

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 24 January 2019 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, J. M. Ellacott, J. C. S. Essex, N. D. Harrison, R. C. Newstead and C. T. H. Whinney.

84. MINUTES

RESOLVED that the Minutes of the Executive meeting held on 29 November 2018 be approved as a correct record and signed.

85. APOLOGIES FOR ABSENCE

Executive Members: None.

Non-Executive Members: Councillor M.S. Blacker and Councillor M.J. Selby.

86. DECLARATIONS OF INTEREST

None.

87. OBSERVATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEE ON THE DRAFT BUDGET PROPOSALS FOR 2019/20

Councillor T. Schofield, Executive Member for Finance, submitted a report that set out the outcome of the Overview and Scrutiny Committee's consideration of the draft budget proposals for 2019/20. The report included the relevant statutory powers, the outcome of the Overview and Scrutiny Committee's considerations, legal, financial and equalities implications, consultation undertaken and policy framework considerations.

The Executive Member for Finance thanked Councillor N.D. Harrison for his hard work in chairing the Budget Scrutiny Review Panel. He also expressed his gratitude to the Members of the Scrutiny Review Panel the Overview and Scrutiny Committee and to Officers for their contribution to the process. It was noted that the Panel had conducted a thorough review of the budget proposals, aided as in previous years by a high number of advance questions. The report and recommendations of the Panel were subsequently considered by the Overview and Scrutiny Committee in December.

It was noted that following its deliberations the Committee had put forward five recommendations (set out in paragraphs 12 to 14 of the report presented) for consideration by the Executive. Councillor Schofield confirmed each of these areas

had been carefully considered and reflected on the Committee's overall positive conclusions about the provision budget proposals.

In response to the recommendation for an internal audit of "how budgets are developed and reported" the Executive Member for Finance confirmed internal auditors regularly carried out audits of the Council's Service and Financial Budget Setting Process. It was explained that they had reported most recently in January 2018 and that their findings included the following observation: "the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively". It was highlighted that no areas of weak controls or non-compliance with controls had been identified and accordingly no "actions for management" had been raised.

The Executive was asked to note that:

- Since the proposed budget had been reviewed by Overview and Scrutiny there had been a Provisional Settlement announcement from the Government, including additional information on the level of Business Rates the Council would retain in 2019/20.
- An update on this announcement, along with additional information concerning the Council's Capital Programme, had been provided to the Overview and Scrutiny Committee in January. It was highlighted that the contents of which had been reflected in the Budget 2019/20 and Capital Programme 2019 to 2024 report (set out at item 6 to the Executive agenda).
- The Overview and Scrutiny Committee had made no additional recommendations in response to this information.

During the discussion it was highlighted that moving forward, and throughout the year, financial scrutiny would become even more important, especially in view of the growing complexity of local government.

In conclusion, the Executive Member explained he did not believe there would be any merit in commissioning a further internal audit of how budgets were developed and reported, especially as the service and financial planning process remained the same as at the time of the last audit (outlined above). As a result, Councillor T. Schofield moved adjustments to the recommendations set out in the report presented. These were agreed and it was therefore:

RESOLVED:

- (i) That the report of the Overview and Scrutiny Committee on the service and financial plans for 2019/20 be noted.
- (ii) That the comments outlined in paragraphs 12 and 13 of the report presented, concerning the budget proposals for 2019/20 and the reporting of budget contingency or headroom, be accepted.

- (iii) The comments outlined in paragraph 14 of the report presented, concerning the proposed internal audit of budget development and reporting prior to the 2020/21 budget setting process, were not accepted.

Reason for decision: To take account of the views of the Overview and Scrutiny Committee on their consideration of the service and financial plans for 2019/20.

Alternative options: Request that the Overview and Scrutiny Committee undertake additional scrutiny of all or part of the service and financial plans for 2019/20.

88. QUARTERLY PERFORMANCE REPORT (Q2 2018/19)

Councillor T. Schofield, Executive Member for Finance, submitted a report with financial and performance monitoring information for the second quarter of 2018/19. The report provided information on major variances in relation to the Council's overall performance for the period.

The Executive Member for Finance confirmed that 8 of the Council's 14 key performance indicators were on target or within agreed tolerances. Councillor Schofield provided information on each of the major variances and the Executive was informed that no new strategic risks had been identified during the quarter.

The quarterly performance report was presented to the Overview and Scrutiny Committee on 6 December 2018. It was noted that the Committee had asked for a description of the colour codes used to rate risks on the Council's risk registers to be included in future reports. It was also highlighted that the Committee had queried the identification and evaluation of risks relating to Brexit. It was noted that further information on each of these observations had been set out in the covering report presented.

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 second quarter of the financial year 2018/19.

Alternative options: None.

89. BUDGET 2019/20 AND CAPITAL PROGRAMME 2019 TO 2024

The Executive Member for Finance, Councillor T. Schofield, introduced the proposed Budget for 2019/20 which included an updated capital programme up to 2024 for recommendation to Full Council.

It was noted that a consultation exercise had been undertaken on the savings and growth proposals, considered by the Executive in November 2018. These proposals had been the subject of review by the Budget Scrutiny Panel and the Overview and Scrutiny Committee. Councillor Schofield highlighted that the findings and recommendations from Overview and Scrutiny had been reported separately to the Executive (under agenda item 4).

Councillor Schofield explained that the savings requirements addressed in the report had been driven by the removal of the Revenue Support Grant and changes to business rates retention, as part of the wider national context.

The Executive Member for Finance highlighted that:

- The budget proposals allowed for a continuation of the high quality services provided by the Council. In recognition of this, it was explained that the proposals included moving a number of long term established posts into the base budget. It was noted this would result in an increased budget requirement for 2019/20 but would provide a more sustainable funding structure for future years and would give certainty for staff and service users.
- The budget savings proposed and income generation forecasts more than covered the planned service improvements for 2019/20. However, it was noted that the Council faced the challenge of a short term loss of income while some regeneration and income generation projects came on stream. In response to questions, it was explained that the Council had established ring-fenced reserves to respond to this.
- The Government's Provisional Settlement, announced on 13 December 2018, had mitigated the impacts of the previously-anticipated £1.48m reduction in business rates receipts in the short term. As a result, the Council would no longer need to draw on reserves in order to present a balanced budget for 2019/20. However, in response to questions, it was explained that this was only expected to delay funding reductions.
- The favourable Settlement presented a budget growth opportunity to establish a permanent budget of £0.250m to fund new posts as a result of team restructures during 2019/20. In response to questions, it was explained that the intention was for this arrangement to continue in future years and would be built into Medium Term Financial Plan and budget projections moving forward.
- The report presented included details of the capital investment plans. In response to questions, it was highlighted that these plans demonstrated a breadth of activity across the borough to improve and enhance the Council's asset base.
- The capital programme would form the foundation for planned work over the coming months to develop the Council's Capital Investment Strategy. This would support delivery of the Council's Corporate Plan and Housing Strategy which were both under development.

The Chief Finance Officer's statement on the proposed budget, was noted, which pointed out the risks and uncertainties associated with the budget proposals.

During the discussion a range of issues were considered, including an update on the Government's Fair Funding Review and future arrangements for Business Rates Retention. It was noted that the outcomes from both consultations was expected to be announced in early autumn 2019 and would determine the arrangements for local government funding for 2020/21 onwards. An update on the negotiations with employee representatives, concerning the provision for a pay award, was also provided.

RECOMMENDED that:

- (i) a budget of £16.294m including the savings and growth reported, a provision for a pay award and an increase in Band D Council Tax of 2.99% (or £6.61) be approved;
- (ii) the statement of the Chief Finance Officer (shown at Annex 1 of the report presented) be noted; and
- (iii) the Capital Programme (shown at Annex 2 of the report presented) be approved.

RESOLVED that the Chief Finance Officer be authorised to make any necessary technical adjustments to the budget and Council Tax demand proposed to Council arising from final budget refinements or changes to government funding.

Reason for decision: The Council is required to set a budget by 11th March each year.

Alternative options: To amend or reject any or all of the budget proposals.

90. COUNCIL TAX SETTING 2019/20

A report was submitted on the level of Council Tax for 2019/20. Councillor T. Schofield, Executive Member for Finance, explained that the report set out relevant statutory powers, issues (the proposed Council Tax increase and current information relating to precepting authorities), legal, financial and equalities implications, risk management considerations, consultation undertaken and policy framework factors.

Councillor T. Schofield informed the Executive that the proposed Council Tax would be the subject of a recommendation to the February Council meeting. That meeting would receive confirmation of the final precept levels from the County Council and the Police together with any necessary adjustments required.

In response to questions, it was explained that when the report was produced a 4.99% increase was assumed for the County Council and £24 for the Police Authority. However, it was highlighted that Surrey County Council had subsequently put forward a recommendation for an increase of 2.99% (with no separate adult social care element). The Executive Member for Finance confirmed that these changes, once confirmed, would form part of the update to the February Council meeting.

RECOMMENDED that:

- (i) It be noted that on 13 December 2018 the Council calculated:
 - (a) the Council Tax base 2019/20 for the whole Council as 60,243 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the “Act”)] and,
 - (b) for dwellings in those parts of its area to which a Parish precept relates:

Horley Town Council	9,843
Salfords & Sidlow Parish Council	1,409

- (ii) The Council Tax requirements for the Council's own purposes for 2019/20 (excluding Parish precepts) is calculated at £13,702,585.**
- (iii) The following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:**

 - a. £73,325,578– being the amounts which the Council estimates for the items set out in Section 32(2) of the Act taking into account all precepts issued to it by Parish Councils.**
 - b. £59,218,953– being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.**
 - c. £14,106,625 – being the amount which the aggregate at iii.(a) above exceeds the aggregate at iii.(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 32(4) of the Act).**
 - d. £234.16 – being the amount at iii.(c) above (Item R), all divided by Item T (i.(a) above), calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).**
 - e. £404,040 – being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the Annex attached to the report presented).**
 - f. £227.46 – being the amount at iii.(d) above less the result given by dividing the amount at iii.(e) above by item T (i.(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.**
 - g. Horley Town Council - £265.33; Salfords & Sidlow Parish Council - £249.64. Being the amounts given by adding to the amount at iii.(f) above the amounts of the special items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at i.(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.**
- (iv) It be noted that the figures in the Annex (attached to the report presented) being the amounts given by multiplying the amounts at iii.(f) and iii.(g) above by the number which, in the proportions set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in different valuation bands.**
- (v) It be noted that for the year 2019/20 Surrey County Council and Surrey Police have stated amounts in precepts issued to the Council, in**

accordance with Section 40 of the Act, for each of the categories of dwellings shown in Annex 2 to the report presented.

- (vi) Having calculated the aggregate in each case of the amounts i. to v., above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts of Council Tax for the year 2019/20 for each of the categories of dwellings shown in Annex 3 to the report presented.**
- (vii) The Chief Finance Officer be authorised to make any amendments to the Council Tax demands as might prove necessary as the result of changes to the estimated demands issued by preceptors on the Council's Collection Fund.**

Reason for decision: To provide the information to fulfil the requirement of the Local Government Finance Act 1992 which sets out the requirement for local authorities to set a budget for the next financial year.

Alternative options: The budget is based on a recommended Council Tax rise of £6.61 (or 2.99%) in 2019/20.

91. DRAFT TREASURY MANAGEMENT STRATEGY 2019/20

The Executive considered a report seeking approval to consult on a draft Treasury Management Strategy. This was appended to the report. The covering report set out a range of issues for the Executive to consider. This included an explanation of significant changes to the Prudential Code, the Treasury Management Code of Practice and other regulations published during 2017 and 2018. It was noted that changes were necessary to reflect the increasingly complex business models that had been adopted by local authorities in response to reductions in other funding streams.

Councillor Schofield explained that the Strategy had been broken down into different sections and provided information on each of the following:

- the Capital Prudential Indicators;
- the Borrowing Strategy; and
- the Treasury Investment Strategy.

The Executive was informed that these associated strategies would be reviewed in due course by a Member Panel with the assistance of external Treasury Advisors, to ensure that the proposals within the Treasury Management Strategy best supported the Council's expected activity during 2019/20 and beyond.

Councillor Schofield highlighted further work would be carried out to finalise the Strategy details to ensure alignment with a new Capital Investment Strategy. This would be reported to the Executive in March and full Council in April.

RESOLVED that the contents of the Draft Treasury Management report, including Annex 1 to the report presented, be approved for formal consultation in accordance with the Council's Constitution.

Reason for decision: To support the adoption of a Treasury Management Strategy for the 2019/20 financial period.

Alternative options: To not support the report or to defer the report and ask Officers to provide more information and/or clarification on any specific points.

92. SCHEDULE OF MEETINGS 2019/20

The Leader of the Council, Councillor M.A. Brunt presented a report with a proposed schedule of meetings for the 2019/20 Municipal Year. The draft schedule drew upon past experience and had regard to comments from both Members and Officers.

It had been considered by the Overview and Scrutiny Committee at its meeting on 6 December 2018 and it was noted that the Committee had made no observations for the Executive to consider. However, it was highlighted that there had been one change to the proposed schedule since December, which was to swap the scheduling of the meetings of the Overview and Scrutiny Committee and the Executive in September 2019. Councillor Brunt explained that this was to support earlier consideration of performance reporting.

In response to questions, the Leader of the Council advised that, if required, meetings could be added or cancelled in the course of the year, subject to the usual protocols and statutory requirements.

RECOMMENDED that the Schedule of Meetings for the 2019/20 Municipal Year be approved as set out at Annex 1 to the report presented.

Reason for decision: To establish a timetable to ensure the efficient and effective conduct of Council business for the forthcoming municipal year.

Alternative options: To amend the timetable set out at Annex 1 to the report presented.

93. PROPERTY ACQUISITIONS

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

94. STATEMENTS

None.

95. ANY OTHER URGENT BUSINESS

None.

96. EXEMPT BUSINESS

There was no exempt business to be considered.

97. PROPERTY ACQUISITIONS (EXEMPT)

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

NOTE

On conclusion of the meeting, the Leader of the Council informed the Executive that John Jones, (Interim) Head of Legal and Governance (Monitoring Officer), was leaving the Council. On behalf of the Council, the Leader placed on record his thanks to Mr Jones for his help and support.

The Meeting closed at 8.05 pm