

## **BOROUGH OF REIGATE AND BANSTEAD**

### **OVERVIEW AND SCRUTINY COMMITTEE**

Minutes of a meeting of the Overview and Scrutiny Committee held at the New Council Chamber - Town Hall, Reigate on Thursday, 6 December 2018 at 7.30 pm.

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

Also present: Councillors M.A Brunt and T. Schofield

#### **37. MINUTES**

*In the absence of Cllr B.A. Stead (Chairman), Cllr J.P. King (Vice-Chairman) took for the chair for the meeting.*

**RESOLVED** that the minutes of the meeting held on 11 October 2018 be approved as a correct record.

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

Committee Members: Councillors B.A. Stead (Chairman) and D.T. Powell.

Others: None.

#### **39. DECLARATIONS OF INTEREST**

No declarations of interest were made.

#### **40. LEADER'S UPDATE**

The Committee received a presentation from Councillor M.A. Brunt, Leader of the Council, on his leadership priorities, Council initiatives and projects undertaken during the year to date, future challenges facing the Council, and future engagement with the Overview and Scrutiny Committee.

The Leader identified that his initial leadership priorities included housing delivery, championing residents' issues, the development of the Council's new Corporate Plan, increasing engagement and trust with Members, and improved communication.

It was noted that the Council was seeking to support the provision of affordable housing for those in need of it within the borough, in addition to its existing commitment to address homelessness. It was identified that there were a number of

issues facing residents, such as potential reductions in children's centre provision following changes by Surrey County Council. It was noted that the Council would not have the capacity to directly resolve all issues such as this, but that it would work and coordinate with partner organisations to seek the best solutions for residents. The development of the new Corporate Plan was noted to be ongoing, with additional consultation with Members and residents to come. The Leader identified that he was working to support effective engagement between Executive and other Members and that he was hopeful that a positive approach to engagement between all Members would be maintained. It was noted that the Council was continuing to improve its communication offer, including expanding its webcasting programme to additional meetings, including those of the Committee.

Progress on a number of Organisation initiatives was noted, including updates to organisational structure, a review of Corporate Governance, greater transparent and effective ways of working, service and financial planning for 2019/20, and the Council's 'Be A Councillor' campaign.

Progress on a number of People initiatives was noted, including the completion of a temporary accommodation site to address homelessness, the Cromwell Road and Pitwood Park housing schemes to support affordable homes for local people, support for residents around the roll-out of Universal Credit, and a campaign to raise awareness of modern slavery.

Progress on a number of Place initiatives was noted, including the Council's new Development Management Plan, the Marketfield Way development project, roll-out of recycling services to flats within the borough, and the reduction in the use of single-use plastics.

It was noted that the Council continued to face a number a challenges, particularly relating to financial pressures due to a reduction in funding received, and increased pressure on services as a result of expected and forthcoming cuts by Surrey County Council, which was itself facing significant financial pressures. It was noted that the Council would continue to seek to provide as much support as possible to the borough and its residents, and would be taking steps to ensure that it remained financially self-sufficient, including the development of a new investment plan and an effective commercial workstream.

The Leader noted that he was grateful for the support provided by the Committee as an effective 'critical friend', and hoped to expand the level of engagement with the Committee in future, including additional pre-scrutiny of major decisions and follow up on the delivery of projects.

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

- **Residents' Issues and Surrey County Council finances.** It was noted that the financial pressures faced by Surrey County Council meant that it would need to make significant savings and efficiencies, and that these were had the potential to result in reduced support for a range of services, including children's and youth centres and libraries. It was noted that whilst the Borough Council did not have sufficient resources to provide such services outside of its responsibilities directly, it would nonetheless seek to support

residents and work with the County Council to seek the best outcomes. The importance of such services and their potentially far-reaching consequences was noted.

- **Member Engagement.** It was noted that Members would appreciate opportunities to meet with the Council's Heads of Service, to help support effective Member-Officer engagement. It was identified that the Council was considering the best way to facilitate such engagement, and was hopeful that there would be an opportunity for such in the near future. In response to a query from a Committee Member, the Chief Executive confirmed that he had a strong and positive working relationship with the Leader.
- **Future Commercial Activities.** It was noted that the Council would await the outcome of the commercial governance review and consider its findings before commencing any future commercial ventures, with the exception of any property transactions.

It was identified that the options for future commercial activities would be considered as part of the development of the Council's investment strategy, along with general considerations of the Council's desired balanced of risk and return from its investments. It was identified that the choice of activities would be supported by data on the Council's service areas and consideration of actions undertaken by other local authorities, and that activities would continue to work to provide social benefits to the borough.

- **Communication with Residents.** It was identified that the Council was continuing to develop its communication offering, and that this included exploring options around existing and potential future social media engagements. It was noted that the Council would continue to ensure support was provided for residents who needed access to the Council via phone or in person. It was identified that a forthcoming online 'My Council' service would offer residents the option to access all their Council related activities in one online location.
- **Future Overview & Scrutiny Engagement.** Committee members expressed their support for increased pre-scrutiny of Council decision making. It was identified that Member engagement with the development of Council plans and actions would be sought both via formal scrutiny at the Committee, and via wider engagement and consultation with Members. The Leader indicated that he would be happy to provide future updates to the Committee, and would welcome feedback from Committee members on when they would like to receive such updates.
- **Housing.** It was identified that there was a wide range of options available to the Council to support the provision of suitable and affordable housing for local people. It was identified that the Council had engaged expert consultants to support the development of the Council's housing strategy, and that consultation with Members would be undertaken to support the development of the plan. It was identified that the levels of house prices and average wages within the borough presented a considerable financial challenge to individuals seeking to live and work within the borough. It was identified that there was the potential to consider options to support housing affordability and availability beyond the government's technical definition of affordable housing. It was noted to be important for support to be considered for many groups within society, as affordability was a challenge for many sectors of the population.
- **The 'Be A Councillor' campaign.** Members indicated their support for the work of the 'Be A Councillor' campaign and its objectives of ensuring that

Councillors were representative of the borough, and that all sectors of the population had the opportunity to stand for election, particularly those who had been historically underrepresented. Members thanked the officers who supported the campaign for their efforts.

- **Constitutional Updates.** The Leader identified that it had been some time since the Council had reviewed its constitution, and that he would welcome suggestions from Members on any areas requiring review. It was identified that a potential area for consideration was the process around questions at Council meetings.
- **The Corporate Plan.** It was identified that the new Corporate Plan would seek to reflect the views of all Members, and that there would be a number of forthcoming opportunities for consultation. It was identified that the plan would provide an important framework of principles for the work of the Council in the next five years.
- **Modern Slavery.** Members thanked the contributors to the Modern Slavery awareness campaign for their work. It was identified that the Council didn't receive reports of potential incidents directly, but worked in partnership with the police. It was identified that additional feedback was expected to be received in future.

**RESOLVED** that the update from Cllr M.A. Brunt, Leader of the Council, be noted.

#### **41. SERVICE AND FINANCIAL PLANNING/BUDGET PROPOSAL FOR 2019/20**

The Vice-Chairman invited Cllr. N. Harrison, as Chairman of the Budget Scrutiny Review Panel, to introduce the report. Cllr Harrison thanked the Panel members, the supporting officers and other contributing Members for their work to support scrutiny of the proposed budget.

The Committee heard that a wide range of advance questions had been asked as part of the budget scrutiny process, and that the Panel had thoroughly explored not only the savings and growth proposals for 2019/20 but the full service and financial context in which the budget had been prepared.

Councillor Harrison highlighted:

- That there remained a number of forthcoming financial management items to be considered by Committees and Members, including the Capital Plan and Treasury Management Strategy, and the Council's new investment strategy.
- That the Council had substantial reserves, and the Panel was supportive of their use to support the proposed budget, but that this should be a short term measure to address the external financial pressures faced by the Council, and that the Panel supported steps to obtain additional sustainable funding.
- That the Panel supported the inclusion of ongoing costs previously funded through the Corporate Plan Delivery Fund being transferred into the revenue budget.
- That the Council continued to face significant future financial pressures due to potential increases in demand and reductions in available funding.
- That the Panel was pleased to note that the income in the budget from property rents had been secured and was not speculative.
- That the Council had not included income from the potential 2019/20 Business Rates Pilot in the budget.

- That the Panel considered that future budget reporting should make clearer reference to the level of budgetary contingency or headroom included in the budget and how this was allocated, and that it would like to see additional information on how this had been spent in previous years.
- That the Panel supported the addition of a new post to support future commercial activities.
- That the Panel agreed that the proposed budget did not propose any significant cuts to services provided by the Council.
- That the Panel had no significant concerns with the proposed budget, but was mindful of the future challenges faced by the Council.
- That the proposed budget was considered to be achievable, realistic and based on sound financial practices and reasonable assumptions.

Councillor Harrison proposed that the Overview and Scrutiny make a third recommendation to the Executive, in addition to those proposed by the Budget Scrutiny Review Panel. The proposed recommendation was as follows:

‘That the Overview and Scrutiny Committee recommend that an internal audit of how budgets are developed and reported be conducted in advance of the 2020/21 budget process.’

The additional proposed recommendation was supported by the Committee.

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

- **Business Rates.** It was noted that the business rates pilot funds received to date would be used to support economic prosperity and businesses in the borough. Members supported ensuring that these funds were used effectively.
- **The National Waste Strategy.** It was noted that a new national waste strategy was expected to be forthcoming, and that there was a potential for this to have financial implications for the Council. It was noted that when the new strategy was released it would be considered by the Council, and that if it presented significant financial implications for the Council it was expected that an associated report would be produced.
- **Property Investments.** It was identified that at the time of the meeting, the majority of the Council’s commercial income related to property owned by the Council. It was confirmed that the Council’s property team was in a good position to continue to support the Council’s commercial property activities. It was identified that for any potential future investments financed using borrowing, this would necessitate a higher rate of return to justify the investment than might be required for investments financed from capital reserves. It was identified that investments utilising funding from borrowing would be expected to be located within the Council’s economic area. It was noted that the Council would continue to seek to pursue property investments which supported a social benefit for the borough in addition to any financial return.
- **Income and Saving Proposals.** It was suggested that it might be beneficial in future years to provide additional absolute figures for savings and growth in addition to relative movements.

- **Senior Management Team.** It was identified that the budget associated with the Senior Management Team had increased relative to 2018/19, despite the departure from the organisation of some officers, due to the inclusion of a permanent head of legal post, and allocation of resources to support the Council's effective future operations.

## RESOLVED:

- i). That in response to the Service and Financial Planning (Provisional Budget) 2019/20 report, the following comments be submitted for the consideration of the Executive:
  - a. That the Overview and Scrutiny Committee thanks for the Executive Member for Finance, Executive and Officers for preparing balanced budget proposals for 2019/20;
  - b. That the Overview and Scrutiny Committee considers the following to be achievable, realistic, and based on sound financial practices and reasonable assumptions:
    - i. The provisional budget proposals for 2019/20
    - ii. Savings proposals totalling £1.229m
    - iii. Growth proposals totalling £2.620m
  - c. That the Overview and Scrutiny Committee considers the potential impact of the savings and growth proposals on service delivery to be minimal;
- ii). That the Overview and Scrutiny Committee considers that future budget papers should set out the amount of any budgetary contingency or headroom included in that budget, that quarterly and year end budget monitoring arrangements should report on the use of such contingency, and that any under or overspend should be reported in the year-end report.
- iii). That the Overview and Scrutiny Committee recommend that an internal audit of how budgets are developed and reported be conducted in advance of the 2020/21 budget process

## 42. QUARTERLY PERFORMANCE REPORT (Q2 2018/19)

The Committee received a report that detailed the major variances on performance in relation to the Council's Key Performance Indicators, Risk Management and Internal Audit. One advance question had been received in relation to the report and this was tabled at the meeting.

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

- **Risk Criteria.** It was requested that an explanation of the risk criteria against which the risks referenced in the performance report are evaluated be included in future quarterly performance reports.
- **Seasonal variation in targets.** It was suggested that where seasonal variation was expected in monitored performance areas, this be allowed for in the associated targets.

- **Corporate Plan Delivery Fund.** It was identified that the Corporate Plan Delivery Fund was not expected to receive additional funding in the current year, but that this would be considered in future years in line with the requirements of the Corporate Plan.
- **Mitigating Actions.** It was identified that the identified red risk relating to OR4, Ageing RBBC fleet, was being addressed by planned replacement of the fleet, as considered by the Executive at its meeting of 29 November 2018. It was identified that the identified red risk relating to SR7, Partner decisions, was reflective of potential reductions in funding from other organisations, particularly Surrey County Council, increasing demand on the Council, but that these had not materialised in the year to date, and that the risk was therefore diminishing for the current year.
- **Property Development, SR4.** It was confirmed that investments outside of the borough could be considered where appropriately justified with reference to the Council's economic area.
- **Disabled Facilities Grant.** It was requested that additional details of the capital variance relating to the disabled facilities grant be provided, and it was confirmed that a written response with this information would be provided following the meeting.
- **Place Delivery.** It was confirmed that the Place Delivery revenue variance underspend had not adversely affected service delivery.
- **Warwick Quadrant Hotel.** It was identified that the total cost of Warwick Quadrant Hotel project was approximately £4.5m, and that additional detail would be provided in a written report following the meeting.
- **Brexit risks.** A query was raised regarding the identification and evaluation of risks relating to the Brexit process. It was identified that, in addition to the references to Brexit in the risks referenced in the report, there were considered to be potential risk implications relating to: a possible general election or referendum, recruitment, supply of goods and services, general economic context, increased service pressures, and income received. It was however identified that the Council was considered to be positioned to be able to manage these risks either within the year, or to address them within the budget process for future years, and that the Council was confident that service delivery would not be adversely impacted.

**RESOLVED** that:

- (i) The quarterly performance report be noted;
- (ii) The comments of the Committee be noted;
- (iii) That the following observations be made to the Executive:
  - a. That the Committee recommends that future quarterly performance reports include an explanation of the criteria against which risks are evaluated.
  - b. That the Council's awareness of risks relating to Brexit, as identified above, be noted.

**43. SCHEDULE OF MEETINGS 2019/20**

The Committee considered the proposed schedule of meetings for the 2019/20 municipal year.

Questions were raised regarding the following topics:

- **The Planning Committee meeting between the May 2019 elections and the Annual Council meeting.** It was identified that there was a requirement for a meeting of the Committee to take place during this period to ensure that planning applications were not unduly delayed. It was identified that due to the large membership of the committee, there was not considered to be a significant risk of the Committee not being quorate for the meeting.
- **Committee meetings over the Christmas period.** It was identified that unfortunately some meetings in the run-up to the Christmas break might unfortunately clash with ward activities for some Councillors, but that these meetings were required to process Council business in a timely fashion.
- **Relative timings of meetings of the Overview & Scrutiny, Executive and Council.** It was confirmed that these meetings had been scheduled to allow for pre-scrutiny of forthcoming items to be conducted in advance of finalisation of reports to the Executive.

No additional comments were made on the proposed schedule and the Committee therefore referred the proposed schedule to the Executive for consideration.

**RESOLVED** that:

- (i) The proposed schedule of meetings be noted;
- (ii) No observations be made to the Executive.

#### **44. 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.

#### **45. ANY OTHER URGENT BUSINESS**

None.

The Meeting closed at 9.54 pm