress on delivering the 2015-2020 Corporate Plan and the challenges faced by the Council were considered and taken into account in developing the 2020-25 Corporate Plan is set out in Annex 1 to this report.
8. The current situation around the COVID-19 pandemic has clearly had a significant impact on many people, and may continue to do so for some time. Matters such as unemployment levels, exercise and leisure, and many businesses will likely be influenced by this for an extended period. The Council has been heavily engaged in

the local response to the situation. Detail about the Council's role in the COVID-19 response and recovery has been reported elsewhere.

9. Notwithstanding the Council's response to the COVID-19 pandemic, this report provides an update of the progress we as a Council have made during the last, and final year of the Reigate & Banstead 2015-2020 Corporate Plan.

## KEY INFORMATION

### **PEOPLE – Supporting residents to enjoy healthy and happy lifestyles**

10. This section sets out a summary of the performance during 2019/20 under our People priority area. Our priorities have been to support residents into employment, provide great services to help older people stay independent, encourage healthy lifestyles through use of our leisure centres and open spaces, and help keep our communities safe. We have also provided a broad range of support across areas such as homelessness, benefits payments, dealing with anti-social behaviour, money support and community development.

Across our plan priorities:

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

11. Employment levels have been at record highs nationally, and this has been reflected in the borough, with metrics consistently exceeding national averages. The Council's Family Support Programme has helped families with complex needs find employment opportunities that work for them, and the Council has provided additional direct opportunities for over 250 people through our Workers scheme and apprenticeships. The current COVID-19 situation has evidently had an impact on many people, and we will be continuing to look at what action is needed locally and where we can help as we seek to deliver our 2020-2025 plan objectives.

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

12. The average age of residents in the borough has been going up, so we've been working to ensure that systems are in place to enable older people to stay active and access the services they need. These include subsidised leisure centre memberships, taxi vouchers and home improvements. We also operate social activities from the Harlequin Theatre and community centres around the borough, and work with our partners to support a range of sporting options, along with specific assistance for concerns such as dementia.
13. Participation and satisfaction figures for our leisure and community centres have remained on target in 2019/20, and we've updated our work with the voluntary sector to help different groups to coordinate effectively. Our website maintains an updated directory of available activities and services for older people.

# Agenda Item 7

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

14. We have continued to work, both directly and with partners, to ensure that all residents have access to high quality leisure centres and open spaces. Leisure centre visits have remained at a consistently high level of over 1.2 million annually, whilst parks across the borough have continued to be popular for both individual activities and a range of events.
15. The use of our sites and facilities has been supported by the Wellbeing Prescription Service, which is operated in partnership with NHS East Surrey and Surrey Downs Clinical Commissioning Groups, Tandridge District Council and Surrey County Council. Its wellbeing advisors offer expert advice and direct local people to services to assist their wellbeing and help them maintain healthy lifestyles. User feedback from the service has been very positive.

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

16. The Council was nominated for a Surrey Tackling Anti-Social Behaviour award in 2019, reflecting the work of our Community Development Workers in supporting and developing the strengths of our communities. The JET team have also worked to reduce anti-social behaviour through updated patrol arrangements and a focus on identified hotspots.
17. We have also continued to work with the East Surrey Community Safety Partnership to raise awareness around and help to reduce serious organised crime, domestic abuse and other concerns such as modern slavery and preventing terrorism. Coordination between community development workers, the JET team, and other Council services and agencies has helped us to continue to support safer communities and protect our most vulnerable residents.
18. Other notable areas of activity across the people theme have included:
  - a. The wellbeing prescription programme has grown by more than 25% to support over 2500 people within the standard service during 2019/20 and another 260 people accessed the Plus service. The majority of people accessing the service were able to reduce their need for GP appointments following intervention, and in the fourth quarter 98.2% of users reported that they found the service useful or very useful.
  - b. The leisure centre contract performance in 2019/20 continued to be on target, as demonstrated by monthly performance reports from (GLL) Greenwich Leisure Limited, covering areas such as customer satisfaction, health and safety and usage figures. During 2019 there were over 1.2 million visits to the council's three centres. A large focal point is to promote the health and wellbeing of our residents. This was important to the community based on results from a 2019 survey.
  - c. The Family Support Programme supports families with complex and multiple needs, particularly around Education, Employment, Crime and Anti-Social Behaviour, Children's Services, Domestic Abuse and Health. Quantitative data shows that all families show improvement with the average change being 59%. This is 7% higher than average. The family feedback shows that 79% of families feel their lives have improved as a result of our intervention, with 95.4% rating the service they receive from the team as Good or Excellent.

- d. The Council's Refugee Resettlement continues to support 10 households within the borough, 4 of which joined in 2019. The households consist of 20 adults and 15 children. 3 of the adults are in paid employment, 5 are engaged in volunteering activities, and 5 are undertaking training for future employment. All 15 children are in full time education.
- e. The Money Support team supports families and individuals to help people save money, avoid debt and maximise their income. In 2019 we supported an additional 122 families which resulted in £13,331 of overall debt cleared.
- f. The Council helps around 7,000 households in the borough with help through Housing Benefit (£32m) and Council Tax Support (£7m)
- g. The Revenue and Benefits service collect £119.5m of Council Tax per year from 61,585 households. Our collection rate is one of the best in England and Wales at 99.10%
- h. This service has a forecast income totalling £378K in 2019/20 from external work such as providing high quality, and bespoke services around the areas that we do best – Council tax, business rates, debt recovery, benefits and fraud.
- i. The Council received 1105 approaches during 2019/20 relating to housing issues, of which 536 became homeless applications. Following casework, 339 cases (64 more than previous year) received positive outcomes (homelessness prevented) and the main housing duty (to secure affordable accommodation) was accepted for a further 72 cases.
- j. The Council also nominated 335 households from the waiting list to social housing vacancies whilst for the same period the waiting list grew from 841 households to 884 households. Just over 700 households made unsuccessful applications to join the housing register. Throughout the year the average number of households living in B&B accommodation was 19 (up average of 2 on previous year).
- k. Through the successful detection of fraud, in 2019/20 the fraud team made savings of £786,065.04. Due to high performance that had secured a measurable impact on fraud prevention and detection, the Council won the "Excellence in counter fraud" award at the Institute of Revenues Rating and Valuation (IRRV) annual ceremony in 2019.
- l. The establishment of a team of Community Development Workers supporting and developing the strengths of our communities has resulted in us being nominated for a Surrey Tackling Anti-Social Behaviour Award in 2019.

## **PLACE – A great place to live and work**

19. This section sets out a summary of the performance during 2019/20 under our Place priority area. Our priorities have been to encourage existing and new businesses in the borough, ensure our towns and public spaces are clean and attractive, and establish a DMP reflecting the needs of the borough. We have also provided a broad range of support across areas such as planning, refuse and recycling, parking enforcement and environmental health.

Across our plan priorities:

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

20. Businesses in the borough have continued to support local prosperity and offer jobs for local people. As identified above, employment levels have remained above national and regional levels, and business survival rates have been similarly strong. Since the start of the plan, the number of businesses in the borough grew by over 25%.
21. We have been continuing to encourage local businesses through providing advice, networking and grants to local businesses, including the first ever Reigate & Banstead Business Awards event in June 2019. Although falling outside this reporting period, with the recent COVID-19 concerns for businesses, we have been helping to provide additional support through business support grants and business rates relief, which we were one of the fastest authorities in the country to process.

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

22. The cleanliness and quality of town centres and public spaces has consistently been ranked as an important factor for residents, and we have maintained our efforts to ensure that they continue to meet to the expected standards.
23. Recent efforts have included the completion of our compulsory purchase order and commencement of enabling works at Marketfield Way which will help the Council to bring forward its mixed use leisure scheme in Redhill town centre; completion of a comprehensive upgrade to Horley's pedestrian precinct; improvements to Preston Park, including path resurfacing and a new outside gym; and the installation of new playground equipment in Priory Park.

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

24. The new DMP was approved and adopted early in the year. This set out plans to enable appropriate development for homes and businesses, whilst managing activity to ensure that the borough retains its character and qualities. A review of the Local Plan Core Strategy was also conducted and was determined in July to remain up to date, supporting development management in the borough remaining plan-lead and reflective of local conditions.
25. These key elements have been supported by the adoption of the Local Enforcement Plan, providing certainty around planning enforcement, and the development of additional supplementary planning documents and guidance to help inform developers and encourage best practice.
26. Other notable areas of activity across the place theme have included:
  - a. The Community Infrastructure Levy has started successfully operating since 2016 and has generated millions of pounds from new development to be spent on new

- and improved infrastructure within the Borough, including schools, roads, green spaces and community facilities.
- b. The DMP replaced the remaining 2005 Borough Local Plan, some policies of which dated back to 1994. This means applications are determined against an up-to-date policy base giving greater certainty and allowing for better results from development, such as realistic parking, more affordable housing and better environmental and sustainability measures. A recent review of our Core Strategy has allowed our Local Plan to remain up to date, enabling the Council to keep control over development, its housing needs and as a result remaining a plan-led authority.
  - c. We have adopted The Local Enforcement Plan, which sets out how planning breaches will be considered and against what timeframe, giving certainty and accountability for residents and developers.
  - d. Home building is consistently meeting annual targets, indicating that local planning policy and development control are working effectively to meet requirements.
  - e. The new Housing Delivery Strategy was adopted by the Executive in December 2019, and projects at Cromwell Road, Pitwood Park and Lee Street all received approval to progress in February 2020.
  - f. The first ever Reigate & Banstead Business Awards event was held in June 2019. The event succeeded in celebrating the vibrancy of our local economy and raising the profile of the Council's work to support local business. The event attracted 57 nominations across 8 categories. More than 100 business guests attended and almost £3,500 was raised for charities Stripey Stork and George & the Giant Pledge.
  - g. Our highly successful Business Support Grant programme has continued to provide up to £1,000 to businesses wishing to start, develop or grow in the Borough. The Business Support Grants programme has supported more than 250 local small businesses since it was launched in 2013 (more than £250k in total). Follow-up research completed in 2019 has found that the funding helps businesses to improve productivity, grow their customer base/ turnover and take on more employees (32% of recipients have gone on to employ new staff - equating to an additional 96 employees plus contract staff).
  - h. In 2019-2020, the Council paid out £265,000 in funding to over 30 local voluntary and community organisations.
  - i. The Council has awarded £14,000 in grants to 7 local organisations. The latest organisations to receive funding are Sight for Surrey, Princess Alice Hospice and Age Concern Merstham, Reigate and Redhill, who have each received between £1500 and £2500. Their projects include communication classes for the visually impaired in Redhill, and a community allotment in Banstead.
  - j. Our annual Big Bang Careers Fair, held at the Harlequin, provides local pupils with a fun and informative way of finding out where their STEM studies can lead them. In 2019, the Big Bang Careers Fair welcomed more than 600 students from local schools with 15 local employers to inspire the next generation of talent.
  - k. The fleet of vehicles delivering the Council's domestic refuse collection is now being refurbished and replaced. The new and updated vehicles are more reliable and efficient, and we've also been implementing the use of electric bins lifts to further reduce fuel usage. As the service has been working to extend its recycling service to an additional 4000 flats, it is important that our fleet is as efficient and cost effective as it can be.

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## **ORGANISATION – A great organisation**

27. This section sets out a summary of the performance during 2019/20 under our Organisation priority area. Our priorities have been to be financially self-sufficient without impacting our residents' priorities, communicate and engage with our residents and businesses, increase the value of and income from Council assets, and maximise the potential of our staff. We have also continued to promote transparency and openness, efficient practices, and moved towards environmental sustainability.

Across our plan priorities:

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

28. As the Council now receives no direct central government funding, and continues to face increased demands for local services, remaining financially self-sufficient in presents a considerable challenge.
29. Revenue budget expenditure in 2019/20 was £15.4 million. This was less than the allocated budget for the year of £17.5 million, with an underspend greater than the allocated use of reserves, due significantly to in-year savings and increased income. As such, the Council was therefore able to operate financially self-sufficiently last year.
30. However, with the Council now receiving less than 70p for every £1 it received per resident in 2010 from regular funding, allowing for inflation, maintaining services will need to be supported through efficient operating, maximisation of the value of Council assets and an effective approach to commercial and investment activity.

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

31. Work has been continuing to enhance our engagement with the community and improve the customer experience. We have expanded our digital and social media offerings, including the roll-out of an individual focussed tool (My Reigate & Banstead) whilst maintaining the availability of more traditional engagement routes.
32. The My Reigate & Banstead Account for residents offers a one-stop-shop for most services, and the number of users continues to grow. Increased webcasting of meetings, and the introduction of Facebook Live Q&As with the Leader have also helped increase openness and accessibility.

### **We will increase the value of, and income derived from, the Council's properties and assets**

33. When the Five Year Plan 2015-2020 came into effect in 2015, the Council generated £1.3 million annually from property and assets. Income from property and assets in 2019/20 was assessed at over £3.5 million, representing an increase of over 175%.
34. The Council has developed a new capital investment strategy, and will need to continue to maximise the return on its assets, whilst maintaining benefits to the local

community and economy, in order to support the delivery of future services. The new Commercial Ventures Executive Sub-Committee has been taking a lead role in overseeing this work.

## **We will maximise the potential of our staff**

35. Over the period of the 2015-2020 Five Year Plan, the Council has developed its organisational culture and worked with all those in the organisation to establish its values. The Great People programme has sought to create a positive and supportive work environment and enable staff to perform to their best.

36. We have been an Apprenticeship Levy paying employer since 2017 and our 2019-20 budget to fund the Levy payment was £63,900. We accessed the fund to provide training and improvement opportunities via apprenticeships for new and existing employees and have been meeting our target to employ an average of at least 2.3% of staff as new apprentices.

We work in partnership with the Surrey District and Borough Councils to provide a shared generic training programme to upskill managers and employees. During 2019-20 nearly twice as many of these courses (204) were booked by our employees compared to other authorities which demonstrates our healthy and positive learning culture.

37. Whilst outside the period of the 2015-20 corporate plan, and therefore not strictly within this scope of this report, it should be noted that during the recent COVID-19 pandemic, our staff have had to adapt to a range of new ways of working under challenging circumstances, whilst continuing to deliver services to our residents.

38. Other notable areas of activity across the organisation theme have included:

- a. In 2019 the Council introduced paperless committee meetings with the implementation of tablets. It is a modernised integrated software approach, which in turn has reduced risks. Meetings now operate with members using a tablet provided by the Council. They have full access to all papers, and as the documents are encrypted, they are much more secure. The introduction of paperless meetings supports our emerging Environmental Sustainability Strategy.
- b. Results from a survey conducted on elected members found that 91% agreed that access to, and transparency of, supporting information and key policy documents (e.g. Annual Budget, Borough Local Plan etc.) has either improved or is easy with the tablet.
- c. 18 apprenticeships were live in 2019-20 within various teams across a range of different levels.
- d. Savings in the electoral budget after the boundary review has contributed to budget efficiency.
- e. 2019 saw the implementation of Windows 10, Office 365, new laptops for staff and an upgrade of the Windows server environment. By having secure and future proofed systems, we will enable staff to deliver their workload with fit for purpose technology.
- f. The multi-award-winning Graphical Information Systems (GIS) service hosting hundreds of internal datasets to over 120 users has contributed to speeding up decision-making and supporting service improvement. Customer satisfaction in the

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IT Service Desk has improved significantly since 2016, and remained at a high (80%) confirmed satisfaction level in 2019/20.

## **NEXT STEPS FOR 2020-21 AND BEYOND**

39. The Council have adopted its new corporate plan for the period 2020-2025, 'Reigate & Banstead 2025'. This plan includes updated priorities under the themes of "People, Place and Organisation", based on consultation and engagement with residents, councillors and staff, progress in delivering the 2015-20 corporate plan and national and local policies and priorities.
40. New priorities include in relation to housing provision (with a new Housing Delivery Strategy having been agreed in December 2019) and environmental sustainability (with a new Environmental Sustainability Strategy agreed at Executive in July 2020).
41. Whilst the COVID-19 pandemic has meant that the focus for the first few months of 2020/21 have been on our emergency response, based on what we currently know it is considered that the objectives set out within Reigate & Banstead 2025 remain appropriate. The council continues to manage the COVID-19 emergency response and recovery with governance structures in place, including the Recovery Scrutiny Panel. However, in the short to medium term, consideration will need to be given to how we prioritise their delivery given current and ongoing resource diversion.

## **LEGAL IMPLICATIONS**

42. No direct legal implications have been identified regarding this report.

## **FINANCIAL IMPLICATIONS**

43. No direct financial implications have been identified regarding this report.

## **EQUALITIES IMPLICATIONS**

44. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
  - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between people who share those protected characteristics and people who do not;
  - Foster good relations between people who share those characteristics and people who do not.
45. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
46. There are no direct equalities implications of this report, however an awareness of the Council's obligations with respect to these duties should form part of the consideration of this report.

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47. The development of the Council's new corporate plan, Reigate and Banstead 2025, was supported by an Equality Impact Assessment, to assess its implications with regard to these duties. The new plan also sets out the Council's commitments to these duties more strongly, and consideration of these duties will form part of ongoing reporting against the performance of the plan.

## **COMMUNICATION IMPLICATIONS**

48. No direct communication implications have been identified regarding this report.

## **RISK MANAGEMENT CONSIDERATIONS**

49. In support of its corporate plan and service delivery, the Council has a robust risk management system in place with regular reports to Executive, Audit Committee, and Management Team.

## **CONSULTATION**

50. The material for this Five Year Plan performance report has come from the activities identified in service business plans for the reporting period noted above.

## **BACKGROUND PAPERS**

51. Corporate Plan 2015-20 - [http://www.reigate-banstead.gov.uk/download/downloads/id/610/our\\_5\\_year\\_plan\\_2015-20.pdf](http://www.reigate-banstead.gov.uk/download/downloads/id/610/our_5_year_plan_2015-20.pdf)
52. Borough Quality of Life Profile – 2018 - [http://www.reigate-banstead.gov.uk/download/downloads/id/5146/borough\\_quality\\_of\\_life\\_profile\\_2018.pdf](http://www.reigate-banstead.gov.uk/download/downloads/id/5146/borough_quality_of_life_profile_2018.pdf)
53. Reigate & Banstead 202 - [http://www.reigate-banstead.gov.uk/download/downloads/id/6014/rbbc2025\\_full\\_plan.pdf](http://www.reigate-banstead.gov.uk/download/downloads/id/6014/rbbc2025_full_plan.pdf)

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# Additional information: Five Year Plan Performance Report 2019/2020

## 1. Introduction

- 1.1 This Annex provides further information about how progress on delivering the 2015-2020 Corporate Plan (the subject of the main report) was taken into account in preparing the 2020-2025 Corporate Plan. The 2020-2025 Corporate Plan was adopted by Full Council in early 2020.
- 1.2 In developing the 2020-2025 Corporate Plan, consideration was given to:
  - a. National, sub-national and local challenges
  - b. Progress and experience in delivering the 2015-2020 plan (both positive and negative)
- 1.3 These things (as well as borough-level evidence in the Borough Profile and the outcomes of consultation and engagement) informed the final Plan. How they were taken into account was reported to Executive meetings and this Committee at the time<sup>1</sup>, but are also summarised below for ease of reference.

## 2. Challenges

- 2.1 In preparing the 2020-2025 Corporate Plan, some of the new challenges identified included:
  - a. Economic uncertainties associated with Brexit
  - b. Government plans for local authority funding reform and business rates reform
  - c. Ongoing challenges of housing affordability
  - d. The need for urgent action on climate change
  - e. Changes to national policy and legislation including in relation to industrial strategy, environment, housing and homelessness, planning and welfare reform
  - f. Changes at the sub-national level to how healthcare is planned and delivered and to how transport and economic development is funded
  - g. Financial challenges being faced by partner organisations
- 2.2 This resulted in the identification of some new objectives for the Council in the 2020-2025 Plan, including:
  - a. Housing
  - b. Environmental sustainability
  - c. Town and villages
- 2.3 Many of the challenges identified in 2019 have continue to evolve and new ones have arisen (e.g. Covid and Local Government Reorganisation). Therefore, it will be important that the Council continues to prepare annual reports to demonstrate its progress but to also highlight new challenges or threats and how we respond to these.

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<sup>1</sup> See reports to [Executive, March 2019](#); [Executive, July 2019](#); [O&S Committee, September 2019](#); [Executive, December 2019](#)

### **3. Learning from implementing the 2015-2020 Plan**

3.1 Much of what is in the new Corporate Plan represents an evolution from what is in the 2015-2020 one, reflecting the new challenges and borough-level evidence.

3.2 Areas where our experience in delivering the 2015-2020 Plan suggested a need to change our approach or emphasis included:

#### Supporting residents (particularly the vulnerable) into employment:

3.3 Our activity in delivering this 2015-2020 priority demonstrated that our most vulnerable residents need wider support than just 'getting into employment'. The new Plan therefore refers to the Council providing a much wider range of support - both in terms of targeted support for vulnerable residents, but also wider support for local communities.

3.4 Linked to this, the new Plan recognises that social isolation is not just an issue for older people but for all age groups.

#### Leisure and healthy lifestyles:

3.5 Delivery on this priority has been positive (as set out in the main report). However, local evidence, combined with our experience working with health partners, highlighted that we need to support both physical and mental wellbeing (as well as 'physical exercise').

3.6 This wider emphasis on wellbeing is therefore reflected in the new Plan.

#### Financial self-sufficiency:

3.7 The Council is still on the journey towards achieving financial self-sufficiency. This priority has therefore been carried forward into the new Plan in two new objectives – Financial Sustainability and Funding our Services. Delivery of these new objectives will be supported by the associated commercial governance structures now in place.

3.8 Linked to this, the 2015-2020 Plan talked about acquiring property assets outside the borough, which is something that the Council has not yet done. The new Corporate Plan adds clarity about acquisitions needing to be within our economic area.



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

<b>SIGNED OFF BY</b>	Interim Head of Finance
<b>AUTHOR</b>	Helen Stocker, Finance Manager
<b>TELEPHONE</b>	Tel: 01737 276568
<b>EMAIL</b>	helen.stocker@reigate-banstead.gov.uk
<b>TO</b>	Executive Overview & Scrutiny Council
<b>DATE</b>	Tuesday, 28 July 2020 Thursday, 10 September 2020 Thursday, 24 September 2020
<b>EXECUTIVE MEMBER</b>	Portfolio holder for Finance

<b>KEY DECISION REQUIRED</b>	Yes
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Treasury Management Outturn Report 2019/20
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<b>RECOMMENDATIONS</b>
<p><b>RECOMMENDATIONS:</b></p> <p>That Executive recommend to Council:</p> <ul style="list-style-type: none"> <li>(i) To note the Treasury Management Performance for 2019/20;</li> <li>(ii) To approve the outturn against the 2019/20 Prudential and Treasury Management Indicators and the Annual Treasury Management Report (Annex 1).</li> </ul>
<b>REASONS FOR RECOMMENDATIONS</b>
<p>This report confirms compliance with the requirements of the regulatory framework for treasury management.</p>

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The Council is required to receive and approve, as a minimum, three treasury reports each year, which incorporate relevant policies, estimates and actuals:

- (i) **Prudential and Treasury Indicators and Treasury Strategy** – sets the framework for treasury management activities in the following financial year. The Strategy for 2019/20 was received by Executive on 18 March 2019 and subsequently reported to Council for approval on 11 April 2019.
- (ii) **Mid-Year Treasury Management Report** – updates Members on the current borrowing and investment position, whilst amending prudential indicators and revising policies where necessary. The mid-year report for 2019/20 was reported to Executive on 8 November 2019 and approved by Council on 16 January 2020.
- (iii) **Annual Treasury Management Outturn Report** – a backward-looking review focussing on the previous year’s performance. This report.

## EXECUTIVE SUMMARY

This report sets out treasury management performance for 2019/20 including performance against the Prudential and Treasury Management Indicators.

It will be presented to the 28 July 2020 Executive and full Council on 24 September will be asked to approve the recommendations. It will also be considered by Overview & Scrutiny Committee on 10 September. [Committee reporting timescales have been amended for this cycle in response to the COVID-19 pandemic].

**Recommendations (i) and (ii) are subject to approval by full Council.**

## STATUTORY POWERS

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

## BACKGROUND

3. Regulations issued under the Local Government Act 2003 require local authorities to produce an annual review of its treasury management activities for the previous year, including performance against the Prudential and Treasury Management Indicators.

4. The Treasury Management Strategy and Performance Indicators for 2019/20 were previously reported to the Executive on 18 March 2019 and approved by full Council on 11 April 2019

## KEY INFORMATION

### Treasury Management Strategy

5. Performance during 2019.20 is reported at Annex 1.
6. No prudential limits were breached and, with the exception of compliance with the maximum exposure per institution (details below), all decisions were taken in accordance with the Treasury Management Strategy.

#### COVID-19 Pandemic - Extraordinary Circumstances

7. One of the most significant challenges from a treasury management perspective was the revised timescales for receipt of planned and emergency Government funding. While these are generally 2020/21 considerations there were some impacts in the final couple of weeks of March 2020 when Government funding was received sooner than originally scheduled.
8. The Treasury Management Strategy specifies the maximum sums that can be invested with any one organisation. There was a period of time spanning year-end when the Council breached its limit on the maximum sum to be invested in a single institution, as specified in the 2019/20 Treasury Management Strategy. This was due to the receipt of significant emergency funding at short notice from the Government. The breach was subsequently addressed by opening additional investment accounts with new institutions to spread the risk.
9. The extended deadline for publication of the Statement of Accounts for 2019/20 as a consequence of the COVID-19 pandemic also means that a small number of 2019/20 figures were not available at the time of preparing this report. The final position will be reported later this year.

## OPTIONS

Executive has three options:

**Option 1** – note the report and recommend its approval by Council.

**Option 2** – note the report but ask officers to provide more detail on specific issues contained in the report before it can be submitted to Council for approval.

**Option 3** – reject the report. This would result in non-compliance with the Treasury Management Code of practice and associated regulations.

Executive is asked to approve Option 1.

## LEGAL IMPLICATIONS

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

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## **FINANCIAL IMPLICATIONS**

11. The financial implications of the Treasury Outturn 2019/20 were reflected in the budget section of the Quarter 4 Performance Report to Executive on 24 June 2020. There are no additional direct financial implications that arise from this report.

## **EQUALITIES IMPLICATIONS**

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

## **COMMUNICATION IMPLICATIONS**

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

## **RISK MANAGEMENT CONSIDERATIONS**

14. Key risks are managed in accordance with Prudential Code indicators, including ensuring Security, Liquidity and Yield for investments. Further details are provided at Annex 1.

## **OTHER IMPLICATIONS**

15. There are no other implications relating to this report.

## **CONSULTATION**

16. Executive will consider this report at its meeting on 28 July 2020. It will also be presented to the Overview & Scrutiny Committee on 10 September 2020.

## **POLICY FRAMEWORK**

17. This report is submitted in accordance with the Council's Treasury Management Policy.

## **BACKGROUND PAPERS**

- Executive 18 March 2019 – *Treasury Management Strategy 2019/20*
- Executive 7 November 2019 – *Half Year Treasury Management Report for 2019/20*
- Executive 24 June 2020 – *Quarter 4 Performance Report 2019/20*

### **ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2019/20**

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1. Purpose
2. Summary
3. Introduction and Background
4. Capital Expenditure and Financing
5. Overall Borrowing Need
6. Treasury Position at 31 March 2020
7. Borrowing Outturn 2019/20
8. Investment Outturn 2019/20
9. Other Issues

#### **APPENDICES**

1. Prudential and Treasury Indicators
2. Link Treasury Commentary

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## 1. Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for the previous financial year. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2019/20 the minimum reporting requirements were that full Council should receive the following reports:

- an annual Treasury Management Strategy in advance of the year (reported to Council on 11 April 2019)
- a mid-year, (minimum), Treasury Update report (reported to Council on 16 January 2020)
- an Annual Review following the end of the year (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that regard, as it provides details of the outturn position for treasury activities and highlights compliance with the policies previously-approved by full Council. It will be presented to the Overview and Scrutiny Committee for any questions or comments before being reported to the Executive and full Council. [Committee reporting timescales have been amended for this cycle in response to the COVID-19 pandemic].

Member training on treasury management issues was undertaken on 15 October 2019 and 11 March 2020 in order to support Members' in this scrutiny and oversight role.

Link Asset Management continued to provide services as the Council's treasury advisors. Their latest commentary is attached at Appendix 2

## 2. Summary

During 2019/20, the Council complied with legislative and regulatory requirements. The key prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are set out below:

<b>Table 1: PRUDENTIAL AND TREASURY INDICATORS</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Original Budget £000</b>	<b>2019/20 Revised Budget £000</b>	<b>2019/20 Actual £000</b>
<b>Capital Expenditure:</b>				
General Fund (see Table 2)	39,235	45,927	20,827	18,888
<b>Total</b>	<b>39,235</b>	<b>45,927</b>	<b>20,827</b>	<b>18,888</b>

Table 1: PRUDENTIAL AND TREASURY INDICATORS	2018/19 Actual £000	2019/20 Original Budget £000	2019/20 Revised Budget £000	2019/20 Actual £000
<b>Capital Financing Requirement: In year change</b>				
General Fund	15,046	39,869	14,769	15,857
<b>Total</b>	<b>15,046</b>	<b>39,869</b>	<b>14,769</b>	<b>15,857</b>
<b>Gross Borrowing:</b>				
Long Term credit arrangements	-	-	-	-
External Debt	12,000	40,000	14,900	14,000
<b>Total</b>	<b>12,000</b>	<b>40,000</b>	<b>14,900</b>	<b>14,000</b>
<b>Investments:</b>				
Longer than 1 year	25,000	13,000	13,000	13,000
Under 1 year	23,000	35,000	35,000	35,000
<b>Total</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>
<b>Net Borrowing / (Net Investment)</b>	<b>(36,000)</b>	<b>(8,000)</b>	<b>(33,100)</b>	<b>(34,000)</b>

The Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the Authorised Limit), was not breached.

The challenging investment environment of previous years was amplified in 2019/20, resulting in low investment returns

### COVID-19 Pandemic - Extraordinary Circumstances

The treasury and investment impacts of the COVID-19 pandemic which started in late 2019/20 include:

- Less predictable cashflows due to receipt of planned and additional Government funding at short notice and taking on new responsibilities for paying grant funding to businesses on behalf of Government;
- Incurring unplanned expenses as the authority's emergency response plan was implemented;
- A reduction in income receipts across all services and the Collection Fund.

One of the more significant challenges faced from a treasury management perspective was the revised timescales for receipt of planned and emergency Government funding. While these are generally 2020/21 considerations there were some impacts in the final couple of weeks of March 2020 when Government funding was received sooner than originally scheduled.

The Treasury Management Strategy specifies the maximum sums that can be

# Agenda Item 8

invested with any one organisation. There was a period of time spanning year-end when the Council breached its limit on the maximum sum to be invested in a single institution, as specified in the 2019/20 Treasury Management Strategy. This was due to the receipt of significant emergency funding at short notice from the Government. The breach was subsequently addressed by opening additional investment accounts with new institutions to spread the risk.

The extended deadline for publication of the Statement of Accounts for 2019/20 as a consequence of the COVID-19 pandemic also means that a small number of 2019/20 figures were not available at the time of preparing this report. The final position will be reported later this year.

## 3. Introduction and Background

This report provides a summary of the Council's treasury management position for the year with regard to borrowing and investments, including:

- Capital investment activity and the impact of this activity on the Council's underlying indebtedness (the 'Capital Financing Requirement');
- Performance against Prudential and Treasury Management indicators;

## 4. Capital Expenditure and Financing

The Council undertakes capital expenditure to acquire or create long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing requirement.

The table below sets out the capital expenditure during 2019/20 and how it was financed.

<b>Table 2: CAPITAL FINANCING</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Original Budget £000</b>	<b>2019/20 Revised Budget £000</b>	<b>2019/20 Actual £000</b>
Capital Programme Expenditure	39,235	45,927	20,827	18,962
Less: amounts not defined as Capital by statute	-	-	-	(74)
<b>Total Capital Expenditure</b>				<b>18,888</b>
<b>Financed By:</b>				
Capital Grants	3,966	3,048	3,048	(17)

<b>Table 2: CAPITAL FINANCING</b>	<b>2018/19 Actual</b>	<b>2019/20 Original Budget</b>	<b>2019/20 Revised Budget</b>	<b>2019/20 Actual</b>
Capital Receipts	20,133	462	462	2,122
Revenue Contribution	90	-	-	759
Capital Reserves	-	2,417	2,417	
<b>Total Finance</b>	<b>24,189</b>	<b>5,927</b>	<b>5,927</b>	<b>2,864</b>
<b>Borrowing in Year</b>	<b>15,046</b>	<b>40,000</b>	<b>14,900</b>	<b>16,024</b>

## 5. Overall Borrowing Need

The underlying need to borrow for capital expenditure is the 'Capital Financing Requirement' (CFR). The Council's CFR for the year is set out below and represents a key prudential indicator.

<b>Table 3: CAPITAL FINANCING REQUIREMENT (CFR)</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Original Budget £000</b>	<b>2019/20 Revised Budget £000</b>	<b>2019/20 Outturn £000</b>
Opening balance	3,781	18,827	18,827	18,827
Add unfinanced capital expenditure (Table 2 above)	15,046	40,000	14,900	16,024
Less MRP/VRP	-	(131)	(131)	(167)
Less PFI & finance lease repayments	-	-	-	-
In year change in CFR	15,046	39,869	14,769	15,857
<b>Cumulative Capital Financing Requirement (CFR)</b>	<b>18,827</b>	<b>58,696</b>	<b>33,596</b>	<b>34,684</b>

The Council's treasury team ensures that sufficient cash is available to meet capital expenditure plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as the Government's Public Works Loan Board (PWLB) or private sector lenders, or by utilising available cash balances on a temporary basis.

**Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that the costs of borrowing to fund capital assets are charged to the revenue budget over the life of the asset. In order to achieve this the Council is required to make an annual

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charge to the revenue budget, the Minimum Revenue Provision (MRP) to reduce its CFR. This is effectively repayment of the associated borrowing.

The CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2019/20 MRP Policy (as required by MHCLG Guidance) was approved as part of the Treasury Management Strategy for 2019/20 on 11 April 2019.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and that borrowing is only used for a capital purpose, the Council has to ensure that its gross external borrowing does not, except in the short term, exceed the total of the CFR in the preceding year (2018/19) plus the estimates of any additional capital financing requirement for the current (2019/20) and next two financial years. This confirms that the Council is not borrowing to support revenue expenditure. The table below sets out the Council's gross borrowing position against its CFR and confirms that the Council has complied with this prudential indicator.

<b>Table 4: GROSS BORROWING POSITION</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Original Budget £000</b>	<b>2019/20 Revised Budget £000</b>	<b>31 March 2020 (2019/20) Actual £000</b>
<b>Gross External Borrowing Position (Table 1)</b>	<b>12,000</b>	<b>40,000</b>	<b>14,900</b>	<b>14,000</b>
Cumulative CFR (Table 3)	18,827	58,696	33,596	34,684
<b>(Under) / Over Funding of CFR</b>	<b>(6,827)</b>	<b>(18,696)</b>	<b>(18,696)</b>	<b>(20,684)</b>

**The Authorised Limit** - the Authorised Limit is the 'affordable borrowing limit' required by s3 of the Local Government Act 2003. Once this has been approved, the Council does not have authority to borrow above this level without formal adoption of a revised Limit. The table below confirms that the Council has maintained gross borrowing within its Authorised Limit during 2019/20

**The Operational Boundary** – the Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator confirms the trend in the cost of capital (borrowing and other long-term obligation

costs net of investment income) against the 'Net Revenue Stream' (the Council's revenue budget).

<b>TABLE 5: COST of CAPITAL AGAINST NET REVENUE STREAM</b>	<b>2019/20</b>
Authorised Limit	£80m
Maximum gross borrowing position during the year	£14m
Operational Boundary	£70m
Average gross borrowing position	£12.5m
Net financing costs as a proportion of Net Revenue Stream	7.87%

## 6. Treasury Position at 31 March 2020

The Council's debt and investment position is organised by the treasury management team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks across all treasury management activities. Procedures and controls to achieve these objectives are well established both through officer and Member reporting and through officer activity as set out in the Council's Treasury Management Practices. At the end of 2019/20 the Council's treasury position was as follows:

<b>Table 6: DEBT PORTFOLIO</b>	<b>31 March 2019 Principal £000</b>	<b>Rate / Return %</b>	<b>Average Life (years)</b>	<b>31 March 2020 Principal £000</b>	<b>Rate / Return %</b>	<b>Average Life (years)</b>
<b>Fixed rate funding:</b>						
PWLB	-	-	-	-	-	-
<b>Market Loans:</b>						
Northern Ireland Housing	5,000	0.90%	3 months	-	-	-
Portsmouth City Council	7,000	1.00%	3 months	-	-	-
Portsmouth City Council	-	-	-	3,000	1.00%	1 year
Portsmouth City Council	-	-	-	5,000	1.20%	1.5 years
Lincolnshire County Council	-	-	-	6,000	1.00%	1 year
<b>Total</b>	<b>12,000</b>	<b>0.96%</b>		<b>14,000</b>	<b>1.07%</b>	
<b>Variable Rate Funding:</b>						
PWLB	-	-	-	-	-	-
Market Loans	-	-	-	-	-	-
<b>Total Debt</b>	<b>12,000</b>	<b>0.96%</b>	<b>3 months</b>	<b>14,000</b>	<b>1.07%</b>	<b>1.2 years</b>

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<b>Table 6: DEBT PORTFOLIO</b>	<b>31 March 2019 Principal £000</b>	<b>Rate / Return %</b>	<b>Average Life (years)</b>	<b>31 March 2020 Principal £000</b>	<b>Rate / Return %</b>	<b>Average Life (years)</b>
CFR (Table 3)	18,827			34,684		
<b>Over / (Under) Borrowing</b>	<b>(6,827)</b>			<b>(20,684)</b>		

<b>Table 7: INVESTMENT PORTFOLIO</b>	<b>31 March 2019 Principal £000</b>	<b>Rate/ Return %</b>	<b>Average Life (years)</b>	<b>31 March 2020 Principal £000</b>	<b>Rate/ Return %</b>	<b>Average Life (years)</b>
<b>Investments:</b>						
- In-House	48,000	1.27%	1.6 years	35,000	0.50%	1 year
- With Brokers	0	-	-	13,000	1.56%	2.5 years
<b>Total Investments</b>	<b>48,000</b>	<b>1.27%</b>	<b>1.6 years</b>	<b>48,000</b>	<b>0.90%</b>	<b>1.67 years</b>

The maturity structure of the debt portfolio is set out below:

<b>Table 8: INVESTMENT PORTFOLIO</b>	<b>31 March 2019 Actual</b>	<b>2018/19 Original Limits</b>	<b>31 March 2020 Actual</b>
Under 12 months	100%	100%	64%
12 months and within 24 months	0%	100%	36%
24 months and within 5 years	0%	100%	0%
5 years and within 10 years	0%	100%	0%
10 years and within 20 years	0%	100%	0%
20 years and within 30 years	0%	100%	0%
30 years and within 40 years	0%	100%	0%
40 years and within 50 years	0%	100%	0%

The limit for maturity structure of the debt portfolio at 100% reflects the fact that the Council has little external borrowing at present.

<b>Table 9: INVESTMENT PORTFOLIO</b>	<b>Actual 31 March 2019 £000</b>	<b>Actual 31 March 2019 %</b>	<b>Actual 31 March 2020 £000</b>	<b>Actual 31 March 2020 %</b>
<b>Treasury investments</b>				
Banks	8,000	17%	5,000	10%
Building Societies - rated	40,000	83%	18,000	38%
Local authorities	0	0%	0	0%
Money Market Funds	0	0%	25,000	52%
<b>Total</b>	<b>48,000</b>	<b>-</b>	<b>48,000</b>	<b>-</b>

<b>Table 9: INVESTMENT PORTFOLIO</b>	<b>Actual 31 March 2019 £000</b>	<b>Actual 31 March 2019 %</b>	<b>Actual 31 March 2020 £000</b>	<b>Actual 31 March 2020 %</b>
Bond funds	-	-	-	-
Property funds	-	-	-	-
<b>Total managed externally</b>	-	-	-	-
<b>TOTAL TREASURY INVESTMENTS</b>	<b>48,000</b>	<b>100%</b>	<b>23,000</b>	<b>100%</b>

<b>Table 10: INVESTMENT PORTFOLIO</b>	<b>Actual 31 March 2019 £000</b>	<b>Actual 31 March 2019 %</b>	<b>Actual 31 March 2020 £000</b>	<b>Actual 31 March 2020 %</b>
<b>Non-Treasury Investments</b>				
Third party loans & share capital:	-	-	-	-
Subsidiaries – Greensand Property Holdings Ltd	2,321	2%	TBC <sup>2</sup>	TBC <sup>2</sup>
Companies – Horley Business Park Development LLP	734	1%		
Associate – Pathway for Care Ltd <sup>1</sup>	912	1%		
Investment Property	98,445	96%		
<b>TOTAL NON-TREASURY INVESTMENTS</b>	<b>102,412</b>	<b>100%</b>	TBC <sup>2</sup>	TBC <sup>2</sup>
Treasury investments	48,000	32%	48,000	TBC <sup>2</sup>
Non-Treasury investments	102,412	68%	TBC <sup>2</sup>	
<b>TOTAL – ALL INVESTMENTS</b>	<b>150,412</b>	<b>100%</b>	TBC <sup>2</sup>	

**Note 1:** Third party loan and share capital information includes expected credit loss.

**Note 2:** Values to be confirmed. The Council is in the process of reviewing asset categories during closedown of the 2019/20 financial year. This will result in some investment property assets being reclassified as assets to support initiatives for the wellbeing of the community. At the time of preparing this report the review was not complete due to the extended deadline for closedown as part of the response to the COVID-19 Pandemic. The updated tables will be reported later in the year.

The maturity structure of the investment portfolio is set out below:

<b>Table 11: ALL TREASURY INVESTMENTS</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Budget £000</b>	<b>2019/20 Actual £000</b>
Investments:			
Longer than 1 year	25,000	13,000	13,000
Up to 1 year	23,000	35,000	35,000
<b>Total</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>

## 7. Borrowing Outturn 2019/20

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Loans were drawn during the year to fund the net unfinanced capital expenditure.

Table 12: LOANS						
Lender	Principal	Type	Interest Rate	Start date	Maturity Date	Duration
Short-term Market Loan	£6m	Fixed interest rate	1.00%	18/12/2019	18/12/2020	12 months
Short-term Market Loan	£3m	Fixed interest rate	1.00%	18/12/2019	18/12/2020	12 months
Long-term Market Loan	£5m	Fixed interest rate	1.20%	18/12/2019	18/06/2021	18 months

This compares well with the 2019/20 budget assumption that long term borrowing would be at an interest rate of 2.54%.

**Borrowing in advance of need** - the Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

## 8. Investment Outturn 2019/20

**Investment Policy** – the Council’s investment policy is governed by MHCLG investment guidance and was implemented in the Treasury Management Strategy approved by the Council on 11 April 2019. The Policy sets out the approach for choosing investment counterparties based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, such as rating outlooks, credit default swaps and bank share prices etc.

Investment activity during the year conformed to the approved Policy and the Council experienced no liquidity difficulties.

**Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. Core cash resources comprised usable reserves as follows:

Table 13: USABLE RESERVES	2018/19 Actual £000	2019/20 Actual £000
General Fund Balance	12,547	7,963
Earmarked Reserves	25,042	33,902
Usable Capital Receipts	627	TBC <sup>1</sup>
Capital Grants Unapplied	16,038	
<b>Total</b>	<b>54,254</b>	<b>TBC<sup>1</sup></b>

**Note 1:** Values to be confirmed. At the time of preparing this report the review was not complete due to the extended deadline for closedown as part of the response to the COVID-19 Pandemic. The updated tables will be reported later in the year.

**Investments** - the Council maintained an average balance of £48m of investments in 2019/20 which earned an average rate of return of 0.95%. This compares with a budget assumption of £48m investment balances earning an average rate of 1.0%. The comparable external performance indicator is the average 12-month LIBID un-compounded rate, which was 0.5445%. Total investment income was £1.271 million compared to a budget of £0.607 million

## 9. Other Treasury Management Matters

**Pooled Investment Funds.** The Council had no pooled investment funds during the year.

**Non-treasury management investments.** The Council's current approach to making property investment decisions is set out in its Capital Investment Strategy which explains how investment decisions are made, how delivery is approached and how risks are managed. In order to support investment decisions, the Council relies on the principles established in its evolving Commercial Investment Strategy and powers under the Localism Act 2011. This forms the framework for maximisation of new and existing income streams to secure financial sustainability.

### PRUDENTIAL AND TREASURY INDICATORS

1.1 PRUDENTIAL INDICATORS	2018/19 Actual £000	2019/20 Original Budget £000	2019/20 Revised Budget £000	2019/20 Actual £000
<b>Capital Expenditure</b>				
General Fund (Table 2)	39,235	45,927	20,827	18,888
<b>Ratio of net financing costs to net revenue stream</b>				
General Fund	(4.98%)	(2.37%)	(2.37%)	(7.87%)
<b>Gross Debt</b>				
Brought forward 1 April	-	12,000	12,000	12,000
Carried forward 31 March	12,000	16,400	14,000	14,000
In year borrowing requirement	12,000	4,400	2,000	2,000
<b>Capital Financing Requirement</b>				
Opening CFR (Table 3)	3,781	18,827	18,827	18,827
In year CFR change (Table 3)	15,046	39,869	14,769	15,857
Closing CFR (Table 3)	18,827	58,696	33,596	34,684
<b>Annual change in Capital Financing Requirement</b>				
General Fund	15,046	39,869	14,769	15,857

1.2 TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2019/20	2019/20
	Actual	Original Budget	Revised Budget	Actual
	£000	£000	£000	£000
<b>Authorised Limit for External Debt</b>				
Borrowing	80,000	80,000	80,000	80,000
Other long-term liabilities	-	-	-	-
<b>Total</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
<b>Operational Boundary for External Debt</b>				
Borrowing	70,000	70,000	70,000	70,000
Other long-term liabilities	-	-	-	-
<b>Total</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>
<b>Actual External Debt</b>				
	12,000	40,000	14,900	14,000

1.3 MATURITY STRUCTURE OF FIXED RATE BORROWING DURING 2019/20	Target upper limit	Target lower limit	Actual
Under 12 months	100%	0%	64%
12 months and within 24 months	100%	0%	36%
24 months and within 5 years	100%	0%	0%
5 years and within 10 years	100%	0%	0%
10 years and within 20 years	100%	0%	0%
20 years and within 30 years	100%	0%	0%
30 years and within 40 years	100%	0%	0%
40 years and within 50 years	100%	0%	0%
<b>Maturity structure of Investments during 2019/20</b>	upper limit	lower limit	
Longer than 1 year	£20m	£0m	£13m
Up to 1 year	-	-	£35m
<b>Total</b>	<b>£20m</b>	<b>£0m</b>	<b>£48m</b>

### LINK ASSET SERVICES COMMENTARY – APRIL 2020

#### *The Economy and Interest Rates*

**UK. Brexit.** *The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Theresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.*

**Economic growth** *in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.*

*After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in **quantitative easing** (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.*

**Inflation** *has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.*

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**Employment** had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

**USA.** Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be covered. In addition there will be \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

**EUROZONE.** The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5% and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

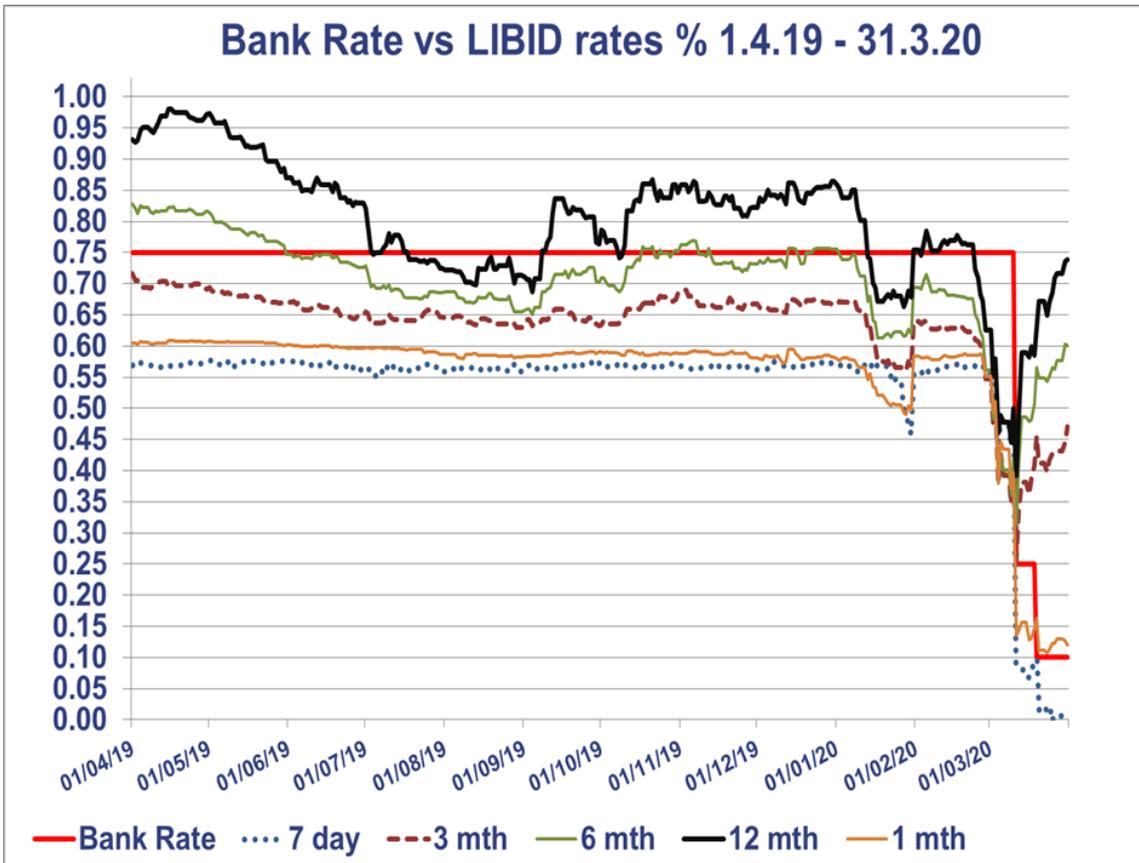
**JAPAN** has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

**WORLD GROWTH.** The trade war between the US and China on tariffs was a major concern to

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financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020

## Investment Strategy and Control of Interest Rate Risk



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.75	0.58	0.61	0.72	0.83	0.98
High Date	01/04/2019	09/05/2019	15/04/2019	01/04/2019	01/04/2019	15/04/2019
Low	0.10	0.00	0.11	0.26	0.31	0.39
Low Date	19/03/2020	25/03/2020	23/03/2020	11/03/2020	11/03/2020	11/03/2020
Average	0.72	0.53	0.56	0.63	0.70	0.80
Spread	0.65	0.58	0.50	0.46	0.52	0.59

Link Asset Services Interest Rate View 31.3.20								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

*Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer-term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.*

*While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.*

*The 2019/20 capital programme expenditure was delayed due to a combination of £29.74 million slippage and £0.412 million underspends, as reported to the June 2020 cycle of committees, in section 3 of the Quarterly Performance Report (Q4 – January to March 2020). This delay resulted in the Council having cash surpluses to invest, which put the Council in the flexible and strong position of being able to support the community, as the COVID-19 pandemic emerged. Additional Money Market Funds have been used to maintain cash flexibility in the pandemic. This approach has provided benefits in terms of reducing the counterparty risk exposure, by having investments placed in a larger number of institutions in the financial markets.*

### **Borrowing Strategy and Control of Interest Rate Risk**

*During 2019-20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.*

*A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.*

*The policy of avoiding new borrowing by running down spare cash balances, is expected to continue, although slowed in 2019/20 due to the impact of the COVID-19 pandemic. However, the policy of running down spare cash balances is being kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.*

*Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Head of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks.*

# Agenda Item 8

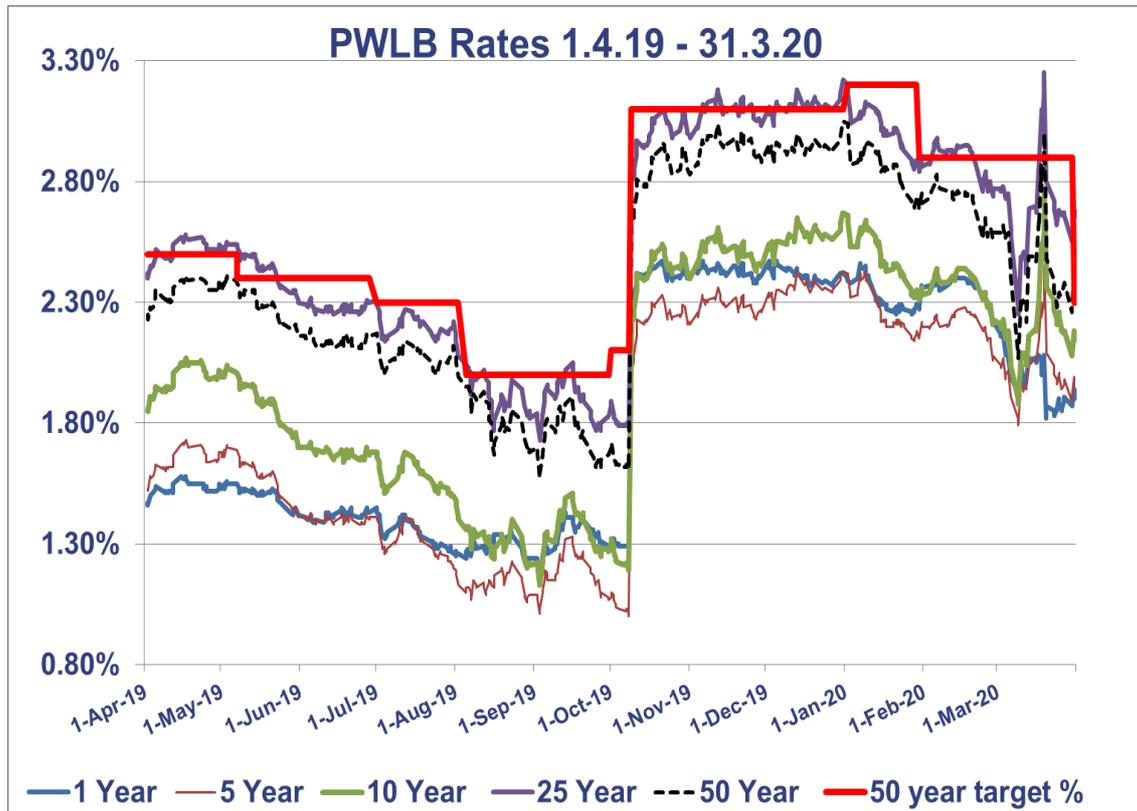
During emerging stage of COVID-19 the Head of Finance received daily treasury reports.

It was felt that there was a risk of a FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), so long term borrowings were postponed, in favour of short-term borrowing.

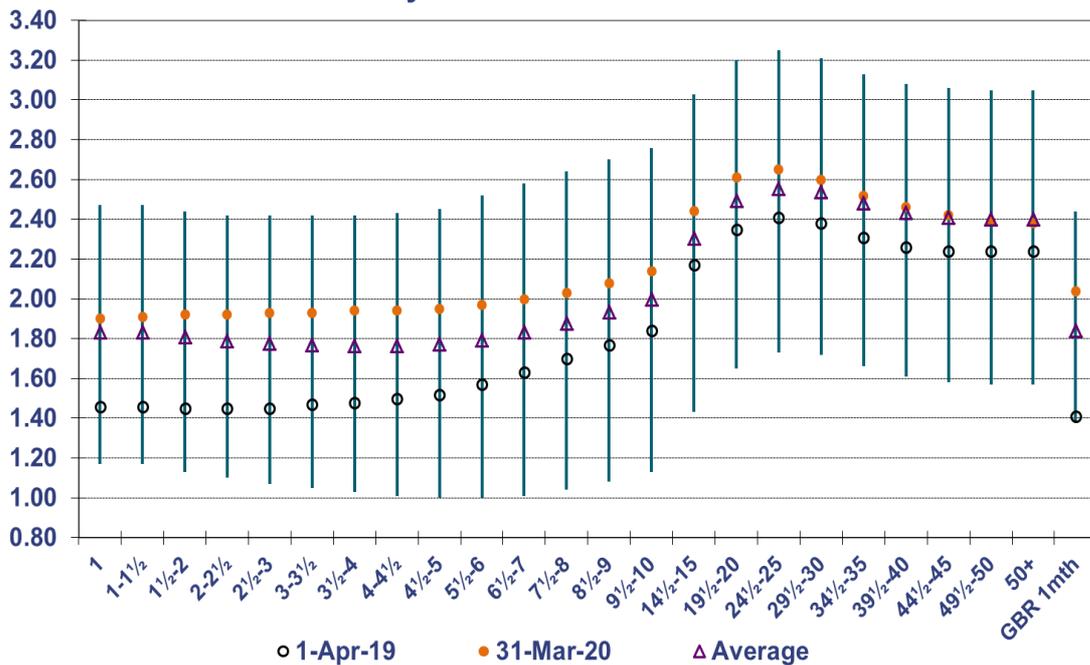
Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years.

Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period

Link Asset Services Interest Rate View 31.3.20								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50



## PWLB Certainty Rate Variations 1.4.19 to 31.3.2020



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
31/03/2020	1.90%	1.95%	2.14%	2.65%	2.39%
Low	1.17%	1.00%	1.13%	1.73%	1.57%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.47%	2.45%	2.76%	3.25%	3.05%
Date	21/10/2019	19/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	1.83%	1.77%	2.00%	2.56%	2.40%

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields.

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels.

The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields.

While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors

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*have panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.*

*However, HM Treasury has imposed two changes in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this ends on 4 June. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.*

*Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows:*

- *PWLB Standard Rate is gilt plus 200 basis points (G+200bps)*
- *PWLB Certainty Rate is gilt plus 180 basis points (G+180bps)*
- *PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)*
- *PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)*
- *Local Infrastructure Rate is gilt plus 60bps (G+60bps)*

*There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.*



<b>SIGNED OFF BY</b>	Interim Head of Finance
<b>AUTHOR</b>	Helen Stocker, Finance Manager
<b>TELEPHONE</b>	Tel: 01737 276568
<b>EMAIL</b>	helen.stocker@reigate-banstead.gov.uk
<b>TO</b>	Overview & Scrutiny Committee
<b>DATE</b>	Thursday, 10 September 2020
<b>EXECUTIVE MEMBER</b>	Deputy Leader and Portfolio Holder for Finance

<b>KEY DECISION REQUIRED</b>	YES
<b>WARDS AFFECTED</b>	ALL

<b>SUBJECT</b>	<b>DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20</b>
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<b>RECOMMENDATIONS</b>
<b>Overview &amp; Scrutiny Committee is asked to consider and to provide feedback on the draft Annual Governance Statement for 2019/20 as set out in Annex 1.</b>
<b>REASONS FOR RECOMMENDATIONS</b>
To enable the adoption of the Annual Governance Statement so that it can be included within the annual Statement of Accounts for 2019/20.
<b>EXECUTIVE SUMMARY</b>
The Council is required to publish an annual statement on its corporate governance arrangements as part of the Statement of Accounts. The Overview & Scrutiny Committee is invited to review the draft Annual Governance Statement and provide any feedback to be taken into consideration before the Leader and Acting Head of Paid Service sign the final version. The final Statement will then be presented to Audit Committee for approval on 26 November 2020 and included in the audited Statement of Accounts.
<b>Overview &amp; Scrutiny Committee has review the Annual Governance Statement.</b>

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## STATUTORY POWERS

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

## BACKGROUND

2. The Accounts and Audit Regulations require that the AGS is published with the Council's annual Statement of Accounts.
3. The Code of Practice on Local Government Accounting recommends that the Statement should be endorsed by a body within the Council that is responsible for overall corporate governance. Under the Council's Constitution, that responsibility sits with the Audit Committee.
4. The Code also recommends that the AGS should be formally signed by the Leader of the Council and the Chief Executive. This will take place before the next meeting of this Committee in September.

## KEY INFORMATION

### Annual Governance Statement

5. The AGS is compiled from the following sources of evidence:
  - Council Strategies, Policies and Codes of Practice
  - Annual Internal Auditor Report.
  - External Audit and Inspection Reports.
  - Issues identified from the Council's Risk Registers.
  - Annual assurance statements signed by the Management Team that confirm that the Council has achieved 'best value' and has complied with all relevant legislation, regulations and codes of practice.
6. A draft AGS for the year ended 31 March 2020 has been compiled and is attached as Annex 1.
7. The Draft AGS was previously presented to Audit Committee on 16 July for consideration. Member of that Committee requested that the draft also be considered by Overview & Scrutiny for comment because it relates to 2019/20 and therefore pre-dates establishment of the new Audit Committee.
8. On the advice of the Council's external auditor, the Draft AGS has been updated to reflect recent change to the senior management structure.

## OPTIONS

### 1. **Option 1 – Approve the recommendations in this report**

This will allow the Overview & Scrutiny Committee to provide feedback before the final AGS is reported.

This is the recommended option.

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

The AGS must be approved shortly after the end of the financial year to which it relates. Any delay in approving the 2019/20 AGS could leave the Council open to the same risks as identified in option 3 below.

**3. Option 3 – To not support the contents of this report**

This would mean there is a risk that Officers will not be able to finalise the AGS or Statement of Accounts for 2019/20.

**LEGAL IMPLICATIONS**

9. There are no further legal implications arising from this report.

**FINANCIAL IMPLICATIONS**

10. There are no direct financial implications arising from this report.

**EQUALITIES IMPLICATIONS**

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

**COMMUNICATION IMPLICATIONS**

12. There are no communications implications arising from this report; the AGS will be published on the Council’s website as part of the published Statement of Accounts.

**RISK MANAGEMENT CONSIDERATIONS**

13. Adoption of this Annual Governance Statement is evidence of the Council managing its risks by ensuring adequacy of its internal control and governance framework.

**CONSULTATION**

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

**POLICY FRAMEWORK**

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

**BACKGROUND PAPERS**

None

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## Annual Governance Statement 2019/20

### 1. Scope

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

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

This Council is committed to planning and delivering services to the residents of the borough in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

The Council's Code of Corporate Governance outlines our governance principles:

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

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for local government over recent years.

This Annual Governance Statement sets out how the Council has complied with the Code and also meets the Accounts and Audit (Coronavirus) (Amendment) Regulations

2020 which have revised the Accounts and Audit Regulations (England and Wales) 2015 this year.

In discharging this responsibility, the Council has put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

It has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which was refreshed during 2019/20 and is publicised on the Council's [website](#).

During 2019/20 the Councillor Code of Conduct was also reviewed and agreed by the Governance Task Group in March 2020. Planned approval in April 2020 was deferred due to COVID-19; it is now scheduled to be approved by Council in July. A copy is available on the Council's [website](#)

These arrangements are supported by the Council's Risk Management Strategy which is also available on the [website](#).

## **2. Purpose**

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

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

## **3. Governance Framework**

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

These are summarised below:

- The Council's Five Year Plan and other documents contained in the Budget and Policy Framework set out priorities and intended outcomes for residents and service users. In January 2020 a new 5 Year Plan, Housing Delivery Strategy and Environmental Sustainability Strategy were adopted.
- The Executive, Committees and Panels have been established to ensure

democratic engagement and accountability and are central to our decision-making.

- The arrangements for oversight and scrutiny of decisions and policy development by Councillors.
- Establishment of the Commercial Ventures Executive Sub-Committee whose terms of reference include:
  - Consider and take decisions about the potential establishment of commercial ventures and the undertaking of other investment activities by the Council.
  - Exercise the function of the Council as a shareholder or partner, in relation to companies, partnerships or other commercial entities owned or part owned by the Council.
  - Monitor and review the performance of commercial ventures undertaken by the Council, and to take decisions on the management of those commercial ventures.
  - Monitor and review the performance of investment activities undertaken by the Council, and to take decisions on the management of those investments.
- Delegation and authorisation arrangements which document the roles and responsibilities of Executive and non-Executive councillors and our statutory (and other senior) officer functions.
- Risk, performance and accountability arrangements that measure the quality of services - ensuring they are delivered in accordance with our objectives and that they represent the best use of resources. Commercial decisions are subject to a due diligence process and risk analysis.
- Business plans and associated resource plans, role profiles, organisation vision, values and behaviours and codes of conduct which underpin how Members and employees work.
- Arrangements for consultation and engagement with the community.
- Independent internal audit service arrangements which provide risk-based assurance as well as supporting wider audit requirements.

- Independent oversight and challenge provided by our external auditors, the Information Commissioner, Freedom of Information (Act 2000) requests for information, General Data Protection Regulations and the Local Government Ombudsman;
- Procedures and internal management processes for:
  - Financial management
  - Procurement
  - Project management
  - Risk Management
  - Information governance & data security
  - Health & safety
  - Decision making
  - Whistleblowing
  - Complaints handling
  - Anti-fraud & corruption

#### **4. Review of Effectiveness**

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

This includes considering decisions taken and matters considered by full Council, the Executive, the Management Team, the Overview & Scrutiny Committee, internal audits, work undertaken by external auditors and the annual report of the Local Government Ombudsman.

##### Self-Assessment

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

An internal audit review of our Decision Making & Accountability was undertaken in 2019/20 which concluded there was 'substantial' assurance about the arrangements that are in place.

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

### Financial Planning and Management

When the 2019/20 budget was approved it included growth of £2.620m, (mainly due to reduced funding from the Government), offset by £1.229m savings, resulting in net budget growth to £1.391m. Despite volatile economic conditions and in-year service pressures, expenditure was controlled and the final outturn was an underspend equivalent to 11.9% of the revenue budget (£2.09m). The outturn position for the capital programme was £18.96m, representing £30.15m (61%) below the approved programme for the year. The variance was primarily as a result of £29.74m programme slippage and a £0.412m net underspend.

The Chief Finance Officer has ensured that effective budget monitoring and reporting arrangements, involving the Management Team, Executive and Overview & Scrutiny Committee and Corporate Governance Group have remained in place.

The Overview & Scrutiny Committee (and its Budget Scrutiny Panel) reviewed 2020/21 budget proposals in depth as part of the budget preparation process in Autumn 2019 concluding that, while overall, there was a proposed £2.1m of investment and additional spending in service budgets with an overall a £1.256m call from reserves, it was anticipated that the forecast underspend from the current year's budget would in effect fund the majority of the call on Reserves in 2020/21. The Committee was supportive of this approach and its realistic approach to budget planning.

The new Capital Investment Strategy provides a framework within which investment decisions can be assessed.

### Accountability

We have reviewed the Constitution to reflect legislative changes particularly in relation to procurement. We also continue to review the Scheme of Delegation for the Council and Executive responsibilities to reflect various legislative and organisational changes. The Scheme of Delegation was reviewed during 2019/20 and approved at Council in February 2020.

The Overview & Scrutiny Committee has agreed the Audit Plan and is scheduled to receive an end of year report from Internal Audit.

### Conduct

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

The Council has a locally adopted Code of Conduct and all Councillors are given training regarding the conduct requirements. The latest Code of Conduct is scheduled for approval by Council in July 2020.

Councillor conduct complaint handling arrangements are approved by the Standards

Committee and published on our [website](#). Emphasis is placed on a speedy informal resolution of concerns where possible. A set of principles has been agreed by the Political Group Leaders who work together to support this process. The Monitoring Officer maintains a register of complaints and resolutions and provides, as a minimum, an annual report to the Standards Committee.

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

#### Decision-Making

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

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

#### Skills and Capacity

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

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

An induction and Member Learning and Development programme is in place for new and returning Councillors. In May 2019, following the review of ward boundaries and local elections, a full-day training event took place to induct all new and re-elected councillors. This included briefings on the requirements of the Member Code of Conduct, Data Protection and Council finances. This was followed up with skills training for regulatory functions before Members took up places on the Planning, Licensing and Regulatory Committees. A variety of other learning events took place during the year to ensure that Councillors were briefed on new initiatives and legislative changes.

#### Engagement

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

### Independent Review

The Chief Internal Auditor provides independent assurance on the adequacy and effectiveness of the system of internal financial control. The Internal Audit Annual Report for 2019/20 included the following conclusion:

*Annual Internal Audit Opinion 2019-20*

*"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Reigate & Banstead Borough Council's internal control environment.*

*In my opinion, Reigate & Banstead Borough Council's framework of governance, risk management and control is 'Adequate' and audit testing has demonstrated controls to be working in practice.*

*Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."*

Internal audit reviews that were assessed as providing 'substantial' assurance included our work around development of the Corporate Plan and Decision Making & Accountability while Ethical Governance and development of the Housing Delivery Strategy were found to provide 'adequate' assurance.

The ISA260 Report (from our external auditors - Deloitte LLP) summarises the finding of the audit of the Council each year. The most recent report, received by the Council, in September 2019, in respect of the 2018/19 financial year, contained the following conclusions:

- *On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Reigate and Banstead Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.*

*In our opinion the financial statements of Reigate and Banstead Borough Council ('the Authority') and its subsidiaries ('the group'):*

- *give a true and fair view of the financial position of the group and of the Authority as at 31 March 2019 and of the group's and the Authority's expenditure and income for the year then ended; and*
- *have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.*

A copy of the Report can be found on the Council's [website](#).

## **5. Coronavirus Pandemic Response**

This AGS focuses on the governance in place during 2019/20 therefore the majority of the year was unaffected by coronavirus. However, there were impacts experienced as a consequence of the pandemic at the end of March 2020 and that remain at the time of finalising this AGS. Therefore, it is important to make reference to some of the more significant governance impacts in this year's AGS, which include:

- Changes to decision-making arrangements and the conduct of meetings online.
- Impacts on business as usual in the delivery of services
- Introducing new areas of activity as part of the national response to coronavirus and any governance issues arising
- Adopting new policies and processes
- Managing the logistical consequences of delivering the local government response
- Establishing new collaborative working arrangements with other public bodies and the voluntary and community sector
- Funding and cash flow challenges as a consequence of carrying out new unbudgeted activities, reduced demand for our income generating services, pausing some services and significant changes to cashflows in council tax and business rates collection
- New risks have been identified and some existing risks escalated

Over the longer term the disruption and consequences arising from the coronavirus pandemic are expected to continue for some time, however planning for a Recovery phase is now in progress, including a lessons-learnt assessment.

## **6. Senior Management Changes**

This AGS covers 2019/20 when the former Chief Executive was in post. There was subsequently a change in the Council's senior management structure meaning that the Chief Executive was no longer in post when the AGS was finalised. It has therefore been signed by the Acting Head of Paid Service who was previously Director for People and is therefore aware of all relevant matters relating to the AGS.

## **7. Significant Governance Issues**

The independent opinions of our internal and external auditors provide considerable

assurance in respect of the Council's arrangements. These have identified no significant issues or areas for improvement.

The outlook for local government over the next few years has increased challenges, related to growing demand and declining resources, and managing recovery following the Coronavirus pandemic. However, the Council is confident that it has arrangements in place to ensure that resources are directed toward identified priorities and to ensure that it will continue to seek innovative ways of securing financial sustainability.

## **7. Summary**

The Council has in place strong governance arrangements which protect its interests and provide necessary assurances to our residents and stakeholders. We are committed to continuing to review and develop the supporting arrangements and take action as necessary to ensure this continues.

.....

**Councillor Mark Brunt**

**Leader of the Council**

**Date:**

.....

**Mari Roberts-Wood**

**Acting Head of Paid Service**

**Date:**

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## **Evaluating Overview and Scrutiny Panel - Recommendations to Overview and Scrutiny Committee**

The Evaluating Overview and Scrutiny Panel met on 14 July and 20 August 2020 to consider the principles and processes that form effective overview and scrutiny of the Council's activities and report back to the Committee with its findings and recommendations. The Minutes of the meeting are attached at Annex 1 and Annex 2.

The recommendations from the Panel are as follows:

1. Prepare a statement for all Council Members setting out the Overview and Scrutiny Committee's role as a critical friend to the Council and its principles and purpose *(to be drafted)*.
2. Establish time limited scrutiny task panels when needed, to debate and report back to the Committee. This enables the Committee to be more agile and to scrutinise issues more quickly.
3. Keep meetings shorter and focused with clear recommendations, where necessary, to the Executive. This may lead to the need more meetings of the Committee each year. The panel recommended an increased number of meetings to be held (7 in total for year 2020-21)
4. Facilitate and encourage Members to evaluate and review information provided to the Committee such as performance dashboards, in advance of meetings.
5. Make use of the Advance Questions procedure to allow officer responses to be prepared in advance of Committee meetings and to facilitate debate.
6. Actively review the current work programme at each Overview and Scrutiny Committee meeting and request changes, and, if necessary to conduct business, schedule additional meetings of the Committee, as noted in recommendation 3 above
7. In accordance with the Access to Information Procedure Rules, make provision on the agenda frontsheet for any exempt information to be considered by the Committee, as necessary in the conduct of its business.
8. Consider commissioning an external organisation such as the Centre for Public Scrutiny or Local Government Association to review the overview and scrutiny function if resources allow.

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**BOROUGH OF REIGATE AND BANSTEAD**  
**EVALUATING OVERVIEW AND SCRUTINY PANEL**

Minutes of a meeting of the Evaluating Overview and Scrutiny Panel held - Remote - Virtual Meeting on 20 August 2020 at 6.30 pm.

Present: Councillors J. C. S. Essex, K. Foreman, S. Parnall, J. E. Philpott and S. T. Walsh (Chair)

**7. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr J. King and Cllr R. Feeney.

**8. MINUTES OF THE LAST MEETING**

The Minutes of the last meeting on 14 July 2020 were approved.

**9. EVALUATING OVERVIEW AND SCRUTINY - HOUSE OF COMMONS REPORT AND GOVERNMENT GUIDANCE**

Panel Members reviewed and discussed findings from two reports. These were the House of Commons Communities and Local Government Select Committee report: [Effectiveness of local authority overview and scrutiny committees](#) and statutory government guidance from the Ministry of Housing, Communities and Local Government: [Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities](#).

**10. DISCUSSION AND QUESTIONS**

The Panel discussed the following issues relating to the function of overview and scrutiny. Members wanted more focus on scrutiny rather than an overview of information.

**Access to information** – Members discussed access to information (set out in the House of Commons Select Committee report ‘Effectiveness of local authority overview and scrutiny committees’). The Panel highlighted the report’s conclusions on Accessing Information (p43) that there should always be an assumption of transparency wherever possible. Councillors scrutinising services needed full access to information on the Council’s services, including financial and performance information. It was noted that Overview and Scrutiny Committee Members can request information from officers or Executive Members and ask for written answers. Members were aware that some information may be commercially sensitive and could make provision on the agenda front sheet for any exempt information to be considered by the Committee, as necessary in the conduct of its business in line with the Access to Information Procedure Rules. It was noted that performance information was provided to the Committee for Members to review in the form of monthly dashboards, via direct links to the ModGov Library.

**Focused meetings** – the Panel recommended shorter and more focused meetings with additional meetings scheduled, if necessary, to conduct business. The Committee needed to be more agile in its way of working to be able to react to the issue of the day and have clear outcomes and recommendations from its meetings. Greater use of the Advance Questions procedure would allow officer responses to be prepared in advance of Committee meetings to facilitate debate.

**Future Work Programme of Overview and Scrutiny Committee** – no areas of activity should be left outside the scope of the Committee when it came to scrutinise the work of the Council. The Committee's Future Work Programme was a forward-looking work plan for the year ahead which set out an outline schedule of items for discussion. This was included on the agenda at each Committee meeting for Members to ask for items to be considered and included in future meetings. Members could actively review the current work programme at each meeting and request changes if they felt a particular topic should be scrutinised.

**Scrutiny panels** – the value of time-limited scrutiny task groups was discussed. These panels were valuable as a smaller group of Members had more time to scrutinise a particular topic and then report back to the full committee, such as the Budget Scrutiny Panel. A Scrutiny Panel to review the Recovery work from the emergency response to Covid-19 had been set up. The first meeting had taken place with an update to the Overview and Scrutiny Committee in September with two further meetings planned in October and early 2021.

**Call-ins** – it was noted there was a call-in of the Executive decision on Environmental Sustainability on 28 July 2020 had been requested. A special meeting of Overview and Scrutiny was scheduled for 27 August 2020 to question the decision. It was felt that call-ins should be a healthy part of the overview and scrutiny process to use as a check and balance that the Executive had made the right decision.

## 11. PANEL RECOMMENDATIONS

Recommendations to Overview and Scrutiny Committee were as follows:

1. Prepare a statement for all Council Members setting out the Overview and Scrutiny Committee's role as a critical friend to the Council and its principles and purpose (*to be drafted*).
2. Establish time limited scrutiny task panels when needed, to debate and report back to the Committee. This enables the Committee to be more agile and to scrutinise issues more quickly.
3. Keep meetings shorter and focused with clear recommendations, where necessary, to the Executive. This may lead to the need more meetings of the Committee each year. The panel recommended an increased number of meetings to be held (7 in total for year 2020-21)
4. Facilitate and encourage Members to evaluate and review information provided to the Committee such as performance dashboards, in advance of meetings.
5. Make use of the Advance Questions procedure to allow officer responses to be prepared in advance of Committee meetings and to facilitate debate.
6. Actively review the current work programme at each Overview and Scrutiny Committee meeting and request changes, and, if necessary to conduct

business, schedule additional meetings of the Committee, as noted in recommendation 3 above

7. In accordance with the Access to Information Procedure Rules, make provision on the agenda frontsheet for any exempt information to be considered by the Committee, as necessary in the conduct of its business.
8. Consider commissioning an external organisation such as the Centre for Public Scrutiny or Local Government Association to review the overview and scrutiny function if resources allow.

## **12. ANY OTHER BUSINESS**

There were no other items of business.

The Meeting closed at 8.00 pm

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**BOROUGH OF REIGATE AND BANSTEAD**  
**EVALUATING OVERVIEW AND SCRUTINY PANEL**

Minutes of a meeting of the Evaluating Overview and Scrutiny Panel held at the Remote - Virtual Meeting on 14 July 2020 at 6.30 pm.

Present: Councillors J. C. S. Essex, R. J. Feeney, K. Foreman, S. Parnall, J. E. Philpott and S. T. Walsh

**1. ELECTION OF CHAIR**

Cllr S. Walsh was nominated as Chair of the Panel, proposed by Cllr J. Philpott and seconded by Cllr K. Foreman.

It was agreed that Cllr S. Walsh would be Panel Chair.

**2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr J. King.

**3. TERMS OF REFERENCE**

The Panel discussed the Terms of Reference and objectives of the Panel meetings. It was noted that the Panel should review the recommendations of the House of Commons Select Committee report called the Effectiveness of local authority overview and scrutiny committees. Democratic services would send the PDF of the full report to Panel Members.

It was agreed that the purpose of this Panel meeting was to look at the principle and purposes of the Overview and Scrutiny Committee and recommend any changes. The Panel would look at the recommendations of both the Select Committee report and the Government's statutory guidance.

The Panel agreed the Terms of Reference.

**4. EVALUATING OVERVIEW AND SCRUTINY**

The Panel noted that documents to assist Panel Members in evaluating overview and scrutiny included the House of Commons Select Committee report into effective scrutiny, statutory government guidance, research into scrutiny activities of other Surrey Borough Councils, including number of meetings, the Centre for Public Scrutiny evaluation framework and the Local Government Association Rapid Innovation webinar.

It was noted that the Panel meetings were not held in public but a report from the Panel would be published which would include recommendations for change to ensure overview and scrutiny works as effectively as possible.

## 5. DISCUSSION AND QUESTIONS

The Panel discussed the function of overview and scrutiny at the Council and its effectiveness both past and present. The group noted that the House of Commons Select Committee report on effectiveness of scrutiny in local authorities had concluded that overview and scrutiny had been marginalised in some councils. In Reigate and Banstead there had been times in the past where more scrutiny would have been helpful and result in better decisions. The House of Commons report concluded that a scrutiny committee seeking information should never need to be 'determined' to view information held by its own authority. The report also raised the issue that in some councils there was no parity of esteem between the Executive and Scrutiny Committees, resources were disproportionate, and scrutiny was treated as an afterthought.

The Panel discussed the following issues:

**Frequency of meetings** – analysis of Surrey local authorities' overview and scrutiny committees showed that most other councils' committees meet seven times a year. In Reigate and Banstead only five meetings a year were planned which Panel Members felt could curtail their ability to examine issues they raised. Reduced time meant there was reduced scope to scrutinise proposals and decisions. Members said meetings that took longer than two hours were too long. The Panel recommended more frequent, shorter and more focused meetings.

**New Members** – the Panel Members who were new to being a councillor said that the scope of overview and scrutiny was wide-ranging. It had felt overwhelming at times due to the large amounts of paperwork to read before meetings. New Members often took the role of observing initial meetings in case they said the wrong thing. It was emphasised that new Members played an important role as they came unencumbered and could ask questions to get to the nub of a problem.

**Organisational culture** – the importance of creating a strong organisational culture that supported scrutiny work was highlighted. As set out in the government's statutory guidance this leads to improved policy making and the efficient delivery of public services.

**Audit Committee** – Members felt that they had not been consulted about the creation of the new Audit Committee and there had not been the opportunity of debating the pros and cons of establishing the Committee. It was emphasised that it was still important for the Overview and Scrutiny to scrutinise the financial proposals and decisions of the Council. The Committee could also scrutinise the Audit Committee and its decisions and ask to have access to the same information that goes to the Audit Committee.

**Scope of the Overview and Scrutiny Committee** – there should be no holds barred when it came to scrutinise the work of the Council. The results of an LGA peer review of Reigate and Banstead appeared to have been much more wide-ranging than the outcome from an average Overview and Scrutiny meeting and it had made recommendations that should perhaps have come from Overview and Scrutiny. No areas of activity should be left outside the scope of the Committee. It was scrutinising public money and Members, as residents, should treat this as if they were managing their own money. The Committee's Forward Work Programme

was on the agenda at each meeting and Members could request items to consider for future meetings.

**Call-ins** – it was noted that there had only been one call-in used in recent years which might show that the Committee did not have the confidence to use these powers. It was felt that call-ins should be a healthy part of the overview and scrutiny process to use as a check that the Executive had made the right decision. Members should not be treated badly as a result of using this procedure.

**Scrutiny of local authority trading companies** – Overview and Scrutiny should be scrutinising the commercial activities of the Council to make sure decisions were effective. Commercial sensitivity should not be used as a reason not to provide information as the Committee could consider this in a private, Part 2 session which restricted public access. It was noted that decisions taken by the Commercial Ventures Executive Sub-Committee were published.

**Executive Member presentations** – annual presentations by Executive Members on their portfolios were not felt to be frequent enough. Other councils provided updates at every scrutiny meeting. Executive Members and senior officers should be able to respond to Members' questions at the meetings.

**Transparency** – Members felt that in the past the Council had not been as transparent as it could have been on its decision-making processes. Transparency and integrity were an integral part of the overview and scrutiny function. It was felt that fewer decisions were going to the Executive and as a result to Overview and Scrutiny. The way information flowed through the Council and how this reached and was shared with the Overview and Scrutiny Committee needed examination as the Committee could not scrutinise issues it did not know about. The Committee should have complete, unfettered access to information (if necessary, in a private session) so it could act as a critical friend. Report titles should reflect the content of a report, so information was not hidden in the detail.

**Scrutiny panels** – the value of scrutiny panels or task and finish groups was discussed. These panels were valuable as a smaller group of Members had more time to scrutinise a particular topic and then come back to the full committee with recommendations. Previous scrutiny panels had focused on finance or planning issues.

**Making recommendations** – Panel Members said the Committee should put forward recommendations that resulted in meaningful action rather than note a report. Apart from the Budget Scrutiny Panel report there had not been many recommendations made by the Committee in recent meetings. One positive area of work had been the group's revision of the Council's Key Performance Indicators (KPIs) for 2020/21.

**Agile working** – the Committee needed to be more agile in its way of working. At the moment the meetings were very structured and long. It was perceived as difficult to break away from the schedule. The Committee needed to be able to react to the issue of the day and have clear outcomes from its meetings. One example was to look at what the Council had been spending on procurement in the last three months. This included large-scale spending to see the decision-making process.

Panel Members summed up their proposals as wanting to have 'structured agility', more frequent and shorter meetings, greater transparency, specific scrutiny panels when needed and giving the Committee 'teeth' with all the available information so they could properly scrutinise issues. Scrutiny should be a key function of the Council.

It was agreed that before the next meeting, Panel Members would review the House of Commons report and government statutory guidance. Members would look at themes of culture, resourcing, selecting committee members and measure themselves against best practice to see where there were gaps.

## **6. NEXT STEPS**

It was agreed that the Panel would meet on Thursday 20 August to allow time for a report to the next Overview and Scrutiny Committee meeting on Thursday 10 September.

The Meeting closed at 8.00 pm



<b>SIGNED OFF BY</b>	Head of Legal and Governance
<b>AUTHOR</b>	Catriona Marchant, Democratic Services Officer
<b>TELEPHONE</b>	Tel: 01737 276066
<b>EMAIL</b>	catriona.marchant@reigate-banstead.gov.uk
<b>TO</b>	Overview and Scrutiny Committee
<b>DATE</b>	Thursday 10 September 2020
<b>EXECUTIVE MEMBER</b>	Not applicable

<b>KEY DECISION REQUIRED</b>	No
<b>WARDS AFFECTED</b>	All Wards

<b>SUBJECT</b>	Overview and Scrutiny Committee's Work Programme 2020/21
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<b>RECOMMENDATIONS</b>
<ul style="list-style-type: none"> <li>i. To consider the proposed future work programme for the Overview and Scrutiny Committee, set out in <b>Annex 1</b>; and</li> <li>ii. To note the Action Tracker (<b>Annex 2</b>) from the last meeting.</li> </ul>
<b>REASONS FOR RECOMMENDATIONS</b>
<p>The work programme for the Overview and Scrutiny Committee was recommended by the Overview and Scrutiny Committee at its meeting on 20 February 2020 and was recommended by Executive on 27 February 2020 that it be approved by Council. Following Annual Council's decision on 28 May 2020 to constitute a separate Audit Committee, the Overview and Scrutiny Work Programme was updated.</p> <p>Arrangements for implementing this year's work programme have progressed and the latest plans are outlined in <b>Annex 1</b>. In addition an Action Tracker (<b>Annex 2</b>) which sets out the resolutions and requests from the previous meeting is added to the Agenda.</p> <p>This is a standing item to keep the Committee informed and to prepare for upcoming business.</p>

# Agenda Item 11

<b>EXECUTIVE SUMMARY</b>
<p><b>Background information</b> The selection and prioritisation of work is essential if the scrutiny function is to be successful, add value and retain credibility. This proposed standing item gives the Committee an opportunity to view and comment on future planning of the Overview and Scrutiny work programme.</p> <p><b>Work Programme 2020/21</b> The Work Programme 2020/21 is a useful tool in planning the overview and scrutiny work programme. The Future Work Programme will be updated before each meeting and feed into the Corporate Forward Plan.</p> <p><b>Recovery Scrutiny Panel</b> A Recovery Scrutiny Panel will consider the Recovery Plan and workstreams set up by the Council following the Covid-19 pandemic and emergency response. Recommendations from this O&amp;S Panel may lead to changes in the Work Programme.</p> <p><b>Action Tracker</b> The Action Tracker sets out the Resolutions and requests for information from the previous meeting.</p>

<b>STATUTORY POWERS</b>
<ol style="list-style-type: none"><li>1. The <i>Local Government Act 2000</i> (as amended) established Overview and Scrutiny Committees within the Leader with Cabinet model of governance. Subsequent legislation including the <i>Police and Justice Act 2006</i>, the <i>Local Government Public Involvement in Health Act 2007</i>, the <i>Local Democracy, Economic Development and Construction Act 2009</i>, the <i>Localism Act 2011</i> and the <i>Local Authorities (Overview and Scrutiny Committees) (England) Regulations 2012</i> has provided additional responsibilities on the Committee.</li></ol>
<b>BACKGROUND</b>
<ol style="list-style-type: none"><li>2. The Overview and Scrutiny Committee Work Programme 2020/21 was agreed earlier in 2020 and sets out a programme of activity that is in line with the Council's priorities.</li><li>3. This report requests the Committee to use the Overview and Scrutiny Committee Work Programme 2020/21 and Action Tracker as a tool to assist the Committee in managing its activities during the year.</li></ol>

## **OPTIONS**

4. The Committee has the option to approve, add to or remove items from the Work Programme or to ask Officers to review the position and report back on alternative options to include any new resource implications.

## **LEGAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

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

## **EQUALITIES IMPLICATIONS**

7. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between people who share those protected characteristics and people who do not;
  - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.

8. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:
- How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
  - Whether the impact on particular groups is fair and proportionate;
  - Whether there is equality of access to service and fair representation of all groups within the Borough;
  - Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

## **COMMUNICATION IMPLICATIONS**

9. There are no communication implications.

# Agenda Item 11

## **RISK MANAGEMENT CONSIDERATIONS**

10. There are no risk management considerations.

## **CONSULTATION**

11. Consultation with the Chair and Vice-Chair of the Overview and Scrutiny Committee will take place as part of the Agenda planning process of each meeting.

## **POLICY FRAMEWORK**

12. The Committee's activities through its work programme are designed to support the corporate direction of the Council.
13. The Chair of the Committee will meet regularly with the Leader of the Council to link the Committee's work programme to the Corporate Forward Plan of business.

## **BACKGROUND PAPERS**

Overview and Scrutiny Committee Work Programme 2020/21 report (20 February 2020)  
<https://reigate-bansteadintranet.moderngov.co.uk/documents/b4841/Addendum%20-%20Overview%20and%20Scrutiny%20Committee%20Proposed%20Work%20Programme%20202021%2020th-Feb-2020%2019.30%20Ov.pdf?T=9>

## **ANNEXES**

- Annex 1 – Future Work Programme 2020/21
- Annex 2 – Committee Action Tracker

# REIGATE AND BANSTEAD BOROUGH COUNCIL:

## OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME



Date of issue: 02 September 2020

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<b>10 September 2020</b>								
Tom Borer, Policy Officer	Leader of the Council	Chief Executive	<b>Leader's Update (September 2020)</b>  To receive an update on the work of the Council and future plans.	10 Sept 2020			Open	
Catriona Marchant, Democratic Services Officer	Chair of the Recovery Scrutiny Panel	Cath Rose, Head of Corporate Policy	<b>Recovery Scrutiny Panel</b>  To consider the Panel's feedback and a further update from officers.	10 Sept 2020			Open	
David Brown, Finance Manager, Luke Harvey, Project & Performance Team Leader	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance	<b>Quarterly Performance Report (Q1 2020/21)</b>  To consider the Performance Report for Quarter 1 (2020/21) and to make any observations.	10 Sept 2020	17 Sept 2020		Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Tom Borer, Policy Officer</i>	Portfolio Holder for Corporate Direction and Governance	Head of Corporate Policy	<b>Five Year Plan Performance Report 2015-2020</b>  To consider the Council's performance against the Corporate Plan (2015-20).	10 Sept 2020	19 Nov 2020		Open	
<i>Helen Stocker, Finance Manager</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance	<b>Draft Annual Governance Statement</b>  The Council is required to publish an annual statement on its corporate governance arrangements. This should accompany the Council's annual Statement of Accounts. These will both go to the Audit Committee in November.	10 Sept 2020			Open	
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance	<b>Treasury Management Outturn Report 2019/20</b>  To consider the Treasury Management Outturn Report 2019/20	10 Sept 2020	28 July	24 Sept	Open	PFP
<i>Catriona Marchant, Democratic Services Officer</i>	Chair of the Overview and Scrutiny Panel	Head of Legal and Governance	<b>Evaluating Overview and Scrutiny Panel</b>  To consider the Panel's	10 Sept 2020			Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			recommendations.					
<b>22 October 2020</b>								
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance	<b>Medium-Term Financial Strategy 2021/22 – 2025/26</b>  To consider the Medium-Term Financial Strategy 2021/21 – 2025/26	22 Oct 2020	28 July		Open	PFP
<del>Pat Main, Interim Head of Finance</del>	Portfolio Holder for Finance	Head of Finance	<b>Capital Investment Strategy 2021/22</b>  To review the Council's Capital Investment Strategy	22 Oct 2020			Part Exempt	
<i>Caroline Waterworth, Director of Commercial and Investment</i>	Portfolio Holder for Finance	Director of Commercial and Investment	<b>Commercial Strategy</b>  To consider the Council's Commercial Strategy	22 Oct 2020			Part Exempt	
<i>Kirsty Jane Hill, Democratic Services Officer</i>	Portfolio Holder for Investment and Companies	Head of Legal and Governance, Interim Head of Finance	<b>Companies Performance Update</b>  To receive an update on the performance of Council companies.	22 Oct 2020			Part exempt	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Caroline Waterworth, Director of Commercial and Investment</i>	Portfolio Holder for Finance	Director of Commercial and Investment	<b>Management of Capital Programme Consultants</b>  To consider the management of the Council's Capital Programme Consultants	22 Oct 2020			Part Exempt	
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance	<b>Constitution of Budget Scrutiny Panel: Service and Financial Planning 2021/22</b>  To agree the membership and constitution of the Budget Scrutiny Panel	22 Oct 2020			Open	

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### 3 December 2020 (Budget Scrutiny Panel) date tbc

<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance	<b>Budget Scrutiny Panel: Service and Financial Planning 2021/22</b>  For the Budget Scrutiny Panel to (i) consider the provisional budget proposals for 2021/22; (ii) report back to the Overview and Scrutiny Committee with their findings; and (iii) make recommendations to the Executive in line with the	9 Dec 2020	17 Dec 2020		Part Exempt	
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Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			Council's budget and policy procedure rules.					
<b>9 December 2020</b>								
<i>Catriona Marchant, Democratic Services Officer</i>	Portfolio Holders - Organisation	Director of Commercial and Investment	<b>Portfolio Holders Update – Organisation (December 2020)</b>  To receive an update on the work of the Organisation Portfolios.	9 Dec 2020			Open	
<i>Catherine Rose, Head of Corporate Policy</i>	Portfolio Holder for Neighbourhood Services	Director of Place	<b>Environmental Sustainability Strategy</b>  To consider the Council's overall approach in relation to environmental sustainability					
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance	<b>Budget Scrutiny Panel: Service and Financial Planning 2021/22</b>  To receive a report from the Budget Scrutiny Panel to i) consider the provisional budget proposals for 2021/22 and make recommendations to the Executive in line with the Council's budget and policy procedure rules.	9 Dec 2020	17 Dec 2020		Part Exempt	
<i>Catriona</i>	Chair of the	Cath Rose, Head	<b>Recovery Scrutiny Panel</b>	9 Dec 2020	17 Dec 2020		Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Marchant, Democratic Services Officer</i>	Recovery Scrutiny Panel	of Corporate Policy	To consider the Panel's feedback and a further update from officers and make recommendations.					
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance	<b>Treasury Management Half Year Report 2020/21</b>  To consider the Treasury Management Half Year Report 2020/21.			10 Dec	Open	PFP
<i>Luke Harvey, Project &amp; Performance Team Leader</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance	<b>Quarterly Performance Report (Q2 2020/21)</b>  To consider Council performance in the second quarter of the year with regard to Key Performance Indicators, Revenue and Capital Budget Monitoring and Risk Management.	9 Dec 2020	17 Dec 2020		Open	
<b>21 January 2021</b>								
<i>Ross Spanton, Community Safety Officer, Justine Chatfield, Head of Community Partnerships</i>	Portfolio Holder for Community Partnerships	Head of Community Partnerships	<b>Annual Community Safety Partnership Scrutiny - 2019/20</b>  To review the work of the East Surrey Community Safety Partnership in 2020/21.	21 Jan 2021			Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Mari Roberts-Wood, Director of People</i>	Portfolio Holder for Community Partnerships, Portfolio Holder for Housing and Benefits, Portfolio Holder for Wellbeing and Intervention	Director of People	<b>Portfolio Holder Briefing - People Portfolios</b>  To receive a briefing from the People Portfolio Holders.	21 Jan 2021			Open	
<i>Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Interim Head of Finance	<b>Budget 2021/22, Capital Programme 2021 to 2026 and Council Tax 2021/22</b>  To consider final budget proposals and make any final recommendations to Executive.	21 Jan 2021			Part Exempt	
<i>Catriona Marchant, Democratic Services Officer</i>	Chair of the Recovery Scrutiny Panel	Cath Rose, Head of Corporate Policy	<b>Recovery Scrutiny Panel</b>  To consider the Panel's feedback and a further update from officers and make recommendations.	21 Jan 2021	28 Jan 2021		Open	
<i>Catriona Marchant, Democratic Services Officer</i>	Leader of the Council	Head of Legal and Governance	<b>Calendar of Meetings 2021/22</b>  To consider the proposed schedule of meetings.	21 Jan 2021	28 Jan 2021	11 Feb 2021	Open	
<b>18 March 2021</b>								

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
<i>Luci Mould, Director of Place</i>	Portfolio Holder for Neighbourhood Services, Portfolio Holder for Place and Economic Prosperity, Portfolio Holder for Planning Policy	Director of Place	<b>Portfolio Holder Briefing - Place Portfolios</b>  To receive a briefing from the Place Portfolio Holders regarding the Place business areas and their portfolios.	18 Mar 2021			Open	
<i>Catriona Marchant, Democratic Services Officer</i>	Chair of the Recovery Scrutiny Panel	Cath Rose, Head of Corporate Policy	<b>Recovery Scrutiny Panel</b>  To consider the Panel's feedback and a further update from officers and make recommendations.	18 Mar 2021	25 March 2021		Open	
<i>Kirsty Jane Hill, Democratic Services Officer</i>	Portfolio Holder for Investment and Companies	Head of Legal and Governance, Interim Head of Finance	<b>Companies Performance Update</b>  To receive an update on the performance of Council companies.	18 Mar 2021			Part exempt	
<i>Luke Harvey, Project &amp; Performance Team Leader</i>	Deputy Leader and Portfolio Holder for Finance, Portfolio Holder for Corporate Direction and Governance	Head of Projects and Performance, Interim Head of Finance	<b>Quarterly Performance Report (Q3 2020/21)</b>  To consider Council performance in the third quarter of 2020/21 with regard to Key Performance Indicators, Revenue and Capital Budget	18 Mar 2021	25 Mar 2021		Open	

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
			Monitoring and Risk Management.					
<i>Pat Main, Interim Head of Finance</i>	Deputy Leader and Portfolio Holder for Finance	Interim Head of Finance	<b>Treasury Management Strategy 2021/2022</b>  To consider the Treasury Management Strategy for 2021/22.		25 March	8 April	Open	PPF
<i>14 14 Catriona Marchant, Democratic Services Officer</i>	Chairman of the Overview and Scrutiny Committee	Head of Legal and Governance	<b>Overview and Scrutiny Committee: Proposed Work Programme 2021/22</b>  To consider the proposed work programme for the Committee for 2021/22.	18 Mar 2021	25 Mar 2021	8 Apr 2021	Open	

**To be scheduled**

Report Author(s)	Lead Member(s)	Officer sign off	Subject	O&S	Executive	Council	Open / Exempt	Key
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Action tracker - Overview and Scrutiny Committee 2020/21 – Updated 4 September 2020

Meeting 2020/21	Subject and request	Action	Who	When	Completed
11 June 2020	Item 7 – Internal Audit 2019/20 – annual report and opinion	<b>Policies and procedures</b> – Members asked for a written answer on the management actions and timeline to complete these notes. It would liaise with the Audit Committee on this action.	Request to officers	Completed	Written response sent to Members on 20 August 2020.
11 June 2020	Item 8 – Quarterly Performance Report Q4 2019/20 and Provisional Budget Outturn Report Q4 2019/20	<b>Homelessness update</b> – Members asked for a written update to give more detailed costs on housing homeless people due to Covid-19.	Request to officers	Completed	Written response to Members sent on 23 June 2020.
11 June 2020	Item 8 – Quarterly Performance Report Q4 2019/20 and Provisional Budget Outturn Report Q4 2019/20	<b>Provisional Outturn Budget</b> – Members asked for a written answer giving a breakdown of the forecast financial impacts of the Covid-19 crisis to help Members understand the potential financial implications for the Council.	Request to officers	Completed	This was reported in the Medium-Term Financial Plan report to Executive on 28 July that is scheduled to be considered by O&S on 22 October.
11 June 2020	Item 8 – Quarterly Performance Report Q4 2019/20 and Provisional Budget Outturn Report Q4 2019/20	<b>Air Quality Monitoring budget</b> – Members asked for more information about the Air Quality Monitoring capital programme budget and why funds had been used to fund charging points instead of monitoring equipment.	Request to officers	Completed	This was addressed in the Quarter 1 Performance report (Capital Programme Monitoring) that is scheduled to be considered by O&S on 10 September
11 June 2020	Item 10 – Covid-19 – Response to Date and Recovery Workstreams	<b>Redeployment of staff</b> – Members asked how what services had been	Request to officers	Completed	Written response to Members sent on 23 June 2020.

		curtailed due to the pandemic and subsequent government guidance.			
11 June 2020	Item 10 – Covid-19 – Response to Date and Recovery Workstreams	<b>Recovery programmes and workstreams</b> – Members asked for more detail about the recovery programme and support for businesses and those facing redundancy.	Request to officers	Completed	Written response sent to Members sent on 23 June 2020.
17 Dec 2019	Item 5 – Budget Scrutiny Panel Report: Service and Financial Planning 2020/21	<b>Trust Funds</b> – Members asked officers to confirm the actions necessary to gain approval to spend capital sums relating to the Reigate Baths Trust Fund and Commons Trust. Officers to report back with the outcome and options.	Request to officers	Completed	Written response sent to Members on 3 September 2020.