

STRATEGY, RESOURCES AND PERFORMANCE COMMITTEE: MINUTES

Date: 26th March 2024

Time: 10.02a.m. to 12.01p.m.

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

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

194. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Ambrose Smith and Dupré. There were no declarations of interest.

195. Minutes – 30th January 2024 and Action Log

The minutes of the meeting held on 30th January 2024 were agreed unanimously as a correct record and signed by the Chair. The action log was noted.

196. Petitions and Public Questions

No petitions or public questions were received.

197. Integrated Finance Monitoring Report for the period ending 31 January 2024

The Committee was informed that there was a forecast overspend of £1.8m in the revenue budget which was a £2m improvement over the previously reported position. The improved position reflected the cross council approach to financial control, and management to reduce non-essential spend, control recruitment to non-essential posts, and reduce the use of agency staff. Members were reminded of the pressures relating to renewables, income, the cost of care placements in Children's Services, staffing and workforce. Adult social care budgets were now reporting a projected underspend due to the utilisation of grant income but this masked the continuing underlying pressures. Members were also advised that there was a £10.2m underspend in the capital budget primarily due to in year slippage.

Attention was drawn to the ringfenced high needs block of the Dedicated Schools Grant (DSG) which had seen a £1.2m increase in pressure. The reported net DSG forecast to the end of January was a £12m in-year overspend, which was £8m off track compared to the agreed position in the safety valve deal. The Department for Education (DfE) had annotated the published safety valve deal to reflect the latest position. It was noted that the Council had a number of work strands in place to get the programme back on track.

One Member queried what would happen after the end of the six-month extension to the Household Support Fund (HSF). It was noted that the Government had informally

notified authorities that this extension should be considered as part of the tapering off process. The terms and conditions to be applied to the HSF were still awaited. Members were reminded that the business plan included provision to fund holiday food vouchers and support anti-poverty measures such as the work being undertaken by Citizens Advice relating to income maximisation and the Local Assistance Scheme. Another Member expressed disappointment that the Council had not taken advantage of the informal advice provided by government when setting the budget. The Chair commented that late grants from government made budgeting very difficult.

One Member expressed concern that the safety valve deal was £8m off track, which at the last meeting had been attributed to the DfE not meeting its commitments. However, there was concern that the Council was also not meeting its commitments set out in the deal. It was therefore suggested that the programme should be added to the savings tracker given that it was essentially a savings plan. There was also a request for a briefing note detailing the action being taken to address this issue.

The Executive Director of Finance and Resources reported that there were 38 authorities taking part in the safety valve programme with 12, of which the Council was aware of, in enhanced monitoring. The main issues were the increase in demand, inflation, and for Cambridgeshire provision of additional specialist places/placements and capacities. The Council was looking to reset the position with the DfE and would report back to committee. Members were reminded that the position relating to reserves had been set out in the Section 151 Officer's assessment to the last meeting. The Chair asked officers to check if an in depth report had been presented to Children and Young People (CYP) Committee and for any reports to be circulated, and if that was not the case for a detailed briefing note to be circulated. The Chair also agreed to consider whether the programme should be added to the savings tracker but stressed that it was important it remained within the purview of CYP Committee. Action Required.

The same Member expressed concern that so many energy projects were off track. It was requested that the deep dive analysis of the reasons for the delays and the action being taken be circulated in a briefing note. The Chair commented that this issue had been examined in detail at the Environment and Green Investment Committee. The Executive Director of Finance and Resources agreed to investigate and circulate the reports and other briefing notes to the committee. Action Required. The Chair highlighted that there had been an over estimation of the rates of income which could come in for some of the investment projects.

Another Member drew attention to the state of the access road at North Angle Solar Farm which also served other local businesses and queried whether the £1.8m capital pressure included the cost of repairing the road. It was also queried why the Council was waiting for the new financial year before making the repairs. The Service Director: Finance and Procurement reported that the £1.8m capital pressure related to works on the private wire. The funds for the repair of the road were included in the business plan approved in February and there was no time restriction causing a delay.

A Member requested information on how the "Upper limit of fixed interest rates based on net debt" in the Treasury Management Strategy could be 150%. The Service Director: Finance and Procurement agreed to provide a written answer. Action Required.

The Chair of Adults and Health Committee acknowledged that the underspend in Adults and Health was a source of concern as some of it related to very high levels of vacancies. Members were reminded of efforts taking place corporately to boost recruitment. The Executive Director for Adults, Health and Commissioning had also been asked to report back to the Adults and Health Committee. The Chief Executive clarified that this issue related to qualified social workers and was not a universal problem for the Directorate as the high performing Reablement Team was oversubscribed with applicants.

Another Member drew attention to the comparison data on vacancies recorded by the Office for Local Government (Oflog) who had identified that the turnover in adult social care in Cambridgeshire was much higher than elsewhere. There was a need to provide factual data if staff shortages were identified as national issue. The Chair reported that the Council was taking all available action to fill vacancies.

It was resolved unanimously to:

- a) note the report.
- b) allocate £0.76m from the Specific Contract Risks Reserve to the waste disposal and treatment project, as set out in section 3.1 of Annex A, and to delegate authority to the Environment and Green Investment Committee to approve expenditure for the project during 2024-25.
- c) note the Government's announcement of the six-month extension of the Household Support Fund, authorise the modification of spending plans in accordance with section 3.2 of Annex A and delegate authority to the Executive Director of Finance and Resources to make resulting budgetary updates, in consultation with the Chair and Vice Chair of SR&P Committee.
- d) approve additional prudential borrowing of £1.8m for the North Angle Solar Farm scheme for 2024-25.
- e) approve an additional £0.5m of Communities Capital Fund for 2024/25 from the slippage in the Communities Capital Fund.
- f) note performance against the prudential indicators for quarter 3 as set out in Annex A appendix 6.

198. Corporate Risk Register

The Committee received the full updated Corporate Risk Register. Attention was drawn to Table 1 detailing an overview of the corporate risks showing the static direction of travel since October 2023 for all risks. The Corporate Leadership Team (CLT) Risk Assurance Group had met on 1 March 2024 to review the way Directorate Risk Registers were reported to committee and suggested changes were set out in Section 4.1.2 of the report. The report also included an update on the implementation of the Risk Strategy.

Attention was also drawn to Risk 8 – “The Council is a victim of cyber-crime”, the residual risk score of 15 was calculated as a likelihood of 5 and an impact of 3. Whilst it was highly likely the Council would be a victim of cyber-crime, the impact score reflected the work undertaken by IT to ensure staff were fully trained to identify phishing e-mails for example. It was noted that this score was within the risk appetite.

Individual members welcomed the following:

- the improvements to the Risk Register but suggested that changes should be considered to show whether the direction of travel was towards the Council's accepted level of risk. Another Member suggested the need for arrows to indicate the direction of change. The Chair agreed to discuss this issue in a risk workshop with the committee. Action Required.
- the positive scores in the report which provided a degree of optimism.

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

Risk 3 – The Council does not have enough budget to deliver agreed short and medium term corporate objectives

- queried the need for the likelihood score of 3 for Risk 3 to increase to 4 given the impact of demand and inflation, and the Chancellor's approach to public spending. The Executive Director of Finance and Resources reminded Members of his assessment of reserves presented to the last meeting and the Medium Term Financial Strategy presented to Council. Whilst the budget gap was significant, officers were seeking to address it as part of the business planning cycle which had already started for 2025/26 and beyond. The risk had been assessed as 3 because at the moment there was not a risk around reserves and there was a strong legacy and structure to business and financial planning. Whilst options might be unpalatable in the future, there were always opportunities to take decisions to manage the overall budget in the short and medium term.
- highlighted the need to send a message to government that the Council and other authorities should not have to make unpalatable decisions. The Executive Director of Finance and Resources reported that the Department for Levelling Up, Housing and Communities (DLUHC) had published on 25 March 2024 its response to the Select Committee inquiry on financial distress in local authorities. The responses were that the DLUHC had listened and provided additional grant or this would be determined for the next funding settlement. The Chief Executive added that the government had indicated its intention to move to multi-year settlements in the next parliament when circumstances allowed. It would expect the Council to look at a range of issues including productivity, which would be considered as part of its Productivity Plan. There was continued scope for the Council to lobby in its own right and via the Local Government Association and County Councils Network. Another Member commented that the Corporate Risk Register, which was a management tool, was not the appropriate place to send messages to government.
- reiterated that this risk was about the Council not meeting its corporate objectives rather than setting a balanced budget.

Risk 7 – Failure to Deliver Key Council Services

- acknowledged that this risk was often a secondary risk which could be triggered by something else crystallising on the Risk Register. It was therefore queried whether it should be attached to other risks rather than included on its own. The vulnerability factors were all external and live so the score should be higher. The Chief Executive acknowledged the challenges associated with this risk but it was important to include it as a catchall to make sure all issues were covered. CLT would consider it again as part of its quarterly review.

Risk 8 – The Council is a victim of cyber crime

- welcomed the focus on Risk 8. However, there was concern that the potential consequences of a deliberate denial of service had been understated in the report. Government had singled out local government as having a particular risk due to its individuality. A Russian hacker had recently obtained the names, addresses and bank details of residents of Gloucester resulting in significant reputational damage to the City Council. The Council depended so much on its IT systems particularly to support vulnerable residents so it was therefore felt that the impact should score higher than a 3.
- suggested that detail in relation to Risk 8 should be limited given the nature and sensitivity of the risk. It was also important to avoid using IT jargon.
- expressed concern about the poor completion of Cyber Security E-learning set out in Control 5. This was exemplified by Control 1 where a simulation phishing exercise in May 2022 had resulted in 178 users entering their passwords/credentials. It was therefore important that this exercise was repeated to identify whether individuals were still falling for phishing attacks.
- expressed concern that the last Data Recovery test had been held in November 2021 as it was important it was repeated regularly. It was noted that an exercise had taken place in the last six months.
- highlighted the lack of assurances mechanisms for Control 15.
- queried whether the actions plans which had a completion date of the end of March had been completed. The Executive Director of Finance and Resources reported that nearly all actions had been completed to timetable. He agreed to provide a written response in relation to all the actions set out on page 132 and to provide a response to some of the comments raised above. Action Required.
- suggested that Audit and Accounts Committee be asked to undertake a “deep dive”, in exempt session, given the consequences and dangers to the Council. It was noted that the Committee had considered the internal audit report relating to IT systems and some of the actions in that report covered the issues raised. The Chair agreed to hold a private in person briefing on Risk 8 after the next meeting of Strategy, Resources and Performance Committee open to all Members. Action Required.

Risk 10 – Failure of key contracts

- highlighted that the adequacy of the control for business continuity planning processes was poor and there were no critical success or assurance factors. There was one action plan but no assurances. The Chief Executive suggested the need to make reference to work underway by the Assets and Procurement Committee in order to make sure the risk was properly articulated. Action Required.

Risk 12 – Risk of Climate Change

- queried whether the actions within the Council's control were recognised as a separate risk in the Environment and Green Investment Committee Risk Register. It was noted that within that committee's risk register there were separate risks which focused on the non-delivery of the Climate Change and Environment Programme.
- highlighted the need for the title of this risk and the actual risk to reflect the impact of climate change such as flooding. It was noted that the Place and Sustainability Directorate would be undertaking a wholesale review of Risk 12. It would be considered by the CLT Risk and Assurance Group in June and then the Strategy, Resources and Performance Committee. The Head of Internal Audit and Risk Management agreed to feedback any comments to the review.

The Chair agreed to hold a separate workshop for the committee on risk which would cover all the issues raised at the meeting. Action Required.

It was resolved unanimously to note the Corporate Risk Register.

199. Corporate Performance Report

The Committee received an update on the performance monitoring information for the 2023/24 quarter 3 period, to 31st December. There were currently no Key Performance Indicators (KPIs) ranked as red. Indicator 183: Percentage of Subject Access Requests completed within statutory timescales (Year to Date) had moved from Red to Amber. Attention was drawn to the two higher performing indicators relating to IT & Digital Services Customer Perception, and Proportion of information enquiries resolved at first point of contact. The report recommended a number of changes to indicators, which would assist benchmarking and improve clarity of understanding.

One Member highlighted that there had been a 54% response rate to the Employment Engagement Survey in 2023, which was not statistically significant as these employees had not been selected at random. Of the 54% who had responded, there was an overall engagement rating of 55% resulting in a negative engagement rating of 45%. The total number who had not responded or who had not engaged after responding was 70.3%, which was 7 out of 10 employees. This was therefore a problem in relation to staff retention, which needed investigating. A breakdown of responses by Directorate was requested in order to identify the challenges.

The Executive Director: Strategy and Partnerships reported that Ipsos MORI had informed the Council that it could have a degree of confidence in a response rate of 54%. She offered to provide Members with information from Ipsos MORI on confidence

factors. In acknowledging the proportion of staff who had not responded, the Council had delayed producing an action plan, and on the advice of Ipsos MORI had followed up the survey with a series of focus groups across each Directorate to enable actions to be identified from those who had not completed the survey. Executive Directors had been provided with the data at Directorate level to inform Directorate listening sessions leading to each one producing an individual action plan. There would be a Council wide action plan which would look at the aggregated survey and the conversations CLT had undertaken with staff. The Council was learning from the process to make sure it was conducted effectively.

The same Member asked for the information from Ipsos MORI, and to receive the information at Directorate level. It was suggested that Indicator 187 should be broken down to Directorate level. Another Member suggested that all Policy and Service Committees should review the action plans for their areas. The Chief Executive reminded Members that a breakdown of this information had already been shared with cross party members in a number of fora, and was also available on the Council's Intranet. It was suggested that the Committee might wish to receive a separate briefing on this issue in order to consider the action plans. Members were informed that the 54% response rate was significantly above the rate for other public sector organisations. Action Required.

Another Member acknowledged the usefulness of the above comments in relation to Indicator 214: Staff turnover. There was disappointment that the Council had moved from valued to engaged as the former was more important in relation to turnover. However, the rationale for changing was acknowledged in order to achieve benchmarking. The same Member stressed the importance of action plans to reduce staff turnover, and highlighted the role of Human Resources in supporting their production. It was suggested that the Council should aim to exceed its statistical neighbours and the national average.

Members were informed that the People Strategy had identified how critical turnover was to recruitment and retention. There had already been a focus on Children's Services which had led to positive results. The Chief Executive reported that the Oflog turnover figures reflected all social care providers in Cambridgeshire and not just Council employees. The Adults and Health Committee had been looking at this for some time and had approved a plan which involved the establishment of a Care Academy for the adult care workforce. The Council had not been complacent and was also taking measures to reduce turnover in the broader markets it commissioned from. The Chair asked for a briefing on staff engagement and turnover. It was suggested that not all staff turnover was bad as it was important that staff had a sense of career progression.

Attention was drawn to Indicator 213: Full Time Equivalent days lost to anxiety, mental health, depression and stress absence. The reduction in days lost in the last calendar year was welcomed. One Member requested data on the number of days lost to sickness in general. It was noted that the different types of absence would be categorised beneath this indicator for the Council's own employees.

It was resolved unanimously:

- a) note performance information outlined in this paper.
- b) approve the recommendations highlighted in section 4 of this paper.

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

The Committee resolved unanimously to note the agenda plan and training plan including the addition of the Local Productivity Plan to the July meeting.

Chair