

MINUTES of the meeting of the **OVERVIEW AND BUDGET SCRUTINY COMMITTEE** held at 10.00 am on 16 November 2017 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 26 January 2018.

Elected Members:

- * Mrs Kay Hammond (Chairman)
- * Mr Nick Harrison (Vice-Chairman)
- * Ms Ayesha Azad
- * Mr Jonathan Essex
- * Mr Robert Evans
- * Mr Tim Evans
- * Mr Tim Hall
- * Mr David Harmer
- * Ms Charlotte Morley
- * Mrs Hazel Watson
- Mr Tim Oliver

In attendance

Tim Oliver, Cabinet Member for Property and Business Services

19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies for absence.

20 MINUTES OF THE PREVIOUS MEETING: 14 SEPTEMBER 2017 [Item 2]

The minutes were agreed as an accurate record of the meeting.

21 DECLARATIONS OF INTEREST [Item 3]

Jonathan Essex declared a personal interest as a Director for a Local Voluntary Service in relation to item 8, the Budget Sub-Group report. It was noted that this was not a pecuniary interest.

22 QUESTIONS AND PETITIONS [Item 4]

Key points raised during the discussion:

1. A question was received from Councillor Jonathan Essex and the response was tabled at the meeting (attached as Annex 1).
2. Councillor Jonathan Essex requested that the information produced from the Welfare Reform Task Group to be shared more widely with the Committee for its consideration.
3. Members shared the view to receive a report on the Welfare Reform work completed to date for the Committee to address any present issues before further work is implemented.

RESOLVED:

The Chairman noted these suggestions and assured the Committee that the impact of Universal Credit would be taken into consideration as an item for agenda forward planning.

23 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

There were no responses.

24 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Declarations of interest:

None

Witnesses:

None

Forward Work Programmes:

Key points raised during the discussion:

Adults & Health Select Committee

1. The Chairman suggested that the Blue Light Collaboration item should be carried out in conjunction with the Communities Select Committee as this was an area of work that was related to both Committee's remits.
2. It was noted that it would be useful to consider scrutinising the impact of the Health and Wellbeing Board strategy particularly with the integration of Social Care and Health Services.
3. Members supported the view that the Demand Management agenda item should remain on the forward work programme and suggested something similar could be undertaken regarding Children's Services. It was further added that reference should be made to reflect the link with the Children & Education Select Committee on scrutiny of children with learning disabilities in transition to adult social care.

Children & Education Select Committee

4. It was highlighted that a key aspect of the Early Help programme was to realise significant budget savings and that this would need to be taken into account by the Committee when the proposals were scrutinised.

Communities Select Committee

5. It was noted that the forward work programme was rather limited for the meeting scheduled on 8 February 2018. However, members further noted an additional item would be added in relation to the Performing Arts Library.

Environment & Infrastructure Select Committee

6. Members were informed that the Environment & Infrastructure Select Committee Chairman had recently met with the respective Strategic Director and Cabinet Members to scope the Committee's forward work programme.
7. Members expressed the view that future scoping should be focused on scrutinising the Highways and Transport Services as residents were concerned about these areas.
8. It was noted that the forward work programme did not yet reflect the newly established Waste Task group.

RESOLVED:

The Chairman agreed to take member comments on board and assured members that the forward work programme would be updated accordingly. It was also highlighted that a protocol was in place for Select Committees to seek the Overview & Budget Scrutiny Committee's approval before adding urgent or new items.

25 TASK GROUP SCOPING [Item 7]

Key points raised during the discussion:

1. Members shared the view that the exclusion of the 'out of scope' items was unreasonable, indicating that the equality and accessibility of sexual health and HIV services was a key factor in determining future implications.
2. The Chairman advised members that the Adult & Health Select Committee would be reviewing the Integrated Sexual Health Services Contract in April 2018 and the aim of the scoping document was to focus on the consultation process and implementation phase.
3. Members suggested that it would be useful for future scoping documents to note why 'out of scope' items were excluded and whether they were being reviewed elsewhere.

RESOLVED:

The Committee recommends that the Adult & Health Select Committee include commentary explaining that the performance of the new service will be reviewed in 2018.

26 BUDGET SUB-GROUP REPORT [Item 8]

Declarations of interest:

None

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

Ayesha Azad joined the meeting at 10.45am

1. It was noted that the Budget Sub-Group was set up in July 2017 and had met on four occasions, most recently with the Select Committee Chairmen on 30 and 31 October 2017 to review progress against this year's budget and discuss future planning.
2. The Budget Sub-Group expressed concerns with Cabinet's recovery plans where only £4m was realised, reducing the budget gap from £21m to £17m. The Sub-Group Chairman indicated that proposals were in place for Select Committees to individually look at budget areas.
3. The Deputy Chief Finance Officer highlighted that in previous years the projections in September were different from the outturns due to actions to contain spending by services.

4. In 2014/15, there was a projection for a balanced budget however there was a £13m underspend due to delays in IT and Property spend as well as in Children, Schools and Families.
5. It was further stated in 2015/16, forecasts suggested a £1m underspend, however a £7m underspend was reached which was mainly due to holding vacancies when the Orbis Partnership was in development.
6. In addition, last year's forecast presented an overspend of £22m however this changed to an underspend of £6m as a result of altering the council's strategy in borrowing from long term to short term. Furthermore the change of policy requiring less minimum revenue provision to be put aside for the future repayment of debt created a saving of £1.4m.
7. Members noted that the budget at year end would be difficult to establish as forecasts can change and the previous years were an example of this.
8. It was highlighted that the Invest to Save fund provided opportunities that could alleviate the existing main pressures in the Children, Schools & Families and the Adult Social Care & Public Health directorates. Members noted that potential investments would help contain service demand allowing better delivery.
9. The Deputy Chief Finance Officer advised members that Cabinet's recovery plan expectations were based on services reducing cost, holding vacancies and, where possible, delaying expenditure.
10. The Deputy Chief Finance Officer asserted that the Council's balance and reserves were sufficient to balance this year's budget and indicated that there was enough to tackle an emergency or unforeseen circumstance. It was further added that a range of reserves were set aside for specific purposes such as vehicle and equipment renewal and possible liabilities the Council may incur.
11. Despite the balance of reserves available it was highlighted that if they were utilised, then this would be a one off solution and would not tackle the existing demands the Council faced on a long term basis.
12. Members noted that the reduction in funds for the voluntary sector would need to be addressed by the respective Committee and Directorate.
13. The Committee noted that bonds could not be used for revenue purposes as statute prohibited borrowing or using capital monies to fund revenue expenditure.
14. Members queried whether potential savings could be sought in reducing further back office functions. The Deputy Finance Officer explained that support service functions were significant in maintaining frontline services and clarified that substantial savings had already been delivered by Orbis in this area.

Tim Hall and Tim Evans left the meeting at 11.55am

Committee next steps:

The Budget Sub-Group's next meeting will be held on 5 December 2017 and the programme will follow with a meeting with Cabinet on 12 December 2017 to review any recommendations formed through the budget process.

**27 INVESTMENT STRATEGY: INVESTMENT BOARD ANNUAL REPORT
[Item 9]**

Declarations of interest:

None

Witnesses:

Tim Oliver, Cabinet Member for Property and Business Services
Susan Smyth, Head of Strategic Finance
Peter Hall, Investment & Disposal Manager

Key points raised during the discussion:

1. The Cabinet Member for Property and Business Services introduced the report stating the deteriorating level of funding from Government had led Councils to seek alternative ways to generate funds and the Investment Strategy provided that opportunity. The Committee received a presentation outlining the purpose, review and decision process of the Investment Strategy (attached as Annex 2).

Tim Evans and Tim Hall returned at 12.05pm

2. Officers advised that a number of scenarios are appraised during the decision process to determine financial costs when proposals are presented to the Investment Board.
3. Officers clarified that the sums received from investments would be released into the Council's reserves, available for general use and were not allocated to specific issues.
4. It was noted that due to the competitive nature of investment there was no requirement to consult with other Local Authorities on proposals to acquire investments out of county.
5. Following questioning Members further noted that the Investment Strategy did not include a written ethical policy however guidance was provided from the Investment Advisory Board. To promote good practice the Committee suggested it would be useful to have a written form of guidance on an ethical stance for investments.
6. Members raised concerns with investment properties in occupation and asked how much control the Council had over these properties if tenants were operating in unlawful activity. Officers assured members

that lease agreements prohibited illegal operations and regular inspections were carried out to check compliance.

7. The Investment and Disposal Manager informed the Committee that more local authorities were adopting investment strategies and there was an increasing level of local authority investment activity in the market.
8. The Cabinet Member for Property and Business Services acknowledged concerns that the current Investment portfolio had limited residential acquisitions. The Committee received assurances that work was in progress to review current assets as well as looking into pursuing residential units and an update on this would be presented at the next Council meeting.
9. It was highlighted that the Investment Strategy could be subject to change upon Government's announcement of the budget and the necessary caution would be applied when considering further investments.
10. Officers clarified that Energy Performance Certificates (EPC's) were taken into account when considering the purchase of properties under the Investment Strategy. Members proposed officers consider the environmental, social and governance factors in the decision process also which are similarly assessed by the Surrey Pension Fund.
11. To promote transparency the Cabinet Member for Property and Business Services agreed to consider the inclusion of the details of properties (names, addresses, cost) purchased in-year and to date when publishing the next annual report of the Investment Board.
12. It was explained that the running costs of investment properties were the tenant's obligation unless there was a void
13. It was noted that the Investment Guide (attached as Annex 1 in the agenda papers) was developed in line with an industry standard approach. Officers clarified that the scoring matrix was applied to investments that were shortlisted, and not at the initial stage to ensure that opportunities are measured and assessed appropriately.

RESOLVED:

The Committee recommends that:

- a) It reviews the next annual report prior to submission to Cabinet in 2018 and that the report includes details of properties (names, addresses, cost) purchased in-year and to date when published to the public.
- b) The Investment Board develops a written non-financial investment policy covering ethical, environment, social and governance indicators to accompany its existing practice for discussion at its next meeting.

RESOLVED:

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 this meeting can now go into Part 2 as the following information to be discussed falls into the category of;

Information relating to the financial or business affairs of any particular persons (including the authority holding that information).

29 INVESTMENT STRATEGY: INVESTMENT BOARD ANNUAL REPORT [Item 11]

Declarations of interest:

David Harmer declared that he was an original signatory in the contract between Waverley Borough Council and Crest Nicholson. David Harmer left the room and did not take part in the debate.

Witnesses:

Tim Oliver, Cabinet Member for Property and Business Services
Susan Smyth, Head of Strategic Finance
Peter Hall, Investment & Disposal Manager

Key points raised during the discussion:

Robert Evans left the meeting at 12.12pm

1. This item is a Part 2 Annex relating to item 9.
2. The Chairman agreed for the meeting to be taken into part 2.

RESOLVED: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant information under the relevant paragraph 3 of Part 1 of Schedule 12A of the Act.

The committee adjourned at 12.45pm

30 CALL IN: TOWN CENTRE REGENERATION [Item 12]

Declarations of interest:

None

Witnesses:

Tim Oliver, Cabinet Member for Property and Business Services
Susan Smyth, Head of Strategic Finance
Peter Hall, Investment & Disposal Manager
John Stebbings, Chief Property Officer

Key points raised during the discussion:

The meeting resumed at 12.50pm.

1. The Committee called in the Cabinet decision regarding the Town Centre Regeneration item considered at Cabinet on 31 October 2017.
2. The Vice-Chairman introduced the item by providing the Committee with the reasons for the call in. These were:
 - acquiring the commercial elements of the Town Centre Regeneration was already a high risk venture for the Council with only a modest financial return.
 - due to changes in circumstances since the original Cabinet decision, members need to be satisfied as to the credibility of the scheme as a viable investment; and
 - It was felt that the Cabinet did not substantially review the item at its meeting of 31 October 2017.
3. The Chairman agreed for the meeting to be taken into part 2.

RESOLVED: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant information under the relevant paragraph 3 of Part 1 of Schedule 12A of the Act.

4. The Committee voted on whether the Cabinet decision should stand. Four Members voted to support the decision, and three against. There was one abstention.

Recommendations:

The Committee recommends:

- a) That the Cabinet decision regarding Town Centre Regeneration on 31 October 2017 is implemented.

31 PUBLICITY FOR PART 2 ITEMS [Item 13]

Key points raised during the discussion:

1. The Committee considered whether the items under Part 2 of the agenda should be made available to the press and public

RESOLVED

Confidential: Not for publication under Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

32 DATE OF NEXT MEETING [Item 14]

The Committee noted its next meeting would be held on 26 January 2018.

Meeting ended at: 1.49 pm

Chairman