

STRATEGY AND RESOURCES COMMITTEE: MINUTES

Date: 16 December 2022

Time: 10.00a.m. to 12.35p.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Boden, Costello (substituting for Councillor Corney), Count, Criswell, Dupré, Goldsack, Gough, Howitt, Hoy, Meschini (Vice-Chair), Murphy, Nethsingha (Chair), Sanderson, Sharp and Wilson

112. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor Corney. No declarations of interest were made.

113. Minutes – 20th October 2022 and Action Log

The minutes of the meeting held on 20th October 2022 were agreed as a correct record and signed by the Chair.

In response to action 103, one member reported that he had raised issues regarding the entire council workforce and not just Children's Services. The Chief Executive explained that the People Strategy was currently being refreshed and would be presented to the committee in the new year before approval by council. The strategy would cover the whole council and include recruitment and retention as well as developing existing staff. It was agreed to update the action log to include the whole council workforce. Action Required.

114. Petitions and Public Questions

The Chair invited Mrs Mary Meakin to address the committee. Mrs Meakin drew attention to the legal status of the Mill Road Free Library which was held by the council as charity trustee on statutory charitable trusts under the Public Libraries Act 1850. It was held in perpetuity for local residents, so it meant that the council did not have power to sell the property, which was in specie property of the charity (also known as permanent endowment) on the open market. Failure to take note of these duties could lead to Charity Commission intervention. She therefore suggested that the council pause the sale process while options were explored. These options could include transferring the Free Library to a charitable incorporated organisation set up by local community groups.

The Service Director: Finance and Procurement thanked Mrs Meakin for her question and representations to the committee and the accompanying letter and research into the former Mill Road Library building. He reported that the council, through its legal advisers, had obtained confirmation of title to the property and the council's ability to dispose of the property prior to the commencement of marketing. This was normal practice for any property transaction. The legal advice provided so far did not indicate

that the Council was a trustee for the property. The sale process had been underway for some time and included the Asset of Community Value moratorium on transactions until early February 2023. There was no expectation the committee would take any decision before 28 March 2023 when it was scheduled on its agenda plan. The council had asked its legal advisers to review the information recently provided by the public questioner prior to any decisions being taken. Should the review conclude that the original confirmation of title to the property required amendment or alteration the council would act in accordance with that information and the associated legal advice.

Speaking as the local member, Councillor Howitt highlighted the strong local interest in the library building and hoped that it would find its best use.

115. Annual review of the Cambridgeshire County Council and Peterborough City Council Joint Working Agreement

The committee considered the annual review of the Joint Working Agreement (JWA) between Cambridgeshire County Council and Peterborough City Council (PCC) to ensure that arrangements for sharing services between the two councils remained appropriate and lawful and that the separate identities of each council were protected. Attention was drawn to the background, establishment and implementation of the JWA. It was noted that there had been some minor administration updates and two new protocols. There was now an exit strategy protocol setting out the process required where either the JWA terminates, or a shared team or role ceased to operate. There was also a procurement protocol which detailed the process and governance for joint procurements. The working group was recommending that the updated JWA should be signed by both councils, and similar arrangements were therefore taking place at PCC.

One member drew attention to the fact that the report stated there were no significant resource implications. He reminded the committee that, in his view, £4.5m had been allocated to increase corporate capacity, which was largely driven by the separation from PCC.

Another member commented that the approach of the Joint Administration was to continue constructive relations with PCC. Mutually both councils had wanted to update, modernise and restructure some of the working arrangements. Relations with all authorities should be open, outward and corporative. Attention was drawn to the joint working with PCC in relation to the Integrated Care System where there was a joint public health function and co-operation regarding co-ordination of health matters.

In welcoming the report, it was acknowledged that it was sensible to think through exit procedures. In response to questions, the Service Director: Finance and Procurement reported that the sovereignty principle meant that each council maintained complete sovereignty for policy making and budget. The purpose of the JWA and protocols was to deal with liabilities, for example, the finance protocol set out how costs should be split. There were some statutory risks in the services provided by the councils, and these were covered by other protocols. Section 113 was about the council putting officers at the disposal of the other authority whilst each retained its statutory responsibilities. The Chief Executive expressed his surprise that an exit protocol had not been included in the original agreement and work to address this represented good governance.

It was resolved unanimously to:

agree that the revised Joint Working Agreement should be signed by the Chief Executive on behalf of Cambridgeshire County Council, delegating authority to the Chief Executive to agree final amendments.

116. Integrated Finance Monitoring Report for the Period Ending 31 October 2022

The committee was informed that the in-year position was a forecast revenue overspend of £2.7m, which was similar to previous reports. The summary table in Section 2.1 set out the movements within individual services. The overspend was primarily due to the effects of a higher than expected pay award. Increased pressures in some services were offset by the underspend projected in the capital financing budget. This underspend was linked predominantly to the council's relatively healthy cash position. The demand led budgets particularly within People Services were being monitored closely particularly going into the winter. A forecast underspend of £7.7m was projected for capital spending; the increase was due mainly to the phasing of spend within People Services.

Individual members then raised the following issues in relation to the report:

- queried that actuals in table 2.1 on page 28 looked low compared to the forecast outturns. The Head of Finance reminded members that the actuals column provided an opportunity to triangulate how much was spent at a certain part of the year against the year-end forecast. Run rate for some services was below the forecast, which was primarily due to grant funding from government or other organisations.
- queried whether the outstanding debt owed to the Council 91 days + for Adult Social Care was due to more usage and whether in the current cost of living crisis there were any risks in relation to recovery. It was noted that the total level of debt was above the year end target. The risks associated with the cost of living crisis were acknowledged and Audit and Accounts Committee had been receiving regular updates. There had been some changes including a statement style billing of social care clients, which had improved clarity and the total level of debt. There was also closer working between the Debt Collection Team and Adult Social Care.
- queried the overall risk to the budget of the cost of living crisis. It was acknowledged that there was an increased risk in relation to income collection and the council would need to take a view when it was computing its bad debt provision towards the end of the financial year. It was important to note that there was support available from the council in terms of the Household Support Fund.
- noted that the pre-covid numbers for busway usage had not recovered and queried whether that was in relation to commuters or concessionary fares. The Head of Finance agreed to provide a written answer. **Action Required.**
- queried whether the date for the full handover of the old Shire Hall was the same as originally predicted with reference to the in-year overspend highlighted in the report. The Service Director: Finance and Procurement reported that the council had now

vacated the whole site. However, it had been confronted by construction price inflation and challenges with yield rates. He offered to provide members with a private briefing in the next few weeks as the project was at a sensitive stage. The same member expressed his disappointment that no reference to this had been made in the report. He was also frustrated to learn that the Leader of the Council had received a briefing which had not been offered to the opposition. The Chief Executive reported that he would brief Group Leaders at their regular weekly meetings to ensure they had the same information received by the Leader. **Action Required.**

- noted that liability for the old Shire Hall site would remain with the council until the end of the financial year. It was then queried what progress had been made to reduce the continued costs of running the old site. Officers were working with Cambridge City Council to investigate the possibility of an exemption or reduction in business rates for an empty property. It was noted that no assumption had been made for increased costs in the next financial year at this stage.
- requested further clarification regarding the impact of the private wire not being in place on the date for energising the North Angle Solar Farm project. The Service Director: Finance and Procurement reported that the private wire was essential to connect the generation of power to the grid for sale. Third party easement negotiations were not progressing as quickly as hoped and there had been some delay in construction timelines.
- queried whether the council had insurance to cover the increased risk of pension scams arising from a data breach when it related to the liability of the IT system. It was noted that the insurance budget had its own distinct line, and the Insurance Fund was included on the balance sheet and was currently appropriately funded following actuarial assessment. The Head of Finance agreed to provide a written response as to whether the insurance covered the liability of the IT system in relation to scams. **Action Required.**
- questioned the provision for central services and organisation-wide risks. It was noted that this included the funding for the recent pay award which had been higher than expected.
- questioned the impact of the unexpected rise in interest rates on the budget. The Head of Finance reported that this information was included in the Treasury Management report. It was noted that rising interest rates would increase the cost of borrowing which had been identified in the capital finance section of the business planning papers. Some of the Public Works Loan Board (PWLb) maturities coming up soon were around the 4 to 4.5% range. The council also took out short-term borrowing so it would have to bear the cost until interest rates settled. Borrowing was likely to be refreshed with more short-term borrowing rather than the use of PWLB loans. In relation to inflation forecasts, it was noted that the increase in charges from suppliers would be factored into projections for individual services.
- suggested that it was not appropriate in relation to energy schemes to rely on the sale price of electricity going up to fund the cost of delays. It was felt that these two issues should be recorded separately in the report.

- expressed concerns regarding the management of capital schemes set out on page 45 of the report. It was queried whether delays to a number of schemes was due to a lack of staffing. Another Member commented that capital spending slippage was lower this year, so far, than at this point in any of the four previous years.
- highlighted the £600k outturn variance on the Park and Ride budget. It was suggested that the council needed to revise its thinking rather than rely on bus patronage to automatically recover to pre-Covid levels.
- noted that all the Public Health grant had been allocated but this was not for the current year as much of it was still in reserves waiting to be spent.
- acknowledged the need to explain the financial impact of changes to the council's advertising policy in reports.

The Chair reminded the committee of the significant changes which had occurred since the budget had been originally set such as underspends in Adult Services and overspends in Children's Services. There had been a significant amount of Covid uncertainty during the budget setting process and even now the council remained a little unclear as to the huge changes resulting from Covid; this issue was reflected across the whole of local government nationally. On top of that it had been an extraordinary year in relation to changes to energy costs and the impact on construction. Members would need to think about the impact of this on next year's budget. With regard to bus patronage, the Chair reported that she had seen an upturn locally in the last few months.

It was resolved unanimously to note and comment on the report.

117. Business Planning Proposals for 2023-28 – Current Position

The committee considered a report detailing the current business and budgetary planning position and estimates for 2023-2028, the principal risks, contingencies and implications facing the committee and the council's resources, and the process and next steps for the council in agreeing a business plan and budget for future years. Attention was drawn to the overview and Section 1.6 detailing the budget gap which showed an extremely challenging year in 2024-25. The progress made in reducing the budget gap in 2023-24 was set out in Section 3.4. Members were very aware of the inflationary impacts on budgets and combined with the complexity of demand, the continued impacts of the pandemic, and the policy ambition of the council, the budget had been subject to a rigorous review and iterative reconsideration.

Attention was drawn to the key headlines in the Chancellor's Autumn Statement set out in the report at Section 2. The Council was expecting the provisional Local Government Finance Settlement early next week. Although next year was looking more favourable as a result of the Chancellor's announcement, the council had an extremely challenging medium-term future and the impact of inflation as currently forecast meant a continued difficult budget consideration. The council was currently experiencing uncertainty and faster movements in its forecast than usually experienced at this time of year. There had been significant reprioritisation of the capital budget and for the second three-year period under review the council had no capital headroom borrowing against its current

limits. It was noted that all the Business Cases had been assessed for the first time using Triple Bottom Line (TBL) scoring criteria and another first was the adoption of a Sustainable Procurement Strategy.

The Chief Executive confirmed that the provisional Settlement was expected on 19 December or no later than 21 December. The Department for Levelling Up, Housing and Communities had published a policy statement early in December giving an indication around the state of local government finances for the next two financial years. There was a very clear sign in the statement that there would be no fair funding review of local government until the next spending review after the general election. It was disappointing news particularly as the council was still operating on the last spending review based on 2013 data which included data from 2001. The current arrangements were therefore penalising Cambridgeshire and some other areas nationally.

Individual members then raised the following issues in relation to the report:

- expressed disappointment at the government's decision to delay the fair funding review again. The Leader of the Opposition reminded the committee that the council had campaigned for the review throughout his tenure and before and he remained committed to calling for a review. He also reminded members that upper tier authorities had in the meantime received a rebalancing of around £70m per annum. The Chair acknowledged the impact of this decision on one of the highest growth areas in the country. She therefore proposed that the council should send a cross party letter to government detailing the impact of this decision on Cambridgeshire residents. **Action Required.**
- queried the assumptions for inflation and charging. The Service Director: Finance and Procurement explained that throughout the Medium Term Financial Strategy (MTFS) there was reference to the Office for Budget Responsibility (OBR) estimates. The inflationary assessment in the business plan was based on around 100 separate indices primarily underpinned by the Consumer Price Index (CPI) that were relevant to each service. They took account of contractual and statutory conditions and referenced OBR estimates or the building construction index for example. The Head of Finance added that the estimates used in the business plan pre-dated the Chancellor's Autumn Statement. The next iteration of the draft business plan would therefore see a worsening situation. Although inflation was expected to drop back to the 2% target at the end of the MTFS period, the length of time inflation would be high was likely to be longer with CPI possibly at 7% in the middle of the year.
- welcomed the assessment of business cases against the TBL scoring criteria but was surprised to see that Cambridgeshire Music was rated neutral on the social element. It was noted that the table at Section 5.3 considered the TBL of any changes proposed so in relation to Cambridgeshire Music it was proposed that it contribute more financially to the council's budget without any detrimental impact to the social element.
- requested more information on Cambridgeshire Music's plans to extend its outreach work to include Fenland. The Chair agreed that a briefing note should be prepared. **Action Required.**

- highlighted the impact of delaying Adult Social Care reform. It was noted that the guidelines detailing what had been delayed had not yet been published. The Chair reported that although the delay might be welcomed by some, the current situation remained very unfair to families with self-funders subsidising other users.
- informed the committee that the council had gone through the Fair Cost of Care exercise, which had raised expectations that providers would receive more money but the government was likely to give less funding than expected. The Chair of Adults and Health Committee reported that the council would passport as much money as possible to its providers.
- expressed concern that a Primary Care Network had been given six hours' notice from government to apply for a grant.
- expressed concern about the slippage in the capital programme of Independent Living Schemes as this would have a direct impact on the council's budget.
- reminded the committee that the Joint Administration's priority was for the Real Living Wage, which should be reflected in the report. Another member highlighted the impact of the Real Living Wage on the council's budget for its direct employees and for those on children's social services contracts
- highlighted the importance of identifying in the final report to council what the council was not doing because of TBL accounting, which it would have done if the business plan had been a finance only report and vice versa. It was acknowledged that it would only be possible to identify action in relation to investment at the moment.
- queried the impact of the removal by government of the National Insurance uplift. It was noted that the impact of the change was likely to be cost neutral with the government reversing the grant.
- queried what had been allowed to manage the significant inflationary increases in Highways and Transport. It was noted that officers had revisited the inflationary allocations in highways a couple of times with particular regard to the Building Cost Information Service index.
- requested a note of the full establishment of services and then the vacancy rates. The Service Director: Finance and Procurement agreed to provide a briefing note in late February early March once budget holders had completed their salary spreadsheets. **Action Required.**
- queried how inflation was managed by service in relation to the table on page 101 of the report. It was noted that the assumptions for staff pay were a 4.5% uplift for next year and 3.5% on average for subsequent years. As these figures were based on assumptions this funding was therefore held centrally. However, the aspiration was that it would be allocated on a line by line basis in the final budget.
- noted that no inflationary increase had been provided for sundries which were expected to be funded from efficiency savings. The same member expressed

concern that there was no funding for other non-staffing inflationary pressures. It was therefore queried why there were no community impact statements to identify the scale of cuts taking place. In response, it was noted that some services generated income which would have seen an inflationary increase. The Service Director: Finance and Procurement reminded the committee that a detailed budget was being provided for next year and an outline for the rest of the MTFS. It was acknowledged that in real terms the council's spending power would be less than it currently was in five years' time. The Chair acknowledged the need to consider the impact of inflation in the future as it was not possible to carry on doing the same for less.

- expressed disappointment regarding the lack of detail in relation to decentralisation. Another member commented that this delay had put the Think Communities budget under pressure. There was concern about withdrawing the council's contribution to the Scams Budget and the withdrawal of the Innovate and Cultivate Fund; stopping invest to save projects had a wider effect than just removing the budget. The Chair acknowledged the value of the Think Communities Team but there had never been long term funding available for the Team. The business plan was therefore attempting to put it on a long-term secure basis. Following the budget settlement, if funding was available, it was proposed to consider investing in something similar but not the same as the Innovate and Cultivate Fund.
- expressed concern regarding reserves as there were so many other non-committed reserves, which were identified as "Other earmarked reserves".
- congratulated the Connecting Cambridgeshire Team on connecting 98.5% of premises.
- expressed continued concern that the school planned for Wisbech, which had been removed from the capital programme in the previous business plan, had still not been delivered. The Local Member challenged the legality of the decision made by the Children and Young People Committee as co-opted members had not been eligible to vote. She was of the view that a review of that decision by the Monitoring Officer had not taken place, she therefore asked the Chief Executive to undertake such a review. **Action Required.** The Chair reiterated the Joint Administration's commitment to the whole county. However, it was important to note that schools were built based on a population need.

It was resolved unanimously to agree:

- a. Note the progress made to date and the next steps required to develop the business plan for 2023 – 2028.
- b. Note the budget and savings proposals that were within the remit of the Committee as part of consideration of the Council's overall Business Plan.
- c. Note the changes to the capital programme that were within the remit of the Committee as part of consideration of the Council's overall Business Plan.
- d. Review and comment on the Strategic Framework.

- e. Note the draft Medium Term Financial Strategy for 2023/24.
- f. Note the draft Capital Strategy for 2023/24.
- g. Note the draft Sustainable Procurement Strategy.
- h. Agree the proposed capital financing limits for 2023-28, set out in section 10.

118. Corporate Performance Report – Quarter 2 2022-23

The committee considered performance information for corporate services for quarter two, which included progress against the council's Joint Agreement Action Plan. Attention was drawn to the performance information set out in Appendix 1, which showed out of the 19 key performance indicators (KPIs) 27% were on or above target whilst 7% were below. The following KPIs were off target by more than 10%: Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date; and Indicator 183: Proportion of Subject Access requests responded to within statutory timescale (year to date).

Individual members then raised the following issues in relation to the report:

- requested that when providing RAG ratings for all committees the indicators marked as red should be listed first.
- suggested that the Chief Executive take responsibility for reviewing requests for contract waivers at the end of the process to enable services learn lessons for the future. The Chief Executive acknowledged this helpful suggestion and agreed to investigate with the Head of Procurement and Commercial the appropriate officer to take on this role, which could be the Section 151 Officer. **Action Required.** The Chair of Audit and Accounts Committee acknowledged the points raised and the significant activity taking place in this area. The Service Director: Finance and Procurement reminded the committee that the Section 151 Officer reviewed all waivers above £25k. He acknowledged the need to improve the council-wide culture around the timeliness of submitting waivers, and highlighted the impact made by the central procurement team and input from Internal Audit.
- welcomed the improvement in Indicator 171: Rent per acre obtained from the agricultural estate but expressed confusion in relation to the metric. It was noted that the target was a benchmark against the East of England as a whole. The data had been released in February 2022 with the next release expected in January 2023. The target would therefore be updated, and officers would also engage with the service to ensure it was still appropriate. A couple of members questioned the use of the East of England target as there was quite a variance in the way this target was set compared to how the council set its own target.
- requested an update on F.9 New Project Management Framework and Strategy Programme Management Office (SPMO) in particular on how the SPMO was working and performance dashboard information. The Chief Executive reported that the SPMO was currently being redesigned to ensure it worked effectively. This

process would be assisted by the recent appointment of the new Service Director: Policy and Communities who had extensive experience of running such operations.

- expressed disappointment that the employee engagement survey had been delayed until January 2023 particularly given the commitment to yearly engagement, and the impact on recruitment and retention. There was therefore a need to agree to a regular programme of staff engagement. It was suggested that the survey should move away from individual questions and adopt a recognised metric such as the Employer Net Promoter Score to enable benchmarking against comparable organisations. The Chief Executive endorsed the importance of these indicators and how staff felt as part of the organisation. He informed members that a full survey would be commissioned in the early part of next year as part of the revised People Strategy.
- highlighted the importance of Indicator 190: Proportion of information enquiries resolved at first point of contact.

It was resolved unanimously to:

- a) review and agree the proposed additions and removals to the Corporate Services Key Performance Indicators (KPIs).
- b) monitor progress of Corporate Services and identify remedial action as required.
- c) scrutinise performance information for the Council's Joint Agreement Action Plan.

119. Treasury Management Report – Quarter Two Update 2022-23

The committee received a report detailing the council's treasury management to ensure that public money across the council's cashflows, borrowing and investments was utilised and deployed effectively and in compliance with the Treasury Management Strategy.

It was resolved to note the Treasury Management Quarter Two Report for 2022/23, and endorse it for consideration at Full Council.

120. Strategy and Resources Committee Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups

The committee was asked to review its agenda plan and training plan, appointments to outside bodies and internal advisory groups and panels. Attention was drawn to the training plan and the need to schedule training on social value procurement, a revised session on personal safety for members and a session on corporate complaints which could assist members' workload.

It was resolved unanimously to note the agenda and training plans.

Chair