

BOROUGH OF REIGATE AND BANSTEAD

OVERVIEW AND SCRUTINY COMMITTEE

Minutes of a meeting of the Overview and Scrutiny Committee held at the Remote - Virtual meeting on Thursday, 9 December 2021 at 7.30 pm.

Present: Councillors Blacker, Buttironi, Cooper, Elbourne, Essex, Harrison (Chair), Harp, A. King, Sinden, Tary, Turner, Walsh

Also present Visiting Members: Councillors Archer, Brunt (Leader), Neame, Schofield

46. MINUTES

The Minutes of the previous meeting on 21 October 2021 were approved.

The Exempt Minute of the previous meeting – Companies Performance Update, Autumn 2021 (Exempt) was approved.

47. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Moses, Councillor Parnall and Councillor Whinney. There were no substitutions.

The meeting took place virtually due to COVID-19 restrictions.

48. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

49. HOMELESSNESS & ROUGH SLEEPING STRATEGY 2022-2027

The Committee received a report on the activities and actions to tackle homelessness set out in the report, Homelessness Review at Annex 1, the Homelessness and Rough Sleeping Strategy 2022-2027 at Annex 2 and the Action Plan at Annex 3.

Councillor Neame, Portfolio Holder for Housing and Support, gave an overview of the Homelessness Review and Homelessness and Rough Sleeping Strategy which the Council is required to publish every five years under the Homelessness Act 2002. The current strategy expires in March 2022. The new strategy, set within a revised legislative framework, contained priority activities and actions to prevent homelessness and support those who are homeless, including the increasing numbers of applicants with multiple support needs, and setting out proposals to secure more suitable accommodation options. The approved Revenue Budget

2020/21 of £1m in the report set out each area of spending. Private bed and breakfast emergency accommodation accounted for around a third of the current year's budget.

Councillor Neame praised the dedicated work of the housing team over the last five years for their support for homeless people or those at risk of becoming homeless. She highlighted successes such as providing services under the significant changes to legal duties set out in the Homelessness Reduction Act 2017, delivering the Council's own emergency temporary accommodation to allow clients to stay in the Borough close to their own and family support teams and using the in-house advice service to support residents with budget and welfare needs at the earliest opportunity to prevent homelessness.

The Strategy looked to build on these successes to make services more user friendly give a wider choice to prevent homelessness and support on longer term basis for a stable home with more chance to obtain permanent employment. Key areas in the 2022-27 Strategy are to:

- Prevent homelessness and sustain and secure tenancies.
- Respond to residents with priority support needs – making multiple referrals to support agencies and accommodation providers.
- Tackle rough sleepers, many with complex needs through the supported housing scheme and tenancy support.
- Improve access to additional housing options and the range of accommodation available including delivering new affordable homes, council-led schemes, government 'Move-on' funding and funding our partners to deliver housing.

Members asked questions and made comments on the following areas:

Homelessness Reduction Act 2017 – Members asked about the distinction between the three duties set out in the legislation for the way local authorities manage homelessness applications: Prevention Duty, Relief Duty and Main Duty. Head of Housing, Richard Robinson, gave an overview for the Committee and explained the main differences. Prevention Duty (provides a personalised housing plan (PHP) if anyone is threatened with homelessness and ends after 56 days if the applicant becomes homeless. The period of 56 days gave the Council longer than the previous 28 days and allowed staff to see people a lot earlier and work with them to prevent homelessness. Relief Duty follows these 56 days, when the applicant is homeless. Relief Duty ends if suitable accommodation is available for six months or the person is no longer at risk of homelessness. Main Duty applies to only priority need applicants who are homeless.

Temporary emergency accommodation – Members asked about the numbers in temporary accommodation and how this compared to previous years. Head of Housing confirmed that the Council has access to around 115 to 120 units of self-contained temporary accommodation all of which are located within the Borough. As of 9 December, there were 27 households in bed and breakfast emergency accommodation including 15 single households. At the height of the pandemic this went up to 50 households. Currently, this was slightly higher than prior to the Homelessness Reduction Act came into force in 2018.

Impact of the COVID-19 pandemic – Members questioned the impact of the pandemic and pressure on the Borough Council as a result of the lockdowns in 2020 and early 2021 and how this would be addressed? The Portfolio Holder and officers confirmed that the numbers had peaked slightly when the courts had reopened. There had not been as many evictions as initially predicted with revenue funding used for arrears in the social and private rented sectors. There were a higher number of single applicants than before housed in emergency accommodation and at risk of becoming street homeless rough sleepers. The temporary cabins set up in Doynygs leisure centre car park had been successful at taking rough sleepers off the streets during the pandemic. These cabins were due to be moved shortly as this had been a temporary solution during COVID-19.

Delivery of new homes – it was noted that there was a percentage of affordable housing in new homes schemes to deliver 30% on Council-owned land. This was set out in the Housing Delivery Strategy published in 2020 as opposed to the Homelessness Strategy. Members asked about the Cromwell Road, Redhill development of 32 one and two bedroom private rent flats. A proportion of these flats (to be confirmed) would be let at below market rents to assist lower income households, with tenancies offered for up to three years.

Additional emergency accommodation – It was confirmed that options of additional emergency accommodation were being investigated in the borough for larger families. This was more cost effective than private bed and breakfast accommodation and would keep families with children in the Borough, at local schools and with access to family and support networks. It was harder to secure support when placed out of Borough such as in Croydon or Crawley. The Leader, Councillor Brunt, said that if there was surplus accommodation available this could be used on a chargeable basis by other local authorities. Following Member questions it was confirmed that there were some temporary accommodation units in Tadworth but most of the temporary accommodation was in the south of the Borough which had the greatest area of need. Those in the north of the Borough could find themselves in the south of the Borough for a time.

Priorities in Homelessness Strategy Action Plan 2022 – 2027 – Members questioned the range of accommodation options and why improving access to accommodation was considered a lower priority 4? It was confirmed by officers that all priorities had equal weight and it was **Agreed** to list as four objectives rather than four priorities.

Work with partners – the effective work with partners such as with Transform Housing & Support and YMCA East Surrey was highlighted by the Leader of the Council; £350k of Section 106 money had been secured to provide more supported accommodation for young people in the Borough.

Quality of housing – Members asked about the local housing allowance (LHA) which covered the cost of only below average rents in the area and risked applicants being placed in lower cost and poorer quality private sector rented housing. It was noted that properties were offered with the standard requirements that came with assured shorthold tenancies such as gas and electricity checks. The Council could use discretionary housing budget to bridge some gaps, if assessed and required. This benefits cap affected larger families as there was a shortage of larger accommodation.

Empty office blocks – empty office space was also under consideration as a future option for accommodation as part of quality conversions or builds. A registered provider had recently purchased a quality office block in the Borough for a proposed residential build for permanent accommodation.

RESOLVED – that the Committee:

1. Endorses the activities and actions to tackle homelessness set out in the Homelessness Review at Annex 1 and the Homelessness and Rough Sleeping Strategy 2022-2027 at Annex 2, the Action Plan at Annex 3; Equality Impact Assessment at Annex 4; and
2. Provides observations for consideration by the Executive set out in this Committee's Minute 49 of 9 December 2021 meeting, emphasising the need for further accommodation in the Borough with a wider mix and quality of homes and purchase of property, where possible.

50. OBSERVATIONS ON BUDGET PROPOSALS - BUDGET SCRUTINY PANEL REPORT

Members received the report from the O&S Budget Scrutiny Panel which met on 1 December 2021 to consider the provisional Budget proposals for 2022/23 and make recommendations to the Executive in line with the Council's budget and policy procedure rules.

Councillor Schofield, Portfolio Holder for Finance and Governance, advised the Committee that the proposed Budget 2022/23 was not yet finalised as central Government was still to publish the final financial settlement which was expected later in December. Further work was ongoing to address the forecast budget gap. There were encouraging signs that parking revenue was slowly improving; leisure centre visitors were also increasing towards pre-pandemic levels. The final Service and Financial Planning 2022/23 report was due to come to Executive on 27 January for approval and recommendation to Full Council on 10 February. It was agreed that the updated proposals would be discussed at Overview and Scrutiny Committee on 20 January.

Chair of the Panel, Councillor Harrison, summarised the findings from the Panel to the Committee which was set out in the report to the Committee as an Addendum to the agenda pack, and in the Recommendations set out above. He thanked the Portfolio Holder and the Interim Head of Finance and finance team for their responses to the Advance Questions and supplementary questions raised at the Panel meeting.

Members made comments and asked questions on the following areas, discussing the proposals to make savings in the community partnerships area, such as ceasing provision of taxi vouchers and pausing Medium Grants and Small Grants.

Budget savings – Members noted the forecast budget gap of £700k and asked about wider service savings to bridge this gap. They discussed the proposals to pause the Medium Grants and Small Grants scheme, to withdraw the taxi vouchers scheme and reduce the Borough News publication to a single issue a year. Had other savings been considered, for example, exploring further savings on staff salary costs if posts had not been filled? It was noted that saving costs by sharing

services across local authorities generated some opportunities but also presented some risks.

It was confirmed that there were 22 full-time equivalent staff (FTE) vacant posts at the time of the Panel meeting, equating to £1m salary and on-costs. Head of Paid Service, Mari Roberts-Wood, advised that the vacancy rate was a snapshot at any one time. The current vacancy rate was within the usual range with less than 5 per cent of the total workforce. She confirmed that all vacant posts were reviewed by HR and senior managers when vacancies arose and before going out to recruitment.

Taxi vouchers – Members discussed the proposed to withdraw the taxi voucher scheme to save £43k costs a year. This would affect mainly elderly residents with mobility issues who currently received up to £120 of taxi vouchers per annum. The Panel had noted that this budget was consistently underspent each year by about £20k. Members asked whether the budget had been underspent due to the pandemic lockdowns when this group of people was self-isolating and could it be tested again under more normal circumstances. It was confirmed that this budget had been consistently underspent over a number of years.

In response to further Members' questions it was confirmed by the Portfolio Holder for Finance and Governance that the proposal was to cut the taxi voucher scheme permanently. The intention was to work with residents to help find alternative means of transport such as neighbourhood or community transport schemes, transport provided by Surrey County Council and use of volunteer drivers. Officers reassured Members that since the pandemic more was known about this group of people who could be supported locally to make sure they were driven to appointments or to local community centres, for example. The Head of Paid Service, Mari Roberts-Wood, gave further reassurance to the Committee that those residents would not be left without transport suddenly. RBBC would make sure that those vulnerable individuals who were reliant on this transport will be picked up so as not to leave a gaping hole for people.

Medium Grants and Small Grants – it was confirmed that the proposals were to pause these grants for local voluntary and community groups to save £50k on Medium Grants and £45k on Small Grants. It was noted that the Community Partnerships team would continue to work closely with the voluntary and community sector further to support them and assist them where needed but not through direct grant giving.

Executive Members recognised that it was an uncomfortable period with some difficult budget decisions to be made.

Environmental sustainability funding – one Member noted that the proposed budget for the environmental sustainability service area was modest and did not allow for potential increased income from additional recycling roll-out to flats, for example, or for increased staffing for environmental initiatives. It was noted that recycling trends currently showed a positive income but there was an element of risk in this area and a prudent budget was advisable.

The Committee agreed to support the Recommendations set out in the Budget Scrutiny Panel's report to go forward to the Executive at its meeting on 16 December 2021.

RESOLVED – That in response to the Service and Financial Planning 2022/23 report and supporting documents to Executive on 18 November 2021, the following Recommendations from the Budget Scrutiny Panel, and approved by Overview and Scrutiny Committee on 9 December 2021, be submitted for consideration by the Executive, that:

- (i) The national and local policy context and significant uncertainties at this stage of the budget-setting process were noted.
- (ii) The Service and Financial Planning 2022/23 report forecasts a budget gap of over £700k. In the light of this and given that assumptions and individual budgets were to be reconsidered following the December Government financial settlement announcement, the Committee did not draw a conclusion on the overall Budget proposals for 2022/23.
- (iii) The Committee requested that the final Service and Financial Planning 2022/23 report to Executive on 27 January to be an agenda item for discussion at Overview and Scrutiny Committee on 20 January.
- (iv) The Committee considered the explanations in the Budget report for year on year changes in the budget and found the following to be achievable, realistic and based on sound financial practices and reasonable assumptions, subject to the outstanding matters set out in (i) and (ii):
 - a. Medium Term Financial Plan Summary
 - b. Revenue Budget Savings and additional income proposals totalling £0.566m
 - c. Revenue Budget Growth proposals totalling £0.567m
 - d. Forecast ongoing income budget pressures in 2022/23 onwards as a consequence of the COVID-19 pandemic totalling £1.3m
 - e. Revenue Reserve Balances as of 1 April 2021 of £41.738m.
- (v) The Committee reviewed savings proposals in service delivery: to pause the Medium Grants and Small Grants scheme, to withdraw the taxi voucher scheme and to reduce the Borough News publication to a single issue a year, and asked they be reconsidered.
- (vi) The Committee expressed concerns about recent inflationary pressures with short term inflation well above the Bank of England 2% target which would put unbudgeted upward pressure on the cost of goods and services and on staff costs/pay demands.
- (vii) In relation to potential future cost savings the Committee supported initiatives to:
 - Assess the potential reduction of office space reflecting the impact of hybrid working.
 - Implement joint working with the boroughs and districts in East Surrey to share costs and improve services.The Committee asked these initiatives to be accelerated.
- (viii) The Committee recommended that the need to fill vacant headcount positions be reconsidered (currently 22 full-time equivalent staff (FTE) equating to £1m salary and on-costs). These vacancies had been confirmed as part of the Service and Financial Planning reconciliation of HR establishment records and service budgets for all services.
- (ix) Implementation of the Council's Commercial Strategy was vital to meeting budget gaps in future years, as Government funding is further reduced. Part 2 of the Commercial Strategy report was an agenda

item at Overview and Scrutiny Committee on 9 December and due to be approved by Executive on 16 December. At this stage the Committee noted that no substantial additional commercial income from investments was included in the current 2022/23 budget.

- (x) The Committee noted that the Executive intends to come forward with a Financial Sustainability Plan to be integrated with the Medium Term Financial Plan (MTFP) in Quarter 1 2022/23.

The Committee thanked Portfolio Holders and Officers for the substantial work in preparing the Budget 2022/23 report and for the written responses to 60 Advance Questions from Budget Scrutiny Panel Members.

51. QUARTER 2 PERFORMANCE REPORT 2021/22

The Committee received the Performance Reports for Quarter 2 2021/22 including Key Performance Indicator (KPI) performance and the Budget Monitoring forecasts Q2 2021/22 – both revenue and capital.

Quarter 2 KPI performance 2021/22

Councillor Lewanski, Portfolio Holder for Corporate Policy & Resources, gave an overview of the KPI performance: of the ten KPIs reported on in Quarter 2, eight were on target. Two indicators were not on target and were therefore red-rated: KPI 2 – Business rates collection and KPI 7 – Affordable Housing Completions. KPI 2 was affected by the recalculation of Retail Rate Relief which led to new instalment plans but it was expected that performance would catch up during the year. KPI 7 was off target currently as affordable housing developments were often completed and then delivered in batches through the year.

Affordable housing – the lower number of social rent affordable completions by tenure compared to shared ownership delivery was noted. Members also commented that high performance delivery in developments such as Pitwood Park in Tadworth and Cromwell Road in Redhill were not captured in the targets.

Quarter 2 Budget Monitoring 2021/22

Councillor Schofield, Portfolio Holder for Finance and Governance, gave an overview of the Quarter 2 Budget Monitoring set out in the report and Annex 1.

There was a small overspend in Service and Central budgets, currently forecast to be only £0.061m (0.4%) higher than the Revenue Budget for 2021/22 that was approved in February 2021.

The report included separate forecasts for the additional expenditure and funding related to the COVID-19 pandemic (which is currently forecast to be in balance), and for income shortfalls due to the pandemic. The forecast income loss was £1.418m as of 30 September 2021, with car parking accounting for the majority at £1.228. Car parking income was steadily starting to improve. The net shortfall can be funded on a one-off basis through drawing on the Earmarked Reserve set aside in anticipation at the end of 2020/21.

The Capital Programme forecast for the year is £53.07m which is below the approved programme as a result of £87.36m slippage and a net underspend due to the lack of viable housing schemes and commercial investments coming forward.

Members made comments and discussed the following areas:

Community centres – it was noted that operating costs of the three community centres in the Borough were reported on in the revenue budget. The review of the community centres had been highlighted to the Committee earlier in the year, with changes well underway, supported by one-off funding from the Corporate Plan Delivery Fund. There were more family-related activities as well as activities for older people, and a positive response to home cooked food provided for those attending the centres.

Revenue, Benefits and Fraud – a reported £393k overspend in this service area was discussed by Members. This was due to a lower DWP subsidy, as more clients moved to Universal Credit, and higher Housing Benefit, partially offset by lower staff costs. The high number of vacancies (six posts) was commented on. Staff had been engaged in the pandemic response. Recruitment was ongoing to fill the vacant posts as some members of the team had moved to London Boroughs which could offer higher salaries without staff needing to travel to offices in London.

Leisure Services – the Committee questioned the forecast income loss from the management fee for the Leisure Services contractor (£278k as at 30 June 2021) and whether this would continue into next year? The Portfolio Holder told the Committee that the Council was seeking to recover the management fees. Officers confirmed that the Head of Service had met with the contractor's representatives recently. Fee payments were expected to resume from 1 October and arrangements were also in place for the contractor to repay the first two quarters of the current year over a period of time.

Additional COVID-19 expenditure and funding – Members reviewed the latest forecasts in the context of the coming year. Interim Head of Finance, Pat Main, told the Committee that her team were monitoring the remaining pandemic-related transactions closely in the second half of the financial year and were confident that expenditure in this area was showing a downward trend.

Disabled residents – It was noted that there was a shortfall in spending in Disabled Facilities Grants and also on the Handy Person Scheme due to the pandemic. Questions were raised regarding the availability of funding for vulnerable residents for the cost of essential items such as replacement batteries and repairs for items that had been installed but were later out of manufacturers' warranty when they broke down. Officers agreed to look into this and come back to Members.

Housing Delivery Programme – the £20m slippage on the allocation in the Capital Programme was discussed. This was in part due to the pandemic: increased building costs were making potential projects commercially unviable. Executive Members highlighted that the programme was to support delivery of the five-year Corporate Plan to 2025. Funds would be spent as future projects that met business case thresholds came forward.

RESOLVED that the Committee:

1. Note Key Performance Indicator (KPI) performance for Quarter 2 2021/22 as detailed in the report to the Committee and in Annex 1 and the observations to Executive as set out in the Minutes; and
2. Note the Budget Monitoring forecasts for Quarter 2 2021/22 as detailed in the report to the Committee and at Annex 2 and the observations to Executive as set out in the Minutes.

52. COMMERCIAL STRATEGY - PART 2

The Committee received the Commercial Strategy Part 2 Report and its Annexes 1 to 6 and the Summary of the O&S Commercial Strategy Scrutiny Panel which met on 2 November 2021 (Annex 2).

Councillor Archer, Portfolio Holder for Investments & Companies, introduced the Commercial Strategy Part 2 report (*Funding our Services: A Commercial Strategy Part 2 – Explaining the Reigate and Banstead approach to commercial investment*). This followed on from the Commercial Strategy (Part 1) which set the direction for the Council's commercial activity and was approved by Executive in November 2020.

Part 2 of the Strategy set out the current approach, taking into account the challenges of the current financial position, latest borrowing rules and experiences with commercial activity to date. The 'Plan on a Page' Summary in the published agenda pack (p143) set out the proposed commercial approach. This includes to maintain existing income streams from our assets (currently around £4m a year); to grow income from these assets and also develop new income streams, such as repurposing poorly performing assets; to invest in new assets to deliver corporate objectives and income/savings; to continue to sell or trade services; and to take a more commercial approach to non-statutory fees and charges.

It was noted that the draft strategy approach was reviewed thoroughly by Panel Members at the O&S Commercial Strategy Scrutiny Panel in November with opportunity for further consultation on the final document. The final strategy was due to be approved by Executive on 16 December.

Commercial Strategy Scrutiny Panel Chair, Councillor Walsh, gave a verbal update of the Panel's discussions on 2 November. This included the need to learn from past commercial decisions both at Reigate and Banstead and in other local authorities. He highlighted the importance of effective commercial governance and oversight including robust business cases which were monitored as schemes developed.

In conclusion, Councillor Walsh recommended that the skills required for instigating, development of and managing commercial ventures by the Council is thoroughly reviewed and secured so that the Borough has all the necessary skills to undertake and successfully deliver the strategy.

Members discussed and made observations on the following areas:

Commercial skills – Members strongly supported the points raised by the Panel that the Council must ensure it has access to appropriate commercial skills,

awareness and expertise for the strategy to succeed. This included drawing in additional expertise if needed such as use of external advisors to support in-house staff or provide specialist advice to oversee certain commercial projects.

Learning from experience – Members commented that it was important that lessons were learned, from previous projects and analysis of business cases. Best practice included listening to residents' feedback from previous projects. Taking an evidence-based approach and applying the Council's project management framework, including risk management, as set out in the report, was recognised as important to be able to deliver the income generation activities to build financial resilience as set out in the Corporate Plan, Reigate and Banstead 2025.

Environmental and social benefits – Members noted that these were also key elements to include as a measure of success when progressing commercial schemes in addition to financial gains such as in housing development projects and recognised that the Council is no longer able to invest purely for yield.

Reporting on commercial activity – quarterly commercial income updates were proposed to be reported to Overview and Scrutiny Committee as well as quarterly updates on portfolio performance to Commercial Ventures Executive Sub-Committee (CVESC) members. It was noted that these updates were to the Sub-Committee and information should be made available (on a Part 2 basis if required) to all Members of the Council to ensure accountability and performance of the portfolio. The Portfolio Holder agreed this would be clarified in the strategy. Six-monthly updates on the Council's companies performance are also provided to the Committee. The Portfolio holder confirmed that there would be an annual report back on the Commercial Assets Action Plan (Annex 4) and the Commercial Services Action Plan (Annex 6). The Chairman also noted that the strategy encompassed the Council's activity in housing projects.

The Leader, Councillor Brunt, told the Committee that the importance of in-house skill and expertise, investing in staff, fixed-term staff resources, working with a range of local partners and drawing on external advice with topic-specific experience, where needed, was recognised by the Executive and set out in the Commercial Strategy - Part 2 (p8 of the strategy, section 1, par 11 and p30 of the strategy, section 6, pars 96 to 98). He therefore supported the Committee's observations in this regard.

RESOLVED – that the Committee:

1. Notes the Commercial Strategy Part 2 Report and Annex 1 and the Summary (Annex 1) and discussions from the O&S Commercial Strategy Scrutiny Panel meeting on 2 November 2021; and
2. Provides observations set out in the Minutes for consideration to Executive, including that the Commercial Strategy (Part 2) stresses the importance of in-house commercial skills needed to manage and support commercial activity, pulling in necessary external resource, if required, to successfully deliver the strategy.

53. OVERVIEW AND SCRUTINY COMMITTEE FORWARD WORK PROGRAMME 2021/22

Members considered the Forward Work Programme 2021/22 for the Committee set out in Annex 1 to the report.

There were not any significant changes to report. The updated changes to Service and Financial Planning 2022/23 (Budget 2022/23) would be considered on 20 January 2022 meeting.

It was **Agreed** that the Head of Legal and Governance/legal team be asked to give regular progress reports on the Charitable Trusts matter set out on the Action Tracker to Councillors Sinden and Essex. The issue could come back to the O&S Chair, if Members were not satisfied, to be reconsidered as part of the meeting agenda.

RESOLVED – that the Committee noted its proposed Forward Work Programme 2021/22 and the change agreed above.

54. EXEMPT BUSINESS

There was no discussion by the Committee on this agenda item.

55. 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.

56. ANY OTHER URGENT BUSINESS

There were no items of urgent business.

The Meeting closed at 9.55 pm