

## Minutes of a meeting of the **Overview and Scrutiny Committee** held at the **New Council Chamber - Town Hall, Reigate** on **Thursday, 14 July 2022 at 7.30 pm.**

**Present:** Councillors H. Avery, M. S. Blacker, G. Buttironi, J. C. S. Essex, G. Hinton, A. King, N. C. Moses, A. Proudfoot, R. Ritter, R. S. Turner, S. T. Walsh (Vice-Chair) and S. A. Kulka (Substitute)

**Visiting Member:** Councillor T. Schofield

**Attended remotely:** Councillors M. Tary and T. Schofield



### **13 Apologies for absence and substitutions**

Apologies for absence had been received for Councillor Parnall and Councillor Elbourne who was substituted by Councillor Kulka.

Councillor Tary was joining the meeting remotely and was therefore not permitted to vote.

### **14 Minutes**

A Member requested the following additions to the public minutes of the previous meeting:

Item 6 Quarter 4 Performance Report "A member requested that social rent housing numbers are also separately reported from this year." This was to be added at the end of the first paragraph on page 7 regarding affordable housing.

Item 8 Companies Performance Update "This item was scrutinised more fully in part 2 due to the confidential nature of the parts of the discussion held." This was to be added to the end of the discussion on this item.

Members agreed to these additions and the minutes of the previous meeting held on 16 June 2022 were approved, subject to these additions.

The exempt minute from the previous meeting held on 16 June 2022 was approved.

### **15 Declarations of interest**

There were no declarations of interest.

### **16 Medium Term Financial Plan 2023/24**

Members received a report and update on the Medium-Term Financial Plan 2023/24 to 2027/28 from Councillor Schofield, Deputy Leader and Executive Member for Finance and Governance.

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The report to the Committee set out the background and context for the budget elements of service and financial planning for 2023/24 onwards. The Executive Member for Finance and Governance pointed out that this draft Medium Term Financial Plan (MTFP) confirmed that local government continues to face challenging financial situations. It has been known for some time that this Council's share of government funding is set to reduce, and new ways will need to be found to make more efficient use of existing resources while at the same time seeking new sustainable income streams, on top of the income losses that have needed to be addressed following the pandemic and the prospect of escalating cost pressures due to inflation.

The draft report provides an early but comprehensive assessment of the key information that will be used for the detailed budget setting for 2023/24 onwards. It was stressed that the draft report provides the framework for the detailed work now underway with officers and Executive Members to develop the actual budget proposals for consideration both by Overview and Scrutiny and the Executive in November 2022.

A Member briefing on the Financial Sustainability Plan would be taking place on 26 July 2022 and Members were encouraged to attend. Councillor Schofield asked for the Committee to note the report and provide any comments which could be taken into account as work on the budget progressed.

Members welcomed the report and had submitted a number of advance questions. The Executive Member for Finance and Governance suggested that perhaps future advance questions could be submitted through the Chair to help avoid duplication.

The Head of Finance gave verbal answers to the advance questions; written answers would be supplied following the meeting and can be found here:

[Document Advance Questions and Answers OS Committee 14 July 2022 | Reigate and Banstead Borough Council \(modern.gov.co.uk\)](#)

Additional points were raised during the meeting as set out below.

**Capital Receipts Reserves** - Members asked where capital receipts reserves are held, as they were not listed in the schedule of earmarked revenue reserves. It was confirmed that the capital reserves on the balance sheet are reported separately to the revenue reserves.

Members asked for a breakdown of capital reserves to be included in the Budget Scrutiny papers in November.

**Local Council Tax Support Scheme Review** (Page 45) - Members asked when this review would take place. It was explained that the current scheme had not been reviewed for several years. The intention was to review eligibility criteria in conjunction with the proposed council tax policy changes in consultation with stakeholders and preceptors. The outcome would come forward in the autumn for consideration.

**Rough Sleepers** (Page 33) - Members noted that no government announcements have been made around funding for rough sleepers, although there is significant funding for homelessness prevention. It was confirmed that the final position for the following year is usually confirmed in December.

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**Maximising Other Income – setting fees and charges** (Page 37) - Members were concerned that raising parking charges may lead to illegal and inconsiderate parking. They also discussed the benefits of ensuring an affordable charge for pre-planning applications. It was confirmed that all fees and charges were under review as part of the Financial Sustainability Programme. Members debated the merits of ensuring that fees cover costs while also considering the impact of fees and charges on low income households.

The Chair thanked the Head of Finance and other officers for the information provided. He concluded that the MTFP was based on a reasonable basis and noted that there is currently a forecast budget gap of £2million. He commented that the ability to address this shortfall would be dependent on several factors to be determined as the year progressed, including the likelihood for recovery of the £1.4million drop in revenue post-COVID, particularly car park income. The Chair requested that the Medium Term Revenue Budget Forecast 2023/24 to 2027/28 on page 76 be updated in the pack for the Budget Scrutiny Panel, together with explanations of changes for each line item, as it was a useful summary.

**RESOLVED** that the Committee:

- i) Noted the report and raised comments for consideration by the Executive as set out in the minutes and the advance questions and answers.

The meeting adjourned for a five-minute break at 20.39.

## **17 Capital Investment Strategy 2023/24**

The meeting restarted at 20.45.

The Committee received a report and briefing from Councillor Schofield, Deputy Leader and Executive Member for Finance and Governance. It presented the latest version of the Council's capital investment strategy which provided a mechanism by which investment and financing plans can be prioritised, ensuring that decisions take account of stewardship, value for money, prudence, sustainability, affordability, and risks. The strategy included details of assets owned and any new assets being invested in and how they are funded.

Members welcomed the report and had submitted a number of advance questions. The Head of Finance gave verbal answers to the advance questions; written answers would be supplied following the meeting and can be found here:

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Additional points were raised during the meeting as set out below.

### **Question 5.5, Page 114 - Table 2 Significant Assets at March 2022**

A Member queried whether Banstead car park and Raffles Bridge car park should appear in the list of assets. The Head of Finance agreed to provide a written response.

**Question 5.6, Page 116 - Table 3 Gross Returns**

Members asked for confirmation of the rent income that was received for Beech House before it was vacated. The Head of Finance agreed to provide a written response.

The Chair would raise the comments of the Committee, regarding the Beech House investment at the Commercial Ventures Executive Sub-Committee, the following week.

**Question 5.9, Page 124 – Greensand and MRP**

A Member asked for an explanation of how RBBC would need to change its MRP policy for Greensand Holding Investment if the government changes the requirements for these entities as per the consultation. Currently no MRP charges are recorded.

The Head of Finance confirmed that any changes would take effect from the date of amendment onwards, which was currently expected to be April 2023.

Members requested a written response to explain the impact for this authority of the current accounting treatment for impairments in comparison to the revised MRP proposals.

**Question 5.15, Page 128 – Capital Receipts**

Members asked for confirmation that the planned use of capital receipts from the Marketfield Way development was a low risk. It was confirmed that the project is progressing to plan, including the forecast receipt from the advanced sale of the market housing element of the project. Progress is reported separately to Overview and Scrutiny as part of in-year budget monitoring.

Members raised a number of additional questions.

**Commercial Strategy and provision of services** - Members asked whether it was worthwhile continuing to sell or trade services when it was no longer possible to do so to make a profit. It was confirmed that this was being considered through the Commercial Strategy and Financial Sustainability Programme within the context of local government funding and regulatory frameworks. Although profit could not be made, in some circumstances trading spare capacity presented an opportunity to bolster the Council's in-house capacity. Part of the commercial strategy was to confirm the areas to focus on in this regard.

**Financial Sustainability Programme** - Members asked whether there was sufficient staff capacity to deliver the programme. The Head of Paid Service explained that the programme was in its early stages and the majority of work to date, such as reviewing fees and charges, was being undertaken by in-house resources; however, it was likely that additional resources would be required to help manage some of the larger pieces of work.

**Environmental Sustainability** - Members asked for an environmental sustainability section to be added to the strategy in future. The Head of Finance confirmed that this would be included.

**Borrowing** - Members noted that borrowing could not be used for projects which were solely to generate a return. Members asked whether this applied to current projects

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and how it would affect future projects. It was confirmed that there was no current external borrowing. The Head of Paid Service explained that there are increasing restrictions from the government regarding the use of borrowing; the primary aim for capital investment must be for social benefit. However, it was still acceptable for income generation to be a secondary objective.

Members asked whether hyperlinks could be inserted in future reports to point Members to the supporting tables etc.

In conclusion, the Chair thanked the Head of Finance and officers for the information provided.

**RESOLVED** that the Committee:

- i) Noted the report and raised comments for consideration by Executive that are set out in the Minutes and the advance questions and answers.

## **18 O&S Work Programme Schedule 2022/23**

Members considered the future work programme for the Committee. The Chair made the following proposals regarding the additional topics for scrutiny:

That the Banstead Common Conservators present at the meeting on 13 October 2022.

That Greenspaces team present at the meeting on 19 January 2023.

That the Leaders Update be postponed from 19 January 2023 to 16 March 2023, which the Leader has agreed to.

An all-Member briefing would be presented by Raven Housing Trust on 22 September 2022 at 6.00pm, which would provide an opportunity for all Members to attend and raise questions. The Chair proposed that this briefing serve as the scrutiny into Raven Housing Trust to avoid duplication.

Members agreed to the Chair's proposals.

The Action Tracker was noted.

**RESOLVED** that the Committee:

- i) Noted the proposed future work programme of the Committee and the updated Action Tracker.

## **19 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.

**20 Any other urgent business**

There was no urgent business

The meeting finished at 9.43 pm