

MINUTES
OF A MEETING OF THE
OVERVIEW AND SCRUTINY COMMITTEE

held on 20 November 2023

Present:

Cllr J Brown (Chair)
Cllr A Kirby (Vice-Chair)

Cllr H Akberali Cllr J Morley
Cllr K Davis Cllr L Rice
Cllr R Leach

Also Present: Councillors A-M Barker and D Roberts

Absent: Councillors A Caulfield, A Javaid and M Sullivan

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Caulfield, Javaid and Sullivan.

Apologies for absence had also been received from Councillor Nicholson who had intended to attend as Portfolio Holder for items on the agenda.

2. MINUTES

RESOLVED

That the minutes of the meeting of the Committee held on Monday, 16 October 2023 be approved and signed as a true and correct record.

3. MATTERS ARISING FROM THE PREVIOUS MINUTES OSC23-055

The Matter requesting that a report on complaints be brought to the November meeting was discussed. A view was expressed conveying disappointment at Officers for not being able to bring the report. It was noted that some complaints had been incorporated into the Performance Monitoring Information, item nine of the agenda. Officers confirmed that indicators, including summaries of complaints, were continuing to be incorporated into the Performance Monitoring Information.

RESOLVED

That the report be noted.

4. URGENT BUSINESS

The Chair ruled that the Review of Fees and Charges 2024-25 item that was considered by the Executive on 16 November 2023 was to be taken as urgent business.

The reason for the urgency, at its first opportunity, prior to the recommendations from the Executive being formally debated by Council on 30 November 2023.

Eugene Walker, Interim Finance Director and Section 151 Officer, introduced the item. The proposed changes to fees and charges had been developed within the framework of the Council's review of providing discretionary and statutory services. The Council had embarked on a paradigm shift on its approach to budget, including charging for services. Two underlying principles for each service had been applied; either cost recovery or cost neutrality.

The Committee discussed the format of the report recognising that it was very information dense and lacked consistency which inhibited effective scrutiny.

Councillor Roberts noted that the Council had historically not prioritised management accounting which had caused insufficient reporting and those reports that were generated not including all information that would be beneficial to Members. This was an area that Officers were actively addressing.

Several suggestions to improve the report in future years were made.

- The rationale for each increase be included in future years to aid Members in determining whether to approve the fees and charges.
- How proposed increases could impact parts of the community.
- Categories for fees and charges. An example set was given; inflation, removal of subsidies, improved accounting, cost awareness, catch-up (where there had been no increase for several years), outliers, and other factors.
- If proposed changes from the previous year were realised.
- Evidence of where benchmarking had been performed.
- Evidence of where fees and charges were increased to reflect increased costs incurred by the Council.

The Committee considered it most appropriate to instruct the Finance Working Group to explore with Officers improvements to the Fees and Charges 2025-26 report. It was recognised that the Council was embarking on multiple streams of improvement across all financial and commercial activities and that many elements of best practice already in development should be incorporated into the work.

The Working Group was requested to provide an update to the Committee by the end of the Municipal Year including a timeline of when the improvements would be delivered in time for the next review of Fees and Charges. Work began on the report in conjunction with the development of the Medium Term Financial Strategy in the Summer months.

Specific query was raised on the management fee for Homelink, a service shared with other Councils, and whether the Council incurred any additional costs as the lead Council for the scheme. Officers undertook to provide information outside of the meeting.

The pop-in visits service was intended as ad hoc and to be used in exception when individuals would not be able to visit those they support for a period. The Council had not particularly promoted the service but intended to keep it.

Increases to community meals charges were primarily due to inflationary pressures. Efficiencies had been made in the service by reducing the number of rounds each meal was delivered in, from six to five. The breakfast option was cold, pre-prepared and delivered at the same time as a hot meal.

Although St Mary's kitchen had closed, it was not due to lack of success from the model and a similar project was continuing at Westfield. Officers considered the model worthy of expanding..

5. DECLARATIONS OF INTEREST

No declarations of interest were received.

6. IMPROVEMENT AND RECOVERY PLAN PROGRESS UPDATE OSC23-057

Julie Fisher, Chief Executive Officer, introduced the item. Significant progress had been made against each of the four action plan themes adopted by Council in August 2023. Each of the four themes were interconnected and as such each benefited and required improvements from the other themes.

The Council was in the early stages of developing its new vision. It was commented that simultaneous to its development should be ensuring the Council articulated its purposes which would in turn help shape the vision.

The Council was due to begin consultation on phase two of its corporate restructure which would place positions at risk across the Council.

The release of Part II documents, a workstream of the Governance and Assurance theme, was well underway but did not yet have a release window. Redactions were primarily of personal information.

The Green Spaces consultation would begin in due course, once the discovery work on all 44 play areas, five skate parks and five multi-use games areas was complete. The consultation would engage both the public and key stakeholders. Officers confirmed that Members would have sight of the consultation prior to its publication to provide comment.

The engagement performed in the Summer of 2023 had not been directly compared with the recently concluded consultations due to their different nature. The Summer engagement had been conducted to gauge public opinion on the Council's services. The consultations were performed to understand the impact of changing specific services.

Risks existed throughout the four themes; Officers confirmed that the red flags were connected primarily with the Financial theme. There were significant issues with capacity

within the Finance team, while systems, processes and procedures were being revised to meet the current and future needs of the Council.

Significant legacy issues remained within the Governance theme which were being addressed. Officers emphasised the need to ensure the Council was applying best practice to its fundamental functions.

It was confirmed that Officers were working with other Local Authorities and staff had expertise from transformations in other organisations to ensure that the Council was effecting changes efficiently.

The recruitment process for a new Section 151 Officer was underway. Officers cautioned that the exercise had been carried out previously without success. Officers stated it was premature to present contingency should the Council not be able to recruit a permanent post again.

RESOLVED

That the report be noted.

7. TREASURY MANAGEMENT MID-YEAR REVIEW OSC23-056

Eugene Walker introduced the item. The Chartered Institute of Public Finance Accountancy (CIPFA) had updated its guidance that Local Authorities should report quarterly rather than six-monthly. Officers would amend the schedule to meet CIPFA's guidance.

The Capital programme had been suspended at the start of the Municipal Year. Two business cases had been submitted to Government to enable completion of the Victoria Square development and a modified Sheerwater Regeneration scheme. These were the only capital expenditures.

Development of a debt reduction plan was in train. The Council was only borrowing from the Public Works Loans Board (PWLB).

Discussion was ongoing with Government on how the Council could set a balanced budget for the 2024/25 Municipal Year.

An element of the report was queried for over-simplifying; it was reported that £43 million would be received in interest payments from bodies that the Council had loaned money to but that the vast majority was at risk of not being paid. Eugene Walker confirmed that Officers were working on the reporting of this information for it to predict return at year-end and that only a small proportion to be received was from external organisations and not Council companies.

Interest payments had been suspended from ThamesWey companies and Victoria Square Woking Limited to allow the companies to continue operating. However, both made a small pre-tax and interest profit and Officers were beginning to engage the entities on making modest payments.

The Council was continuing to ensure as best it could collection of payments from external organisations.

In response to a query, the Section 151 Officer noted that debt restructuring was very rare for Local Authorities as it seldom provided any benefit, the PWLB charging a premium or discount that cancelled out any potential positive impact.

The Council would need to develop a comprehensive programme of asset disposals which would then allow discussion with Government on which debts the Council would be required to repay.

The Committee discussed the Council previously having a credit rating, which was highly unusual for a Local Authority. It was questioned why there was reference to country limits and Eugene Walker agreed that it would be reviewed at the next opportunity.

It was requested that the Executive Summary of the report be revised for future editions of the report by capturing the information in the main body.

RESOLVED

That the report be received and compliance with the Council's approved strategy be noted.

8. GENERAL FUND AND HRA OUTTURN REPORT 2022-23 OSC23-062

Eugene Walker introduced the item. The report had been produced in part as the statement of accounts was due at the Standards and Audit Committee but had been delayed.

The report showed a £9 million overspend for the year.

A common theme between the item and the report at item ten, of overspend, exemplified the need for the Council to live within its means. The Section 151 Officer exemplified the size of the Council's commercial estate, which had an income of £22 million which was larger than the income from Council Tax and Business Rates. Eugene Walker noted that proportionality needed to be considered going forward due to the dependence on volatile income sources.

The report also showed issues with the sustainability of the Housing Revenue Account (HRA). Work was being performed to ensure historic recharges to the HRA were correct and remained correct going forward. Recent decisions by Council over Sheerwater would also help ensure sustainability of the HRA by reintroducing properties for rental.

Clarity was sought on the NVH contract termination. Officers explained that an accounting error occurred in the 2021/22 year where a figure was reported incorrectly but then corrected in the 2022/23 year.

Officers confirmed that a review of how rental drops from tenancy changes and incentives offered to commercial tenants were amortised was underway.

It was recognised that the Council lacked the processes required to accurately forecast performance of its commercial estate and needed to be addressed.

RESOLVED

That the report be noted.

9. PERFORMANCE MONITORING INFORMATION

The Committee reviewed the Performance Monitoring Information. The report was of a new format and included many different metrics from previous iterations of what was commonly called the Green Book.

Management indicators had been included at the end of the report but kept separate from indicators that were subject to more regular change.

Councillor Brown requested that Officers report back on why Byfleet and West Byfleet ward had -£4000 balance in its CIL account and what steps would be taken to remedy it.

Risk 2 of Section 7, Key Corporate Strategic Risks, was questioned as to its inclusion, given that it had been realised and was being experienced by the Council.

The Committee enquired how staff were being supported given the impending corporate restructure. Julie Fisher recognised that staff sickness was likely to rise in the short term.

Staff were being offered formal training on aspects of restructure, the consultation and key job skills. The Chief Executive and Corporate Leadership Team gave regular all-staff briefings and met monthly with senior managers and included discussions on support for staff.

The Council provided access to an independent, confidential Employee Assistance Programme, available for all staff as required.

Julie Fisher also recognised that the organisation restructure put pressure on all levels of management and they too were being supported.

It was requested that information on voter registrations be included in future editions.

Officers undertook to provide clarification over the total expenditure on Voter ID.

The Committee praised the new format for the increased readability and usability as well as the more relevant performance indicators.

The report used a red, amber, green system to indicate performance against targets. Members noted that this was not applied universally to figures which introduced uncertainty as to the meaning of the value. The Committee requested that this be reviewed.

The Committee raised several areas for improvement which Officers confirmed was either being worked on would be considered for future editions.

RESOLVED

That the Performance Monitoring Information (Q2 2023) be noted.

10. FINANCIAL MONITORING REPORT - BUDGET MONITORING AND FORECAST 2023-24 - QUARTER 2 OSC23-063

Eugene Walker introduced the item, noting that there was an overspend of £7.6 million for the year. £6.5 million of the overspend was due to legacy issues which would require

structural solutions. The remainder of the overspend was from service variance. Managers were undertaking mitigation activity to address the £1.1 million overspend. It would not be possible to address the whole overspend in the current financial year and some would be incorporated into the budget setting for the following year.

The Council had continued to operate the Financial Control Panel (FCP) that had been instituted on service of the Section 114 Notice. Any expenditure above £500 was required to be submitted to the FCP for consideration for approval.

The Committee discussed the £148,000 overspend on electricity for Red Car Park. Electricity consumption had not been budgeted for. It was known that the electric vehicle charging stations had not been linked to the Council's car park charging system due to compatibility issues and it was surmised that at least a portion of the overspend was due to this. Members registered their concern that this issue remained as it had been discussed in previous Council meetings over the past two years. It was suggested that the Council should disable the charging points across car parks until payments could be taken. It was suggested that a breakdown of the costs could be provided.

RESOLVED

That the report be noted.

11. **WORK PROGRAMME OSC23-054**

[Note: By the Council's Constitution, Council meetings are required to end after three and a half hours unless members of the Committee agree to extend the meeting. At 10:19pm the Committee held a vote to extend the meeting which was agreed by majority.]

Councillor Brown informed members that there would be an extraordinary meeting of the Committee to be held on 11 December 2023 to perform pre-decision scrutiny of items on the Executive agenda. It was agreed to consider the:

- Draft Medium Term Financial Strategy (MTFS) and General Fund Budget 2024-25
- Draft Housing Revenue Account Budget Update 2024-25
- Asset Disposal

The asset disposal would need to be considered without public or press presence due to commercial sensitivity.

In response to a Scrutiny Topic Proposal form submitted by a representative of Citizens Advice Woking, the Committee reaffirmed its agreement from the meeting held on 16 October 2023 to delegate arrangement of their invitation to the Committee to the Chair and Vice-Chair. Preference was given to Citizens Advice Woking attending at the extraordinary meeting to be held on 11 December 2023.

In response to a concern raised, the Chair suggested that York Road Project be asked to submit a Scrutiny Topic Request form. York Road Project was an organisation that held a Service Level Agreement with the Council and would receive reduced support.

Concern was raised that inviting only one organisation would amount to unequal treatment of partner organisations.

The Committee agreed to delay invitation of Thames Water to a future meeting until after the start of the next Municipal Year.

RESOLVED

That the Work Programme be noted.

12. ECONOMIC DEVELOPMENT WORKING GROUP UPDATE

In the absence of the Chair of the Economic Development Working Group the item was deferred to a future meeting.

13. FINANCE WORKING GROUP UPDATE OSC23-060

The Committee received the written report of the Finance Working Group. A typographical error was noted at (2) of the Meeting held on 19 October 2023. The subsidy over 5 years was £3.119 million.

RESOLVED

That the report be noted.

14. HIF WORKING GROUP UPDATE

Councillor Kirby, Chair of the Working Group, provided a verbal update to the Committee. The Housing Infrastructure Fund project had ceased operation and as such Councillor Kirby would seek to work with the Portfolio Holder, Councillor Forster, to hold a meeting to consider the future of the project and the outcomes so far. The work of the HIF Housing Outputs Task Group would also be considered.

RESOLVED

That the report be noted.

The meeting commenced at 7.00 pm
and ended at 10.44 pm

Chairman: _____

Date: _____