

Overview and Scrutiny Management Committee

MINUTES OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE MEETING HELD ON 26 JULY 2023 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Graham Wright (Chairman), Cllr Christopher Williams (Vice-Chairman), Cllr Richard Britton, Cllr Ruth Hopkinson, Cllr Jon Hubbard, Cllr Tony Jackson, Cllr Gordon King, Cllr Tony Pickernell, Cllr Jo Trigg, Cllr Tony Trotman, Cllr Iain Wallis and Cllr Tom Rounds (Substitute)

Also Present:

Cllr Gavin Grant, Cllr Nick Botterill and Cllr Ian Blair-Pilling.

16 **Apologies**

Apologies for absence were received from Councillors Johnny Kidney, Cllr Bob Jones MBE, Cllr Jerry Kunkler and Cllr Pip Ridout.

Councillor Pip Ridout arranged for Councillor Tom Rounds to attend the meeting in her absence.

17 **Minutes of the Previous Meeting**

The minutes of the meeting held on 23 May 2023 were presented for consideration, it was;

Resolved:

To approve and sign as a true and correct record of the minutes of the meeting held on 23 May 2023.

18 **Declarations of Interest**

There were no declarations of interest.

19 **Chairman's Announcements**

The Chairman noted that on 11th July, he, and some of the other select committee chairs and vice-chairs discussed the approach to scrutiny engagement on the annual budget for next year. It was agreed that overall last year's scrutiny process was successful, and this view has also been echoed by the Financial Planning Task Group and the Executive.

One area that it was felt could be improved was the timing of scrutiny's engagement. This, as in previous years, was only possible once the final proposed budget was circulated in mid-January. It was felt that scrutiny could have more impact on the council's sound financial management with earlier sight of the likely pressures and options for the coming year. Earlier engagement could take the form of some focused meetings in the Autumn looking at the key budget areas, the forecast pressures and what options are being considered for addressing them.

The Chairman confirmed that he had written to the Leader, Cabinet Member for Finance and Section 151 Officer to ask for their support in making this happen and looked forward to their response and would report back in due course. The Chairman also added that he had requested a briefing on contracts.

The Chairman welcomed Cllr Richard Britton to the Overview and Scrutiny Management Committee.

20 **Public Participation**

There were no questions or statements submitted by members of the public.

21 **Year End Revenue Financial Outturn Position 2022/23**

The Chairman noted that in agenda was a report which set out the year end revenue position for the Council as of 31 March 2023 for the financial year 2022/23. The report provided detail of the final position for services and provides details of variances against budgets following the quarter three budget monitoring reported to Cabinet on 31 January 2023. The overall variances for the financial year could be seen in Appendix A. The report was considered by Financial Planning on 7 July and Cabinet on 11 July.

Cllr Gavin Grant, Vice-Chairman of the Financial Planning Task Group stated that the Task Group had found the report to be a satisfactory piece of work, with a small overspend and that all officers and Cabinet Member should be congratulated for delivering such an outturn. Cllr Grant drew attention to big areas of expenditure for the Council which included the Adult Social Care recoverability of debt, the revenue accounts of Adult Social Services, Education and Skills, and Families and Children's Services. Furthermore, though it was not an area for immediate concern, the Delegated Schools Grant could see an occurrence of escalating levels of debt. The report also provided a summary of the High Needs Block. Cllr Grant also drew reference to Table 15, the savings summary with 87.9% of savings achieved of the target to date, with pressures cited which had allowed for the delivery of these performances, such as over expenditure and inflation. It was also suggested that the Task Group had not looked at implications of service delivery and risk, with it suggested that this duty could sit with the Select Committees and Overview and Scrutiny Management Committee.

Cllr Nick Botterill, Cabinet Member for Finance, Development Control and Strategic Planning stated that he took comfort that the overall budgets were

under control notwithstanding some areas of extremes, such as the debt in Adult Social Care, which has had to be provided for following the methodology change of how payments are made. It was referenced that inflation was a big threat and was lasting longer than anticipated, with the Council having a robust way of approaching the issue. Reference was also made to some transfers to reserves which had been highlighted within the paper.

The following comments were made by Andy Brown, Deputy Chief Executive and Section 151 Officer, who stated that the paper reported an encouraging position, though there was an overspend of £1.8million. In addition, it was referenced that regarding Adult Social Care, Wiltshire Council had now moved to gross payments and collecting care provider contributions. The officer noted that regarding the debt against property, officers had been prudent with a conservative estimate and that only in the future it would the size of the debt be known, with this being an area Overview and Scrutiny might want to investigate. It was stated that savings and resources were in positive positions, with earmarked reserves enabling investment and transformation to take place. The Dedicated Schools Grant was highlighted as an area of concern, with Wiltshire Council's deficit growing with no clear sign of how the annual deficit would be addressed nationally.

The following comments were received by Members of the Committee, including a question raised in relation to the variance of data included in Table 2 of the report, the summary position 2022/23 final year end position, with it suggested that that the Capital Programme had been pushed out to reduce the capital financing costs to allow the revenue budget to be brought back in line. It was suggested that the process was not clear on how decisions had been taken and to what extent the deferred capital spend was used to improve the reserves position. It was suggested by the Cabinet Member and the Section 151 Officer that there had not been a manipulation of the capital programme to suit revenue need and furthermore that there was a governance process in place for deferment, which could only be agreed by Cabinet rather than officers. The officer further noted that the underlying issue was regarding the profiling of spending and when it gets spent, with this being an area that Wiltshire Council had not been good at with it down to individual project managers to profile. The officer acknowledged that a positive impact of not spending was that the funds would come through in revenue form, with interest receivable, thus significantly improving the budget due to rising interest rates. It was also suggested by the officer that there had been a disconnect between profiling and Treasury, with there being a need to be more aligned with what is allocated and what is spent. It was hoped that the Quarter One report to Cabinet would show profiling improvements. It was further clarified by officers that a number of factors had impacted on the revenue figure including higher interest rates and profile borrowing.

The Section 151 Officer stated that when the capital programme budget of £307million was approved, it was known that this would not be spent, with the profiled spend dropping from £269million and further down to £172million, with only £128million spent as it was known that Wiltshire Council historically only spends around £120million to £150million a year. It was stated that the unspent

money would be shifted into later years and would then be spent over a more reasonable period, with the Maltings Development cited as an example. The Cabinet Member noted that the Council was gradually getting better at profiling with an explanation provided as to how profiling might be used to provide greater efficiency for the taxpayer.

At the conclusion of discussion, it was,

Resolved:

The Overview and Scrutiny Management Committee agreed:

- 1. To note the general fund revenue budget outturn position for the financial year 2022/23**
- 2. the Dedicated Schools revenue budget outturn position for the financial year 2022/23;**
- 3. the Housing Revenue Account outturn position for the financial year 2022/23;**
- 4. the contributions to and from earmarked reserves as planned;**
- 5. the final year end position of savings delivery.**

22 Year End Capital Investment Programme Financial Outturn Position 2022/23

The Chairman noted that in the agenda was a report which set out the year end position of the Capital Programme for the council for the financial year 2022/23, including the movements from the original budget, final scheme slippage and how the programme has been funded. The report provided an update on the significant programmes that had been delivered and those that had been reprogrammed into future years. The report was considered by Financial Planning on 7 July and Cabinet on 11 July.

Cllr Gavin Grant, Vice-Chairman of the Financial Planning Task Group raised the following points, including but not limited to in relation to Stone Circle with attention to draw to where other local authorities had got into difficulty due to the inter-relationship with companies formed under the council. Cllr Grant noted that the housing market was a dynamic market and there was concern that should the assets move in an adverse way it would deliver an asset below the value of the loans that enabled it to happen. Reference was also drawn to changes of the Stone Circle governance structure and the outstanding issue of the scrutiny of that structure. Cllr Grant also referred to the HRA account and the inter-relationship with the capital programme in terms of the general capital outturn position and that the Task Group had requested training to better understand this. Furthermore, it was suggested that there was a wider discussion to be had in relation to the adjustment of capital budgets in the year and that the profiling of capital programmes would more likely sit with the Overview and Scrutiny Management Committee rather than the Task Group.

Cllr Nick Botterill, Cabinet Member for Finance, Development Control and Strategic Planning stated that Stone Circle now had a new governance structure and in relation to points raised about such examples of Croydon and Thurrock, Wiltshire Council was not looking at the purchase of trading assets but rather owning a number of residential properties.

The following comments were received by Members of the Committee but were not limited to that the scrutiny of Stone Circle was an area which wasn't looked at enough with a need to investigate such scrutiny. The Monitoring Officer, Perry Holmes, noted that a governance review had been carried out in September 2021 and as a result major suggestions had been implemented. Further reference was also drawn to the role of the Stone Circle Shareholders Group, which had been established.

Further points raised included reference towards the positive Overview and Scrutiny culture at Wiltshire Council, which was seen to be in advance of other local authorities. The Section 151 Officer, Andy Brown provided assurance in relation to Wiltshire Council's exposure to loans, with £22million of capital loans having been issued though these had been backed out against properties which had been acquired, with it likely that the loan value would increase due to the Council looking to possess a further 250 residential units. The Officer also stated that he was comfortable with the level of exposure and that this was different to other local authorities which had invested heavily and exposed themselves by over-investing in commercial and retail outlets rather than housing.

Additional comments were raised in relation to the High Needs block funding and an underspend of £2.3million, to which officers suggested that though work had been committed in the budget, the money had not been spent this year due to slippage. The officer agreed to provide the Cllr Hubbard with a breakdown of the high needs spending.

At the conclusion of discussion, it was,

Resolved:

The Overview and Scrutiny Management Committee agreed:

- 1. To note the capital programme, end of year spend position of £128.380m for financial year 2022/23 and the £39.438m of capital programme slippage approved by Cabinet to be rolled forward into future financial years.**
- 2. The Chair and Vice-chair of OS Management Committee to explore options for scrutiny engagement on the council's Stone Circle wholly owned companies and to bring proposals back to Committee.**

23 Treasury Management Outturn Report 2022/23

The Chairman noted that in the agenda was the Annual Outturn Report, which reviewed the council's Treasury Management activities for the year. The report

was considered by Financial Planning on 9 June, Cabinet on 13 June and Full Council on 18 July.

The following comments were made by Andy Brown, Deputy Chief Executive and Section 151 Officer, with an overview provided that when the budget was approved, authority was then delegated to the Section 151 Officer to act within the parameters of the Treasury Strategy. The Officer stated that he found comfort that this item was on the agenda to be discussed. Furthermore, the Officer stated that Wiltshire Council had a transparent approach compared to other councils, with training also being undertaken by officers to gain a clearer understanding of the detailed and prescriptive terms. Also, due to Wiltshire Council reporting on its Treasury Management Outturn position, this would allow for benchmarking against other councils to aid discussions and make improvements.

Cllr Gavin Grant, Vice-Chairman of the Financial Planning Task Group noted the strong inter-relationship between the Capital Programme and Treasury Management, with added importance due to reasons including the movement of interest rates and the cost of borrowing. Cllr Grant noted as within the earlier discussion regarding revenue accounts, if the Council is in a cash rich position, through good treasury management there is an opportunity to earn money through the shift in interest rates. Cllr Grant stated that the Task Group had no issues with the explanation of market movement, with reference also drawn to the investment in the CCLA fund, which though the numbers looked mildly alarming, once the investment matured the Council would be in a positive position. In relation to Capital outturns and HRA, the Task Group noted a need to have a better understanding. Cllr Grant also stated that the Council had an outstanding Funds Team, which Members should be grateful for and proud of.

The following comments were received by Members of the Committee but were not limited to how prescriptive the nature of reporting was and who set the prescribed requirements. It was clarified by the Officer that CIPFA (The Chartered Institute of Public Finance and Accountancy) set the standards for reporting as well as the Code for Treasury Management. Furthermore, it was outlined that every council must abide by the Treasury Management Code.

Cllr Nick Botterill, Cabinet Member for Finance, Development Control and Strategic Planning drew attention to paragraph 26 of the report, which outlined the Council's average debt rates and average life of debt, with it noted that the average rate was 3.41% lower this year and average life of debts 18.87 years. Therefore, suggesting that the Council was not overly vulnerable to rising interest rates on its own debt.

At the conclusion of discussion, the Chairman thanked the Officer for his interest in scrutiny. After which, it was,

Resolved:

The Overview and Scrutiny Management Committee agreed:

- 1. To note that the content of the report was in line with the Treasury Management Strategy 2022/23.**

24 **Management Committee Task Groups**

A report was received on the Task Groups and Panels established by the Management Committee.

Evolve Programme Task Group

Cllr Jon Hubbard, Chairman of the Evolve Programme Task Group and Cllr Ruth Hopkinson, Member of the Evolve Programme Task Group provided a verbal update to the Committee. The update covered that the Board had decided to postpone the introduction of the new payroll element of the programme until the start of the financial year, that staffing had now returned to a required level and that training was taking place to teach teams about the new work that they would be doing.

It was also noted that most of the system would be put in place in autumn, and that the correct decision had been made to defer the payroll element as to swap focus mid-stream could have disturbed the workflow. Reference was drawn to the procurement system and how problems had been encountered. It was stated that the whole scrutiny process had been exemplary, especially with the officers who had been transparent and willing to discuss problems. It was noted that the Task Group would follow the project through to its completion in April, with a wash up meeting likely to take place in May as well as potential work relating to the benefits profile.

Financial Planning Task Group

Cllr Gavin Grant, Vice-Chairman of the Financial Planning Task Group noted that though it was not customary for Task Groups to adopt a Vice-Chairman, the Financial Planning Task Group had chosen to do so.

At the conclusion of discussion, the Chairman thanked the Task Groups, Members and Officers for their work. After which it was,

Resolved:

The Overview and Scrutiny Management Committee agreed:

- 1. To note the update on the Task Group activity provided.**
- 2. To note the Financial Planning Task Group's forward work plan.**

25 **Forward Work Programme**

The Committee considered the forward work programmes for each select Committee, as well as updates from the Chairman for each Select Committee.

Comments were received in relation to the Environment Select Committee Forward Work Plan looking at the status of updates on Rights of Ways. Additionally, the Committee congratulated Cllr Jon Hubbard who had been asked by the Independent Group at the LGA to be the Deputy Chairman of the Children and Young People's Board.

At the conclusion of discussion, it was,

Resolved:

The Overview and Scrutiny Management Committee agreed:

- 1. To note the updates on select committee activity and approve the Overview and Scrutiny Forward Work Programme.**

26 **Date of Next Meeting**

The date of the next meeting was confirmed as 26 September 2023.

27 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 am - 12.35 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line 01225 718656, e-mail benjamin.fielding@wiltshire.gov.uk

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