

OVERVIEW AND SCRUTINY COMMITTEE – RESOURCES

10 September 2024

* Councillor Philip Brooker (Chair)

* Councillor Dominique Williams (Vice-Chair)

* Councillor Phil Bellamy

* Councillor Dawn Bennett

* Councillor Honor Brooker

Councillor Jason Fenwick

Councillor Stephen Hives

* Councillor Vanessa King

* Councillor Masuk Miah

* Councillor Richard Mills OBE

* Councillor Katie Steel

Councillor Sue Wyeth-Price

*Present

Councillors Richard Lucas (Lead Councillor for Finance and Property) and McShane (Leader of the Council and Lead Councillor for Housing) were also in attendance, with Councillors Catherine Houston (Lead Councillor for Commercial Services), George Potter (Lead Councillor Environment and Climate Change), Merel Rehorst-Smith (Lead Councillor for Regulatory and Democratic Services), and Fiona White (Lead Councillor for Planning) in remote attendance.

OSR11 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

The Committee was advised of apologies from Councillors Stephen Hives and Sue Wyeth-Price.

OSR12 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no disclosures of interests.

OSR13 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 11 July were approved.

OSR14 REVENUE & CAPITAL OUTTURN 2023-24

The Lead Councillor for Finance and Property introduced the item. With reference to the three finance items on the Committee's agenda, he referred to improvements in financial reporting at the Council, the start of the budget

planning process for the next year with the Medium Term Financial Plan, and upcoming challenge board sessions with services.

The Assistant Director, Finance, advised the Committee that in previous years separate reports had been prepared for revenue and capital outturn, the Housing Revenue Account (HRA) outturn, and treasury management. She indicated that the report submitted to the Committee dealt with revenue and capital outturn, including the HRA, and was part of a wider approach to simplifying and making key information more accessible. The Assistant Director, Finance, confirmed that an external audit of accounts was underway and the figures within the report were therefore provisional. She indicated that the draft statement of accounts had been published by the statutory deadline of 31 May and, despite the deadline moving to 30 June, the intention was to continue to publish unaudited accounts by the end of May in future years.

The Assistant Director, Finance, advised that the Council's General Fund was balanced in 2023-24, with a transfer of £3.62m to reserves funded by an underspend. The Committee was informed that the HRA for 2023-24 was balanced, and while it had included a transfer to reserves of £6.5m this was £2.5m less than forecast. The meeting was advised of a significant underspend in capital, which saw a variance of £114.52m from a forecast spend of £176.42m and an approved spend of £61.90m. The Assistant Director, Finance, told the Committee this underspend was due to delays and reprofiling of project-spend, rather than a reduction in the cost of projects.

The Assistant Director, Finance, informed the Committee that the Council had usable reserves of £17.4m and ring-fenced reserves of £17.5m, and that the HRA reserves were £85.6m.

A member questioned the red rating assigned to the Weyside Urban Village project within the report submitted to the Committee. In response, the Assistant Director, Finance, advised that a lengthy explanation for the rating had been obtained from the capital accountant and this could be circulated to Committee members.

In response to a query about an apparent red rating for the Ash Road Bridge Project and the benefits of improving project visibility and information sharing, the Assistant Director, Finance, advised that a lengthy explanation for the

rating could be circulated to Committee members. In addition, she spoke of the need for ensuing good project visibility and project governance.

In response to a query, the Assistant Director, Finance, indicated that explanations for unusual and unexplained variances could be included in subsequent versions of the report.

In reply to a query about the General Fund's surplus of £4.56m, the Assistant Director, Finance, advised that the figure was a combination of underspends and achieving incomes higher than forecast.

In response to a concern raised about the £8.1m overspend in the HRA in 2023-24, the Assistant Director, Finance, advised the meeting of monthly monitoring of the HRA and indicated that the overspend occurred in repairs and maintenance. She told the Committee that there was currently a forecast overspend in the HRA for 2024-25 of £200k.

In answer to a question about the implications of the significant capital underspend, the Assistant Director, Finance, told the meeting that traditionally the Council had not profiled its project spending, rather it had assigned most of the funding for a project to its first year. She indicated that the capital budgets were currently being revised as projects were profiled more accurately.

With reference to the HRA Income and Expenditure Statement and the revaluation of dwellings, the Assistant Director, Finance, advised the Committee of the process for valuing the housing stock and the decreases in the housing market within both Guildford and Surrey.

RESOLVED: (I) That the General Fund revenue outturn for 2023/24 as a balanced position after a transfer of the yearend surplus of £3.62mm to reserves as detailed in section 10 and Appendix 1 of the report submitted to the Committee be agreed.

(II) That the HRA revenue outturn for 2023/24 as outlined in section 11 and Appendix 2 of the report submitted to the Committee be agreed.

(III) That the yearend Capital position as outlined in section 12 and Appendix 3 of the report submitted to the Committee be agreed.

(IV) That the yearend Reserves position as detailed in section 13 of the report submitted to the Committee be noted.

OSR15 MEDIUM-TERM FINANCIAL PLAN UPDATE

The Assistant Director, Finance, introduced the report and advised the Committee of the growth bids received and the post-General Election funding assumptions. She indicated that there had been £599k of one-off growth bids for a single year, and slightly over £2m of ongoing growth bids. The Assistant Director, Finance, advised that no new funding was expected for district councils in the forthcoming spending review and council tax increases were predicted to remain at 2.99 percent.

In reply to a query about usable reserves held by the Council, the Assistant Director, Finance, told the meeting that there were £17.385m in usable reserves and £17.538m in ringfenced reserves, making a total of £34.929 in reserves. She advised the Committee of work to ascertain the current conditions of ringfenced reserves as some specifications had changed over time. The Assistant Director, Finance, undertook to check that the figure of £17.385m was the total amount available to the Council to use to manage one-off commitments and risks.

In response to queries from a Councillor, the Assistant Director, Finance, confirmed that there were no aspirations for the £8.2m held in the MTFP Reserve. In addition, she outlined the process for budget growth bids.

RESOLVED: That the progress on updating the MTFP position be noted.

OSR16 PERIOD 4 FINANCIAL MONITORING 2024-25

The Assistant Director, Finance, introduced the item. She stated that an overspend of £166k was predicted for the General Fund Revenue Account and an overspend of £195k for the HRA at the 2024/25 yearend. The Committee was reminded that a significant overspend in the HRA would impact the amount able to be transferred to reserves. The Assistant Director, Finance, indicated that future reports would present the General Fund reserves in a simpler manner.

The Committee was advised that the Council spend on capital schemes was currently forecast to be £138.757m by the yearend, against a revised budget of £162,146m, and that the Period 6 Financial Monitoring Report would be informed by improved profiling of capital spend. The Assistant Director, Finance, informed the meeting that debt overdue to the Council was slightly

over £6m and that the £4.981m of savings within the 2024/25 budget were monitored and reported on monthly.

A member of the Committee questioned whether the Council had commissioned external consultants to review alternative financing options to manage the future of the Weyside Urban Village programme. The Lead Councillor for Finance and Property advised that the review was being undertaken. The Leader of the Council and Lead Councillor for Housing stated that changes because of the review would need to be approved by full Council.

In response to a question from a Councillor attending remotely, the Assistant Director, Finance, confirmed that red figures within the report indicated an income when used on a budget or a forecast line, and that when considering variances a red figure indicated an underspend and a black figure an overspend.

In reply to a query about staff vacancy savings and staff agency costs, the Assistant Director, Finance, explained that the savings were achieved from the period between a permanent member of staff leaving and their replacement starting and from the new members of staff tending to be on less pay than the person that left. She stated that the 3.5 percent vacancy credit savings target was a figure applied to all services, but that work was underway with service managers to ensure the forecast was robust. With reference to the cost of agency staff, the Committee was informed that at the upcoming challenge board meetings the service managers would be asked to provide for each interim member of staff details of their current activity and an exit strategy. The Assistant Director, Finance, confirmed that the Period 6 Finance Monitoring Report would include an extra section on the monitoring of agency staff spend.

RESOLVED: (I) That the Committee notes the Council's latest financial monitoring for the financial year 2024/25.

(II) That the Committee notes that underspends be earmarked for any additional interim support needed at the current time.

OSR17 OVERVIEW AND SCRUTINY ANNUAL REPORT 2023-24

The Senior Democratic Services Officer (Scrutiny) introduced the item. He advised the Committee that the Overview and Scrutiny Annual Report outlined the work undertaken by Overview and Scrutiny (O&S) during the past

municipal year and the future work programmes of the Council's O&S committees for the current municipal year. In addition, the Committee was reminded that the report monitored the use of provisions relating to call-in and urgency provisions during 2023-24.

The Senior Democratic Services Officer (Scrutiny) indicated that in 2023-24 the general exception provisions were used on three occasions, the Special Urgency provisions once, and there was one call-in and no requests to the Chair of the Overview and Scrutiny Committee to waive call-in.

The Committee was advised of a minor procedural change suggested within the report; namely, that the Leader of the Council should report to the next meeting of full Council on all key decisions taken with less than 28 days' notice, that is to say, key decisions taken using general exception provisions are required to be reported to full Council in the same manner as key decisions made under Special Urgency provisions.

With reference to the section of the Annual Report relating to the resourcing of O&S at the Council, the Committee was reminded of the deletion of the separate scrutiny budget for external expertise and advice. The Senior Democratic Services Officer (Scrutiny) suggested the importance of the budget and the disadvantages of not having access to one given the role of O&S.

In response to a comment from a Committee member supporting the idea of a separate budget for scrutiny for external advice and expertise, the Assistant Director, Finance, suggested that if the scrutiny budget was re-introduced then regardless of its value it would have to be part of the balanced budget for the Council. She suggested that because a budget for scrutiny would likely be used only infrequently it might be better to have a small reserve to take from as needed. In addition, the Assistant Director, Finance, indicated that the creation of a budget should follow the Council's growth bid process.

A member of the Committee suggested the value in increasing the annual scrutiny budget for external expertise and advice from the previous amount of £5k. In reply to a question from the Leader of the Council and Lead Councillor for Housing, the Assistant Director, Finance, indicated that a separate scrutiny budget should be considered within the ongoing, annual budget process.

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The Senior Democratic Services Officer (Scrutiny) responded to a query from a member of the Committee about the reference to a single O&S Chair within the report, given the change to two O&S Committees made in April 2024.

RESOLVED: (I) That the report submitted to the Committee be commended as the Overview and Scrutiny Annual Report, 2023-24.

(II) That the current rules relating to call-in and the urgency provisions remain unchanged, subject to the addition that whenever the general exception provisions are used to take key decisions in accordance with Access to Information Procedure Rule 15 the details of those decisions shall be reported by the Leader to the next ordinary meeting of the Council.

(III) That an Overview and Scrutiny budget of £5k per annum be re-established.

The meeting finished at 7.49 pm

Signed

Date

Chair