

OVERVIEW AND SCRUTINY COMMITTEE

Meeting held on Thursday, 30th January, 2025 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Halleh Koohestani (Chairman)
Cllr Nadia Martin (Vice-Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr Leola Card
Cllr P.J. Cullum
Cllr Thomas Day
Cllr C.P. Grattan
Cllr G.B. Lyon
Cllr Bill O'Donovan
Cllr M.J. Tennant

Cllr A.H. Crawford joined the meeting online and was therefore unable to vote on any recommendations taken.

26. MINUTES OF THE PREVIOUS MEETING

The minutes of the meetings held on 12th December, 2024 were agreed as a correct record.

27. FINANCIAL RECOVERY PLAN - UPDATE

The Committee welcomed, the Leader of the Council, Cllr Gareth Williams, who was in attendance with the Executive Head of Finance, Peter Vickers, to provide an update on the current position with the Financial Recovery Plan and the operational arrangements of the Financial Recovery Working Group.

The Committee received a presentation which set out the background to the Financial Recovery Plan with a summary of its aims and targets, and the makeup, working and reporting arrangements of the Financial Recovery Working Group (FRWG). The presentation also set out what had been achieved and the current position.

Members discussed the presentation and raised the following matters:

- **Terms of Reference** – Clarity was requested on what was meant by “To oversee the delivery of the Financial Recovery Plan...” and the definition of “oversee”, as set out in the Terms of Reference (ToR). The opposition questioned whether the operation of the FRWG reflected the ToR and stated that they believed there was an issue with the operation not meeting the ToR. It was noted that it was important to understand if Members attended the

FRWG as observers or to influence the work. In response, the Leader advised that opinions would differ on the level of oversight undertaken and whether the FRWG went into enough detail when overseeing, however, it was important to go with the majority opinion when carrying out the work.

- **Lines of enquiry** – The Committee were advised that around 40 lines of enquiry had been identified, eight had been closed down as would not contribute to savings at this time, 11 larger value items had been assessed and built into the budget, five had been held over to be considered as part of wider service reviews and 17 had been identified as being of smaller value and would be progressed to contribute to future savings. The FRWG had overseen this process, and it was noted that some savings had been achieved.
- **Progress to date** – The Committee reviewed the progress to date on increasing financial capacity. A number of actions had been completed or were underway, these included:
 - A definition of the Minimum Revenue Position, which had been included in the Medium-Term Financial Strategy (MTFS) and Treasury Management Strategy
 - Revision of a regular timetable for financial reporting and budget setting and review, including a monthly review process of the Council's balance sheet. Alongside these revisions, improvements had been made to the quality of working papers, documents, and reconciliations through the establishment of new standards for these materials
 - Reviews of treasury operations, capital planning methodology and the management of insurance
 - Spending controls – “No Purchase Order No Spend” and controls on procurement card expenditure
 - Development of financial skills within the Council and a design and consultation process on the structure of the Financial Service through a phased approach. It was noted that Phase 1 had covered the appointment of two senior accountants, and Phase 2 would look at aligning the work with what was required, allowing for some of the technical ownership to be taken away from the Executive Head of Finance. In turn, this would result in a wider knowledge base within the Team.

Mr Vickers had reviewed the progress to date and advised that issues raised around the Treasury Policy being “too loose”, as identified by the CIPFA Report, were being addressed. It was also noted that the financial reporting system had been upgraded to support the work of the Team and to provide improved reporting.

- **Current Position for 2025/26** – The Committee discussed the external audits on the Statements of Accounts between 2020/21 and 2022/23, which had been subject to a national delay and the provisions in place for 2023/24. Legislation had been passed to address the delays through the process of a disclaimer and all outstanding accounts, including 2023/24 had now been signed off. However, as a result, levels of certainty in the Council’s accounting would need to be built back up and the next Statement of Account to be fully signed off by the auditors would be the 2028/29 Statement.

In response to a query regarding the Council’s governance arrangements around financial matters, it was advised that an independent governance review had been undertaken towards the end of 2024 and a report of the findings and recommendations was expected imminently. It was advised that a workshop session would be held with members of the Corporate Governance, Audit and Standards Committee (CGAS) and others, as appropriate, before any recommendations to full Council were made for implementation.

Responding to a question regarding independent representation on the FRWG and CGAS, it was considered that the roles were too different, one to provide an independent opinion on audit, and the other on finance. Therefore, the Council had felt it appropriate to appoint a representative from CIPFA to sit on the FRWG.

The Committee discussed the differences between the previous Budget Strategy Work Group (BSWG) and the FRWG. It was noted that the FRWG had a much tighter schedule dealing with current issues, whereas the BSWG remit had been to oversee the development of the forthcoming budget. It was felt that the current model was more effective and relevant.

In relation to a query regarding risk and the processes in place for capturing risks before they became an issue, it was noted that the budget, once set, would be translated into the Risk Register. Risks remained the responsibility of the owner and were updated and reviewed monthly. The risks relating to financial matters in particular were also reported to the Cabinet Portfolio Holder and the Cabinet.

The Committee NOTED the update and the Chairman thanked the Leader and Mr Vickers for their presentation and valuable contributions.

28. **WORK PLAN**

The Committee noted the current Work Plan.

It was advised that an additional meeting had been arranged on 4th March, 2025 to undertake some pre decision scrutiny on disposals at Union Yard. Items for the meeting on 27th March would be agreed at the next Progress Group on 6th March.

The meeting closed at 8.49 pm.

CLLR HALLEH KOOHESTANI (CHAIRMAN)