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FRIDAY, 1 JUNE 2018

**To the Members of the OVERVIEW AND SCRUTINY COMMITTEE**

Councillors	B. A. Stead (Chairman)	R. Michalowski
	T. Archer	D. T. Powell
	M. S. Blacker	J. M. Stephenson
	R. W. Coad	R. S. Turner
	G. R. Curry	J. C. White
	J. C. S. Essex	J. F. White
	J. S. Godden	A. F. Tarrant
	J. P. King	

Substitutes

**Conservatives:** R. Absalom, R. Biggs, J. M. Ellacott, V. H. Lewanski,  
G. Owen and C. Stevens

**Residents Group:** J. S. Bray, R. Harper, N. D. Harrison and M. J. Selby

**Green Party:** H. Brown and S. McKenna

**A G E N D A**

For a meeting of the **OVERVIEW AND SCRUTINY COMMITTEE** to be held on **TUESDAY, 12 JUNE 2018** at **7.30 pm** in the New Council Chamber - Town Hall.

John Jory  
Chief Executive

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**1. ELECTION OF CHAIRMAN**

To elect a Chairman for this Committee for the Municipal Year 2018-19.

**2. ELECTION OF VICE-CHAIRMAN**

To elect a Vice-Chairman for this Committee for the Municipal Year 2018-19.

**3. MINUTES**

(Pages 5 - 10)

To confirm as a correct record the Minutes of the previous meeting.

**4. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

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

**5. DECLARATIONS OF INTEREST**

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

**6. INTRODUCTION TO SCRUTINY**

To receive an introduction to the Overview & Scrutiny process and the role of the Committee from the Monitoring Officer.

**7. LEISURE CENTRES - GLL**

To receive a presentation from representatives of GLL on their work operating leisure centres for the Council.

**8. COMMUNITY CENTRES - STAYWELL**

To receive a presentation from representatives of Staywell on their work operating community centres for the Council.

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

(Pages 11 - 28)

To consider the Provisional Revenue & Capital Outturn for the 2017-18 financial

year, to be reported to the Executive on 21 June 2018.

To consider any Advance Questions submitted.

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

(Pages 29 - 38)

To consider the performance in the fourth quarter on the Council's Key Performance Indicators, Risk Management and Internal Audit.

To consider any Advance Questions submitted.

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

(Pages 39 - 54)

To consider the 5 Year Plan Performance Report 2017-18 and observations to be reported to the Executive on 21 June 2018.

To consider any Advance Questions submitted.

**12. ANNUAL INTERNAL AUDIT REPORT 2017-18**

(Pages 55 - 70)

To consider the Internal Annual Audit Report for 2017-18.

To consider any Advance Questions submitted.

**13. EXECUTIVE**

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

**14. ANY OTHER URGENT BUSINESS**

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

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

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# Agenda Item 3

Overview and Scrutiny Committee  
April 2018

Minutes

## **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 on Thursday, 19 April 2018 at 7.30 pm.

Present: Councillors B. A. Stead (Chairman), R. Absalom, R. H. Ashford, M. S. Blacker, M. A. Brunt, R. W. Coad, G. R. Curry, J. C. S. Essex, N. D. Harrison, S. Parnall, J. M. Stephenson and R. S. Turner

Also present: Councillors R. Mill, S. Walsh and C. Whinney.

#### **54. MINUTES**

**RESOLVED** that the Minutes of the meeting held on 15 March 2018 be approved as a correct record, subject to the following revisions:

- That the minute of the discussion regarding potential conflicts of interest be revised to include specific reference to a suggestion that the Leader of the Council, Chief Executive and Finance Officer should not be directors of any companies.
- That the minute of the discussion regarding previously expressed Member concerns should have its wording revised to the following: 'A number of Members stated that they had previously expressed concerns regarding the Council's involvement with and management of Pathway for Care and were dissatisfied with the outcome obtained.'
- That the minute of the discussion regarding the motions circulated to the Committee should be revised to clarify that one of the suggestions was that a Member task force be created to consider lessons learned from the Council's experiences with Pathway for Care.

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

Committee Members: Mr R. Mantle, Mr D. Powell, and Mrs D. Ross-Tomlin (substituted by Cllr Mr D. Allcard)

Others: None

#### **56. DECLARATIONS OF INTEREST**

No declarations of interest were made.

## 57. PORTFOLIO HOLDER BRIEFING

The Committee received a presentation from Councillor Mrs R. Mill, Executive Member for Leisure and Wellbeing, regarding the Council's work and associated matters around Leisure, Wellbeing and Health. This included an overview of the Council's current key activity areas and future plans, including information regarding the following areas:

- The Wellbeing Prescription Service and other prevention work.
- Ageing Well support, including taxi vouchers and the Get Active 50+ scheme.
- Leisure centres in the borough.
- Activities and sports programmes for children and young people.
- The Harlequin Theatre and Cinema, including the Star for the Night event and accessibility provision.
- The Council's work with the voluntary sector.
- Wellbeing and skills development support for Council employees.
- Key local challenges, the way forward and the 5 Year Plan.

The Committee was advised that the Council would particularly be looking to act in a leadership and coordination role to help optimise and enhance services provided by the wide range of local organisations, including the NHS, voluntary groups and other agencies. The importance of preventative action and promoting positive social determinants of health was noted to be an important element of supporting residents and ensuring that services were able to meet future demand.

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

- **The Wellbeing Prescription Service.** It was identified that the Wellbeing Prescription Service currently only covered the sections of the borough within the area of operations of the East Surrey Clinical Commissioning Group (CCG), due to the requirement for supporting funding from the relevant CCG. It was noted that the northern areas of the borough within the area of operations for the Surrey Downs CCG were not currently covered as the Surrey Downs CCG was not currently providing funding for the service. The Committee was advised that the Council was continuing to work to expand the service to the entirety of the borough, and was seeking to encourage Surrey Downs CCG to support the service. Members supported the principle that the Council should continue to aim to provide equivalent support across all areas of the borough.
- **Apprentices.** It was confirmed that apprentices employed by the Council were paid in line with the relevant national minimum wage requirements.
- **Transport options in the borough.** It was identified that transport provision in the borough continued to be an important consideration, and that a range of options were under consideration at a borough and county level. There was an indication of Member support for cycling provision in the borough. It was identified that the current taxi voucher scheme generated more positive feedback from residents than the previous bus-based support, and was also more cost-effective.
- **Dementia support.** The establishment of a Dementia working group was supported as a positive step. It was confirmed that the dance activities delivered at the Anchor care homes in Banstead were also open to the public.

- **Leisure Centres.** A query was raised regarding visitor statistics for the Leisure Centres in the borough and their rate of increases to their membership. It was identified that representatives of the centres would be attending a forthcoming meeting of the Committee and would be able to provide detailed responses to questions regarding user statistics at that time.
- **The Voluntary Sector and funding of voluntary groups.** Members remarked that voluntary sector organisations provided a range of valuable services across the borough. A number of concerns were raised regarding the funding available for voluntary organisations, including the withdrawal of funding for some groups by Surrey Downs CCG.

It was suggested that the Council consider how it provides funding to voluntary groups to ensure that it generates the best value for money, and that groups remain incentivised to seek parallel sources of funding rather than becoming dependent solely on Council support. The Committee was advised that this suggestion was in-line with the Council's current practices. The Committee was advised that the Council sought to identify and support effective voluntary organisations, whilst avoiding duplication of services and reminding providers that they should also seek other sources of funding. It was identified that where the Council did identify duplication of service provision, it would seek to support consolidation of these services and cooperation between relevant groups.

It was noted that the continued financial pressures facing the Council and other local authority organisations meant that future capacity to provide funding was uncertain, and that providing money now to help voluntary organisations establish their operations and secure other funding was potentially particularly beneficial.

It was suggested that feedback metrics regarding voluntary sector activities might be of interest to Members. It was noted that obtaining relevant metrics was challenging due to the diverse nature of work and circumstances, but the Council's work with Stripey Stork was suggested as a recent successful area of activity.

The Committee thanked the Executive Member and supporting officers for the presentation.

**RESOLVED** that the portfolio holder briefing from Cllr Mrs R. Mill, Executive Member for Leisure, Health and Wellbeing, be noted.

## 58. INTERNAL AUDIT PLAN 2018/19

The Committee considered a report on the Council's Internal Audit Strategy and Internal Audit Plan for 2018/19. The Chairman reminded Members that the Overview and Scrutiny Committee was the audit committee for the Council.

The Committee considered and discussed the report, the Internal Audit Strategy and the Internal Audit Plan for 2018/19. There were a number of questions and comments on the report, relating to the following topics:

- **Strategic Risk SR1 – Financial sustainability and commercial service development.** It was confirmed that the review of this risk initially scheduled for 2017/18 had been deferred to 2018/19.

- **Strategic Risk SR7 – Cyber security.** It was queried if an additional audit of cyber security processes would be advisable, given recent media reports of related concerns. The Committee was advised that the Council maintained an ongoing cyber security programme, but that an additional audit of these processes was not judged to be required at this time due to the assurance provided by the thorough review in 2016/17. It was noted that an element of the Council's IT arrangements was subject to review on a rotating annual basis.
- **Strategic Risk SR8 – The UK's exit from the European Union.** Members were advised that no audit was proposed in relation to this risk as the uncertain impact of the event and lack of directly associated advance actions meant that there were no clear processes to audit. It was noted that the uncertainty in this area was reflected in the Council's planning, where possible.
- **Strategic Risk SR10 – Recycling credits.** Members were advised that no audit was proposed in relation to this risk as negotiations regarding recycling credits were currently ongoing and the Council was aware of the risk.
- **Strategic Risk SR11 – Data protection.** A query was raised regarding the relevance of the new General Data Protection Regulations (GDPR) to the Council and the proportionality of the Council's response to the regulation. It was confirmed that the regulations were relevant to Council, due to both their legislative requirements and the Council's duty to protect its residents and vulnerable individuals within the borough, whose data was protected by the regulations. The Committee was advised that the Council's response to the regulations was considered to be proportionate.
- **Actions in the event of issues being identified by internal audits.** The Committee was advised that in the event of issues being identified by an internal audit a remediation plan would be implemented. It was noted that completed internal audit reports were available on the e-Members room, and that any areas identified to have significant concerns would be brought to the attention of the Committee.
- **The audit service providers.** It was confirmed that the current audit service providers were an established provider of audit services with sufficient expertise to address the wide range of matters handled by the Council.
- **Fees for the internal audit service, and associated deed of variation.** It was identified that a contractual deed of variation has been signed due to an extension of the contracted period. It was noted that the Council's internal audit service was procured via a consortium, which would be undertaking a procurement process in the near future.
- **Financial processes and fraud avoidance.** The Committee was advised that there was a regular audit of the Council's financial processes, which included consideration of fraud avoidance. It was noted that this was also considered as part of the Council's annual external audit process.
- **Building control services.** It was confirmed that an internal audit of the southern building control partnership had been undertaken in 2017/18 and that the Council was awaiting the report, following its agreement by the auditors and Tandridge District Council (as the lead authority in the partnership).
- **Additional internal audit areas.** There were a number of suggested areas for additional internal audits. These included: Leisure centre contract arrangements, new debt recovery processes, council commercial activity processes, green spaces, fleet maintenance. It was identified that the new debt recovery processes were an extension of existing practices, and were therefore covered under the existing audit programme.

It was noted that any additional items in the audit plan would likely require the new items to replace existing items, due to the limits of the capacity of the contracted audit service. The Committee supported a proposal to remove the dog warden back office functions and planning & S106/CIL compliance & income audits from the plan.

The Committee was supportive of a future internal audit regarding the leisure centre contract arrangements. The Committee was supportive of an internal audit regarding the Council's commercial activity processes and it was agreed that this would be added to the internal audit plan for the forthcoming 2018/19 municipal year.

**RESOLVED** that the Internal Audit Strategy and Internal Audit Plan 2018/19 be endorsed, with the modifications supported by the Committee.

**59. OVERVIEW AND SCRUTINY COMMITTEE: ANNUAL REPORT 2017/18**

The Committee considered the draft Annual Report of the Committee's work for the municipal year 2017/18.

It noted that whilst there remained provision for joint scrutiny work in Surrey, there had been none undertaken as no agreement had been reached on a single county wide topic.

**RECOMMENDED** that the **Overview and Scrutiny Committee: Annual Report 2017/18 be noted.**

**60. 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.

**61. ANY OTHER URGENT BUSINESS**

There was no other urgent business.

The Meeting closed at 9.36 pm

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# Agenda Item 9

Overview & Scrutiny Committee

Agenda Item: 9  
Provisional Revenue and Capital Outturn 2017/18



<b>REPORT OF:</b>	FINANCE MANAGER
<b>AUTHOR:</b>	MARK HERDMAN & SEMENA WILLIAMS
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<b>E-MAIL:</b>	<a href="mailto:Mark.Herdman@reigate-banstead.gov.uk">Mark.Herdman@reigate-banstead.gov.uk</a> <a href="mailto:Semena.Williams@reigate-banstead.gov.uk">Semena.Williams@reigate-banstead.gov.uk</a>
<b>TO:</b>	OVERVIEW & SCRUTINY COMMITTEE
<b>DATE:</b>	12 JUNE 2018

<b>WARD (S) AFFECTED:</b>	All
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<b>SUBJECT:</b>	<b>PROVISIONAL REVENUE &amp; CAPITAL OUTTURN 2017/18</b>
<b>RECOMMENDATION:</b> <b>(i) The Committee is requested to consider the appended report and make any observations to the Executive.</b>	
<b>SUMMARY:</b> On 21 June 2018 the Executive will receive a report on the Provisional Revenue & Capital Outturn for the 2017/18 financial year. A copy of this report is at Appendix 1. It identifies the outturn position and sets out the impact on the Council's reserves.	

## STATUTORY POWERS

1. Decisions on the use of reserves affect the Statement of Accounts. The Council is required to produce the Statement by the *Local Government and Housing Act 1989* and the *Accounts and Audit Regulations 2011*.

## ISSUES

2. On 21 June 2018 the Executive will receive a report on the Provisional Revenue & Capital Outturn for the 2017/18 financial year. A copy of this report is at Appendix 1.
3. The report sets out the financial implications of the outturn position.

## LEGAL IMPLICATIONS

4. There are no legal implications.

## FINANCIAL IMPLICATIONS

5. The impacts on reserves are outlined in paragraphs 10 and 11 of the appended report.

## EQUALITIES IMPLICATIONS

6. There are no equalities implications.

## CONSULTATION

7. The Executive Member with responsibility for Finance was consulted during the preparation of this report.

## POLICY FRAMEWORK

8. The Five Year Plan 2015-2020 includes the priority “we will be financially self-sufficient by 2020, without impacting on residents’ priorities.”

### Background Papers:

Executive	29 March 2018	<a href="#"><u>Quarter 3 Performance Report</u></a>
Executive	25 January 2018	<a href="#"><u>Quarter 2 Performance Report</u></a>
Executive	14 September 2017	<a href="#"><u>Quarter 1 Performance Report</u></a>
Council	9 February 2017	<a href="#"><u>Budget &amp; Council Tax 2017/18</u></a>



<b>REPORT OF:</b>	FINANCE MANAGER
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<b>TO:</b>	EXECUTIVE
<b>DATE:</b>	21 JUNE 2018
<b>EXECUTIVE MEMBER:</b>	COUNCILLOR SCHOFIELD

<b>KEY DECISION REQUIRED:</b>	YES
<b>WARD (S) AFFECTED:</b>	ALL

<b>SUBJECT:</b>	<b>SERVICE &amp; FINANCIAL PLANNING: PROVISIONAL OUTTURN 2017/18</b>
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**RECOMMENDATIONS:**

- (i) That the provisional revenue and capital outturn position for 2017/18 is noted
- (ii) That the use of reserves proposed in paragraphs 10 & 11 is endorsed and the Finance Manager is authorised to make the necessary arrangements
- (iii) That the Finance Manager is authorised to set up a new reserve entitled Government Funding Reduction Reserve
- (iv) That the Annual Treasury Management Report (Annex 1) is noted.

**REASONS FOR RECOMMENDATIONS:**

To advise Members of the revenue and capital expenditure for 2017/18, to seek authorisation for the proposed changes to reserves and to comply with the Council's reporting requirements in relation to Treasury Management activity.

**EXECUTIVE SUMMARY:**

This report sets out the 2017/18 provisional outturn for revenue (£849,600 underspend) and capital (£2.56m underspend). It identifies and explains key variances, and proposes changes to the levels of the Council's reserves.

**Executive has authority to approve the recommendations.**

## STATUTORY POWERS

1. Decisions on the use of reserves affect the Statement of Accounts. The Council is required to produce the Statement by the *Local Government and Housing Act 1989* and the *Accounts and Audit Regulations 2015*.

## ISSUES

2. The accounting records for the year ended 31 March 2018 have been closed and work to prepare the formal Statement of Accounts is complete. The Statement will form part of the Annual Financial Report which will be presented to Members in the summer following audit by KPMG (our external auditors).
3. The information in this report is therefore still subject to both minor variation and verification by the Council's external auditor.
4. Table 1 below summarises the provisional outturn position.

**Table 1: Provisional Outturn Summary**

<b>Description</b>	<b>Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>	<b>Variance %</b>
Capital Programme	23,402	20,847	(2,555)	(11%)
Revenue	16,218	15,369	(849)	(5%)

### Capital Programme

5. The outturn for the capital programme is £20,846,756 against a budget of £23,402,440 which gives an underspend of £2,555,684. Due to its very nature the capital programme is not easy to profile accurately and has - historically - underspent by around 20% to 40% per year with the exception of 2016/17 which had a relatively small underspend. The main components of the 2017/18 underspend have been previously reported and are included in the summary below. A full list of capital outturn variances can be found in Annex 1.
  - *Marketfield Way Re-development:* £1.4m underspend due to delays in the CPO process, development land assembly costs and stopping up costs causing project slippage. This underspend will be carried forward to the next year for completion of the project.
  - *64 Massetts Road:* £0.35m underspend to be carried forward. The project has overrun into the new year due to unexpected delays caused by poor weather and the identification of Japanese knotweed due to complete in the 1<sup>st</sup> quarter of 2018/19
  - *Warwick Quadrant:* £0.34m underspend due to project completion delays, underspend to be carried forward to 2018/19 to completion.

- *Car Parks Capital Works Program*: £0.12m underspend due to the identification of potential installation issues causing delay; this budget may not be spent until Q3 2018/19. The underspend is to be carried forward
6. Where necessary, all ongoing projects and programmes have been re-profiled to reflect the outturn position and revised plans. Unspent capital budget remains within the Council's reserves.

### Revenue Budget

7. In February 2017 the Council set a net revenue budget for 2017/18 of £14,894,000. Transfers from the Corporate Plan Delivery Fund and other grants during the year resulted in a net increase to £16,218,100. Actual expenditure for the year was £15,368,500, giving an underspend of £849,600 (5% of the overall budget).
8. The most significant revenue budget variances for 2017/18 have been highlighted throughout the year and are summarised below:
- *Refuse & Recycling*: As reported during the first nine months of the year, prices for all recyclates were high leading to over-recovery of income. In addition, the numbers of Garden Waste subscribers have increased. This has resulted in a higher than expected income of £660,000.
  - *Housing*: As previously reported, the change to more preventative activity and the increased supply of temporary accommodation has led to a significant underspend on B&B accommodation. As a result £241,900 has been saved.
9. These have been described in the Financial Performance reports produced throughout the year, and reflect actions taken to ensure a satisfactory outturn despite difficult economic and market conditions. A full list of revenue outturn variances can be found in Annex 2.
10. Following expenditure during the year of £1.26m, the balance on the Corporate Plan Delivery Fund (CPDF) is £2.74m. The CPDF reserve will be used to fund short term projects and some commercial activity on a case by case basis, each of which contribute to the Five Year Plan.

**Table 2: Balance remaining of the CPDF**

	£
<b>CPDF Balance at the beginning of the year</b>	<b>4,000,000</b>
<i>Deduct: Expenditure</i>	<i>1,264,500</i>
<b>CPDF Balance – 31<sup>st</sup> March 2018</b>	<b>2,735,500</b>

### New Earmarked Reserve - Government Funding Reduction

11. It is proposed that the revenue underspend is used to set up a new earmarked reserve with a value of £800,000 to assist with the external risk associated with future uncertainty of NNDR income levels from 2020. (See paragraph 17.)

### **Treasury Management**

12. It is a requirement of the Treasury Management Strategy that treasury performance - and performance against the Prudential Indicators - is reported annually.
13. During 2017/18 none of the prudential limits were breached and all decisions were taken in accordance with the Treasury Management Strategy. A full performance report is shown as Annex 3.

### **OPTIONS**

14.
  - The Executive can accept the proposals to adjust reserves as set out in paragraphs 10 & 11. This is the recommended action.
  - The Executive can choose to amend the proposals in paragraphs 10 & 11.
  - The Executive can choose to reject the proposals in paragraphs 10 & 11 by withholding their approval and the reserves will not be adjusted.

### **LEGAL IMPLICATIONS**

15. There are no legal implications.

### **FINANCIAL IMPLICATIONS**

#### **Now**

16. The impact of the 2017/18 outturn on the Council's revenue reserves is set out above in paragraphs 10 and 11. The advantage of the proposed approach is that it provides funds to help deliver priorities without increasing the burden on taxpayers, in a climate of reduced funding.

#### **Future**

17. Reigate and Banstead Council is part of a business rates pilot scheme and although this is expected to bring some local opportunities, there is no commitment that this pilot will last longer than one year. Indeed, business rates income is uncertain and is expected to fall sharply by 2019/20. If we do nothing this will leave a funding gap of over £2.3m per year. Other income reductions (e.g. via Surrey County Council) and Governmental Statutory service changes will increase this gap, still further.
18. Over recent years much work has been undertaken to put this council in the best place possible to respond to external pressures. Whilst we have been planning for financial self-sufficiency for a number of years, the council's financial strategy will drive us towards bridging the impending gap in funding.
19. As part of the service and financial planning process, opportunities for efficiencies will continue to be sought - but given the net savings of around £4.3m achieved in the last 5 years it is likely that any significant resource reductions will adversely impact our ability to deliver our priorities.

### **EQUALITIES IMPLICATIONS**

20. There are no equalities implications.

### **COMMUNICATIONS IMPLICATIONS**

21. There are no communications implications.

## CONSULTATION

22. The Executive Member with responsibility for Finance was consulted during the preparation of this report.
23. The Overview and Scrutiny Committee considered a draft version of this report at its meeting on 12 June 2018. An update will be provided on the views of the Committee.

## POLICY FRAMEWORK

24. The Five Year Plan 2015-2020 includes the priority “we will be financially self-sufficient by 2020, without impacting on residents’ priorities.”

### Background Papers:

Executive	29 March 2018	<a href="#"><u>Quarter 3 Performance Report</u></a>
Executive	25 January 2018	<a href="#"><u>Quarter 2 Performance Report</u></a>
Executive	14 September 2017	<a href="#"><u>Quarter 1 Performance Report</u></a>
Council	9 February 2017	<a href="#"><u>Budget &amp; Council Tax 2017/18</u></a>



## Capital Outturn 2017/18

	Actual	Live Budget	Variance	Explanation of Significant Variances
<b>CAPITAL GRANTS</b>	866,036.23	1,303,425.00	- 437,388.77	Grant expenditure has more exposure to budget variances as the expenditure is somewhat dependant on how many successful grant applications are processed.
<b>ENVIRONMENT</b>	67,431.08	126,000.00	- 58,568.92	£60k Budget for contaminated land not used in 2017-18
<b>LEISURE &amp; CULTURE</b>	705,062.34	711,600.00	- 6,537.66	Programme slippage and time constraints reduced works carried out
<b>REGENERATION</b>	1,021,101.15	551,200.00	469,901.15	This variance relates to Surrey County Council & Raven Housing Trust's proportion of costs that will be recovered in (August) 2018-19
<b>ROLLING PROGRAMMES</b>	913,270.41	1,012,100.00	- 98,829.59	The identification of potential installation issues in the car park program caused a delay which resulted in the underspend being carried forward for works to be carried out in the Q3 2018/19. This figure includes underspend on Council offices program (£31) and overspends on the Vehicles and Plant program of £38k and Computer software of £33k
<b>STRATEGIC PROPERTY</b>	17,196,606.83	19,619,215.00	- 2,422,608.17	Much of this underspend will be carried forward as it relates to project delays on Marketfield Way, Massetts Road and Warwick Quadrant which are ongoing development projects. Forum house and Court Lodge are genuine underspends of (£120k) and as such will not be carried forward.
<b>WASTE MANAGEMENT &amp; RECYCLING</b>	77,247.65	78,900.00	- 1,652.35	
<b>Grand Total</b>	<b>20,846,755.69</b>	<b>23,402,440.00</b>	<b>- 2,555,684.31</b>	



**Revenue Outturn by Service 2017/18**

Service	Budget £000	Outturn £000	Variance £000	Explanation of Significant Variances
Benefits	32.5	11.9	-20.6	
Local Taxation	19.9	41.7	21.8	
Finance	4,856.9	4,516.0	-340.9	Borrowing costs have been delayed and there was a reduction in insurance costs.
Voluntary Sector Support	460.6	475.3	14.7	
Environmental Health & JET	1,043.8	1,189.6	145.8	Unbudgeted statutory costs and lower than anticipated Pest Control income.
Environmental Licencing	-323.1	-314.1	9.0	
Harlequin	172.3	126.2	-46.1	
Events	83.4	53.4	-30.0	
Leisure	350.3	352.7	2.4	
Community Development	204.9	204.9	0.0	
Housing	974.9	733.0	-241.9	Lower than anticipated spend on B&B.
Supporting Families	103.1	103.1	0.0	
Human Resources	626.4	651.3	24.9	
Fleet	744.6	776.5	31.9	
Refuse & Recycling	777.6	117.6	-660.0	Increased income from recyclates.
Street Cleansing	939.9	987.8	47.9	
Communications	613.7	621.5	7.8	
Customer Contact	405.9	337.0	-68.9	Management resource reduced to one post. The saving will be offered in 2018/19.
ICT	1,135.7	1,158.9	23.2	
Chief Executives Unit	1,314.7	1,342.7	28.0	
Democratic & Electoral Services	1,105.9	883.2	-222.7	Additional grants received to support Electoral registration.
Projects & Assurance	304.5	305.6	1.1	
Corporate Support	117.2	111.1	-6.1	
Building Control	-11.5	74.4	85.9	Unforeseen implementation costs were incurred.
Car Parking	-2,030.9	-1,920.0	110.9	Pay and Display, Season Tickets and Penalty Charges income all lower than budget.
Property	-170.4	-392.3	-221.9	Increased rental income and reduced rent subsidies.
Engineering & Construction	101.2	70.3	-30.9	
Development Services	269.0	341.2	72.2	Legal fees higher than anticipated, due to increased number of planning inquiries.
Planning Policy	692.2	751.3	59.1	Unbudgeted temporary staff, training and CIL Admin costs.
Greenspaces	1,114.7	1,187.9	73.2	Cemetery Income was lower than budgeted.
Legal	188.2	468.8	280.6	High levels of spend on locum staff and continually reducing land charges income.
	16,218.1	15,368.5	-849.6	



## ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY FOR 2017/18

### Introduction

1. The Annual Treasury Report is a requirement of the Council's reporting procedures. It covers treasury performance - and the prudential indicators - for 2017/18.
2. The report meets the requirements of both the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both codes under the *Local Government Act 2003*.

### KEY INFORMATION

#### Prudential Indicators

3. The Executive approved the 2017/18 Treasury Management Strategy on 23 March 2018 and this included a number of prudential indicators. Performance against these is set out below.
  - **Capital Financing Requirement (CFR)** – The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. Again, in 2017/18 there was no need to borrow therefore the CFR was £0.
  - **Net Borrowing and the CFR** – In order to ensure that borrowing levels are prudent over the medium-term the Council's external borrowing, net of investments must only be for a capital purpose. As the Council had no debt, investments exceeded borrowings in 2017/18. This resulted in a negative net borrowing position, as indicated by the figures in brackets in the table below.

	31 March 2017 Actual £m	31 March 2018 Forecast £m	31 March 2018 Actual £m
<b>Table 1: Net Borrowing</b>			
Net borrowing position	(48)	(48.0)	(53.0)
CFR	0	0	0

- **The Authorised Limit** – is the “Affordable Borrowing Limit” required by Section 3 of the *Local Government Act 2003*. The Council does not have the power to borrow above this level.
- **The Operational Boundary** – is the expected borrowing position of the Council during the year. Periods where the actual position is over the Operational Boundary are acceptable subject to the Authorised Limit not being breached. The Operational Boundary was increased in 2017/18 and was not breached during the period.
- The following table demonstrates that during 2017/18 the Council has maintained gross borrowing within its Authorised Limit.

<b>Table 2: Borrowing Limits &amp; Borrowing</b>	<b>2017/18 £m</b>
Authorised Limit	80.0
Operational Boundary	70.0
Maximum gross borrowing position	0.0

- **Actual financing costs as a proportion of net revenue stream** – this indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. Since the Council has no debt in 2017/18 this indicator will become relevant in the forthcoming year (2018/19).
- An alternative view of this indicator, as shown below, measures the investment income earned by the Council as a percentage of the Council Tax budget requirement, so as to show the level by which the investment income is being used to underpin the Council's operational budget.

<b>Table 3: Investment Income</b>	
2017/18 Budgeted investment income as a proportion of budgeted net revenue	3.2%
Actual investment income as a proportion of actual net revenue	4.1%
2018/19 Budgeted investment income as a proportion of budgeted net revenue	3.9%

- The 4.1% achieved for 2017/18 is better than the budget of 3.2% due to investments achieving higher than anticipated returns.

### **Capital Expenditure & Financing**

4. The Council undertakes capital expenditure on long-term assets. These activities may either be:
  - Financed immediately through the use of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no impact on the Council's borrowing need; or
  - If insufficient financing is available, or a decision is made not to apply internal resources, the capital expenditure will give rise to a borrowing need.
5. Actual capital expenditure forms one of the required prudential indicators.
6. The Council fully financed its capital expenditure through the use of its own resources and did not need to borrow, as shown in the following table.

Table 4: Capital Expenditure & Financing	2016/17	2017/18	2017/18
	Actual	Estimate	Actual
	£m	£m	£m
Total Capital Expenditure	16.5	23.1	21
Financed by:			
Grants	3.8	2.8	2.8
Capital Receipts Applied	12.2	19.8	18.2
Revenue Contributions	0.5	0.5	0
<b>Borrowing Need</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Borrowing & Investment Performance

7. The 2017/18 borrowing strategy was structured around funding larger scale projects including loans to the property trading companies. The potential need to borrow to fund projects had not materialised in 2017/18, due to RBBC using a portion of cash surpluses, therefore, no borrowing was undertaken during 2017/18.
8. Counterparty security remains the over-arching investment objective. The current economic environment still remains challenging, with interest rates on short term investments remaining low. Returns for medium to long term investments have however shown improvement over the last year. Due to continuing low rates the decision was taken to invest a small portion of our investments for a longer period. The majority of investments are still limited to 1 year, but up to 20% of investments can be invested for periods up to 3 years.
9. The short term investments have helped to boost the income for 2017/18. Overall there was a £220,000 favourable variance for the financial year, which is set out on the table below.

Table 5: Treasury Performance Summary	Budget £000's	Actual £000's	Variance £000's
Earnings from Investment Manager (paragraph 10)	(430)	(400)	30
Earnings from Investment of Surplus cash flow (paragraph 11)	(50)	(230)	(180)
Less: Cost of Borrowing and Other Operational Costs (paragraphs 12 & 13)	100	30	(70)
<b>Total</b>	<b>(380)</b>	<b>(600)</b>	<b>(220)</b>

10. **Investment Strategy Review** - During the next financial period an overhaul of the treasury management strategy, in accordance with changes to the prudential code, will result in re-alignment of the current investment structure so to maximise investment income to the council.
11. **Investments Held by Fund Managers** – the Council uses an external cash fund manager, Tradition, to invest part of its cash balances. The performance of the manager is shown below, along with comparable benchmark returns.

<b>Table 6:</b>	<b>Investments Held</b>	<b>Return</b>	<b>Market Benchmark 2</b>
<b>Fund Manager Performance</b>	<b>£m</b>	<b>%</b>	<b>(12 month LIBOR %)</b>
Tradition Ltd	43	0.98%	0.70%

12. **Investments held by the Council** – in addition to the £5m in internal investments in place at the start and end of the year, short term investments totalling £8m were placed during the year. This generated an income of £231,976 compared to a budget of £49,600.
13. **Investments in Trading Companies** – The Council has made loans to trading companies as set out in table 7 below:

<b>Table 7:</b>	<b>Loans to Trading Companies</b>	<b>Rate of Return</b>
<b>Investment in Trading Companies</b>	<b>£000's</b>	
Horley Business Park Development LLP	552	10%
Greensand Holdings Limited	2,270	4.5%
Pathway for Care Limited	1,100	9%

14. **Borrowing Costs** – as borrowing was not needed in 2017/18 this part of the budget was not used.
15. **Operational and other costs** – these costs, which include the transfer of interest to trust funds, benefitted from low interest rates.

## REGULATORY FRAMEWORK

16. The Council has complied with all of the relevant statutory and regulatory requirements.
17. In particular compliance with both the *Prudential Code* and the *Code of Practice for Treasury Management* means that capital expenditure is prudent, affordable and sustainable, and that treasury management demonstrates a low risk approach.

**Background Papers:** [Treasury Management Strategy 2017/18](#)

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# Agenda Item 10

Overview & Scrutiny Committee  
12 June 2018

Agenda Item: 10  
Quarterly Performance Report (Q4 – Jan to March 2018)



<b>Subject:</b>	<b>Quarterly Performance Report (Q4 – January – March 2018)</b>
<b>Officer:</b>	Gavin Handford / Jocelyn Convey
<b>To:</b>	Overview and Scrutiny Committee, 12 June 2018
<b>Purpose:</b>	To consider the key service performance for the fourth quarter of the year 2017-18.

## Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 4

The detailed information showing all performance is available for Members to review at the eMembers room.

The headline performance information is set out in the following sections:

Key Performance Indicators – Q4 2017-18	Section 1
Risk Management	Section 2
Internal audit	Section 3

## Recommendation

The Committee is requested to review the performance report and consider any advance questions received in relation to strategic issues and make any observations to the Executive.

## KEY PERFORMANCE INDICATORS

### Headline Information

11 of the 13 Key Performance Indicators (KPIs) that are reported on in this quarter are either on target or within the agreed tolerance.

KPI 4 is a contextual indicator and therefore has no target set.

### Major variances (those off target)

KPI 13 – Business income as a percentage of gross budget	
Target	Actual
11.6%	10.3%

### Management comments/actions:

The reduction in business income in 2017/18 from 2016/17 is due to the council receiving one off income in 2016/17 for hosting the EU referendum and the Police and Crime Commissioner Elections which was not repeated in 2017/18. Similarly, in 2016/17 the council operated its own Building Control function. Building Control is now a shared service with other local authorities. Building Control income is accounted for as part of the shared service in 2017/18.

The methodology for calculating the council's performance against this KPI is being redefined for 2018/19.

### eMembers room information

A copy of the full schedule can be found in the eMembers room.

**Section 2**

**RISK MANAGEMENT**

The report covers the two aspects of risk management

- **Strategic Risks**

Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Five Year Plan and the Medium Term Financial Strategy. The Management Team has shared responsibility for the Strategic Risks.

- **Operational Risks**

Operational risks are those short term risks that are encountered in the course of the day to day delivery of services and functions. Individual operational managers will have responsibility for their own operational risks. The Management Team will be responsible for monitoring the operational risk registers.

All risks are actively monitored by the Management Team to ensure that appropriate controls are in place.

**New Risks**

There were no new strategic risks identified in Q4.

**Strategic Risks**

All risks will either be transferred to the 2018/19 register or will be closed.

Ref no	Risk description 2017/18	Risk Rating
SR1	<p><b>Financial sustainability and commercial service development</b></p> <p>The Council no longer receives any Revenue Support Grant, and the reforms to business rates will likely result in a significant reduction, or complete removal, of this funding to Reigate &amp; Banstead by 2020.</p> <p>The Council, therefore, needs to fund services from other income streams. This will increasingly require the Council to identify and take advantage of commercial opportunities, where services can deliver new income streams.</p> <p>This will involve new areas of work which will require new skills and expertise, as well as a reasonable level of risk taking. There will also be new legal requirements wherever company structures are established.</p> <p>If we do not generate new income streams in this way, it could lead to</p>	<p><b>Yellow</b></p>

Ref no	Risk description 2017/18	Risk Rating
	reductions in services and standards or service delivery failure.	
SR2	<p><b>Housing &amp; Welfare</b></p> <p>An increasing number of residents are being affected by a combination of welfare reforms and increasing housing costs. This increases the risk of residents becoming homeless, leading to their health and wellbeing being affected, which would subsequently increase the cost pressures on the Council.</p> <p>A lack of affordable accommodation increases the Councils reliance on expensive bed and breakfast, although following the purchase of temporary emergency accommodation we are expecting this to stabilise</p> <p>The increasing reliance on local charities and voluntary sector support may also impact on their sustainability</p> <p><i>Note: SR2 and SR3 will be managed under an amalgamated risk from Q1 2018/19</i></p>	Yellow
SR3	<p><b>Homelessness Reduction Bill</b></p> <p>The Homelessness Reduction Bill, expected to go-live on 1 April 2018, will place an obligation on local authorities to provide a written personal housing plan to anyone that approaches the authority within 56 days of potential homelessness. Local authorities have a duty to keep the plan updated, and if homelessness is not avoided, have a further 56 day duty to continue working on the plan with the applicant; in many cases this will involve providing housing during the period.</p> <p>As a result, we expect a marked increase in casework, which has resource implications. As well as this, we also expect an increase in the number of households that we have a statutory obligation to accommodate.</p> <p><i>Note: SR2 and SR3 will be managed under an amalgamated risk from Q1 2018/19</i></p>	Green
SR4	<p><b>Gatwick airport</b></p> <p>The Government has announced that its preferred option for additional runway capacity in the south east is that it should be provided at London Heathrow. Consultation on a National Policy Statement (NPS) for the new runway is taking place in early 2017/18, following which a final decision will be made by Government and the airport operator will be able to submit a planning application.</p> <p>Given the controversy associated with a proposal of this scale, until national policy is formalised and planning permission granted, there will continue to be uncertainty about future plans for, and impacts on, Gatwick</p>	Green

Ref no	Risk description 2017/18	Risk Rating
	<p>Airport. It is also noted that the current legal agreement not to build a second runway at Gatwick expires in 2019.</p> <p>In the meantime, Gatwick Airport is developing its own proposals for expansion under a one-runway scenario. As a major local business and employer, and given its proximity to the borough and the scale of passenger movements, it will be important to influence these proposals.</p> <p><i>Note: SR4 will be closed and part incorporated into a new risk on 'Economic Prosperity' from Q1 2018/19.</i></p>	
SR5	<p><b>Development Management Plan</b></p> <p>Following the Regulation 18 consultation in 2016/17, in 2017/18 the draft Development Management Plan will be prepared, and further consultation (Regulation 19) undertaken prior to submission to the Secretary of State for Examination.</p> <p>The process for the allocation of specific sites for development will be politically sensitive and could result in negative publicity, impacting on the Council's reputation.</p> <p>Formal allocation of development sites through an adopted Local Plan will help the Council manage where and how development goes ahead, and will minimise the risk of speculative (particularly greenfield) planning applications.</p> <p>It is important that the draft DMP complies with the national planning policies: at the Examination a planning inspector will need to be satisfied that the plan is sound (evidence based, deliverable and consistent with national policy). If the draft DMP is found to be not sound, the adoption of the plan will be delayed until issues are rectified.</p>	Amber
SR6	<p><b>Property Development</b></p> <p>In order to support the Council's financial sustainability, we will need to invest further in property to generate revenue income. The Council will need a well-defined and resourced Asset Management Plan to support this activity, with a programme of investments, developments and acquisitions. This may be carried out by the Council, the property company, or as part of joint working arrangements within and outside the Borough.</p> <p>Expanding our activities in this area increases our exposure to the property market fluctuations and the normal development risks. These risks may be exacerbated by Brexit, as markets react to the negotiations that are ongoing following the triggering of Article 50.</p> <p>Failure to invest in property will result in the Council not delivering the required savings and income to deliver services and to fulfil our corporate objectives.</p>	Amber

Ref no	Risk description 2017/18	Risk Rating
SR7	<p><b>Cyber security</b></p> <p>Computer Viruses including new Trojans such as Ransomware are being released onto the Internet at an ever increasing rate. More sophisticated approaches and new variants suggest that on occasions it is possible that viruses will get through corporate defences and could be activated by unsuspecting ICT consumers. The effects of activating a virus are varied but at their worse the results can be destructive, service affecting or can leave the organisation with data protection issues.</p>	Amber
SR8	<p><b>The UK's exit from the European Union</b></p> <p>The 'leave' result of the referendum on the United Kingdom's continued membership of the European Union has created a significant degree of uncertainty for the economy and the governance of the country.</p> <p>The results of this uncertainty are multifaceted and interlinked, but may include a generally weakened economy, a weakened currency, reduced consumer confidence and delays in investment decisions. The Government and the Bank of England are likely to adjust fiscal and monetary policies in response which could, in turn, have further impacts on markets and the economy. This could result in changes in the rate of inflation, interest rates, property prices and devolution deals.</p> <p><i>Note: SR8 will be closed and part incorporated into a new risk on 'Economic Prosperity' from Q1 2018/19.</i></p>	Yellow
SR9	<p><b>Partner decisions</b></p> <p>Funding pressures are impacting the whole public sector, not just RBBC. Decisions by other public service providers in our area may impact on our residents, businesses, and directly on RBBC itself. For example, we receive recycling credits from SCC worth circa £1m. SCC are the social care provider, and reductions in funding may impact on the service and support that is provided to our communities, and RBBC may need to increase services or support as a result.</p>	Yellow
SR10	<p><b>Recycling credits</b></p> <p>There is a risk that Surrey County Council and the Surrey Waste Partnership could withdraw recycling credits which would have a further negative impact on the council's budget.</p>	Amber
SR11	<p><b>Data Protection and General Data Protection Regulations (GDPR) ) Now the Data Protection Bill passing through Parliament</b></p> <p>We have always been aware of the potential risk of personal information being disclosed in breach of the Data Protection Act 1998 (DPA) and the associate penalty notice and other enforcement actions that would have a negative impact on the Council reputation. On 28 May 2018. The General Data Protection Regulations (GDPR) will replace the DPA and represents the biggest change to data protection law for 20 years. The implications of</p>	Amber

Ref no	Risk description 2017/18	Risk Rating
	breaching the GDPR are potentially significant, with some breaches carrying fines of up to 4% of global annual turnover or 20 million Euros.	

### Operational Risks (Exception reporting)

This report highlights those risks that have been rated as RED. These are the risks where management are focusing their attention and immediate actions have been identified and plans are in place to reduce risk as a priority.

The following risk was rated as RED in Quarter 4:

Ref no	Risk description 2017/18	Risk Rating
OR3	<p><b>Price Fluctuation in the Recycling Market</b></p> <p>The Council achieves significant income from the sale of material for recycling. The market for recycling feedstock is international with material being shipped to emerging economies (India, China). Price fluctuations are beyond the control of this Authority and can be sudden and involve significant sums of money. On occasion prices may be negative i.e. processors may charge a gate fee.</p>	Red

### eMembers room information

Full descriptions of these strategic risks and their controls are available in the eMembers room.

Section 3

**INTERNAL AUDIT**

**Background**

The annual Audit Plan is agreed by the Overview and Scrutiny Committee.

**SCORING**

<p><b>RED</b></p>	<p>Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>
<p><b>AMBER/ RED</b></p>	<p>Taking account of the issues identified, the Authority can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>
<p><b>AMBER/ GREEN</b></p>	<p>Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.</p> <p>However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
<p><b>GREEN</b></p>	<p>Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

### Headline Information

During the last quarter 9 internal audits have been completed:

Name of Audit	score
Capital Accounting and Fixed Assets	Green / Amber
Car Parking	Green / Amber
Corporate Governance	Green
Digital Channel Shift	Green
IT Security Review	Not applicable
Main Accounting & General Ledger	Green / Amber
Payroll	Green
Risk Management	Green
Southern Building Control Partnership	Amber / Red

### Recommendations with a high priority

*Southern Building Control Partnership*

Internal Audit noted that assurances were weak that migrated data from legacy systems within RBBC and MVDC accurately and completely transferred to the Salesforce system. This was in part due to incomplete or incorrect datasets being imported. At the time of the audit, work was ongoing to cleanse, verify and validate this data.

### Management action

*Southern Building Control Partnership*

Officers have confirmed that migration data has now been fully validated and signed off (March 2018)

### eMembers room information

Copies of the individual audit reports are available on eMembers.

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# Agenda Item 11

Overview & Scrutiny Committee  
12 June 2018

Agenda Item: 11  
5 Year Plan Performance Report 2017-18



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

<b>REPORT OF:</b>	HEAD OF CORPORATE POLICY AND PERFORMANCE
<b>AUTHOR:</b>	GAVIN HANDFORD
<b>TELEPHONE:</b>	01737 276560
<b>E-MAIL:</b>	Gavin.Handford@reigate-banstead.gov.uk
<b>TO:</b>	OVERVIEW AND SCRUTINY COMMITTEE
<b>DATE:</b>	12 JUNE 2018

<b>WARD (S) AFFECTED:</b>	ALL
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<b>SUBJECT:</b>	<b>5 YEAR PLAN PERFORMANCE REPORT 2017-18</b>
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## RECOMMENDATIONS:

- (i) that the Committee note the 5 Year Plan Performance Report attached at Annex 1;
- (ii) That the Committee make any observations to the Executive.

## SUMMARY:

On 4 December 2014 Executive approved the Council's Five Year Plan, which commenced in 2015-16.

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

The attached report provides an update and summary of the progress made against the Five Year Plan priorities for the period 1 April 2017 to 31 March 2018.

The Overview and Scrutiny Committee is asked to consider the attached report and make any observations to the Executive, to support the Executive's consideration of the report.





<b>REPORT OF:</b>	HEAD OF POLICY & PERFORMANCE
<b>AUTHOR:</b>	Luke Harvey
<b>TELEPHONE:</b>	01737 276519
<b>E-MAIL:</b>	<a href="mailto:Luke.Harvey@reigate-banstead.gov.uk">Luke.Harvey@reigate-banstead.gov.uk</a>
<b>TO:</b>	EXECUTIVE
<b>DATE:</b>	21 June 2017
<b>EXECUTIVE MEMBER:</b>	COUNCILLOR T. SCHOFIELD

<b>KEY DECISION REQUIRED:</b>	NO
<b>WARD (S) AFFECTED:</b>	ALL

<b>SUBJECT:</b>	<b>FIVE YEAR PLAN PERFORMANCE REPORT 2017-18</b>
<b>RECOMMENDATION:</b>	<b>That the positive progress against the Council's Five Year Plan (2015-2020) priorities, as set out in the report, be noted.</b>
<b>REASONS FOR RECOMMENDATIONS:</b>	To receive and note the Five Year Plan progress for 2017-18.
<b>EXECUTIVE SUMMARY:</b>	<p>On 4 December 2014 Executive approved the Council's Five Year Plan, which commenced in 2015-16.</p> <p>As a high performing organisation, the Council developed the Five Year Plan in order to identify its vision and objectives over the medium term period. The plan seeks to ensure the Council continues to meet the needs and aspirations of our residents and Members, whilst overcoming the challenges (particularly financial) facing the organisation, and the wider local government sector, over the plan period.</p> <p>This report provides an update and summary of the progress made against the Five Year Plan priorities for the period 1 April 2017 to 31 March 2018.</p>

<b>Executive has authority to approve the above recommendations</b>
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## STATUTORY POWERS

1. There is no statutory requirement for the council to produce a 5 year plan or Corporate plan.
2. The Council has adopted a Corporate Plan to set out the vision and priorities that guide all our service and financial plans. This is the approach taken by the best performing organisations, in both the public and private sector.

## BACKGROUND

3. Reigate and Banstead's Five Year Plan was developed from considerable research and consultation with residents, Members and partner organisations, and articulates our vision for how we will deliver great services to those living and working in our borough.
4. Reigate and Banstead's vision is to be a leading council as recognised by our residents, peers and partners. The plan seeks to ensure that we continue to meet the needs and expectations of our residents whilst simultaneously overcoming the challenges we face.
5. In so doing, the plan is organised around three key themes:
  - People, supporting residents to enjoy healthy and happy lifestyles;
  - Place, a great place to live and work; and
  - Organisation, a great council.
6. Within each of these themes are a series of ambitious priorities that we have set ourselves in order to deliver our wider vision. Each priority has, in turn, an associated set of objectives and outcomes. These are set out in full within the 5 year plan document.
7. Whilst there are major projects within the 5 Year Plan delivery, it is also important to recognise that majority of actions take place within existing service areas. All Council services develop annual plans setting out how they can support the 5 Year Plan priorities within their areas, adjusting and refocusing their activities to meet our priorities.
8. This report provides an update of the progress made against the Five Year Plan's priorities for the period of 1 April 2017 to 31 March 2018, and evidences the considerable progress made during the period.

## **FIVE YEAR PLAN PERFORMANCE: PEOPLE**

9. The following sections provide a summary of performance against each priority within the people theme of the Five Year Plan. Additional information is also set out in Annex 1.

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

10. Since we started the Worker Scheme in 2011 over 230 people have benefited from a 6-month paid work placement, providing skills, experience and confidence that enables participants to increase their employment prospects.
11. 2017/18 saw the introduction of the apprenticeship levy, where the Council contributes 0.5% of our annual salary bill. This contribution is claimed back to support training costs for apprenticeships. The Council has increased the number of apprenticeships within the Council, with 10 members of staff benefiting from this vocational training. Further apprenticeship placements are in development.
12. We are supporting East Surrey Pathway to Employment, in partnership with Raven Housing Trust, YMCA East Surrey, East Surrey Domestic Abuse Service (ESDAS)

and the Surrey Chamber of Commerce. This scheme supports people into employment that are experiencing conditions of housing insecurity.

13. The Family Support team provides support to families in a number of important areas, including employability as well as money and debt. The team has supported 445 families in the borough since 2013, with 92% showing an improvement in their circumstances.
14. In 2017 / 18, the Council expanded our Community Development team to provide support in a larger number of communities. The team is mapping employment support across these areas to signpost resident to services, and identifying gaps in provision.
15. The Council provides mentoring and interview skills training for students, particularly targeting those that may not be planning on further education.
16. The latest data shows that only 0.8% of the borough's working age population are in receipt of Job Seeker's Allowance, significantly lower than the national average.

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

17. Living and Ageing Well Week was once again very popular this year, encouraging older residents that are not currently physically active to try a wide variety of activities. The range of activities has expanded this year as a result of increased partnership working with local community groups, organisations and other neighbouring councils.
18. Our community centres offer excellent support for older residents. Since 2015, the use of Banstead, Horley and Woodhatch community centres has increased by 6.5%, 11.6% and 4.8% respectively. Memberships have increased across all centres, whilst a focus on volunteer development has enabled the provision of numerous new activities.
19. The council provides support to a number of key dementia support services. Following the withdrawal of Alzheimer's Society funding from all its Surrey services in 2017, we supported local Dementia Alliances and an East Surrey Dementia Working Group which identify gaps in service provision and bring forward projects. For example, a monthly Dementia Café takes place at the Banstead Community Centre. Run by volunteers. This is promoted by Staywell and through local partners. The café provides support and advice for those affected by dementia.
20. The Harlequin Theatre and Cinema has recently launched a programme of dementia friendly cinema screenings, with 10 screenings to date (part funded by the British Film Institute).
21. 300 people benefited from the council's taxi voucher service, offering flexible transport for older and vulnerable people. This is a vital means of maintaining their independence, often used to get to/from hospital and GP visits, shopping trips, and our community centres.
22. During 2017/18 the council awarded over £380k in grant funding through core funding, capital grants and councillors' community awards programmes for local community groups and charities, including new awards to the Lucy Rayner Foundation and Community Debt Advice, which address issues of mental health in

young people and concerns around debt respectively. A further £54k was awarded through the Neighbourhood Improvement Fund.

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

23. The leisure centre contract performance continues to be on target, as demonstrated by monthly performance reports from GLL, covering areas such as customer satisfaction, health and safety and usage figures. During 2017 there were over 1.2 million visits to the council's three centres. As of April 2018 there are 13,962 members of our leisure centres, of which 10.9% (1521) are aged over 65.
24. R&Be active is the council's health and wellbeing offer for young people and includes our holiday activities, Surrey Youth Games, Star for a Night and more. Council run school holiday activities were very successful this year, with over 650 attendees across all activities, as well as a further 170 attendees at free activities that ranged from park days, den building and pond dipping.
25. In addition, the 2017 Surrey Youth Games also took place during the reporting period. 435 children benefitted from training in 15 sports over the 8 week period leading up to the games, where 247 then went on to represent the borough at the final event, the highest ever number of participants from Reigate and Banstead.
26. During the year a nature trail based on C.S. Lewis's *The Lion, the Witch and the Wardrobe* was launched in Banstead Woods. The trail features several characters from the classic children's story and is thought to be the first of its kind in the country. Its installation marked the designation of Banstead Woods and Chipstead Downs as a Local Nature Reserve – the first such designation in the borough for 15 years. The trail has proven to be very popular and has encouraged many people to visit the area and find out about the site's natural environment.
27. We also worked with a number of external organisations to deliver events in our parks and open spaces. The Luna Cinema came to Priory Park in June and October, with just under 4,000 people attending the screenings in total. Greenspaces and the Harlequin Theatre organised an outdoor production of *Dogs Don't do Ballet*, an acclaimed children's theatre show. Both events are returning in 2018 due to their success.
28. The Wellbeing Prescription Service offers free health and wellbeing support to residents, joining primary care with local, non-clinical services. East Surrey Clinical Commissioning Group has extended funding and the scheme is now one of the largest signposting services in the country. 14 Wellbeing Advisors will see over 4,000 people a year. The service has demonstrated significant success:
  - 88% made a positive change to their lifestyle
  - 78% have visited their GP less
  - 93% found contact useful or very useful

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

29. The council continues to be an active participant on the East Surrey Community Safety Partnership (ESCSP) which covers Reigate and Banstead, Tandridge, Mole Valley and Epsom and Ewell.
30. The partnership's key priorities for 2017-18 were anti-social behaviour, domestic abuse and rural crime. The ESCSP also has oversight of local action taken to address emerging threats associated with the national Prevent (counter terrorism) agenda and serious organised crime (SOC), including child sexual exploitation (CSE).
31. During the year there were 27 referrals were made to the Community Harm and Risk Management Meeting, where individuals and groups whose anti-social behaviour is having a detrimental impact upon the community. This resulted in a range of successful interventions taking place, including anti-social behaviour contracts, engagement with local support services and the use of statutory powers such as Criminal Behaviour Orders. At year end there were just three individuals being managed by the CHaRMM.
32. The Council successfully introduced a Public Space Protection Order (PSPO) for Redhill in October 2017. This enables police and council officers to deal with low-level anti-social behaviour early before it has the chance to escalate.
33. The council's Joint Enforcement Team (JET) investigated almost 4,000 cases including graffiti, fly-tipping and abandoned vehicles, and other instances of anti-social behaviour.
34. The council is also active in a number of initiatives that seek to raise awareness and combat domestic abuse and help survivors. We fund the Identification and Referral to Improve Safety (IRIS) project which provides support and training to GPs to enable them to identify victims of domestic abuse at an early stage and signpost victims to support services. The project has now been operating for three years and 18 GPs are now signed up.

## **FIVE YEAR PLAN PERFORMANCE: PLACE**

35. The following sections provide a summary of performance against each priority within the place theme of the Five Year Plan. Further details are set out in Annex 1.

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

36. The fifth Entrepreneurs Academy was held in 2017/18. This is a six-month project run in conjunction with East Surrey college, where budding local entrepreneurs are provided with the opportunity to gain and develop the essential business skills to turn an idea into reality, including business planning, finance, marketing and online business promotion. At the programme's conclusion participants pitch their business idea to a panel of local business leaders for the chance to win £4,000 to help establish their business.
37. The 200<sup>th</sup> Business Support Grant was awarded. These grants, of up to £1,000, are awarded to small businesses with fewer than four employees that demonstrate real scope for future growth. The grants can be used for many purposes, including purchasing new equipment and staff training.

38. Our learning lunches have continued to go from strength to strength during the last year, with 10 events held with over 300 attendees. The lunches encourage local businesses to network and develop their business skills and acumen through a series of informative business presentations on a variety of topics, including social media, customer service and change management.
39. The second annual Big Bang Careers fair took place at the Harlequin Theatre, the aim of which was to help inspire local students to enter a career in the STEM (Science, Technology, Engineering and Mathematics) sector. Over 550 students and 23 exhibitors attended, including Canon, Black and Veatch, Fidelity and the NHS. Very positive feedback was received from teachers, students and exhibitors.
40. The readership of our monthly email newsletter for local businesses continues to steadily increase – the latest edition sent out in March 2018 achieved an encouraging readership rate of 34%. Over 1,600 businesses have now signed up to 'It's Local Reigate and Banstead', a free to use local database that allows local businesses to connect with local people.

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

41. Each year we clear approximately 1,400 tonnes of litter from over 1,400 streets.
42. The borough has an active community of volunteers that regularly litter pick in their local area, supported by the council's Cleansing team who provide all necessary materials and disposal of the collected waste. As of March 2018 there are 20 such groups across the borough.
43. The council's Cleansing team continue to work successfully with Kent, Surrey and Sussex Community Rehabilitation team to deliver the Community Payback scheme in the borough. The scheme sees low-level offenders that are given an unpaid work order as part of their sentence tackle cleanliness issues that affect the local community, including removing graffiti and clearing litter.
44. Nine of the borough's parks and open spaces received awards in the annual Britain in Bloom competition.

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

45. The DMP has recently been submitted to the Secretary of State for examination by the Planning Inspectorate.
46. Delivering affordable housing within the borough is challenging. Despite this, during the year the council achieved 94% of its affordable homes target.
47. The Community Infrastructure Levy (CIL) is in place and collections have continued throughout the year. A strategic infrastructure programme has been developed that sets the council's priorities for CIL spending. The first CIL annual monitoring report was published in December 2017 and is available to view on the council's website.

**FIVE YEAR PLAN PERFORMANCE: ORGANISATION**

48. The following sections provide a summary of performance against each priority within the organisation theme of the Five Year Plan.

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

49. In 2017/18 the Council delivered a balanced budget, without reducing services to residents and businesses. This was achieved without any revenue support grant from central government. A key element of this has been to identify and develop new income streams.
50. Our Revenues and Benefits service generated over £100k delivering benefits, council tax, debt recovery and fraud investigation work for other organisations. Plans have been developed to establish a trading company to deliver these services which would allow access to larger contracts and provide a higher financial return.
51. A number of services seek to sell specialist services to other local authorities. For example, the Property and Legal teams have provided development and asset management consultancy services to other public sector organisations.
52. The implementation of a new Housing team structure, council owned emergency accommodation and a focus on homelessness prevention has significantly reduced expenditure on temporary emergency accommodation, with savings of approximately £170k, and has likewise resulted in an increase in positive housing options outcomes
53. As set out earlier in the report, additional income has been generated from a wider range of events in our parks, such as Oktoberfest in Redhill Memorial Park.

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

54. The council communications and engagement strategy, adopted in June 2016, focuses on delivering a number of key behaviour change and marketing campaigns, including: council reputation, economic prosperity, financial wellbeing, health and wellbeing, channel shift, safe neighbourhoods and support for commercial services.
55. The council's channel shift campaign continues to be very successful, with 83% of transactions taking place online.
56. Our cashless parking campaign won a platinum award at the LGA's prestigious annual public sector communications excellence awards. Over six months the campaign achieved a 47% increase in cashless parking sessions.
57. The *Borough News* readership survey results were very positive, with 79% of respondents rating it as good or excellent, and 76% reporting that it's a good way for them to find out how the council spends their money.
58. The impact of our communications and engagement activities is monitored through our biannual residents' survey. The last survey was undertaken in March 2017, with 64% of respondents reporting that they feel informed. This contrasts favourably with the Local Government Association (LGA) national average which, at the same period, stood at 60%. Our performance has improved markedly from March 2016 in which 45% of respondents reported feeling informed.

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

59. During the year we acquired three new office building investments, each of which generates significant rental income for the council.
60. The partial redevelopment of Warwick Quadrant, Redhill is now complete and producing a healthy rental income. Following the council's investment the asset has also significantly increased in value.
61. Following the redevelopment of the Council's Iron Horse site in Merstham, the regeneration project has continued with completion of the Triangle site development. This comprises a Community Hub providing a new library, community facility and café, plus four new shops which have been transferred to the council and provide an income through rent. Redevelopment of Raven Housing Trust's Portland Drive site, which was linked to completion of the Hub, is also underway.
62. The development of new housing in the Preston ward is now in its final phase and will result in further overage payments to the council in 2018/19. Construction of housing on the former De Burgh school site has also begun – sales overage is expected in due course.

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

63. The council's 5D Talent Development Programme launched in January 2017. The programme provided a mixture of training and development opportunities, and was aimed at staff with the ability to take on wider, challenging, diverse and complex roles while developing their professional abilities.
64. During the last year a number of council staff from a range of service areas have undertaken commercial awareness training. Our efforts at imbuing a commercial culture in the organisation were recognised at the 2018 Municipal Journal Achievement Awards, where Reigate and Banstead was commended within the Workforce Transformation category.
65. Since their introduction in 2015, the council's values and behaviours have been fully embedded and are now integral to the staff appraisal and performance management system. The behaviours now also form a key part of the council's recruitment process.
66. The council's HR team continue to support service managers in identifying career development opportunities for staff, including formal training opportunities, as well as opportunities for secondments and shadowing. During the year there were 36 internal promotions.

### **NEXT STEPS FOR 2018-19**

67. As set out earlier, every service in the Council is required to outline within their service plans how they are contributing to the 5 Year Plan priorities. The annual service & financial planning process provides review and challenge for this work, with budget changes captured within the provisional budget.
68. A review of the Council's Five Year Plan is currently underway to ensure that the council's priorities continue to reflect the needs of our residents and businesses. This will take place alongside the development of the council's investment strategy and wider governance review, which will ensure transparent decision making and explain how we will need to fund our services in the future. It is intended to develop

a revised plan alongside the provisional 2019/20 budget, to ensure any activities and programmes are captured and appropriate budget provision allocated.

## **OPTIONS**

69. Members are asked to note the report. No decision is required.

## **LEGAL & FINANCIAL IMPLICATIONS**

70. The Five Year Plan includes priorities around the council's financial sustainability. As set out in the report we have delivered significant savings over the last year and the council adopted a balanced budget that included no reductions in service. Rather, a range of growth proposals were approved to support service improvements that will benefit our residents and businesses.

71. There are no legal implications to this report.

## **EQUALITIES IMPLICATIONS**

72. There are no equalities implications to this report.

## **RISK MANAGEMENT CONSIDERATIONS**

73. In support of the Five Year Plan and service delivery, the council has a robust risk management system in place with regular reports to Executive, Overview and Scrutiny and Management Team.

## **CONSULTATION**

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

## **POLICY FRAMEWORK**

75. The Five Year Plan forms part of the council's policy framework.

## **Background Papers:**

**Five Year Plan:** [http://www.reigate-banstead.gov.uk/download/downloads/id/610/our\\_5\\_year\\_plan\\_2015-20](http://www.reigate-banstead.gov.uk/download/downloads/id/610/our_5_year_plan_2015-20)

## **ANNEX 1: Further Information**

### **PEOPLE THEME**

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

#### ***East Surrey Pathway to Employment***

This is a partnership project with Raven Housing Trust, YMCA East Surrey, East Surrey Domestic Abuse Service (ESDAS) and the Surrey Chamber of Commerce.

This scheme supports people into employment that are experiencing conditions of housing insecurity.

The council's Housing team refer participants to the programme, where a range of targeted support measures are offered that include: one to one sessions with an employment advisor, group workshops, job search and application skill training as well as significant in work support. The provision of work experience and voluntary working opportunities also forms a key part of the programme.

#### ***Support for Students***

The council continues to work closely with SATRO, a local educational charity and social enterprise that delivers a successful mentoring programme in local schools.

Under the programme council officers mentor local school children and provide guidance and support in a number of areas, particularly around future employment and further educational options.

To date 42 members of staff have taken part in the programme and many continue their mentoring relationships with their student after the programme formally concludes.

The council's HR team also facilitates more informal work experience opportunities, including two week placements for students from local schools and colleges.

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

Council officers have worked with MHA Live at Home to support the establishment of a new scheme in Tadworth. The scheme provides valuable support to older people that wish to continue to live at home without becoming socially isolated.

The council – alongside East Surrey CCG and Surrey County Council – fund Voluntary Action Reigate and Banstead (VARB), a local charity that matches volunteers with not-for-profit organisations. VARB has delivered a funding a resource fair, five networking events; regular volunteering surgeries as well as governance advice. These efforts are crucial to maintaining and developing the voluntary sector in the borough.

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

#### ***Sport & leisure***

All three of the borough's leisure centres are QUEST accredited, with the centre in Horley recently securing 'outstanding' status – one of very few leisure facilities in the country to achieve such designation. QUEST is the UK's leading continuous improvement tool for

leisure facilities and sports development teams; to achieve this prestigious industry award the centre was required to demonstrate evidence of exemplary performance in running the centre, as well as in the services provided to the local community and customers.

Officers continue to work with a host of different partners including sports clubs and leisure providers to offer free taster activities, competitions, health education and signposting to clubs and activities spread throughout the year.

### ***Activities for young people***

Officers responded to demand for activities for young people in Preston and Tadworth, working with Streetgames and the Community Development Team as well as other partners on a "Tadworth leisure centre Youth project". The scheme started in February 2018 and over the course of 7 weeks we have seen numbers increase from 8 to over 20 young people regularly accessing the initiative.

In November a Junior Park Run was launched by volunteers with the support of councillors' award in Reigate. Numbers have grown steadily from the first junior park run that attracted 46 children, and the 19th Junior Park Run on the 22nd April saw a record 100 children take part.

### ***Parks & Open Spaces***

A new bird box trail was recently introduced at Earlswood Lakes. The area is a Local Nature Reserve as well as a Site of Nature Conservation Interest. The council's Greenspaces team worked alongside Men in Sheds at Merstham, Surrey Wildlife trust and several local artists to design and build 23 new bird boxes that have been installed around the lakes. In addition to providing a nesting place for birds, the installation of the boxes has created a well visited local attraction.

A wide range of activities and events take place in parks across the borough. Some particularly well attended events include weekend park and woodland runs, military fitness classes, tennis coaching and football, rugby and cricket matches.

The Greenspaces team continues to proactively identify local parks which are under used and could benefit from additional funding. One such example in the last year is Ifold Road in Redhill which, following an application lodged by the council, received £50k from the SUEZ Communities Trust for the installation of a multi-use games area.

### ***Health & Wellbeing***

Wellbeing advisors are based in GP surgeries and help residents by identifying their health and wellbeing issues, providing advice and signposting them to local services and activities. The advisors help people with issues such as weight management, fitness, smoking cessation, social isolation and support with depression, anxiety and more. The service is jointly run by Tandridge District Council, Reigate & Banstead Borough Council, Surrey County Council and East Surrey CCG.

The council continues to be an active participant on the local Health Partnership Delivery Group, comprised of key local health stakeholders, including Public Health, Adult and Children's Social Care, CCGs, Raven Housing Trust, GLL and Staywell. An action plan was developed last year that focused on three key health priorities: mental health, obesity and ageing well/dementia services. Our position on this group further enhances our ability to positively influence our residents' health outcomes. During the last year considerable progress has been made against the action plan's key delivery objectives.

The council's newly formed Community Development team has been active in helping develop and deliver various community initiatives in our priority community development

communities. For instance, a community allotment, funded by the People's Health Trust was recently established in Merstham. The team have also secured £350k of funding from the People's Health Trust for a number of projects in Merstham that aim to increase local social connection and encourage local people to exercise leadership in their area.

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

### ***Anti-social behaviour***

The Joint Action Group (JAG) continues to meet when a particular issue arises in a given area and works towards a successful resolution through coordinating a multi-agency response. The JAG manages issues that are large in their scope and affect wider areas. During the last year there have been three JAGs convened, with all including issues of anti-social behaviour associated with suspected 'county lines' drug dealing.

Following a range of joint interventions with partners, Redhill town centre has improved markedly and the JAG has been closed. However partners continue to monitor the situation and will intervene early if there is any sign of a reoccurrence of issues. Some of the successful work carried out in Redhill is now being replicated in other areas of the borough.

The ESCSP has continued to make significant progress against its identified priorities. In tackling anti-social behaviour, for instance, the Police and Crime Commissioner for Surrey has commissioned a new countywide service to support repeat and/or vulnerable victims of anti-social behaviour. The Alliance Support Coaching service launched in July 2017 – the latest data available shows that during the year there were 12 referrals to the service in the borough.

### ***CCTV***

The council's CCTV cameras continue to be operated in partnership with Surrey Police and provide effective monitoring and deterrence for our town centres and car parks.

### ***Domestic Abuse***

The council supports the White Ribbon Campaign, a national campaign which encourages men to challenge negative and abusive behaviour towards women. The council has worked extensively with partners in the Surrey Against Domestic Abuse (SADA) partnership. Surrey has become only the second county to be accredited as a White Ribbon county.

We continue to contribute funding towards East Surrey Domestic Abuse Services and the local Women's Refuge through the Core Funding process. Moreover, we are also supporting Change That Lasts, a five year Women's Aid project aimed at affecting societal change in relation to domestic abuse, including via community based 'Ask Me' ambassadors. Surrey is one of only three areas nationally to pilot this work and East Surrey has been chosen to spearhead the initiative.

### ***Counter terrorism / Serious & Organised Crime***

The Council contributes to the local Channel process, a multi-agency approach which supports individuals identified as being at risk of radicalisation. We also run campaigns and host events aimed at raising awareness amongst our staff and partners, local businesses, retailers and the wider community.

In tackling serious and organised crime we have established robust processes for sharing local intelligence with Surrey Police and carried out awareness raising activities with staff and partners.

During the year a new countywide licensing policy was approved which will be implemented from April and will include mandatory child sexual exploitation awareness training.

## **PLACE THEME**

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

#### ***Business Events***

In recognition of the academy and grants milestones, a celebratory event was held at the Town Hall in February, with all scheme beneficiaries and partner organisations invited to attend. Emma Jones MBE, founder of Enterprise Nation and an influential national figure in the SME sector, was the guest speaker at the event. Following the event the council has entered into a partnership with Enterprise Nation that will benefit Entrepreneurs Academy and grant applications in the creation and development of their businesses.

#### ***Business networks***

The council provided continued support to the establishment of the Redhill Business Guild. Since its inception membership has grown to over 25 local businesses. The Guild has delivered a number of business networking events during the year and is well recognised as enabling positive change locally. For instance, over the Christmas period the Guild and the Belfry shopping centre installed a 40 foot artificial Christmas tree in Redhill town centre. The tree noticeably improved the look and feel of the town over the festive period.

The Business Leaders group has continued to meet on a regular basis during the last year. The forum serves as an effective means through which the council is able to work and liaise with private sector organisations on key issues such as local schools engagement, the skills agenda, corporate social responsibility, and traffic/transportation issues. Members of the group include representatives from Canon, Pfizer, Osborne, Jellyfish, Esure and SES Water, amongst others.

#### ***Skills***

During 2016/17 the council undertook significant work in partnership with East Surrey College with local businesses to help them prepare for the introduction of the Apprenticeship Levy. An outcome of this work during this year was the establishment of a Care Academy at the college. The academy brings together major local health care organisations, as well as higher and further education partners and students to help meet the needs of the sector. This initiative was noted as being good practice in Ofsted's inspection report of East Surrey College in October 2017.

#### **Economic Indicators**

The latest data available indicates that 10.1% of the borough's commercial space and 7.6% of its industrial space is vacant (March 2017). There are 7885 VAT registered businesses in the borough, whilst the five year business survival rate is currently 47.3% (ONS, 2016).

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# Agenda Item 12

Overview & Scrutiny Committee  
12 June 2018

Agenda Item: 12  
Annual Internal Audit Report 2017-18



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

<b>REPORT OF:</b>	HEAD OF CORPORATE POLICY AND PERFORMANCE
<b>AUTHOR:</b>	GAVIN HANDFORD
<b>TELEPHONE:</b>	01737 276560
<b>E-MAIL:</b>	Gavin.Handford@reigate-banstead.gov.uk
<b>TO:</b>	OVERVIEW AND SCRUTINY COMMITTEE
<b>DATE:</b>	12 JUNE 2018

<b>WARD (S) AFFECTED:</b>	ALL
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<b>SUBJECT:</b>	<b>ANNUAL INTERNAL AUDIT REPORT 2017-18</b>
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## RECOMMENDATIONS:

- (i) that the Committee note the Annual Internal Audit Report attached at Annex 1;
- (ii) That the Committee make any observations and/or recommendations to the Leader of the Council and Chief Executive.

## SUMMARY:

Under the Council's Constitution the Overview and Scrutiny Committee fulfils the role of the Audit Committee. As part of this role, and in accordance with the national Code of Practice governing Internal Audit in Local Government, the Committee is asked to receive the annual written report of the Chief Internal Auditor.

## 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.

## ISSUES

2. The Internal Audit function is a key element in the management and delivery of effective corporate governance.
3. The Council's Constitution delegates receipt of the annual report of the Chief Internal Auditor to the Overview and Scrutiny Committee. The Council's Chief Internal Auditor is RSM, whose annual report for the 2017/18 audit year is attached at Annex 1.
4. The purpose of this Report is to provide an opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.
5. With regards to the detailed information contained within the Appendix to the Report, the Committee has already scrutinised this during the year as part of the quarterly performance reporting process. To support this process, copies of all of

the internal audit reports referred to in the report have been made available in the eMembers' Room.

6. The Report (Section 2.2) provides details of the excellent progress made by the council in implementing previous year recommendations.

### **OPTIONS**

7. The Committee has two options open to it:
  - Option 1: Note the report and make any appropriate observations and comments to the Leader of the Council and Chief Executive.
  - Option 2: Note the report and make no observations.

### **LEGAL IMPLICATIONS**

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

### **FINANCIAL IMPLICATIONS**

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

### **EQUALITIES IMPLICATIONS**

10. There are no equality issues arising from this report

### **CONSULTATION**

11. This Report has been considered by the Corporate Governance Group

### **POLICY FRAMEWORK**

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

**Background Papers:** None



## REIGATE AND BANSTEAD BOROUGH COUNCIL

### Annual Internal Audit Report 2017/2018

This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
will accept no responsibility or liability in respect of this report to any other party.

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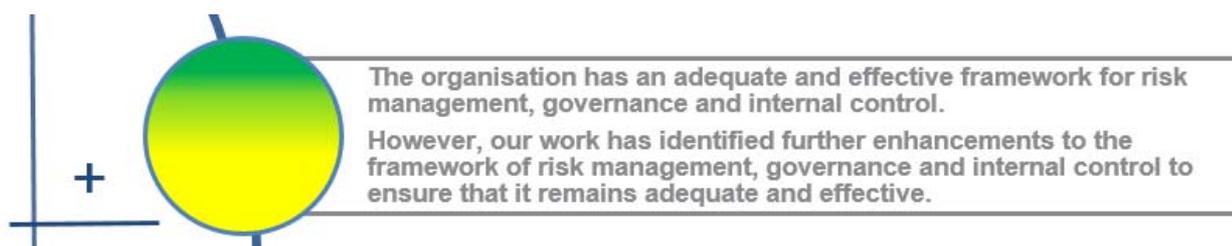
# 1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

## 1.1 The opinion

For the 12 months ended 31 March 2018, the head of internal audit opinion for Reigate and Banstead Borough Council is as follows. This is consistent with the prior year and reflective of the balance of individual assignment opinions outlined in Appendix B.

### Head of internal audit opinion 2017/18



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

## 1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Overview and Scrutiny Committee, our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the Council takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- the opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and

- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

### 1.3 Factors and findings which have informed our opinion

Based on the work undertaken up until 31 March 2018 there is reasonable system of internal control which is designed to meet the Council's objectives, and controls are generally being applied consistently and effectively. We have provided either substantial or reasonable level of assurance in the majority of areas we reviewed.

As noted above, we have given either reasonable or substantial assurance to the following reports in the period:

- Homelessness Support;
- Planning Decision Approval Process;
- Management of the Housing Register;
- Car Park Reporting;
- Service and Financial Budget Setting Process;
- Action Tracking;
- Benefits;
- Revenues;
- Emergency Planning;
- Creditors;
- Payroll;
- Risk Management;
- Capital Accounting and Fixed Assets;
- Digital Channel Shift;
- Main Accounting;
- Car Parking; and
- Corporate Governance.

Whilst we have given positive opinions in each of these audits, we have nevertheless identified a number of opportunities to further strengthen the control framework and have agreed a number of management actions to this end.

We have also completed an advisory IT Security Review. This did not result in a formal assurance opinion being given, but we did raise two medium and two low priority actions.

However, we have issued partial assurance in the following area, which has also impacted upon our opinion:

#### **Southern Building Control Partnership (Shared Services)**

Our review identified that the first six months of operations have been hampered by software issues which at the start of the year reduced assurances that income has been accurately and promptly recovered. However, we have been informed that since our audit the migration data has been fully validated and signed off and that therefore income figures are now accurate. The control issues experienced were transparently reported to the governance board in January 2018, together with a risk register highlighting actions taken and those planned to mitigate further risk arising. The work from this audit provided a detailed action plan intended to galvanise and consolidate current management considerations. However, we are assured that the issues faced are well understood by the SBCP management team and that the difficulties faced in the first six months of operations are being actively addressed.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

## **1.4 Topics judged relevant for consideration as part of the annual governance statement**

There are no areas that we are aware of through our work or from wider sector knowledge that have impacted your AGS.

## 2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

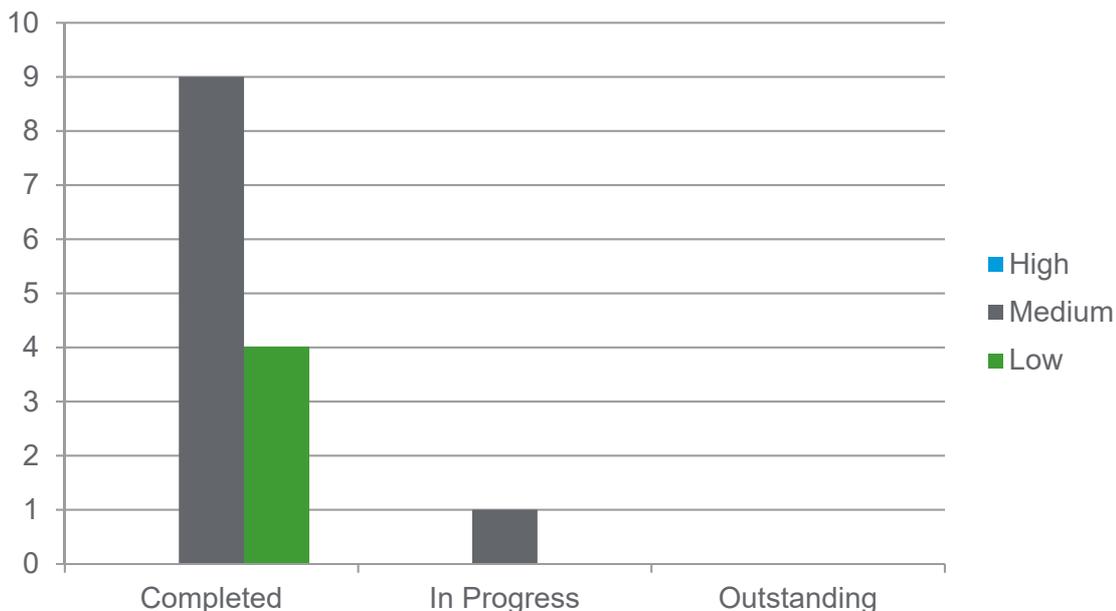
### 2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2017/2018.

### 2.2 Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. We have completed a follow up exercise every six months, looking at any actions raised six months or more prior to the follow up that had not yet been confirmed as implemented.

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made good progress in implementing the agreed actions. As can be seen from the below there is only one medium action remaining in progress. This relates to developing an automated report which can provide details of payments received in the Vehicle Book and Pay system for vehicle licensing and will be used to reconcile actual to expected income. Whilst this has not yet been fully implemented this has been as a result of IT issues in developing the report and instead from April 2018 Licensing will be using the Uniform system supplied by Idox with financial reconciliation already built in for vehicle licensing, renewal and interim inspections.



### 2.3 Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

## 3 OUR PERFORMANCE

### 3.1 Wider value adding delivery

In the last year we have:

- provided benchmarking within our reports on the number and category of recommendations and assurance opinions across other organisations where appropriate;
- highlighted actions for management throughout our audit reports based on our knowledge and experience in the local government sector to provide areas for consideration;
- provided regular contact and ad-hoc telephone calls and responded to queries from senior staff throughout the year.

### 3.2 Conflicts of interest

RSM has not undertaken any work or activity during 2017/2018 that would lead us to declare any conflict of interest.

### 3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that ““there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to Overview and Scrutiny Committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

### 3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from client feedback, appraisal processes and training needs assessments.

### 3.5 Client service standards

A number of performance indicators were agreed with the Overview and Scrutiny Committee. Our performance against those indicators is as follows:

Delivery				Quality			
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with original timescales	Yes	No	1	Conformance with PSIAS	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	100%	79%	2	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.	Yes	Yes	
Final report issued within 3 days of management response	100%	93%		Respond to general enquiries for assistance within two working days	100%	100%	
% of High & Medium actions followed up	100%	100%	2	Respond to emergencies or notifications of potential fraud within one working day	100%	100%	

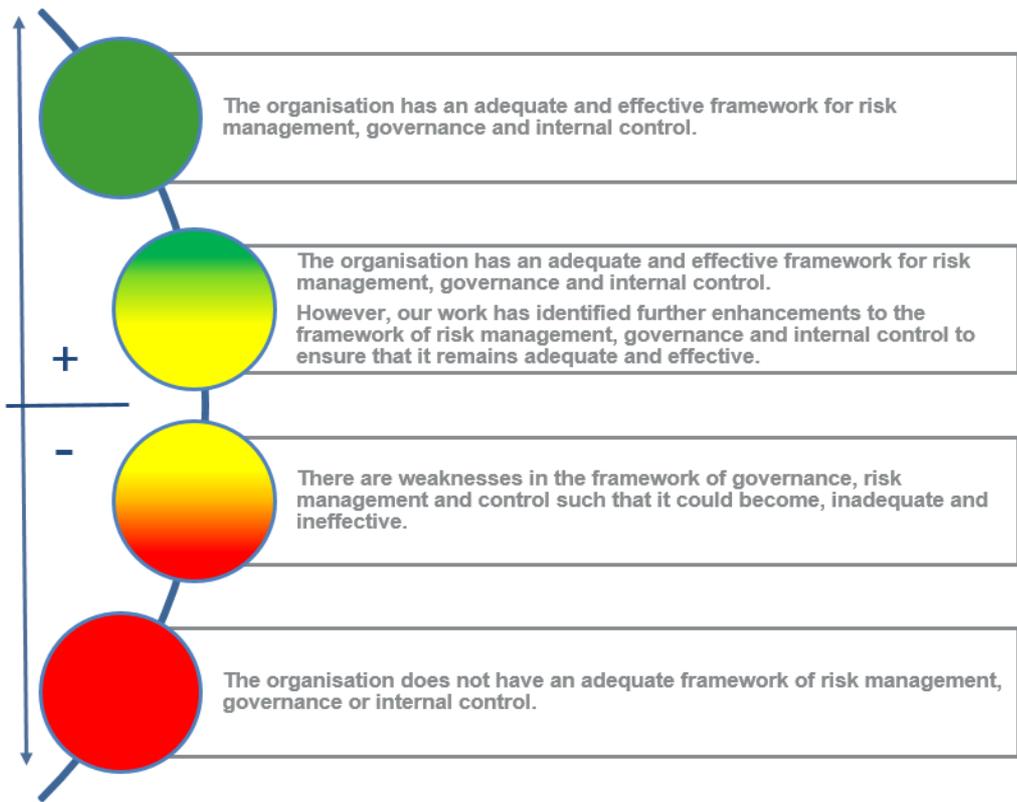
#### Notes

- 1 – Any changes were at the request of Council management
- 2 – 10 working days is the RSM target per the client care standards, the contractual target is 20 working days.
- 3 – Results of follow up reported quarterly to management

## APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

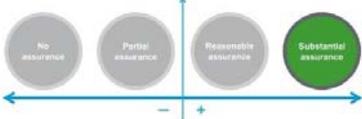
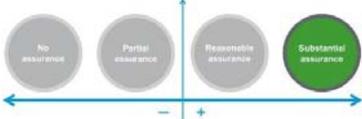
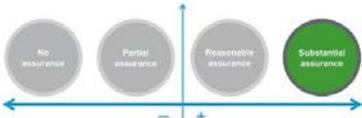
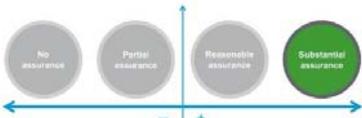
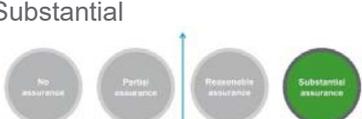
Annual opinions	Factors influencing our opinion
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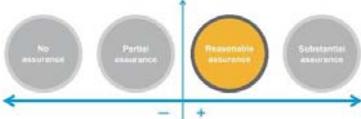
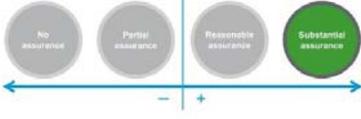
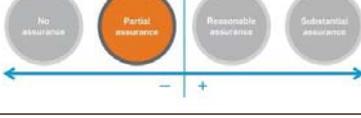


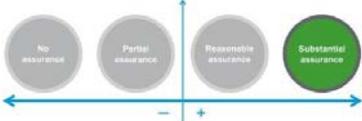
The factors which are considered when influencing our opinion are:

- inherent risk in the area being audited;
- limitations in the individual audit assignments;
- the adequacy and effectiveness of the risk management and / or governance control framework;
- the impact of weakness identified;
- the level of risk exposure; and
- the response to management actions raised and timeliness of actions taken.

## APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2017/2018

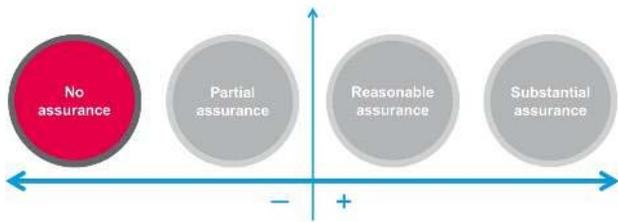
Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Homelessness Support	Richard Robinson, Housing Services Manager	Substantial 	0	0	0
Planning Decisions Approval Process	Lucinda Mould, Head of Places and Planning  Gavin Handford, Head of Policy and Performance	Substantial 	0	0	1
Management of Housing Register	Richard Robinson, Head of Housing	Reasonable 	0	0	7
Car Park Reporting	Helen Stocker, Finance Manager  Mark Herdman, Business Accountant	Substantial 	0	0	1
Service and Financial Budget Setting Process	Jocelyn Convey, Head of Finance Gavin Handford - Head of Corporate Policy, Performance & Parking	Substantial 	0	0	0
Benefits	Simon Rosser, Revenues, Benefits and Fraud Manager	Reasonable 	0	4	0
Revenues	Simon Rosser, Revenues, Benefits and Fraud Manager  Ian Martin, Revenues Manager	Substantial 	0	0	0
Emergency Planning	Doula Pont, Project and Business Assurance Manager	Substantial 	0	1	0

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Creditors	Martin Trenaman, Transactions Manager	Reasonable 	0	1	1
Payroll	Karen Mullett, Payrol Officer	Substantial 	0	1	0
Southern Building Control Partnership	Gavin Handford, Head of Policy and Performance	Partial 	1	4	2
Risk Management	Doula Pont, Project and Business Assurance Manager	Substantial 	0	0	0
Capital Accounting and Fixed Assets	Helen Stocker, Finance Manager	Reasonable 	0	1	0
Digital Channel Shift	Fiona Cullen, Head of Customers, Communication and Change	Substantial 	0	0	0
Main Accounting	Helen Stocker, Finance Manager	Reasonable 	1	0	0
Car Parking		Reasonable 	0	2	3

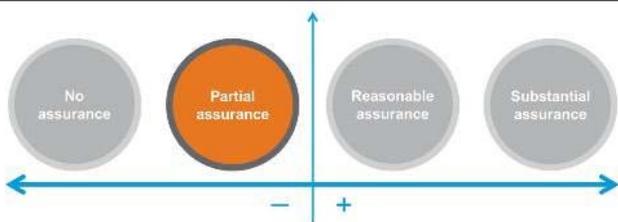
Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Corporate Governance	Chris Phelan - Democratic Services Manager	Substantial 	0	0	2
IT Security Review	Fiona Cullen, Head of Customers, Communication and Change	N/a - Advisory	0	2	2

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

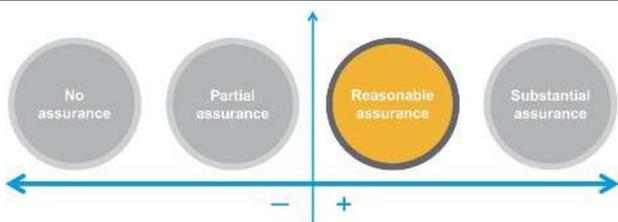
We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:



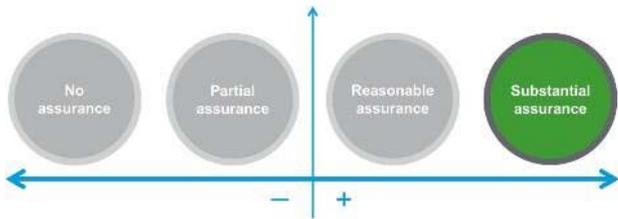
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

## FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Reigate and Banstead Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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