

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 8 November 2018 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), G. J. Knight (Deputy Leader), R. H. Ashford, Mrs. N. J. Bramhall, J. E. Durrant, K. Foreman, A. C. J. Horwood, E. Humphreys and T. Schofield.

Also present: Councillors Mrs. R. Absalom, M. S. Blacker, J. M. Ellacott, J. C. S. Essex, J. P. King, R. C. Newstead, Mrs. R. S. Turner and C. T. H. Whinney.

61. MINUTES

RESOLVED that the Minutes of the Executive meeting held on 18 October 2018 be approved as a correct record and signed.

62. APOLOGIES FOR ABSENCE

Executive Members: None.

Non-Executive Members: Councillor N.D. Harrison and Councillor M.J. Selby.

63. DECLARATIONS OF INTEREST

None.

64. HORLEY HIGH STREET UPDATE

Councillor E. Humphreys, Executive Member for Business and Economy, provided an update on plans to deliver major improvements to the Horley High Street pedestrian precinct.

Councillor Humphreys explained that the Executive, on 13 July 2017, had agreed the scope of the third phase of improvements to create a high quality, attractive and flexible space. It was noted a contractor had been selected and the necessary statutory consents were in place. However, it was highlighted that the total costs of the scheme had exceeded the budget previously agreed by the Executive.

The Executive was informed that while some cost savings had been achieved, additional funding was required to avoid reducing the scope or the quality of the improvements. In response to questions, the Executive Member provided information on the following matters:

- The total budget agreed by Executive in July 2017 was £630,000. This included £530,000 from the Council's capital programme and £100,000 of Section 106 funding from Surrey County Council.
- The total revised budget was £750,000. The Council's contribution remained the same - £530,000. However, Surrey County Council had agreed to contribute up to £220,000 from Section 106 funding.

- Work was expected to start in early January 2019 and would take twenty four weeks to complete.

In conclusion, Councillor Humphreys explained that the provision of comprehensive improvements to the Horley High Street pedestrian precinct would enable the space to be used for a variety of activities and would improve public perception and business confidence, helping to attract visitors and investment to the town centre.

RESOLVED that:

- (i) The progress, made to date, to bring forward the delivery of the third phase of public realm improvement in Horley town centre be noted;
- (ii) The Director of Place be authorised to increase the total budget for the project to £750,000, which would be provided by an additional allocation of funding of £120,000 from Surrey County Council; and
- (iii) The Director of Place be authorised, in consultation with the Executive Member for Business and Economy, to make any further minor changes to the scope of the scheme and terms of the contract within the approved budget.

Reason for decision: On 13 July 2017 Executive agreed the scope for the third phase of public realm improvements to the Horley High Street pedestrian precinct to create a high quality, attractive and flexible space. Since then, and following the appointment of Surrey County Council (Highways Authority) to lead the delivery of the project, the scheme had been fully designed and costed. Unfortunately, despite a number of refinements, the total cost of the scheme exceeded the budget previously agreed by the Executive. As a result, in order to bring forward the scheme, authority was sought to increase the budget. Importantly, Surrey County Council agreed to increase their allocation of Section 106 contributions to the scheme and no additional funding was being sought from the Borough Council's capital programme.

Alternative options: Design and deliver a scaled back scheme within the original budget or defer the delivery of public realm improvements in Horley.

65. DEBT WRITE-OFF AND RECOVERY PERFORMANCE

The Executive Member for Finance, Councillor T. Schofield, proposed that the Executive write off 13 debts. This proposal followed all possible action to recover these amounts.

Councillor Schofield stated that the Council took debt recovery very seriously, that it would work with individuals and companies in difficulty to bring things to a satisfactory conclusion, but that all legal tools would be used to recover the debt until it became impossible or uneconomic to do so.

It was also emphasised that write off was essentially an accounting process to protect the Council against mis-statement of the accounts and that in all cases it was only recommended when all possible avenues had been exhausted. If further information was received or if the circumstances surrounding the debts changed then they would be pursued again.

The Executive noted that despite the proposed write offs; Reigate and Banstead remained a very high performing Council in terms of debt recovery. In support of this, Members were advised that the impact of debt write-off on the Council was a fraction of the total amount incurred. In addition, the Executive Member highlighted that the Council had one of the very best recovery teams in the country.

A Member sought clarification on the actions taken by officers to recover debts owed and raised concerns over the timeline in a number of cases, set out in Annex 1 of the report. Members were assured that the Council performed above average nationally to pursue debts as a priority, as far as possible.

Councillor Schofield informed the Executive that in 2016 the responsibility for recovering Housing Benefit overpayments had been passed to a dedicated team within Revenues and Benefits. It was noted that in just two years the Council had increased recovery by over £200,000 per year and were now in a position where recovery exceeded new debt being generated. It was highlighted that in doing so, the Council had reviewed a number of outstanding debts and this had accounted for the high number of Housing Benefit debts included in the report.

During the discussion a number of issues were considered in relation to statutory duties for local authorities concerning Council Tax collection, the recovery of Housing Benefit overpayments, and the collection of Business Rates. The Head of Revenues, Benefits and Fraud was asked to provide a briefing note to all Members to clarify roles and responsibilities in relation to the process for collecting and recovering taxation monies.

RESOLVED that:

- (i) Thirteen debts totalling £156,362.88 (as detailed in Annex 1 of the Executive's report) be approved for writing out of the Council's accounts; and
- (ii) The performance on debt recovery for 2017/18 and 2018/19 (to date) be noted.

Reason for decision: One of the debts related to National Non Domestic Rates (NNDR or Business Rates), and twelve related to Benefits overpayments. All possible action had been taken to recover these amounts and approval was sought to technically write them out of the accounts.

Alternative options: To not approve the proposed write offs or to accept the report, but ask Officers to provide more detail on some specific issues contained in the report.

66. HALF YEAR TREASURY MANAGEMENT PERFORMANCE REPORT

Councillor T. Schofield, Executive Member for Finance, explained that the purpose of the report was to provide an update on the performance of the Council's treasury management activities. The Executive was informed that the report of the Director of Finance and Organisation formed part of the formal reporting requirements of the CIPFA Code of Practice on Treasury Management.

The Executive Member for Finance highlighted that the Treasury Management performance, up to Period 6, showed, overall, the projected outturn was better than budget. This was primarily due to the borrowing facility not being utilised.

Councillor Schofield went on to provide an update on the Council's Investment Strategy, Borrowing Strategy and Cash Management Strategy. The Executive was informed that whilst there were no changes to any of these strategies it was noted that the Council was in the process of producing a robust Investment Strategy. This was not only for the purposes of meeting the requirements to changes in the prudential code but also to enhance decision support and governance of the capital programme moving forward.

In terms of Prudential Indicators, the following points were noted:

- The Capital Programme and the Capital Financing requirement had been updated to take account of carry forwards and proposed changes to the approved capital plan.
- Under the level of approved expenditure the Council would need to borrow from 2019/20.
- The Borrowing Limits were unchanged from when the Strategy had been adopted earlier in the year.

Councillor Schofield explained that Annex 1 to the report provided an update on economic conditions and expected movements in interest rates. This information had been provided by the Council's advisors, Link Treasury Services.

During the discussion a number of matters were considered, including capital financing for the revised capital programme, the use of reserves and the work that was taking place to develop an Investment Strategy. It was suggested that as part of this, it would be useful to bring forward a comprehensive reserves table in order to highlight sources of capital and revenue reserves and the requirements.

RECOMMENDED that the Treasury Management Performance for the year to date and the prudential indicators be noted.

Reason for decision: To comply with the requirements of the regulatory framework for treasury management and meet the Council's reporting requirements.

Alternative options: Accept the report, but ask Officers to provide more detail on some specific issues contained in the report.

67. SERVICE AND FINANCIAL PLANNING/BUDGET PROPOSAL FOR 2019/20

Councillor T. Schofield introduced the report setting out service and financial planning proposals and the Council Tax Reduction Scheme for 2019/20.

As set out in the report, the Executive Member for Finance highlighted proposals for 2019/20 had been based on a full and robust assessment. It was noted that this work had been carried out by Executive members, supported by the Management Team and a Budget Advisory Working Group.

Councillor Schofield explained the proposals set out in the report would allow for a continuation of high quality services. In recognition of this, it was proposed to move a number of long term established officer posts into the base budget. This would result in an increased budget requirement for 2019/20 but a more sustainable funding structure for future years, with more certainty for staff and service users.

The Executive Member for Finance explained that the budget savings proposed, and income generation forecasts, would more than cover the planned service improvements for 2019/20. However, it was noted that the Council was faced with a short term loss of income until some regeneration and income generation projects came on stream. Combined with the sharp reduction in business rates receipts it was explained that this would mean the Council would likely need to draw on reserves in order to present a balanced budget for 2019/20 to Full Council in February 2019.

In response to questions, it was explained that in recent years the Council had established ring-fenced reserves to respond to this challenge and it was noted that Table 2 of the report summarised the gap and the proposals to deliver a balanced budget. It was also highlighted that the Council had plans in place to replace the use of reserves with new income in the medium term to help ensure a sustainable budget position for the future.

In terms of Council Tax proposals, Councillor Schofield explained that it was always a difficult decision to increase Council Tax. It was highlighted that there would be some concerns about the proposed 2.99% rise and it was noted that the proposals would see the Reigate and Banstead element of a Band D charge increase by 13 pence per week. However, Councillor Schofield outlined that for less than £4.40 a week, residents would benefit from waste and recycling collections, clean streets and award winning open spaces. The Council would also provide leisure and community centres, health and wellbeing services, housing, community development and business support services. In addition, residents would benefit from various regeneration and place improvement activities across the borough, and from statutory services provided, such as planning and environmental health and licencing.

Councillor G.J. Knight, Deputy Leader and Executive Member for Housing and Benefits, went on to introduce the Council Tax Reduction Scheme recommendation.

The Executive was informed that since 2013 Council Tax billing authorities had been required to agree local Council Tax reduction schemes for working age households who were on low incomes, benefits or out of work. It was noted that in recent years the Council had implemented a scheme that:

- Required residents receiving full Council Tax benefit to pay at least 10% of their bill.
- Protected residents who were either disabled or providing care for disabled people.
- Had provisions so residents did not lose out on support when they entered work. It was noted that this was an important principle.

It was also highlighted that households who were genuinely unable to pay their Council Tax were able to receive further discretionary relief should they require it.

Councillor Knight went on to explain that the Council had an opportunity to review this approach annually. It was noted that the current scheme was working well and had not affected the Council's overall collection rate, which remained one of the highest in the country.

Councillor Knight informed the Executive that Council Tax collected from the 3,500 working age households receiving a reduction amounted to under 1% of the total Council Tax liability. It was noted that arrears were only around 0.2% of the total Council Tax liability, which could be collected in subsequent years. With this in mind, Councillor Knight explained that the recommendation was to implement the current scheme, with increases to allowances and premiums applied to reflect cost of living increases.

During the discussion that followed, the Leader, Deputy Leader and Executive Member for Housing and Benefits, and Executive Member for Finance responded to questions on service and financial proposals and the Council Tax Reduction Scheme for 2019/20. It was also noted that the Chairman of the Overview and Scrutiny Committee had invited all non-executive Members to attend the Budget Scrutiny Review Panel meeting, chaired by Councillor N.D. Harrison, on Thursday 22 November 2018.

RECOMMENDED that the local Council Tax Reduction Scheme for 2019/20, outlined in the Executive's report, be adopted.

RESOLVED that:

- (i) The national and local service context, outlined in Annex 1 to the report, be noted.
- (ii) The service proposals, set out in the report and accompanying Annex 2, which seek to respond to the national and local service context and to deliver corporate priorities, be endorsed.
- (iii) The following be approved for consultation under the Council's budget and policy framework:
 - a) Medium Term Financial Plan (Annex 3)
 - b) Savings and income totalling £1.229m (Annex 4)
 - c) Growth totalling £2.620m (Annex 5)
- (iv) The Director of Finance and Organisation be authorised, in consultation with the Leader of the Council, to make any necessary changes to the Corporate Business Plan arising from the service and financial planning changes agreed for 2019/20.

Reason for decision: To ensure that the Council continued to plan and manage its resources well, deliver high standards of service and meet the aims and objectives of the Council's adopted Five Year Plan (2015-2020). The initial local Council Tax Reduction Scheme was introduced from 2013/14 and had been effective in reducing the level of support awarded whilst ensuring vulnerable residents were not penalised unfairly. It was therefore appropriate that this scheme was continued with some changes to reflect increases in the cost of living in line with other benefits and allowances.

Alternative options: In terms of Service and Financial Planning, the following alternative options were available: (i) To only approve some of the proposed budget and financial planning changes set out within the report, for consultation under the terms of the Constitution; or (ii) To reject the proposed budget and financial planning changes set out within the report, and request that further work be

undertaken to develop new proposals for consultation under the terms of the Constitution. In terms of the Council Tax Reduction Scheme, the following alternative options were available: (i) To reduce the level of support. This would reduce the cost to the Council but would likely lead to more households experiencing financial hardship and affect Council Tax recovery rates; or (ii) To increase the level of support payable. This would have a financial cost for the Council and could affect other services provided by the Council.

68. COMPANIES PERFORMANCE UPDATE

Councillor M.A. Brunt, Leader of the Council, introduced a report providing an overview of the performance of companies owned or part-owned by the Council. It was explained that this was the first of such updates and moving forward the Executive and Overview and Scrutiny Committee would both receive six monthly updates on performance. It was noted that these companies, as of October 2018, consisted of Greensand Holdings Ltd, Horley Business Park Development LLP, Pathway for Care Ltd and RBBC Ltd.

The Leader of the Council explained that an update, on companies performance, had been considered by the Overview and Scrutiny Committee on 11 October 2018. It was noted these discussions had been summarised in the Executive's report, including an update on risk management considerations relating to the Council's investments in each company.

In response to questions about governance the Executive was informed that, in accordance with an Executive Resolution from 29 March 2018, a Commercial Governance Member Task Group had been established to review the commercial arrangements established by the Council in recent years. Councillor Brunt explained that this Task Group was progressing well and was on course to complete its work by the end of 2018. It was also noted that findings from the review would be shared with the Overview and Scrutiny Committee before final recommendations were anticipated to be presented to the Executive in January 2019.

During the discussion a variety of matters were considered and it was noted that additional information had been set out in the exempt Part 2 report of the agenda.

Clerk's note – *At this point in the meeting agenda item 8 (Companies Performance Update) was adjourned so that the exempt information, agenda item 12 (Exempt Business) and 13 (Companies Performance Update – Exempt), could be considered ahead of making a decision.*

Clerk's note – *The minutes of the meeting reflect the order of business listed on the published agenda, not the order taken during the meeting.*

During the exempt discussion a number of issues were considered, including the presentation of performance information and data, the importance of transparency, and matters in relation to the business plans for each company. In response to this discussion, it was highlighted that future updates would include performance information on the business plan targets for each company owned, or part-owned, by the Council.

RESOLVED that the performance of companies owned, or part owned, by the Council be noted.

Reason for decision: To consider the performance of companies owned or part owned by the Council, as of October 2018.

Alternative options: To ask officers to provide additional information to assist consideration of the performance of companies owned, or part-owned, by the Council as of October 2018.

69. PROPERTY ACQUISITIONS

There was no business to be considered under this agenda item.

70. STATEMENTS

None.

71. ANY OTHER URGENT BUSINESS

None.

72. EXEMPT BUSINESS

RESOLVED that members of the press and public be excluded from the meeting for agenda item 13 (Companies Performance Update - Exempt) under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved 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 outweighed the public interest in disclosing the information.

73. COMPANIES PERFORMANCE UPDATE (EXEMPT)

RESOLVED that the exempt information in relation to the performance of companies owned, or part owned, by the Council be noted.

74. PROPERTY ACQUISITIONS (EXEMPT)

There was no exempt business to be considered under this agenda item.

The Meeting closed at 8.34 pm