

**Present:** Councillor Naomi Tweddle (*in the Chair*),  
Councillor Donald Nannestad, Councillor Sue Burke,  
Councillor Bob Bushell, Councillor Rebecca Longbottom  
and Councillor Joshua Wells

**Apologies for Absence:** None.

**1. Confirmation of Minutes - 15 April 2024**

RESOLVED that the minutes of the meeting held on 15 April 2024 be confirmed and signed by the Chair as a true record.

**2. Thank you - Ric Metcalfe**

Councillor Naomi Tweddle, newly elected Leader of the Council, paid tribute to the tremendous service her pre-decessor Ric Metcalfe had given as Leader of the Council over many years, and she wished him a very happy retirement.

**3. Declarations of Interest**

No declarations of interest were received.

**4. Quarter 4 2023/24 Operational Performance Report**

Purpose of the Report

To present an outturn summary of the Council's operational performance in quarter four of 2023/24.

**Decision**

1. That the achievements and challenges identified in the Quarter 4 2023/24 operational performance report be noted.
2. It be confirmed that the format of the performance report continued to meet requirements.

Alternative Options Considered and Rejected

None were considered.

Reasons for the Decision

Regular monitoring of the council's performance was a key component of the Local Performance Management Framework. This report covered the key strategic performance measures identified by members and Corporate Management Team (CMT) as of strategic importance.

The outturn summary report detailed performance against a total of 76 measures across the directorates Chief Executive's, Communities and Environment and Housing and Investment. In total 58 performance measures out of the 76 were monitored against targets, of which 16 were below target; 11 were within target

boundaries; 31 had met or exceeded a higher target; 18 measures were recorded as volumetric, and there were no measures recorded as data not available for this quarter.

Out of the 76 performance measures monitored during the quarter with 58 targets allocated to them, 42 (72.4%) were within or exceeding the targets set.

The Quarter 4 2023/24 Operational Performance Report found at Appendix A to the officer's report detailed those targeted measures with performance above or below target by each directorate at the end of the fourth quarter of 2023/24, and the reasonings behind the performance outturns.

In addition to the directorate performance measures, the report also detailed the performance outturns for corporate performance measures. These measures focussed on areas of resources, health & wellbeing, sickness, complaints (including Ombudsman rulings) and compliments.

To support the full operational performance report, a full list of all performance measure outturns and supporting performance commentary was provided at Appendix B, together with those performance measures performing within target boundary at the end of the quarter (acceptable performance) and the outturns for all performance measures recorded as volumetric (untargeted).

## **5. Financial Performance - Outturn 2023/24**

### **Purpose of Report**

To present the provisional 2023/24 financial outturn position on the Council's revenue and capital budgets, including General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programmes.

This report provided the Executive with a summary of actual income and expenditure compared to the revised budget and how any surpluses had been allocated to reserves.

Executive should note that the financial outturn was still subject to Audit by KPMG, the Council's external auditors.

### **Decision**

1. That the provisional 2023/24 financial outturn for the General Fund, Housing Revenue Account (HRA), Housing Repairs Service and Capital Programmes as set out in sections 3-7 of the officer's report, and in particular the reasons for any variances, be noted.
2. That the General Fund carry forward requests as detailed in paragraph 3.7 of the officer's report be approved.
3. That the proposed transfer to General Fund and HRA earmarked reserves as detailed in paragraphs 3.8 and 4.7 of the officer's report be noted.
4. That the financial changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer detailed in paragraphs, 7.6, and 7.13 of the officer's report be noted.

5. That the financial changes to the General Investment Programme and the Housing Investment Programme that were above the limit delegated to the Chief Finance Officer, as detailed in paragraphs 7.5, 7.11 and 7.12 of the officer's report, be approved.

#### Alternative Options Considered and Rejected

None.

#### Reason for Decision

During the last quarter of 2023/24, the position on the General Fund, Housing Revenue Account and Housing Repairs Service had remained positive with budget surpluses achieved across both the General Fund and HRA at the end of the financial year.

Despite this positive outturn position the Council continued to face escalating cost pressures, above those already factored into the MTFS. The positive outturn in 2023/24 had been largely driven by investment income with interest rates continuing above the levels assumed within the MTFS, with other overachieved income in the General Fund. This would not be the case in 2024/25 with budgets adjusted to reflect the base rate forecast, as such strong financial discipline and delivery of the significant savings targets underpinning the MTFS would remain critical in ensuring the Council maintained a sustainable financial position in the medium term.

A summary of the financial position of the Council for the financial year 2023/24 was outlined at paragraph 2.4 of the officer's report, together with the detailed financial position shown in sections 3-7 and accompanying appendices to the officer's report.

Updates were reported as follows:

#### *General Fund Revenue Account*

For 2023/24 the Council's net General Fund revenue budget was set at £14,402,660 including a planned contribution to balances of £191,110, resulting in an estimated level of general balances at the year-end of £2,228,739 (after allowing for the 2022/23 outturn position).

The financial performance quarterly monitoring report for the 3rd quarter predicted an underspend against the revised budget of £476,652 (before additional transfers to earmarked reserves and carry forward requests). The provisional outturn for 2023/24 now indicated an improvement of £383,314 (before additional transfers to earmarked reserves and carry forwards requests). Based on this position, additional transfers to earmarked reserves, and carry forward requests, totalling £843,547 had been proposed resulting in an overall budget underspend of £16,419. This represented a variance against the revised budget of 1%.

There were a number of variations in income and expenditure against the approved budget; key variations were detailed at paragraphs 3.3- 3.5 of the report, with the main variances provided at Appendix B to the report.

In response to the key cost pressures that had occurred in 2023/24; the additional staff costs arising as a result of the pay award were unavoidable, and the levels

of income in relation to development in the city were primarily driven by economic factors, both of which had required the resetting of budgets for 2024/25 (this was taken into account in the latest MTFS). However, in relation to the increasing cost of housing benefits which the Council was bearing the Corporate Management Team had commissioned a range of responses, these would focus on both managing the demand for temporary accommodation as well as exploring options to increase the supply of suitable accommodation to reduce the reliance on costly bed and breakfast usage. In addition, careful review of all supported accommodation claims was in place to ensure the appropriate levels of housing benefit were awarded.

### *Carry Forward Requests*

Financial Procedure Rules allowed Assistant Directors to carry forward any budget provision not utilised during the financial year, to be used for the same purpose, in future years subject to their Directorate as a whole not being overspent. Following confirmation of the final cash limited outturn for each Directorate in 2023/24 a list of requests (which would be transferred from the surplus to earmarked reserves for drawdown in future years) totalled £281,227, as detailed at paragraph 3.7 of the officer's report:

All of the carry forward requests were reflected in the provisional outturn of £16,419 budget underspend.

### *Transfers to Reserves*

In addition to the above carry forward requests, a number of requests for additional transfers to reserves had been made, whereby Directorates had requested a transfer to a new, or existing, reserve for a number of underspent budgets, to be used for alternative purposes or to mitigate risks, in future years subject to their Directorate as a whole not being overspent. Following confirmation of the final cash limited outturn a list of requests totalled £562,320 as detailed at paragraph 3.8 of the officer's report.

All of the transfers to reserves were reflected in the provisional outturn of £16,419 budget underspend.

### *Towards Financial Sustainability Programme*

The savings target included in the MTFS for 2023/24 was £185,210. Progress against this target, based on the provisional outturn performance showed that secured savings totalled £247,670. This resulted in an under-achievement of £62,460. Despite this under-achievement, the General Fund had out-turned in an overall positive position. A summary of the specific reviews that had contributed to this target were shown in Appendix K.

### *Housing Revenue Account*

For 2023/24 the Council's Housing Revenue Account (HRA) net revenue budget was set with a planned contribution from balances of £58,930, resulting in an estimated level of general balances at the year-end of £1,125,516 (after allowing for the outturn position).

The financial performance quarterly monitoring report for the 3<sup>rd</sup> quarter predicted an underspend of £13,787. The provisional outturn for 2023/24 now indicated an

improvement of £19,515, resulting in an overall budget underspend of £5,728 (including additional transfers to earmarked reserves). This would result in HRA balances as at 31<sup>st</sup> March 2024 of £1,131,244.

There were a significant number of variations in income and expenditure against the approved budget, as outlined at paragraph 4.3 - 4.5 of the officer's report, with full details of the main variances provided at Appendix D of the report.

In response to the key cost pressures that had occurred in 2023/24; the additional staff costs arising as a result of the pay award were unavoidable and had required the resetting of budgets for 2024/25 (this was taken into account in the latest MTFS). In relation to the additional costs transferred from the HRS, the Housing Directorate Management Team were commissioning work to review the individual repairs service areas, i.e. Aids & Adaptations, Voids, Responsive Repairs etc, in order to identify a range of specific mitigations to manage demand and cost drivers. In addition, work continued within the HRS to address the recruitment and retention challenges, (this also formed part of a wider scope of work developing the Council's Workforce Development Strategy), which was already seeing some success with a reduction in level of vacancies at the end of the financial year.

#### *HRA Earmarked Reserves*

The provisional outturn of a £5,728 budget underspend included a number of additional transfers to earmarked reserves, in addition to those transfers to/from earmarked reserves already approved and budgeted for as detailed at paragraph 4.7 of the officer's report.

Following contributions to earmarked reserves the underspend of £5,728 would result in HRA general balance of £1,131,244 as at 31<sup>st</sup> March 2024, remaining within prudent levels

The level of each of the current earmarked reserves, as at 31<sup>st</sup> March 2024 attached at Appendix G, took account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure, together with the additional transfers set out in para. 4.7 of the officer's report.

#### *Housing Repairs Service*

For 2023/24 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

The provisional outturn for 2023/24 showed a trading deficit of £288,844, an improvement of £263,218 since quarter three, which was repatriated to the HRA. Appendix E provided a forecast HRS summary with full details of the main variances provided within Appendix F, with key variances summarised at paragraph 5.2 of the officers report

The main contributory factor to the deficit was the ongoing recruitment and retention challenges, which were being felt not just by the council but across the construction industry as a whole. The inability to attract and retain staff resulted in a greater reliance on the use of sub-contractors to ensure service demands were met. The cost of using subcontractors was more expensive than the HRS's own workforce, due to the ongoing impact of inflationary factors, a reduced national

workforce and a reduced pool of contractors from which to secure services. These additional costs were therefore not fully offset by the vacancy savings achieved by not carrying out the work internally.

As the increased subcontractor costs were not reflected in the service hourly rate and overhead recovery was not recouped on sub-contractors this resulted in an under recovery of full costs from the HRA.

Whilst last year high vacancy levels, and the use of sub-contractors rather than the Council's own workforce, resulted in an underspend on materials for the Council, this year higher than anticipated inflation levels, an industry wide issue, and an expected increase in repairs jobs had resulted in a very small underspend.

The deficit also included the impact of the national pay award, which was significantly over and above the assumptions included within the MTFS as outlined in both the General Fund and HRA variances.

Due to the interconnection of the HRS and HRA the consequential costs in the HRA were ordinarily reduced, and therefore offset any repatriated deficit. However, due to the increased usage of more expensive sub-contractors and materials, and an increased volume of works, this was not the case this financial year, as detailed above, and there was a significant additional cost for repairs and maintenance of the housing stock that was being incurred by the HRA. This additional cost was currently being offset against the overall HRA position as set out in section 4 of the officer's report.

The main contributory factor for this deficit was the ongoing recruitment and retention issues, which were being felt across the industry, this resulted in a reliance on the use of sub-contractors. The cost of subcontractors was more expensive than the HRS's own workforce, due to the ongoing impact of Covid19, the current inflationary crisis and a reduced pool of contractors from which to secure services. These additional costs were therefore not fully offset by the vacancy and material savings achieved by not carrying out the work internally. These increased costs were further compounded by increased demands resulting from the higher level of voids currently being experienced, although this was partially offset by a reduction in responsive repairs works being requested.

### *Earmarked Reserves*

Details of HRA Earmarked Reserves and their balances were set out at Appendix G of the officer's report, with further details in the MTFS 2024-2029 summarised at paragraph 6.2 of the officer's report

### *General Fund Investment Programme*

The revised General Fund Investment Programme for 2023/24 amounted to £15,334m following the quarter three report. At quarter four, the programme had reduced by £3,702m to £11, 632m. A summary of the budget changes was detailed at paragraph 7.2 of the officer's report.

New projects added in quarter 4 had already received Executive approval as detailed at paragraph 7.5 of the officer's report

The Chief Finance Officer had delegated authority to approve financial changes up to an approved limit or to reprofile the budget under Financial Procedure Rules. The changes approved during Quarter 4 was detailed at paragraph 7.6 of the officer's report.

A summary of the provisional outturn position for the General Investment Programme at 31 March 2024 was detailed at paragraph 7.7 of the officer's report.

Overall spending on the General Investment Programme active schemes, excluding externally delivered schemes, for the final quarter of 2023/24 was £10.4m, which was 86% of the budget

### *Housing Investment Programme*

The revised Housing Investment Programme for 2023/24 amounted to £16.120m following the Quarter 3 position. At Quarter 4 the programme had been decreased by £1.388m to £14.732m.

Changes over the approved limit at Quarter 4 which required approval by Executive were detailed at paragraph 7.11 and new projects added to the Housing Investment Programme which required Executive approval were detailed at paragraph 7.12 of the officer's report.

Financial changes approved during Quarter 4 delegated to the Chief Finance Officer under financial procedure rules up to an approved limit were detailed at paragraph 7.13 of the officer's report and a summary of the projected outturn position for the Housing Investment Programme was detailed at paragraph 7.14

The overall expenditure on the Housing Investment Programme for the final quarter 2023/24 was £14,732m which was 91.3% of the budget.

## **6. Treasury Management Stewardship and Actual Prudential Indicators Report 2023/24 (Outturn)**

### Purpose of Report

To consider the annual Treasury Management stewardship report, a requirement of the Council's reporting procedures under regulations issued under the Local Government Act 2003. The report covered the treasury management activities and the actual prudential and treasury indicators for 2023/24.

The report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

### Decision

- (1) That the actual prudential indicators, as contained within Appendices A and B to the report be noted and recommended to Full Council for approval.
- (2) That the annual Treasury Management report for 2023/24 be approved.

### Alternative Options Considered and Rejected

None.

### Reasons for the Decision

During 2023/24 the Council complied with its legislative and regulatory requirements. The key prudential indicators for the year with comparators were detailed at paragraph 2.1 of the officer's report, together with other prudential and treasury indicators found at Appendix A and B.

The Chief Finance Officer had confirmed that borrowing had only been undertaken for a capital purpose and that the statutory borrowing limit, (the Authorised Limit) had not been breached.

The Council had adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operated its treasury management service in compliance with this Code and the above requirements. These required that the prime objective of treasury management activity was the effective management of risk, and that its borrowing activities were undertaken in a prudent, affordable and sustainable basis.

This report fulfilled the requirement of the Prudential Code to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. It included a review of compliance with Treasury and Prudential Limits in 2023/24 and showed the status of the Prudential Indicators at 31<sup>st</sup> March 2024. For the 2023/24 financial year the minimum reporting requirements were that members should receive the following reports:

- an annual Treasury Management Strategy in advance of the year (Council 28<sup>th</sup> February 2023)
- a quarterly treasury update (Executive Q1 21<sup>st</sup> August 2023 & Q2 19<sup>th</sup> February 2024)
- a mid-year treasury update report (Executive 20<sup>th</sup> November 2023)
- an annual report following the year describing the activity compared to the strategy (this report)

The regulatory environment placed a greater onus on members for the review and scrutiny of treasury management policy and activities than in previous years. This report was important in that respect, as it provided details of the outturn position for treasury activities and highlighted compliance with the Council's policies previously approved by members.

In compliance with the Prudential Code treasury management reports were scrutinised by Performance Scrutiny Committee and reviewed by the Executive prior to reporting to Full Council if required. Member training for the Performance Scrutiny and Audit Committees was undertaken on 30<sup>th</sup> January 2024 in order to support their roles in scrutinising the treasury management strategy and policies.

Key Issues to Note from Activity during 2023/24 were detailed at paragraph 4.2 of the officer's report.

## **7. Strategic Risk Register Quarterly Review**

### Purpose of Report



To provide a status report on the revised Strategic Risk Register as at the end of the fourth quarter 2023/24.

#### Decision

That the Council's strategic risks as at the end of quarter 4 2023/24, be noted.

#### Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

#### Reasons for the Decision

An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented to Members in February 2024 and contained fourteen strategic risks as detailed within paragraph 3.1 of the officer's report.

Since reporting to Members in February, the Strategic Risk Register had been refreshed and updated by the Risk Owners and Corporate Management Team which had identified some positive movement in the Risk Register.

The updated register was contained with Part B of this agenda as a restricted document.

### **8. Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it was likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

### **9. Strategic Risk Register Quarterly Review**

#### Purpose of Report

To receive the revised Strategic Risk Register as at the end of quarter 4 2023/24.

#### Decision

That the Council's strategic risks, as at the end of quarter 4 2023/24, be noted.

#### Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

#### Reasons for the Decision

The reasons for the decision were set out at Minute 121 above.