

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, 6 September 2018 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, J. P. King, R. Michalowski, Mrs. R. S. Turner, J. C. White, Mrs. A. F. Tarrant and Mrs. R. Absalom (Substitute)

Also present: Councillors

15. MINUTES

RESOLVED that the minutes of the meeting held on 12 June 2018, be approved, subject to the following clarification:

- That the minute of the discussion regarding Item 9: Provisional Revenue and Capital Outturn 2017/18 include a note that no interest had been received from the loans to the Pathway for Care Limited company, due to changes in associated arrangements.

16. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Committee Members: Mr J. Godden, Mr J. Stephenson, and Mr J.F. White (substituted by Cllr Mrs R. Absalom).

Others: None.

17. DECLARATIONS OF INTEREST

No declarations of interest were made.

18. PORTFOLIO HOLDER BRIEFING

The Committee received a presentation from Councillor Mr E. Humphreys, Executive Member for Business and the Economy, regarding the Council's work to support economic prosperity. This included an overview of a business activity trends in the borough, and the work of the business prosperity team in a number of activity areas, including:

- The Economic Development Action Plan within the Council's corporate plan.
- Business start-up levels and survival rates. These were noted to be the best or amongst the best in the county, and generally positive compared to national levels.

- Support for micro-businesses, including business support grants, learning lunches, an entrepreneurs' academy and networking events.
- Establishment of and work with business guilds in the borough to identify and address business needs and priorities.
- Support for existing businesses, including a business news e-bulletin, online directory, networking events and promotion of local business awards.
- The business leaders' group, working with large employers to help them deliver social value, and developing education and recruitment within the local area.
- Future work, including enhancing the local visitor economy, participation in the business rates retention pilot scheme, and continuing to work to improve the business five year survival rate and general economic growth in the area.

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

- **Engagement with large employers.** It was identified that not all businesses had wished to participate in the business leaders' group, but that those which did not had generally also been invited. It was identified that the group had chosen to limit itself to profit seeking entities to support a shared perspective on challenges and opportunities.
- **Business grants.** It was identified that formally considered business grant applications followed an initial feedback and support process for potential applicants, and that the success rate of applications at this stage was therefore high. It was identified that the success rate of businesses receiving business grants was difficult to track, but that general indications suggested that it was significantly higher than average for the area, particularly among those who stayed in contact with the Council's business channels.
- **Not for profit and community enterprises:** It was identified that not for profit businesses and community enterprises were also able to apply for business grants, providing they met the general eligibility criteria. It was identified that such applications constituted a small proportion of those received, but that this was believed to be in proportion to the numbers of profit seeking and not for profit businesses in the area.
- **Engagement with colleges and schools.** It was confirmed that the Council worked with both East Surrey and Nescot Colleges as part of its support for vocational and general further education across the borough. It was identified that the entrepreneurs' academy format was best suited to adult participants, but that a number of other bodies provided enterprise engagement opportunities for schools.
- **Learning Lunches.** It was identified that the learning lunches did not incur any direct cost for attendees, and that the direct cost for the Council was very low.
- **Start-up trends.** Start-up businesses in the area were identified to cover a diverse range of fields, although it was identified that a number of entrepreneurs had experience of working in London businesses. It was identified that there had been a number of success stories which were now providing employment for local people.
- **Public awareness.** Awareness of the Council's economic development activities was considered to be good amongst the business community in the borough and surrounding areas, with positive feedback received directly and

via social media. It was identified that the Council also liaised with educational institutions and voluntary sector networks in the area around related activities and opportunities for engagement with businesses and support.

- **Attracting large businesses.** It was confirmed that the Council undertook a number of actions to make the local area attractive to businesses, including making information available to employers and employees, supporting site visits, and coordinating other organisations, including the department of international trade. It was noted that the Council had hosted an international trade delegation in 2015. It was identified that there were currently a limited number of large employment sites available in the borough, although there was the potential for additional provision to be developed in future.
- **Support around business closures/departures.** It was identified that the Council would often have limited capacity to influence the decisions of large employers around closures or relocation of operations in the area, but that it did seek to offer support for local individuals affected by such closures to obtain places with other local business requiring their skills.

The Committee thanked the Executive Member and supporting officers for the presentation, and expressed their appreciation for the work of economic prosperity team.

RESOLVED that the portfolio holder briefing from Cllr Mr E. Humphreys, Executive Member for Business and the Economy, be noted.

19. QUARTERLY PERFORMANCE REPORT (Q1 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.

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

- **Affordable Homes (KPI 3):** It was identified that the number of affordable homes completed was off target for the quarter. It was noted that this was outside of the control of the Council, but that it was hoped that the number of affordable homes currently under construction would lead to improved performance in future quarters. It was confirmed that performance had not been consistently below target in previous quarters, and that the figure included starter homes and shared equity schemes, where otherwise applicable. It was noted that forthcoming changes to the National Planning Policy Framework might influence future housing options and requirements.
- **Allocation of Community Infrastructure Levy (CIL) funds:** A query was raised regarding the details of the allocation of CIL funds noted under the Revenue Budget Monitoring section of the report. It was noted that a written response would be provided to this query.
- **Business Rates Retention:** A query was raised regarding the accounting for business rates retention. It was noted that a written response would be provided to this query.
- **Legal Services:** It was identified that the legal services overspend resulted from a combination of reduced land charges income, and costs for temporary

staffing. It was noted that the Council's future legal services arrangements were being determined, in order to best support the future requirements of the Council. It was identified that this process was being supported by an interim head of legal with extensive experience in the field.

- **Car Parking:** A query was raised regarding if alternative enforcement approaches or contract arrangements were available to the Council which would support more positive finances around car parking services. It was noted that a written response would be provided to this query.

RESOLVED that the Quarterly Performance Report (Q1 2018/19) be noted.

20. **ISA 260 EXTERNAL AUDIT REPORT 2017/18**

The Committee received a report on the ISA 260 External Audit report for 2017/18. The report was noted to be broadly very positive, and to continue to the series of unqualified audit opinions received. The Committee was assured that where recommendations were raised by the report, these were being monitored and addressed.

The Committee considered and discussed, the report, with questions and comments made regarding the following topics:

- **Bank Reconciliations:** It was noted that there was a recommendation regarding enhancing the bank reconciliations process. It was noted that unadjusted audit differences of £612k had been identified as part of this process, and that this was largely related to two payments to Surrey Pensions and to the Ministry of Local Government. It was identified that following receipt of the report, work had been undertaken to confirm the associated details of the differences and reconcile appropriately. It was noted that a number of process improvements had been made, and that supporting reconciliation work was now largely complete.
- **Budget Performance:** It was identified that the Council had generally been successful in making savings in a challenging financial climate, but that it had been recommended that there were further opportunities to leverage synergies between individual schemes to achieve greater savings. It was confirmed that these options were being considered as part of the 2019/20 budget setting process, and that further confirmation of details would be provided as a written response.
- **Senior Officer Remuneration:** It was confirmed that all senior officer remuneration has now been disclosed, in line with the recommendation made.
- **Reporting and triviality:** A query was raised regarding the identification in the report of the auditors of an individual difference being considered as trivial if it is less than £103k. It was noted that a written response would be provided to this query.

RESOLVED that the report and findings of the External Auditors be noted.

21. **ANNUAL GOVERNANCE STATEMENT 2017/18**

The Committee received a report on the Council's Annual Governance Statement 2017/18. It was noted that the Annual Governance Statement was produced in

accordance with regulatory requirements and had been endorsed by the Executive on 21 June 2018.

It was identified that the Council's procedures were considered to provide an adequate and effective governance framework, and that no significant issues or areas for improvement had been identified by the independent opinions of the Council's internal and external auditors. It was noted that the Council would continue to take actions to ensure that its governance continued to meet these standards.

RESOLVED that the Council's Annual Governance Statement be noted.

22. FLATS RECYCLING SERVICE

The Committee considered the Flats Recycling Service report to be considered by the Executive, in advance of its consideration at the Executive meeting of 13 September 2018. It was noted that the Committee was pleased to be able to offer pre-scrutiny support of the report.

The report was identified to lay out the Council's approach to offering enhanced kerbside recycling to flats and communal properties in the borough. The report identified that this would be conducted as a phased approach, with initial service implementation for properties requiring minimal alteration and planning for and subsequent roll out to additional properties requiring some supporting actions.

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

- **The extent of and timescale for service provision.** It was identified that the recommendations of the report referred to phases 1 and 2, but that there was mention in the body of the report to a phase 3 (including in the 'Options' section, including paragraphs 15 to 18). It was identified that phases 1 and 2 would provide the service to those properties requiring either minimal or relatively minor alteration, and that there would be a remaining number of properties which would require more significant adjustments or investment by managing agents or landlords in order to allow for inclusion in the service. A query was raised regarding when properties not included in phases 1 and 2 might expect to receive the service, and if the proposed actions were equally supportive of residents in the properties not included in those phases. It was noted that clarification regarding the proposed approach to the outstanding properties, options, and references to phase 3 would be confirmed for the Executive's consideration of the report.
- **Costs.** It was identified that the expansion of the service would incur additional capital and revenue costs, due to the requirement for additional bins, collection rounds and supporting officers. It was identified that the reduction in landfill costs would not present a significant counterbalancing saving.
- **Contamination of recycling.** It was identified that contamination of waste was a significant potential risk, and that contaminated waste both reduced the environmental benefit obtained and incurred significant effective costs to the Council. It was identified that some of the potential properties to be served by the expanded service might be at additional risk of contamination,

due to the likely required locations of bins. It was identified that some countermeasures were available, including manual checking by collection officers, but that these were also likely to incur additional costs and were not fully effective.

- **Flats Recycling Officer.** It was identified that the recommendations included the employment of flats recycling officer to support the expanded arrangements.
- **New developments:** It was identified that newly developed properties would be expected to be included in the expanded service, and that officers would seek to work with developers to ensure that the properties supported recycling arrangements.
- **Current recycling practices:** It was identified that the borough's current household waste recycling waste was 55%, above the national target of 50%, and placing the Council 36th of 350 local authorities nationally, and that it was hoped that the introduction of the additional service would increase this. It was noted that the Council's approach of collecting separated recyclates provided an increased financial return relative to non-separated collection. It was noted that the Council also offered a paper trade waste collection service.

Committee Members were generally supportive of the recommendations of the report. Cllr Essex indicated that he hoped the Council would commit to providing the service to all properties in the borough.

It was suggested that clarification be provided around the implementation phases and options, as identified in the notes of the discussion above.

RESOLVED that the Flats Recycling Service report, and the Committee's comments to support the Executive's consideration of the report, be noted.

23. BUDGET SCRUTINY REVIEW PANEL 2018/19

The Committee received a report detailing the proposed membership, timetable and scope of the Budget Scrutiny Review Panel during 2017/18.

The nominations for membership of the panel were confirmed at the meeting, and were as follows:

Conservative Group: Councillors T. Archer, G. Curry, J. King and J. Stephenson.

Residents Association Group: Councillors N. Harrison and B. Stead

Green Group: Councillor J. Essex

It was noted that all Councillors were welcome to attend the meeting of the panel, even if they were not a member of the panel.

RESOLVED that:

- (i). The membership of the Budget Scrutiny Review Panel and the timetable for the preparation of the Budget for 2018/19 be agreed as set out in the report and confirmed at the meeting.

- (ii). The scope of the Budget Scrutiny Review Panel work during 2018/19 be agreed as set out in the report.

24. 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.

25. ANY OTHER URGENT BUSINESS

None.

The Meeting closed at 9.16 pm