

## **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 on Thursday, 14 March 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, D. T. Powell, Mrs. A. F. Tarrant and J. F. White

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

#### **63. MINUTES**

**RESOLVED** that the minutes of the meeting held on 14 February 2019 be approved as a correct record.

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

Committee Members: Councillors J.M. Stephenson and R.S. Turner.

Others: None.

#### **65. DECLARATIONS OF INTEREST**

No declarations of interest were made.

*Cllr J.C.S. Essex declared a non-pecuniary interest as a director of Furnistore during the discussion of item 5 of the agenda.*

#### **66. INTERNAL AUDIT PLAN 2019/20**

The Committee considered the proposed Internal Audit Plan for 2019/20-21/22 and Internal Audit Charter. It was identified that these were provided by the Southern Internal Audit Partnership (SIAP), the Council's incoming internal auditors for 2019/20, as agreed by the Executive on 18 October 2018.

Representatives of SIAP provided an introduction to the plan and charter, outlining the contents of the documents and the related development and consultation. This included information on the internal audit team, internal audit priorities, consideration given to the Council's identified Strategic Risks for 2019/20, and timing and cross-referencing of reviews. It was identified that the plan would be regularly updated, and that significant variations would be reported back to the Committee.

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

- **Review topics and scoping.** Clarification was provided on the subjects and focus of planned reviews. It was identified that the Working in Partnerships review was planned to focus on governance around partnerships, whereas the Alternative Delivery Models review was would focus on new models beyond existing activities. It was identified that the early review of the developing Corporate Plan would consider the development process, and the review in 2021/22 would consider delivery of the plan. It was identified that bank reconciliations would be considered as part of the review of main accounting. It was identified that as these had recently been considered by the current internal auditors, it was expected that these would be reviewed again subsequent to other areas of focus. It was identified that the planned review of the annual governance statement in 2021/22 would consider the broad framework and surrounding process, in addition to the elements annually considered. It was identified that the scope of all reviews would continue to be considered during the course of the plan.
- **Commercial Governance.** It was identified that the Council's current internal auditors were conducting a review of the Council's commercial governance arrangements. It was identified that there was a planned review on income generation, which could include consideration of relate matters. It was confirmed that consideration would be given to if additional consideration of the matter was required.
- **Operational Risks.** It was confirmed that the Council's identified operational risks had been considered by the internal auditors, but that did not form part of the formally presented plan.
- **Council Investments.** It was identified that a review of investments, particularly considering the Council's investment strategy, was planned for Q1 2019/20, with potential for the scope to be reviewed. It was identified that consideration would be expected to be given to the recoverability of investments as part of the planned review of accounts receivable and debt management in 2020/21. It was confirmed that consideration would be given to if additional consideration of the matter was required.
- **Fraud and Irregularities.** It was identified that fraud and irregularities had not recently been the subject of a specific review, and that a specific review of the subject did not form part of the current plan. It was however also identified that consideration to risks relating to fraud and irregularities were considered as part of the process of all relevant reviews. It was confirmed that consideration would be given to if additional consideration of the matter was required.
- **IT and related work.** Attention was drawn to the importance of assurance regarding the Council's information technology infrastructure. It was confirmed that consideration would be given to if additional or earlier consideration of related matters was required.

The Committee thanked the auditors for their work in developing the plan and providing information to the Committee. It was:

**RESOLVED** that the Internal Audit Plan 2019/20-21/22 and Internal Audit Charter be approved.

## 67. PORTFOLIO HOLDER BRIEFING

*Agenda item 5 – Portfolio Holder Briefing was considered subsequent to consideration of items 8, 11 and 12. The minutes are presented in the order items are presented on the agenda.*

*Cllr Essex declared a non-pecuniary interest during discussion of this item as a director of Furnistore.*

The Committee received a presentation from Councillor A. Horwood, Executive Member for Neighbourhood Services, on the Neighbourhood Services portfolio, including information on the structure of neighbourhood services, an overview of services provided, current focusses and future challenges.

Information was provided on work relating to refuse and recycling, cleansing, green spaces, and supporting elements such as fleet management, team structures, budget considerations and work with partner organisations.

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

- **Cleansing Services.** It was queried if, given the high value of cleansing services to residents, there were any plans to expand the cleansing services budget. It was identified that there was no currently planned expansion to the budget, but that services were reviewed regularly. Attention was drawn to the high level of use of the Tattenhams corner bring-site, along with potential fly-tipping, and the need for it to be emptied on a frequent basis.
- **Street Sweeping.** It was identified that there was a scheduled street sweeping programme, which included coverage of residential roads. It was identified that the scheduling for individual roads could be confirmed where requested. It was identified that specific arrangements were in place to sweep without parked vehicles in place in some high impact locations. It was confirmed that the street sweeping schedule was made available to Members following its confirmation, but that consideration would be given to improving its visibility.
- **Staff Retention.** It was confirmed that there was a high level of staff retention within the Neighbourhood Services service areas.
- **Waste and Consumption.** It was identified that the Council worked to encourage recycling, including with the ongoing expansion of its recycling provision to more flats in the borough, but that it had limited control over initial consumption. It was however noted that the developing national waste strategy may include steps to address excessive consumption, and the Council would be monitoring potential involvement with the outcomes of the strategy. It was identified that the Council did have a standard bin size and collection, and didn't collect waste in excess of this as part of the regular collection. Attention was drawn to the potential benefits of reusing or repairing items.
- **Play Equipment Accessibility and Maintenance.** It was confirmed that consideration had been given to accessibility of play equipment for children with disabilities in the current Priory Park project, and that this would be rolled out more widely in future. It was confirmed that the Council had a regular programme of inspection and maintenance for its existing play

equipment, and that it would be employing a fulltime technician to support this programme.

- **Recyclates and Waste Collection Categories.** It was confirmed that the Council's method of dry goods collection allowed the easy separation of specific recyclates such as glass, and attention was drawn to the benefits of recycling glass in particular due to its long term reusability. It was identified that the national waste strategy made reference to core, required collection of certain types of waste. It was identified that the Council, and all authorities in Surrey, collected food waste separately.
- **Roll-Out of Recycling to Flats.** It was identified that phase one of the expansion of recycling services had been largely completed, and that work on phase was beginning. It was identified that phase 2 would provide more challenges, particularly related to physical constraints around on-site waste storage and accessibility. It was identified that the Council was conducting a detailed planning process and working with landlords to work to address these challenges.
- **The Greenspaces Team.** Thanks were offered to the greenspaces team for their work with Reigate Heath Steering Group and in supporting effective use of the Castle Grounds site. Positive feedback was also offered on the 'Little Libraries' scheme. Attention was drawn to the multiple awards received by the Council for work relating to greenspaces and related areas.
- **Planning consultation.** It was confirmed that neighbourhood services teams provided responses to all planning applications where their consultation was sought.

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

**RESOLVED** that the portfolio holder briefing from Cllr A. Horwood, Executive Member for Neighbourhood Services, be noted.

## 68. **OUTLINE CAPITAL STRATEGY**

The Committee considered the Outline Capital Investment Strategy 2019/20, which was introduced by Councillor Schofield, Executive Member for Finance. It was identified that the strategy set out the Council's approach to capital investment for the next five years, formed a key part of the Council's governance arrangements, and ensured that relevant factors are taken into account. It was identified that the strategy should be read in combination with the Treasury Management Strategy.

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

- **Strategy Development.** It was identified that the Outline Capital Investment Strategy would form part of the Council's general approach to financial decisions and planning, and would be considered in conjunction with other strategies. It was identified that the more detailed capital investment strategy was expected to be completed in time to inform the budget setting process for 2020/21.
- **Commercial Activities.** It was identified that the findings of the Council's recent Commercial Governance review would be considered by the Executive on 18 March 2019, and that it was expected that future

commercial activities and approaches would be considered by a specialist Executive Sub-Committee.

- **Marketfield Way.** It was identified that the Marketfield Way development composed much of the identified place delivery component of the capital programme.
- **Ethical Investment.** It was identified that the all investment decisions taken by the Council would be expected to take account of ethical requirements, potentially including environmental considerations.
- **Capital Appraisal Process.** It was identified that the process for reviewing and reporting on completed projects was developing, but that performance monitoring was expected to be expanded.

The Committee thanks Councillor Schofield and the finance team for their work, and it was:

**RESOLVED** that the Outline Capital Investment Strategy 2019/20 be noted.

#### **69. QUARTERLY PERFORMANCE REPORT (Q3 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, along with the revised Key Performance Indicators and identified Strategic Risks for 2019/20.

Councillor Schofield, Executive Member for Finance, provided some overview information on the report, including the projected underspend in the revenue budget due to better than expected income, the projected underspend in the capital budget due to minor delays on some projects, and identifying that the areas for attention identified in the internal audit section of the report had been responded to.

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

- **Disabled Facilities Grant.** It was confirmed that the new supplier for delivery of the disabled facilities grant was in place and that cases were being actioned. It was identified that most of the underspend was expected to be utilised by the end of the year, following work to allow specific exemptions to the Housing Assistance Policy., and that the remainder would be carried over. It was identified that more funds had become available than was initially projected due to additional funds being obtained from an allocation by central government. It was identified that consideration would be given to how to increase awareness of the availability of the grant amongst those in need.
- **Legal Services.** It was identified that the legal services overspend had been an ongoing issue, and it was queried when it would be resolved. It was identified that the legal services model was being updated, and that it was expected that the corresponding budget would then be better identified. It was noted that the budget for 2019/20 had already been agreed and that this therefore would not be reflected in reporting until the following financial year.
- **Main Accounting internal audit review.** It was confirmed that the sources of the general balance variation had been identified as authorised items which had not been recorded in the ledgers, and that they had been

reconciled. It was identified that schedule identifying the accounting treatment could be made available. It was identified that the car parking income reporting would continue to be monitored.

- **Staffing Updates.** It was identified that updates to staffing were not considered to be a strategic risk, but that consideration was being given to ensuring that the Council had appropriate skills and resources in place to support its objectives.
- **Reporting of Reserves.** It was confirmed that general reserve balances were reported on an annual basis, and that the report contained information on the Corporate Plan Delivery Fund balance. A suggestion was offered that reserve balances could be reported more frequently.
- **Community Infrastructure Ley & S106 internal audit review.** It was confirmed that the issue identified related to the transfer of S106 data into a new system, and that this work was in progress,
- **Operational Risks.** It was confirmed that Operational Risks would be reported by exception where issues were identified, and that the full operational risk registers were available for Members to view on the e-Members room.
- **KPIs and empty houses.** It was queried if there were any options available to the Council in addition to current practices to encourage effective use of properties in the borough. It was identified that there was a Council Tax premium of 50% on empty properties, and that additional powers to increase this to 100% were expected to be forthcoming. It was identified that additional information on under-occupied properties would be provided as a written response.
- **Corporate Plan and KPIs.** It was confirmed that KPIs would be reviewed in line with the development of the Corporate Plan.

**RESOLVED** that the quarterly performance report, revised KPIs and Strategic Risks for 2019/20 be noted.

## 70. COMPANIES PERFORMANCE UPDATE - MARCH 2019

*Agenda items 8, 11 and 12 were considered in sequence between items 4 and 5. The minutes are presented in the order items are presented on the agenda.*

The Committee considered an update on the performance of companies owned or part-owned by the Council, which was accompanied by additional exempt information in agenda item 12. The update provided an overview of the performance of Greensand Holdings Ltd, Horley Business Park Development LLP, Pathway for Care Ltd, and RBBC Ltd.

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

- **Information Availability.** Attention was drawn to the importance of transparency and ensuring that no more information was kept confidential than necessary. It was also identified that, whilst the information available was an improvement on previous reporting, there were still considered to be some areas where additional information might be beneficial. It was identified that the accompanying exempt information in item 12 included the first reports direct from companies, and that it was expected that the reporting

process would continue to be refined. It was identified that, following the recent commercial governance review, it was intended to establish a specialist Executive sub-committee to consider commercial matters, and that it would be working to support effective reporting.

- **Pathway for Care – progress in March.** It was identified that the properties targeted to open in March was scheduled to open in the week of 18 March 2019, and the most recent information received indicated that they were on track to do so.

**RESOLVED** that March 2019 Companies Performance Update be noted.

#### 71. 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 Committee Procedure Rules.

#### 72. ANY OTHER URGENT BUSINESS

None.

#### 73. EXEMPT BUSINESS

*Agenda items 8, 11 and 12 were considered in sequence between items 4 and 5. The minutes are presented in the order items are presented on the agenda.*

**RESOLVED** that members of the Press and public be excluded from the meeting for the consideration of Item 12 of the agenda (Companies Performance Update – March 2019 (Exempt)) under Section 100A(4) of the Local Government Act 1972 on the grounds that:

(i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and

(ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### 74. COMPANIES PERFORMANCE UPDATE - MARCH 2019 (EXEMPT)

*Agenda items 8, 11 and 12 were considered in sequence between items 4 and 5. The minutes are presented in the order items are presented on the agenda.*

The Committee considered exempt information on the performance of companies owned or part-owned by the Council. There were a number of questions and comments relating to the following topics:

- **Exempt Information.** Attention was again drawn to ensuring that no more information was kept confidential than was necessary. It was confirmed that the Council would be providing feedback to the companies to support improvements to future reports. It was identified that the information provided was improved from previous occasions.
- **Greensand Holdings.** It was confirmed that Greensand Holdings currently only owned one property. It was identified that the Council would be reviewing its approach to property investments, in line with its developing strategies.

- **Property reporting consistency.** It was identified that reporting to the Council on property investment performance should seek to be consistent between properties owned by the Council and by Greensand Holdings, where possible.
- **Property Values.** It was identified that increases in property values were subject to change in line with market conditions. It was confirmed that any changes in value would also be reflected in final accounting.
- **Company Directors.** It was confirmed that updates to company director appointments, where within the Council's control as a shareholder, were expected to be updated in line with the recommendations of the commercial governance review.
- **Horley Business Park.** Attention was drawn to the importance of ensuring that due consideration was given to access, and the development and funding thereof, to any Horley Business Park development. It was identified that considerations around traffic implications and related matters would be considered as part of the process of any planning application brought forward.
- **Companies and Social Responsibility.** Attention was drawn to ensuring that the Council, in its role as a shareholder, worked to ensure that Council owned companies behaved ethically and with regard to social responsibilities.
- **Pathway for Care.** Consideration was given to the business model of Pathway for Care and it was identified that it considered to be appropriate to the development of the business and delivering a return to the Council, whilst providing a good quality service.
- **RBBC Ltd.** It was identified that RBBC Ltd was expected to be closed and that work to deliver this was ongoing. It was identified that a report on the final outcome would be provided to the Executive and Overview and Scrutiny Committee.

**RESOLVED** that the exempt information relating to the March 2019 Companies Performance Update be noted.

The Meeting closed at 9.56 pm