

BOROUGH OF REIGATE AND BANSTEAD

OVERVIEW AND SCRUTINY COMMITTEE

Minutes of a meeting of the Overview and Scrutiny Committee held at the Town Hall, Reigate on Thursday, 14 February 2019 at 7.30 pm.

Present: Councillors B. A. Stead (Chairman), T. Archer, M. S. Blacker, R. W. Coad, G. R. Curry, J. C. S. Essex, N. D. Harrison, J. P. King, R. Michalowski, Mrs. R. S. Turner and J. M. Ellacott (Substitute)

Also present: Councillors M.A. Brunt, G.J. Knight, and T. Schofield

54. MINUTES

RESOLVED that the minutes of the meeting held on 17 January 2019 be approved as a correct record.

55. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Committee Members: Councillors D.T. Powell, J.M Stephenson (substituted for by Cllr J.M. Ellacott), A.F. Tarrant, and J.F. White.

Others: None.

56. DECLARATIONS OF INTEREST

No declarations of interest were made.

57. PORTFOLIO HOLDER BRIEFING

The Committee received a presentation from Councillor G.J. Knight, Deputy Leader and Executive Member for Housing & Benefits, on the Housing & Benefits portfolio, including the work of Housing Services, the Intervention Team, and Revenues, Benefits & Fraud services.

The information on Housing Services included an overview of the service's work to address homeless in the borough, with regard to the expanded requirements of the Homeless Reduction Act 2017. This made reference to levels of demand and supply, a new emergency accommodation unit opened by the Council in September 2018, challenges facing the service, including the demands of universal credit, work with registered housing providers, including Raven Housing Trust, and future objectives and the developing Housing Strategy.

The information on the Intervention Team included an overview of the team's work to support vulnerable residents across four services: Family Support, Refugee

Resettlement, Universal Credit, and Money Support. This made reference to activity levels in these areas, and the objectives and outcomes of the services.

The information on Revenues, Benefits & Fraud services included an overview of the service's work to collect Council Tax and Business Rates, support households through Housing Benefit and Council Tax Support, protect the public purse through fraud and financial investigations, and the provision of services to other councils, housing providers and private companies, thereby generating income for the Council. This made reference to activity levels and performance, and to the potential for future expansion to the service's commercial activities.

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

- **Housing Services demand levels and support requirements.** It was queried if the additional demands resulting from the Homelessness Reduction Act (HRA), along with the effects of the roll out of Universal Credit, had led to an increased requirement for officers. It was confirmed that this was the case, with an increase from 15 to 19 officers, the 4 new fixed term contracts currently funded by central government funding to support the implementation of the HRA, with options for permanent funding being considered.
- **Additional emergency accommodation sites.** It was queried if consideration was being given to the council establishing additional emergency accommodation sites in the borough, as the site in Horley appeared to be operating well. It was suggested that a site in a more central or northern location in the borough would be beneficial for those with local connection to these areas and requiring emergency accommodation. It was identified that there were no current plans for additional sites, but that options would be kept under review.
- **Housing Register waiting times.** It was identified that average waiting times for housing register properties varied in line with the size of the property required and specialist requirements, and were estimated to be as follows in cases with no special requirements:
 - 1 Bedroom – 1 Year
 - 2 Bedrooms – 2.5 Years
 - 3 Bedrooms – 3.5 Years
 - 4(+) Bedrooms – Over 3.5 Years

It was identified that these times reflected the limited availability of appropriate property in the borough. It was identified that rental payments for affordable and social rented housing sourced in this way should be covered by the local housing allowance. It was identified that for households in need of 4 bedroom properties, interim measures arrangements for the use of 3 bedroom properties with other rooms which could be repurposed were sometimes possible, depending on the circumstances and rules of associated registered providers. It was identified that options for making additional capacity available were being considered. It was identified that the conclusion of existing fixed term tenancies was not expected to deliver significant increases to available capacity.

- **Housing Register size.** It was identified that prior to the introduction of the HRA, the housing register had stood at approximately 3500 households, as opposed to the current level of approximately 800. It was identified that the HRA had led to an increased focus on local needs, leading to the reduction. It

was identified that the housing register had been relatively stable at between 800 and 1000 households in recent years.

- **Housing Register and community contributions.** It was confirmed that following the Localism Act 2011, there continued to be a range of ways for those on the housing register to demonstrate community contributions, including voluntary activities as well as work and training. It was identified that engagement with such activities had been popular with those on the register when introduced, and that there were a number of exceptions to the expectation where appropriate, including for single parents with young children.
- **Target affordable housing proportions in new developments.** It was confirmed that, in addition to the stipulated levels of affordable housing for developments on green sites, options were being considered regarding target levels for developments on more urban sites.
- **Housing delivery options.** It was confirmed that a wide range of options were being considered for future housing delivery, including both development, refurbishment, and working with a range of partners. It was identified that the Council was working with YMCA East Surrey to support the purchase and refurbishment of a property to provide affordable 'move-on' accommodation for 6 single people leaving the supported YMCA hostel in Merstham.
- **Family support activities, outcomes, and timescales.** It was identified that the length of engagement of the family support team with those receiving their support depended on the individual needs of the case, but that it generally ranged between 8 and 24 weeks, with an estimated average of 18 to 19 weeks. It was noted that the work of the team was focussed on supporting independence rather than reliance, and that it therefore aimed to avoid requirements for continuous longer term engagement. It was identified that the identified 65% quantitative improvement was assessed against established criteria. Follow up and monitoring following the conclusion of an engagement period was identified to primarily occur via the Surrey County Council programme which made the original referral to the borough council, but that it was estimated that less than 10% of families engaged with were believed to re-referred.
- **Refugee resettlement.** It was confirmed that there were currently 7 families being supported within the borough, that this number was not expected to increase, and that support for these families was funded by central government.
- **Additional information.** It was requested that additional information on profit secured by the provision of external services by the Revenues, Benefits & Fraud team be made available to committee members. It was also identified that additional information on fraud investigation performance levels could be made available.

The Committee thanked Cllr Knight and the supporting officers for the presentation and answers to questions, and it was:

RESOLVED that the portfolio holder briefing from Cllr G.J. Knight, Deputy Leader and Executive Member for Housing & Benefits be noted.

58. COMMERCIAL GOVERNANCE REVIEW

The Committee considered the report on the Commercial Governance review, as conducted by the Commercial Governance Review Member Task Group, to be considered by the Executive on 18 March 2019.

Councillor Ellacott, chair of the task group, introduced the report and outlined the approach and key aspects of the review. It was noted that the review had sought to be forward facing and to identify lessons learned for the future. It was identified that the task group had undertaken a thorough review of previous commercial activities, including consultation with relevant Members and officers, and with advice from an independent consultant. It was identified that all Members had been updated during the course of the review, and thanks were offered to all those who had contributed to the process.

Attention was drawn to the proposed commercial governance framework, which the task group had recommended form the basis for future consideration of potential commercial activities, and questions and comments from the Committee were invited.

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

- **Internal Audit review of the draft Framework.** It was confirmed that the internal audit review of the draft Framework was in progress and was expected to be completed in time for any information arising to be considered by the Executive on 18 March.
- **Live risks.** It was confirmed that the panel was satisfied that appropriate actions were in place in response to any ongoing risks for existing commercial ventures identified as part of the review process.
- **Pathway for Care business case.** It was identified that the finding that the business case for the Pathway for Care company initially established was considered to have been insufficient to persuade a commercial bank to lend funds was made on the basis that the business case would have been expected to provide additional detail in order to do so. It was identified that the requirement for sufficient detail in this area formed part of the proposed future rules for establishment of commercial ventures.
- **Due diligence.** It was confirmed that the previous commercial activities of all key parties involved with the Path had been considered as part of the due diligence process, and that the panel had considered this information as part of their review.
- **Non-Executive Directors.** It was confirmed that the panel supported the use of non-executive directors to Council commercial ventures, and that the framework identified that this should be considered in future on a comply-or-explain basis. It was recommended that the wording in the framework on this topic, particularly point 6.(viii) should be clarified to make clear that appointment of non-executive directors should be considered as part of the establishment of commercial ventures, as part of the associated Executive report, rather than at a later date.
- **Governance and the role of the Overview & Scrutiny Committee.** A number of comments were made regarding the role of the Committee in future governance, and associated matters. Attention was drawn to the importance of ensuring that meetings providing important information to Members supporting

decision making be minuted appropriately, to ensure that a record of the information being provided was maintained. It was identified that where Members wished to register a dissenting opinion to a decision, this should be clearly identified, and that any objections or requested amendments to minutes should be identified prior to the approval of said minutes. Attention was drawn to ensuring that consideration was given to ensuring any future commercial partners were aware of the requirements of working with a local government organisation and associated requirements for availability of information. It was identified that the Committee's work programme should make allowance for work emerging from the review.

- **Task group findings.** It was confirmed that where no initial task group findings were listed in the annexes, this indicated that the task group was content with the information provided in the evidence.
- **Consistency of reporting.** It was identified that reporting around property investment performance should, where possible, be consistent across assets owned directly by the Council and those owned by Greensand Holdings.
- **Executive Sub-Committee.** It was confirmed that reports to the proposed Executive Sub-Committee would be required to be published and made available to Members in the same way as reports to the full Executive, and that they would be eligible for the scrutiny in the same way. It was identified that consideration of all commercial ventures by a single sub-committee was intended to ensure regular reporting and availability of information.
- **Risk consideration.** It was confirmed that the proposed framework required consideration of the risks associated with any commercial ventures, and that this formed part of the requirements laid out in the proposed framework.
- **The constitution.** It was recommended the proposed framework, if agreed by the Executive, then be incorporated into the Council's constitution to ensure its consideration in future governance.
- **Member buy-in.** It was identified that the framework set out the requirement for sufficient Member buy-in to future commercial ventures. It was identified that this assessment would require a degree of judgement, but that where the proposed framework formed part of the Council's governance requirements, the requirements would be supported by the Council's statutory officers in addition to decision-making Members. It was identified that it was hoped that the requirements for availability of information and supporting details would support all Members in considering such matters in future.
- **Further review.** It was identified that the task group had not sought to conduct a forensic review of all previous decision making, but had focussed on lessons learned and how to benefit the Council in future. It was identified that an expanded review of details would be expected to incur significant additional costs of funding and resources, but that any Members supporting such activity could contact the chairman of the task group to discuss their suggestions.

The Committee thanked the members of the task group and supporting Members and officers for their work in conducting the review. It was:

RESOLVED that the report to be considered by the Executive on 18 March 2019 be noted and;

RECOMMENDED that:

- i). The wording of the framework in relation to the appointment of non-executive directors, particularly section 6.(viii), be clarified to make clear that appointment of non-executive directors should be considered as part of the establishment of commercial ventures, as part of the associated Executive report, rather than at a later date and;
- ii). The proposed framework, if agreed by the Executive, then be incorporated into the Council's constitution.

59. DRAFT TREASURY MANAGEMENT STRATEGY 2019/20

The Committee considered the draft Treasury Management Strategy published by the Executive on 24 January 2019. A briefing note providing a summary of key changes in the Draft Treasury Management Strategy Statement (TMSS) was tabled.

Councillor Schofield, Executive Member for Finance, introduced the report, and it was identified that the main changes were to ensure compliance with updated regulatory requirements and that the TMSS would thus be compliant with these requirements. It was identified that the updated TMSS was now presented as a single report covering all relevant sections, which had previously been separated into three reports.

It was identified that the TMSS had been discussed and reviewed by the Treasury Management Panel and that the panel was content with the proposed strategy. It was identified that the strategy would support the Council's forthcoming Capital Investment Strategy and general investment approach, which would in turn support the delivery of the Council's objectives. It was identified that the Council's draft outline Capital Investment Strategy would be scrutinised by the Committee on 14 March 2019.

Attention was drawn to the benefits of the provision of summary of key points when technical matters were being considered by Committees, and it was suggested that this approach be considered for other future technical reports.

The Committee considered and discussed the report. There was one question on the report, relating to the following topic:

- **Remuneration of fund managers.** It was confirmed that external fund managers (where used) would be paid on a fixed fee basis.

RESOLVED that the draft Treasury Management Strategy 2019/20 be noted.

60. OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2019/20

The Committee considered the proposed work programme for the Committee for 2019/20. It was identified that the proposed work programme had been discussed by the Chair of the Committee, the Leader of the Council, and the Chief Executive, and that they were all content with the proposed programme.

It was identified that the work programme contained scope for the inclusion of additional activity in response to outcomes emerging from reviews of the Council's

governance arrangements and developing strategies. It was identified that it was expected that part of this emerging work would be a review of the proposed Commercial Governance Framework approximately 12 months following its adoption.

Attention was drawn to the potential benefits of having an expert panel able to consider specialist and technical matters and then report back to the Committee, and it was suggested that the establishment of such panels be considered for any appropriate emerging areas of work.

RESOLVED that the proposed Overview and Scrutiny Committee Work Programme for 2019/20 be recommended to the Executive and Council.

61. 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.

62. ANY OTHER URGENT BUSINESS

None.

The Meeting closed at 9.14 pm