

Minutes of a meeting of the **Executive** held at the **New Council Chamber - Town Hall, Reigate** on **Thursday, 22 June 2023 at 7.30 pm.**

**Present:** Councillors R. Biggs (Leader); V. H. Lewanski (Deputy Leader), R. H. Ashford, H. Avery, A. King, N. C. Moses and C. M. Neame

**Attended remotely:** No Councillors

**Visiting Members present:** J. C. S. Essex, M. S. Blacker, P. Chandler, N. D. Harrison, S. A. Kulka and S. T. Walsh



**1 Apologies for absence**

Apologies for absence were received from Councillor James King and Councillor Michalowski.

**2 Minutes**

**RESOLVED** – that the minutes of the meeting of the Executive held on 23 March 2023 be approved.

**3 Declarations of interest**

There were no declarations of interest.

**4 Revenues, Benefits & Fraud - Service Provision**

Executive Member for Finance, Governance and Organisation and the Deputy Leader gave an overview of the Revenues, Benefits and Fraud service's joint work with other local authorities and organisations, in particular future joint working with Tandridge District Council.

Councillor Lewanski the work for other local authorities started in 2015 and since then the service now provides services to 28 separate organisations including local authorities, housing providers and private sector companies. The service's award-winning counter fraud team now provides counter fraud services for five other Surrey local authorities and conducts property inspections for local authorities across the country.

This work generates additional income to cover staff costs and overheads and give this Council's service areas added resilience to maintain capacity to deliver high quality services including collection and savings from fraud. It was noted that there is forecast income of £600k from these activities within the service budget for 2023/24.

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The meeting heard that there was a further opportunity to work more closely with Tandridge District Council. Four options had been identified as viable following a report from external consultants. These were set out in paragraph 10 of the report to the Executive. The option most likely to provide the best outcomes was the 'Centre of Excellence' model. This was endorsed by the Tandridge Strategy and Resources Committee in March 2023. The model would be managed effectively so as not to disrupt any service activities.

Overview and Scrutiny Committee considered this report at their meeting on 15 June 2023. Their observations were published as an Addendum to the Executive agenda pack.

Chair of Overview and Scrutiny Committee, Councillor Harrison, confirmed that the Committee had asked questions about how the arrangement would be managed, whether there would be any staffing issues or potential future redundancies (it had been confirmed that this was not the case as more jobs would be created) and forecast operating costs. Councillor Harrison requested an update on progress when the Commercial Strategy Update report was presented to Overview and Scrutiny Committee at a future meeting.

There were no comments from Executive Members.

The Leader, Councillor Biggs, described the service as one of the 'jewels in the Council's crown' and thanked the Head of Service, Simon Rosser, and his team for their work.

### **RESOLVED – that the Executive:**

- (i) Endorses the continued development of the Revenues, Benefits and Fraud service's joint working with other councils and external bodies; and**
- (ii) Endorses the development of shared services for Revenues and Benefits with Tandridge District Council, noting the intention to create a Centre of Excellence across the two councils.**

## **5 Contract Award - Facilities**

Executive Member for Commercial and Community Assets, Councillor Andrew King, introduced the report on the Security & Housekeeping Services Contract 2023-2026.

This contract included in-person guarding, keyholding and lockup service, testing and maintenance of CCTV, intruder alarms, fire-protection equipment and the regular testing of emergency lighting and fire alarms.

The previous contract was originally tendered in 2017, based on a three-year contract with the option for two one-year extensions to the contract. It was extended under an exemption in 2021 during the pandemic; this extension has now come to an end.

The recent tender exercise facilitated the participation of both local companies and SMEs as well as large managed services. It was conducted in line with EU Procurement Regulations and the Council's contract procurement procedures and the outcome demonstrates best value. Following a competitive bidding process two bids were received, which were assessed against both price and quality. AP Security (APS) Ltd was selected to provide the services for the duration of the contract.

The meeting went into Exempt session to discuss the Part 2 report.

Following discussion, the meeting returned to the public session and it was:

**RESOLVED – that the Executive:**

- (i) **Endorse the award of a three year contract to AP Security (APS) Limited as the provider of Security & Housekeeping services from 1 May 2023 to 31 March 2026, as set out in the exempt report in Part 2 of this agenda.**

## **6 Energy Supply Contract 2023/25**

The Executive Member for Commercial and Community Assets, Councillor Andrew King, introduced the report on the Electricity Supply Contract 2023 to 2025. The Council's contracts for gas and electricity were previously with multiple suppliers and had varying end dates during 2023 and 2025.

Since the war in Ukraine, the domestic and global energy supply market had made procurement of energy significantly more challenging. Volatile energy prices have resulted in suppliers requiring virtually immediate decisions in order to secure the best prices. These circumstances meant that it was not possible to seek approval of the recommended contract in advance, but it was now set out in the report to Executive for endorsement.

All bids offered significant savings on current electricity costs but Shell Energy's bid for the 24-month contract was considered to be most advantageous, offering a saving of over 40%, equivalent to £342k per annum compared to current costs. These significant cost savings will reduce the call on Reserves that was anticipated when the 2023/24 budget was approved.

There were no questions from Executive Members.

Visiting Members asked the following questions:

- **Information requested on renewable gas** – the report noted that the new contract offered 100% renewable energy. Officers confirmed that the contract predominantly relates to electricity supplies. The selected contractor will provide a breakdown of renewable energy. Further information would be provided in a written response.
- **Methane gas** – Members asked why the Council was supporting a supplier who continues to maintain the current status quo regarding livestock which produces methane gas. Could the Council have selected a more ethical option? Also what steps are being taken to reduce gas consumption rather than focus on the cheapest supply option. Officers agreed to provide further information in a written response but it was confirmed that there are plans in place to reduce energy usage across the Council's sites.
- **Solar panels and renewable energy** – Members asked whether the contract was flexible enough to include renewable energy such as from photovoltaics. Officers confirmed that the contract supports the delivery of these alternatives where possible. For example, installation of photovoltaic panels was being considered for Horley Community Centre and Priory Park café. And there is provision in the Capital Programme for this type of investment.

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- **Ringfencing savings** – Members asked whether the savings from the new contract would be ringfenced to invest in renewable energy such as PV panels. Officers confirmed that a decision would be made later in the year as part of the service and financial planning on the allocation of available resources, including any efficiency savings identified.

The Leader, Councillor Biggs, thanked Dan Jones, Property Services Manager, for his work on the new contract and securing the 40% savings for the Council.

### **RESOLVED – that the Executive:**

**Endorses the appointment of Shell Energy as the provider of gas and electricity supplies for Council properties from 1 October 2023 to 30 September 2025.**

## **7 Quarter 4 2022/23 performance report**

The Executive Member for Finance, Governance and Organisation, Councillor Lewanski, introduced the report into the Council's quarterly performance (Quarter 4 2022/23 – January to March 2023).

Of the 11 Key Performance Indicators reported on in Q4, ten were on target or within the agreed tolerance. One indicator was off-target and outside the agreed tolerance. The red-rated indicator was KPI 3 – staff turnover. Against a target of 12%, 19% was seen in Q4. This was explained by a combination of lower than usual turnover during the pandemic and a particularly buoyant labour market that have led to a release of pent-up demand for a move in job.

Councillor Lewanski reflected on the overall performance as KPI reporting concluded for the year 2022/23. This included the recovery on Council Tax and Business Rates following the pandemic to 98.6% and 99.8% respectively. The Council was above target for overall housing completion with 1129 affordable units delivered in the borough against a target of 1100 set out in the 15-year plan.

The report was considered by the Overview and Scrutiny Committee at its meeting on 15 June 2023. Councillor Harrison, Chair of Overview and Scrutiny Committee, told the Executive that with a new Committee and some new Members, it had been heartening to see a wide range of questions on nine of the KPIs with the greatest focus on staff turnover. New KPIs which included contextual indicators were helpful.

There were no questions from Executive Members.

Visiting Members asked questions on the following areas:

- **KPI 11 relating to the reduction of the Council's carbon footprint and information on offsetting** – Members asked if the Council could be more ambitious on KPI 11. They also queried the graph on the RBBC reduction in carbon emissions including offsetting. Also they asked for further information about offsetting in the energy contracts. Executive Member, Councillor Lewanski, said that the Council had carried out an energy audit of all the Council's estate and the detailed report was being reviewed. This will be looked at as part of the Executive Member for Environment and Sustainability's portfolio, Councillor Moses. Once this work has been done, they would be in a position to comment on offsetting carbon. The Leader and the Managing

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Director confirmed they would look at this and ask officers to distribute detailed information on offsetting to Members.

Members also noted the Overview and Scrutiny Committee draft minute described offsetting such as tree planting and installing Electric Vehicle charging points. If offsetting was different in the report it would be good to clarify in the O&S minutes in due course.

- **Affordable housing** – Members asked about the affordable housing targets (KPIs 6 and 7) and commented that the Council was underdelivering on the percentage of affordable housing. The excess housing was meeting the wider London demand for housing but did not meet the borough's housing need. Only half of housing was affordable housing for rent. A useful indicator could be how long a resident has to wait for a certain size of property to become available. The Leader said the Council was doing more than many councils to provide affordable housing such as Wheatley Court in Redhill. At 1129 units it was slightly overdelivering in the 15-year plan. Teams were looking at how to improve on the Council's own stock of housing and they need to be robust with affordable targets that builders and developers had to meet. Councillor Lewanski said that each year the Overview and Scrutiny Committee reviews all the KPIs prior to agreement by the Executive and all Members have a chance to take part in this to propose any changes for the 2024/25 Municipal Year. Members responded that they did not necessarily need KPIs for this. They noted that there was £30m of receipts to spend on affordable housing so this could be used to support Raven Housing Trust or for the Council to build housing to do more to help residents. The Leader noted that the Council had started to address this and had already spent £1m on improving temporary accommodation and looking at ways to provide more truly affordable and social housing for residents. Visiting Members noted that the Council needed to deliver value for money for residents and schemes such as Cromwell Road had demonstrated it could do this. The borough contained a lot of green belt land, and it was important not to spoil this.

Councillor Neame said officers in her portfolio of Housing and Support were working hard on this area to look at the needs of residents. There was more temporary emergency accommodation and projects were underway and would be rolled out over the coming months. Visiting Members noted that £30m could be spent quickly and it should be used as effectively as possible to provide a return as otherwise this was a diminishing asset.

The Executive Member for Finance, Governance and Organisation, Councillor Lewanski, also introduced the Revenue Budget and Capital Programme Outturn 2022/23. The full year outturn for Service budgets was £17.8m against a management budget of £18.0m resulting in an underspend of £0.2m (1%). For Central Budgets, the outturn was £0.5m against a management budget of £2.1m resulting in an underspend of £1.6m (76%). The underspend was mainly due to lower treasury management costs driven by favourable rates and lower borrowing requirement than budgeted.

The Capital Programme showed the outturn position as £21.2m which is £55.8m (70%) below the approved Programme for the year. This was due to £55.7m slippage and a net underspend on various schemes of £0.1m. The majority of this slippage will be carried to be included in the Programme for 2023/24 onwards.

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The continued focus on cost control and income generation meant that the Council was starting from a position of relative strength for the coming year.

Overview and Scrutiny Committee had discussed the report at its meeting on 15 June 2023 and Members' observations were published in an Addendum to the Executive agenda.

Councillor Harrison, Overview and Scrutiny Committee Chair, commented that this was clearly a good result. It was encouraging to hear that variances were being reviewed to ensure that they had been captured in this year's and next year's revenue budget planning. It was also favourable, from a Treasury investment perspective, that interest rates were rising. Questions had been raised regarding an unspent capital allocation of £100k for investment in Vibrant Towns and Villages. Members had asked whether this could be used for projects rather than deleting it from the Programme. The Committee was also disappointed that they had not yet been given the information they requested on the budget outturn for the Pitwood Park (now Camelia Close), Cromwell Road (now Wheatley Court) and Lee Street housing developments. There was also discussion on how to identify suitable future projects for planned housing investment.

Councillor Lewanski commented that the £100k for Vibrant Towns and Villages was an allocation in the Capital Programme, to be funded from borrowing. As there had been no significant expenditure to date it had been deleted from the Programme during 2023/24 budget approval earlier this year. The Leader suggested that opportunities could still be suggested by members to improve high streets or local neighbourhood areas as there were other sources of funding available.

Visiting Members asked questions and made the following observations:

- **Vibrant Towns and Villages** – Visiting Members asked for written confirmation regarding what the £100k allocation in the Capital Programme was originally intended to achieve.
- **Affordable housing** – Visiting Members asked for clarification on the allocation of up to £30m in the Capital Programme in previous years for investment in Affordable Housing and how it was to be funded. A written response will be provided.
- **Capital Programme carry forward** – Members asked for a breakdown of the carry forward and whether it would all now be spent in 2023/24. A written response would be provided.

### **RESOLVED – that the Executive:**

- (i) **Note the Key Performance Indicator performance for Q4 2022/23 as detailed in the report and Annex 1;**
- (ii) **Note the Revenue budget outturn for 2022/23 as detailed in the report and at Annex 2 and approve the recommended budget carry forwards to 2023/24;**
- (iii) **Note the Capital Programme outturn for 2022/23 as detailed in the report and at Annex 3 and recommend the additional capital schemes that were approved during the year totalling £4.038 million to Council for inclusion in the Programme.**

**RECOMMENDS that the Council at its meeting on 20 July 2023:**

- (iv) **Approve additional capital schemes that were approved during the year totalling £4.038 million for inclusion in the Programme.**

## **8 Risk management - Q4 2022/23**

The Executive Member for Finance, Governance and Organisation, Councillor Lewanski, presented the Risk Management – Q4 2022/23 report to the Executive (January to March 2023).

In Quarter 4 no new strategic risks had been identified. No strategic risks were recommended for closure. There was one red-rated operational risk. Additional detail on this was provided in the Part 2 exempt annex to the report.

Due to the timing at the start of the new Municipal Year and changes to the membership of the Audit Committee, it had not been possible for the Audit Committee to consider the strategic risk register at Annex 1 or the red-rated operational risk in the Part 2 exempt annex in advance of this Executive meeting. Executive Members were therefore asked to note the Q4 update on risk management at this meeting. The Audit Committee would then consider the report at its meeting in July. Should the Audit Committee make any observations, these would be presented to the Executive meeting in September for Members' consideration.

The Executive considered the Part 2 exempt annex following questions from Visiting Members. They then returned to the public session and it was:

**RESOLVED – that the Executive:**

- (i) **Notes the Q4 2022/23 update on risk management provided by the report and associated annexes and agrees to consider any observations made by the Audit Committee at the Executive meeting in September 2023.**

## **9 Treasury Management Strategy 2023/24**

Councillor Lewanski, Executive Member for Finance, Governance and Organisation, introduced the Treasury Management Strategy for 2023/24. In summary the Strategy comprised of three sections – 1) the Treasury Management Strategy Statement (TMSS) which set out details of the Council's traditional treasury management activities such as sources of borrowing and investment limits; 2) Investment Strategy which covers the Council's investments and 3) Capital Strategy which outlines the Council's capital expenditure plans and core borrowing and investing activities.

The report had been prepared against a backdrop of considerable change for local authority treasury activities. Both the Government and CIPFA had made changes to the regulatory frameworks and guidance that govern how council borrow and invest. These changes will not have a significant impact on this council's plans but some of the options that the Council might have considered going forward are no longer permitted.

Members of Overview and Scrutiny Committee, the Chair and the Chief Finance Officer had recently had an opportunity to discuss the underlying drivers for the

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Strategy with the Finance team and the Council's Treasury advisors (Arlingclose) the previous week. This provided a useful update and provided assurance that the Council's approach to treasury management was appropriate and compliant with good practice.

Overview and Scrutiny Committee noted the report at its meeting on 15 June 2023 and its observations were published as an Addendum to the Executive agenda pack.

There were no questions from Executive Members.

The Chair of Overview and Scrutiny Committee, Councillor Harrison, reported that he had been pleased with the good turnout to the treasury management advisors' presentation – about two thirds of the Committee. Responsibility for the scrutiny of treasury management had recently transferred back to the Committee and the briefing helped all Members to improve their knowledge of this complex subject. The Committee had noted that the Council is expecting to receive a £34m capital receipt from the sale of housing properties at The Rise which help fund the capital programme. Members had raised questions about the Council's borrowing and the investment portfolio. It was noted that most of the property assets had declined in terms of year-end valuation, however this was not an immediate concern because there were no plans to sell assets. Therefore these accounting losses will not impact on Council finances.

Visiting Members thanked the finance team for a good session and the summary in the minutes of a complex subject. Members asked how the CIPFA codes of practice had changed and what investments were permitted or were at increased risk. The Chief Finance Officer said will provide a written response.

The Leader thanked the Chief Finance Officer for responding to all the questions and for ensuring an efficient and financially prudent council.

### **RESOLVED – that the Executive:**

- (i) **Considered the following and RECOMMEND their approval by Council:**
  - **Treasury Management Strategy for 2023/24**
  - **Investment Strategy 2023/24; and**
  - **Capital Strategy 2023/24.**

## **10 Statements**

There were no Statements given at the meeting.

## **11 Exempt business**

**RESOLVED** – that members of the Press and public be excluded from the meeting for the following item of business 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.



**12 Any other urgent business**

There was no other urgent business.

The meeting finished at 9.02 pm