# Resources and Fire & Rescue Overview and Scrutiny Committee

Date: Wednesday 5 March 2025
Time: 2.00 pm
Venue: Committee Room 2, Shire Hall

**Membership**
Councillor Adrian Warwick (Chair)
Councillor Parminder Singh Birdi (Vice-Chair)
Councillor Sarah Boad
Councillor Sarah Feeney
Councillor Wallace Redford
Councillor Will Roberts
Councillor Tim Sinclair
Councillor Mejar Singh
Councillor Richard Spencer
Councillor Robert Tromans

Items on the agenda: -

**1. General**

**(1) Apologies**

**(2) Disclosures of Pecuniary and Non-Pecuniary Interests**

**(3) Chair's Announcements**

**(4) Minutes of Previous Meeting** 5 - 12

**2. Public Question Time**

Up to 30 minutes of the meeting is available for members of the public to ask questions on any matters relevant to the business of the Overview and Scrutiny Committee. Questioners may ask two questions and can speak for up to three minutes each. To be sure of receiving an answer to an appropriate question, please contact Andy Carswell (Democratic Services) at least two working days prior to the meeting.

**Monica Fogarty**
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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# Resources and Fire & Rescue Overview and Scrutiny Committee

**Wednesday 4 December 2024**

# Minutes

## Attendance

**Committee Members**
Councillor Adrian Warwick (Chair)
Councillor Parminder Singh Birdi (Vice-Chair)
Councillor Sarah Feeney
Councillor Wallace Redford
Councillor Will Roberts
Councillor Tim Sinclair
Councillor Richard Spencer
Councillor Robert Tromans

**Officers**
Ben Brook, Chief Fire Officer
Sarah Duxbury, Director of Strategy, Planning and Governance
Rob Powell, Executive Director for Resources
Andy Carswell, Democratic Services Officer
Vanessa Belton, Business Intelligence Service Manager (Performance and Quality)
Bal Jacob, Director of Workforce and Local Services
Ruth Rollings, Service Manager - Customer Relations (Complaints Manager)

**Others Present**

Councillor Peter Butlin (Portfolio Holder, Finance and Property)
Councillor Andy Crump (Portfolio Holder, Fire & Rescue and Community Safety)
Penny Barry (Public speaker)
Jill Machado (Public speaker)

**1. General**

**(1) Apologies**

Apologies were received from Councillors Sarah Boad, Yousef Dahmash, Mejar Singh and Martin Watson, and from Craig Cusack and Purnima Kandula.

**(2) Disclosures of Pecuniary and Non-Pecuniary Interests**

There were none.

### (3) Chair's Announcements

The Chair said he was pleased at the news Ben Brook was remaining as Chief Fire Officer with Warwickshire Fire and Rescue Service.

### (4) Minutes of Previous Meeting

The minutes of the meeting held on 25 September 2024 were approved as an accurate record.

## 2. Public Question Time

Penny Barry said there was uncertainty amongst current on-call staff about changing job roles, and asked when this would become clearer. She said incident attendance time and fire protection inspections were not meeting targets, and asked when this would be addressed. She asked when would proposed resilience cover at stations and closures of stations take effect. She also said there had previously been discussions about merging Warwickshire Fire and Rescue Service with the West Midlands, and asked if this had been proposed again.

In response, Ben Brook said no fire stations would be closed. Regarding changing to staffing, he said there had been a number of briefings, including a whole-service briefing, and communication regarding the changes. They would be implemented throughout 2025 over a 12 month period, and any improvements made following the changes would be noticed once these had taken affect. He said no fire stations were closing, but they would be used differently. He said there had been a pause to fire inspections of buildings as a new digital risk management system was being tested and installed. A new state-of-the-art Hot Fire Training Facility had been completed in Rugby.

Councillor Andy Crump said the three year funding had come from a government settlement, which usually only provided one year of funding. He said this settlement, and the £460,000 capital funding, would align with the Community Risk Management Programme over the next three years. Councillor Crump said there had been no discussions with West Midlands Fire Service during his time as portfolio holder, which had been since 2018. He stated his belief that a merger would not be right for WFRS which would be better served remaining as its own entity.

It was confirmed the new hot fire training facility could potentially be used by other fire and rescue services, which would help to recover costs.

Jill Machado asked what recruitment was taking place for part-time firefighters at on-call fire stations, and when active recruitment for full-time roles last took place. She suggested some stations could close due to a lack of staff if there was no active recruitment. She asked how many full-time jobs were required, and how many current on-call firefighters had been offered either a full-time or part-time role.

In response, Ben Brook said under the new model there would be no part-time firefighters; they would either be full-time or on call. Greater flexibility would be offered, potentially through job sharing. Current on-call and community on-call firefighters would have the opportunity to apply for full-time roles, including those of watch and crew manager. This would mean there would be less spending on training. Councillor Crump said this process would not be rushed as there was a desire to get the process correct at the first time of asking.

**3. Questions to Portfolio Holders relevant to the Overview and Scrutiny Committee**

There were none.

**4. Resources OSC feedback report**

The item was introduced by Ruth Rollings (Complaints Manager). There had been a 30 per cent reduction in the number of complaints received by the teams covered by the Resources Directorate since 2021/22, and a 67 per cent drop in complaints for issues relating to WFRS. There had been a drop in compliments from 22 to 12, while WFRS had received no compliments during the last year. There had been a notable spike in complaints received in January 2023, which was attributed to the migration of data to a new system. One complaint received by WFRS in August 2023 had not been included in the trend analysis.

Of the complaints received, 36 per cent related to residents stating they had not received a service to which they felt they were entitled. A further 22 per cent of complaints related to a lack of communication from staff at the Council. The highest number of complaints received by the Resources Directorate were in relation to customer relations. However, this included all stage 2 and stage 3 complaints, and stage 1 complaints that could not be assigned to a team because their complexity meant they needed to be handled by more than one team. Ruth Rollings said 59 per cent of complaints had been closed within timescale. Over the last year letter templates had started to be included on the system to make query handling easier and processes had been put in place that made capturing outcomes more efficient.

Councillor Tim Sinclair said he was pleased at the improved report which picked up the feedback he had provided in previous years. He said it would be useful for future reports to show complaints made by 100,000 population. Councillor Sarah Feeney said it would be useful to know more information about the reasons why some timescales were not being met, such as the complexity of the complaint.

Councillor Rob Tromans noted the changes in processes that had been made, which he hoped would lead to an improvement in service and learning to avoid repeated service failures. He noted that 34 per cent of complaints were resolved at stage 1 and stated his belief this figure should be higher. Ruth Rollings said the letter templates should help to address this as it gave staff a set of bullet points as to what needed to be responded to in order to resolve a complaint.

Members noted the contents of the report.

**5. Q2 Integrated Performance Report 2024/25**

The item was introduced by Rob Powell (Executive Director for Resources). He reminded members the report showed the performance of key business measures being delivered against the Council performance framework, delivery against the Council Delivery Plan and latest position against the Strategic Risk Management Framework. There had been a significant amount of work to enhance the Council's risk management.

Rob Powell said performance had been stable compared to the previous quarter. One measure had moved off track since quarter one. This related to financial position metrics, which remained outside tolerance despite a significant improvement in the projected outturn following the implementation of the financial recovery strategy at the end of Q1. The projected outturn variance was now just above the two per cent tolerance threshold, compared to being over six per cent at the end of quarter one. Rob Powell said although savings delivery was off track this reflected the significant pressures in the main demand-driven service areas. He reminded members that 71 per cent of the Council's budget was in service areas that had significant financial pressures, which made it harder to make savings. The first steps of the budget setting for the next financial year were due to be taken at Cabinet the following week.

Staff sickness and absence rates had started to stabilise and then fall from September onwards. Rob Powell said this reflected the effort and investment that had been made in this area. However, he said this was an area that required ongoing focus.

Responding to a question from Councillor Sinclair regarding staff sickness, Rob Powell said additional measures were being considered to show a more accurate trajectory of absence rates. He said there were some service areas with increased levels of sickness and there had been significant work on improving wellbeing reflecting levels of stress and mental health absence. It would take time to notice the impacts of this. He added the Council had recently been awarded silver Thrive At Work accreditation, and more than half of Council staff had not taken any sick days in the previous year. Bal Jacob (Director of Workforce and Local Service) said there had been proactive attempts at managing long-term sickness in the service areas with higher rates. Additionally, there were a significant number of long-term sickness cases that were drawing to an end. Officers had met with clinical health partners to get advice on engaging with ill staff at an earlier opportunity and seeing what improved support could be given. There had also been increased proactivity in tackling short to medium-term illness, which was for periods of illness ranging from four weeks to three months. The staff Intranet had been updated to help staff and directors understand the different steps they could take, and be signposted to services. Members were reminded a paper on staff sickness would be coming to the next committee meeting. Councillor Sinclair said it would be useful for members to know if there was any correlation between sickness rates compared to demographics or geography, and if lengths of absences could be broken down.

Councillor Sarah Feeney asked if there could be information relating to how many people were awaiting procedures, as that could skew the sickness data. She said it would be useful to know if there were any recommendations from Occupational Health, such as setting reasonable adjustments or suggesting a staff member could be suitable for ill health retirement. Bal Jacob said arrangements relating to reasonable adjustments were being looking at. Currently this sat within each service area and consideration was being given to centralising it. Consideration was also being given to the potential for staff coming back into work after a period of absence to use their skills on project work outside of their team, if they were off sick but unable to return because of the nature of their work.

Members noted the contents of the report.

## 6. Warwickshire Property & Development Group (WPDG) Performance Update

The item was introduced by Rob Powell, who reminded members of the arrangements between Warwickshire Property Development Group (WPDG) and its Joint Venture with Vistry and Develop Warwickshire. Income was derived from dividend payments, interest on loans to the company, and capital receipts for WCC land transferred to the company. He said the company had made a strong start following its inception three years previously. It had been recognised through winning the national property award deal of the year in 2023 and the newcomer of the year in the Insider West Midlands property awards in 2024. So far three business cases had been agreed and two others had become put on hold due to circumstances outside WPDG's control. As a result Rob Powell said there had been some delay in receipt of dividend payments, which was covered by a commercial risk reserve set up for the purpose of covering any shortfall. There was confidence the dividends would be paid and the company would catch up on the developments that were behind schedule. Members were told the WPDG and Develop Warwickshire business plans were scheduled to come to Cabinet in January, following a period of due diligence to ensure theytie in with the Medium-Term Financial Strategy. The Chair suggested some of the timeframes suggested at the outset may have been overoptimistic.

Councillor Parminder Singh Birdi said he was pleased with the progress of WPDG and there had been good progress on a project in his ward following some issues. He said the arrangement had also led to some indirect benefits for the Council.

Responding to a question from Councillor Feeney, Rob Powell said the balance sheet modelling showed that cashflows would remain adequate. There were no concerns money owed would not be received, but there may be a delay as timings were not easy to predict. Some developments, such as Top Farm in Nuneaton, had been making good progress.

Responding to a question from Councillor Sinclair, Rob Powell said several councils had similar arrangements and an informal network of property companies now shared learning. The Council was in contact with other authorities that had similar arrangements or were considering them, and this had been useful. A need to make sure the company didn't overtrade had been noted, while maintaining a clear focus on the future pipeline of sites and opportunities to add greater value to core council services.

Councillor Peter Butlin said a lot of rents had been renegotiated through Warwickshire Property Management, the subsidiary company now managing the Council's tenanted estate, which had generated significant additional income for the Council.

Members noted the contents of the report.

## 7. Extended Response Times Presentation

The item was introduced by Ben Brook, who reminded members they had requested additional information on extended response times to incidents. This related to an incident that represented a threat or danger to life or property, where there was a target to respond within ten minutes. Ben Brook said there was an overall target to attend all incident types within ten minutes 75 per cent of the time. Currently this was being met 67 per cent of the time, and the 75 per cent target had not been met for a number of years. Members were told there were no national standards requiring a response to an incident within a specific time period. Until 2004 incidents were categorised A-D, with A being an incident involving a fire within a highly urban area that required a response within five minutes.

Ben Brook said the number of appliances that were available, and where they were positioned to have the best impact, were the main two factors within WFRS’s control. Prevention work was an indirect factor, but there were other factors outside of WFRS’s control such as traffic and weather conditions; an incident being in a rural or difficult to get to location; an incorrect address or inadequate location information being received; or simultaneous incidents occurring. During October 2024 wholetime appliances had been available 98 per cent of the time. An appliance may be unavailable due to a mechanical fault that needed fixing, or because of staff sickness. On-call availability was 36.3 per cent, and was harder to predict because staff could book off their availability on an hourly basis at short notice. However, appliances would be moved around the county based on cover to meet risk on a day-to-day basis. A new Dynamic Covering Tool system to assist with this was due to go live in the new year.

WFRS attended 4,398 incidents during 2023/24, with an average of 7.2 incidents during the day and 4.8 incidents overnight. This figure was the smallest of any Fire and Rescue Service in the country. Ben Brook said there was a greater number of extended responses during the day, and the distance an appliance had to travel was the biggest factor. There did not appear to be any geographical correlation leading to an extended response incident. In total there were 220 extended response times, which represented around five per cent of all incidents. However, there did not appear to be any direct correlation between response time and the outcome and the majority of property fires were contained to its room of origin. Members were reminded extended response time data only applied to life and property incidents. Other types of incident included primary fires, which could be a shed or car fire.

Responding to a question from Councillor Will Roberts, Ben Brook said the target response time had been chosen by WFRS and was in line with other Fire and Rescue Services. He added that WFRS had a good historical record on doing good work on prevention and protection.

Responding to a question from Councillor Sinclair, Ben Brook said the movement of appliances to provide cover was based on professional judgement and looking at historical incidents over the past five years. Although there was no specific evidence base used, there was no significant change in risk levels so these were relatively straightforward to predict. The Dynamic Cover Tool that was due to be implemented would model the levels of risk using the data and track traffic incidents that may impact on response times.

It was noted there would be a further update on extended response times later in the municipal year. Councillor Sinclair said it would be helpful if a future report could include a bar chart that showed a breakdown of the response times in minutes, along with an explanation of any significant outliers. He said this could help to provide assurances to residents.

## 8. Work Programme

Members noted the contents of the work programme.

## 9. Any Urgent Matters

There were no additional items to discuss.

The Chair gave Committee members' thanks to members of the emergency services who would be working over the Christmas period.

The meeting rose at 3.16pm

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Chair

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# Resources and Fire & Rescue Overview and Scrutiny Committee

## 5 March 2025

## Review of Absence Levels

**Recommendation**

That the Resources and Fire & Rescue Overview and Scrutiny Committee notes the content of the report regarding our approach to managing sickness cases and comments on the next steps outlined in section 4.3.

**1. Executive Summary**

1.1. Headlines

a) Warwickshire County Council has taken a range of actions to tackle a recent increase in sickness absence trends which at 10.63 days per FTE are well above organisational targets of 8 days +/- 1day.

b) The three highest levels of reasons for long-term absence are Stress & Mental Health (46%), Musculo-skeletal (16%) and cancer (6%). The long-term absence of a relatively small number of people suffering from complex conditions drives the headline number and that is where attention is currently focused.

c) Workforce Services are proactively engaging with Managers to ensure current absences are managed effectively, focusing initially on management of long-term cases to create more capacity to focus on the crucial early stages of absence. As a result of this, there has been a 43% reduction in long-term absences over 9 months since October 2024.

d) Removing those who have already left the organisation reduces the headline figure to an average of 8.78 days per fte. 45% of the workforce had had zero absence with a further 37% having less than 10 days absence in the last 12 months.

e) Managing Sickness Absence will remain a core focus throughout 2025 to assist Managers to progress towards the corporate target.

1.2 Keeping colleagues well and in work is a key workforce priority. As a result of increasing absence over the last year, Workforce Services have been supporting Managers to stabilise and reduce sickness absence across the Council through a focused action plan.

1.3 At the Committee's request, this report provides a detailed analysis of sickness absence across Council Directorates, referencing the national position. It seeks to provide members with assurance in respect of actions being taken to bring absence levels in line with performance targets.

1.4 The Council takes the increasing absence trend very seriously. This report therefore provides details of the actions taken to target reductions in sickness absence levels and the initial evidence of impact, as well as future planned activity to further reduce our absence levels. While the nature of the measure means it will take time to see reductions in the headline absence rate, early measures such as reductions in the number of the longest-running cases suggest that the actions taken are beginning to have an impact.

## 2. Financial Implications

2.1 Staff sickness absence can have significant financial implications. Absence can require cover for absent staff, and opportunity costs of work that is delayed as a result of sickness absence. Any financial implications identified relating to proposals outlined in Section 4.3 will be investigated and approval sought for any associated investment costs, where required, through the appropriate governance route.

## 3. Environmental Implications

3.1 None

## 4. Supporting Information

### 4.1 Analysis of Data

4.1.1. National Trends

The Chartered Institute of Personnel & Development (CIPD) in its Health & Wellbeing Report 2023 noted the marked increase in sickness absence levels compared with pre-pandemic figures. The report suggests that this must be considered within the wider global context. Issues including the medium-term impact of the Covid pandemic along with domestic economic uncertainties such as cost of living pressures, and significant increases in the volume and complexity of demand for public services, all impact levels of absence.

The report highlights that absence levels in public services generally remain higher than other sectors at 10.6 days in 2023. It should be noted that Warwickshire County Council's absence stood at 9 days at that time.

The Government has identified long-term sickness absence as the most common reason for economic inactivity. Stress and musculoskeletal issues appear to be the main reasons for such sickness and the Government has committed 'to supporting disabled people and those with physical and mental health conditions, to stay and succeed in work.' In line with this approach and the Council's commitment to tackling health inequalities our recent focus has also been on addressing such absences. The CIPD report also highlights the responsibility of HR professionals in gaining the commitment of senior leaders to provide active support in integrating health and wellbeing priorities into their day-to-day operations. Workforce Services have been working proactively with managers and senior leaders to deliver on actions relating to high absence levels.

4.1.2. Regional Benchmarking

Benchmarking of our performance is undertaken against other Shire Counties due to similar workforce composition. The comparative 2023/2024 position, as reported to Staff & Pensions Committee in September 2024, was 9.92 Days Per FTE, which was in line with the Council position of 9.86 for the same period.

Nationally, Adult and Children's social care workforce returns shows that in 2023 (2024 figures are not yet available) the Council's Children and Families Service absence levels were in line with national levels (3.3% compared to 3.2% for England). In September 2024 the average sickness levels of adult social care employees in local authorities was 10.8 days. However, those in direct care jobs had an average of 13.3 days sickness which is in line with figures for the Social Care and Health Directorate.

4.1.3 Warwickshire County Council Analysis

Appendix 1 provides a detailed breakdown of absence data, including our longer and shorter-term trends. A summary of which is as follows:

(a) *Days per Full-Time Equivalent (FTE) (Figure 1 and 2)*
The Council experienced high levels of absence between 2014 and 2020 when it peaked at around 11 days. In line with the national picture there was then a sharp reduction to around 7.5 days per FTE during the pandemic. Since 2022, levels have increased beyond the Council's target level of 8 days per FTE.

The monthly data shows that although there has been an increase of 0.8 days per FTE between January 2024 and January 2025, since July 2024 there has been the start of a stabilisation in levels of absence between 10.6 and 10.7 days per FTE per annum.

(b) *Data excluding Leavers* (all leaving reasons) (Figure 3)*
Our headline data, currently at 10.63 days per FTE, includes details of all the absence in the preceding 12 months and as such includes data for those who have left the Organisation, including those who have left as a result of an absence management process. Removing data relating to leavers, brings average absence figures for our current workforce to 8.78 days per FTE, which is more in line with target performance targets (8 days +/ 1 day). This is due in part to active management of those for whom a return to work was not possible.

(c) *Seasonal Variations (Figure 4)*
The quarterly change in absence across the last 2 years from January 2023 to December 2024 shows quarterly variations in trend such as higher absence in winter months compared to the summer period. From July 2024, rates reduced compared to the same period in 2023, where absence levels were more stable. From October to December 2024 the seasonal increase is at a slower rate than compared to October to December 2023. Levels between the end of 2024 and January 2025, show absence is starting to decrease in comparison to the same period last year where absence levels continued to rise.

(d) *Days per FTE by Directorate (Figure 5)*
Historic trends in absence across each Directorate and their teams (excluding those with under 10 employees) is tracked and shows that each of the four Directorates are operating at levels above the Council's target of 8 days (+/-1).

As reported to members in September 2024 a deep dive analysis of the data has enabled targeted work on individual cases and focused briefings and training in line with our refreshed Council Policy. It has also informed discussions with the Council's Occupational Health provider's Clinical Director to support improved practice amongst the Workforce Relations team and the actions to be taken by managers.

As a result of detailed consideration by Corporate Board and Directorate Leadership Team (DLT) discussions, relevant cases are now being escalated to Director level to ensure early intervention for mitigation.

**Communities Directorate**

The Communities Directorate has traditionally had lower levels of absence than other directorates and were within tolerance levels in the first half of 2024/2025. However, they have seen the sharpest increase in absence from 8.23 in Q1 to 9.16 in January 2025. All areas of the Directorate have seen increased absence levels since Q1 with the exception of County Highways and Warwickshire Fire & Rescue's Prevention and Protection services.

Workforce Services attended Communities DLT to raise the profile of attendance issues and is doing further analysis on this data to understand the causes of these increases. This is in part due to additional services being brought into the Directorate but that is not the whole picture. Training is also being undertaken with teams in Waste Services. Warwickshire Fire & Rescue operate their own Occupational Health and Employee Assistance Programme (EAP) services focused on the specific needs of an emergency service. A quarterly case review is undertaken in conjunction with members of the Fire Leadership Team and the Workforce Relations Team.

**Children & Young People Directorate**

The Directorate has seen a marginal decrease in sickness absence levels since Q1, from 10.70 to 10.67. The Workforce Relations Team have provided high levels of support on individual casework in both Education and Children & Families and have also undertaken training. Education Services have seen reduced absence in all areas, whilst Children & Families teams have all increased with the exception of the Family Help team which has seen a 1.18 day per FTE reduction.

However, it should be noted that Children and Families have recently restructured, which may impact on the figures and trend information. Children and Young People have commissioned additional EAP sessions for employees. These allow individuals and teams the opportunity to discuss how they are responding to the difficult situations they deal with on a day-to-day basis. This helps to support employees to remain in work. The Service has also commissioned specific training around resilience and dealing with complex mental health issues from the Coventry and Warwickshire Partnership Trust. An evaluation of these interventions will be undertaken later in the year.

**Resources Directorate**

Absence levels within the Resources Directorate have increased from 9.94 to 10.51 days per FTE with marked increases across all service areas with the exception of Business Support and Business Intelligence which have reduced levels by 0.2 and 1.57 days per FTE since Q1. Workforce Services have also seen a reduction in absence by 0.36 days per FTE. A proactive approach has been taken within the Service through training sessions and coaching with managers within Business Support and Libraries to improve the management of sickness cases in line with the policy. Sickness absence is a standing item on the Directorate Leadership Team and further work is being undertaken with individual service areas to ensure there is a continued focus on this issue.

**Social Care & Health Directorate**

Whilst the Social Care and Health Directorate is experiencing the highest levels of absence (13.18 days/ FTE in January 2025) this has reduced from 13.64 since Q1. Many areas of the Directorate have seen a reduction in levels from Q1; for example Reablement, which has traditionally high levels of absence, reduced by 1.76 days per FTE. Social Care & Commissioning are actively managing teams through the Attendance at Work Policy in collaboration with Workforce Relations. They are reviewing their Team Principles to include a requirement for all formal supervision meetings to be undertaken face-to-face, enabling detailed conversations around wellbeing and workload..

(e) *Employees with no sickness absence (Figure 6 and 7)*
The numbers of employees with no absence has been relatively stable since 2022, at between 40-45% Following a peak (47%) in March 2024 figures did subsequently reduce but are now rising again.

(f) *Absence Indicators and long-term vs short-term absence (Figures 8, 9 10 and 11)*

Figure 8 shows that 70% of our absence relates to long-term sickness (over 4 weeks absence), which has increased from 58% over the last 2 years. Resolving and preventing long-term cases is therefore the priority.

Figure 9 shows the percentage of our workforce who are hitting one of the 4 absence trigger indicators. This demonstrates that 82% of our workforce have less than 10 days' absence each year and approximately 100 people (2%) are currently on long-term absence of 4 weeks or more. In line with the national picture, Stress & Mental Health and Musculoskeletal issues are the main causes of such absence.

Figure 10 highlights the number of employees absent from work due to long-term absence in each directorate. Each individual employee has specific reasons for their absence, and we are finding that these are increasing in complexity, with cases which range from self-harm and post-traumatic stress to anxiety due to terminal diagnoses of family members and bereavement, as well as a range of other health conditions.

Figure 11 shows the number of employees currently on long-term absence by length of absence. Workforce Services are proactively engaging with managers to ensure that current absences are being managed effectively through the process. The main focus has been on prolonged long-term absences (over 9 months), and as a result there has been a 43% reduction in such cases since October 2024, from 28 cases to 16.

(g) *Reasons for Absence*
As at January 2025 the three highest levels of reasons for long-term absence are Stress & Mental Health (46%), Musculo-skeletal (16%) and cancer (6%). The remaining 38% include conditions such as chest and respiratory, digestive system, eye / ear / nose / mouth, heart and circulation, menopause, neurological and viral / bacteria.

Absence due to Stress & Mental Health conditions remains above target at 3.68 days per FTE, this is a slight increase from 3.45 days in January 2024. In order to gain a greater understanding of the root causes of work-related stress and mental health absence, the Workforce Health and Safety Team is currently undertaking the first Stress Inspection in the Children and Families service. Insights will be taken from this exercise to apply across the Organisation.

Musculoskeletal absence stands at 1.59 days per FTE an increase from 1.28 days per FTE last year. This coincides with a high level of Slips, Trips and Falls reported in 2023/2024 and the early part of 2024/2025 and we have undertaken an awareness raising campaign including e-learning. This is now showing an increase in our near miss reporting which is valuable in preventing accidents. A recent internal audit of the reasonable adjustment process has provided substantial assurance that this is well managed within the Council. There has been a focus in reviewing Musculoskeletal absences to ensure issues preventing return to work (such as implementation of reasonable adjustments) are identified and addressed with service areas.

(h) *Demographic data (Figure 12)*
As requested by the Committee, demographic data has been analysed to consider the potential impact of particular protected characteristics within specific groups of the workforce on absence levels. At this stage, the data does not reveal any specific patterns, albeit there are significant levels of data not declared in some categories which makes meaningful interpretation very difficult. However, we will continue to monitor and review this data moving forward and continue to encourage higher disclosure levels.

**4.2 Review of Impact of Attendance at Work action plan our priorities for 2024/2025**

In addition to the actions outlined above the following actions have also been taken in the current financial year.

*(a) Refresh the Attendance at Work policy to better support long-term and short-term absence and better enable people to return to work as soon as possible.*

The refreshed policy and associated guidance were launched in September 2024. Training to support this policy is being rolled out, with approximately 100 managers from targeted teams including Business Support, Libraries, Older People, Disabilities and Waste Management having either received their training or planned to do so by 31 March 2025.

(b) *Increasing leadership access to data and support to enable greater focus on sickness absence*

The launch of management workforce dashboards in 2024 has provided greater visibility and detailed information on a range of workforce metrics, which includes Headcount, Establishment, Retention, Appraisals and Demographics. In May 2024 we launched the absence dashboard data to provide managers with immediate access to absence issues and trends within their service area.

A facilitated session with Corporate Board in September 2024 discussed sickness absence in depth, which followed a session with the Senior Leadership Forum (Heads of Service and Directors) which focused on absence management and supporting disabled employees in work. Workforce Services are now regularly attending Directorate Leadership Teams to facilitate in-depth discussions of sickness absence using the dashboards, building confidence in proactively managing cases with early intervention.

A manager survey was undertaken in September 2024 and identified that managers generally feel confident dealing with attendance and value the advice and support from Workforce Services.

*(c) Increasing return to work completion on YourHR*

We continue to work with managers on the importance of return-to-work interviews and are beginning to see an increase in recording of return-to-work interviews.

(d) *Refresh our mental health support for individuals and leaders. Developing absence notifications to ensuring managers have access to this support in a timely manner*.

Our Mental Health & Wellbeing support has been reviewed and simplified so managers can identify information to support them in dealing with these issues. E-learning has also been made available to provide further support. We continue to develop the use of our YourHR system to support managers.

*(e) Ongoing discussions with our Occupational Health and Employee Assistance Programme providers to maximise the support they can provide.*

Bi-monthly discussions are being held with the Clinical Director of our Occupational Health Provider focusing on specific groups of cases. As noted above this is supporting improved practice and decision-making. We undertake quarterly contract meetings with Occupational Health to review data and additional support that can be provided, including webinars and targeted information, which is being cascaded out to managers and Workforce Services teams to improve practice.

(f) *Achieve Silver Thrive at Work accreditation*.

Thrive at Work is a workplace accreditation programme coordinated through the West Midlands Combined Authority. Employers commit to creating a workplace that promotes employee health and wellbeing. Silver Thrive accreditation was received in November 2024 and recognises the work that has been undertaken by Warwickshire County Council in keeping people well and in work. The development of an organisational risk assessment was a specific requirement of the Silver Thrive at Work accreditation and this and a series of recommended actions are being prioritised for 2025/26 further to the award.

(g) *Launching and embedding a series of 'Our Approach' documents.*
*Our Approach documents, detail our commitment, expectations and support to a variety of topics.*

*Our Approach to Suicide Prevention* was launched in Q2, which was designed in collaboration with colleagues from Public Health and has a dedicated intranet site to support our people. *Our approach to Domestic Abuse* was launched in Q3 and with additional information and training provided via our intranet.

*(h) Continue to monitor our wellbeing offer, through our Your Say Activity and attendance at work metrics.*

Some early triangulation of data identified teams with lower engagement and wellbeing scores and high absence levels. We undertook some targeted work with these teams and further activity will be developed following the next Your Say survey due in March 2025.

*(i) Continue to work with colleagues in public health to maximise wellbeing across the wider community.*

We supported Public Health colleagues with work on suicide prevention and in conjunction with them and as part of our Thrive at Work assessment we have reviewed our Smoking Policy and improved signposting to the support available to cease smoking.

**4.3 *Further issues to be investigated and next steps*.**

An assessment of Warwickshire County Council's approach to managing absence against best practice (identified by the CIPD in their Health & Wellbeing report, 2023) indicates that our approach generally compares well with other organisations. However, there are some areas where further investigation is required to ensure we are maximising the opportunity to support employees to remain well and in work.

a) Long-term absence is identified as the main cause of economic inactivity according to the Government, with Stress & Mental Health and Musculoskeletal issues being the main reasons for such absence. The Council's Employment and Sustainability team are developing the 'WorkWell' initiative in conjunction with Coventry City Council. This aims to support citizens with health-related barriers to find or stay in employment. Discussions are being held to consider how this initiative can be implemented to support our own workforce.

b) Further training and support will be developed to address absence relating to disability and stress and mental health conditions.

c) Time to refer to Occupational Health from the first day of absence, is a key measure in supporting employees back to work. Data from our Occupational Health provider indicates that this can vary across Directorates from 1.5 to 3 months. We are working with services to ensure these times are reduced and encouraging day 1 referrals for individuals suffering with stress or mental health conditions.

d) Utilisation of our EAP programme stands at around 4.31% of our workforce which is above our provider's average customer base of 2.16%. The Council considers the Employee Assistance Programme as a useful preventative tool enabling employees to manage stress and anxiety and remain in work and will continue to highlight this offer to our people.

e) A thematic lead for Attendance & Wellbeing has been identified within the Workforce Relations team. Work is being undertaken to ensure clear and consistent advice is provided by the team in line with the policy. Training relating to specific areas such as disability related absence and Ill-Health Retirement is being developed for the team in conjunction with Occupational Health.

f) We plan to provide further guidance on managing performance-related ill-health to enable earlier intervention and proactive action on cases, where absence indicators may not have been met, but performance is being affected.

g) A review of ‘family-friendly’ leave is being undertaken, aligned to the Employment Rights Bill, which may support more transparent reporting of absences in relation to issues such as Bereavement and time off to support dependents.

h) The Council’s documented *Approach to Wellbeing* outlines roles and responsibilities including for the Leading Organisational Wellbeing Group. The membership and terms of reference for this group will be reviewed to provide a mechanism for evaluation of any proposed activity and to allow organisational challenge to foster good absence management practices across all service areas.

i) Guidance on reasonable adjustments will be published in the near future, and we are seeking to develop a partnership with “Access to Work”, a publicly funded employment support programme that aims to help more disabled people start or stay in work providing practical and financial support for those with a disability or physical or mental health condition. We are also working collaboratively with our neurodiversity and disability staff networks to support this work. Further work scoping the feasibility of potential centralisation of the processing and funding of such reasonable adjustments is also to be undertaken.

j) We will work more closely with regional colleagues and our HR Directors network, facilitated by West Midlands Employers, who are a partner not-for-profit organisation who offer employment services across Public Sector Organisations, to identify best practice in the management of absence and improving employee wellbeing.

## 5 Timescales associated with the decision and next steps

5.1 Proposed areas identified in Section 4.3 will be included in an Attendance at Work Delivery Plan for 2025/6 and absence will continue to be monitored and reported on a quarterly basis.

**Appendices**
Appendix 1 - Warwickshire County Council Trend Analysis Data and Charts

**Background Papers**
1. CIPD Health & Wellbeing Report 2023 - Health and wellbeing at work
2. https://www.gov.uk/government/news/new-64-million-plan-to-help-people-stay-in-work

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The report was circulated to the following members prior to publication:

Local Member(s):
Other members:

**Appendix 1: Warwickshire County Council Trend Analysis Data and Charts**

*Figure 1: Trend showing Absence Days per FTE over last ten years.*
(A dotted line is included for the data between December 2024 and January 2025 as this does not represent a full quarter.)

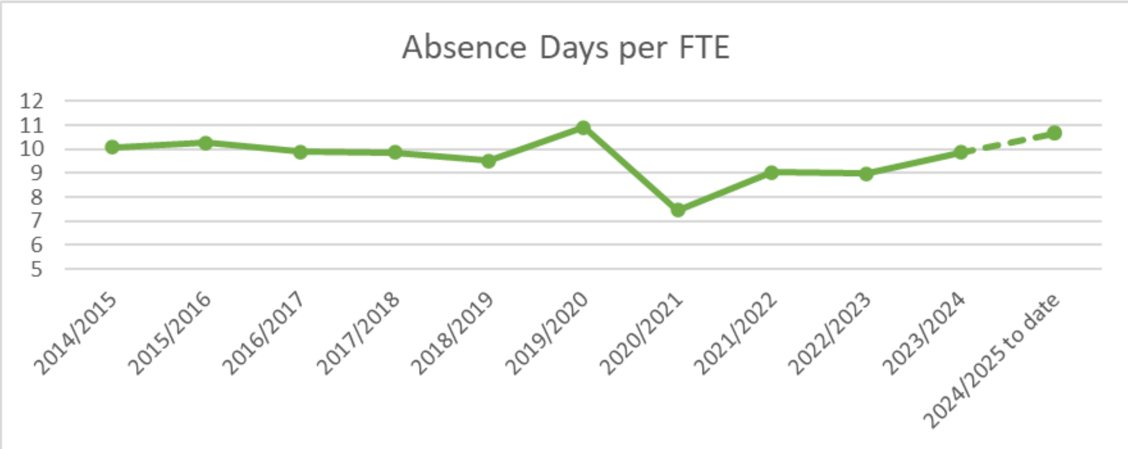


*Figure 2: Monthly Trend Average days lost per FTE*

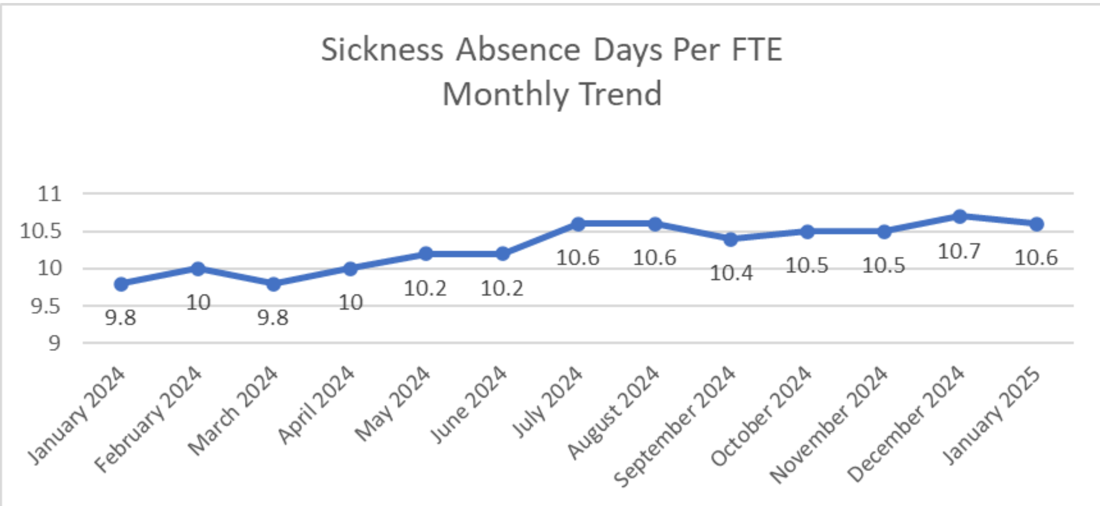


*Figure 3: Average Days Lost Per FTE (with and without leavers)*

| | 31 Dec 2023 | 31 Jan 2024 | 31 Dec 2024 | 31 Jan 2025 |
|---|---|---|---|---|
| Average Days Per FTE including leavers | 9.55 | 9.81 | 10.73 | 10.62 |
| Average Days Per FTE of current workforce | 7.87 | 8.04 | 8.94 | 8.78 |

*Figure 4: Comparison of seasonal variations January 2023 to January 2025*

A dotted line is included for the data between December 2024 and January 2025 as this does not represent a full quarter.

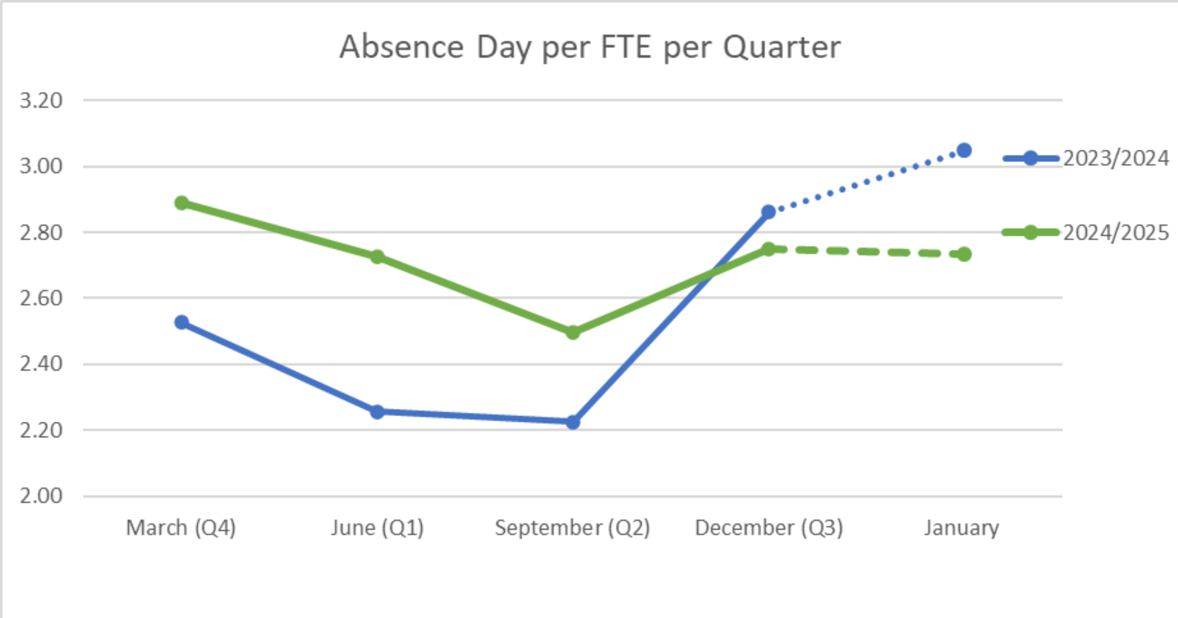

*Figure 5: Comparison of Year-on-Year trends to date across Directorates and Service Areas. (Excluding those with 10 employees or less)*

| Days Per FTE | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 Q1 | 2024/2025 Q2 | 2024/2025 Q3 | 2024/2025 January | Performance between Q1 & Jan 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **WCC (excluding schools)** | **7.45** | **9.04** | **8.99** | **9.86** | **10.23** | **10.38** | **10.73** | **10.62** | Increased |
| | | | | | | | | | |
| **Communities Directorate** | **5.64** | **5.90** | **6.87** | **7.83** | **8.23** | **8.59** | **9.74** | **9.16** | Increased |
| **Economy and Place** | 9.27 | 6.66 | 8.52 | 7.44 | 7.68 | 8.87 | 9.74 | 9.63 | Increased |
| County Highways | 4.74 | 8.65 | 5.19 | 5.00 | 5.80 | 5.86 | 6.13 | 5.75 | Minimal |
| **Economy and Skills** | 5.13 | 4.22 | 4.19 | 7.71 | 11.12 | 14.11 | 13.88 | 13.38 | Increased |
| Trading Standards and Community Safety | 2.50 | 7.97 | 6.34 | 5.47 | 6.88 | 8.67 | 10.69 | 11.22 | Increased |
| Transport and Highways | 4.96 | 16.12 | 16.12 | 7.46 | 5.32 | 4.59 | 6.49 | 6.25 | Increased |
| Transport Delivery | 11.59 | 11.90 | 10.28 | 12.64 | 12.62 | 13.32 | 13.61 | 14.00 | Increased |
| Waste and Environment | 14.80 | 8.46 | 6.64 | 7.66 | 7.59 | 8.17 | 9.68 | 9.51 | Increased |
| Environment Planning & Transport | 4.45 | 8.26 | 6.40 | 7.60 | 7.92 | 8.69 | | | |
| **Fire & Rescue** | 4.73 | 4.48 | 6.61 | 8.19 | 8.96 | 9.64 | 10.52 | 10.37 | Increased |
| Prevention | | 4.25 | 4.69 | 6.81 | 10.31 | 10.82 | 10.01 | 8.56 | Reduced |
| Protection | | 5.43 | 8.23 | 7.08 | 8.25 | 3.67 | 3.40 | 3.60 | Reduced |
| Response | | 7.66 | 7.60 | 7.85 | 9.19 | 9.88 | 11.07 | 11.04 | Increased |
| | | | | | | | | | |
| **People Directorate** | **10.51** | **11.48** | **10.64** | | | | | | |
| | | | | | | | | | |
| **Children & Young People Directorate** | | | | **10.39** | **10.70** | **10.59** | **10.90** | **10.67** | Minimal |
| **Children & Families** | 10.80 | 10.48 | 10.92 | 11.82 | 12.09 | 11.95 | 12.46 | 12.40 | Increased |
| ACE | 11.43 | 8.30 | 10.97 | 6.31 | 6.98 | 5.82 | 6.82 | 8.94 | Increased |
| Corporate Parenting and Migration | 10.85 | 12.92 | 9.70 | 12.13 | 12.23 | 11.68 | 11.41 | 12.39 | Increased |
| Early Support and Children with Disabilities | 11.79 | 12.37 | 9.50 | 10.98 | 10.18 | 9.08 | 8.70 | 11.64 | Increased |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Family Help | 11.79 | 11.88 | 9.50 | 11.91 | 11.00 | 9.75 | 9.30 | 9.82 | Reduced |
| Homes for Children | | | | | | | | 8.82 | |
| Quality and Impact | | | 11.24 | 9.01 | 10.98 | 9.63 | 11.31 | 12.74 | Increased |
| Safeguarding Communities | 11.16 | 11.38 | 14.62 | 12.26 | 15.73 | 18.56 | 19.87 | 20.74 | Increased |
| **Education Services** | 5.18 | 5.19 | 5.32 | 6.63 | 6.92 | 6.88 | 6.58 | 6.23 | Reduced |
| Access to Education | | | | 4.96 | 7.07 | 8.38 | 10.65 | 10.14 | Increased |
| Early Years and School Effectiveness | | 2.45 | 10.03 | 3.17 | 3.73 | 4.30 | 3.48 | 3.00 | Reduced |
| School Services and Post 16 | | | | 7.40 | 8.06 | 7.57 | 7.15 | 7.25 | Reduced |
| SEND and Inclusion | | 5.02 | 5.64 | 5.13 | 6.85 | 6.77 | 5.95 | 5.43 | Reduced |
| | | | | | | | | | |
| ***Social Care & Health*** | | | | **13.64** | **13.34** | **12.49** | **13.35** | **13.18** | **Reduced** |
| **Social Care & Support** | 11.54 | 14.57 | 14.64 | 14.80 | 14.76 | 13.63 | 14.46 | 14.21 | Reduced |
| Disabilities | 13.73 | 14.84 | 8.98 | 15.48 | 14.93 | 16.71 | 14.92 | 14.15 | Reduced |
| Mental Health | 9.92 | 18.09 | 17.72 | 14.85 | 14.60 | 12.92 | 15.58 | 14.96 | Increased |
| Older People Services | 4.52 | 8.98 | 7.31 | 9.44 | 9.57 | 8.65 | 9.77 | 9.71 | Reduced |
| Reablement and Integration | 14.95 | 16.92 | 18.78 | 18.89 | 18.87 | 17.17 | 17.21 | 17.11 | Reduced |
| Service Development and Assurance | 5.73 | 4.25 | 7.07 | 7.11 | 11.67 | 12.40 | 11.82 | 11.98 | Reduced |
| **Social Care & Health Commissioning** | 2.28 | 4.13 | 3.03 | 9.38 | 8.54 | 8.64 | 9.60 | 9.62 | Increased |
| Children and All Age Disability | | | | 3.87 | 2.05 | 2.37 | 2.53 | 1.87 | Reduced |
| Older People Commissioning | | | | 8.84 | 8.99 | 12.25 | 13.97 | 13.84 | Increased |
| Quality Assurance and Market Management | | | | 10.10 | 13.63 | 10.14 | 11.11 | 12.04 | Reduced |
| **Public Health** | 1.90 | 5.11 | 6.52 | 3.48 | 2.09 | 4.23 | 5.14 | 6.69 | Increased |
| | | | | | | | | | |
| ***Resources Directorate*** | **6.52** | **8.94** | **8.65** | **9.55** | **9.94** | **10.61** | **10.54** | **10.51** | Increased |
| **Enabling Services** | 6.35 | 9.16 | 8.14 | 10.32 | 11.64 | 12.74 | 12.88 | 12.76 | Increased |
| Business Intelligence | 2.46 | 3.36 | 3.36 | 6.16 | 8.60 | 8.25 | 7.68 | 7.03 | Reduced |
| Customer | 12.03 | 17.97 | 17.31 | 14.59 | | 17.09 | 16.95 | 16.70 | Increased |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Contact* | | | | | *15.29* | | | | |
| *ICT Services* | | *5.03* | *4.54* | *6.95* | *9.16* | *9.89* | *10.98* | *11.05* | *Increased* |
| *Property Services* | *12.31* | *17.83* | *16.22* | *11.49* | *13.50* | *15.95* | *15.41* | *15.36* | *Increased* |
| **Finance** | *5.83* | *6.74* | *4.37* | *10.13* | *10.32* | *11.53* | *11.46* | *10.98* | *Increased* |
| *Business Support* | *8.57* | *11.57* | *10.74* | *12.45* | *14.81* | *16.10* | *15.66* | *14.60* | *Reduced* |
| *Commercial and Contacts* | | | | | *2.73* | *6.09* | *6.88* | *8.13* | *Increased* |
| *Finance Delivery* | *5.47* | *4.79* | *2.23* | *5.88* | *7.02* | *7.30* | *7.74* | *8.01* | *Increased* |
| *Finance Transformation* | *7.18* | *7.54* | *6.23* | *2.93* | *3.03* | *4.39* | *5.12* | *4.80* | *Increased* |
| *Investments, Treasury and Audit* | *4.01* | *12.85* | *7.53* | *6.88* | *5.40* | *7.33* | *6.75* | *7.76* | *Increased* |
| *Strategic Finance* | *1.64* | *5.80* | *0.38* | *0.74* | *0.36* | *1.04* | *1.05* | *1.00* | *Increased* |
| **Strategy, Planning & Governance** | *4.03* | *6.75* | *5.90* | *4.97* | *5.73* | *6.11* | *6.12* | *6.18* | *Increased* |
| *Change Programmes* | | | | *4.99* | *8.03* | *9.66* | *9.40* | *9.58* | *Increased* |
| *Legal and Governance* | *4.83* | *7.22* | *6.26* | *4.99* | *5.67* | *5.71* | *5.47* | *5.59* | *Minimal* |
| *Marketing and Communications* | *1.54* | *7.51* | *3.15* | *3.48* | *4.39* | *3.45* | *4.45* | *3.97* | *Increased* |
| **Workforce & Local Services** | | | | *11.57* | *10.89* | *10.44* | *10.12* | *11.01* | *Increased* |
| *Libraries, Heritage and Registration* | | *8.78* | *12.52* | *10.41* | *11.40* | *11.26* | *10.56* | *10.46* | *Minimal* |
| *Workforce Services - HR Delivery* | *7.21* | *7.68* | *7.53* | *9.68* | *10.12* | *9.14* | *9.46* | *9.76* | *Decreased* |
| *The 2023/2024 restructures have seen a change in terms within the services and therefore the trend will be affected.* | | | | | | | | | |

*Figure 6: Percentage of Employees with no sickness absence (Historic trend)*

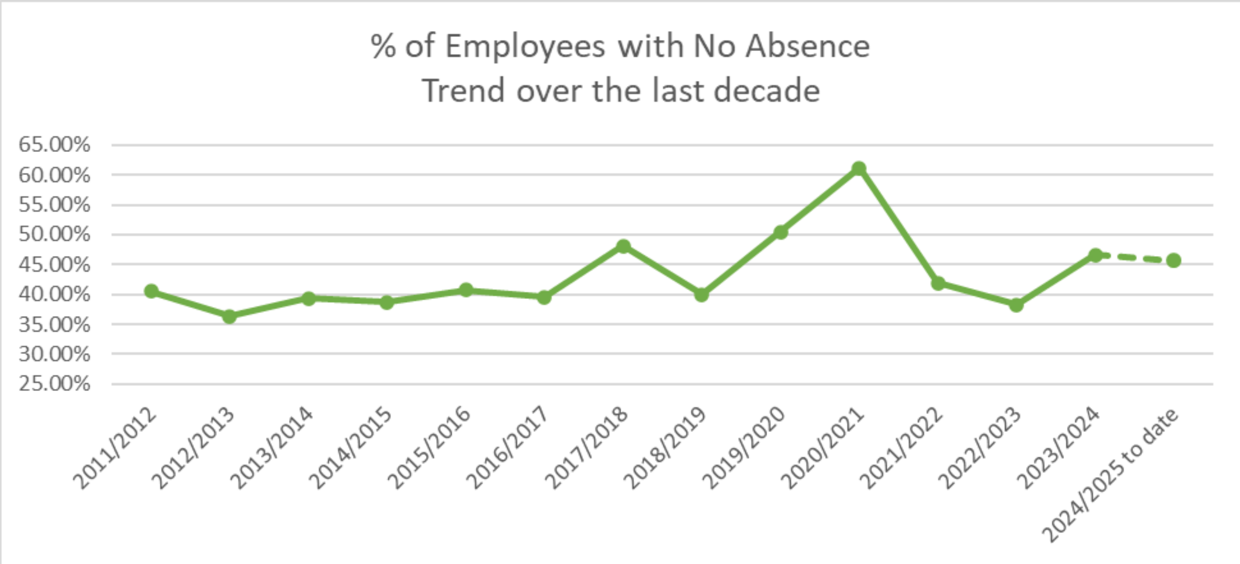


*Figure 7 Percentage Employees with no sickness absence by month*


*Figure 8 – Long-Term v Short-term absence proportions*

| | ***March 2023*** | ***March 2024*** | ***January 2025*** |
|---|---|---|---|
| ***Long Term*** | ***58.78%*** | ***67.20%*** | ***69.74%*** |
| ***Short Term*** | ***41.22%*** | ***32.80%*** | ***30.26%*** |

*Figure 9 - Percentage of workforce hitting sickness indicators*

| **Indicator** | **January 2025** |
|---|---|
| Absent over 10 days per annum | 17.4% |
| Absent 3 or more episodes in 6 months | 2.92% |
| Absent 5 or more episodes in 12 months | 2.41% |
| On open ended long-term absence | 2.04% |

*Figure 10: Number of long-term absence employees by Directorate*

| | @ 30 Sept 2024 | @31 Dec 2024 | @ 31 Jan 2025 |
|---|---|---|---|
| Long-term Absence (4 weeks plus) included in above | 100 | 143 | 111 |
| | | | |
| Children & Young People | 25 | 43 | 33 |
| Communities | 26 | 34 | 30 |
| Resources | 32 | 37 | 29 |
| Social Care & Health | 17 | 29 | 19 |

*Figure 11: Analysis of employees on current long-term absence by length including extended long-term absences resolved*

| | @ 30 Sept 2024 | @31 Dec 2024 | @ 31 Jan 2025 |
|---|---|---|---|
| 1-3 months | 45 | 87 | 62 |
| 4-6 months | 19 | 28 | 26 |
| 7-9 months | 8 | 10 | 7 |
| **Cases @ period end over 10-12 months** | **15** | **6** | **5** |
| Brought forward from previous quarter) | | | 3 |
| (New in quarter period) | | 6 | 2 |
| (Closed in period) | | 8 | 1 |
| **Cases over 12 months** | **13** | **12** | **11** |
| (Brought forward from previous quarter ) | | 5 | 8 |
| (New in quarter) | | 7 | 3 |
| (Closed) | | 5 | 4 |

*Figure 12:Absence compared to WCC workforce demographic.*

| Gender | Male | Female |
|---|---|---|
| Absence levels (%) | 28 | 72 |
| WCC Workforce Demographic Data (%) | 29.8 | 70.2 |

| Ethnicity | Asian/ Asian British | Black/ British | Mixed | White | Other incl. Arab | Not stated/ prefer not to say |
|---|---|---|---|---|---|---|
| Absence Levels (%) | 8 | 2.75 | 1.4 | 73.3 | 0.6 | 14 |
| WCC Workforce Demographic Data (%) | 6.95 | 2.45 | 1.4 | 71.6 | 0.2 | 12.71 |

| Disability | Disabled | Not Disabled | Not Stated or Known |
|---|---|---|---|
| Absence Levels (%) | 11 | 67.4 | 21.6 |
| WCC Workforce Demographic Data (%) | 6.8 | 73.1 | 20.1 |

| Age | 18-24 | 25-39 | 40-49 | 50-59 | 60-64 | 65+ |
|---|---|---|---|---|---|---|
| Absence levels (%) | 2 | 24.6 | 24.6 | 28.6 | 14.8 | 5.3 |
| WCC Workforce Demographic Data (%) | 4 | 30 | 25 | 27 | 9 | 4 |

# Resources and Fire & Rescue Overview and Scrutiny Committee

## 5th March 2025

# Council Plan 2022-2027
# Integrated Performance Report Quarter 3 2024/25

## Recommendations

That the Resources and Fire & Rescue Overview and Scrutiny Committee (the Committee) considers and comments on Quarter 3 2024/25 organisational performance, progress against the Council Delivery Plan, and management of finances and risk in relation to those areas within its remit.

## 1 Executive Summary

1.1 This report provides a summary of the Council's performance at Quarter 3, April 2024 – December 2024, against the strategic priorities and Areas of Focus set out in the Council Plan 2022-2027 relevant to the Committee. The paper sets out a combined picture of the Council's delivery, performance, and risk enabling scrutiny and transparency for the organisation, partners, and the public:

- progress against the Council Delivery Plan (CDP) is summarised in Section 2 and more fully presented within Appendix 1;
- performance is assessed against the Key Business Measures (KBMs) contained within the agreed Performance Management Framework (PMF) in Section 3 and Appendix 2;
- management of Financial resources is summarised in Section 4 and the summary dashboard is presented in Appendix 3; and
- management of Risk is summarised in Section 5 and more detailed information is presented in Appendix 4.

1.2 This summary report enables Overview and Scrutiny Committees to consider performance within their own remits. All Members have access to the CDP and PMF using the Performance Portal in Power BI to monitor performance.

1.3 The approach to strategic performance reporting continues to evolve and reflect the Council's key priorities and pressures. Members will be aware of the wealth of information and data available at both strategic and service levels, and national metrics. As such, the Council's performance framework will continue to evolve, and be streamlined to ensure that Members have the most useful performance data.

1.4 Of the 57 activities listed in the CDP 19 are attributed to Resources and Fire OSC. Quarter 3 results remain strong with 89% (17) of these On Track, and

5% (1) At Risk and 5% (1) Activity completing this Quarter. Appendix 1 gives more information about progress.

1.5 The 2024/25 PMF contains 67 KBMs, 63 of which are available for reporting at Quarter 3. There are 18 KBMs within the remit of this Committee, all of which are available for reporting this Quarter. Table 1 below indicates the current assessment of performance:

| Status | On Track | Not on Track |
|---|---|---|
| Quarter 1 | 61% (11) | 39% (7) |
| Quarter 2 | 56% (10) | 44% (8) |
| Quarter 3 | 67% (12) | 33% (6) |

Table 1

Positively, considering trend information for measures reported at Quarter 3 as On Track, performance is improving or static for 10 measures where enough historic data is available. Conversely, for the 5 KBM that have a status of Not on Track, the trend is mixed, with 2 declining, 1 remaining static and 2 improving. The forecast position for the next reporting period is that overall, the position will remain stable.

1.6 At the end of the third quarter, the Services reporting to Resources and Fire and Rescue Services OSC forecast a net underspend of -£2.709m, equivalent to -3.0% of their combined revenue budget. The headline forecast underspend of -£0.482m shows the position before planned transfers from earmarked reserves are accounted for, equivalent to a 0.5% underspend. A £0.320m shortfall is forecast against the current year saving target of £1.332m. The capital programme for the 2024/25 remains mostly on track except delays of 6.21% in Enabling Services.

1.7 Of the nine strategic risks, six are related directly or indirectly to Resources, Fire and Rescue Overview & Scrutiny Committee and these are highlighted in Section 5 below.

1.8 At Service level there are 16 risks related to Resources and Fire and Rescue. More information can be found in section 5 below.

1.9 The Council continues to operate in a challenging and rapidly changing environment which impacts all aspects of our work. A challenging financial outlook in the short- to medium-term is impacting on the Council's resources. Resourcing challenges are both financial and workforce, reflecting levels of demand, and uncertainty about medium-term national policy direction in several key areas of our work. Performance reporting will continue to track and highlight our delivery and performance and inform prioritisation of activity and resources.

## 2. Performance against the Council Delivery Plan

2.1 The three strategic priorities set out in the Council Plan 2022 - 2027 are delivered through seven Areas of Focus. In addition, there are three further themes that will help the Council to be known as 'a Great Council and Partner.' The CDP aligns priority activity from across all Service areas against the areas of focus within the Council Plan 2022-27. It shows how activity across Services collectively contributes to delivering these priorities.

2.2 Of the 57 activities listed in the CDP 19 are attributed to Resources and Fire OSC. Quarter Three results remain strong with 89% (17) of these On Track, and 5% (1) At Risk, and one activity completing (5%).

2.3 The project to deliver our new firefighter training sites completed this Quarter and the Minerva training unit has been handed over and is operational with an opening ceremony held in January 2025.

2.4 Whilst the delivery of the MTFS continues to report At Risk in Quarter 3 the commentary indicates further improvements in the overall direction of travel.

2.5 Appendix 1 contains the full commentary relating to these activities along with more information about progress in general.

## 3. Performance against the Performance Management Framework

3.1 The Council Delivery Plan outlines deliverables relevant to each Area of Focus and KBMs have been assigned to measure impact. A full performance summary against all KBMs is contained in Appendix 2 and more comprehensive performance reporting is enabled through the Power BI Performance Portal as part of the PMF. The number of reportable measures will change each quarter as the framework reflects the availability of new data.

3.2 Of the 18 KBMs available for reporting at Quarter 3, 67% (12) are reported as being On Track and 33% (6) being reported as Not on Track.

3.3 Notable aspects of positive performance for specific measures include:

- % Net Variation of Outturn Forecasts to Revenue Budget (Whole Council) is reporting performance within the + / - 2% target set as part of the performance framework. This measure had been reporting as Not on Track since the start of the year, so this improved position reflects the impact of the financial recovery strategy and positive work from all Directorates and services.

3.4 There are several performance challenges this Quarter:

- Sickness Absence days for Quarter 3 2024/25 has increased again to 10.73 days per FTE and remains over the tolerance of +/- 1 day against the target of 8 days per FTE. The key focus over the last quarter has been to address longer-term absence through case conferences with the occupational health provider and working directly with directorates and managers. As a result, there has been a positive impact with the number of absence cases over 9 months reducing by 40%, which over time should reduce absence levels which are measured over a 12-month rolling period; and

- % variation of revenue savings achieved against the agreed Medium Term Financial Strategy (Whole Council) remains as Not on Track. Despite improvements in performance since Quarter 1, this measure is not expected to recover fully in-year due to the scale of financial pressures but these have been refreshed and factored into the latest refresh of the Medium-Term Financial Strategy (MTFS) to be considered by Council in February. The achievement of future savings is critical to the delivery of a balanced budget over the MTFS period and will continue to be closely monitored. The full position and mitigating actions are outlined in the Quarter 3 Finance Monitoring Report.

3.5 Within the current PMF there are 16 measures of the 18 available for reporting where there is enough trend data available to ascertain a direction of travel. For 91% (10) of currently reported On Track measures performance for all is either improving or static. Conversely, for the Not on Track measures, performance is mixed between declining, remaining static and improving.

3.6 Within the current PMF, all 18 KBMs have a forecast projection from the responsible service for the forthcoming period. Of the measures that have a status of On Track, the majority are forecast to remain static in the current position. Of those that have a status of Not on Track, half of the measures are forecast to remain static, while the others are forecast to improve or decline, with the latter being namely:

- No. of days sick absence per FTE (rolling 12 months) – further detail is available in paragraph 3.4

3.7 A set of high-level, cross-cutting, long-term Warwickshire Outcome Measures, which the Council can influence but is not solely responsible for, are reported in a State of Warwickshire reporting dashboard which includes Creating Opportunities and Cost-of-Living metrics.

## 4. Management of Finance

4.1 The key metrics of financial management are summarised in the table below with further information providing context available in Appendix 3 and in the Quarter 3 Finance Monitoring Report presented to Cabinet on 28th January 2025.

| Metric | Target | Service | Performance at Quarter 3 2024/25 |
|---|---|---|---|
| Performance against the latest approved revenue budget as measured by forecast under/overspend | On budget or no more than 2% underspend | Enabling Services | (0.9%) |
| | | Finance | (5.7%) |
| | | Strategy, Planning & Governance | (7.6%) |
| | | Workforce and Local Services | (6.5%) |
| | | Fire & Rescue | (0.7%) |

The net revenue forecast underspend at the end of the third quarter is £2.709m which represents -3.0% of the approved budget. The headline forecast underspend of £0.482m (0.5%) shows the position before specific funding which has been set aside in the Medium-Term Financial Strategy (MTFS) to meet some of these costs.

| | | | |
|---|---|---|---|
| Performance against the approved savings target as measured by forecast under/overachievement | 100% | Enabling Services | 59% |
| | | Finance | 100% |
| | | Strategy, Planning & Governance | 100% |
| | | Workforce and Local Services | 100% |
| | | Fire & Rescue | 100% |
| Performance against the approved capital programme as measured by forecast delays in delivery | No more than 5% delay | Enabling Services | -6.21% |
| | | Strategy, Planning & Governance | 0.00% |
| | | Workforce and Local Services | 0.00% |
| | | Fire & Rescue | 0.00% |

## 5. Management of Risk

5.1 Following the adoption of a revised risk management approach in Quarter 2, Corporate Board commissioned a ‘deep dive’ into all strategic and directorate risks during Quarter 3. All Directorate Leadership Teams, along with risk and control owners were subsequently asked to review their directorate risk registered and the relevant strategic risks, during December 2024. The ask was to complete a full review and update of the detail of all relevant risk detail including title, definition, ownership, controls, rating and where necessary identify risks that could be deleted, merged and new risk added as needed.

5.2 Risks are monitored in risk registers at a strategic level and at service level. For this report, details of Warwickshire Fire & Rescue related risks are included along with Resources Directorate risks.

5.3 At the strategic level the following risks are more directly related to Resources & Fire OSC:

- Mismatch between demand and resources;
- Business Continuity;
- Insufficient skilled and experienced workforce;
- Cyber-attack;
- Failure of governance arrangements; and
- A safe environment may not be sustained.

5.4 At a service level there are 16 risks recorded in service areas relating to this committee. Two are on target and there is one red risk (Insufficient resources to deliver the Authority's Council Plan and priorities given identifiable spending pressures and longer-term structural deficit position (RE10)). Additional information is provided at Appendix 4.

## 6. Financial Implications

6.1 There are none specific to this report.

## 7. Environmental Implications

7.1 There are none rising directly from this report.

## Appendices

Appendix 1 – Progress on the Council Delivery Plan
Appendix 2 – Quarterly Performance Report
Appendix 3 – Management of Finance
Appendix 4 – Management of Risk

## Background Papers

| Role | Name | Contact Information |
|---|---|---|
| Report Author | Vanessa Belton<br>Business Intelligence Service Manager (Performance and Quality) | Vanessabelton@warwickshire.gov.uk |
| Director | Craig Cusack, Director of Enabling Services | craigcusack@warwickshire.gov.uk |
| Executive Director | Mark Ryder, Executive Director for Communities<br>Rob Powell, Executive Director for Resources | Markryder@warwickshire.gov.uk<br><br>robpowell@warwickshire.gov.uk |
| Portfolio Holder | Cllr A Crump, Cabinet Portfolio Holder for Fire & Community Safety<br>Cllr Yousef Dahmash, Portfolio Holder for Customer and Transformation<br>Cllr P Butlin, Deputy Leader and Portfolio Holder for Finance and Property | andycrump@warwickshire.gov.uk<br><br>yousefdahmash@warwickshire.gov.uk<br><br>cllrbutlin@warwickshire.gov.uk |

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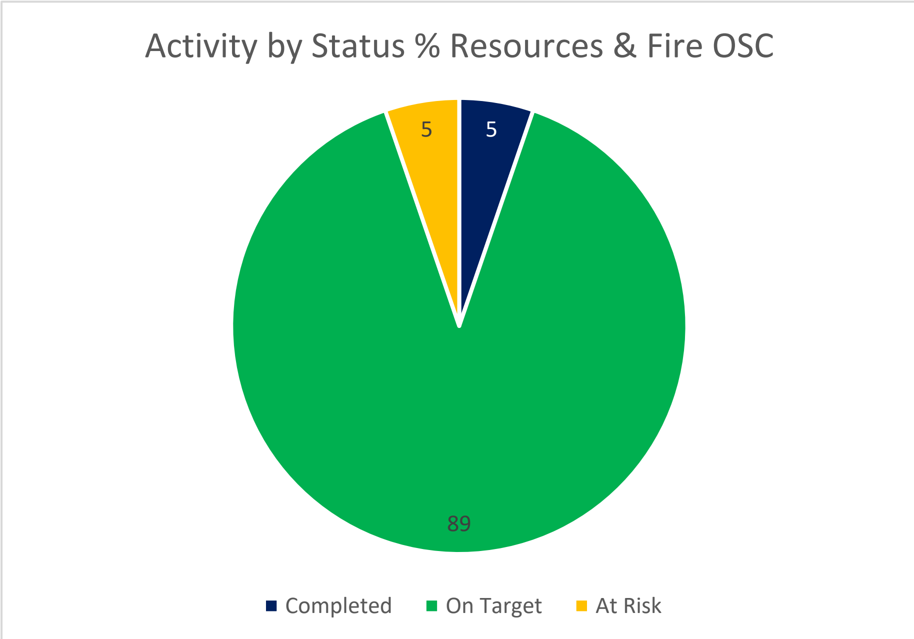
# 1. Resources, Fire & Rescue OSC Progress on the Council Delivery Plan Quarter 3

1.1 **Key Insights for Quarter 3 2024/25**

Of the 57 actions within the Council Delivery Plan, 19 are attributable to the Resources, Fire and Rescue OSC. There is positive progress this Quarter with 89% of activities being On Track to achieve their objectives within the set timeframes, 5% are At Risk, with 5% completed.






**Activities completed this Quarter**

**Deliver our Warwickshire Fire & Rescue Service (WFRS) 2-year improvement plan: Deliver new firefighter training sites**

Minerva training unit has been handed over and operational - opening ceremony January 2025.

### 1.2 Great Council and Partner.

| Activity | Status | Narrative |
| --- | --- | --- |
| Deliver against the agreed Medium Term Financial Strategy, including achievement of savings, capital delivery, implementing actions based on effective forecasting and financial insight to inform our change programmes. | At Risk | RAG status reflects that 100% achievement is not being forecast but Quarter 3 revenue forecasts for 2024/25 have shown further improvement following the implementation of the 4 strands of the corporate financial recovery strategy. In-year mitigations continue to be discussed and implemented, and the in-year and Medium-Term Financial Strategy impacts will be carefully monitored including the impact on the refresh of the Medium-Term Financial Strategy. |

## 2 The following projects are currently On Track

| Activity |
| --- |
| Implement approved resourcing to risk model and deliver activities aligned to risk. |
| Deliver our Warwickshire Fire & Rescue Service (WFRS) 2-year improvement plan: Deliver new firefighter training sites. |
| Alongside partners deliver the agreed approach to the 22 levelling up priority places including allocation of the £2.5m Social Fabric Fund and delivery of Local Super Output Area pilots. |
| In collaboration with partners deliver the agreed cost of living programme to support our residents with the cost-of-living challenges across Warwickshire. |
| Support our subsidiary property company, Warwickshire Property and Development Group to: Start phase 1 of the Top Farm housing project. |
| Support our subsidiary property company, Warwickshire Property and Development Group to: Complete Brookmill Meadows housing development (former Warton Allotments). |
| Support our subsidiary property company, Warwickshire Property and Development Group to: Start on site of former Manor Park School Nuneaton, also for housing development. |
| Roll-out of self-service financial assessments across adult social care including progress on the data integration between systems. |

| |
|---|
| Implement and embed an organisational approach to Strategic Workforce Planning to deliver against key workforce priorities including: our employee offer. |
| Implement and embed an organisational approach to Strategic Workforce Planning to deliver against key workforce priorities including: talent acquisition and management, with a particular focus on children’s and adults’ social care, highways planners, legal and finance. |
| Implement and embed an organisational approach to Strategic Workforce Planning to deliver against key workforce priorities including: developing a great, inclusive culture by developing our leadership capability, employee engagement and embedding social mobility within our workforce. |
| Implement changes to the Council’s procurement and commissioning arrangements to ensure they are effective and compliant with the requirements of the Procurement Act and the Provider Selection Regime while maximising the opportunities from it. |
| Deliver against the agreed Estates Master Plan for the Council’s estate which provides options for its optimal use, maximises financial returns for the Council & delivers improved outcomes for residents (housing/employment land development). |
| Deliver the Council's digital and data roadmaps, by: increasing the number and efficiency of processes delivered through our new Customer Platform. |
| Deliver the Council's digital and data roadmaps, by: supporting the re-procurement of the Council's core systems. |
| Deliver the Council's digital and data roadmaps, by: establishing a data ethics framework and developing our capability to share data with partners in support of council priorities. |
| Deliver the Council's digital and data roadmaps, by: specific service-led programmes of work in the Children and Families service and Education service, both to address culture change, data requirements and data quality. |
| Through the new process redesign programme implement identified and approved priority improvements, where benefits and funds to be released have been agreed, delivering £2.1 million cross-council savings using digital and/or service improvement approach. |

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# 1 Resources, Fire & Rescue OSC Quarterly Performance Report Quarter 3

1.1 Detailed measure-by-measure performance reporting is accessible through the **Performance Portal** .

1.2 The three strategic priorities set out in the Council Plan 2022 - 2027 are delivered through seven Areas of Focus. In addition to these, there are three further areas to support the Council to be known for as ‘a Great Council and Partner’. These are detailed in the table below alongside the number of KBMs that will be used to assess delivery, and the number being reported this Quarter.

| Area of Focus | No. of KBMs | No. of KBMs available for reporting at Quarter 3 |
|---|---|---|
| Create vibrant places with safe and inclusive communities | 5 | 5 |
| Deliver major infrastructure, digital connectivity and major transport options | 10 | 9 |
| Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills | 7 | 7 |
| Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero | 7 | 7 |
| Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children | 7 | 6 |
| Through education, improve life opportunities for children, young people and those with special educational needs and disabilities | 10 | 10 |
| Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities | 12 | 10 |
| *To make this happen, we will be a great Council and partner* | 9 | 9 |

1.3 **Key Insights for Quarter 3 2024/25**

1.4 There are 18 KBMs in total that are in the remit of this Committee. Chart 1 details the reported status of all 18 KBMs being reported at Quarter 3. 67% (12) KBMs are On Track and 33% (6) are Not on Track.

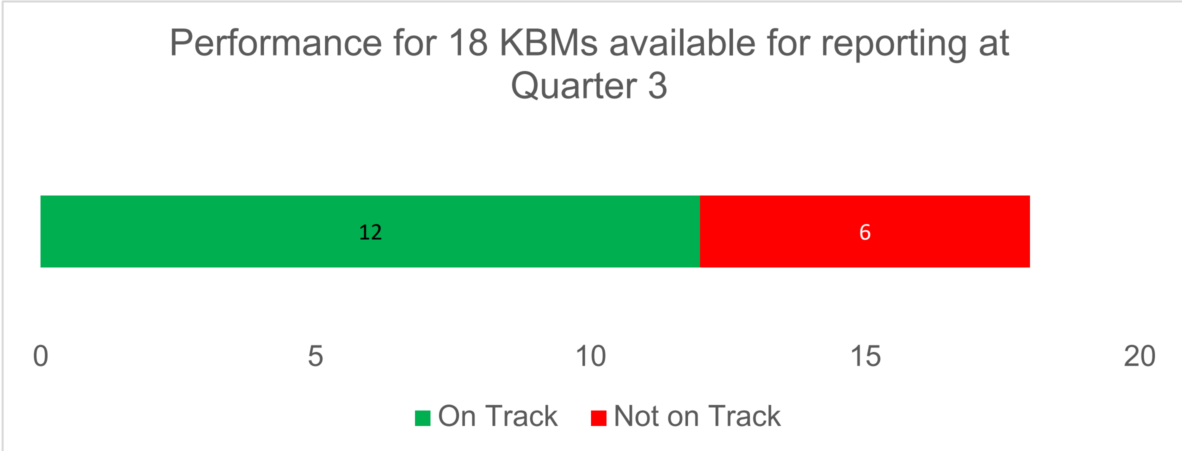



Chart 1

Chart 2 details the overall Direction of Travel, where trend data is available, assessing whether the performance has been improving or declining.

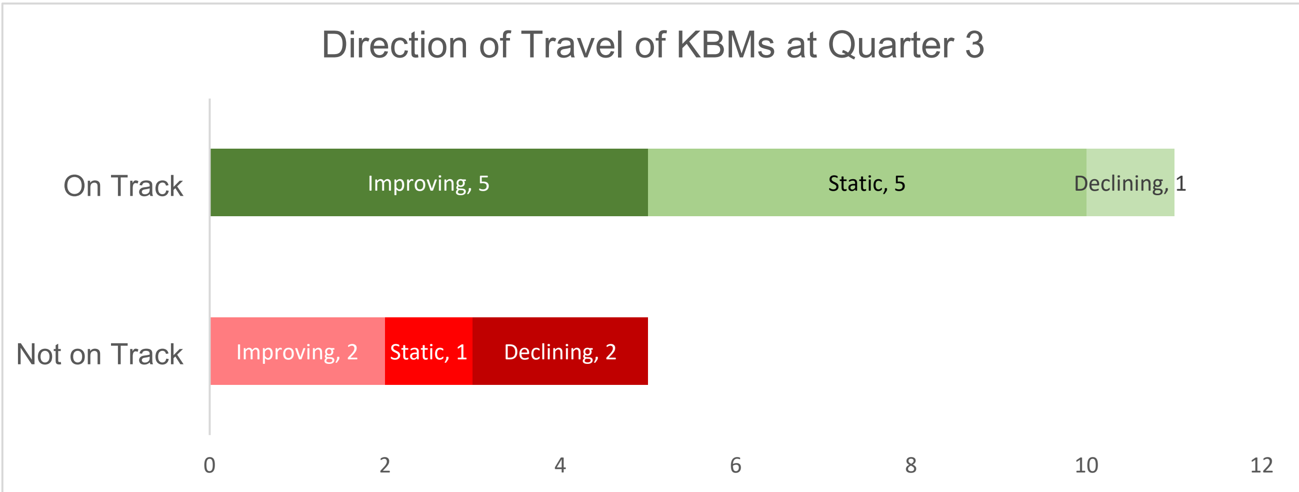



Chart 2

Chart 3 details the projected performance based on a Service forecast of all 18 KBMs at the next Quarter:

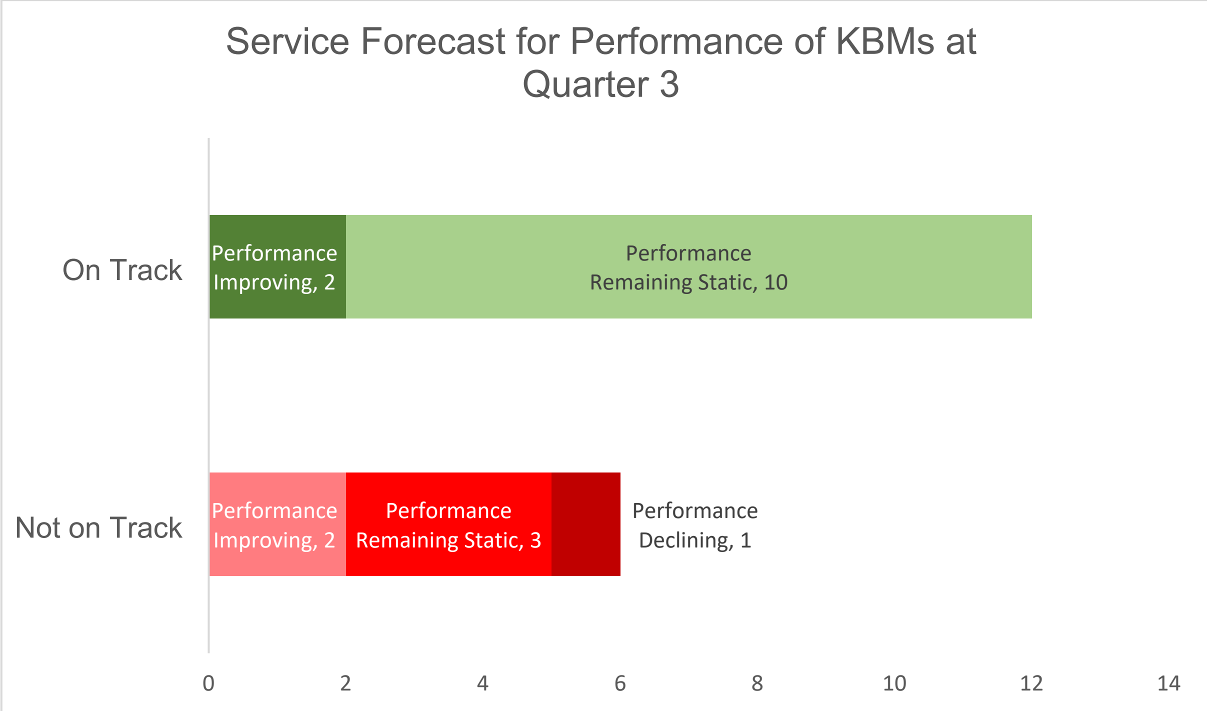



Chart 3

**Explanatory Notes on Summary Tables**
The following sections provide an overview of current performance by Area of Focus. The measure summary tables are a representation of the tables in the full Committee report on Power BI and are interactive. Please note:

- Data is being added into the system as it becomes available so new information may be in the reports since the writing of this Quarterly position report;
- Measure names in the summary tables and where highlighted are all links to take the reader directly to the measure report page in Power BI which provides full detail on the measure including charted data, performance narrative, improvement activity, trends and targets if applicable;
- A measure status is included based on performance either against the target and polarity of measure or where there is no target on improving/ declining performance which can be assessed against many factors such as compared to previous year, trend over time, sector comparison data;
- Services provide a forecast of where performance is heading over the next reporting period, this is informed by local knowledge, improvement activity and trend information;

- Where the measure status or projection is Not Applicable, this is due to exceptional circumstances regarding the measure such as it is setting a baseline this year, the Power BI report will provide the reason by measure;
- The Latest Figure column represents the most current data available including last quarter, previous year or longer if data is lagged, full details are on Power Bi report;
- Not all measures have targets and the approach now is to have improving performance and targets where appropriate;
- Direction of Travel is an indication of whether performance is improving based on trend data where available; and,
- As the framework is more responsive there are annual or termly measures included on the tables with no reported data, this will be added as the relevant data becomes available e.g. attainment data from November.

## 1.5 Create vibrant places with safe and inclusive communities

| Measure Name | Latest Actual | Target | Measure Status | Direction of Travel | Service Forecast for next period |
|---|---|---|---|---|---|
| No. of Safe & Wells delivered to high risk vulnerable people | 1,211* | 1500* | On Track | Static | On Track Performance Remaining Static |
| No. of Fire Protection inspections carried out in higher risk premises | 206* | 600* | Not on Track | Static | Not On Track Performance Improving |
| % times a first appliance arrives at life risk of property incidents within agreed response standards | 63.2 | 75 | Not on Track | Declining | Not On Track Performance Remaining Static |
| % of Social Fabric Fund (£2.5m) allocated | 39 | 100* | On Track | Improving | On Track Performance Remaining Static |
| £ Value of financial outcomes arising from Citizens Advice telephone service | £3,618,644 | N/A | On Track | Improving | On Track Performance Remaining Static |

* Cumulative actual or year end target

Within this Area of Focus the performance is mixed with 3 measures being On Track, however, there are 2 measures reported as Not on Track both of which are owned by WFRS.

Area of Good Progress due to good performance:

- No. of Safe & Wells delivered to high risk vulnerable people

Improvement Activity as the target will not be met:

- No. of Fire Protection inspections carried out in higher risk premises

The reason the target will not be met this year is:

- The Risk Management System user testing took people away from audits for periods of time.
- By targeting risk effectively, enforcement activity has increased by 500%. Where there is enforcement required, the audit takes longer, requiring a great level of intervention including revisits.

  Based upon the above, the target for next year will need to be amended.

Improvement Activity as the target has not been met:

- % times a first appliance arrives at life risk of property incidents within agreed response standards

## 1.6 Deliver major infrastructure, digital connectivity and improved transport options

| Measure Name | Latest Actual | Target | Measure Status | Direction of Travel | Service Forecast for next period |
|---|---|---|---|---|---|
| % Delivery of projected output by Warwickshire Property & Development Group | 50 | 100 | Not on Track | N/A Insufficient Trend Data | Not on Track Performance Improving |
| % of site specific businesses cases approved by Cabinet for Warwickshire Property and Development Group as per the Group's approved annual business plan | 40 | 100 | Not on Track | Improving | Not on Track Performance Remaining Static |

* Cumulative actual or year end target

Performance within this Area of Focus, performance is Not on Track for both of the reportable measures, however both are reporting improving performance over next reporting period. At this time, there are no measures which need highlighting.

## 1.7 Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero

| Measure Name | Latest Actual | Target | Measure Status | Direction of Travel | Service Forecast for next period |
|---|---|---|---|---|---|
| Total annual reduction in carbon emissions from Council related activities (tCo2) | 2,202,990 | N/A | On Track | N/A Insufficient Trend Data | On Track Performance Improving |

The one reportable measure in this Area of Focus is On Track and projecting to improve over the next reporting period. As this is an annual measure, the status and latest figure won't change until the year end when it's reported again.

## 1.8 Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

| Measure Name | Latest Actual | Target | Measure Status | Direction of Travel | Service Forecast for next period |
|---|---|---|---|---|---|
| % of adult social care clients in receipt of a package of care financially assessed via self service | 0.46 | N/A | On Track | Static | On Track Performance Remaining Static |

The one reportable measure in this Area of Focus is On Track and projecting to remain static over the next reporting period. Discussions with Adult Social Care for roll out continue along with developments to the software in December 2024/January 2025 to provide access to agreed Adult Social Care staff for wider roll out.

1.9 **Be a great council and partner**

| Measure Name | Latest Actual | Target | Measure Status | Direction of Travel | Service Forecast for next period |
|---|---|---|---|---|---|
| % Employee Engagement Score | 79 | 78 | On Track | Improving | On Track Performance Remaining Static |
| % Employee Wellbeing score | 81 | 75 | On Track | Improving | On Track Performance Remaining Static |
| No. of days sick absence per FTE (rolling 12 months) | 10.73 | 8 (+/- 1 day) | Not on Track | Declining | Not on Track Performance Declining |
| % Colleague Retention Rate | 89.27 | 88-90 | On Track | Static | On Track Performance Remaining Static |
| % of planned capital programme forecast to be delivered in year | 91 | 100 | On Track | Static | On Track Performance Remaining Static |
| % Net Variation of Outturn Forecasts to Revenue Budget (Whole Council) | 1.63 | 0/-2 | On Track | Improving | On Track Performance Remaining Static |
| % variation of revenue savings achieved against agreed Medium Term Financial Strategy (Whole Council) | 61 | 100 | Not on Track | Improving | Not on Track Performance Remaining Static |
| Total debt as percentage of Core Spending Power | 50 | N/A | On Track | Static | On Track Performance Remaining Static |
| No. of people utilising WCC core settings | 318 | N/A | On Track | Declining | On Track Performance Improving |

Within this Area of Focus, 7 of the 9 measures are On Track at Quarter 3, which is an improvement on the Quarter 2 position, where there were 5 measures On Track.

Area of good progress as the variance meets the + / - 2% target set as part of the performance framework. This measure had been reporting as Not on Track since the start of the year, so this improved position reflects the impact of the financial recovery strategy and positive work from all Directorates and services:

- % Net Variation of Outturn Forecasts to Revenue Budget (Whole Council)

Improvement activity as the target is not being achieved, the overall direction of travel is declining, and the forecast is set to decline further over the next reporting period:

- No. of days sick absence per FTE (rolling 12 months) - Absence days for Quarter 3 2024/25 has increased again to 10.73 days per FTE and remains over the tolerance of +/- 1 day against the target of 8 days per FTE. The key focus over the last quarter has been to address longer term absence through undertaking case conferences with the occupational health provider and working directly with directorates and managers.

Despite improvements in performance since Quarter 1, this measure is still identified as improvement activity due to the measure being Not on Track and projected to remain so at the next reporting period. Further detail was reported in the Quarter 3 finance report to Cabinet in January:

- % variation of revenue savings achieved against agreed Medium Term Financial Strategy (Whole Council)

**Management of Finance**

1. Performance against the latest approved revenue budget as measured by the forecast position at the end of the second quarter. Further information and reasons for variances can be found in the Quarter 3 Finance Monitoring Report, presented to Cabinet on 28th January 2025.

| Service Area | Approved Budget | Forecast Spend | (Under) /Overspend | % Change from Budget | Represented by: | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Investment Funds | Impact on Earmarked Reserves | Remaining Service Variance | % change Remaining Service Variance from Approved Budget |
| | £m | £m | £m | % | £m | £m | £m | % |
| Enabling Services | 29.272 | 29.578 | 0.306 | 1.0% | 0.529 | 0.031 | (0.254) | (0.9%) |
| Finance | 16.313 | 15.492 | (0.821) | (5.%) | 0.000 | 0.108 | (0.929) | (5.7%) |
| Strategy, Planning & Governance | 7.885 | 7.156 | (0.729) | (9.2%) | (0.058) | (0.073) | (0.598) | (7.6%) |
| Workforce & Local Services | 11.582 | 10.584 | (0.728) | (6.3%) | 0.000 | 0.023 | (0.751) | (6.5%) |
| Fire & Rescue | 25.732 | 27.222 | 1.490 | 5.8% | 1.407 | 0.260 | (0.177) | (0.7%) |
| **Total** | **90.784** | **90.302** | **(0.482)** | **(0.5%)** | **1.878** | **0.349** | **(2.709)** | **(3.0%)** |

2. Performance against the approved savings target as measured by forecast delivery

   At the end of the second quarter Fire & Rescue, Finance, Strategy, Planning and Governance and Workforce and Local Services are reporting 100% delivery of their saving targets, which total £0.557m. Enabling Services are forecasting a £0.455m (59% shortfall against a target of £0.775m).

3. Performance against the approved capital programme as measured by forecast delays in delivery

| Service Area | Approved 2024/25 capital programme £m | New projects in year £m | Net over / underspend £m | Budget Reprofile £m | Delays £m | In year capital spend £m | % of Delays |
|---|---|---|---|---|---|---|---|
| Enabling Services | 15.675 | 0.150 | 0.000 | 0.051 | -0.982 | 14.891 | -6.21% |
| Strategy, Planning & Governance | 0.750 | 0.000 | 0.000 | 0.000 | 0.000 | 0.750 | 0.00% |
| Workforce & Local Services | 0.503 | 0.000 | 0.000 | 0.000 | 0.000 | 0.503 | 0.00% |
| Fire and Rescue | 4.971 | 0.000 | 0.004 | 0.100 | 0.000 | 5.075 | 0.00% |
| **Total** | **21.899** | **0.150** | **0.004** | **0.151** | **-0.982** | **21.219** | -6.21% |

**Fire & Rescue – (**£0.104m):

- Fire Operating Model (R2R) (£0.100m) Balance of expenditure between 2024-25 and 2025-26 being scoped by FRS and Property Services. Addition of funding approved at Cabinet 16/7/24 re adoption of Model A Fire Future Operating Model for building alterations required.

**Enabling Services -** £0.893m:

- Maintaining the Smallholdings land bank (£0.391m) Insufficient funds to secure smallholdings in current market. Recommendations to be brought forward through the refresh of the Property and Smallholdings strategies.
- There are a number of scheme changes below £0.250m which are detailed in the Annexes A to M of Q3 Capital Monitoring Report.

# Resources & Fire Risk summary – Q3

**Key messages**

- Deep Dive review of Directorate Risks undertaken by Risk Owners over December – reviews made to all risks. 7 risks deleted (16 including Fire).
- 2 risks are recorded on target (down from 5 last quarter).
- 14 Risks have exceeded target across 3 quarters (up from 5 in Q2). Includes, Absence levels.
- 2 amended scores - RE10 HR data now on track, and RE11 likelihood increased as absence still increasing despite mitigations.

**Red risks (1):**

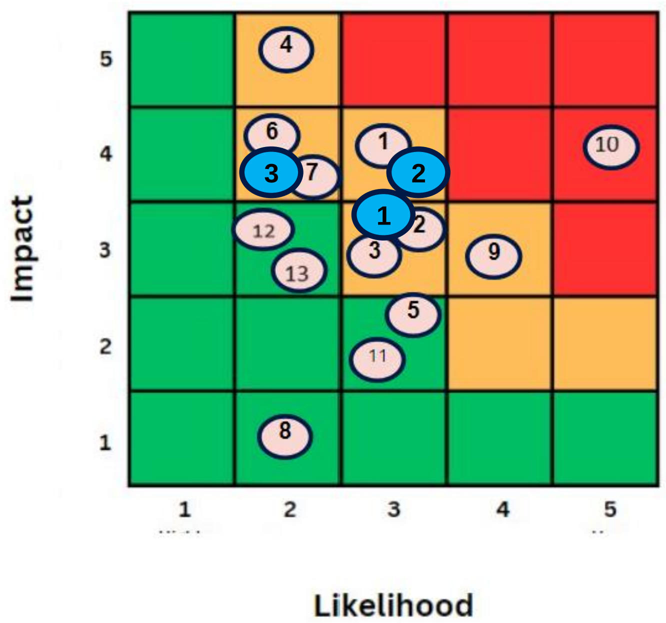
- Insufficient resources to deliver the Authority's Council Plan and priorities given identifiable spending pressures and longer-term structural deficit position (RE10).

**New risks this Quarter:** N/a

**Closed risks this Quarter (7):** The following risks have been deleted because of the deep dive:

- Cyber-attack & loss of essential skills (duplicates of strategic), Inflationary Impacts (now part of wider MTFS), Customer service centre (work now complete), return from WDPG, Lack of the people and essential skills (legal services), Failing to meet MTFS targets and sustain areas of income generation to achieve break even across all commercial activity.






NB Fire & Rescue – Blue dots

**Risk owners**: Bal Jacob, Craig Cusack, Sarah Duxbury, Ben Brook
**Control action owners:** WFRS Management Team, Nic Vine, Paul Williams, Peter Wren, Charles Barlow, Tejay De Kretser, Martin Lewis, Rebecca Murphy, Chris Kaye, Liz Firmstone, Andrew Harper, Stephen Robbins, Spencer Payne

| Residual risk - Analysis | |
|---|---|
| Number of risks | 16 |
| Risks on target | 2 |
| Risk level has exceeded the target for 3 quarters in a row | 14 |
| Risk level has exceeded target for 3 quarters in a row and is currently more than 3 points above target | 8 |

| Appetite | |
|---|---|
| Averse | - |
| Minimalist | 1 |
| Cautious | 11 |
| Open | 4 |
| Hungry | - |

# Resources risk summary

| | | | Inherent risk | Residual risk | Target risk | Appetite |
|---|---|---|---|---|---|---|
| RE 1 | Increase in serious data breaches and/or failure to address organisational backlog of Subject Access Requests | Sarah Duxbury | 20 | 12 | 8 | Cautious |
| RE 2 | If we are not able to effectively prioritise Council plan deliverables and/or if demand from services and new priorities outstrips the capacity within Change Programmes, and other support services across the Council, then then desired outcomes will not be delivered. | Sarah Duxbury | 12 | 9 | 6 | Cautious |
| RE 3 | Detriment to outcomes for individuals and communities if we are not able to deliver our Creating Opportunities commitments in a sustainable Community Powered way | Sarah Duxbury | 16 | 9 | 9 | Cautious |
| RE 4 | Social Care System Mosaic fails and is unable to be recovered due to the historical complexity of the applications design | Craig Cusack | 10 | 10 | 2 | Cautious |
| RE 5 | Lack of understanding of the ethical considerations in adopting Artificial Intelligence in delivering Council services | Craig Cusack | 6 | 6 | 4 | Cautious |
| RE 6 | Failure of property rationalisation | Craig Cusack | 12 | 8 | 6 | Open |
| RE 7 | Significant ICT Infrastructure failure due to aging | Craig Cusack | 9 | 6 | 4 | Minimalist |
| RE 8 | Lack of Clear and accurate HR data to support workforce management and planning. | Bal Jacob | 9 | 3 | 3 | Open |
| RE 9 | Sustaining absence levels so that increases do not affect delivery of quality services | Bal Jacob | 12 | 12 | 6 | Open |
| RE 10 | Insufficient resources to deliver the Authority's Council Plan and priorities given identifiable spending pressures and longer-term structural deficit position. | Purnima Kandula | 20 | 16 | 9 | Cautious |
| RE 11 | Investment or improvement decisions are managed ineffectively which results in risk to VFM, optimum investment return or financial loss for the council | Purnima Kandula | 16 | 6 | 4 | Open |
| RE 12 | Financial system control weaknesses increase the risk of errors or fraud leading to financial losses. | Purnima Kandula | 9 | 6 | 4 | Cautious |
| RE 13 | Procurement and Contract Management activity not consistently in line with legislation, Contract Standing Orders and best practice | Purnima Kandula | 9 | 6 | 4 | Cautious |

# Fire & Rescue risk summary

| | | | Inherent risk | Residual risk | Target risk | Appetite |
|---|---|---|---|---|---|---|
| CM 1 | Critical failure of ICT systems that are essential for Fire and Rescue to mobilise to provide critical information | Ben Brook | 15 | 9 | 2 | Cautious |
| CM 2 | Resourcing to Risk - Our resource provision is not effectively aligned to the risk and demand within Warwickshire. | Ben Brook | 16 | 12 | 6 | Cautious |
| CM 3 | National Power Outage: Maintaining statutory duties during Local and/or National Power outage | Ben Brook | 12 | 8 | 4 | Cautious |

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# Resources and Fire & Rescue Overview and Scrutiny Committee
# 05 March 2025

# Treasury Management Quarter 3 Update Report 2024/25

## Recommendation

That Resources and Fire & Rescue Overview and Scrutiny Committee receives and comments upon the update on Treasury Management activity and performance in respect of the first three quarters of the 2024/25 financial year.

## 1. Executive Summary

1.1 This quarterly report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and includes coverage of the following:

i.) a review of the Treasury Management Strategy Statement (TMSS);

ii.) a review of the Council's investment portfolio for 2024/25 (Section 2 & Appendix 1);

iii.) a review of the Council's borrowing strategy for 2024/25, including comments on any debt rescheduling undertaken during 2024/25 (Section 3 & Appendix 1);

iv.) the Council's capital expenditure, liability benchmark, and prudential indicators (Section 4 & Appendix 2); and

v.) an economic update for the reporting period (Appendix 3).

1.2 The following highlights are detailed in this report and annexes:

i.) Treasury operations, balances, and investments during the first three quarters of the year aligned with the Council approved Treasury Management Strategy's security, liquidity, and yield prioritisation.

ii.) Total treasury investments were £282m at the end of Q3, £63m lower than at the beginning of the financial year 2024/25.

iii.) Liquid funds (funds that can be accessed quickly) averaged £97m during the nine-month period, sufficient liquidity has been retained to meet the expected calls on the Council's cash balances to fund service, capital spending and Dedicated Schools Grant High Needs Block revenue overspend.

iv.) Investments' interest rates on the Council's treasury balances which had remained stable through the first four months of the year, slightly reduced in August and November in response to the Bank of England rate reductions.

v.) The average yield on the Council's treasury investments was 4.92% during the nine months, which is a reduction of about two basis points since Q2. This decrease is due to the Monetary Policy Committee reducing interest rates further in November 2025.

vi.) Interest income on treasury investments of £12.8m was achieved during the nine-month period, against a year-to-date budget of £3.7m. At the end of Q3, the full year revenue surplus from interest income is forecast to be £15.4m. It is important to note that while the additional income contributes towards mitigating in-year revenue budget pressures, this income is treated as windfall and cannot be relied upon to be achieved indefinitely as it is impacted by the level of deposits earmarked for the delivery of the capital programme and the negative impact on cash balances of the large and growing Dedicated Schools Grant (DSG) High Needs Block overspend with the Council now relying on the 'statutory override'. Furthermore, this income stream is sensitive to fluctuations in interest rates, which may affect its overall yield and stability.

## 2. Annual Investment Strategy update as at Q3

2.1 The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 8 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being: security of capital, liquidity, and yield.

2.2 This section of the report gives a view of how the Council's treasury operations, investments and performance aligned to these priorities and the overall TMSS.

***Investment balances***

2.3 Throughout the first nine months of the year, the level of funds available for investment purposes averaged £347m. By the end of quarter 3, this total had decreased to £282.7m, representing a further reduction of £26.3m since Q2. These funds were temporarily available, with their levels primarily influenced by the timing of cashflows such as precept payments, grant receipts, payments due, payroll, and progress in the capital programme. It is important to note that cash balances tend to decrease towards the end of the month due to larger payment runs, such as payroll, but recover as we receive income and grants throughout the month. Based on the Q3 revenue forecast and the use of reserves to fund the MTFS, we expect our cash balances to reduce as we utilise our reserves. The in-year deficit on the DSG of £44.4m and the cumulative balance of £84.7m DSG deficit, subject to the 'statutory override' which allows councils to discount DSG deficits on their balance sheets, are also impacting our cash balances. The timing of cash flow fluctuations is temporary, while the use of reserves is permanent until such time as Government provides a long-term solution to this systemic issue arising from national policy decisions.

2.4 About 64% (£181.4m) of total treasury investments are managed in-house through fixed term lending to local authorities and housing associations together with a bank call account, while 36% (£101.3m) was externally managed through money market funds and special purpose variable net asset value funds.

Table 1 Investment Balances movements from the start of the year to Q3

| Investment Type in £ Millions | Balance at 31 March 2024 | Movement | Balance at 31 December 2024 |
|---|---|---|---|
| | **£m** | **£m** | **£m** |
| Housing Association Loans | 40.0 | -28.6 | 11.4 |
| Local Authority Loans | 180.4 | -50.4 | 130.0 |
| Bank Deposits* | 16.4 | 23.6 | 40.0 |
| **Managed In House** | **236.7** | **-55.3** | **181.4** |
| Money Market Funds* | 70.1 | -8.7 | 61.4 |
| VNAV Funds | 39.4 | 0.5 | 39.9 |
| **Externally Managed** | **109.5** | **-8.3** | **101.3** |
| **Total Funds** | **346.3** | **-63.6** | **282.7** |
| ***Highly liquid (funds that can be accessed quickly).** | | | |

2.5 During Q3, our money market funds were predominantly invested in Low Volatility Net Asset Value (LVNAV) funds with an average aggregate holding of £93m. This exceeds our current TMSS guideline which stipulates that no more than £60m should be allocated to any single type of fund and that investments should be diversified across Constant Net Asset Value (CNAV), Low Volatility Net Asset Value (LVNAV), and Variable Net Asset Value (VNAV) funds with a maximum allocation of £60m each, although all LVNAV funds are AAA-rated and thus carry low risk. Our investment portfolio remained diversified, including six different LVNAV money market funds, investments in the local authority market, banks, and VNAV funds.

2.6 Internal monitoring arrangements are being reviewed, and for the 2025/26 strategy, an aggregate NAV fund limit not exceeding £150m has been approved to provide more flexibility, which is justifiable due to the low-risk nature of these investments (in particular CNAV and LVNAV funds).

2.7 Fixed term loans to Local Authorities and Housing Associations have varying remaining maturities averaging 106 days, this is a decrease of 114 days since

Q3. During the quarter there were no new fixed term investments made as maturing amounts were deposited on the money market in line with the Council's liquidity requirements.

2.8 Further information on the Council's liquidity, yields, and performance of our Variable Net Asset Value (VNAV) Funds is in Appendix 1 of this report.

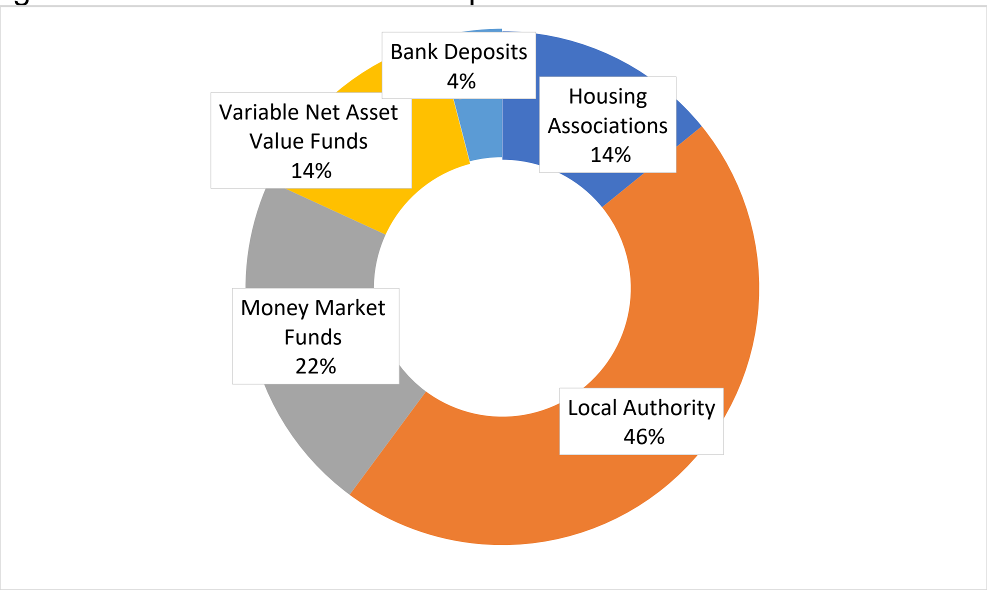
***Creditworthiness***

2.9 Between Q2 and Q3, no changes occurred in the credit ratings of investment counterparties and countries. The Council relies on credit ratings to evaluate the creditworthiness of Treasury investment counterparties. As per the Treasury Management Strategy Statement (TMSS), investments are made in UK-based banks, building societies with a minimum A- Fitch credit rating, and UK local authorities.

***Investment Counterparty Criteria***

2.10 In accordance with the TMSS, we have maintained our emphasis on security and liquidity. This approach results in the Council's treasury investments being spread across diverse sectors which exhibit strong security and liquidity features. The graph below (*Figure 1*) illustrates the sectors and proportions the treasury funds were invested in at the end of the reporting period.

Figure 1 – Investments Sectoral Spread




2.11 Local authorities and housing associations together held 64% of the Council's treasury funds on fixed term loans with varying repayment dates, the latest being March 2027. Investments held with local authorities amounted to £130m, equivalent to 46% of the total investment portfolio.

2.12 About 26% of the Council's treasury investments were instantly accessible and held in Money Market Funds (22%) and an instant access bank account (4%).

All the money market funds in place are rated at the highest form of credit worthiness by all the major three credit rating companies. The remainder (14%) was held in longer term special purpose funds known as variable net asset funds discussed in more detail in Appendix 1.

2.13 Counterparty investments were within the limits set in the Treasury Management Strategy.

***Liquidity***

2.14 The second most important priority in day-to-day treasury activities is liquidity, ensuring funds are available when needed for essential public services and the Council's capital programme. Periodic reviews of forecast cash flows are carried out to inform investment and borrowing decisions. A portion of treasury cash balances are invested in highly liquid funds, such as money market funds and bank call accounts, averaging £97m over three quarters. Longer-term investments are made only when it is certain the funds won't be needed immediately. More details on liquidity are shown in Appendix 1

2.15 Further information on investments at the end of quarter three can be found in Appendix 1, which provides an analysis of liquidity, investment maturity profiles, and yield performance.

## 3. Borrowing

3.1 The TMSS states that the Council will aim to maintain efficient cash levels by running down external investment balances and utilising available cash to finance a portion of the Capital Financing Requirement, which is referred to as internal borrowing. As of the end of Quarter 3, the internal borrowing forecast has decreased from £179m to £36m compared to the TMSS as shown in Table 2 below.

3.2 This change is attributed mainly to the increased use of reserves, which has increased from £20m at budget setting (as reported in the TMSS 24/25) to £64m at Q3. The increase in use of reserves is primarily required to cover the revenue outturn impact and accommodate adjustments to the Medium-Term Financial Strategy (MTFS) in future years.

3.3 In addition, slippage in the capital programme has resulted in expenditure being pushed to future years, reducing the internal borrowing requirements for the current year. Additional details regarding reserve movements and revisions to capital forecasts can be found in the 2024/25 Monitoring report Q3, which was presented to Cabinet on 28 January 2025.

3.4 In line with the MTFS 2025/26, a forecast for the DSG High Needs Block overspend in 2025/26 of £60m has been included, with no assumptions for future years. Without adequate Government funding to address the cumulative deficit, borrowing would need to be increased to maintain liquidity. This would reduce the capacity for internal borrowing, strain the cash position, and lower investment returns.

3.5 Total external borrowing has remained unchanged at £273m at the end of Q3. It is expected that the authority will be required to start borrowing externally from 2025/26.

Table 2 – External and internal borrowing forecast as at Q3

| | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate | 2028/29 Estimate |
|---|---|---|---|---|---|
| **External Debt** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Current Debt | 272.4 | 272.4 | 347.1 | 445.5 | 493.0 |
| Planned Debt repayments | 0.0 | 0.0 | 0.0 | 0.0 | -40.7 |
| New Debt | 0.0 | 74.7 | 98.4 | 47.5 | 0.0 |
| **Actual gross debt at 31 March** | 272.4 | 347.1 | 445.5 | 493.0 | 452.3 |
| Capital Financing Requirement | 308.7 | 430.8 | 527.8 | 577.4 | 554.5 |
| **Under / (over) borrowing** | 36.3 | 83.7 | 82.3 | 84.4 | 102.2 |
| Budget as per the TMSS 2024/25 | 179.4 | 179.4 | 179.4 | 179.4 | 179.4 |
| Change at Q1 | (103.4) | (59.8) | (56.2) | (38.2) | (30.5) |
| Change at Q2 | (31.1) | (13.0) | (4.5) | (7.9) | (2.0) |
| **Change from Budget to Q3** | (8.6 ) | (72.1) | (84.4) | (82.2) | (64.4) |

***PWLB maturity Certainty Rates 1st April to 31st December 2024***

3.6 Medium and long-term government bond yields, and therefore Public Works Loan Board (PWLB) rates, have increased, due to several factors: inflation has been higher than expected, wages are growing at about 5% per year, and the job market is tight with unemployment at just over 4% and more than 800,000 job vacancies.

**HIGH/LOW/AVERAGE PWLB RATES FOR 0.04.24 – 31.12.24**

| | 1 Year | 5 Year | 10 Year | 25 Year | 50 Year |
|---|---|---|---|---|---|
| **02/04/2024** | 5.39% | 4.72% | 4.80% | 5.28% | 5.07% |
| **31/12/2024** | 5.20% | 5.12% | 5.43% | 5.91% | 5.68% |
| **Low** | 4.78% | 4.31% | 4.52% | 5.08% | 4.88% |
| **Low date** | 17/09/2024 | 17/09/2024 | 17/09/2024 | 17/09/2024 | 17/09/2024 |
| **High** | 5.61% | 5.16% | 5.44% | 5.92% | 5.69% |
| **High date** | 29/05/2024 | 19/12/2024 | 19/12/2024 | 19/12/2024 | 27/12/2024 |
| **Average** | 5.22% | 4.80% | 4.96% | 5.43% | 5.21% |
| **Spread** | 0.83% | 0.85% | 0.92% | 0.84% | 0.81% |

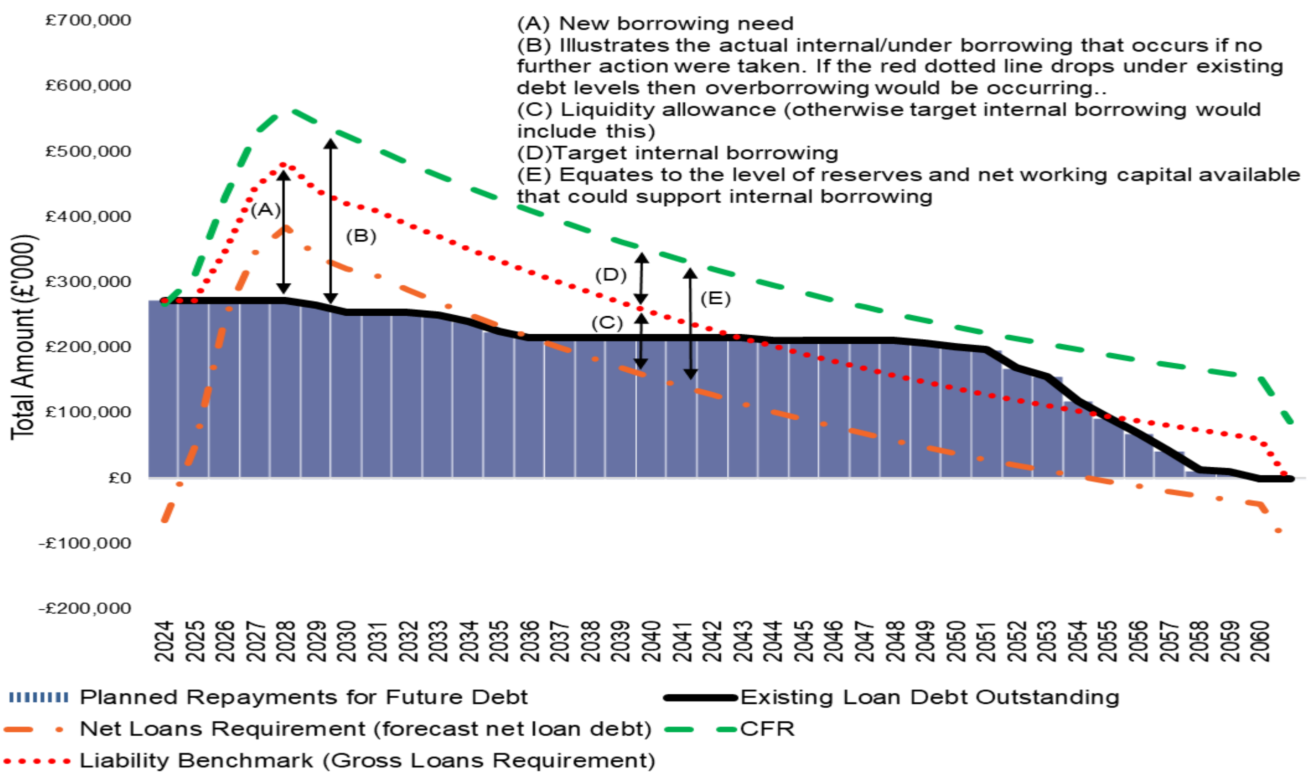
## 4. Liability Benchmark

4.1 The liability benchmark is a prudential indicator comparing the Authority’s current loans with the estimated need for external borrowing. It considers capital spending, cash balances, and liquidity. If current loans are insufficient, more borrowing may be needed; if excessive, cash may need to be invested or borrowing reduced. The liability benchmark is intended to help determine borrowing amounts and timing.

4.2 The benchmark includes assumptions about future borrowing beyond the five-year Medium Term Financial Strategy, showing a decrease until 2050. However, new capital expenditures may alter the actual Capital Financing Requirement (CFR). The benchmark represents the minimum borrowing level compared to the CFR, assuming optimal use of internal resources like reserves and working capital. As capital spending increases and reserves are used instead of borrowing, the gap between external debt (solid black line) and the liability benchmark (dotted red line) narrows until borrowing resumes. The cash liquidity buffer is shown by the gap between the dotted red line (liability benchmark) and the dot-dash orange line (net loans requirement). This buffer is planned to reduce to £100m over time, reflecting more efficient use of resources.

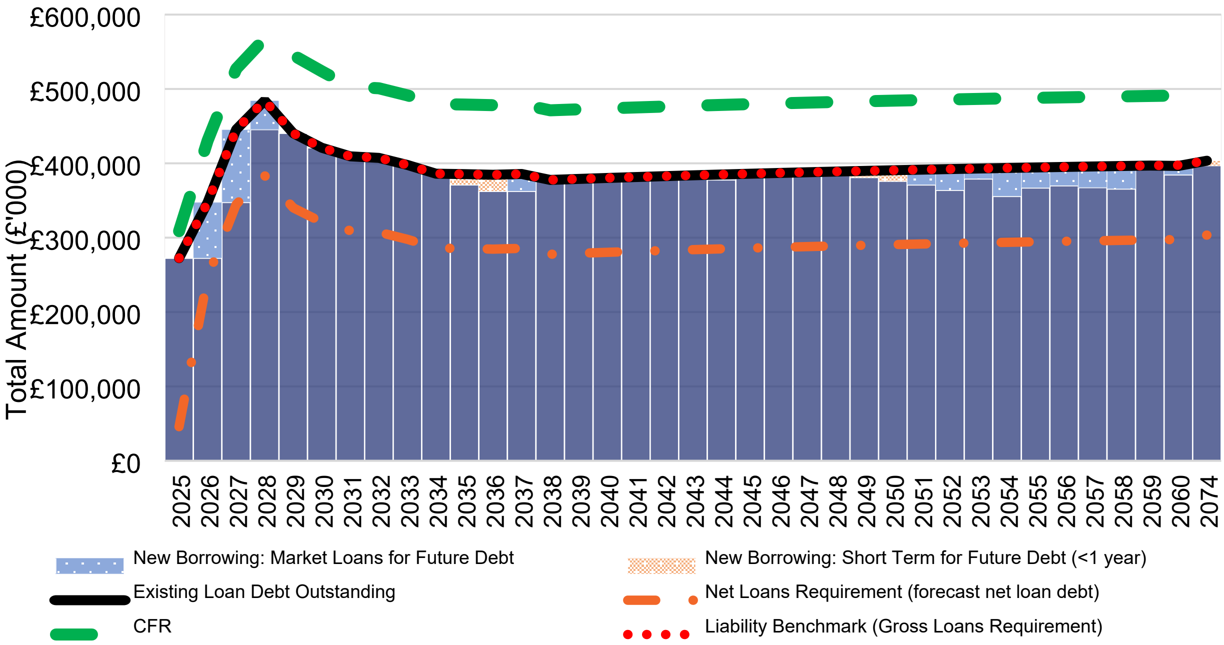
4.3 Figure 2 below illustrates the current Medium-Term Financial Strategy (MTFS) position and projections without future borrowing assumptions.

**Figure 2-Liability Benchmark chart (without management actions)**




4.4 New capital spending and proactive debt management will affect these projections, with an expected rolling programme of new capital spending occurring over time, as shown in Figure 3, which shows borrowing actions to align debt levels with the liability benchmark.

**Figure 3-Liability Benchmark chart (with management actions)**




## 5. Non-Treasury Investments

5.1 In addition to managing the Council's treasury investments and borrowings, the Treasury Management Team are also responsible for managing other non-treasury investments, undertaken in pursuit of achieving the Council's economic, commercial, and social objectives. Among the ongoing non-treasury investments that the team is involved in are loans through the Warwickshire Investment Fund, and loans to the Warwickshire Property and Development Group, and Educaterers, the school catering local authority trading company.

5.2 Non-treasury investments activities are reported and monitored at other governance forums and are excluded from this report which focuses only on treasury management activity.

## 6. Financial Implications

6.1 The financial implications of the treasury management performance and activity are set out in the body of the report.

## 7. Environmental Implications

7.1 The Council is committed to considering environmental, social, and governance (ESG) issues, and has a particular interest in terms of climate change and pursuing activities that have a positive social impact.

7.2 In the TMSS, the Council undertook to ensure an understanding of the degree to which investments may contribute towards climate change and where appropriate, move cash balances to funds that have ESG driven targets, or "green funds". In line with the Council's climate change commitments, this aims to ensure that where possible our investment activities are contributing towards tackling ESG issues, among other undertakings, once requirements for the security and liquidity of investments have taken precedence.

7.3 **Environmental**: The majority (64%) of the treasury investments outstanding at the end of the quarter were fixed-term deposits with other local authorities and housing associations. Of these deposits, 51% by value were with local authorities and housing associations with a climate action plan.

## 8. Timescales Associated with Next Steps

8.1 A Treasury Management Outturn report and Investment Outturn report will be presented to Cabinet after the year-end.

## Appendix

Appendix 1 – Investment and Borrowing Portfolio
Appendix 2 – Prudential Indicators
Appendix 3 – LINK Economic Update

**Background Papers**
None.

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The report was circulated to the following members prior to publication:
Local Member(s): None – this is a County wide report.
Other Members:

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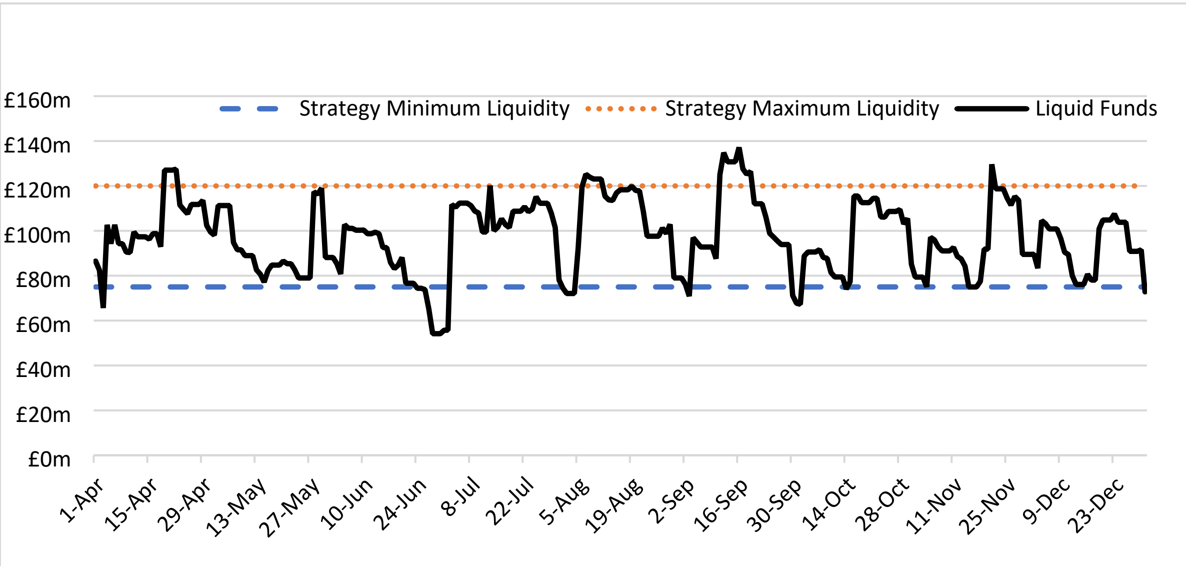
# APPENDIX 1: Investment and Borrowing Portfolios

## 1. Liquidity and Investments Maturity Profile

1.1 The TMSS establishes £75m and £120m as the minimum and maximum target levels for liquid Treasury investments. During the reporting period, liquid funds (bank balances plus money market funds) averaged £97m, with a reduction from £86m at the start of the year to £73m at the end of the quarter (see Figure 1). These liquid funds were invested in money market funds and banks, where interest rates averaged 5.06% and 4.62% respectively during the period.

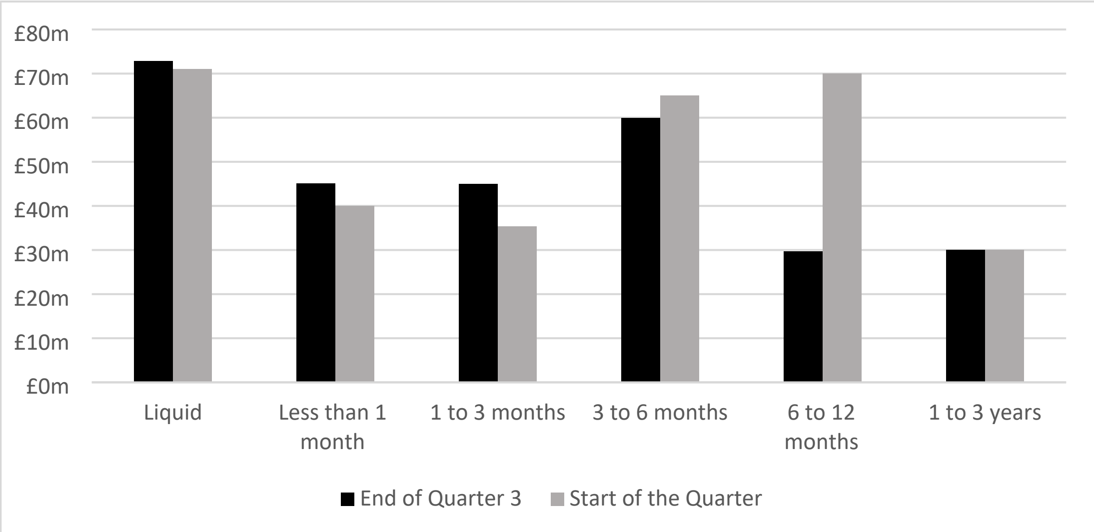
1.2 The few days when the liquidity level fell slightly below the minimum set in the Treasury Management Strategy, were anticipated, and no borrowing was needed since confirmed cashflows were imminent. Regular forecasting is conducted to ensure any shortfalls below or above the thresholds remain brief.

Figure 1 – Liquid Funds over the last three quarters




1.3 Figure 2 shows the investments' maturity profile at the end of the quarter compared to the start of the quarter. Although cash balances have reduced since the start of the year, short-term liquidity has remained relatively stable, with £253m of investments maturing within 12 months at the end of quarter 3, compared to £281m at the start. The weighted average maturity of the investments decreased from 151 days to 110 days at the end of Q3, making the portfolio more liquid. This is largely due to longer dated fixed term investments maturing and not being replaced. Over time as internal borrowing levels increase, this will reduce the amount of longer dated treasury investments that are held.

Figure 2 – Investments Maturity Profile




***Investment Yield***

1.4 Investment yields peaked at the end of last year and remained stable for the first four months of the financial year. They decreased slightly in August and November, coinciding with the Bank of England base rate reduction to 4.75% in November 2024. About 85% of investments yielded between 4.76% and 5.22%, except for the call account and VNAV funds.

1.5 Treasury investments yielded a weighted average of 4.92% during the period, up from 4.54% in the same period of 2023/24. Following the Bank of England base rate reductions in August and November, money market fund yields declined. In contrast, fixed-term investment yields remained stable. It is anticipated that interest rates will continue to decline as the market expects further base rate reductions this year.

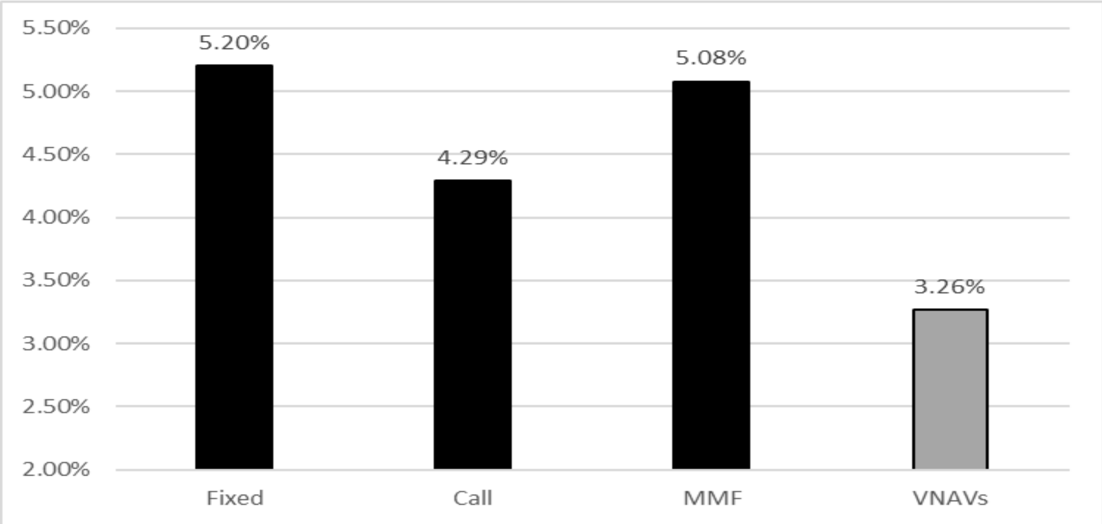
1.6 High interest rates, together with adjustments to the mix of investments, resulted in income from treasury activities outperforming the budget after recording total income of £12.8m compared to a year-to-date budget of £3.6m.

| Investment Yields during the Year | Average Investment Balances £000 | Yield £000 | Budget £000 | Yield % |
|---|---|---|---|---|
| **Managed In House** | **223,271** | **8,628** | **1,470** | **5.15%** |
| Money Market Funds | 84,530 | 3,220 | | 5.08% |
| Variable Net Asset Value Funds | 39,800 | 974 | | 3.26% |
| **Externally Managed** | **124,330** | **4,194** | **2,205** | **4.50%** |
| Total Funds | 347,601 | 12,822 | 4,521 | 4.92% |

## 2. Variable Net Asset Value (VNAV) Investments

2.1 As of 31 December 2024, £39.8m is invested in two VNAV funds, which can vary in value. Over the reporting period, these funds earned £0.974m, yielding 3.26%. This yield is lower compared to other treasury investments.

Figure 3-Investments Yields




2.2 Despite consistent dividends, VNAV funds have seen value fluctuations. The CCLA Property Fund's share price grew 12.79% over ten years, while the Threadneedle Social Bond Fund decreased by 2% since purchase.

2.3 The price of VNAV funds appreciates in low-interest periods and depreciates in high-interest periods. With expected interest rate reductions, the CCLA Property Fund appreciated by 2.65% since the start of the year. A review of the VNAV funds is being undertaken, to assess their ongoing suitability in an environment of higher internal borrowing and lower treasury investment balances to ensure an optimal balance for the portfolio between risk, return and liquidity.

**Investments Held**

| Counterparty | Rate | Principal Outstanding | Counterparty | Rate | Principal Outstanding |
|---|---|---|---|---|---|
| Places for People | 4.50% | £10.0M | Liverpool City Council | 5.45% | £10.0M |
| Metropolitan Housing Trust Limited | 4.40% | £10.0M | Aberdeen City Council | 5.70% | £10.0M |
| Medway Council | 4.40% | £10.0M | West Dunbartonshire Council | 5.60% | £5.0M |
| Yorkshire Housing Limited | 4.35% | £10.0M | London Borough of Barking and Dagenham | 4.35% | £10.0M |
| London Borough of Hillingdon | 5.60% | £5.0M | Blackpool Council | 4.40% | £10.0M |
| Fife Council | 5.60% | £10.0M | Lloyds Bank plc | 4.62% | £11.4M |
| London Borough of Hillingdon | 5.60% | £5.0M | Aberdeen Liquidity Fund - Sterling Fund Class L-1 | 4.77% | £14.9M |
| Doncaster Metropolitan Borough Council | 5.60% | £10.0M | Federated Prime Rate Sterling Liquidity 3 | 4.79% | £21.2M |
| Moray Council | 5.65% | £5.0M | Aviva Investors Sterling Liquidity Fund 3 GBP Inc | 4.78% | £5.4M |
| Derbyshire County Council | 5.60% | £10.0M | Insight Liquidity Sterling C3 | 4.79% | £11.7M |
| Lancashire Police and Crime Commissioner | 5.80% | £10.0M | Deutsche Managed Sterling Platinum | 4.75% | £5.0M |
| Thames Valley Housing Association Ltd | 4.70% | £10.0M | CCLA The Public Sector Deposit 4 | 4.76% | £3.1M |
| Lancashire County Council | 5.45% | £10.0M | CCLA Local Authorities Property Fund | Dividend | £9.7M |
| South Ayreshire Council | 5.45% | £5.0M | CT UK Social Bond Fund | Dividend | £30.1M |
| South Ayreshire Council | 5.45% | £5.0M | **Total Investments** | | **£282.7M** |

# APPENDIX 2: Prudential Indicators

| PRUDENTIAL INDICATOR | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---|---|---|---|---|---|
| **(A). AFFORDABILITY PRUDENTIAL INDICATORS** | | | | | |
| | **Estimate** | **Estimate** | **Estimate** | **Estimate** | **Estimate** |
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **Capital Expenditure as at end of Q3:** | 167,263 | 194,992 | 198,089 | 150,778 | 76,079 |
| **Ratio of financing costs to net revenue stream:** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| a) Capital financing Costs | 24,541 | 26,627 | 31,062 | 35,175 | 37,995 |
| b) Net Revenue Stream | 588,246 | 607,259 | 628,084 | 650,240 | 673,448 |
| **% Financing costs to net revenue stream** | 4.17% | 4.38% | 4.95% | 5.41% | 5.64% |
| **Gross borrowing requirement:** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Capital Financing Requirement as at the end of Q3 | 308,750 | 430,806 | 527,773 | 577,417 | 554,511 |
| Gross Debt | 272,400 | 272,400 | 347,072 | 445,504 | 452,279 |
| New Debt (TMSS) | 0 | 74,672 | 98,431 | 47,485 | 0 |
| Under/(Over) Borrowing | 36,350 | 83,734 | 82,270 | 84,428 | 102,232 |

| | 2024/25 | 2025/26 | 2025/26 | 2025/26 | 2025/26 |
|---|---|---|---|---|---|
| **(B). TREASURY MANAGEMENT PRUDENTIAL INDICATORS** | | | | | |
| | **Approved** | **Approved** | **Approved** | **Approved** | **Approved** |
| **Authorised limit for external debt -** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| External Debt | 520,000 | 626,000 | 646,000 | 629,000 | 604,000 |
| **Operational boundary for external debt -** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| External Debt | 496,942 | 598,383 | 616,910 | 600,731 | 576,917 |
| **Upper limit for fixed interest rate exposure** | | | | | |
| Net principal re fixed rate borrowing / fixed term investments | 100% | 100% | 100% | 100% | 100% |
| **Upper limit for variable rate exposure** | | | | | |
| Net principal re fixed rate borrowing / fixed term investments | 25% | 25% | 25% | 25% | 25% |
| **Upper limit for total principal sums invested for over 365** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| (per maturity date) | £150,000 | £150,000 | £150,000 | £150,000 | £150,000 |

| **Maturity structure of borrowing during year** | upper limit | lower limit |
|---|---|---|
| under 12 months | 20% | 0% |
| 12 months and within 24 months | 40% | 0% |
| 24 months and within 5 years | 60% | 0% |
| 5 years and within 10 years | 100% | 0% |
| 10 years and above | 100% | 0% |

| **Maturity structure of new variable rate borrowing during** | upper limit | lower limit |
|---|---|---|
| under 12 months | 35% | 0% |
| 12 months and within 24 months | 45% | 0% |
| 24 months and within 5 years | 65% | 0% |
| 5 years and within 10 years | 100% | 0% |
| 10 years and above | 100% | 0% |

**APPENDIX 3: Economic Update (provided by Link Group, December 2024)**

## 1. Economics update

- The third quarter of 2024/25 (October to December) saw:
  - GDP (Gross Domestic Product) growth contracting by 0.1% m/m (month/month) in October following no growth in the quarter ending September;
  - The 3myy (3 month year over year) rate of average earnings growth increase from 4.4% in September to 5.2% in October;
  - CPI (Consumer Price Index) inflation increase to 2.6% in November;
  - Core CPI inflation increase from 3.3% in October to 3.5% in November;
  - The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
  - 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).
- The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)
- This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.
- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail

sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024

- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.

- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.

- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.

- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.

- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.
- **MPC meetings: 7th November & 18th December 2024**
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

## 2. Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecast, updated on 11th November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30th October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of 2025, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Moreover, Donald Trump's victory in the US President election paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of any further tax cuts and an expansion of the current US budget deficit.

Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link November Strategic

Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

| Link Group Interest Rate View | 11.11.24 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 |
| BANK RATE | 4.75 | 4.50 | 4.25 | 4.00 | 4.00 | 3.75 | 3.75 | 3.75 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| 3 month ave earnings | 4.70 | 4.50 | 4.30 | 4.00 | 4.00 | 4.00 | 3.80 | 3.80 | 3.80 | 3.50 | 3.50 | 3.50 | 3.50 |
| 6 month ave earnings | 4.70 | 4.40 | 4.20 | 3.90 | 3.90 | 3.90 | 3.80 | 3.80 | 3.80 | 3.50 | 3.50 | 3.50 | 3.50 |
| 12 month ave earnings | 4.70 | 4.40 | 4.20 | 3.90 | 3.90 | 3.90 | 3.80 | 3.80 | 3.80 | 3.50 | 3.50 | 3.50 | 3.50 |
| 5 yr PWLB | 5.00 | 4.90 | 4.80 | 4.60 | 4.50 | 4.50 | 4.40 | 4.30 | 4.20 | 4.10 | 4.00 | 4.00 | 3.90 |
| 10 yr PWLB | 5.30 | 5.10 | 5.00 | 4.80 | 4.80 | 4.70 | 4.50 | 4.50 | 4.40 | 4.30 | 4.20 | 4.20 | 4.10 |
| 25 yr PWLB | 5.60 | 5.50 | 5.40 | 5.30 | 5.20 | 5.10 | 5.00 | 4.90 | 4.80 | 4.70 | 4.60 | 4.50 | 4.50 |
| 50 yr PWLB | 5.40 | 5.30 | 5.20 | 5.10 | 5.00 | 4.90 | 4.80 | 4.70 | 4.60 | 4.50 | 4.40 | 4.30 | 4.30 |

- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

**Resources and Fire & Rescue Overview and Scrutiny Committee**
**Work Programme 2024/2025 – March 2025**

| Item / Lead Officer | Report detail | Date of next report |
|---|---|---|
| Public Question Time/Questions to the Portfolio Holders / Work Programme | Standing items for every meeting. | * Standing item |
| Council Plan 2020 – 2027 Performance Report | Council Plan 2020 – 2027 Performance Report | * Standing item |
| | | |
| Libraries Performance Update | A report on libraries performance | 2 July 2025 |
| Treasury Management and Investment Outturn Report 2024/5 | Annual review of treasury management and investments | 2 July 2025 |
| Year End Integrated Performance Report | End of year report | 2 July 2025 |

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