

Present: Councillor McLaren (Chair)
Councillors Al-Hamdani, J. Hussain, Moores and Surjan

Also in Attendance:

Shelley Kipling (Assistant Chief Executive)
Chris Kelsall (Assistant Director – Finance)
Lee Walsh (Finance Manager – Capital and Treasury)
Andy Cooper (Senior Finance Manager)
Kirsty Adderley (Complaints Manager)
Gail Stott (Performance Improvement Lead)
Jonathan Downs (Corporate Policy Lead)
Beth Capper (Performance Improvement Advisor)
Peter Thompson (Constitutional Services)

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Hobin, A. Hussain and Woodvine.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions for the meeting to consider.

5 **MINUTES**

Resolved:

That the Minutes of the meeting of the Governance, Strategy and Resources Scrutiny Board held 22nd June 2023, be approved as a correct record.

6 **LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN
ANNUAL REVIEW OF COMPLAINTS 2022/23**

The Board scrutinised a report of the Complaints Manager that provided members with an update regarding the Council's performance in relation to enquiries received from the Local Government and Social Care Ombudsman (LGSCO) in the financial year 2022/23.

The LGSCO had received 59 complaints/enquiries relating to Oldham Council in 2022/23, a slight increase from 55 in 2021/22. Despite the increase, the overall number of contacts the LGSCO received regarding Oldham remained relatively low. In total, the LGSCO issued 53 decisions relating to Oldham Council in 2022/23. The majority of cases were not taken forward for detailed investigation but of the six cases that were taken forward, fault was found in two cases, giving an upheld rate of 33%. The LGSCO's Annual Review showed that in 2022/23, the overall upheld rate for Metropolitan Authorities

increased from 68% to 77%. However, Oldham Council's upheld rate reduced significantly from 76% to 33%. On average, Greater Manchester (GM) Authorities had an average upheld rate of 70%.



In July 2023, the LGSCO published the Annual Review of Complaints for 2022/23. The review highlighted that nationally, the number of complaints the LGSCO received had reduced from 15,826 in 2021/22 to 15,488 in 2022/23. Of the complaints considered by the Ombudsman in the year, the response was agreed as follows:

- in 5,714 cases after an initial check of information;
- in 6,015 cases following an initial investigation; and
- in 4,089 cases following a detailed investigation.

Of those cases that were subject to a detailed investigation, 3,035 complaints were ultimately upheld.

The Annual Review of Complaints highlights that the LGSCO had been prioritising cases where it is in the public interest to investigate and explained that fewer investigations had been carried out into 'borderline' issues. As a result, a higher proportion of complaints have been upheld nationally (74%).

The report showed that in 2022/23, the upheld rate for Metropolitan Authorities increased from 68% to 77%. The LGSCO's upheld rate increased across all service areas but most notably there was an increase in the percentage of complaints upheld regarding Benefits and Taxation (an increase from 59% in 2021/22 to 79% in 2022/23).

The LGSCO continued to uphold the highest proportion of complaints in relation to Education and Children's Services (84%).

The LGSCO advised that compliance with recommendations remains high and commends Local Authorities for their commitment to significant service changes. The LGSCO had stressed the importance of investment in complaint functions in order to attend to the experience of residents and achieve good outcomes.

The Board were informed that the LGSCO was working with the Housing Ombudsman to produce a joint complaint handling Code of Practice, which would provide a standard for Local Authorities to work to. The LGSCO aimed to consult on the Code and its implications later in 2023/24.

Resolved:

1. That the report be noted and welcomed
2. That the 2023/24 Local Government Ombudsman Annual Review of Complaints be submitted to the Scrutiny Board in approximately 12 months.

UPDATE ON QUARTER 1 MEASURES

The Board scrutinised a report of the Assistant Chief Executive which outlined the current position on Corporate Performance reporting, which was in a developmental phase due to the decommissioning of Corvu and the ongoing Business Insight Performance Strategy (BIPS) programme.

The report detailed the proposed interim format for corporate reporting and describes the work which has been carried out to produce a Quarter 1 summary of performance.

Additionally, the report looked at the wider process currently in place for corporate reporting and proposed that this be adhered to until further notice.

The Performance Improvement Team is currently pulling together the Corporate Performance Reports for Quarter 1. These reports are being presented in PowerPoint due to previous comments regarding the Corvu reporting system being overly data focused and lacking the nuanced insight and context which underpins each services' performance.

The new format of the Quarterly CPR includes a 1-page infographic summary for the service, a 1-page summary of 'what's good' ('health of the service'), a 1-page summary of 'red' measures with Director's comments, and a 1-page summary of performance improvement approach / plan to move forwards.

This layout had been chosen as it allowed for key data to be presented whilst also allowing space for discussion and context surrounding the quarter's performance, as a result each service has more opportunity to consider their performance holistically and take any necessary actions to improve or maintain performance levels.

For some of the more data driven services PowerBI dashboards have also been utilised to allow for further analysis of the KPIs (referred to in Appendix 1 of the report). This is an option that few services have yet had the capacity to explore, however, if there is a strong desire for this method of reporting to be utilized, the Performance Improvement Team is able to assist with this. It should be noted however that this method is not necessary for every service and should be produced only in relation to its suitability. The roll-out of a corporate Power BI license will allow users across services to access data via Power BI securely and for reports to be automated effectively. There will need to be clearly defined roles of "creators" and "consumers" so that those who do not require in depth training (consumers) are simply given the skills to navigate and interact with the dashboards and reports.

Where possible LG Inform Data and OfLog data has been used to provide benchmarking figures for relevant data, and services have been assisted in accessing and utilizing these open data sets. As these data sets become more dependable, as it is

expected they will be, corporate reporting could potentially rely on them more heavily.



Oldham
Council

Resolved:

1. That the report be noted and Members of the Board acknowledge that PowerBI is the format on which all future performance reports will be produced.
2. That the Scrutiny Board request that a training session be provided for members of all four of the Council's Scrutiny Boards regarding the operational workings of the PowerBI system.

8

TREASURY MANAGEMENT REVIEW 2022/23

The Board received a report of the Director of Finance, which described that the Council was required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. The submitted report met the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2022/23 the minimum reporting requirements were that full Council meetings should receive the following reports:

- a. an annual treasury strategy in advance of the year (that was approved by Council on 2nd March 2022)
- b. a mid-year (minimum) treasury update report (that was approved by Council on 14th November 2022)
- c. an annual review following the end of the year describing the activity compared to the strategy (this report – the Scrutiny Board noted that the report had previously been submitted to the Council on 6th September 2023, the Audit Committee on 27th June 2023 and to the Cabinet on 24th July 2023)

The regulatory environment placed responsibility on Scrutiny Board Members for the review and the scrutiny of treasury management policy and activities. This report was therefore considered to be 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.

The Council had confirmed that it had complied with the requirements under the Code to give prior scrutiny to the treasury strategy and the mid-year update.

Resolved:

1. The Scrutiny Board notes the actual 2022/23 prudential and treasury indicators presented in the submitted report.
2. The Scrutiny Board notes the annual Treasury Management Review report for 2022/23.

9

TREASURY MANAGEMENT QUARTER ONE REPORT 2023/24

The Scrutiny Board received a report, of the Director of Finance that explained the key issues within the 2023/24 Treasury Management Quarter One Review. The consideration of a Quarter One report, was a new requirement with effect from the commencement of the 2023/24 financial year. In considering the report Members were made aware that the report had previously been considered by the Audit Committee, at its meeting on 5th September 2023 and by the Cabinet on 18th September 2023.

The Scrutiny Board was informed that from the start of 2023/24, following a competitive tendering process, the Council had changed its treasury management advisors from The Link Group, Treasury Solutions to Arlingclose Ltd. The format of the Treasury Management reports had therefore changed in line with the advice received from Arlingclose Ltd.

The 2021 Prudential Code requires Treasury Management to be reported quarterly from the financial year 2023/24. The presentation of the Treasury Management Quarter One Review 2023/24 would enable scrutiny of the statutory requirements.

The level of capital expenditure formed one of the required prudential indicators. The 2023/24 projected outturn, based on actual expenditure to month 3 was £103.748m, a reduction of £6.557m compared to the original budget expenditure of £110.305m. Projects and their associated financing packages will be reprofiled into 2024/25 and future years.

Capital Grants (£39.962m), capital receipts (£8.295m), Revenue and other resources (£1.063m) and prudential borrowing (£54.428m) were the sources of capital financing of the revised position.

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. Part of the Council's treasury activity is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements.

At the end of 2022/23, the CFR was £465.723m, and was forecast for the year 2023/24 to be £503.278m. The estimated quarter one CFR, based on the projected expenditure referred to above is £493.124m. The decrease is as a result of the reduction in actual capital expenditure in 2022/23 and the projected position in 2023/24.

At the end of June 2023, the Treasury position was such that the net borrowing position was £80.516m. This was made up of: Total external borrowing £160.996m and: Investments £80.480m

Comparing this to the estimated borrowing CFR (CFR less PFI) of £299.337m means that the Council is estimating to be under-

borrowed by £113.341m, compared to actual 2022/23 under borrowed position of £100.338m.



Oldham
Council

No borrowing or debt rescheduling has been undertaken to date in the current financial year. It is anticipated that if the capital programme expenditure continues as projected then £25m of new borrowing will be required to fund this. The value of new borrowing is well within the approved £54.428m of prudential borrowing in the programme. Furthermore, it is confirmed that the Council operated within the prudential indicators as set out in the annual treasury management strategy for the first quarter of the 2023/24 financial year

The authorised limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 and represents a control on the maximum level of borrowing. The operational boundary is the expected borrowing position of the Council during the year and reflects the maximum anticipated level of external debt.

There has been no change to these limits to those that were set in the 2023/24 Strategy presented to Council on 1st March 2023.

There was another new indicator which compares the Authority’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making.

The liability benchmark calculation expects that the Council will be a long-term borrower to finance the expected capital spend. There could be timing differences between when the Council externally borrows compared to when the expenditure is required due to the nature of capital works, but new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.

Oldham Council has several Lender Option Borrower Option (LOBO) loans that have a call date during the summer months. The lender had the option to increase the interest rate when each loan reaches its call date. As the Council was operating in a rising interest rate environment, there may be opportunities to repay the Council’s historical LOBO borrowing. The Council would continue to investigate all opportunities and would ensure any repayments created revenue savings. LOBO loans were held by banks and are not Government loans.

The Treasury Management activities followed the pattern of the established experience and good practice further evidenced with a rating of ‘good’ (the highest possible rating) in the recently issued Fundamental Financial Systems audit undertaken by the Internal Audit Team on the Treasury Management function.

Resolved:

That the Scrutiny Board notes the report.

REVENUE MONITOR AND CAPITAL INVESTMENT PROGRAMME 2023/24: QUARTER 1: APRIL - JUNE 2023

The Scrutiny Board received a report of the Director of Finance that provided Members with an update on the Council's 2022/23 forecast revenue budget position at Annex 1 of the report and the financial position of the capital programme as at 30th June 2023 (end of Quarter 1 2023/24) together with the revised capital programme 2022/23 to 2027/28, as outlined in section two of the report at Annex 2 of the report. In considering the report Members noted that Cabinet had approved the recommendations contained therein at its meeting on 21st August 2023 (minute 6 refers).

The forecast outturn position for 2022/23 was a projected deficit variance of £12.104m after allowing for approved and pending transfers to and from reserves. Unlike 2022/23, when 12.00m of corporate resources were held to offset costs arising from the legacy of the COVID-19 pandemic, the budget for 2023/24 had been prepared so that anticipated COVID-19 legacy costs were consolidated with the mainstream budgets of Children's Social Care and Community Health and Adult Social Care. Whilst improving, it was recognised that this remained a challenging position and every effort would be made to further reduce the overall variance before the year end.

As the financial monitoring report reflected the financial position as Quarter 1, it could be regarded as an 'early warning' of the potential year end position, if no further action was taken to reduce net expenditure where possible. The management action initiated in 2022/23 across all service areas to review and challenge planned expenditure and to maximise income had to be continued in 2023/24. Although the impact of this action had yet to take full effect in the current financial year, it was anticipated that by the year end the current outturn deficit position should be reduced.

An update on the major issues driving the projections was detailed within Annex 1, section 2. Information on the Quarter 1 position of the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and Collection Fund was also outlined in the report.

There were currently no significant issues of concern in relation to the HRA.

The Collection Fund was forecasting an in-year surplus of £1.638m which in turn contributed to an estimated surplus of £1.700m. Whilst currently in surplus, the position would continue to be closely monitored throughout the year as any surplus or deficit at the end of the financial year would have a direct budgetary impact in future financial years.

The report outlined the most up to date capital spending position for 2023/24 to 2027/28 for approved schemes. The revised capital programme budget for 2023/24 was £103.748m at the

close of Quarter 1 a net decrease of £6.557m from the original budget approved at Full Council on 1st March 2023 of £110.305m. Actual expenditure to 30th June 2023 was £12.405m (11.96% of the forecast outturn).



It was likely that the forecast position will continue to change throughout the year with additional re-profiling into future years.

Resolved – That:

1. The forecast revenue outturn for 2023/24 at Quarter 1 being a £12.104m adverse variance having regard to the action being taken to manage expenditure be noted.
2. The forecast positions for the Dedicated Schools Grant, Housing Revenue Account and Collection Fund be noted.
3. The revised capital programme for 2023/24 and the forecast for the financial years to 2027/28 as at Quarter 1 be noted.

11 **KEY DECISION DOCUMENT**

Consideration was given to the Key Decision Document covering Decisions take from 18th September 2023.

Resolved:

That the Key Decision Document covering decisions taken from 18th September 2023 be noted.

12 **RULE 13 AND 14**

The Chair advised that there was nothing to report at this item.

13 **WORK PROGRAMME**

The Scrutiny Board considered its Work Programme for 2023/24.

Resolved:

That the Governance, Strategy and Resources Scrutiny Board's Work Programme 2023/24, be noted.

The meeting started at 6.00pm and ended at 8.15pm