

**Minutes of a Meeting of the
Performance and Finance Scrutiny
Committee held at Council Chamber,
Surrey Heath House, Knoll Road,
Camberley, GU15 3HD on 12 July 2023**

+ Cllr Shaun Garrett (Chair)

+ Cllr Liz Noble (Vice Chair)

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|-------------------------|-------------------------|
| - Cllr Louise Ashbery | + Cllr Jonathan Quin |
| + Cllr Nirmal Kang | - Cllr Bob Raikes |
| + Cllr Lewis Mears | + Cllr Victoria Wheeler |
| - Cllr Sashi Mylvaganam | + Cllr David Whitcroft |
| + Cllr Jacques Olmo | + Cllr Richard Wilson |
| + Cllr David O'Mahoney | |

+ Present

- Apologies for absence presented

Substitutes: Cllr Rob Lee (In place of Cllr Louise Ashbery) and Cllr Murray Rowlands (In place of Cllr Jonathan Quin)

Members in Attendance: Cllr Valerie White

Officers Present: Gavin Chinniah
Sally Kipping
Damian Roberts
Nick Steevens
Bob Watson

1/PF Minutes of Previous Meeting

The minutes of the meeting held on 15 March 2023 were confirmed and signed by the Chair.

2/PF Declaration of Interests

Councillor Nirmal Kang declared a non-pecuniary interest in relation to minute 7/PF, as the Council's outside body appointee to Surrey Heath Sports Council.

3/PF Annual Performance Report

The Committee considered the Council's End of Year Performance Report which summarised the performance of the Council during 22/23 against the corporate objectives, priorities and success measures as set out in the Annual Plan. The report would normally have been reported to the Scrutiny Committee prior to consideration by the Executive. However, due to the timing of meetings following all-out Council elections in May, on this occasion the report came to Committee after consideration by the Executive.

The report was divided into sections which reflected the priorities of the Council and each section contained actions and projects which were agreed in March 2022. Council performance against the agreed actions was given a rating via a traffic light system and where relevant accompanied by associated commentary. As a total, 98 activities were completed or partially completed and 79 totally achieved which marked an improvement from the previous year.

During the discussions, Committee members questioned the metric which had been used to measure performance of the planning enforcement service, which measured the service on the timeliness of initial action against the target timescales laid out in the Local Enforcement Plan. Although there was appreciation that a performance indicator based on resolution time would have limitations, due to individual case-specific factors and the variability in the planning appeals mechanism, it was felt that an outcome-based metric would have greater value. It was agreed that measuring the number of cases opened, closed, in appeal and long-standing; would be recommended for future performance evaluation against the annual plan.

It was recognised that there were significant increased costs to the Meals at Home Scheme, which had resulted in an increased cost of the service and a small number of customers withdrawing from the service. However it was noted that the Surrey Heath Local Joint Commissioning Group was exploring the potential for subsidy of the service.

RESOLVED that the report be noted and the Committee's comments be fed back to the Executive.

4/PF End of Year Finance and Budget Outturn

The Committee received a report on the outturn position of the Council's revenue budget, which captured the Council's day to day expenditure and day to day income and showed an underspend of £112,000.

There had been greater focus on setting of a realistic and sustainable budget at the start of the year, as well as closer monitoring by the accountancy team and budget holders to adjust and respond to variances throughout the year. The report also detailed any carry forward requests, which would bring forward any budget which had not been used as per its allocated purpose in the last financial year, but where the requirement to spend still existed.

Following on from Members' questions it was clarified that when the Council was in receipt of a specific grant, it would normally be stipulated as to the timeframes it had to be used or whether in such a scenario the money would have to be returned. However, it was noted, in such a scenario, the money needed to be recorded as being carried over for accountancy purposes.

RESOLVED that the report and the spend against the approved revenue budget for the period 1 -April to 31 March 2023 and the end of year outturn be noted.

5/PF Capital Outturn Report

The Scrutiny Committee considered the Council's Capital Outturn report for the 22/23 financial year. In contrast to revenue budgets which were set annually for each financial year, capital budgets could be set for a longer period of time depending on the size of the budget and the length of the project. However, the Council currently took the position to allocate all the budget for a project to the first financial year and to rephase budget to later financial years where necessary.

Officers answered a number of questions relating to capital spending including on potential future capital spending on Camberley Theatre, such as the installation of photovoltaic cells and improving the heating and ventilation systems. In addition, it was advised in relation to capital community schemes the serviceable lifespan of an existing community bus was ending; and as a result there was intention to pursue an opportunity for match fund the provision of a new electric vehicle with Surrey County Council.

Furthermore, Members were advised that 63A The High Street, Bagshot had been recently leased and was now generating income.

RESOLVED that:

- i. the actual capital expenditure for 2022/23 of £1.952 million against a working budget of £2.380 million be noted;**
- ii. the Budget provision of £8.833 million be reprofiled from 2022/23 into 2023/24; £7.853 million as previously identified in the budget report in March 2023 to the Executive, with a further £979,862 identified at year end (31st March 2023) and included in Appendix 2 be noted; and**
- iii. the final capital prudential indicators for 2022/23 be noted.**

6/PF Treasury Management Outturn

The Committee considered a report which provided a high-level view of the treasury management performance during 2022/23, including its end of year outturn position and its compliance with the 22/23 prudential indicators.

Following questions from Members it was affirmed that the Council budget and medium-term financial strategy took into account forecasted interest payments, based on the already fixed long-term debt the Council held with the Public Works Loan Board, and the fixed rate loans which the Council held with the Phoenix Group. Interest payments for the Council's short-term debts, that were expected to roll-over, were based on interest rate forecasts provided to the Council's financial advisors.

Members also asked a question as to the anticipated interest to be paid on the Council's debt in comparison to the UK Government and there was acknowledgement of an element of risk to the Council's finances as to when the Council's debt matured and transferred to higher interest rates.

Following comments and questions by the Committee there was a wider discussion about the health of local government finances. The Council would not be in a position to have to issue a Section 114 notice in the near future. However, it was acknowledged that the Council's Medium-term Financial Strategy did show a depletion of the Council's general fund balance over the next 4 years, but significant action was already taking place to achieve a balanced budget in the future. The Committee were advised that the Council was currently operating in a very difficult landscape for local government and local government had experienced year on year cuts, despite having experienced significant growth in demand for its services and additional responsibilities. This had resulted in Councils across the country having to either significantly increase their incomes, often through property investments, or significantly reduce their costs.

RESOLVED that the report on Treasury Management including compliance with the 2022/23 Prudential Indicators be noted.

7/PF Base Budget Review Update

The Committee considered a report which presented the background and initial findings of the current Base Budget Review process.

The report outlined the efficiencies, savings and income generation options that had been identified by Officers, and detailed the suggested proposals and the projected savings. The proposed savings would enable the Council to meet its budget targets for 2023/24 as set out in the Council's Medium Term Financial Strategy (MTFS). The review ensured the Council continued to pursue the policy agreed with Members that rather than cutting services, the Council should deliver efficiencies and increase income where possible.

There was significant discussion in relation to the proposed 5% increase in car parking tariffs across the borough from 1 October. It was appreciated that there was a fine line to be struck between not encouraging anti-social car parking as a result of the increase and remaining competitive against neighbouring boroughs and districts' car parks; and the increased costs of providing the service onto the customer and not all the borough's residents. It was advised that there had been significant increased costs to the associated software and infrastructure related to car park management and the 5% increase represented a below inflation increase. It was requested by the Committee that it was advised of the annual revenues for 2019-2020, 2020-21, 2022-23 for all Council owned carparks and broken down per car park.

It was advised following Members' questions in relation to the garden waste disposal service, that increased costs to provide the service needed to be passed onto the customer. However, Members remarked that there was again a balance between increasing the financial sustainability of the service and achieving the Council's corporate objectives relating to waste. It was clarified that the increased subscription fee would ensure the service broke even and that Officers would be monitoring whether there had been any resulting, significant drop in subscriptions to the service. It was also advised in relation to the reduction of black refuse sacks

to properties which could not accommodate a wheelie bin, that analysis by Joint Waste Solutions had shown a large proportion of the Council-supplied black sacks did not find their way into the emptied bins.

Greater understanding was sought on the proposal to withdraw from the Surrey Youth Games. It was advised that Officers believed that they could provide a cost effective in-house alternative, throughout the year, in contrast to the focussed point in the summer, which the participation in the Surrey Youth Games delivered.

In addition, it was clarified the proposed commercialisation of the entire Surrey Heath holdings related to advertising and sponsorship in a range of areas, including on staircases at the back of buildings or in relation to the sponsorship of an event.

Members who had been previously involved in the Base Budget Review process, whilst in previous Executive positions, praised the overall effectiveness and efficiency of the process compared to previous base budgeting processes; and evidence of this was provided in the identified £530,000 in savings and extra income, against the target of £500,000.

RESOLVED that the Executive be recommended to

- i) Agree the proposals set out in section 4 of this report; and**
- ii) Note the Committee's comments relating to the report.**

8/PF Work Programme

The Committee considered its draft work programme for the remainder of the municipal year. Members were reminded that the work programme was Member-led and that there was opportunity for Members to suggest some deep-dives in particular subject areas.

Resolved that the Work Programme, attached as Annex A to the agenda report be agreed, subject to any amendments made in consultation with the Chair and Vice-Chair.

Chair