

Executive Agenda



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

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9 October 2018

To the Members of the EXECUTIVE

Councillors:	M. A. Brunt	Leader of the Council
	G. J. Knight	Deputy Leader, Housing and Benefits
	R. H. Ashford	Leisure and Wellbeing
	Mrs. N. J. Bramhall	Property and Acquisitions
	J. E. Durrant	Community Safety
	K. Foreman	Planning Policy
	A. C. J. Horwood	Neighbourhood Services
	E. Humphreys	Business and Economy
	T. Schofield	Finance

For a meeting of the **EXECUTIVE** to be held on **THURSDAY, 18 OCTOBER 2018** at **7.30 pm** in the New Council Chamber - Town Hall, Reigate.

John Jory
Chief Executive

If you need this agenda in an alternative format, please refer to the information on the final page.

Notice is given of the Executive's intention to hold part of its meeting on Thursday, 18 October 2018 in private for consideration of reports containing "exempt" information

1. **MINUTES** (Pages 7 - 12)

To confirm as a correct record the Minutes of the Executive meeting held on 13 September 2018.

2. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest.

4. **SINGLE USE PLASTICS** (Pages 13 - 22)

Executive Member: Portfolio Holder for Neighbourhood Services, Portfolio Holder for Property and Acquisitions

To consider a report on single use plastics in response to issues raised at Full Council on 26 July 2018.

5. **OVERAGE DUE IN RESPECT OF SITE IN BLACKBOROUGH ROAD, REIGATE** (Pages 23 - 26)

Executive Member: Portfolio Holder for Finance

To consider overage due in respect of a site in Blackborough Road, Reigate.

6. **INTERNAL AUDIT PARTNERSHIP AGREEMENT** (Pages 27 - 34)

Executive Member: Portfolio Holder for Finance

The purpose of this report is to set before the Executive the options available, the recommendation for the way forward and to seek approval for the Council to enter into a partnership agreement with the Southern Internal Audit Partnership.

7. **MARKETFIELD WAY - CONSTRUCTION OF MIXED USE DEVELOPMENT** (Pages 35 - 42)

Executive Member: Portfolio Holder for Property and Acquisitions

To consider an update in relation to Marketfield Way, Redhill.

8. **PROPERTY ACQUISITIONS**

Executive Member: Portfolio Holder for Property and Acquisitions

To consider any property acquisitions proposed.

9. **STATEMENTS**

To receive any statements from the Leader of the Council, Members of the Executive or the Chief Executive.

10. **ANY OTHER URGENT BUSINESS**

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

(Note: Urgent business must be submitted in writing but may be supplemented by an oral report).

11. **EXEMPT BUSINESS**

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

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

12. **OVERAGE DUE IN RESPECT OF SITE IN BLACKBOROUGH ROAD, REIGATE (EXEMPT)** (Pages 43 - 44)

Executive Member: Portfolio Holder for Finance

To consider exempt information in relation to overage due in respect of a site in Blackborough Road, Reigate.

13. **INTERNAL AUDIT PARTNERSHIP AGREEMENT (EXEMPT)** (Pages 45 - 52)

Executive Member: Portfolio Holder for Finance

To consider exempt information in relation to the Internal Audit Partnership Agreement.

14. **MARKETFIELD WAY - CONSTRUCTION OF MIXED USE DEVELOPMENT (EXEMPT)** (Pages 53 - 74)

Executive Member: Portfolio Holder for Property and Acquisitions

To consider exempt information in relation to Marketfield Way, Redhill.

15. **PROPERTY ACQUISITIONS (EXEMPT)**

Executive Member: Portfolio Holder for Property and Acquisitions

To consider exempt information in relation to these proposals.

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Agenda Item 1

Executive
13 September 2018

Minutes

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 13 September 2018 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), G. J. Knight (Deputy Leader), R. H. Ashford, Mrs. N. J. Bramhall, J. E. Durrant, K. Foreman, A. C. J. Horwood, E. Humphreys and T. Schofield.

Also present: Councillors Mrs. R. Absalom, M. S. Blacker, R. W. Coad, J. M. Ellacott, J. C. S. Essex, N. D. Harrison, R. Michalowski, Mrs. R. S. Turner and C. T. H. Whinney.

NOTE

The Executive stood in one minutes silence prior to the start of the meeting following the sad passing away of Councillor Mrs. M.R. Mill on 6 September 2018.

33. MINUTES

RESOLVED that the Minutes of the Executive meeting held on 19 July 2018 be approved as a correct record and signed.

34. APOLOGIES FOR ABSENCE

None.

35. DECLARATIONS OF INTEREST

None.

36. HOUSING ENFORCEMENT POLICY AND AMENDMENT TO THE OFFICER SCHEME OF DELEGATION

Councillor J.E. Durrant, Executive Member for Community Safety, introduced the report concerning a new Housing Enforcement Policy and some additions to the Officer Scheme of Delegation.

It was highlighted that a new Housing Enforcement Policy had been prepared to complement, and to sit alongside, the existing Environmental Health and Licensing Enforcement Policy. Councillor Durrant explained that this included options for the enforcement of housing standards, primarily in the private rented sector. It was noted that these included a number of new powers which could be used when regulating against criminal landlords and the licensing of Homes in Multiple Occupation (HMO's).

The Executive Member explained it was necessary to have a clearly stated policy on how various enforcement options, including both criminal and civil sanctions, would be applied. It was recognised that this would support all stakeholders as the policy would provide clear expectations on how housing standards related

enforcement work would be undertaken. In addition, it was highlighted that this would increase confidence in the process.

In terms of the amendments to the Officer Scheme of Delegation, it was explained that to enable the practical day-to-day functioning of a local authority, the Council could delegate its powers to committees, officers and others.

It was noted that the Officer Scheme of Delegation, set out in the Council's Constitution, delegated various powers and functions to senior officers, usually at Head of Service level. The importance of officers' delegated authority being clearly documented and evidenced was highlighted as this would ensure any enforcement action could be shown to be appropriately authorised. In response to questions, Cllr Durrant explained amendments to the scheme were required in order to incorporate new legislation, to ensure all necessary enforcement powers could be utilised.

During the discussion a number of matters were considered, including:

- The multiple regulatory requirements for fire safety in rented properties, including questions relating to sprinkler systems.
- Various issues, previously discussed by the Executive in September 2017, concerning the possibility of establishing a private rented landlords register.
- The importance of signposting and providing clear information to help tenants know when they were dealing with a reputable landlord.

The Executive Member for Community Safety confirmed that further information on each of these points would be provided via a written response.

RECOMMENDED that additions to the Officer Scheme of Delegation contained within the Council's Constitution, set out in Annex 2 of the report of the Director of Place in relation to Section 5 (Housing and other Residential Accommodation), be approved.

RESOLVED that the Housing Enforcement Policy, provided at Annex 1 to the report of the Director of Place, be approved.

Reason for decision: A documented housing enforcement policy was required to ensure clear and consistent enforcement decisions were taken in relation to the enforcement of housing standards. The Officer Scheme of Delegation should be kept up-to date. For that purpose it was necessary to add newly introduced legislation to ensure all necessary enforcement powers could be utilised.

Alternative options: To reject the recommendations and/or request amendments to the Annexes.

37. FLATS RECYCLING SERVICE

Councillor A.C.J. Horwood, Executive Member for Neighbourhood Services, introduced the report setting out the Council's approach, and continued support, to enhanced kerbside recycling facilities for flats and properties with communal bin areas.

The report before the Executive reaffirmed the Council's commitment to implementing an enhanced recycling service for 1873 flats, principally located in Redhill and Reigate, by the end of March 2019 (Phase 1). Furthermore, Councillor Horwood explained that the report was seeking agreement to plan for the introduction of services to an additional 2,300 flats across the borough during 2019/20 (Phase 2).

The Executive Member explained that the report provided further details on timescales, resources required and the anticipated recycling yield. It was also highlighted that the Overview and Scrutiny Committee had considered the report at their meeting on 6 September 2018. It was noted that this had provided a useful forum for discussion. It was explained that the Committee had raised a number of questions but had generally been supportive of the proposals set out in the report.

It was highlighted that following Phases 1 and 2 a business as usual approach would be taken in relation to rolling out recycling facilities to remaining flats across the borough. It was noted that this would require consultation, agreement and in some cases investment from flat owners.

During the discussion, both the Leader of the Council and Executive Member for Neighbourhood Services responded to various questions on the rollout of enhanced recycling services to flats across the borough.

Councillor Horwood concluded by providing clarity on the following sections of the report:

- The reference to financial arrangements between the Authority and Surrey County Council should have been removed from recommendation (iv) and sections 11, 14 and 26 of the report, as this element of the roll out was considered as business as usual.
- Section 6 of the report incorrectly made reference to Phases 1, 2 and 3. The report should have been updated as reference to increased recycling rates related to a roll-out to all flats.
- Option 3, set out in section 17 of the report, should have been removed as this work was considered as normal business.

In response to these updates, and to ensure clarity, the Executive Member for Neighbourhood Services moved an amendment to recommendation (iv), which was agreed and it was therefore;

RESOLVED that:

- (i) The overall success of the rollout of the enhanced kerbside recycling scheme, agreed by the Executive in December 2010, be noted.
- (ii) The Council's continued support for the rollout of enhanced recycling services to flats across the borough be reaffirmed.
- (iii) The Strategic Head of Neighbourhood Services, in consultation with the Executive Member for Neighbourhood Services, be authorised to roll out Phase 1 and plan for, and roll out Phase 2.
- (iv) It be noted providing kerbside recycling for the remaining properties would be considered as part of a process of continued improvement, recognising rollout would be challenging and may not prove cost effective.

Reasons for decision: To provide an update on the delivery of an extended kerbside recycling scheme, including recycling services for flats, to ensure government recycling targets were achieved and to reduce the amount of residual waste sent for disposal.

Alternative options: To choose not to continue with the roll out of kerbside recycling to flats or to implement enhanced services to all flats more quickly with significant additional resource.

38. QUARTERLY PERFORMANCE REPORT (Q1 2018/19)

A report was submitted with financial monitoring information for the first quarter of 2018/19. The report also provided the headline issues on major variances in relation to the Council's overall performance for the period.

Councillor T. Schofield, Executive Member for Finance, reported that eight of the fourteen Key Performance Indicators (KPIs) were on target or within agreed tolerances for the period.

The Executive Member for Finance highlighted that KPIs 4-8 were contextual homelessness indicators, introduced to reflect changes required by the Homelessness Reduction Act (2017). Due to uncertainty about the impact of this legislation it was noted that no target had been set. However, it was explained performance during 2018/19 would be used to inform targets for 2019/20.

In reference to the number of affordable home completions, the Executive was informed that KPI 3 was off target for the quarter. In order to achieve this target it was recognised that the Council was dependent on the performance of private developers.

On the financial side, the Executive Member for Finance confirmed that there was a small overspend on the revenue budget. In response to questions, Councillor Schofield explained this had predominantly been driven by the loss of income from a car parking contract. It was noted that the capital programme had progressed successfully.

Councillor Schofield concluded by informing the Executive that the Overview and Scrutiny Committee had considered the Council's performance at their meeting on 6 September 2018. It was noted that the Committee had raised a number of questions, including matters relating to business rates retention and the allocation of Community Infrastructure Levy funds. The Executive Member for Finance confirmed that further information on each issue would be provided via a written response.

RESOLVED that the performance outlined in the report of the Director of Finance and Organisation be noted.

Reason for decision: To consider the performance for the first quarter of the financial year 2018/19.

Alternative options: None.

39. UPDATE ON ACQUISITION OF FREEHOLD IN REDHILL

Councillor Mrs N.J. Bramhall, Executive Member for Property and Acquisitions, provided an update on the acquisition of a property investment in Redhill.

Councillor Mrs Bramhall explained, following Executive approval being obtained in July 2018, that the owner of the subject property had advised the Council of some amendments to the proposed terms of the sale. It was noted that this included an increase to the gross purchase price.

The Executive was informed that detailed consideration had been given to the vendor's required changes, which included obtaining advice from several independent property experts. The Executive Member for Property and Acquisitions explained that a purchase of the property on the revised terms was still considered a good acquisition for the Council.

It was noted that full details of the amendments and the financial implications had been set out in the exempt Part 2 report on of the agenda.

***Clerk's note** – at this point in the meeting (at 8.20pm) agenda item 7 (Update on Acquisition of Freehold in Redhill) was adjourned so that exempt information, agenda items 11 (Exempt Business) and 12 (Update on Acquisition of Freehold in Redhill – Exempt), could be considered ahead of making a decision.*

***Clerk's note** – The minutes of the meeting reflect the order of business listed on the published agenda, not the order taken during the meeting.*

On conclusion of agenda item 12 (at 8.35pm) the Executive returned to agenda item 7 and;

RESOLVED that further to the Executive approval in July 2018, to proceed with the acquisition of a property investment in Redhill at the revised price detailed in the exempt Part 2 report.

Reason for decision: To obtain Executive authority to proceed with a freehold acquisition in Redhill on revised terms to secure additional income to support the Council's 5 Year Plan objective to become financially self-sufficient.

Alternative options: Investigate alternative property acquisitions, investigate a joint venture on the purchase or do nothing.

40. PROPERTY ACQUISITIONS

There was no business to be considered under this agenda item.

41. STATEMENTS

None.

42. ANY OTHER URGENT BUSINESS

None.

43. EXEMPT BUSINESS

RESOLVED that members of the press and public be excluded from the meeting for agenda item 12 (Update on Acquisition of Freehold in Redhill – Exempt) under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and (ii) the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

44. UPDATE ON ACQUISITION OF FREEHOLD IN REDHILL (EXEMPT)

RESOLVED that the exempt information in relation to the acquisition of a property investment in Redhill be noted.

45. PROPERTY ACQUISITIONS (EXEMPT)

There was no exempt business to be considered under this agenda item.

The Meeting closed at 8.37 pm

Agenda Item 4

Executive
18 October 2018

Agenda Item: 4
Single Use Plastics (SUP)



Reigate & Banstead
BOROUGH COUNCIL
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REPORT OF:	STRATEGIC HEAD OF NEIGHBOURHOOD SERVICES
AUTHORS:	Frank Etheridge: George Potter.
TELEPHONE:	01737 276219
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TO:	EXECUTIVE
DATE:	18 OCTOBER 2018
EXECUTIVE MEMBER:	COUNCILLOR A. HORWOOD COUNCILLOR MRS. N. BRAMHALL

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	ALL

SUBJECT:	SINGLE USE PLASTICS (SUP).
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RECOMMENDATIONS:

- (i) That the Council actively seeks to eliminate the use of single use plastics, from its buildings, assets and facilities and to seek alternative, reusable, compostable or recyclable solutions. Actions are described in paragraph 10 of this report.
- (ii) That Council contractors and service suppliers are encouraged to eliminate the use of single use plastics wherever suitable alternative materials are available.
- (iii) That the Council, in liaison with Surrey Waste Partnership, develops a campaign aimed at residents and businesses within the borough to raise awareness of the impact of single use plastics and the alternative solutions
- (iv) That a voluntary public rating system is developed, for local businesses that promote the elimination of single use plastics whenever practical.

REASONS FOR RECOMMENDATIONS:

Single use plastics (SUP's) are widely used by industry, retailers, service providers and within a domestic setting. They are designed to be used once and thrown away. Many of the polymers used to manufacture SUP's are not readily recyclable and, in any case, the vast majority of facilities required to process material are not based within the UK.

This means that SUP entering the waste stream is either disposed of by incineration or landfill or exported for processing and disposal abroad.

For many years campaigns to encourage a reduction in the use of SUP have been undertaken by Local Authorities, Government Agencies and industry bodies as well as environmental campaign groups. Many processing companies regard SUP as 'non-target material' or trash.

In 2017 the BBC television series The Blue Planet II, presented by Sir David Attenborough, graphically brought to the public's attention the problems caused by plastics

entering the worlds seas and oceans and the polluting impact it has on flora and fauna.

Many millions of tonnes of man-made plastics are now in the sea.

Since the screening of The Blue Planet II public awareness has been raised along with an expectation that Local Authorities and other government bodies should do what they can to address the use of SUP.

Broadly speaking our ability to respond to the public's desire to do more to combat the pollution caused by SUP falls into two areas :-

1. Domestic arrangements to reduce the use of SUP across the Council's range of buildings, assets and services.
2. To do more to encourage others to eliminate or reduce the use of SUP in their everyday activities.

The recommendations demonstrates the Council's ongoing commitment to protect the local environment and encourage responsible waste management by, wherever possible, eliminating SUP's.

EXECUTIVE SUMMARY:

This report is written in response to a motion tabled by Cllr G. R. Curry, seconded by Cllr Coad, at a meeting of Full Council on 26 July 2018.

- That the Chief Executive be requested to undertake an audit of the Council's purchasing with respect to single use plastics and to report the findings of this review to the Executive with appropriate recommendations for their reduction;
- That the Chief Executive be requested to take action to immediately eliminate the use of single use plastics in the Town Hall complex, liaise with satellite facilities such as the Earlswood Depot, Harlequin, leisure centres and businesses within the Council's commercially rented properties to work towards this goal on a practical timescale;
- That the Chief Executive works with the Leader of the Council and the Portfolio Holder for Neighbourhood Services to prepare an awareness campaign of the need to reduce single use plastics within our local community; and
- That the Chief Executive be requested to develop a system that would promote achievement levels through a voluntary rating system for local businesses (and other organisations, e.g. schools) to highlight those doing the most to eliminate single use plastics, reduce general disposable and single use items and working to increase their recycling rates.

In accordance with Council Procedure Rule 2.17.3 of the Constitution the Motion upon being moved and seconded was referred without discussion to the Executive for consideration.

The purpose of this report is to respond to the issues raised at the meeting of Full Council on 26 July and to recommend actions arising.

The report, whilst specifically dealing with the use of SUP's, is well aligned to the Joint Waste Management Strategy, to which all members of Surrey Waste Partnership are signatories.

There are financial considerations to be taken into account.

- Materials used to replace SUP's may prove more expensive.
- A campaign to raise public awareness of SUP's will require funding.
- A voluntary system of rating business according to their use of SUP will need to be administered and audited if it is to be credible.

Public awareness and expectations around the use of SUP are high. By taking a lead and demonstrating our commitment to address the use of SUP we fulfil our role in promoting best practice in waste management and environmental protection. Given heightened public interest, campaigns are likely to be well received and significant engagement is anticipated.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. Reigate and Banstead Borough Council is a statutory Waste Collection Authority. This means that we have a duty to collect household waste from our residents.
2. The Environmental Protection Act 1990 describes the duties of a Waste Collection Authority. S.48 makes provision for Waste Collection Authorities to retain waste for the purposes of recycling and to prescribe the nature of material to be placed in each bin. Broadly speaking plastic bottles, pots, tubs and trays can be recycled using the existing kerbside recycling service.

BACKGROUND

3. The definition of single-use plastics (SUP's), or disposable plastics are items that are used only once before they are thrown away or recycled. Typical examples of these items include plastic bags, straws, coffee stirrers, water bottles and most food packaging.
4. It is estimated that in excess of 300 million tons of plastic is manufactured each year and world-wide only around 10-13% of plastic items are recycled (*PlasticFreeChallenge.org*).
5. This is in part due to a number of difficulties associated with the recycling of petroleum based disposable plastic, firstly the fact that new virgin materials and chemicals are required to be added to do so and secondly, there are a limited number of items that recycled plastic can be used for.
6. Petroleum based plastic is not biodegradable and usually goes into a landfill where it is buried and although plastic will not biodegrade (decompose into natural substance) it will degrade, breaking down into tiny particles after many years resulting in toxic chemicals being released which make their way into our water supply and potentially can enter our food chain.

7. Government's role is to look at the use of SUP's in the supply chain. Legislation may be required to limit the use of SUP's and to restrict the number of polymers that can be used in the production of packaging. An effective example is the introduction of a levy on the use of SUP bags at supermarkets and larger retail outlets.
8. Deposit Return Schemes (DSR's) are already being implemented locally (for example at Canary Wharf in London) and may be introduced nationally. These allow for plastics to be recycled with cash or reward 'points' being returned to the consumer.
9. In the meantime, Councils can address the issue at a local level without the need for national legislation.

KEY INFORMATION

10. For ease of reference, the key information has been broken into two categories, a) Office Vending, Stationary and Facilities and b) Operational single-use plastics.

Office Vending, Stationary and Facilities

a1). Vending which includes, snack vending, tea / coffee provision and water coolers as well as office catering services provided by external contractors, (who were also approached as part of this review), typically involve the use of SUP's.

In the main, the use of SUP packaging is currently governed by manufacturers, albeit current moves by the major supermarkets and Central Government are likely to affect suppliers' future packaging approaches.

Vending machines will continue to offer snacks and drinks. We will work with suppliers to offer recyclable packaging wherever possible.

a2). With respect to external catering suppliers, typically food is delivered and served on re-useable plastic trays and lids that are collected within a few days of delivering the original buffet. Often caterers provide disposable plastic knives, forks and spoons.

We will discontinue the use of polystyrene plates and plastic cups, replacing these with bio-degradable plant based options. We will use conventional cutlery that can be washed in dishwashers currently provided in kitchens and kitchenettes throughout our buildings.

a3). Stationary includes anything from a 'Bic' biro to toner cartridges and window envelopes. Items such as laminating sheets and punched document pockets are the greatest use of SUP's across the council. In excess of 2000 are used each year, along with 1200 biro's per annum.

Alternative card and paper stationary will be used as a substitute for SUP. Our existing supply of pens will be used up and disposed of in such a way as to ensure that they are not sent to landfill.

a4). In reviewing general office facilities, meetings have been held with both our current Security and Cleaning Contractors to review and seek ways to reduce their usage of SUP's across the council's sites. Typically, security use a limited amount of SUP's as they are primarily a labour based service. However in respect to the Cleaning contractors their main usage of SUP's revolves around waste disposal.

We will explore opportunities to substitute plastic bags from litter and waste bins. Some paper based alternatives are available. However, where bins are likely to contain liquids, plastic bags may be the only suitable option.

Operational

b1). In the context of this report, 'Operational' is used to describe single-use plastics which are currently either being issued by the council to residents and businesses or used as part of our provided services.

b2). Probably, the largest use within the council is associated with Waste and Recycling.

Around 700 properties, still receive 104 black bags once a year for householders who don't have storage for wheelie bins.

Communal food bins, use 140L plastic liners to keep the food bins clean which are replaced weekly. There are currently 220 bins and liners, the number of which is anticipated will grow by 150 bins over next 12 months.

Approximately, 208,000 recycled plastic bags are also used for waste bins and community litter picks, throughout the borough.

As a one-off awareness campaign which is aimed to highlight the 'ability to use plastic liners within the food caddies', it is proposed to also supply a small roll of plastic food caddy liners when the scheme is rolled out to flats and it is expected to supply 2000 properties in next 12 months.

In addition the authority also currently sells approximately 11,000 plastic trade waste sacks and 1,000 additional residential waste sacks each year.

We have explored the possibility of using paper bags as an alternative but these have proved unsuitable. We will continue to use plastic sacks and will ensure that wherever possible these are sent for disposal as refuse derived fuel (RDF) rather than landfill.

b3). Within the Environmental Health department, a number of sampling / evidence bags and associated plastic equipment items are used; the approximate volumes of each are in the region of 25-50 of each per year.

To ensure that evidence is collected and stored in such a way that it can be exhibited in court proceedings we will continue to use small numbers of plastic evidence bags and sampling equipment. Alternatives may become available.

b4). In Licensing single-use plastics include approximately 2,350 taxi vehicle licence plates per year, 1,000 driver licences similar to personal ID badges, which last for a period of three years and personal liquor licences, which last indefinitely, unless the personal details i.e. name or address changes, which currently equates to around 30 new licences being issued per annum.

SUP will continued to be used in order to ensure that taxi plates and driver's identification cards remain legible. This enables customers to be confident that vehicles and drivers are legitimate and properly registered.

b5). In Parking Services all PCN's and Permits are currently issued with SUP holders.

In order to protect PCN's from the effects of inclement weather small numbers of SUP bags will continue to be used. Alternatives are currently being sought.

Raising Awareness of SUP'S

11. Surrey Waste Partnership (SWP) has recognised that all of the Boroughs and Districts in Surrey are concerned about SUP's. Following the meeting of SWP Member's Group on 11 July 2018 it was agreed that an officer's working group should be established to recommend 'best practice'. The first meeting of this working group took place on 20 August 2018, at which RBBC was represented. It is proposed that Reigate and Banstead Borough Council should work alongside neighbouring Boroughs and Districts to develop a joint awareness campaign around the use of SUP's. Initial discussions suggest that all of the Waste Partnership's members are keen to approach this issue jointly.
12. Recommendation (iii) therefore suggests that we participate in a joint campaign as a member of the Waste Partnership. This will enable resources to be pooled in order to achieve greater economies of scale.
13. Recommendation (iv) seeks to establish a voluntary rating system that encourages local businesses and service providers to look into their use of SUP's in order to eliminate or reduce consumption. This is forward thinking and innovative but will require administration and auditing if it is to be credible. Therefore it is suggested that the joint development of such a scheme be proposed at the next meeting of the SWP working group, with agreement that it be introduced Countywide. For the reasons outlined at 3 above, adoption of a scheme by SWP will bring about joint resourcing and centralised administration. The system of rating, or perhaps a SUP 'charter-mark', would also become more widely recognised.

OPTIONS

14. Option 1: Do nothing and continue the use of SUP's. – This Option is not recommended as it fails to recognise public expectation and the environmental damage caused by SUP's.
15. Option2: Accept the recommendations included in this report and work towards the reduction and ultimate elimination of SUP's – This Option is recommended.

16. Option 3: Await the outcome of Government advice and legislation before attempting to reduce the use of SUP's. – This Option is not recommended as timescales are unclear and in the meantime environmental damage continues unabated.

LEGAL IMPLICATIONS

17. There is currently no legal mechanism to enforce a reduction in the use of SUP's.

18. Challenges may be received from suppliers if we were to exclude them from the procurement process because their products include SUP's.

FINANCIAL IMPLICATIONS

19. Potential considerations:

- Replacing SUP's with other material may prove more expensive, thus increasing revenue expenditure.
- A campaign to raise awareness of SUP's and a voluntary rating system will require budget allocation. This is not presently accounted for.
- Reigate & Banstead Borough Council contributes funding to Surrey Waste Partnership (£77k per annum). By participating in joint campaigns funding may be available from the Waste Partnership.

EQUALITIES IMPLICATIONS

20. Some groups may be disproportionately affected by a campaign to reduce the use of SUP's.

21. The disabled, elderly and those that are unwell may find it difficult to source suitable alternatives to SUP.

22. Therefore any campaign or system of rating should take account of their situation and not stigmatise those who have no realistic alternative other than the continued use of SUP's. This may include those receiving medication in packaging, elderly residents having microwave meals delivered and the use of absorbent hygiene products (nappies and adult incontinence wear).

COMMUNICATION IMPLICATIONS

23. A communication plan will need to be developed as part of any joint campaign. Surrey Waste Partnership includes a small communications team. We would need to ensure that the campaign was complimentary to our existing communications plan.
24. Social media is regularly used to inform residents about all of the Council's services.
25. The Council's website has bespoke pages containing information on how to recycle. It includes a list of materials that can be placed in each bin.

RISK MANAGEMENT CONSIDERATIONS

26. There is a risk that the public will not engage in the SUP campaign
27. Suppliers may challenge our procurement process if they are rejected because of the use of SUP's in their products
28. Businesses and service providers may choose not to participate in a voluntary rating system.
29. Surrey Waste Partnership may not agree to a joint campaign or system of rating.
30. A campaign may adversely affect those with protected characteristics who are unable to source viable alternatives to SUP's.

OTHER IMPLICATIONS

31. The reduction and ultimate elimination of SUP's is of significant benefit to the environment. The adoption of the recommendations set out in this report demonstrates Reigate and Banstead Borough Council's ongoing commitment to protecting our environment locally, nationally and internationally.

CONSULTATION

32. The Leader of the Council, Deputy Leader of the Council and Portfolio Holders for Neighbourhood Services and Property Services (Facilities Management) have been consulted about the proposed campaigns and actions to reduce and eliminate SUP's.

POLICY FRAMEWORK

33. The Council's Five Year Plan was adopted in late 2014 and covers the period 2015-2020. Whilst it does not include a specific priority in relation to waste, the Plan vision includes that we will deliver quality services and support, provide value for money and respond to the needs and demands of our residents.
34. The Joint Municipal Waste Management Strategy Revision 2 (2015), to which the Borough is a signatory, promotes recycling and appropriate management of the household waste stream.

Background Papers:

1. Corporate Plan 2015-2020
http://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/our_5_year_plan
2. Surrey Waste Partnership: Joint Municipal Waste Management Strategy (2015)
https://www.surreywastepartnership.org.uk/_data/assets/pdf_file/0004/76387/JMW_MS_Rev2_v6_STRATEGY.pdf
3. Equality Impact Assessment Screening Form

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Agenda Item 5

Executive
18 October 2018

Agenda Item: 5
Overage due in respect of site in Blackborough Road,
Reigate



Reigate & Banstead
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REPORT OF:	DIRECTOR OF FINANCE AND ORGANISATION
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TO:	EXECUTIVE
DATE:	18 TH OCTOBER 2018
EXECUTIVE MEMBER:	COUNCILLOR T. SCHOFIELD

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

SUBJECT:	OVERAGE DUE IN RESPECT OF SITE IN BLACKBOROUGH ROAD, REIGATE
RECOMMENDATIONS:	
(i) That the Director of Finance and Organisation be authorised to agree settlement of the Blackborough Road overage matter with Raven Housing Trust on the revised basis set out in the report in Part 2 of the meeting's agenda.	
REASONS FOR RECOMMENDATIONS:	
<p>The terms of the original overage provisions relating to the Blackborough Road site are relatively unusual and their strict application results in an onerous overage obligation.</p> <p>It is considered that the proposed settlement, which adopts the principle of the original provisions and reflects the value of the additional accommodation in the completed development, is both commercial and equitable.</p> <p>The proposed settlement will also assist in maintaining the Council's partnership working relationship with Raven Housing Trust.</p>	
EXECUTIVE SUMMARY:	
<p>In 2009, Raven Housing Trust acquired a development site that was subject to overage provisions benefiting the Council.</p> <p>These overage provisions were triggered in 2010 and the amount of overage payable was assessed but, for reasons set out in the report, the overage payment has not yet been collected.</p> <p>Following a review of the overage provisions it is considered that the provisions are onerous. Their strict application results in a financial obligation that is disproportionate to the additional accommodation in the completed development, as compared to the original</p>	

planning permission.

This report therefore recommends a settlement on a revised basis, full details and financial implications of which are set out in a report in Part 2 of the meeting's agenda.

Executive has authority to approve the above recommendations

STATUTORY POWERS

1. Section 123 of the Local Government Act 1972 places a duty on Local Authorities to dispose of land for the best consideration which can reasonably be achieved, except in specific circumstances or with the consent of the Secretary of State.

BACKGROUND

Blackborough Road

2. In 2006 The Council sold its former Blackborough Road Depot site at auction to Goldcrest Homes. The site was sold with outline planning permission and subject to overage provisions relating to intensification of development.
3. Goldcrest Homes subsequently obtained planning permission for an alternative scheme and, in 2009, marketed the site with the benefit of the new planning permission. The site was acquired by Raven Housing Trust.
4. During the acquisition, Raven enquired as to the amount of overage that would be payable if the Goldcrest scheme was implemented and the Council confirmed a figure.
5. In 2010, Raven subsequently implemented an amended scheme but did not approach the Council regarding overage until the scheme was close to completion. At that stage it was established that the revised overage liability for the amended scheme was considerably higher than the liability for the Goldcrest scheme.
6. Raven accepted that the overage obligation had been correctly calculated but disputed the obligation on the basis that the provisions were onerous and payment of the full sum would, in effect, mean that the scheme made a loss.

KEY INFORMATION

7. As Raven Housing Trust is a key partner of the Council in delivery of affordable housing such as this development, we have undertaken a review of these overage obligations.
8. As a result of that review it is now considered that the original provisions are unusually onerous, because their strict application results in a payment that is disproportionate to the additional development permitted by the implemented planning permission, compared to the original scheme.
9. We have, therefore, looked again at the intention of the overage requirements and are recommending a revised settlement. This settlement is based on the principles of the original provisions but adapts the onerous element and results in a figure that is commercial, reflecting the additional accommodation in the completed development, and is considered to be both proportionate and reasonable.

10. Details of the original and new overage calculations are set out in the report in Part 2 of the meeting's agenda.

OPTIONS

Option 1

11. Agree settlement of the Blackborough Road overage matter with Raven Housing Trust on the basis of the revised overage calculation set out in the report in Part 2 of the meeting's agenda. **This is the recommended option**, as it will result in a commercially justifiable payment that reflects the value of the additional accommodation in the completed development as compared to the original planning permission.

Option 2

12. Require payment based on the strict application of the overage provisions. **This is not the recommended option**. Although the Council has a contractual basis for requiring the higher payment, strict application of the provisions does result in a figure that is significantly disproportionate to the additional accommodation.
13. Adopting the strict position would result in Raven Housing Trust having made a retrospective loss on the development and could damage the Council's working relationship with a key partner organisation in the delivery of affordable housing in the borough.

LEGAL IMPLICATIONS

14. The Council's obligation to obtain best consideration in accordance with Section 123 of the Local Government Act 1972, as referred to in paragraph 1 above, was ensured as a result of the original sale of the property at public auction in 2006. The overage provisions formed part of that sale contract.
15. As set out in paragraph 9 above, the revised overage calculation will still result in a payment that reflects the value of the additional development based on the principles of the overage provision, therefore satisfying the requirement to obtain best consideration.

FINANCIAL IMPLICATIONS

16. The financial implications are set out in the exempt report in Part 2 of the meeting's agenda.

EQUALITIES IMPLICATIONS

17. There are no equalities implications arising from this proposal.

COMMUNICATION IMPLICATIONS

18. Raven Housing Trust is aware that re-consideration is being given to these overage provisions.
19. It is not anticipated that there will be significant communications implications as a result of this recommendation.

RISK MANAGEMENT CONSIDERATIONS

20. There are no risk implications arising from this proposal.

CONSULTATION

21. Executive Members have been consulted regarding this proposal.

POLICY FRAMEWORK

22. Two of the key elements in the Council's vision set out in our Five Year Plan 2015-2020 are to be a leading Council recognised by our residents, peers and partners and to be an increasingly commercial organisation.

23. It is considered that the implementation of this recommendation would support these objectives by enhancing the Council's reputation with Raven Housing Trust generally and in terms of being a good partner with which to do business. The latter would be demonstrated by the Council taking a commercial view to adapt a contractual term that is not achieving its intended purpose, and which would otherwise result in a disproportionate benefit to the Council over a partner organisation.

Background Papers:

None.

Agenda Item 6

Executive
18 October 2018

Agenda Item: 6
Internal Audit Partnership Agreement



Reigate & Banstead
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DATE:	18 OCTOBER 2018
EXECUTIVE MEMBER:	COUNCILLOR T SCHOFIELD

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	ALL

SUBJECT:	INTERNAL AUDIT PARTNERSHIP AGREEMENT
<p>RECOMMENDATIONS:</p> <p>(i) That with effect from 1 April 2019, the Council join the Southern Internal Audit Partnership as a Key Stakeholder / Partner thereby securing market tested, quality assured and value for money Internal Audit services for the Council for a minimum period of five years.</p> <p>(ii) That the Section 151 Officer in consultation with the Monitoring Officer be authorised to enter into the joint working agreement with Southern Internal Audit Partnership.</p> <p>(iii) That the Section 151 Officer should represent the Council's interests by becoming a voting member of the Southern Internal Audit Partnership Key Stakeholder Board.</p> <p>(iv) That approval is given for exemption from the Councils contract procedures as detailed in part 2 of the report.</p>	
<p>REASONS FOR RECOMMENDATIONS:</p> <p>Following extensive market and quality assurance testing, it has been evidenced that the recommended provider offers the best value for money and quality of service.</p> <p>The Council will join the Partnership as a 'discharge of function' as permitted by the S101 (5) of the Local Government Act 1972</p>	
<p>EXECUTIVE SUMMARY:</p> <p>The Council's existing contract, for the provision of Internal Audit services, expires in March 2019.</p>	

A process of market testing and due diligence has distilled down the available options to identify a preferred provider.

The purpose of this report is to set before the Executive the options available, the recommendation for the way forward and to seek approval for the Council to enter into a partnership agreement with the Southern Internal Audit Partnership.

The above recommendations can be approved by the Executive.

STATUTORY POWERS

1. Under the *Local Government Act 1972* and the *Accounts and Audit Regulations 2015*, the Council is required to maintain an independent internal audit function which ensures that the Council operates within the law and has effective control procedures in place to make certain that public money is spent effectively and efficiently.
2. S101 (5) of the Local Government Act 1972 makes provision for 'discharge of function'. Legal opinion is that the delegation of the Internal Audit function, to an external provider, is reasonable.

BACKGROUND

3. From 1 April 2012 internal audit arrangements have been provided by RSM (previously RSM Tenon) by means of a joint contract with Epsom & Ewell Borough Council, Mole Valley District Council, Reigate and Banstead Borough Council, Tandridge District Council, Waverley Borough Council and Surrey Police & Crime Commissioner's Office, known collectively as the East Surrey Internal Audit Consortium.
4. The contract was taken out for an initial period of five years followed by an extension for a further two years. The current arrangements are due to end on 31 March 2019. New internal audit arrangements need to be put in place for a start date 1 April 2019.
5. The East Surrey Internal Audit Consortium undertook market testing and evaluation of the options :
 - a. Joining a Shared Service
 - b. Use of established frameworks
 - c. Full OJEU Tender
6. The Consortium concluded that on both price and quality the preferred option is the Southern Internal Audit Partnership. This opinion has been examined and is supported by the responsible officer for Internal Audit and the Section 151 Officer of the Council.

Southern Internal Audit Partnership

7. The Southern Internal Audit Partnership (SIAP) was established in 2012. The Partnership is hosted by Hampshire County Council and is one of the largest providers of public sector internal audit in the region. As a public sector provider SIAP is a Not for Profit body.

8. Operating from their headquarters in Winchester (with a number of sub-offices across Hampshire and West Sussex), the SIAP currently employ 42 FTE staff delivering approximately 7,000 audit days across a diverse portfolio of 27 public sector / third sector organisations. RBBC will be allocated a Strategic Lead and Audit Manager as a permanent point of contact; they may work out of the Horsham sub office, which is within a short commute from RBBC.
9. The SIAP brings together the professional discipline of internal audit, pooling expertise and enabling a flexible, responsive and resilient service to their partner and client portfolio. To provide optimum benefits to their partners and clients, SIAP work with management to improve their control environment, assisting in the achievement of their objectives.
10. To enable effective outcomes, the SIAP provide a combination of assurance and consulting activities. Assurance work involves assessing how well systems and processes are designed and operating, with consulting activities available to help improve those systems and processes where necessary.

Ways of working with the Southern Internal Audit Partnership

11. SIAPs current portfolio of clients engage with the SIAP either through on-boarding as a key stakeholder through accession to the Partnership Agreement or on a fixed term contractual basis. The form of engagement is at the discretion of the organisation and their individual needs and requirements.

Partnering (Key Stakeholder)

12. The Southern Internal Audit Partnership is constituted under S101 (5) of the Local Government Act 1972. As such those Local Authorities joining the Partnership do so as a 'discharge of function' and therefore negate the requirement to undergo costly and resource intensive procurement / tendering exercises.
13. The underlying Partnership Agreement was refreshed in February 2018. The Agreement requires buy-in of an initial five year term (31 March 2023) after which the Agreement runs in perpetuity. Should any organisation wish to withdraw from the Agreement following the initial five year period or at any time in the future it may do so by serving 12 months written notice. However, both the partnering and contractual routes provide exit arrangements at any stage if the service does not meet its statutory requirements.
14. Due to the Partnership Agreement only recently being revised any members of the East Surrey Consortium wishing to join the SIAP would do so as an accession to the existing Agreement, meaning a reduced upfront commitment of only four years (31 March 2023) to align with the existing agreement. The accession agreement will incorporate any specific requirements set out by RBBC that are not covered in the Partnership Agreement.

Contracting

15. Whilst all local authorities that have joined the Southern Internal Audit Partnership have done so through the above 'discharge of function', SIAP does have a number

of clients that engage by way of a contract as part of a formal tender procedure for which the SIAP have submitted proposals and been assessed and awarded works against an open field of providers.

16. Typically contracts are of a fixed term nature (generally three years with the option to extend for a further two). Due to the short(er) term nature of the arrangements the SIAP's rates are indicatively higher than those experienced by 'partners'. (as a guide these should be expected to be approx. 10% - 15% higher than the composite partnership day rate). This is partly to contribute to the risk of increasing capacity for a fixed term arrangement and further to contribute to SIAPs costs of compiling tender submissions and managing client / contractor relationships.

Exit Arrangements

17. Both the partnering and contractual routes provide exit arrangements at any stage if service does not meet its statutory requirements.
18. The Partnership agreement clearly sets out the Exit Arrangements:
 - a. The withdrawing partners shall use their best endeavours to mitigate the withdrawal costs. (4.1.1)
 - b. The Partners (as represented on the Key Stakeholder Board) agree to discuss putting in place arrangements to release on a fair and equitable basis the Withdrawing Partner from any Ongoing Liabilities.(5.1.4)
19. It has been confirmed that TUPE will apply for 1 FTE employee who will transfer from RSM to SIAP. This will provide business continuity and local expertise. SIAP have confirmed that there will be no cost implications for RBBC.
20. Epsom & Ewell Borough Council as lead to the East Surrey Internal Audit Consortium have given notice to RSM that the contract for service will terminate on 31 March 2019.
21. RSM have been made aware that the members of the East Surrey Audit Consortium intend to separately enter into a new partnership agreement with SIAP or in the case of Waverley Borough Council a contract for service. Waverly BC has an in house Head of Internal Audit and is not seeking to 'discharge its' function'.

MARKET TESTING, VALUE FOR MONEY & QUALITY ASSURANCE

Market Testing

22. Joining a Shared Service - Consideration was also given to joining a shared service provider operating in the geographical region including: Surrey County Council (Orbis), South West London Audit Partnership and Southern Internal Audit Partnership (SIAP)
23. Use of established frameworks - Consideration was given to using a number of established frameworks including Crown Commercial Service – RS3747 and the Croydon Framework with Mazars – "APEX". A number of suppliers on the framework would be ineligible to bid for the work due to conflicts of interest as they

already provide external audit services to members of the Consortium. Further, the day rates are significantly higher.

24. Full OJEU Tender - The current provider market is not strong as evidenced by the recent tendering of the Croydon Framework that only attracted two bidders. It is unlikely that given the limited purchasing power of the Consortium it would be possible to attract suitable providers to respond to an invitation to tender. It is on this basis that a full OJEU tender was considered and dismissed.

Value for Money

25. The financial model adopted by providers varies. Some charge a composite rate for all scheduled audits, including IT and Fraud. Others charge an enhanced rate for IT and Fraud Audits. SIAPs composite rate includes both IT and Fraud audits. Most providers charge an additional rate for non-scheduled audits with the exception of SIAP who offer a flexible solution with no additional charge to the partner organisations as long as parity is restored over a three year period. Further details are provided in the exempt part 2 section of the report.

Quality Assurance

26. Southern Internal Audit Partnership has been externally assessed as compliant with the Public Sector Internal Audit Standards. In September 2015 the Chartered Institute of Internal Auditors were commissioned to complete an external assessment of SIAP. The assessment will be repeated every five years.
27. In considering all sources of evidence the External Assessment concluded:

“It is our view that the Southern Internal Audit Partnership generally conforms to all principles within the Standards. This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP. It is therefore appropriate for the Southern Internal Audit Partnership to say in reports and other literature that it “conforms to the IIA’s professional standards” and that its “work has been performed in accordance with the International Professional Performance Framework (IPPF)”

28. References have been received from recipients of services provided by SIAP including: Winchester City Council, Hampshire County Council, East Hants DC & Havant BC, West Sussex County Council and Office of Sussex Police & Crime Commissioner. . All references provide assurance that a good quality of service is consistently delivered.

INSURANCE

29. London Borough of Sutton, the Council’s current insurance provider, has indicated that there would be no impact on the Council’s existing insurance policy as a result of entering into the partnership. However, they would like to see a copy of the contract when the arrangement has been agreed, to review what the agreements on liability would be if a claim was made.

30. Hampshire County Council (as host) Insurance provision for both Public Liability and Professional Indemnity has been evidenced and is deemed to be appropriate and sufficient.

GOVERNANCE ARRANGEMENTS

Key Stakeholder Board Meetings

31. As a member of the partnership the Council would have a place on the Key Stakeholder board which is comprised of the Chief Finance Officer of each Key Stakeholder. Each Key Stakeholder Board Member has one vote.
32. It is proposed that as part of the arrangements for RBBC joining the partnership, the S151 Officer / Director of Finance is appointed to represent the Council on the Key Stakeholder Board.
33. In the event that a Key Stakeholder Board Member is unable to attend a Key Stakeholder Board Meeting, a substitute may attend in his or her place subject to the substitute being a financial officer of sufficient seniority and duly authorised to make any decision that the Key Stakeholder Board Member would have been authorised to make had they attended
34. The Key Stakeholder Board shall meet bi-annually and at such times as the Key Stakeholder Board consider necessary), providing the opportunity to engage in performance reporting, business planning, resourcing, updates, and future direction of the Partnership.

Overview and Scrutiny Committee

35. The Annual plan, annual report and quarterly performance report will continue to be presented to the Overview and Scrutiny Committee for approval. All service audit reports will continue to be available on eMembers room.

LEGAL IMPLICATIONS

36. The proposal is for the Council to join a public sector to public sector partnership, which is permitted under S101 (5) of the Local Government Act 1972 that makes provision for 'discharge of function' for the provision of Internal Audit services.
37. This will ensure that the Council complies with its statutory duty, Under the Local Government Act 1972 and the Accounts and Audit Regulations 2015. This legislation requires the Council to maintain an independent internal audit function which ensures that the Council operates within the law and has effective control procedures in place to make certain that public money is spent effectively and efficiently.

38. Legal services working in partnership with the Project Manager have undertaken due diligence of the Joint Working Agreement and obtained satisfactory references from existing Key Stakeholders and Clients of SIAP.

FINANCIAL IMPLICATIONS – see section above on finance & manpower

39. There are no financial implications arising from this report as the cost of service will be met from within the existing revenue budget.
40. The day rate will be reviewed annually and any increase over the previous years shall be in line with inflation.
41. It is anticipated that on average 180 audit days will be commissioned each year.
42. It is a requirement, of the Council's contract procedural rules, that a contract procedure exemption be granted to allow the Council to enter into the partnership arrangement outside of the procurement process. This approach is recommended as it provides value for money by securing the services of a quality provider at a competitive rate. Full details are provided in the exempt part 2 section of the report

EQUALITIES IMPLICATIONS

43. Hampshire County Council, as host of the SIAP, has adequate and appropriate Equalities policies and procedures in place and provides training and guidance for staff on all aspects of the equalities agenda
44. An Equalities Impact Assessment is not required as the service provision will remain the same with only change being the service provider.

COMMUNICATION IMPLICATIONS

45. This report has been reviewed and commented upon by the Corporate Governance Group.
46. Subsequent to approval being given, details of the approved provider and on boarding arrangements will be communicated to the organisation.

RISK MANAGEMENT CONSIDERATIONS

47. Should approval not be given to enter into a partnership with SIAP, then it would be necessary to commence a procurement process. Given the lead time needed, this could prove to be very challenging and could result in the Council not having an audit plan in place at the beginning of the financial year 2018/19.
48. Consideration is given to the risk that SIAP is not able to expand its operations and mobilise staff to undertake on-boarding in a time to produce the annual plan before the start of the financial year. Assurance has been given that SIAP has begun to recruit additional Auditors and will reduce the amount of ad hoc and client work they undertake in order to divert resources to the new strategic partnerships. SIAP currently employs 42 FTE staff delivering approximately 7,500 audit days. This Council's requirement is for 180 audit days.

49. These risk are to be mitigated through strong managerial leadership, effective use of the Council's decision making process and good project management.

CONSULTATION

50. The Leader, Portfolio Holder for Finance and Chairman of the Overview & Scrutiny Committee have been briefed during the preparation of this report. The report was considered by the Corporate Governance Group on 30 August and by Overview and Scrutiny Committee on 11October 2018.

POLICY FRAMEWORK

51. There are no policy framework considerations resulting from this report.

Agenda Item 7

Executive
18 October 2018

Agenda Item: 7
Marketfield Way – Construction of Mixed Use
Development



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

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TO:	EXECUTIVE
DATE:	18 OCTOBER 2018
EXECUTIVE MEMBER:	COUNCILLOR N BRAMHALL

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	REDHILL EAST AND REDHILL WEST

SUBJECT:	MARKETFIELD WAY – CONSTRUCTION OF MIXED USE DEVELOPMENT
RECOMMENDATIONS:	
<p>(i) That the Executive note progress in relation to land assembly, site preparation and the pre-letting of retail, leisure and residential components of the scheme.</p> <p>(ii) That the Director of Finance and Organisation be authorised, in consultation with the Director of Place Services, the Executive Member for Property, the Leader and the Deputy Leader, to progress Stage 3 and Stage 4 of the Marketfield Way project, in accordance with the strategy set out in the Executive reports dated 26 February 2015, 23 March 2017 and updates set out in this report, and bring forward the development, retaining the commercial elements and pre-selling the residential flats to a private rented sector operator/residential investor.</p> <p>(iii) That the Director of Finance and Organisation be authorised, in consultation with the Director of Place Services, the Leader, Deputy Leader and Executive Members for Finance and Property, to progress the Marketfield Way project in accordance with the updated financial parameters set out in the exempt report in Part 2 (Option 1) of this agenda.</p> <p>(iv) That the Director of Finance and Organisation be authorised, in consultation with the Director of Place Services, the Leader, Deputy Leader and Executive Members for Finance and Property to agree terms, seal and complete a construction contract or enabling contracts with construction contractors, subject to construction costs being in accordance with the updated financial parameters set out in the exempt report in Part 2 (Option 1).</p> <p>(v) That Full Council be recommended to amend the Capital Programme to resource Stage 3 and Stage 4 of the Marketfield Way project subject to stage 3 and Stage 4 meeting the financial parameters set out in the financial projections provided in the exempt report in Part 2 of the Executive agenda.</p>	

REASONS FOR RECOMMENDATIONS:

Marketfield Way is one of the principal regeneration sites in Redhill Town Centre. The provision of a cinema - together with a selection of restaurant, retail and residential uses – will enhance town centre provision and will have a significant positive impact on the town's shopping and leisure offer and night-time economy.

On 23 March 2017, the Executive authorised the appointment of construction consultants, appointment of construction building contractors, placement of contracts to move statutory services on site and conclusion of pre-let arrangements. The financial parameters and resource requirements were set out in the exempt report of 23 March 2017.

On 18 May 2017, the Executive resolved that a Compulsory Purchase Order be made to secure the land interests required to deliver the project.

Since the 2017 reports, the Council has been working towards the confirmation of the Compulsory Purchase Order, the appointment of a preferred main contractor for the project, and securing pre-lets on the residential, retail and leisure elements of the scheme.

Development costs have become more certain as this work has progressed, however the market for mixed use town centre developments has evolved. This has resulted in a need to update the financial parameters presented to the Executive in March 2017 and to update the Capital Programme.

Stage 3 and 4 of the project includes finalising detailed design, placement of building and specialist contractors, placement of contracts to move statutory services on site and concluding pre-let arrangements. It also includes concluding the land assembly process, and implementation of the construction process.

EXECUTIVE SUMMARY:

Marketfield Way represents a significant opportunity to improve the social, economic and environmental wellbeing of Redhill. Its development potential has been identified in corporate and planning policy documents for many years. At its meetings in February 2015 and October 2015, the Executive agreed to take an active development role in the site.

Planning permission was granted in January 2017 for a mixed use development at Marketfield Way, comprising a new cinema, shops, restaurants, cafes and residential units.

This report sets out progress on Stage 3 of the project, including land assembly, contractor selection, site preparation and the securing of pre-lets and pre sales.

Despite changes to the retail market over the past year, the permitted scheme remains viable and will secure clear regeneration benefits for the town, including modern retail units capable of attracting high quality national retail chains, new leisure uses which will create a vibrant night-time economy in the town, public realm and environmental improvements, and high quality private rented sector flats in a highly sustainable location. The commercial elements will also generate significant revenue income streams for the Council which can

be reinvested in Council services and help the Council become financially self-sufficient.

Executive member agreement is therefore sought to progress with Stage 3 and 4 of the development for the permitted scheme. The report also recommends an amendment to the Capital Programme in order to resource the costs associated with Stage 3 and 4 of the project.

**Executive has authority to approve recommendations (i), (ii), (iii) and (iv).
Recommendation (v) is subject to approval by Full Council.**

STATUTORY POWERS

1. The Council has wide ranging powers to promote the economic, environmental and social well-being of the borough. These powers are derived from the Local Government Act 2000 and also include the powers of general competence under section 1 of the Localism Act 2011 to do anything that individuals with full capacity generally may do, subject to the provisions of the Act.

BACKGROUND

2. Marketfield Way represents a significant opportunity to improve the economic and environmental wellbeing of Redhill. As a currently unattractive and underused site in the town centre, its redevelopment can secure environmental and public realm improvements, additional and improved retail and leisure uses in the town (with associated new jobs) and provide much needed housing in a central and highly sustainable location.
3. At the same time, and as an ancillary benefit, the development will produce improved revenue income for the Council from commercial rentals, supporting the continued provision of Council services following the removal of the Council's Revenue Support Grant by Government, and helping the Council become financially self-sustainable in accordance with its adopted Five Year Plan 2015-2020.
4. Stages 1 and 2 of the Marketfield Way development were approved by the Executive in February and October 2015 respectively. A planning application for a new multi-screen cinema, flexible retail and restaurant/café units at ground and first floor level, 153 residential apartments, and associated parking and amenity provision and public realm improvements, and approved in January 2017.
5. Progression to Stage 3 of the project was approved by the Executive in March 2017 and May 2017.

KEY INFORMATION

Land Assembly

6. A CPO order was made by the Council on 23 February 2018, along with a Stopping Up Order with respect of the public highway access across the site.
7. At the close of the period within which representations could be made to these orders, a small number of objections were received. Even though the number of objections was limited, the Secretary of State requires a Public Enquiry, which is programmed for the 2nd to 4th October 2018.

8. Since the receipt of the objections, Council Officers have been working with specialist advisors to remove the objections to the Compulsory Purchase Order. Details of the objections and the status of negotiations are set out in the Part 2 report.
9. Land assembly also includes securing vacant possession of current leases. Leases under the direct control of the Council have now been secured on short lets with appropriate termination provisions, with negotiations ongoing on other units to enable the Council to secure vacant possession once the CPO is confirmed. Details on the status of land assembly in relation to the leases are set out in the Part 2 report, which also includes details about other uses on the site and cessation of the car park in its current use to enable development to proceed.

Selection of main contractor, detailed design and site preparation

10. Following an OJEU tendering process, and the receipt of stage 1 tenders reported earlier, a main contractor has been selected, and the contract is in the process of being signed. The contract is based upon a Stage 2 tendering exercise and a Pre Contract Services Agreement. The basis of this contract is for the detail design work to be undertaken in order that a final tender and contract figure can be agreed. Details of the Stage 2 contract and costs are set out in the Part 2 report, together with the anticipated programme.
11. Service diversions are required before other on-site works can take place. These are costly and come with long lead in times given the involvement of statutory undertakers. Negotiations with service providers are progressing positively: further details are set out in the exempt report in Part 2 of the agenda.

Pre-lets

12. Positive progress has been made in relation to securing pre-lets, including securing a cinema operator and a pre-sale agreement for the residential units with a private rented sector operator, as detailed in the exempt report in Part 2 of the agenda.
13. However, the retail market has weakened considerably since March 2017, such that it has not been possible to achieve the level of retail pre-lets that was previously anticipated. This in general terms increases the level of financial risk to the Council in the short term; however the Council's agents remain positive about the permitted scheme and their ability to let the retail units as the project advances beyond the current early stages. The financial appraisals included in the exempt report in Part 2 of the agenda confirm the headline details of the deals achieved, and also the rents likely to be achieved.

Progressing the scheme

14. Members will recall that the development of the Marketfield Way site is being taken forward using a managed and phased approach, with different stages that recognise milestones being achieved. In summary:
 - a. Stage 1 related to establishing scheme viability
 - b. Stage 2 related to proof of viability, scheme design to planning, commence land assembly activity, phase 1 tenders
 - c. Stage 3 will now comprise confirmation of land assembly, detailed design and letting of construction tenders, and continuing with pre-let activities

- d. Stage 4 comprises scheme implementation and construction.
15. As the retail (and residential) markets continue to change, it is important that the Council regularly reassesses the scheme to ensure that project risks and returns remain acceptable.
 16. The latest financial assessments are included in the exempt report in Part 2 of the agenda. The scheme remains viable and therefore it is recommended that members support the progression of the currently permitted project through Stage 3 and into Stage 4, such that the identified regeneration benefits for Redhill town centre outlined above can be realised.

OPTIONS

17. Option 1 – Approve the recommendations in this report and continue to take an active development role in the project and proceed with Stage 3 and 4, subject to meeting the criteria for the permitted scheme as set out in the exempt report in Part 2 of the agenda. This would include retention of the retail and cinema elements of the scheme for their long term income, and pre-sale of the residential elements of the scheme. **This is the recommended option:** it provides the Council with the opportunity to secure maximum regeneration benefits for Redhill whilst at the time retaining income streams which can be reinvested in the provision of Council services.
18. Option 2 – Progress with an alternative proposal for the development of the site, which reduces the amount of retail and leisure floorspace and increases the amount of residential, with a view to minimising the financial risk to the Council of the project. **This option is not recommended.** It would start to undermine the regeneration drivers behind the development by reducing the number of larger retail units that would attract high quality national retail chains. In addition this option would have time and additional cost implications.
19. Option 3 – The Council does not progress the development but seeks an independent funding source to do so through purchase of the site. **This option is not recommended.** It would substantially reduce the anticipated revenue income and potential capital receipt to the Council as set out in the exempt report in Part 2 of the agenda, and limit the control of the Council in securing regeneration benefits for the town.
20. Option 4 – Do nothing. Under this option, the regeneration of this key town centre site will not happen, and the Council will continue to receive the benefit of income from the existing property investment and car park. **This option is not recommended.**

LEGAL IMPLICATIONS

21. The Council has wide ranging powers to undertake development activity for the well-being of the Borough as outlined above. The recommendations in this report do not conflict with the statutory powers available to the Council.
22. The procurement of consultants and contractors required to perform the contract will comply with the Council's CPRs and any applicable EU or subsequent national legislation.
23. The Executive needs to feel assured that the risks associated with this matter have been fully assessed and mitigated.

FINANCIAL IMPLICATIONS

24. Although the permitted scheme represents a significant revenue generating opportunity for the Council, it is likely to require the Council to take debt to fund the development. Debt is available from the funding market of the Public Works Loan Board (PWLB). It is likely that debt will be taken from the PWLB as this offers the Council a much more favourable interest rate. The capital investment will require the approval of Full Council and a revision to be made to the Capital Programme. The details of the funding required are set out in the exempt report in Part 2 of the agenda.
25. Further detail about the income stream anticipated and the projected scheme costs is set out in the exempt report in Part 2 of the agenda.

EQUALITIES IMPLICATIONS

26. An Equalities Impact Assessment screening has been undertaken looking at the principles of progressing with detailed design; procurement of contractor/subcontractors; scheme construction and scheme completion. This has identified that when completed the scheme will have positive or neutral impacts on all equalities target groups.
27. The potential for low negative impacts have been identified on the following groups during the construction stage: Older people; those with physical, sensory or learning disabilities or with long term health impairments; mothers or women who are pregnant.
28. Actions have been identified to mitigate these low negative impacts as follow:
 - a. Require (as part of the Council's contracts) accessibility to be maintained as far as possible, and construction activities to be considerate of all town centre users.
 - b. Deliver a comprehensive communications strategy to provide information about activities and clear signage about access and parking during construction.
 - c. Deliver the communications strategy in accessible as well as standard formats.
29. Other actions to improve the positive impacts of the scheme have also been identified:
 - a. Require, as part of the detailed design phase, appropriate consideration to be given to ensuring the scheme is accessible to all equalities target groups, and compliant with building accessibility regulations
 - b. Require (as part of the Council's contracts) contractors/subcontractors to promote equality and not to discriminate.

COMMUNICATION IMPLICATIONS

30. Communications activity has been undertaken throughout Stages 1 and 2 of the project, and this will continue into future stages, including in relation to construction timing and managing the impact of construction on local businesses, residents, and general town centre amenity and access.

A communications strategy will be developed as we move through the Stage 3 and stage 4 to report and update on milestones achieved.

RISK MANAGEMENT CONSIDERATIONS

31. The Council must continue to recognise the inherent risks associated with commercial property development. We have set out in Part 2 the risk mitigation used on the project.
32. Project development has inherent risks, such as cost overruns, contract delays and contracting issues, letting issues and vacancy, but in recent years the Council has earned itself a strong reputation in this area. Risks will be managed through careful preparation of the building contract, the use of appropriate consultants and project management of the contractor and quality control through the use of consultants and Clerk of Works. Allowances have been made in the cost planning for the appointment of a comprehensive professional team and a tier 1 construction contractor.
33. Costs will continue to be carefully managed via key stage sign off. Project viability continues to be monitored (as set out in the exempt report in Part 2 of the agenda) and is supported by progress regarding the pre-letting of the cinema, and the pre-sale agreement on the residential units. Build and budget cost management measures are in place including an assessment of the financial strength of the main contractor. The main Contractor will also be required to provide performance bonds and insurances.
34. In the confidential annex at Part 2 of this agenda it will be seen that the financial appraisals with pre lets and pre sales agreed and in discussion that a substantial part of the requirements to break even on cash flow have already been achieved or are in the process of being agreed.

CONSULTATION

35. Extensive public consultation has been undertaken through the course of the development of the Marketfield Way scheme including as part of the planning application and compulsory purchase order process. At the early scheme development stages this included public exhibitions and consultation material at the statutory stages consultation was undertaken in line with the relevant regulations and included advertisements in the local paper, site notices and written notices to affected parties.
36. Planning Committee considered all consultation responses to the application (ref:16/01066/F) at its meeting in January 2017 as outlined in the report below. No objections were received from statutory bodies including Surrey County Council (as highways authority and lead flood authority) and the Environment Agency, as well as from UK Power Networks, Gatwick Airport Safeguarding and Environmental Protection. Two letters of support were received for the scheme including one from the Belfry shopping centre and there were seven objections
37. Other objections to the scheme were considered as part of the CPO and extinguishment order process. The CPO Inquiry took place between 2-3 October 2018 and the respective Secretaries of States decisions are now awaited.

38. The Leader, Deputy Leader, and Executive Members for Finance and Property, have been consulted on the design, finances and procurement process and are satisfied with the proposed development.

POLICY FRAMEWORK

39. Regeneration of Redhill Town Centre has been a corporate priority for this Council for a number of years, and will be greatly advanced by the successful completion of the Marketfield Way development.
40. The scheme will also assist in delivering priorities in the Council's Five Year Plan 2015-2020 including through the creation of new jobs (supporting our residents into employment), ensuring a vibrant local economy, and by contributing towards the financial self-sufficiency of the Council by increasing the value of, and establishing a significant revenue income stream from, a key property asset.
41. The development of the Marketfield Way proposal aligns with a key development opportunity area identified in the Borough Local Plan 2005 and will assist in the delivery of Core Strategy objective SO20 to enhance the role of Redhill town centre as a centre of strategic importance and a safe and attractive retail, cultural and leisure destination with a high quality environment.

Background Papers:

- Equality Impact Assessment - Part 1: Screening