

**Present:** Councillor Gary Hewson (*in the Chair*),  
Councillor Thomas Dyer, Councillor Ronald Hills,  
Councillor Rebecca Longbottom, Councillor  
Laura McWilliams, Councillor Lucinda Preston, Councillor  
Pat Vaughan and Councillor Loraine Woolley

**Apologies for Absence:** Councillor Helena Mair and Jaclyn Gibson

**40. Declarations of Interest**

No declarations of interest were received.

**41. Confirmation of Minutes - 3 October 2019**

RESOLVED that the minutes of the meeting held on 3 October 2019 be confirmed.

Members noted that an update had not yet been received from the Park Ward Scheme with statistics of people managing to find employment.

Members asked for statistics for climate change from the Remarkable Place Portfolio.

Members commented that the Member Development Session for the update on WGC had been cancelled and was disappointing as this development had nothing to do with the General Election.

**42. Q2 2019-2020 Operational Performance Report**

Heather Grover, Principal Policy Officer, presented Performance Scrutiny Committee with a summary of the operational performance position for quarter two of the financial year 2019/20 (from July 2019 to September 2019).

Explained that as part of the development of the new performance system (PIMS), all strategic measures were reviewed, with new targets allocated at the start of 2019/20. Some measures were marked as 'V' for volumetric –these were contextual measures which supported targeted measures.

Continued to explain that this was the second quarter working on the new set of measures and targets. In Line with the refresh of measures, the Policy Team had redesigned the Operational Performance Report (Appendix A) to bring it in line with the council's corporate branding.

Highlighted that quarter two's performance showed significant improvement in a number of service areas, particularly in Housing Benefit Administration, Planning and Housing Maintenance. There were challenges in Customer Services and Housing Voids, although resolution plans were in place for both of these services to bring them back to within their targets.

Invited members' comments and questions.

Question: Members asked whether the decline in business rates collection was due to appeals?

Response: The decline in Business Rates collection was partly due to backdated rateable value changes. There had been a lot of changes which affected instalments. Staff were doing everything they could to recover rates and it was hoped that this would be on target in March. In terms of Council Tax, there had been an increase of 500 properties within the City and 4 new members had been recruited to the team to replace vacancies and provide an additional resource.

Question: Members asked when the Citizens Panel were consulted in respect of on street cleansing?

Response: The consultation took place in June.

Question: Members asked why the works on the fire doors in Jarvis House had been delayed and what position this left the Council in?

Response: The work that had previously taken place on the communal fire doors at another location was being audited prior to work across the wider stock being progressed. In addition, work was ongoing with the Director of Housing and Assistant Director for Investment, to re-align the budget for the HIP Programme looking at wider opportunities in relation to fire prevention and detection. A fire specialist was working with us regarding the fire safety of our flats and a report would be received shortly that is anticipated to be positive in relation to existing fire prevention in place. The Director of Communities and Environment was to feed this back to Housing to keep residents informed and provide an update to the committee.

Question: Members asked whether Stagecoach had signed up for the Social Responsibility Charter?

Response: Stagecoach had not signed up to the Social Responsibility Charter but would be approached to do so.

RESOLVED that:

1. The achievements, issues and future operational performance concerns be noted for Quarter 2.
2. The report be referred to Executive to ensure relevant portfolio holders were placing a local focus on highlighted areas showing deteriorating performance.
3. Officers were to feedback to the Housing Directorate that residents needed to be kept up to date with regards to the fire safety works in flats and an update would be given to the Committee.

#### **43. Financial Performance - Quarterly Monitoring: Quarter 2**

Colleen Warren, Financial Services Manager, presented Performance Scrutiny Committee the second quarter's performance (up to 30<sup>th</sup> September) on the Council's:

- General Fund
- Housing Revenue Account

- Housing Repairs Service
- Capital Programmes

Highlighted that the General Fund Summary was currently projecting a forecast over spend of £86,698 (Appendix A provided a forecast General Fund Summary). The forecast variance was the result of a number of forecast year-end variations in income and expenditure against the approved budget. Full details of the main variances were provided in Appendix B while the key variances were summarised below:

- Housing Benefit Overpayment – reduced income: £368,000
- HIMO – reduced income: £74,260
- Interest Payable – reduced expenditure: (£200,000)
- Crematorium additional income: (£125,990)
- Car Parking Income: (£119,000).

Explained that the most significant of the forecast variances was the reduction in the level of housing benefit overpayment being raised. Whilst this was positive in that the number of overpayments were reducing it in turn created a budgetary pressure. This was a continuation of a trend from 2017/18 and 2018/19 with the transition of benefits customers to Universal Credit and the use of 'real time' information, resulting in the level of overpayments raised being drastically reduced. This reduction in overpayments raised was uncontrollable and would require a budget realignment as part of the 2020-25 MTFS process. In order to inform this a specific piece of work to assess the implications, encompassing the impact of the reduction in overpayments along with the transition to Universal Credit and its impact on historic overpayment debt was being undertaken to inform the MTFS process.

Continued to explain that although the forecast outturn for the General Fund was a shortfall of £86,698, at this stage in the financial year, forecast outturns were difficult to predict and often subject to volatility, e.g. car parking income, and change, the forecast position would continue to be monitored and an update reported at quarter 3.

Highlighted that for 2019/20 the Council's Housing Revenue Account (HRA) net revenue budget was set at £52,040, resulting in an estimated level of general balances at the year-end of £1,075,141.

Explained that the last quarterly report approved a General Fund Investment Programme for 2019/20 of £14,977,453. Movements in the programme during the second quarter had decreased overall planned expenditure in 2019/20 to £14,755,906.

Explained that the last quarterly report approved a Housing Investment Programme for 19/20 of £19,123,929. Movements in the programme since had increased overall planned expenditure in 2019/20 to £20,629,324.

Highlighted that The Chief Finance Officer had delegated authority to approve financial changes up to an approved limit as set out under Financial Procedure Rules. All changes over the approved limit require approval by the Executive. Changes were approved by the Chief Finance Officer for the second quarter were shown in Appendix K and Ki summarised below:

- Within the new build programme 15 Property Acquisitions had been agreed under delegated authority utilising 1-4-1 receipts and borrowing totalling £1,849,046.
- The new build programme for 19/20 had been increased by £1,440,395 in order to finance the 70% match funding required to deliver 1-4-1 eligible spend, funded by borrowing.

Invited members' comments and questions.

Question: Members asked whether the £10,000 for Michaelgate Structure works was for the Harlequin Building?

Response: Officers were to confirm this.

Question: Members asked what had been done at Birchwood Leisure Centre as there was scaffolding up on the roof?

Response: The roof at Birchwood Leisure Centre had suffered damage due to there being a lot of rainfall and the roof being flat. The Crematorium roof also had the same issue. The roof at Birchwood Leisure Centre was to be replaced with another flat roof and would last 20-25 years.

Question: Members asked how far along the lottery funding for the Boutham Park Lake Restoration was?

Response: A bid had been put in to the National Lottery Heritage Fund and it was a very competitive bidding process. A bid was also in with the ERDF for £300k and a decision was pending the outcome of the lottery bid. Works on the scheme would commence in January/February next year if successful.

Question: Members asked for clarification on the reference within the report to Hartsholme Drainage?

Response: Officers were to find this out and feedback to Performance Scrutiny Committee.

Question: Members asked whether an overview of the fire prevention for our properties could be brought to the next Housing Portfolio Under Scrutiny?

Response: Officers were to feed this back to the Housing Directorate.

Comment: Members commented how money received from collecting Housing Benefit Overpayment was used to being received and now it had to be funded from elsewhere in the future.

Response: Housing Benefit Overpayments were trying to be collected. Less overpayments were being created so less additional subsidy was generated from these. This had now created a budget pressure going forward and effected the general fund. Less overpayments being created was good for customers but it meant a reduction financially.

Question: Members asked whether the Council received 30% of the sale of a former council house and whether this could be used to buy houses?

Response: Council houses were bought back and classed as new builds. Unfortunately this did increase the amount of void properties.

RESOLVED that:

1. Progress on the financial performance for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2019 and the projected outturns for 2019/20 be noted.
2. The changes to the General Investment Programme and Housing Investment Programme as detailed in paragraphs 7.4, 7.5, 7.11 and 7.12 be noted.
3. The proposed contributions to and from reserves in paragraphs 3.5 be noted.
4. Officers be requested to confirm to members of Performance Scrutiny Committee whether the £10,000 for Michaelgate related to the Harlequin Building.
5. Officers be requested to confirm to members of Performance Scrutiny Committee clarification regarding the reference to Hartsholme Drainage works.

**44. Treasury Management and Prudential Code Update Report - Half Year Ended 30th September 2019**

Sarah Hardy, Group Accountant, held a Member Training session on the Treasury Management and Prudential Code Update before the Performance Scrutiny Committee commenced.

Stated that the Council held £35.9 million of investments at 30<sup>th</sup> September 2019. The investment profile was shown in Appendix A.

Explained of this investment portfolio 100% was held in low risk specified investments, the requirement for the year being a minimum of 25% of the portfolio to be specified investments.

Highlighted the following:

- *Liquidity* – The Council sought to maintain liquid short-term deposits of at least £5million available with a week's notice. The weighted average life (WAL) of investments for the year was expected to be 0.35 years (128 days). At 30<sup>th</sup> September 2019 the Council held liquid short term deposits of £16.9million and the WAL of the investment portfolio was 0.22 years (81 days). The decrease in the WAL of the investment portfolio was due to a larger proportion of the portfolio being placed in shorter term investments.
- *Security* - The Council's maximum security risk benchmark for the portfolio as at 30<sup>th</sup> September 2019 was 0.012% which equated to a potential loss of £0.0043m on an investment portfolio of £35.9m. This was slightly higher than a budgeted maximum risk of 0.005% in the Treasury Management Strategy, It represented a very low risk investment portfolio.
- *Yield* – The Council achieved an average return of 0.85% on its investment portfolio for the 6 months ended 30<sup>th</sup> September 2019. This compared

favourably with the target 7 day average LIBID at 30<sup>th</sup> September of 0.57% and was on par with the budgeted yield of 0.85% for 2019/20 in the MTFS 2019-24.

Explained as at 30<sup>th</sup> September 2019, the average rate of interest paid during quarters 1 and 2 on external borrowing was 3.6%. This was slightly lower than the budgeted rate set in the MTFS 2019-24; there had been an increase external borrowing during the first 6 months of the year to reschedule short term borrowing to long term and take advantage of low rates available.

RESOLVED that the Prudential and Local Indicators and the actual performance against the Treasury Management Strategy 2019/20 for the half-year ended 30<sup>th</sup> September 2019 be noted.

#### **45. Budget Review Process 2020/21**

Colleen Warren, Financial Services Manager, on behalf of Jaclyn Gibson, Chief Finance Officer, presented members with the process for the scrutiny of the proposed budget and Council Tax for the 2020/21 financial year and the Medium Term Financial Strategy 2020-2025.

Highlighted that it was proposed that the following governance arrangements should be in place for the Group;

- The group would be made up of 9 non-Executive Members with a 7:2 proportionality share
- The Group would be a sub group of the Performance Scrutiny Committee, although Members did not have to be Members of this Committee.
- The Chair of the group would be the Chair of the Performance Scrutiny Committee
- The Group would be the main mechanism by which the Executive would formally consult scrutiny on the consideration of their budget proposals.
- The meetings would be held in public and would be administered by Democratic Services.
- Specific Portfolio Holders and Directors (or Assistant Directors) would be invited to attend the meetings of the group or be requested to provide written responses if so required.
- Advice would be provided to the Group members by officers from the Council's Financial Services Team.
- The Chair of the Group shall be required to provide a report to the next full Performance Scrutiny Committee summarising the Groups findings and making recommendations to the Executive.

Members were asked to respond to Democratic Services to confirm member's attendance for this group.

RESOLVED that:

1. The objectives and governance arrangements of the Budget Review Group for 2020/21 as set out in paragraphs 3.3 – 3.4 be noted.
2. The timetable for the Group as set out in paragraph 3.6 be noted.
3. Nominations for membership of the Group from leaders of the respective political groups be notified to Democratic Services.

**46. Work Programme for 2019-20**

Clare Stait, Democratic Services Officer:

- a. presented the draft work programme for 2019/20 as detailed at Appendix A of her report
- b. advised that the work programme for the Performance Scrutiny Committee was put forward annually for approval by Council; the work programme was then regularly updated throughout the year in consultation with the Performance Scrutiny Committee and its Chair
- c. reported that items had been scheduled in accordance with the existing work programme and officers' guidance regarding the meetings at which the most up-to-date information could be reported to the committee; the work programme also included the list of portfolio holders under scrutiny
- d. requested any relevant comments or changes to the proposed work programme for 2019/20.

RESOLVED that the work programme 2019/20 as detailed at Appendix A to the report be noted.

**47. Strategic Risk Register - Quarterly Report: Quarter 2**

Colleen Warren, Financial Services Manager, on behalf of Jaclyn Gibson, Chief Finance Officer, provided members with a status report of the revised Strategic Risk Register as at the end of the second quarter 2019/20.

Highlighted that a number of control actions had now been progressed or completed and the key movements were outlined as follows:

- Risk 1. Failure to engage and influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against the Council's Vision 2020/2025 – Vision 2025 was in development, evidence based gathered, key priority areas emerging and work was progressing with CLT and Portfolio Holders. All member briefings scheduled to be held in November 19, followed by staff, business and residents consultation.
- Risk 4. To ensure compliance with statutory duties and appropriate governance arrangements were in place – Executive approval of investment in a new IT infrastructure had been secured with implementation to be completed by December 2019.
- Risk 6. Unable to meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2025 and the transformational journey to one Council approach – One

Council launched with Service Managers. Project Boards with Terms of Reference's and work programme for four pillars established.

- Risk 7. Insufficient levels of resilience and capacity to deliver key strategic projects and services – development of Vision 2025 focused on ensuring sufficient capacity exists to deliver legacy and new schemes. A new approval process incorporating Portfolio Holders was being developed to allow for resources to be flexed as and when new priorities/projects emerge.
- Risk 8. Decline in the economic prosperity within the City Centre – the Council had been successful in securing approval for a Heritage Action Zone Bid, work had now commenced on development of the detailed scheme. In addition the Council had been awarded Towns Fund Capacity funding to support the development of a Town Deal Board and Investment Plan. GLLEP Pipeline Funding Bids had been submitted for City Centre vibrancy schemes.
- Risk 9. Failure to mitigate against the implications for the Council following the outcome of Brexit – Nominated Brexit Officer in place, internal working group continued to implement actions in relation to regulatory services, staffing, communications, business continuity, community leadership etc.

Invited members' comments and questions.

Question: Members asked whether Risk 8 related to heritage within the City Centre and the opportunities possible re the Town Deal?

Response: With regards to the proposed Town Deal, approximately £173k had now been awarded as extra capacity to carry out works to build up a full bid submission. There was £25m potential funding available but certain things had to be carried out before hand in order to produce the business case for this funding. Such funding is focussed on connectivity, skills development, productivity and economic growth but there is a heritage and culture dimension.

RESOLVED that the key strategic risks and control actions, as at the end of the second quarter 19/20 be noted.

#### **48. Exclusion of Press and Public**

RESOLVED that the press and public be excluded from the meeting during consideration of the following item(s) of business because it is 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.

#### **49. Strategic Risk Register - Quarterly Review**

Colleen Warren, Financial Services Manager, on behalf of Jaclyn Gibson, Chief Finance Officer, provided members with the detailed Strategic Risk Register as attached at Appendix A.

RESOLVED that the key strategic risks and control actions, as at the end of the second quarter 19/20 be noted.