



# Overview and Scrutiny Select Committee

**Thursday, 6 July 2023 at 7.30 pm**

**Council Chamber - Civic Centre**

## **Members of the Committee**

Councillors: J Furey (Chairman), N Prescott (Vice-Chairman), A Balkan, T Burton, T Gates, L Gillham, E Kettle, A King and S Lewis

In accordance with Standing Order 29.1, any Member of the Council may attend the meeting of this Committee, but may speak only with the permission of the Chairman of the Committee, if they are not a member of this Committee.

**(N.B PLEASE NOTE, THIS MEETING WILL COMMENCE UPON THE CONCLUSION OF THE CRIME AND DISORDER COMMITTEE MEETING WHICH COMMENCES AT 7.30.PM.)**

## **AGENDA**

- 1) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
  
- 2) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr Andrew Finch, Democratic Services Section, Law and Governance Business Centre, Runnymede Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425623). (Email: [Andrew.Finch@runnymede.gov.uk](mailto:Andrew.Finch@runnymede.gov.uk)).**
  
- 3) Agendas and Minutes are available on a subscription basis. For details, please contact [Democratic.Services@runnymede.gov.uk](mailto:Democratic.Services@runnymede.gov.uk) or 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on [www.runnymede.gov.uk](http://www.runnymede.gov.uk).

4) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

5) Filming, Audio-Recording, Photography, Tweeting and Blogging of Meetings

Members of the public are permitted to film, audio record, take photographs or make use of social media (tweet/blog) at Council and Committee meetings provided that this does not disturb the business of the meeting. If you wish to film a particular meeting, please liaise with the Council Officer listed on the front of the Agenda prior to the start of the meeting so that the Chairman is aware and those attending the meeting can be made aware of any filming taking place.

Filming should be limited to the formal meeting area and not extend to those in the public seating area.

The Chairman will make the final decision on all matters of dispute in regard to the use of social media audio-recording, photography and filming in the Committee meeting.

## List of matters for consideration

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### Part I

#### Matters in respect of which reports have been made available for public inspection

1. **Notification of Changes to Committee Membership**

2. **Minutes**

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To confirm and sign, as a correct record, the Minutes of the meeting of the Committee held on 2 February 2023 (Appendix A), and the extraordinary meeting of the Committee held on 12 April 2023 (Appendix B).

3. **Apologies for Absence**

4. **Declarations of Interest**

Members are invited to declare any disclosable pecuniary interests or other registrable and non-registrable interests in items on the agenda.

5. **Overview and Scrutiny Function – Annual Report – 2022/23**

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6. **Exclusion of Press and Public**

### Part II

There are no exempt or confidential items on this agenda

**Runnymede Borough Council****Overview and Scrutiny Select Committee****Thursday, 2 February 2023 at 8.32 pm**

Members of the Committee present: Councillors S Lewis (Vice-Chair, in the Chair), A Berardi (In place of S Ringham), M Darby, R Davies, L Gillham, C Howorth (In place of J Furey), N Prescott and S Williams.

Members of the Committee absent: Councillor S Saise-Marshall

**485 Minutes**

The minutes of the meeting from 7 July 2022 were confirmed and signed as a true record.

**486 Apologies for Absence**

Apologies were received from Cllr S. Saise-Marshall.

**487 Declarations of Interest**

No declarations of interest were made.

**488 Mid Year Treasury Management**

The Corporate Head of Finance advised that as at 30 September 2022 the Council had outstanding borrowing of £653m and investments of £83m.

The Corporate Head of Finance highlighted to Committee a breach of counterparty limits as set out in the report, with one of the three rating agencies downgrading the institution in which an investment had been made, meaning that the investment did not meet the Council's criteria at the time of the investment.

The breach had been reported to Council in accordance with treasury procedures and officers had established new preventive controls and procedures to ensure that this did not happen again. The Corporate Head of Finance would update the Committee when the IT supplier had overcome the issues encountered.

The average interest rates achieved for the first six months of the year were also highlighted, with investments generating interest of an average 1.1%.

**489 Treasury Management 2023-24**

The Corporate Head of Finance confirmed that the 2023-24 Treasury Management strategy had been approved at the recent Corporate Management Committee.

Training for Members and Officers had been given greater prominence, and two training sessions had taken place for Members in October 2022, and officers had undertaken a training needs assessment.

The key capital and treasury prudential indicators included the Council's borrowing need, new liability benchmark setting out the future borrowing requirements and a new proportionality indicator, setting out the Council's reliance from income in investment properties and loans to companies.

The Corporate Head of Finance highlighted the Council's investment strategy, with £70m-£90m invested at any one time. However, finding locations for these investments was becoming challenging so officers were therefore seeking to increase its counterparty limits and/or seek additional investment vehicles for its money and tweak the amounts officers could invest in foreign countries, which the Council's treasury advisors did not consider an unreasonable proposition.

In response to a query from a Member, it was confirmed that the Council only invested in countries that had a minimum sovereign long term rating of AA+.

The Corporate Head of Finance confirmed to a Member that increases or drops in costs, including inflation were monitored and assessed through the Council's budget monitoring and significant changes were subsequently reflected in the cashflow forecasts.

A Member asked for evidence of the ethical and environmental criteria used by the Council when deciding where to invest. The Corporate Head of Finance stated that the vast majority of the Council's investments were in banks and building societies and that the credit rating agencies incorporated ESG risks in their ratings which the Council used in determining homes for its investments. Other Members were supportive of environmental criteria factors, but urged a nuanced discussion to enable all parties to express views on social responsibility, particularly in the context of being able to support Ukraine in the current conflict.

The Corporate Head of Finance added that some banks had started issuing dedicated sustainable accounts which would be investigated.

**Recommended to Full Council on 9 February 2023:**

- i) The proposed 2023/24 Treasury Management Strategy encompassing the Annual Investment Strategy was approved.**
- ii) The Prudential and Treasury Management Indicators for 2023/24 was approved.**
- iii) The revised Treasury Management Policy Statement and Treasury Management Practices was approved.**
- iv) The authorised limit for external borrowing by the Council in 2023/24, was set at £700,613,000 (this being the statutory limit determined under Section 3 (1) of the Local Government Act 2003.**
- v) The Council's MRP statement for 2023/24 remain as follows:**

**"The Council will use the asset life method as its main method for calculating MRP. In normal circumstances, MRP will be set aside from the date of acquisition. However, in relation to capital expenditure on property purchases and/or development, we will start setting aside an MRP provision from the date that the asset becomes operational and/or revenue income is generated".**

(The meeting ended at 8.57 pm.)

Chairman

## Runnymede Borough Council

### Overview and Scrutiny Select Committee

Wednesday, 12 April 2023 at 7.30 pm

Members of the Committee present: Councillors J Furey (Chairman), S Lewis (Vice-Chairman), A Berardi, M Darby, C Howorth (In place of N Prescott), S Jenkins (In place of L Gillham), R King (In place of R Davies), S Saise-Marshall and S Williams.

Members of the Committee absent: None.

In attendance: Councillors I Mullens and D Whyte.

#### 662 Apologies for Absence

No apologies for absence were received.

#### 663 Declarations of Interest

The Council's Deputy Corporate Head of Law and Governance reiterated the advice that had been provided in writing in advance that any member of the Committee, or any other Member in attendance exercising their right to attend under standing order 29.1 of the Council's constitution, who also attended Corporate Management Committee on 23 March 2023 could debate and vote on the topic under discussion, provided that they declared that whilst they may be predisposed based on their comments in that debate, they were not predetermined on the issues relevant to determination of the call-in.

Cllrs C Howorth and R King as members of both Overview & Scrutiny Select Committee and Corporate Management Committee who took part in and voted on the debate at Corporate Management Committee on 23 March 2023, confirmed that they did not feel predetermined on the outcome on the issues relevant to the determination of the call-in.

Cllrs Mullens and D. Whyte, in attendance at Overview & Scrutiny Select Committee as observers and members of Corporate Management Committee who took part in and voted on the debate at Corporate Management Committee on 23 March 2023, confirmed that they did not feel predetermined on the outcome on the issues relevant to the determination of the call-in.

Cllrs Jenkins and Lewis, as members of Overview & Scrutiny Select Committee and in attendance at Corporate Management Committee on 23 March 2023 as observers, confirmed that they did not feel predetermined on the outcome on the issues relevant to the determination of the call-in.

The Deputy Corporate Head of Law and Governance also advised Committee that under standing order 39.5 of the Council's constitution, if members of a political group had agreed in advance how they would vote, they should declare so at the outset of the meeting for the minutes. No such declarations were made.

#### 664 Call-in of Decision - Recruitment Process for Appointment of New Chief Executive

One of the Members who requested the call-in explained that it was done so for a number of reasons, including proportionality. The Member stated that the recruitment of the most senior position in the Council was largely responsible for the quality of life of some 100,000 residents in the borough and it was vital that appointment was carried out to the highest

possible standard.

Given that the process would be a costly exercise it was important that the best possible value for money was achieved. The Member did not feel this was possible with a number of those on the appointments sub committee standing for re-election within two weeks of the closing date of the application, adding unnecessary risk and the prospect of a lack of continuity to the process.

It was added that two assistant chief executives would be in place by the time the incumbent chief executive departed, and the Member felt that those two individuals possessed the competence and experience to sufficiently deputise during the few additional weeks that recommending a revised timescale to Corporate Management Committee would entail.

The Member therefore supported the option in the report to recommend to Corporate Management Committee that a revised timescale be considered so that all aspects of the selection process took place after the local election on 4 May 2023.

Another Member raised the issue of openness, stating that the report for Corporate Management was not published until 5:46pm on 21 March – a little over 48 hours before the meeting – despite the main agenda being published on 15 March. They went on to say that this did not give Members appropriate time to digest the content of the report, particularly in the context of an already lengthy Corporate Management Committee agenda. It was added that several Members of Corporate Management Committee were also members of Planning Committee, who had attended a Planning Committee meeting on 22 March that featured an agenda of 264 pages.

The Committee Chair advised that advance warning of the report was provided by virtue of the publication of the agenda at 17:54 on 15 March, which had stated that item 8 – Establishment of an Appointments Sub-Committee – Chief Executive, would be to follow.

Several Members expressed dissatisfaction that seven of the 16 items on the Corporate Management Committee agenda had been marked to follow at the publication stage, and whilst acknowledging both officers' heavy workloads and that late reports were sometimes unavoidable, the frequency of late reports was becoming a concern. Members were keen to be provided with more detail in future on when late reports were likely to be made available.

The Committee Chair agreed that delays to reports should be kept to a minimum and was glad that some Members had raised concerns with the current chief executive. He reminded Committee of the option to put forward a motion to defer a report on the grounds of not having sufficient time to digest its content.

Another Member raised concerns about proportionality, highlighting the importance of consistency on the approach to interview. Potentially changing the line-up of the sub-committee during the process would be unfair on potential candidates, whilst delaying the process until the outcome of the election was known might increase the pool of candidates wishing to apply for the position given the clearer picture on the political leadership of the Council. In response another Member felt there was just as much chance of missing out on a good calibre candidate who was currently available but who might not be available should the process be delayed.

The Committee Chair felt that should the makeup of the Sub-Committee change then any new member(s) would have the opportunity to provide scrutiny on any decisions already reached to ensure they were informed on how those decisions had been made. In response, it was also acknowledged that any new member(s) could similarly reject the work of the previous sub-committee, which could result in the process starting again from

scratch.

A Member emphasised that the role of chief executive was apolitical, and the focus should be on recruiting the best individual to lead a team and understand that when a political direction is made by elected members, it is legitimate, achievable and adhered to by officers of the Council.

A motion was moved that the debate should end, and the matter should be put to the vote. The motion was carried by the rest of the Committee.

A motion was subsequently proposed that the Committee recommend that Corporate Management Committee proceed as planned.

A named vote had been requested on the eventual recommendation earlier in the debate, and the voting was as follows:

For (5)

Cllrs J. Furey, S. Lewis, M. Darby, C. Howorth, S. Saise-Marshall

Against (4)

Cllrs A. Berardi, S. Jenkins, R. King, S. Williams

Abstain (0)

-

The recommendation was carried, and it was therefore resolved that:

**Resolved that –**

**Overview & Scrutiny Select Committee to recommend that Corporate Management Committee proceed as planned.**

(The meeting ended at 8.41 pm.)

Chairman



**Overview and Scrutiny Function – Annual Report – 2021/22  
(Law and Governance, Andrew Finch)**

**Synopsis of report:**

**To present the Annual Report of the Overview and Scrutiny function for the Municipal Year 2021/22 at Appendix A for submission to the Council meeting on 20 July 2023.**

**Recommendations:**

**The Committee is asked to confirm if it is content for the report at Appendix A to be submitted to Council in July.**

**1. Report**

- 1.1 Sub-paragraph 6.03 (d) of the Council's Constitution states:-  
"(d) **Annual Report.** The Overview and Scrutiny Select Committee must report annually to full Council on its workings and make recommendations for future work programmes and amended working methods if appropriate."
- 1.2 The Committee is asked to confirm if it is content for the report at Appendix A to be submitted to full Council in July, or if it wishes to make any amendments.

**(To Recommend)**

**Background Papers**

None

## Appendix A

### Overview and Scrutiny Function – Annual Report – 2022/23

#### 1. Introduction

1.1 The Overview and Scrutiny function in Runnymede is undertaken by the Overview and Scrutiny Select Committee. The Committee's [Terms of Reference](#) and [procedure rules](#) are both set out in the Council's Constitution. This report summarises the areas of the Overview and Scrutiny Select Committee's activities for the Municipal Year 2022/23.

1.2 The Overview & Scrutiny Select Committee met on the following dates in 2022/23:

[7 July 2022](#)

[2 February 2023](#)

[12 April 2023 \(Extraordinary Meeting\)](#)

1.3 The following items were considered at its meetings:

Item	Date
Treasury Management Annual Report 2021 /22	7 July 2022
Mid-Year Treasury Management	2 February 2023
2023/24 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision	2 February 2023
Call in of Decision: Recruitment Process for Appointment of New Chief Executive	12 April 2023

#### 2. Treasury Management Annual Report 2021/22

2.1 The Council's Treasury Management Strategy for 2021/22 was approved by Corporate Management Committee at its meeting on 21 January 2021, Overview & Scrutiny Select Committee 4 February 2021 and at Council on 9 February 2021. [The report](#) to Overview & Select Committee on 7 July 2022 set out the Council's performance against the criteria in these reports for 2021/22.

2.2 The financial year continued the challenging investment environment of previous years. The management of counterparty risk remained the council's primary treasury management priority. The criteria in the Annual Investment Strategy was continuously reviewed to minimise risk as far as reasonably possible whilst retaining the ability to invest with secure institutions.

2.3 During the meeting it was reported that general return on the Council's investment remained low with the bank Base Rate remaining at 0.1% until December when following a series of increases, it settled at 0.75% at the end of the year.

2.4 During the year the Council repaid a £40m loan to the PWLB and replaced it with the prearranged £40m annuity loan at 2.88% with Phoenix Life as agreed by Corporate Management Committee in 2018. This represented the Council's first and only Annuity loan which repays an element of the principal sum borrowed each year rather than repayment of all the principal at the loan maturity date.

- 2.5 The Council's interest rate performance during last year was 0.36%, which compared favourably with the Council's benchmark rates, and was largely thanks to investment in its two Pooled Funds. These funds were long-term in nature and over long-term horizons they provided investors with strong levels of interest in the form of dividends.
- 2.6 Treasury Management training was offered to all councillors in October 2022, and the chairs of both Corporate Management Committee and Overview & Scrutiny Select Committee encouraged its members to attend. The training was broken down into two sections, the first delivered in-house and the second by an external company, and covered the following areas:
- Treasury Management Framework
  - Council Responsibilities
  - Treasury Management Policy
  - Annual Investment Strategy
  - Types of investment
  - Treasury Management Practices (TMP)
  - Treasury Management Schedules (TMS)

### **3. Mid-Year Treasury Management**

- 3.1 The Prudential and Treasury Management Codes, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), require all local authorities to prepare Treasury Management and Capital Strategies.
- 3.2 It was reported during the meeting that as at 30 September 2022 the Council had outstanding borrowing of £653m and investments of £83m.
- 3.3 The Corporate Head of Finance highlighted to Committee a breach of counterparty limits as set out in the report, with one of the three rating agencies downgrading the institution in which an investment had been made, meaning that the investment did not meet the Council's criteria at the time of the investment.
- 3.4 The breach had been reported to Council in accordance with treasury procedures and officers had established new preventive controls and procedures to ensure that this did not happen again. The Corporate Head of Finance would update the Committee when the IT supplier had overcome the issues encountered.

### **4. 2023/24 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision**

- 4.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 4.2 The updated Treasury Management Code had introduced a requirement to set out Liability Benchmark and Proportionality indicators so that members and officers could easily see the borrowing commitments the Council has and the extent to which the Council is reliant on its property related income.

- 4.3 The Council recognises that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment, and debt. Therefore, all investment decisions (treasury and nontreasury) are taken considering the Council's Corporate Business Plan, Medium Term Financial Strategy, Capital & Investment Strategy and Treasury Management Strategy.
- 4.4 The Council remain in a very difficult investment environment with several unknowns. Interest rates and market sentiment has still been subject to bouts of volatility and economic forecasts abound with uncertainty. With rising interest rates, increasing global political risks and expected recessions in 2023, the investment policy and borrowing shall remain prudent in combination with rigorous risk management practices.
- 4.5 During the meeting The Corporate Head of Finance highlighted the Council's investment strategy, with £70m- £90m invested at any one time. However, finding locations for these investments was becoming challenging so officers were therefore seeking to increase its counterparty limits and/or seek additional investment vehicles for its money and tweak the amounts officers could invest in foreign countries, which the Council's treasury advisors did not consider an unreasonable proposition.
- 4.6 The Corporate Head of Finance stated that the vast majority of the Council's investments were in banks and building societies and that the credit rating agencies incorporated ESG risks in their ratings which the Council used in determining homes for its investments. Other Members were supportive of environmental criteria factors, but urged a nuanced discussion to enable all parties to express views on social responsibility, particularly in the context of being able to support Ukraine in the current conflict.
- 4.7 The following recommendations were made to full Council:

**i) The proposed 2023/24 Treasury Management Strategy encompassing the Annual Investment Strategy as set out in this report be approved**

**ii) The Prudential and Treasury Management Indicators for 2023/24 set out in this report be approved**

**iii) The revised Treasury Management Policy Statement and Treasury Management Practices set out in the Appendices be approved**

**iv) The authorised limit for external borrowing by the Council in 2023/24, be set at £700,613,000 (this being the statutory limit determined under Section 3 (1) of the Local Government Act 2003.**

**v) The Council's MRP statement for 2023/24 remain as follows:**

**"The Council will use the asset life method as its main method for calculating MRP.**

**In normal circumstances, MRP will be set aside from the date of acquisition. However, in relation to capital expenditure on property purchases and/or development, we will start setting aside an MRP provision from the date that the asset becomes operational and/or revenue income is generated".**

## **5. Call-in of Decision: Recruitment Process for Appointment of New Chief Executive**

- 5.1 Call-in of a decision is a procedure available to the Overview and Scrutiny Select Committee which prevents implementation of a decision of a policy Committee until it has been considered further.
- 5.2 Following Corporate Management Committee on 23 March 2023 two members of Overview & Scrutiny Select Committee triggered the call-in process for an item on the agenda around the recruitment process for the appointment of a new chief executive.
- 5.3 During the meeting Members highlighted concerns over proportionality, with the recruitment process taking place either side of an election, and further concerns were raised at the lateness of the item, with the paper having been despatched some 48 hours before March's Corporate Management Committee.
- 5.4 After around an hour's debate a Member put forward a motion to suggest that Corporate Management Committee proceed with the recruitment process as planned.
- 5.5 Following a named vote, the motion was carried by five votes to four, therefore it was resolved that –

**Overview & Scrutiny Select Committee to recommend that Corporate Management Committee proceed as planned.**

## **6. Plan for 2023/24**

- 6.1 The Overview & Scrutiny Select Committee scheduled for 5 October 2023 will have a report outlining the first quarter Treasury Management, which would include property investments, alongside the Treasury outturn report.
- 6.2 The Overview & Scrutiny Select Committee scheduled for 30 November 2023 will have an item on the second quarter Treasury Management.