

Overview and Scrutiny Committee
5 JUNE 2023

Present: Councillors: Paul Clarke (Chairman), Sam Bateman, Philip Circus, Mike Croker, Malcolm Eastwood, Len Ellis-Brown, Nigel Emery, Alex Jeffery, Liz Kitchen, Dennis Livingstone, Jonathan Taylor and Belinda Walters

Apologies: Councillors: Anthony Frankland, Tony Bevis and Mike Wood

Also Present: Councillors: Mark Baynham and Ruth Fletcher

SO/4 **MINUTES OF 20 MARCH 2023**

In view of the significant change to the composition of the Committee, the minutes of the meeting held on 20 March 2023 were taken as read and signed by the Chairman.

SO/5 **MINUTES OF 24 MAY 2023**

The minutes of the meeting held on 24 May 2023 were approved as a true record and signed by the Chairman.

SO/6 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

SO/7 **ANNOUNCEMENTS**

It was agreed that Councillor Tony Bevis would continue in his role as the Council's representative on the West Sussex Health and Adult Social Care Scrutiny Committee.

SO/8 **REPORT ON THE COUNCIL'S FINANCE AND PERFORMANCE**

The Chairman welcomed Councillor Mark Baynham to the meeting. Councillor Baynham had been in attendance to observe the meeting rather than in a formal capacity as the Cabinet Member for Finance and Resources.

The Director of Resources then introduced the report on the Council's finance and performance. The report was the Council's outturn report for 2022/23 and focused on five key areas: revenue performance; reserves; capital expenditure; debt; and key performance indicators.

In terms of revenue performance, there had been significant overspends in some service areas. Waste and recycling and street scene and fleet had overspent by nearly £900,000 in total as a result of the costs of fuel,

maintenance and salaries which had risen. Housing had also overspent by nearly £600,000 due to factors such as the increased demand for bed and breakfast accommodation, albeit some government grant funding had been received by this service area.

The increases to the Bank of England base rate had, however, led to an additional £1.35 million of investment income being received, and the Council's parking income had also increased substantially since the pandemic. This resulted in the Council having an overall operational surplus of £0.26 million on a net expenditure budget of £12.3 million.

In terms of reserves, it was reported that the general fund had increased from £23 million to £26 million and earmarked reserves had decreased from £23 million to £22 million, resulting in an overall net increase of £2 million. The general fund was in excess of the Council's minimum level of £6 million.

The Director of Resources highlighted that, whilst there had been a revenue surplus and increased reserves in 2022/23, there were a number of risks to the Council's finances in future years. These included: inflation; the cost of salaries; the impact of the cost of living on Housing and Revenues and Benefits; the impact of water neutrality on Planning department income; the Council's future capital replacement programme; decarbonisation costs; the removal of government grants; and the costs of fulfilling any additional responsibilities that the government might give to the Council.

In terms of capital expenditure, £5.2 million had been spent of a budget of £12.1 million. This represented a spend of only 43% of the budget, whereas other councils (and Horsham District Council in the past) generally spent between 70% and 80%, or even as much as 85%. There were four main areas of underspend, which were identified in the report. The Director of Resources was implementing a number of actions in order to try to improve the Council's performance, which were also identified in the report.

An update was provided with regard to the Council's debtors and progress that had been made since this was last reported to the Overview and Scrutiny Committee.

Key performance indicators for the fourth quarter and the end of year 2022/23 were provided in Appendix F to the report. Nine performance indicators were red at the end of year, of which the Director of Resources highlighted the following as the ones of most concern:

- Households in temporary accommodation and households in bed and breakfast accommodation: It was reported that, although the targets had not been met, opening Roffey Place in partnership with Turning Tides and securing additional family sized accommodation with Saxon Weald had helped the situation.
- Collection of Council Tax arrears: It was reported that the Council were in the process of appointing a second firm of bailiffs but there were some contractual issues to be resolved.

- Collection of Business Rates arrears: It was reported that the reminder period was being shortened in order to try to improve the in-year collection rate.
- Quality assurance on the local authority error: It was reported that £65,000 of housing benefit subsidy had been lost for the 2021/22 financial year due to the Council crossing the lower threshold of 0.48%. This had been reported to the Audit Committee in March. The Director of Resources explained that, as the errors were discovered during an audit of the 2021/22 claim that took place during 2022/23, the same types of errors had been able to occur during 2022/23, and the Council was also expected to lose subsidy for that year. The pre-audited figure was approximately £123,000. The Director of Resources advised that this matter was his number one priority and explained that numerous changes had been implemented to try to reduce the number of errors that were made in future.

Members had an opportunity to make comments and ask questions. Among the matters raised were:

- How much of the capital expenditure budget for 2022/23 would automatically rollover to 2023/24. The Director of Resources confirmed that, where a project was still valid, it would be reprofiled into a future financial year.
- Whether the reasons for the low capital programme performance were unique to Horsham or experienced by other councils. The Director of Resources explained that some of the issues would be experienced by other councils, but it was probably an accumulation of factors that caused such a low performance.
- Whether there was a risk register for each of the Council's capital projects. The Director of Resources confirmed that some of the larger projects would have a risk register.
- Whether there were some service areas that were slower at delivering projects than others. The Director of Resources advised that there would be, but some projects were more complex and therefore took longer to deliver than others.
- Whether the Council could commit to less and deliver more. The Director of Resources explained that, whilst the Council could commit to less, there was a desire to try to deliver for residents across many service areas. Members would be able to determine the number of projects the Council committed to when setting the budget for 2024/25.
- How the progress of projects was monitored and reported. The Director of Resources advised that there was monthly reporting to the Senior Leadership Team and quarterly reporting to the Overview and Scrutiny Committee.
- Whether the £25,000 budget carry forward for Recycling and Waste related largely or entirely to payments due to the Council's external consultants, Ricardo. The Director of Resources confirmed that some of it did, but it also related to the costs of the pilot scheme for food waste collection.
- The Director of Resources clarified that some of the budget carried forward for 'resolving parish issues' related to Steyning Parish Council.

- Whether the Revenues and Benefits team was fully staffed and whether salary made it difficult to recruit. The Director of Resources advised that the team was nearly fully staffed but some of those newer members of staff required training. He confirmed that salary was an issue, as was the case for recruiting to many of the Council's service areas.
- Whether the process for administering housing benefit could be improved in order to reduce the dependency on experienced members of staff. The Director of Resources explained that, whilst the Council was looking at its process, it was very difficult to simplify it as it was such a complex area.
- The extent to which the Council could influence staff morale within the Revenues and Benefits team, given that those members of staff were employed by Milton Keynes Council. The Director of Resources advised that the arrangement was a partnership and he sat on the partnership board, and he probably had about as much influence as he would do if the service was run in-house.

The Chairman suggested that members of the Committee give advance notice of any detailed questions to be asked of officers or any members of the Cabinet due to attend a meeting in order that they can be better prepared to answer them.

SO/9 **OVERVIEW AND SCRUTINY ANNUAL REPORT**

The Chairman presented the Overview and Scrutiny Annual Report.

RESOLVED

To refer the report together with the Overview and Scrutiny work programme to Full Council for noting.

REASON

The Council's Constitution requires the Committee to report to Full Council on an annual basis with regard to the discharge of the overview and scrutiny function and its future work programme.

SO/10 **WORK PROGRAMME**

The Chairman introduced the Committee's work programme and explained how items could be added to it.

SO/11 **CABINET FORWARD PLAN**

The Cabinet Forward Plan was noted.

SO/12 **URGENT BUSINESS**

There was no urgent business.

SO/13 **EXEMPT SESSION**

The Committee resolved to go into exempt session in order for the Director of Resources to answer a question posed during agenda item 5 (Report on the Council's Finance and Performance) in relation to a case concerning unpaid Community Infrastructure Levy (CIL).

RESOLVED that, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting, on the grounds that it involves the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Local Government Act 1972, by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The meeting closed at 6.47 pm having commenced at 5.30 pm

CHAIRMAN