

**Minutes of the Overview and Scrutiny Committee
20 January 2015**

Present:

Councillor A.E. Friday (Vice-Chairman) in the Chair

Councillors:

F. Ayers	C.M. Frazer	I.T.E. Harvey
C.A. Davis	D. Gohil	M.J. Madams
R.D. Dunn	D.L. Grant	S. Taylor

Apologies: Councillors P.A. Broom (Chairman), M.W. Bushnell, M.W. Rough and D. Saliagopoulos

2/15 Disclosures of Interest

There were none.

3/15 Minutes

The minutes of the meeting held on 25 November 2014 were approved as a correct record.

4/15 Matters arising from the minutes

No matters were raised.

5/15 Call in of Cabinet Decisions

No decisions had been called in.

6/15 Budget 2015-2016

The Chief Finance Officer gave a presentation to the Committee on the 2015-2016 Budget and beyond. He explained the challenges the Council faced as a result of the falling government grant and the actions underway to address this by preparing to become self-funding by 2020. These included:

- maximising income generation through the reinvestment of capital receipts from the sale of assets and diversifying our investment portfolio,
- work on the Council's Towards a Sustainable Future Programme looking at relocation and redevelopment of the Council offices, staff restructure and alternative delivery models

He also outlined the more significant growth pressures and savings proposals, the capital programme, changes in business rates and the continuing policy of protecting the council tax base. A copy of the presentation is appended to these minutes.

The Committee asked questions around the effect on Council Tax of a possible referendum on the police element, cashless parking and the Council's policy on the use and accumulation of reserves. The Committee

requested that further information on the decision to introduce cashless parking be circulated to them.

The Chairman thanked Terry Collier and his team for the work they had put into preparing the Budget and was grateful for the steps the Council was making towards providing a sustainable future for the Borough whilst still providing residents with the services they both want and need.

Resolved to note the presentation by the Chief Finance Officer on the Budget 2015-2016 and beyond.

7/15 Localism – update

The Chairman advised the Committee that he had written to the Residents' Associations to gauge interest in a workshop event to explore how opportunities offered by the four Community Rights introduced with the Localism Act 2011 could be taken forward locally.

Council officers were monitoring the responses received and would arrange an event if there was sufficient interest expressed.

Resolved to note the action being taken to progress Localism in the Borough.

8/15 Flooding Recovery - update

The Committee received an update report from the Risk and Resilience Manager on progress with increasing community resilience in the Borough and Surrey, following the flooding in the winter of 2013/2014. An 8 page booklet providing detailed and broad advice on flooding had been posted to every household within the 1 in 20 flood zone.

Resolved to note the flooding update report.

9/15 Cabinet Forward Plan

The Committee received the Cabinet Forward Plan.

Resolved to note the Forward Plan.

10/15 Work Programme

The Chairman advised the Committee of the current topics on the work programme for the March 2015 meeting.

He also advised that Councillor Broom had received a request to include an item on the future work programme relating to the tragic death of Zane Gbangbola.

Councillor Broom had agreed to add this topic to the work programme subject to legal advice on the wording and the Committee asked officers to phrase the request in the most suitable words.

Following the meeting the wording for the request that an item be added to the work programme was agreed as follows:

“The Overview & Scrutiny Committee to carry out an investigation to examine any issues or recommendations, connected to the Council, which may arise from the forthcoming Inquest into the tragic death of Zane Gbangbola. The scope of this investigation will be determined by the findings of the Inquest.”

The Chairman asked members to contact himself or Councillor Broom, if they had any other suggestions for topics to be included on the Committee’s work programme.

11/15 Any Other Business

There was none.

Overview and Scrutiny Budget Briefing

20-1-15

15-16 Budget and Beyond

Terry Collier, Chief Finance Officer

Session to cover

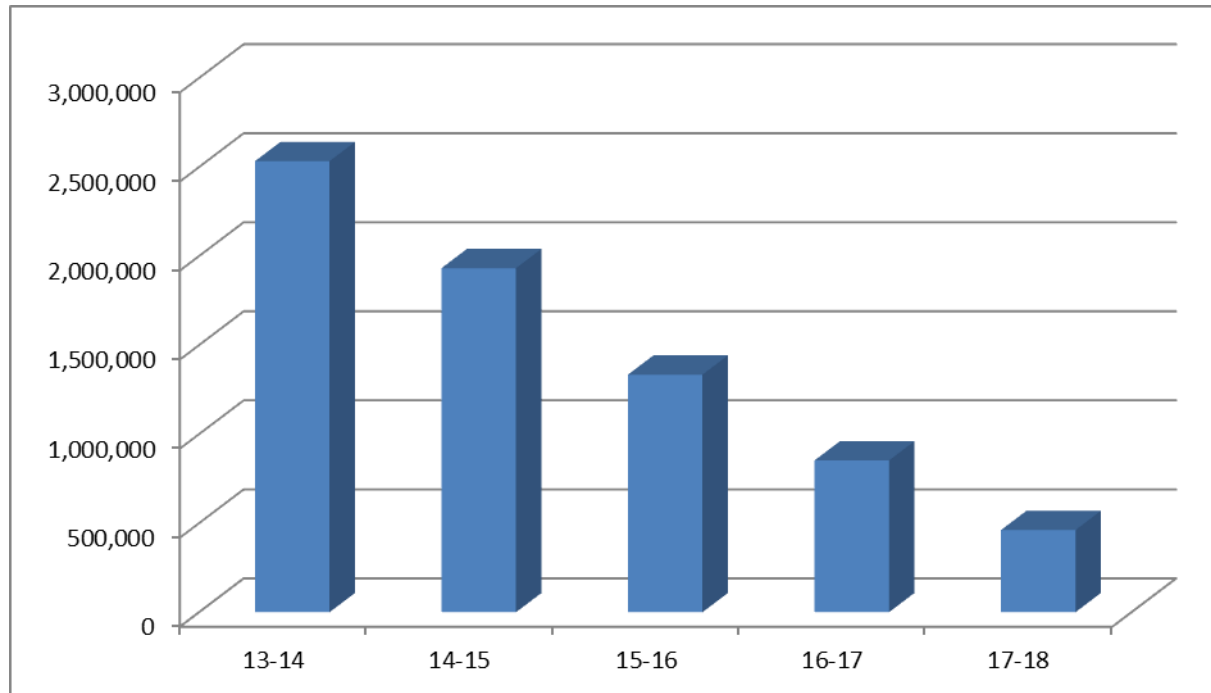
■ Context

- Challenge of falling government grant
- Expenditure pressures

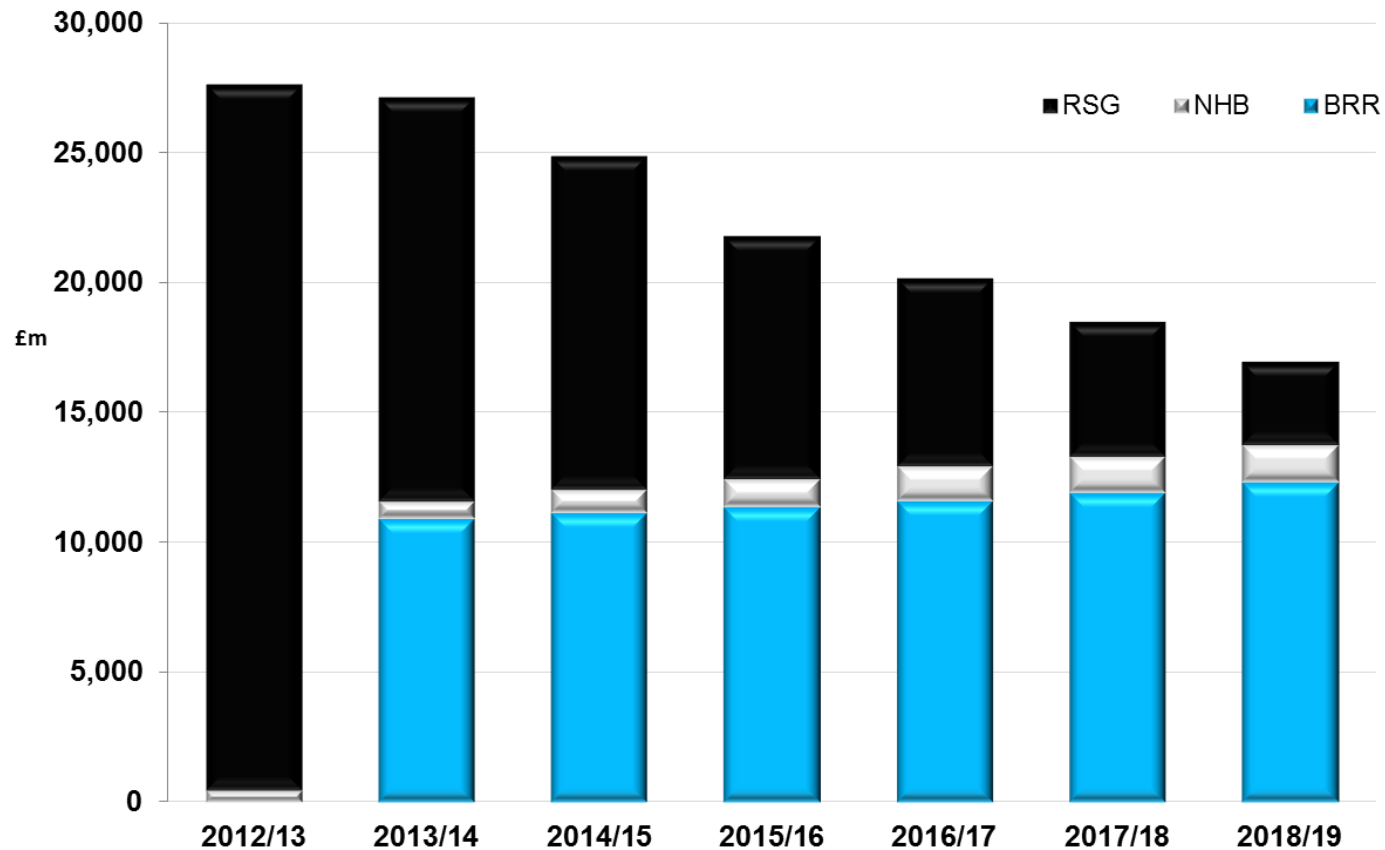
Actions underway to address challenges & Draft Budget

- Maximising income generation
 - Bridge Street; Investment returns
- *Towards a Sustainable Future*
 - Council offices relocation & development
 - Bridge Street
 - Restructure
 - Alternative Delivery models
- Growth and savings proposals
- Capital Programme
- Business rates
- Council Tax- protecting the base and Police precept

Reducing General Government Grant- need to prepare to become self funding by 2020



Projected national trend for Revenue Support Grant (RSG), New Homes Bonus (NHB), and retained Business rates (BRR)



Expenditure Pressures

- £600k reduction in Revenue Support Grant in 15-16
- Housing – rising temporary accommodation – number of families in bed and breakfast in Spelthorne upto 83 (other Surrey authorities also under pressure)
 - Strategic review underway generating short and medium terms solutions
- Pensions – additional £180k per annum
- If Universal Credit rolled out loss of £0.5m per annum from recovery of overpayments full implementation pushed back to 2019
- Backlog maintenance pressures on Knowle Green
- Lower Thames Flood Relief scheme
- Increased gate fees for recycling

Income Generation

- Diversified investment portfolio including £8.5m invested in mix of asset backed, equity backed, corporate bond funds which in 13-14 earned average of **5.12%** (compared to 0.5% base rate).
- Investment income on track to exceed budget by £175k this year projected to continue into 15-16
- Assets
 - Bridge Street £29m capital receipt to be received approx November 2015 which can be reinvested or used to support strategic acquisitions to generate future returns (Brooklands site)
 - Airport parking planning application being progressed –potential £250k per annum income

Income Generation continued

- Stanwell Long Lane site being marketed to achieve best deal
- Staines-upon-Thames prospectus
- Riverside development proposals being worked up
- Retail study being fed back

Knowle Green offices

- Initial options analysis undertaken
 - Potential mixed development approach with SBC retaining rental units on site to produce rental income of approx £750k per annum
 - Seek to relocate by purchasing existing office accommodation in borough faster than construction and better value for money than leasing
- EU Procurement required to appoint property advisers before we can progress marketing of site.
- 2015-16 includes £205k provision for Knowle Green redevelopment process to be funded from reserves as invest to save

Restructure

- ACX (LB) and two heads of service departing during 2015-16
- Interim staffing structure with effect from April 2015 consulted on and agreed
- Longer term structure still under consultation

Alternative Service delivery models

- A number of service areas have come forward with potential proposals either as:
 - Public Service Mutuals
 - Resilience (Emergency Planning)
 - Streetscene
 - Legal
 - Local Authority Trading Companies
 - Environmental Health
 - Health & Safety
 - Partnership – Building Control

- All these proposals will take time to work up business cases and to be evaluated. Therefore potential contribution to budget position will be in future years

Growth Pressures- more significant items

- Pressures include:
- Rising postage costs £40k– steps being taken to use other media/approaches
- Bed and Breakfast accommodation £75k
- Economic Development – corporate priority investment – extending apprentice and supporting inward investment £23k
- Increased Gate Fees- £150k
- Lower Thames Flood Relief Contribution £49k
- National Two year pay award (2.2% from 1.1.15) £240k
- Four yearly costs of borough elections £65k
- Knowle Green redevelopment £205k
- Pensions £180k

Savings Proposals- more significant items

- Business rates technical adjustment £80k
- Investment income £300k
- Reduced external audit fees £16k
- Savings on new bank contract £25k
- Additional high needs income Fordbridge £50k
- Increased planning income £161k
- Parking – cashless parking £40k
- Streetscene – contract variation £60k
- CCTV change of technology £56k

Capital

- Provision to be made to cover potential acquisition of Brooklands site (timing difference with Bridge Street would be addressed by borrowing from another local authority at approx 0.35% to 0.4%) – bid currently being finalised
- Provision of £7m to be made for acquisition of new offices
- £2m provision for acquisition of affordable housing opportunities

Business Rates

- Spelthorne joining Surrey Business rates pool along with Elmbridge, Mole Valley, Woking and Surrey County Council
- Means we will not have to pay a 50% levy on any underlying business rates income growth – therefore we anticipate to retain more income
- Council investing in additional processes to project income
- However, remains volatile due to impact of appeals and unforeseen events (for example Renshaw Industrial estate fire)

Council Tax

- Continuing policy of protecting council tax base
- As per December Outline Budget report proposal to increase by 1.94% (equivalent to 7p per week on band D)
- Surrey Police and Crime Commissioner currently considering a 24% increase for the Police element
- This would mean
 - Need to run referendum on May 7 election day
 - Potential need for re-billing exercise if referendum rejected proposal
 - May mean will not the Police proposal by our Budget setting Council meeting – in which case arrangements would be put in place to ensure our ability to set the overall bill

Conclusion

- A tough budget
- In final stages of producing balanced budget
- Bridge Street receipt further replenishes reserves and provide ability to generate new income streams and grasp strategic opportunities

Questions

