

Appendix A

Overview and Scrutiny Function – Annual Report – 2021/22

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 are set out in Article 6 of the Council's Constitution, which is attached at Appendix A. This report summarises the areas of the Overview and Scrutiny Select Committee's activities for the Municipal Year 2021/22.
- 1.2 The Overview & Scrutiny Select Committee has overseen the following items at its four meetings in 2021/22:

Item	Date
Call in of Decisions:	
• Public Space Protection Orders, Egham Hythe	8 July 2021
• Appointments to Outside Bodies	8 July 2021
Treasury Management Annual Report 2020/21	7 October 2021
Progress Towards Savings	2 December 2021
Treasury Management Mid-Year Report	2 December 2021
2022/23 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision Statement	3 February 2022

2. Call in of Decisions

- 2.1 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. Two such items were considered during 2021/22.

2.2 Public Space Protection Order, Egham Hythe

- 2.3 A call-in was received on 23 June 2021 from Councillor Robert King and supported by Councillor Furey as Chairman of Overview & Scrutiny Select Committee. It related to the decision of the Community Services Committee on 17 June 2021 that a Public Spaces Protection Order (PSPO) for the Egham Hythe area was not proportionate but would be kept under review.

- 2.4 The matter was considered by Overview & Scrutiny Select Committee on 8 July 2021.

- 2.5 The Committee noted that the issue of a PSPO for Egham Hythe had been raised by former Councillor Neathey and had been discussed at the meetings of the Community Services Committee on 12 November 2020, 11 March 2021 and 17 June 2021.

- 2.6 The Committee noted the response of officers to the call-in. Many of the behaviours reported to the Council's Community Safety Co-Ordinator by former Councillor Neathey were criminal matters and were already subject to various enforcement routes. The behaviours referred to in the evidence in support of the call-in confirmed

further that the behaviours of most concern were linked to criminal matters or those which had enforcement options already available.

- 2.7 The Committee further noted that at the Community Services Committee meeting on 17 June 2021, some Members also reported that residents were not reporting as much as they could due to a lack of feedback from the police on previous occasions. The need for residents to feel they were being listened to was noted at that meeting, as well as focussing on positive activities which would distract those from engaging in anti-social behaviour.
- 2.8 The Committee agreed not to refer the decision back to the Community Services Committee for reconsideration. However, the Committee agreed to recommend to the Community Services Committee that it should agree to receive a future agenda item that investigated the manner in which anti-social behaviour and criminal behaviour was reported to enable it to be better informed when considering the making of PSPOs.
- 2.9 Subsequently, at its meeting on 16 September 2021 Community Services Committee resolved that a future agenda item be brought to Committee that investigated the manner in which anti-social behaviour and criminal behaviour was reported to enable it to be better informed when considering the making of Public Space Protection Orders.
- 2.10 This was then considered at the Community Services Committee on 1 February 2022 as part of a detailed report on aspects of the Community Safety Co-ordinator's work around Public Space Protection Orders, including a recommendation that the Councillor representation on the Community Safety Partnership be increased from one to two.
- 2.11 Members noted all the different reporting channels that had to be used for evidence to be officially recorded and count as evidence to justify consideration of a PSPO. It was agreed these needed to be promoted widely in order to be effective as there was a perception that residents did not feel 'heard' by the official channels. Officers assured the Committee that reports into Community Safety were logged and acknowledged.
- 2.12 Members noted the process for making a PSPO from building up an evidence base through the various official reporting lines to its recommendation by the relevant multi-agency organisations for Officers to make the order under delegated authority following consultation. A helpful flowchart was appended for information. Members asked Officers to consider whether the reporting process could be made into simple guidance and promoted on the Council's website as well as stressing that only reports made in this way counted as evidence.
- 2.13 Officers described other developments that might be possible following the merger of Community Development and Community Services. These were that the process for deploying CCTV be prioritised during 2022/2023, with the Communities Safety Partnership, now chaired by the Safer Communities Manager, being able to authorise their placement and chosen locations in the borough. In addition, it was considered that further partnership working and information sharing would be beneficial to promote Community Safety and more effective working between agencies.

2.14 **Appointments to Outside Bodies**

- 2.15 A call-in was received on 1 June 2021 from Councillor Alderson and Councillor Williams. The terms of the call-in request related to appointments made to outside bodies by Corporate Management Committee on 27 May 2021, as Councillors Alderson and Williams did not consider that there had been a proper opportunity at that meeting for Councillors to make the case for alternative nominations for some of the outside body appointments.
- 2.16 The matter was considered by Overview & Scrutiny Select Committee on 8 July 2021.
- 2.17 The Committee discussed the way in which contested appointments had been considered at the Corporate Management Committee meeting on 27 May 2021. It was confirmed that advice had been given at the meeting that if a Member who had been nominated for an external appointment wished to speak in support of their own nomination for an appointment to an outside body they could **not** do so. Members had interpreted the advice to mean that no speech whatsoever could be made in support of a nomination to an outside body. However, the Overview and Scrutiny Select Committee noted that a speech could be made by another Member who was proposing the nomination, but not by the Member who was nominated.
- 2.18 Overview and Scrutiny Select Committee made the following recommendations to Corporate Management Committee:
- i) the contested outside body appointments at the Corporate Management Committee meeting on 27 May 2021 be determined in accordance with Standing Order 39.6 on pages 161 and 162 of the May 2021 Constitution of the Council;*
 - ii) for future outside body appointments an External Appointments Sub-Group be convened which would make recommendations on the appointments to the Corporate Management Committee for decision; and*
 - iii) for future outside body appointments, Council representatives on outside bodies be required to report back to the Council on their attendance and on the activity of the outside bodies to which they were appointed by the Council.*
- 2.19 Recommendation (i) was determined in accordance with Standing Order 39.6 on pages 161 and 162 of the May 2021 Constitution of the Council and a number of appointments to outside bodies were made at Corporate Management Committee on 22 July 2021.
- 2.20 Recommendations (ii) and (iii) were deferred for consideration by the Constitution Member Working Party, which discussed the matter at its meetings in September and November 2021 and worked up a recommendation for a new process to Corporate Management Committee in January 2022.
- 2.21 Corporate Management Committee supported the revised process, which would require nomination forms to be completed justifying why that person considered that they were the best person for that appointment. These nomination forms would be circulated to all Councillors.

3. Treasury Management Annual Report 2020/21

- 3.1 At its meeting on 7 October 2021 the Committee noted the treasury performance of the Council during the last financial year as set out in the Treasury Management Annual Report 2020/21. This report had also been presented to the Corporate Management Committee at its meeting on 9 September 2021.
- 3.2 During the year the Council had operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy and in compliance with the Council's Treasury Management Practices and a prudent approach had been taken in relation to all investment activity with priority being given to security and liquidity over yield. The economic background and the Council's borrowing activity in 2020/21 were noted.
- 3.3 The Council's underlying need to borrow, known as the Capital Financing Requirement, represented the level of unfinanced capital expenditure. Part of the Council's treasury activity was to address the funding requirements for this borrowing need and organise the Council's cash position to ensure that sufficient cash was available to meet its capital plans and cash flow requirements.
- 3.4 Taking both borrowing and investment together, overall the Council had made a £2.1m betterment on its original net debt forecast for the year. In 2020/21, investment returns and borrowing rates were better than anticipated with no additional risk to the Council. The Committee congratulated the Council's Finance officers on this excellent performance and asked the Corporate Head of Finance to convey their appreciation to his team.

4. Progress Towards Savings

- 4.1 Upon the request of the Chairman of the Overview and Scrutiny Select Committee the Committee received an update on progress towards the Council's savings target at its meeting on 2 December 2021.
- 4.2 It was noted that the Council hopes to be in a position by May 2022 to align strategies on climate change, health and wellbeing, economic prosperity and the Local Plan, all of which would be underpinned by the Medium-Term Financial Strategy (MTFS). The Committee noted that capital expenditure consisted of resources spent on long term assets such as buildings or vehicles. Capital resources arose from items such as capital receipts, borrowing or grants. Revenue expenditure was all of the rest of the Council's expenditure that was not capital. Housing was funded through the Housing Revenue Account which was a separate account from the General Fund.
- 4.3 The MTFS approved in February 2021 had included a £2m savings target. In February 2021 the Council had approved a target to identify £1m savings in 2021/22 and a further £1m in 2022/23. Additional income received in late February/March 2021, removal of uncommitted growth, freezes on recruitment and on all non-essential expenditure, delays in borrowing to finance the Magna Square development and a betterment in the commercial property debt provision, had all been factors which had resulted in the Council having increased balances at the end of 2021/22 which meant that the £2m savings target could be found over 3 to 4 years rather than the 2 envisioned.
- 4.4 The Committee noted progress towards savings identified and included in the MTFS. The 2021/22 budget included provision for savings of £500,000. The savings

identified so far had effectively met the current year's savings target. In June 2021 a Voluntary Redundancy Programme (VRP) had been approved which saved £720,000 and £340,000 of this sum had been reinvested in new posts in the areas of climate change, bid writing, procurement, human resources and parking enforcement. This produced a net saving of £380,000. Other savings or income generation items that had been identified were an increase in income from Automatic Number Plate Recognition installation in car parks, a reduced contribution to the Surrey travellers site, removal of the Essential User Car Allowance scheme, careline income, rough sleeping accommodation and out of hours contracts. The total produced by all of these items, including the VRP net saving, was £587,000.

- 4.5 The Committee noted potential longer term income opportunities which had been identified by officers totalling £400,000. In summary, the Council had identified approximately £1.7m of potential new income against its target of £2m. However, although the Council had identified savings it had also identified new unavoidable growth and new cost pressures. As an illustration of the cost pressures that the Council faced, if inflation was at the Government's 2% target, the cost to the Council would be £450,000. A flat rate £5 increase in Council Tax only generated an additional £175,000 in income which meant that the Council had to generate an extra £275,000 in income to break even in respect of a 2% inflation rate. Furthermore, inflation was predicted to rise in 2022.
- 4.6 The Committee noted the paramount importance of addressing the ongoing General Fund deficit in order to maintain an adequate level of reserves. There was a need to build up balances in the property repairs and renewals reserve and the investment property income equalisation reserve but this could only be done by taking money from the General Fund Working Balance.
- 4.7 The Committee noted that Runnymede was in a better financial position and had a smaller budget gap than some of its peers. However, there was still a need to address a predicted ongoing deficit.
- 4.8 One way of saving money which was advocated sometimes by the public was for Councils to only deliver those services which were required by statute and to cut back their discretionary services. However, this was not an acceptable course of action for Runnymede as the discretionary services that it provided were often the most valued by local residents. Furthermore, discretionary services also provided Runnymede with the potential to generate income.
- 4.9 Members agreed that the report had provided a valuable insight into the financial planning process of the Council. The Committee agreed to receive a report on progress towards savings twice yearly in order to review this matter on a regular basis.

5. Treasury Management Mid-Year Report

- 5.1 At its meeting on 2 December 2021 the Committee noted a report on the treasury activity undertaken during the first six months of the financial year, which had also been reported to the Corporate Management Committee at its meeting on 25 November 2021.
- 5.2 The Committee noted a full list of the Council's borrowings held at 30 September 2021. Officers had borrowed externally recently to crystallise some of the Council's £50m of under, or internal, borrowing whilst rates were still low. The Council had borrowed £10m from the Public Works Loan Board at the end of September 2021

and had since borrowed a further £20m, including £10m for 50 years at 1.67%, which was lower than the Council's 1.75% target rate.

- 5.3 The Committee noted the investment activity during the first six months of the year. £129,645m of new investments had been made and the Council ended the period with £71.454m invested in the markets. This had temporarily increased to £82m at the end of November 2021 with the recent external borrowings, but this would start to reduce again after the New Year. These investments generated an average interest rate for the period of 0.29% which exceeded the target of 0.20% for the year. However, with rates set to rise from their historic lows over the next few years, future in-house performance was unlikely to be as favourable as investments started to move in line with the rising market. In addition to the money markets, the Council also invested in its own companies by making loans, at commercial rates, to Runnymede Borough Council Investments (Surrey) Ltd. This produced a valuable source of income for the General Fund.
- 5.4 The Council had been able to obtain a particularly good rate of interest of 0.4% in its investment with the Santander Business Reserve Account. The Committee commended Finance officers for the good treasury performance in the first six months of 2021/22.

6. 2022/23 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision Statement

- 6.1 At its meeting on 3 February 2022 the Committee considered a report on the 2022/23 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision Statement. The four recommendations in the report had been recommended to Full Council on 10 February 2022 by the Corporate Management Committee at its meeting on 20 January 2022 and were as follows:

- i) The proposed 2022/23 Treasury Management Strategy encompassing the Annual Investment Strategy be approved.*
- ii) The Prudential and Treasury Management Indicators for 2022/23 be approved.*
- iii) The authorised limit for external borrowing by the Council in 2022/23, be set at £720,710,000 (this being the statutory limit determined under Section 3 (1) of the Local Government Act 2003).*
- iv) The Council's MRP statement for 2022/23 be agreed 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".*

- 6.2 The Committee concurred with the recommendations, and added a fifth to stipulate that Member training on Treasury Management should take place every two years.
- 6.3 The report was recommended to full Council on 10 February 2022, where all five recommendations were approved.