

## **BOROUGH OF REIGATE AND BANSTEAD**

### **OVERVIEW AND SCRUTINY COMMITTEE**

Minutes of a meeting of the Overview and Scrutiny Committee held at the New Council Chamber - Town Hall, Reigate on Tuesday, 12 June 2018 at 7.30 pm.

Present: Councillors T. Archer, M. S. Blacker, R. W. Coad, G. R. Curry, J. C. S. Essex, J. P. King, R. Michalowski, J. M. Stephenson, Mrs. R. S. Turner, J. C. White, J. F. White, Mrs. A. F. Tarrant, Mrs. R. Absalom (Substitute), R. Biggs (Substitute) and C. T. H. Whinney (Substitute)

Also present: Councillors M. A. Brunt and R. H. Ashford

#### **1. ELECTION OF CHAIRMAN**

**RESOLVED** that Councillor B.A. Stead be elected Chairman of the Committee for the Municipal Year 2018/19.

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

**RESOLVED** that Councillor J.P. King be elected Vice-Chairman of the Committee for the Municipal Year 2018/19.

(Councillor J.P. King took the Chair)

#### **3. MINUTES**

**RESOLVED** that the minutes of the meeting held on 19 April 2018 be approved as a correct record.

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

Committee Members: Councillors B.A. Stead (substituted for by Cllr. C.T. Whinney), J.S. Godden (substituted for by Cllr. R. Absalom), and D.T. Powell (substituted for by Cllr. R. Biggs).

Others: None.

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

Cllr Essex declared a non-pecuniary interest as a director of the charity Furnistore, as part of the discussion of Item 11: 5 Year Plan Performance Report 2017-18.

#### **6. INTRODUCTION TO SCRUTINY**

The Committee received an introduction to the Overview & Scrutiny process and the role of the Committee from the Monitoring Officer. This included an overview of the purpose of scrutiny, the legislative background, the scrutiny approach taken by

the Council, and the Committee's work programme. Members were advised of the available options for ad-hoc work, available resources, the advance questions process and their responsibilities as Committee members.

The Leader of the Council was invited to address the Committee, and thanked the Committee for the opportunity. The Leader stated that, as a former member of the Committee, he was aware that the relationship between the Committee and the Executive had previously not been ideal, but that he hoped to support a better relationship between the two in future. He recognised the important role of the Committee as a critical friend, and noted that he would seek to listen to and be available to respond to the Committee whenever possible.

The Leader also noted that he would support the working group considering the lessons learned from the Council's experiences with the Pathway for Care company.

The Vice-Chairman presented a number of comments provided by the Chairman, emphasising the Committee's role as a critical friend to the Executive, their role in representing their electors, and the advantages of the advanced questions process.

**RESOLVED** that the comments of the Monitoring Officer and the Chairman be noted.

## 7. LEISURE CENTRES - GLL

The Committee received a presentation from representatives of GLL (Greenwich Leisure Limited) on their work operating leisure centres for the Council. The presentation detailed leisure centre activity levels and engagement activities, along with GLL's work as a social enterprise in the borough, working with the Council.

Leisure centre user levels were identified to have dropped somewhat during 2017, which was attributed to increased competition from low-cost gym providers, but was remarked to be improving again following recent improvements and the Donnyngs leisure centre. Attention was drawn to GLL's efforts to reach out to all residents in an inclusive manner.

A number of community support and engagement activities were identified, including the GLL Sport Foundation, the Better Club Games programme, work with the Council's community development team, work with refugee integration activities, and support of a GP referral scheme (Healthwise) in the borough (including case studies). The presentation also noted GLL's work to evaluate the social value provided by their activities, and their data driven approach to planning work.

There were a number of questions and comments on the presentation, relating the following topics, which were responded to by the GLL representatives, and Cllr Ashford, Portfolio Holder for Community Wellbeing:

- **Employee Remuneration.** It was identified that as a charitable social enterprise owned by its staff and society members, GLL's staff salaries were set by the elected worker board, and were relatively flat compared to other comparably sized entities.
- **Youth Engagement.** A number of questions were raised by committee members regarding GLL's work in engaging young people with its services, and the offer available to them. It was identified that whilst GLL sought to

offer good value for money, pricing could be a factor for some individuals. It was identified that student memberships were available, and that the topic would be considered to see if any other steps could be taken. Attention was drawn to the importance of providing activity options to appeal to all genders, providing support for areas of high deprivation, and the potential mental health benefits thereof. It was identified that user levels for children were not necessarily tracked independently to parents, and that it would be considered if this could be improved to help inform engagement work. It was noted that GLL hadn't historically operated large scale advertising campaigns, but maintained a social media presence, worked with local schools, and participated in a number of local events where information on leisure facilities was available for young people and parents.

- **Pricing of Facilities.** Members were advised that work to standardise pricing at leisure centres across the borough had now completed, and that this had been undertaken by increases in some respects and price freezes in others. It was identified that prices in the borough were broadly similar to others in the area outside of London. It was identified that GLL facilities didn't compete directly with low-cost gyms on price, but sought to offer higher quality service and facilities, along with a wider range of options.
- **Social Value Comparisons.** It was identified that the social value calculator had only been used for one year to date, but that it would be available in future years as a comparative tool.
- **The GP Referral Scheme.** It was noted that the scheme had originally been funded by Surrey County Council, but that it was moving towards being entirely funded by GLL, following cuts to funding by Surrey. It was identified that subsidised memberships were available, but that individuals referred to the 12 week activity programme would need to be re-referred to access the programme again following its completion.
- **Opening Schedules and Cancellations.** Members were advised that centres sought to clearly publicise opening schedules around Christmas on-site, and online, but that it recognised that there remained the possibility for some individuals to miss this information. It was identified that there had been no reduction in opening hours around the period. Members were advised that when individuals leading classes at the leisure centres were unable to attend at short notice, procedures were in place to source replacements to support the classes wherever practical. It was noted that unfortunately some classes with more specialist operators had limited available alternatives in the event of the scheduled individual being forced to cancel.
- **Site Maintenance.** It was identified that some sites used contract cleaning services, and others were cleaned directly by GLL employees. Regarding a query about cleanliness at the Horley site, it was confirmed that the centre had previously used a contract cleaning service, but that it had now moved to being cleaned directly by GLL staff members. It was noted that there had been a temporary issue with the temperature of the small pool at Horley when automated systems were unavailable, but that pool temperatures were checked on a regular basis throughout the day, and checked by an external contractor.
- **Refurbishment Programme.** It was confirmed that the Donnyngs site had been selected for the most recent refurbishment due to there having been the longest period since its equipment was renewed.

- **Cross-Borough Funding.** It was confirmed that leisure centres were not subsidised between different boroughs.
- **Positive Experiences.** A number of Members noted positive experiences they had had with GLL services.

The Committee thanked the GLL representatives for the presentation.

**RESOLVED** that the presentation from GLL be noted.

## 8. **COMMUNITY CENTRES - STAYWELL**

It was noted that this item had been withdrawn, following conversations between the Portfolio Holder for Community Wellbeing and the Chairman, and that it would be rescheduled for a future meeting.

## 9. **PROVISIONAL REVENUE AND CAPITAL OUTTURN 2017-18**

The Committee considered the provisional revenue and capital outturn for the 2017-18 financial year.

The Committee discussed the report, and there were a number of questions and comments, relating to the following topics:

- **Capital Projects Spending.** Members were advised that capital project spending was primarily monitored over the life the project, and that any requests for significant additional funding would be submitted to the Executive for consideration. It was identified that most reported underspends and overspends during the life of a project therefore resulted from differences in in year project timings, rather than changes to total costs. It was noted that the remaining work to be completed on the Warwick Quadrant project would be confirmed following the meeting.
- **Allocation of Reserves.** Members were advised that reserves were created to reflect identified demands. The proposed Government Funding Reduction reserve was confirmed to reflect the external risk associated with uncertainty of NNDR (Nation Non-Domestic Rates – colloquially Business Rates) levels from 2020. It was confirmed that the Business Rates Pilot scheme was for one year, and was not currently projected to extend beyond that point.
- **Treasury Performance.** It was identified that the Council did not have the capacity to undertake the investment fund management currently conducted by an external fund manager (Tradition) in-house. It was noted that information on when the external fund manager was last reviewed would be confirmed following the meeting. It was noted that the Council had been able to obtain a positive short term investment variance in 2017/18 resulting from additional actions to secure a return on cash balances. It was noted that information on income from trading companies would be confirmed following the meeting.
- **Parking.** A query was raised regarding the reduced income from parking services. Members were advised that the situation was being monitored to determine the causes. It was confirmed that pilot work was being undertaken on a pay-on-exit scheme at the Bancroft Road site, with consideration being required to ensure there was not an adverse effect on traffic. It was noted that the timescale for future implementation of related schemes would be confirmed.

- **Legal Services.** Members were advised that the contextual changes to legal services costs had been reflected in the 2018-19 budget, and that the overspend was not expected to repeat to the same degree. It was noted that the overspend had been impacted by the reduction in land charges income, following changes in legislation to allow competing providers. Recruiting for a number of legal team positions was noted to be ongoing. Members were advised that legal activities were undertaken in-house where appropriate, but that external legal advice continued to be required in specialist fields. The Leader advised that the Council would be working to ensure that it had sufficient resourcing, including in legal services, to deliver its objectives.
- **Fund Recovery from Icelandic Banks.** It was confirmed that all money in Icelandic banks affected by the 2008 financial crisis had now been recovered.
- **Recycling Income.** Members were advised that income from sale of recyclates had decreased significantly, and the income for 2018-19 was therefore expected to considerably less than in 2017-18. It was identified that the Council's approach to collecting separated categories of recyclates continued to deliver improved income relative to co-mingled collection.
- **CIL Administration Costs.** It was confirmed that CIL (Community Infrastructure Levy) administration costs were expected to recover to projected levels.
- **Investment Strategy.** Members were advised that the Council's new investment strategy and associated governance arrangements were still under development, and would be submitted for full Council approval before implementation. It was identified that the strategy would include consideration of the best use of cash reserves. It was noted that the Council had an approved £80 million borrowing limit, but did not currently have any borrowing activity. It was identified that the approach to borrowing would be considered as part of the development of the investment strategy.

**RESOLVED** that the Provisional Revenue and Capital Outturn 2017-18 be noted.

#### 10. **QUARTERLY PERFORMANCE REPORT (Q4 - JANUARY TO MARCH 2018)**

The Committee received a report that detailed the major variances on performance in relation to the Council's Key Performance Indicators, Risk Management and Internal Audit.

The Committee considered and discussed the report. There were a number of questions and comments on the report, relating to the following topics:

- **KPI 13 – Business income as a percentage of gross budget.** A query was raised regarding the performance of this indicator relative to the target. Members were advised that the methodology used to determine the performance indicator and associated targets had historically been set to include factors outside of the Council's control, and was being reviewed to improve its representativeness and relevance.
- **Risk management around external factors.** A query was raised regarding actions to be taken to mitigate risks from external factors, such as a reduction in recycle prices. It was identified that whilst such external factors were outside of the Council's control and could not be directly controlled, the Council sought to remain aware of their consequences, and adjust budget expectations accordingly as part of the financial planning process.

- **Risk ratings.** It was clarified that the colour-coded risk ratings went from a most serious risk rating of red, through amber, yellow and then to the least serious rating of green. It was identified that four grades were used rather than three to allow for finer-grained differentiation of risk levels. It was recommended that a note on the risk ratings indicators be included in future performance reports.
- **Waste disposal.** A query was raised regarding the potential use of an incinerator for waste disposal. Members were advised that decisions regarding waste disposal would be considered by Surrey County Council (SCC), as the waste disposal authority, whilst the Council was a waste collection authority. It was noted that SCC was believed to currently have a policy opposing the establishment of incinerators. It was therefore confirmed that there were currently no plans for the use of waste incinerator.
- **Recycling credits.** It was confirmed that there was considered to be a high risk of a cut in recycling credits from SCC, and that this would be considered as part of the financial planning process. It was again noted that the Council would be expected to continue to obtain additional revenue from its differentiated collection of paper and other recyclates, relative to co-mingled collection, even in the case of the loss of recycling credits.
- **Future planning re. refuse and recycling.** It was noted that the current lack of certainty from SCC regarding recycling support and working arrangements presented a challenge for future planning of associated services, particularly significant capital investments such as fleet replacement. It was suggested that the Council consider additional trade waste collecting of paper recyclates as part of its future activities.

**RESOLVED** that the Quarterly Performance Report (Q4 – January to March 2018) be noted.

#### 11. 5 YEAR PLAN PERFORMANCE REPORT 2017-18

The Committee considered a report on the Council's performance relative to its 5 Year Plan in the 2017-18 municipal year. Four advance questions had been received in relation to the report, and these were tabled at the meeting.

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

- **Universal Credit implementation.** Members were advised that the Universal Credit scheme was scheduled to start implementation in the borough in the autumn, as part of a phased roll-out. It was noted that those individuals currently receiving housing benefit, administered by the Council, would be transferred to Universal Credit, administered by the Department of Work and Pension over the course of the implementation period. It was however noted that there would be a significant number of exceptions to this, and that there would therefore continue to be work done by the Council to support those cases.
- **Council income sources.** It was confirmed that the Council's funding was primarily from its component of Council Tax income, supplemented by income from the local component of business rates, investment income, and service charges. It was noted that the Council no longer received any income from revenue support grants.

- **The Corporate Plan Delivery Fund (CPDF).** It was identified that the CPDF provided funding for one-off projects to deliver its corporate plan, outside of the main revenue and capital programmes. The fund was identified to be spent in consultation with the Leader, with spending reported to Members. Members were advised that CPDF spending in 2018-19 would therefore be confirmed when proposals had been considered for approval. It was noted that the monies for the fund were provided either from budget underspends or from reserves.
- **Communications Costs.** It was confirmed that costs relating to the communication and engagement strategy, Borough News, and residents' survey were primarily staff costs, and an assessment of the direct cost of these components would therefore require work in consultation with the communications team to estimate proportions of time spent supporting these areas. It was requested that an approximate assessment of these costs be conducted, where practical.
- **Apprenticeships.** A query was raised regarding the Council's use of available apprenticeships funding. It was confirmed that the Council used available funding to support apprenticeship support where applicable, and also carried out other activities to support borough residents into employment.
- **Parks & Open Spaces – Bird Boxes.** Cllr Essex declared a non-pecuniary interest as a director of the Furnistore charity, which worked with the Men in Sheds programme, and offered a point of clarification that work on bird boxes for the Earlswood Lakes site had been undertaken at the Redhill site.

**RESOLVED** that the 5 Year Plan Performance Report 2017-18 be noted.

## 12. ANNUAL INTERNAL AUDIT REPORT 2017-18

The Committee considered the Annual Internal Audit Report for the 2017-18 municipal year. One advance question was received in relation to the report, and this was tabled at the meeting.

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

- **Southern Building Control Partnership.** It was noted that the Southern Building Control Partnership had been established in conjunction with Tandridge District Council (TDC) to address the challenges faced by individual councils attempting to operate building control services. It was identified that the partnership had experienced a number of performance issues in the approximately eighteen months since its establishment, including a selection of IT issues. It was noted that these issues were being reviewed, but were yet to be resolved. The Leader advised that he would be discussing the matter as part of a forthcoming meeting with the Leader of TDC. It was noted that a number of lessons had been learned from the process to date, including awareness of the challenges of operating joint services, and the importance of determining the objectives and limitations of projects undertaken. A number of Members commented that they had received a high quality service when dealing with the building control partnership.

- **Main Accounting.** It was noted that the details of the high priority action resulting from the audit of main accounting would be confirmed following the meeting.
- **Car Parking.** It was noted that the auditor's report did not reference an executive lead for the car parking audit, and that this would be clarified for future reports.

**RESOLVED** that the Annual Internal Audit Report 2017-18 be noted.

**13. EXECUTIVE**

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

**14. ANY OTHER URGENT BUSINESS**

There was no other urgent business.

The Meeting closed at 10.13 pm