

**Minutes of a Meeting of the
Performance and Finance Scrutiny
Committee held at Council Chamber,
Surrey Heath House, Knoll Road,
Camberley, GU15 3HD on 15
November 2023**

- + Cllr Shaun Garrett (Chairman)
- + Cllr Liz Noble (Vice Chairman)

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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 Sarbie Kang (In place of Cllr Jacques Olmo)

Members in Attendance: Cllr Cliff Betton, Cllr Leanne MacIntyre, Cllr Pat Tedder, Cllr Helen Whitcroft,

Sarah Bainbridge, Gavin Chinniah, Julia Greenfield, Damian Roberts, Eddie Scott, Nick Steevens, Bob Watson and Darren Williams

15/PF Minutes

The minutes of the meeting held on 13 September 2023 were confirmed and signed by the Chair.

16/PF Public Question Time

The Chair of the Committee answered questions on behalf of the Committee in-line with Part 4, Section E of the Council's Constitution. In line with the Constitution, the questions and answers were published as part of a supplement to the meeting's agenda pack.

17/PF Executive Portfolio Update: Performance and Finance

The Committee considered a report which provided it with an update on the Performance and Finance Executive Portfolio

The Performance and Finance Portfolio covered the following areas:

- Finance and Accountancy (budgets, treasury, accounting, AP/AR)
- Revenues and Benefits

- Procurement
- Financial Governance
- Performance Management

Included within the Portfolio fell high-volume, customer-facing services, such as collecting Council Tax and Business Rates (formerly National Non-Domestic Rates), provision of housing benefits, paying suppliers, collecting income due to the Council, and administration of discounts, exemptions and reliefs, hardship funds and support to taxpayers and businesses.

The portfolio also included a wider remit for the financial affairs of the Council, and ensured that a robust budgetary framework existed to support the delivery of Council priorities and the provision of services to the public. This included the production of the Medium Term Financial Strategy (MTFS) and annual budget, regular monitoring of the financial health of the Council, delivery of the annual Statement of Accounts and the proper procurement of goods and services.

The Portfolio also looked at the Council's performance management systems. In carrying out these functions, the portfolio had due regard to guidance and statutory regulation and the promotion of sound governance. The Finance service had a fiduciary duty to the local residents and businesses and was responsible for the long term sustainability of the Council.

Following questions from members of the Committee it was emphasised that the Council had tried to frequently enter into dialogue with the organisation's external auditors. Moreover, it was confirmed that the Council had provided all of the outstanding documents, in the requested formats, and the supporting documents, which were stated to have been necessary in order to carry out the audit fieldwork, by early October 2023. Whilst, it was believed by the Section 151 Officer that it was highly likely that the Council's accounts for 2019/20, 2020/21, and 2021/22 would be disclaimed, the Council were now aiming to gain assurance around its accounts via other methods, including the use of external advisers. Moreover, the Committee were advised that it was likely that on commencement of its role as the Council's external auditor, Grant Thornton would look to qualify the opening balances of the 22/23 accounts.

It was not anticipated that the Fair Funding Review or the Business Rates review would not take place within the current parliamentary session. As it stood Members were advised that the Council kept circa £2.2million of the £33million of business rates which it collected. Whilst it was noted that the number of properties which were liable for business rates had very slightly increased from the previous financial year, the exact receipts in respect of business rates was hard to predict as it depended on the prescribed central government multiple of the rateable value.

It was acknowledged by Members that during the previous financial year, the Council had paid out £103,000 as part of an Exceptional Hardship Fund. It was clarified that the Council had acted as the collection agent on behalf of Central Government in relation to the Household Support Fund. It was also advised that the Council got a small Section 31 grant for new burden.

RESOLVED that the report be noted.

18/PF Executive Portfolio Update: Resident and Community Services

The Committee considered a report which provided updates on the areas of work carried out by services within the Resident & Community Services portfolio. The report covered information such as key activities, events and performance over the last 12 months and referenced future work activities within the portfolio.

It was highlighted that within the portfolio there were a number of notable investments due to take place over the next 12 months such as the procurement of a new Automatic Numberplate Recognition (ANPR) system for the Town Centre Multi Storey Care Parks and upgrades to existing CCTV systems. It was also clarified that paragraph 2.1 should have referenced on-street car parking instead of 'off-street parking'.

Arising from Members' questions it was clarified that the procurement of a new ANPR system, was spurred by both failing software and hardware and the term of the contract coming to an end. Moreover, Members queried the level of advertising provided in relation to the facilities for hire at the Windle Valley Centre, whilst it was suggested that the new Wi-Fi provision could be better highlighted, Members were advised that despite significant advertising via several channels, demand for hire of the centre may not be as high as previously anticipated.

Members asked for an update in respect of the proposed development of the Community Services Partnership's Demand Responsive Travel (DRT) provision. The Committee were advised that whilst it had previously been anticipated that the Surrey Heath-Runnymede network would form part of the wider Surrey DRT network, Surrey County Council were now proposing putting fixed routes out to tender, which was not suitable for the Partnership to provide.

During the Committee's discussion there was significant reference to the Parking Service's plans to move towards cashless payments by 2024/25, which would reduce operating costs by approximately £35,000. Some Members were concerned that the move towards cashless payments would leave older customers behind. However, it was advised that the provision of greater contactless payment facilities would help accelerate the shift to fewer cash payments, as proven by other local borough and districts which have expanded their contact payment provision. Furthermore, it was noted that the Parking Services Team had noticed a shift towards app-based payments throughout the borough's car parks.

It was acknowledged by the Committee that it was due to consider the draft Parking Strategy at its meeting in January, and it requested that the report thoroughly detailed the running costs of the car parks and the associated payback times for infrastructure investments such as new ANPR provision. Moreover, the Committee requested breakdown of users and payments as values, in addition to percentages. Several Members also opined the need for a well-thought-out communications plan to run alongside the strategy and any proposed changes. And it was suggested that a successful communications strategy could encourage

contactless payment on the basis that it reduced running fees and thereby saved costs being passed onto the customer.

RESOLVED that the report be noted.

19/PF LGA Corporate Peer Challenge Action Plan

The Scrutiny Committee considered and were invited to make comments on a report which outlined the background to the Corporate Peer Challenge undertaken by the Local Government Association, (LGA), at Surrey Heath Borough Council earlier in the year. It shared that key recommendations contained within the published report, and set out an action plan which was to be agreed by the Executive in due course.

It was noted that the report contained a number of observations and suggestions and set out nine key recommendations to the Council for further development; many of which were already in the process of being implemented at the time of the challenge.

- **Recommendation 1** – Develop a financially sustainable budget, including scenario planning for regeneration options.
- **Recommendation 2** – Complete a review of governance and develop and action plan encompassing risk management, project management and procurement.
- **Recommendation 3** – Develop a future engagement plan with partners.
- **Recommendation 4** – Enhance the role of Scrutiny – use it to its full potential, actively engaging members.
- **Recommendation 5** – Create a continuous member development plan, informed by members, to support them in their roles.
- **Recommendation 6** – Ensure Climate Net-Zero was integrated into the Council’s culture and appropriately resourced.
- **Recommendation 7** – Develop an Equalities, Diversity and Inclusion (EDI) training plan including all protected characteristics.
- **Recommendation 8** – Make improvements to the working environment at Surrey Heath House.
- **Recommendation 9** - Develop a digital vision that reflects engagement with staff and residents.

Members questioned the overall achievability of the plan in relation to the number of proposed actions. The Committee were advised that the plan could be considered a longlist and that the financial action plan would be more concise. Furthermore, it was envisaged that there would also be a focus on deliverable actions which could be achieved within existing resources and which would provide the highest impact.

Further questions in relation to the achievability of the plan were made, including whether the plan could be successfully delivered by the progress ‘check-in’, visit by the Peer Challenge Team in April. It was advised that whilst, the Peer Team would expect to see a strong indicator of progress towards the actions, it would not be expected that all actions would be complete. Members, queried the relative

priority of the different actions was queried. It was acknowledged that whilst this was not explicitly set out in the Peer Challenge Report, the highest priority would be bringing the Council's finances back to a sustainable position.

Members opined that there was already a strong digital approach at the Council, for example with the new website and Member ICT equipment. Officers agreed and commented that the approach to the Peer Challenge was to embrace suggestions even in areas of existing strength to enable the Council to achieve yet more strongly.

There was a broad discussion in respect of the Council's position on harnessing Artificial Intelligence (AI) technology. Whilst some Members commented that the risks of AI needed to be understood and appreciated, other members of the Committee suggested that it should be embraced as an opportunity. It was acknowledged that AI was already in use in the Council's day to day practices and the Council should implement initiatives to ensure it wouldn't be left behind, although this had to be within sustainable resources.

As a result of the discussions, it was acknowledged that Officers could brief Members on the opportunities of AI and to dispel any fears about its introduction; and it was agreed that such an all-Member briefing would be arranged in due course.

RESOLVED that

- I. the draft LGA Corporate Peer Challenge Action Plan be noted; and**
- II. its comments be reported to the Executive meeting on 21 November 2023.**

20/PF Short-term plan 2023 update & Mid-Year progress report 2023/24

The Scrutiny Committee considered a report which detailed the progress of the Council in the first half of 2023/24 against the corporate objectives and priorities set out in the Annual Plan. This report also detailed the objectives and priorities set out in the Short-term Plan agreed by the new Council following the elections in May and June 2023, and covered the period between July and December 2023. The Committee were invited to consider the report and submit any observations, comments, or recommendations to the Executive.

Members requested further information in respect of the background into the recent performance on planning appeals. It was advised that the recent low performance was inconsistent with high performance within the previous eight quarters, and it was thereby disappointing. Whilst, the Council had been the fifth highest performer nationally in 2020/21, Officers suggested that there was variability as to the quality of the decisions of the Planning inspectorate, and the Council had received a number of decisions, where the planning authority had followed policy consistently, but the Planning Inspectorate had taken an opposing view as to policy. A letter of complaint had been sent to the Planning Inspectorate and a response was being awaited. Moreover, Officers were making sure there was learning being undertaken internally looking at reasons for refusal of planning applications.

Following the Committee's questions, it was advised that the delay in the launch of the electric vehicle charging points caused by the delay in connection by the DNO (Distribution Network Operator). Officers confirmed that the Council was reliant on the DNO and it was a known risk in the project and that this continued to be raised and escalated. It was confirmed that the spaces continued to be used by the public in the meantime, and the Council was not yet paying for the charges.

The Committee raised concerns as to the performance of the processing of new housing benefit claims, which had missed the target, and the knock-on effect on vulnerable people. It was acknowledged that the nature of claims dealt with by the Council had changed. Simple claims were dealt with by the Department for Work and Pensions (DWP), which left more complex claims to be dealt with by the Council's Benefits Team. Often delays were a product of the late provision of evidence to the Council and feedback metrics received from the DWP put the Council's performance within top quartile nationally. It was clarified the comment regarding 'changes' in the report related to the separate target which related to processing changes to existing housing benefit payments due to changes of recipients' circumstances.

The Scrutiny Committee queried whether the drop in the number of Meals at Home meals served compared to the same period last year was due to its customers no longer being able to afford the service. Moreover, the performance of the social prescribing service was also raised, which had significantly exceeded its target, and it was queried whether there was sufficient resource to support this. Officers undertook to provide more information after the meeting.

Further information was provided as to the refurbishment of the Whitmoor Road Playground which was the only item marked as 'red'. It was reaffirmed that this refurbishment was now urgent due to the closure of the footpath over the M3 motorway which had previously allowed Bagshot residents access to Lightwater Country Park. It was reported to the Committee that a meeting had been held with Surrey County Council (SCC) earlier that day, and they were moving forward with a lease arrangement. Furthermore, conversations regarding an increased level of financial contribution had also taken place. A letter to SCC from the Chief Executive with the aim to expedite the matter would be sent shortly. It was queried whether the nearby Albert Road playground works could be brought forward given the circumstances, which would be explored by Officers and the Portfolio Holder accordingly.

Members observed that throughout their discussions that the phrases 'complete and on-going' created ambiguity. Whilst it was commented that this had been used in scenarios where the initial action was complete but there was further work to embed or roll out the new arrangements. Officers agreed that the word 'on-going' would be avoided in future reports for clarity.

RESOLVED that

- I. the progress updates of the Short-term Plan and Mid-Year Progress Report; and**

- II. **its be noted and provide observations on the progress to be considered at a meeting of the Executive taking place on 21 November 2023.**

21/PF Revenue Budget 2023/24 Management Report - Quarter 2

The Scrutiny Committee considered a report which provided a high-level view as to the budget and financial performance for the first quarter of 2023/24 – accounting period ending 30 September 2023.

The Executive noted the comments following consideration by the Performance and Finance Scrutiny Committee and recognised that the Council was currently showing a small underspend against profiled budgets to the end of Quarter 2 (30 September 2023). However, services had predicted a year-end forecast outturn of £411k overspend (adverse variance).

It was advised that work had been conducted as part of the budget setting process for 2024/25 to determine the correct capital financing requirement, the appropriate level of minimum revenue provision and to confirm the debt interest position. The result of this work had found that the minimum revenue provision, based on capital financing requirement, would increase by approximately £300,000.

Furthermore, it was remarked that in future quarterly Revenue Budget Management reports it would be useful to include previous financial years' predicted overspend by the relevant quarter, and the percentage of that year's revenue budget, in order for contextual analysis.

RESOLVED that:

- I. **the spend against the approved revenue budget for the period 1 April to 30 September 2023 and the predicted forecast of full year outturn be noted; and**
- II. **the Committee's comments be reported to the Executive at its meeting on Tuesday 21 November 2023.**

22/PF Capital Budget Monitoring Quarter 2

The Executive considered a report which provided a summary of the Council's progress against the 2023/24 capital programme and budget for the first half of the financial year (FY), the period 1 April 2023 to 30 September 2023.

The report detailed that at the end of Quarter 2 the total spend and commitments to spend were £2.209 million against an approved budget of £13.219 million, which amounted to 16.7%. There was a forecast underspend for the year of £7.800 million of which £7.563 million was proposed to be reprofiled into future years.

It was acknowledged the by the Committee that the majority of projects which were to be reprofiled to later years relate to Property and Economic Development initiatives, where it could be seen that of the £7.800 million reprofiled, £7.411 million related to four schemes.

Moreover, the Committee acknowledged that there were a number of projects which required reprofiling into future financial years. Although there were no associated borrowing costs to the rescheduled spending, such necessary changes were unpreferable because of the negative effect on Officer time.

RESOLVED that

- I. the spend against the approved capital programme for the period 1 April to 30 September 2023 be noted;**
- II. the proposed reprofiling of budgets to future years be noted; and**
- III. the Committee's comments be reported to the Executive at its meeting on 21 November 2023.**

23/PF Work Programme

The Committee considered the work programme for the remainder of the municipal year as included in the meeting's agenda pack.

The Committee were advised that in conjunction with the proposed Draft Annual Plan, the Draft Corporate Strategy was also due to be considered at its January meeting.

Chair