

STRATEGY, RESOURCES AND PERFORMANCE COMMITTEE: MINUTES

Date: 9th July 2024

Time: 10.00a.m. to 1.27p.m.

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

Present: Councillors Batchelor, Boden, Corney, Count, Criswell, Dupré, Goldsack, Goodliffe, Meschini, Murphy, Nethsingha (Chair), Sharp, Sanderson, Whelan and Wilson

201. Notification of Chair and Vice-Chair

It was resolved to note that the Council had appointed Councillor Nethsingha as the Chair and Councillor Meschini as the Vice-Chair for the municipal year 2024-25.

202. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Ambrose Smith, Howitt and McDonald. There were no declarations of interest.

203. Minutes – 26th March 2024 and Action Log

The minutes of the meeting held on 26th March 2024 were agreed unanimously as a correct record and signed by the Chair. In noting the action log, one Member expressed disappointment at the deep dive analysis of the energy projects. The Executive Director of Finance and Resources reported that he would share further updates to the Audit and Accounts Committee but he had also asked Internal Audit to consider a further review; the action should therefore be changed to ongoing. Action Required.

204. Petitions and Public Questions

No petitions or public questions were received.

205. Integrated Finance Monitoring Report for year ending 31 March 2024

The Committee received a report detailing the financial performance of the Council for the 2023/24 financial year. The overall revenue budget position was an overspend of £1.2m at year-end. Members had been alerted previously to the reasons for this overspend and were informed of the mitigations to address the in-year budget pressures. The capital programme had an underspend of £27m due to slippage and delayed spend with commentary set out in Appendix 2. The Dedicated Schools Grant (DSG) had an overspend of £14.6m which was £10m off track of the agreed safety valve position. The closing deficit balance which included the high needs block was £40m. Thirty one maintained schools were reporting deficit balances but overall there was a positive total for school balances though this was diminishing year on year.

Attention was drawn to the recommendation relating to transfers from earmarked reserves.

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

- queried the forecasting for Home to School Transport which had experienced a deficit outturn of £3.5m. Members were reminded of the challenge of forecasting demand led budgets. The overspend in the high needs block and, in particular the increase in Education Health and Care Plans by more than budgeted, had contributed to the deficit. It was noted that the forecasting methodology was reviewed annually.
- questioned whether the deficit in Home to School Transport reflected a positive picture with the Council enabling more children with special educational needs and disabilities (SEND) to access services earlier. The Chair of Children and Young People Committee (CYPC) explained that the situation was complex. There had been an increase in diagnosis of children with complex mental health issues and more children with previously unsurvivable conditions surviving with issues as well as a combination of both. This together with an increase in the cost of transport had impacted on the Council's forecasting.
- queried the action being taken to alleviate the issues impacting on the Home to School Transport budget. The Chair of CYPC explained that there had been an increase in the early help offer, as well as work with mainstream schools to implement enhanced resource bases. Two new free special schools were scheduled to be built, and the Council was working with the independent sector to provide children with the right places at the right time.
- welcomed the review of the forecasting methodology for the high needs block but queried what it was likely to involve. Members were informed that the overspend and underbudgeting of this block was a national issue, although the Council was an outlier in terms of home to school transport costs. The Chair of CYPC reported that the Local Government Ombudsman report confirmed that the Council was not an outlier compared to its statistical neighbours but it was recognised that this was a significant cost and risk to the Council. The Chair asked for a briefing note to be provided to Members, which should also include the cost of home to school transport. **Action Required.**
- expressed disappointment that Section 2.2.6 apportioned responsibility for the safety value agreement being £10m off track to the Department for Education, when the Council was also responsible. As far as the Local Member was concerned, the special school for March was currently on track to be delivered on time. The Executive Director of Finance and Resources explained that the report mentioned a number of other factors.
- congratulated officers on the low level of revenue budget overspend despite the significant challenges, and queried the progress of external auditing of these accounts. It was noted that the 23/24 accounts had been published in draft to meet the statutory deadline of 31 May. There was currently a period of public inspection with the new auditors due on site. There was full sign off of accounts up to 22/23

with 22/23 remaining a matter for national resolution in terms of the audit delays, which could possibly impact on the 23/24 accounts. The Audit and Accounts Committee would receive an update at its next meeting.

- highlighted that reserves had been used to change the budget so it reflected a low outturn. It had also been assisted by additional funding provided by the previous government. The Head of Finance reported that the large reserve use reported was due to the waste pressures, which was budgeted for in the business plan.
- clarified that the £8.981m underspend in the total capital scheme forecast was for all years not just the term of the Medium Term Financial Strategy. There was £1.4m which had not been identified for any schemes, which could be used for the two motions being considered at the next meeting of Council. It was noted that the use of this funding would be reviewed as part the business planning process for 2025/26.
- expressed concern regarding the increase in Aged Debt at section 5.4 and requested an update on the negotiating position with the NHS. It was acknowledged that the NHS was a key component in this process and should be referred to in the note in future. The Executive Director of Finance and Resources reported that with the agreement of the Integrated Care Board in June, the £3m funding issues for the community equipment pool had been resolved. The other debt related to the Learning Disability Partnership, which had recently been reported to Adults and Health Committee.
- highlighted the fact that some school balances were quite high and queried whether these balances had been reviewed. It was noted that Schools Forum would receive a detailed report on the balances of maintained schools, and academies (when the data was published). This Committee and the CYPC would receive further information in the future. It was important to note that the Council could only clawback surplus balances for maintained schools, which were then put in the general pot available to all schools. The Chair of CYPC confirmed that CYPC monitored school balances very closely.
- queried whether the target for the percentage of undisputed commercial supplier invoices paid within terms should be reviewed now that supplier terms of immediate payment/"zero days" were only permitted within exceptional circumstances. It was noted that this target had been reviewed and was considered to be reasonable. The same Member asked for this target to be changed to provide a degree of stretch. The Chief Executive reminded Members that they would be considering the Performance Management Framework refresh, and if approved key performance indicators could be reviewed against benchmarking data.
- questioned why the report did not contain more detail on waste disposal given that changes at Waterbeach had created an annual overspend of £5.8m. There was therefore a need to identify an urgent solution as soon as possible. It was noted that waste did not feature in the report because it was not generating a variance in 2023/24 due to the planned use of reserves to mitigate it. The Chair reported that significant urgency and effort was being placed on the need to identify a solution by the Environment and Green Investment Committee (E&GIC) and the

Cambridgeshire and Peterborough Waste Partnership, and it remained a top priority for the Council. The Chair of E&GIC gave a brief update bearing in mind commercial sensitivity and reported that it was hoped that the change in the political landscape might be helpful.

The Chair recognised the exceptional work of the Head of Finance and his Team for accurate forecasting in a very difficult year. She highlighted the difficulties of managing a significant budget with constantly moving targets and the importance of using reserves to mitigate uncertainties.

It was resolved unanimously to approve the transfers from earmarked reserves listed in section 5.2 of Annex A, totalling £3.173m.

206. Integrated Finance Monitoring Report for the period ending 31 May 2024

The Committee was informed that there was a forecast overspend of £6m in the revenue budget. National issues around the cost of placements for looked after children with the highest needs and the constrained supply of places was driving costs. Energy scheme income was still lower than budgeted due to delays with some schemes. Members were aware of the reasons for waste management costs being higher, which were currently being offset by additional income. There was also a forecast overspend in the Dedicated Schools block, which included high needs taking the cumulative deficit to £52.7m. Attention was then drawn to the recommendations set out in the report.

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

- queried the assumptions made behind the Place and Sustainability Directorate forecast variance and requested information on the extent and timing of the figures for waste management for the remainder of the year. Attention was drawn to Appendix 1 detailing a breakdown of the key forecast variances faced by the Directorate. As the timing of this issue was commercially sensitive, the Chair agreed to update the Member with more information, if possible. **Action Required.**
- acknowledged the issues faced by schools, particularly as the Member was the Finance Lead on a primary school governing body. In noting the table at Section 5.4.3, work being carried out by officers and the proposal for CYPC to consider the reasons for these deficits was welcomed.
- expressed concern that the children in care placements and home to school transport budgets were already identifying overspends particularly when the proposed budgets had been identified as optimistic at CYPC in January.
- queried the provision in the Council's contracts for any contractor delays to projects in relation to penalties. Another Member highlighted the significant issues faced by the new administration in managing previously agreed contracts.
- highlighted the impact of staff vacancies on budgets. The effectiveness of the strategy launched by Children, Education and Families (CEF) to this issue was queried. The strategy launched by Adults, Health and Community had only been time limited. The Chair of CYPC reported that the CEF strategy was working well

with Human Resources representation on the Children's Improvement Board, which enabled officers to respond to queries quickly and discuss how recruitment and retention could be improved. It was noted that there were improvements in recruitment and retention and a reduction in the use of agency staff. In response, the same Member commented that these improvements were not reflected in the report. It was noted that the Ofsted inspection action plan provided a target to reduce agency spend.

- expressed concern about the time taken to prepare the People Strategy action plan and the impact on staff, and queried the fact it was only for 12 to 18 months. It was noted that the People Strategy covered 2023 to 2028. The action plan was for 18 months covering the first phase of the delivery of the strategy.
- queried whether any schools were at risk of closure given that 13 schools including two special schools needed to set a deficit budget in excess of £500k. The Chair of CYPC reminded members that the DSG for Cambridgeshire was one of the lowest nationally. It was noted that there were no conversations taking place about school closures.
- highlighted the number of vacancies in Public Health which had been exacerbated by the decision to separate from Peterborough City Council (PCC). The Chief Executive reminded Members that the Public Health grant, which covered staffing, was ringfenced for both authorities. Therefore, there might be a temporary increase in costs during the period of separation but that was expected to normalise and be contained within the Public Health grant. It was noted that PCC was currently putting in additional revenue funding into Public Health. Members were informed that the Regional Director of Public Health required the Council to increase spend on staffing in order to increase expertise following last year's annual assurance meeting.
- highlighted the risk the safety valve agreement posed to the Council. There was concern as other councils, which had already failed, had been removed from that system. The Chair acknowledged that this was a significant risk to the council and others. It was high on the agenda of the new Chair of the Local Government Association who was aware of the risk these deficit budgets were placing on councils. The Executive Director of Finance and Resources reported that he was not aware of councils which had been removed from the safety valve programme, but he would confirm. **Action Required.**

Councillor Count moved an amendment, seconded by Councillor Goldsack, to replace the Vice-Chair of the Committee with the Chair of CYPC as part of the consultation process in Recommendation e). In response to a request from the Chair, Councillor Count agreed to alter his amendment so that consultation took place with the Chairs and Vice-Chairs of Strategy, Resources and Performance Committee and CYPC. On being put to the vote the amendment was carried unanimously.

It was resolved unanimously to:

- a) earmark the third busway settlement tranche to reserves, to cover future costs associated with the guided busway, per section 3.1 of Annex A.

- b) agree a budget virement of £200k from the public health grant uplift to support the recommissioning of sexual and reproductive health services, per section 3.2 of Annex A.
- c) note changes in grants and contributions, and to approve the budget movements reflecting the annual roll-forward and re-phasing process, per section 4.5.1 and appendix 6 of Annex A.
- d) note changes in grants and contributions, and to agree capital budget changes including funding from prudential borrowing where appropriate, per section 4.5.2 of Annex A.
- e) delegate authority to the Executive Director of Finance and Resources, in consultation with the Chair and Vice-Chair of Strategy, Resources and Performance and Children and Young People Committees, to agree where appropriate deficit budgets for the schools listed in 5.4.3 of Annex A.

207. Productivity Plans

The Committee considered a productivity plan for the Council requested by Government by 19 July 2024 for both the Council and the Pension Fund. The Pension Fund productivity plan would be considered by Pension Committee on 18 July. The Council's plan highlighted the key work it had been undertaking to continue to drive efficiency across the whole organisation, whilst at the same time investing in key areas to retain, recruit and maintain a motivated and diverse workforce. It also highlighted several Government policies and practices which, if reviewed, would enable all councils to make significant improvement in productivity and value for money.

Members welcomed the light touch approach taken to this request, and the identification of potential efficiencies as well as improvements which could be made by Government. It was important to bear in mind that this process was aimed at outlier local authorities nationally to help the Government determine whether any support was needed. One Member suggested adding the results of the recent external audit, which demonstrated what good value for money the Council currently provided, and the outturn of the revenue budget. The Chair confirmed that the plan could not be amended at this stage. It was also suggested that the Council should share its response with neighbouring authorities in case they wished to include something similar in their submissions.

The Chief Executive acknowledged that a proportionate amount of time had been spent on the productivity plan and indicated that such plans for other parts of the public sector should be equally required, given that local government was already the most efficient part of the sector. The plan had been shared with the County Councils' Network, the Association of County Chief Executives and the Society of County Treasurers. The Chief Executive was confident that the plan would be used, in some form, by the new government.

Councillor Count moved an amendment, seconded by Councillor Boden, to add the following to recommendation a):

- i) To be revised to include a commitment that Cambridgeshire County Council will not seek to introduce and does not endorse a 'four day working week' or equivalent arrangements of Part-Time Work for Full-Time Pay.

He explained that in the government productivity plans guidance, the previous government had made specific reference to a 'four day working week' as reflected in the amendment. He reported that he could not support paying officers 100% for 80% work paid for by the council tax payer, and could not see how it would work at the Council given its social care responsibilities. Councillor Boden highlighted the difficulties some residents were experiencing paying higher council tax demands. In his view, the only justification for adopting this policy would be if staff were only currently working 80% of their hours or if going to a four day working week increased productivity by 25%. Those working in the private sector were of the view this could not be justified on financial grounds.

One Member responded that the refusal to rule something out was not the same as ruling something in. The external evaluation reports from two universities on the South Cambridgeshire District Council trial had shown that 22 out of 24 key performance indicators had improved or remained the same. Savings had been identified to recruitment and retention, and there had been an improvement in the health and wellbeing of staff. Therefore, it was important to base a judgement on research and experts before ruling this proposal out. Another Member reported that it was important to bear in mind that staff in the social care sector were already on varied and flexible contracts.

The Chair reported that she had written to Cambridgeshire MPs earlier in the year confirming the Council had no plans to implement a four day working week. The Council operated seven days a week and 24 hours a day, as it was responsible for social care, flood risk management and emergency planning. It also had flexible working arrangements for its staff to improve productivity. On being put to the vote the amendment was lost.

It was resolved unanimously to:

- a) consider the attached Productivity Plan submission to Government, noting any changes and agree to delegate to the Executive Director of Finance and Resources in consultation with the Chair and Vice Chair of this Committee, to submit before the 19 July deadline.
- b) note the submission relating to the Pension Fund's productivity plan that will be discussed and agreed at the 18 July Pension Committee.

208. Annual Risk Report

The Committee was responsible for the development and oversight of the Council's risk management and strategy. It therefore received the Annual Risk Management Report summarising activity for 2023-24, the current Corporate Risk Register, Risk Management policy, and an updated Risk Strategy. These documents would also be considered by the Audit and Accounts Committee with its different remit to consider the effectiveness of the Council's risk management arrangements. In relation to the

Corporate Risk Register, the risk owner for Risk 12 was proposing to retitle this risk from the risk of climate change to Cambridgeshire County Council is not adequately prepared for the impacts of climate change. Members were reminded that they had requested a risk workshop and were asked to identify whether there were any specific areas which should be covered.

One Member congratulated officers on the director of travel but highlighted the need to recognise areas requiring greater improvement. Attention was drawn to the risk matrices and the need to consider the severity of the impact, it was therefore better to measure risk due to effect in a geometric way rather than arithmetic. There was also a need to have granularity on risk appetite, as the overwhelming majority of risks had a risk appetite of 15.

The Head of Internal Audit and Risk Management acknowledged that continuing action was needed to strengthen risk management, and as such, the Team was currently recruiting a Corporate Risk Manager. In relation to the risk matrices, whilst there might be benefits to adopting a non linear matrix, it was important the Council embedded its current understanding of the risk management approach and upskilled staff; the Corporate Leadership Team had agreed to revisit this approach in the future. It was noted that a review would take place of risks scored at 15 with the results presented to a future meeting of the committee.

At the request of another Member, it was agreed to add in the next Corporate Risk Register report the previous two risk scores to table 1 at 4.5.2. **Action Required.**

It was resolved unanimously to:

- Note and comment on the Annual Risk Management Report (Appendix 1) and Corporate Risk Register (Annex A);
- Endorse the Risk Management Policy (Annex B), and updated Risk Strategy (Annex C).

- Suggest any specific areas that the Committee would like to be covered at the upcoming Risk Workshop.

209. Performance Management Framework Refresh

Members were informed that the current Performance Management Framework was updated in 2022/23. Attention was drawn to a refreshed framework, which would update the Council's approach to performance, at both Directorate level as well as realigning policy and service committees to report and scrutinise performance at a more strategic level. This work had been informed by best practice produced by the Local Government Association and the Centre for Governance and Scrutiny and would also enable the Council to work alongside the Office for Local Government. The Committee would be presented quarterly with an organisational-wide balanced scorecard, and there would also be an annual performance report which would be published.

One Member highlighted the need to review page 4 of the framework, in particular in relation to risk mitigation, in order to bring it in line with the Council's Risk Management Policy, which was about managing and not mitigating risk. Another Member queried

whether it would be clear if projects had been delivered to time and budget achieving the necessary savings. It was noted that the refresh would bring together the reporting on change programmes so Members would have all this information in one place. Members of individual policy and service committees would be able to scrutinise specific projects in their area whilst Strategy, Resources and Performance Committee would receive an organisational wide report.

It was resolved to defer the newly refreshed Performance Management Framework.

210. Corporate Performance Report

The Committee received an update on the performance monitoring information for the 2023/24 quarter 4 period, to 31st March. Revisions had been made to indicators 213 and 214 relating to the Council's workforce to enable benchmarking. Indicator 182: Proportion of Freedom of Information requests responded to within statutory timescale was marked as red, which was due to performance dipping as a result of a significant increase in requests received at a point when the service began using a new system and a new manager joined the service. There had also been a significant increase in requests related to Highways matters alone so action was taking place to guide and find ways of publishing data on the website on the most common requests. Attention was drawn to the two higher performing indicators relating to proportion of information enquiries resolved at first point of contact, and percentage of IT requests resolved at first line within expected timescales.

It was resolved unanimously to note performance information and act, as necessary.

211. Treasury Management Report – Quarter Four Update and Annual Report 2023-24

The Committee considered the quarterly update on the Treasury Management Strategy 2023/24, approved by Council in February 2023. Attention was drawn to Table 1 in Section 3.2 detailing the Council's compliance with treasury and prudential limits. The Council's external borrowing had increased to around £41m which was lower than assumed in the budget. Interest rates on new borrowing had increased as short term loans taken out years ago with extremely favourable rates had matured. Treasury investments had generated a good return in particular dividends from collected investment funds, and favourable rates for cash management. Appendix 2 set out the outcome of an annual review of Collective Investment Funds.

In response to queries from individual members, officers agreed to:

- separate out the annual Minimum Revenue Position from other financing adjustments in Table 1 in future reports.
- review the maturity structure of the borrowing limits when drafting the Treasury Management Strategy for the new business plan.

It was resolved unanimously to note the Treasury Management Quarter Four Update and Annual Report for 2023-24 and endorse it for consideration at Full Council.

212. People Strategy Update – Action Plan

The Committee received an update on the People Strategy, which had included engagement actions with staff to develop an action plan to deliver the Strategy. The action plan was attached at Appendix 1 and would be updated on a quarterly basis with briefings presented to Staffing and Appeals Committee every six months.

One Member expressed concern at the time taken to produce an action plan particularly when parts of the organisation were struggling to recruit and retain staff. It was suggested that the action plan should target specific issues with set deadlines. The lack of reference to the inter relationship between the Strategy and artificial intelligence was also queried. The Committee was reassured that work was taking place to address workforce pressures in adults and children's social care. It was acknowledged that there was a need to consider the relationship between different strategies.

Another Member highlighted the importance of not considering this strategy in the same way as a strategy for delivering an IT system, for example. Engagement and encouraging motivation was part the process to deliver the People Strategy. One Member drew attention to the risk implications in Section 5.3, which needed clarifying. There was surprise that flexible working was not referred to in the action plan in relation to attracting and retaining staff, and the Council's business needs. The Head of Workforce Policy and Wellbeing clarified that this was addressed in the action plan under the "ways of working" section, but accepted that this could be made more explicit. It was further noted that the risk in relation to this point had been covered in the Corporate Performance report. The Head of Workforce Policy and Wellbeing acknowledged the need to be more specific by making direct reference to flexible working in the plan where it refers to 'Our Ways of Working'. **Action Required.**

It was resolved unanimously to note the contents of the action plan supporting the Council's People Strategy.

213. Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups and Panels, and the Appointment of Member Champions

The Committee considered its agenda plan, training plan, appointments to outside bodies and internal advisory groups and panels, and the appointment of Member Champions. It was proposed to defer the appointment of a Member Technology Champion to provide more information on the role. **Action Required.** It was also proposed to withdraw the appointment of a representative to the Wisbech Town Board to allow for further clarification on the appointment process from government.

It was resolved unanimously to:

- (i) review its agenda plan attached at Appendix 1.
- (ii) review its training plan attached at Appendix 2.
- (iii) review the appointments to outside bodies as detailed in Appendix 3 and withdraw the appointment to the Wisbech Town Board.

- (iv) review the appointments to Internal Advisory Groups and Panels as detailed in Appendix 4.
- (v) review the appointment of Member Champions as detailed in Appendix 5 and defer the appointment of a Member Technology Champion.

214. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the agenda contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed, as it referred to information relating to the financial or business affairs of any particular person (including the authority holding that information).

215. This Land – Monitoring and Financing

The Committee received a report on This Land – Monitoring and Financing.

It was resolved unanimously to agree the recommendations set out in the report.

Chair