



**Reigate & Banstead**  
BOROUGH COUNCIL  
Banstead | Horley | Redhill | Reigate

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| <b>Signed off by</b>    | Head of Corporate Policy,<br>Projects and Performance,<br>Chief Finance Officer   |
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| <b>To</b>               | Overview and Scrutiny<br>Committee<br><br>Executive Committee   |
| <b>Date</b>             | Overview and Scrutiny<br>Committee: Thursday, 7<br>September 2023<br><br>Executive: Thursday, 14<br>September 2023<br><br>Council: Thursday, 21<br>September 2023         |
| <b>Executive Member</b> | Deputy Leader and Portfolio<br>Holder for Finance,<br>Governance and Organisation<br><br>Portfolio Holder for Corporate<br>Policy and Resources                           |

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|------------------------------|--------------|
| <b>Key Decision Required</b> | N            |
| <b>Wards Affected</b>        | (All Wards); |

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| <b>Subject</b> | Quarter 1 2023/24 performance report |
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**Recommendations**

**That the Overview and Scrutiny Committee:**

- (i) Notes the Key Performance Indicator performance for Q1 2023/24 as detailed in the report and Annex 1 and makes any observations to the Executive;
- (ii) Notes the Revenue Budget and Capital Programme forecasts for Q1 2023/24 as detailed in the report and Annexes 2 and 3 and makes any observations to the Executive;
- (iii) Notes the Prudential and Treasury Management Indicators and Treasury Management Outturn Report for 2022/23 at Annex 4 and the Quarter 1 Treasury Management Performance Update for 2023/24 at Annex 5 and makes any observations to the Executive;

**That the Executive:**

- (iv) Notes the Key Performance Indicator performance for Q1 2023/24 as detailed in the report and Annex 1;
- (v) Notes the Revenue Budget and Capital Programme forecasts for Q1 2023/24 as detailed in the report and Annexes 2 and 3;
- (vi) Notes the Prudential and Treasury Management Indicators and Treasury Management Outturn Report for 2022/23 at Annex 4 and the Quarter 1 Treasury Management Performance Update for 2023/24 at Annex 5;
- (vii) Recommends to Council to approve the Prudential and Treasury Management Indicators and the Annual Treasury Management Outturn Report for 2022/23 at Annex 4.

**That Council:**

- (viii) Approves the Prudential and Treasury Management Indicators and the Annual Treasury Management Outturn Report for 2022/23 at Annex 4.

**Reasons for Recommendations**

For the Council's performance to be reviewed and for appropriate KPI reporting and budget monitoring arrangements to be in place.

**Executive Summary**

This report provides an overview of the Council's performance for Q1 2023/24, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring and treasury management. It also includes a progress update on the Financial Sustainability Programme.

**The Overview and Scrutiny Committee and Executive have the authority to approve the above recommendations.**

**Statutory Powers**

1. Following the abolition of Best Value Performance Indicators (BVPI) in 2008 and the National Indicator Set (NIS) in 2010, there is no statutorily imposed framework for local authorities to manage performance.
2. The Local Government Act 1972 requires the Council to set the associated annual budget as part of proper financial management. This monitoring report is part of that process.
3. The Chief Finance Officer has a key role to play in fulfilling the requirements of the statutory duty under the Local Government Act 2003 to keep the authority's finances under review during the year and act if there is evidence that financial pressures will result in a budget overspend or if there is a shortfall in income.

## **Background**

4. Each Quarter the Overview and Scrutiny Committee and Executive receive an update on the Council's performance. The report provides an overview of KPIs as well as budgetary performance.
5. KPIs are corporate performance measures and are set in order to demonstrate performance against key corporate objectives.
6. Quarterly budget and treasury management monitoring is a key financial control mechanism that demonstrates that the Council is fulfilling its responsibilities for managing public funds.
7. In November 2021 the Executive approved proposals to pursue a Financial Sustainability Programme to address the forecast Medium Term Financial Plan revenue budget gap. This included a commitment to provide quarterly progress updates on delivery of the Programme.

## **Key Information**

### **Key Performance Indicators – Q1 2023/24**

8. Ten KPIs are reported on in Q1 of 2023/24, the full detail of which is provided in Annex 1.
9. Of the ten KPIs reported on, eight are on target or within agreed tolerances
10. KPI 7 – which reports on affordable housing completions within the borough – is off target and outside of its tolerance, resulting in it being red rated in Q1 reporting. While short of the quarterly target, RBBC has now delivered 1139 affordable units against the overall target of 1100 affordable units set out in the 15-year plan.
11. KPI 10 – which reports on the percentage of household waste recycled and composted within the borough – is also off target and outside of tolerance, resulting in it being red rated in Q1 reporting. This measure is reported 1 quarter in arrears with Q4 2022/23 reported in Q1 2023/24. Q4 saw a net decrease in collected recycling stream tonnages, and while below target, it remains in-line with Q4 performances seen in previous years. The annual recycling rate for 2022/23 is approximately 54.2% just below the 2021/22 figure of 55.6%. The 2022 drought reduced the amount of garden waste sent for recycling (around 1,500 tonnes) which contributed to the overall lower annual percentage.
12. KPI 8 – We have been unable to report on KPI 8 – Local Environmental Quality

Surveys. Due to resourcing challenges in the cleansing team it was not possible to collect data for this indicator in Q1 reporting.

## Revenue Budget Forecast

13. The 2023/24 Original Revenue Budget approved by Council in February 2023 was £23.195m.
14. At 30 June the forecast outturn for Services and Central Budgets is £22.525m against a management budget of £23.195m, resulting in an overall forecast net underspend of £0.670m (2.9%).

| <b>Table 1: REVENUE BUDGET MONITORING at 30 June 2023</b> | <b>Original Budget £m</b> | <b>In-Year Adjustments £m</b> | <b>Management Budget £m</b> | <b>Forecast Outturn £m</b> | <b>Forecast Year-end Variance £m</b> |
|---|---------------------------|-------------------------------|-----------------------------|----------------------------|--------------------------------------|
| Service Budgets   | 19.437                    | 0.006                         | 19.443                      | 19.422                     | (0.021)                              |
| Central Budgets   | 3.758                     | (0.006)                       | 3.752                       | 3.103                      | (0.649)                              |
| <b>Revenue Budget Forecast at 30 June</b>                 | <b>23.195</b>             | <b>0.00</b>                   | <b>23.195</b>               | <b>22.525</b>              | <b>(0.670)</b>                       |

## Service Budgets

15. The 2023/24 Original Budget for Services approved by Council in February 2023 was £19.427m.
16. At 30 June the full year outturn is forecast to be £19.422m against a Management Budget of £19.443m resulting in an underspend of £0.021m (0.1%).
17. The key variances are:

### Organisation:

- Organisational Development & Human Resources - £0.117m overspend driven by higher interim pay costs to support the 23/24 restructure.
- Property & Facilities - £0.103m overspend due to higher maintenance costs at The Harlequin and Clarendon Road Car Park
- ICT - £0.098m overspend due to higher consultancy costs and contract renewals.

### Place

- Car Parking - £0.154m underspend driven by historic budget not yet adjusted following termination of SCC on-street parking contract.
- Street Cleansing - £0.099m underspend driven by lower pay costs due to vacancies.

### People

- No significant variances at Q1.

Further detail is provided at Annex 2.

### **Central Budgets**

18. The Original Budget for Central budgets approved by Council in February 2023 was £3.758m
19. At 30 June the forecast outturn is £3.103m against a Management Budget of £3.752m resulting in an underspend of £0.649m (17.3%).
20. This underspend is mainly a result of favourable interest rates, more funds on deposit and lower than budgeted borrowing. Further detail is provided at Annex 2.

### **Investment Income**

21. Forecast income from property rents at Quarter 1 is £3.419m compared to the £4.218m that was received in 2022/23. This represents 21.3% of the net revenue budget for 2022/23.

### **Capital Programme Monitoring**

22. At 30 June, the Capital Programme Budget was £28.61m, including £24.12m of approved carry-forward capital allocations from 2022/23 and a £0.15m addition approved by Full Council in March 2023.
23. The forecast outturn position is £20.47m which is £8.14m (2%) below the approved Programme for the year. The variance is driven by £8.14m of slippage.
24. The main reasons for the slippage at the end of Quarter 1 were:
  - Beech House (£3.00m slippage) with expenditure now expected in 2024/25, subject to business case approval.
  - Merstham Recreation Ground (£1.35m) slippage with main construction expenditure now expected in 2024/25.
  - Earlswood Depot (£0.76m) slippage with expenditure now expected in 2024/25.

Further detail is provided at Annex 3.

### **Financial Sustainability Programme (FSP) Update**

25. A comprehensive update on the Financial Sustainability Programme was provided to the committee on in Q4 2022/23. There are no substantive changes to the information provided last quarter, however work on a range of projects and activities contributing to the Programme continues.
26. Work in Q1 has included starting to prepare for the draft budget for 2024/25, including looking at how current inflationary levels should be reflected in locally set fees and charges.

27. The Financial Sustainability Programme was subject to internal audit in Summer 2023 and received substantial assurance.

### Treasury Management

28. This report confirms compliance with the requirements of the regulatory framework for treasury management.
- Annex 4 sets out the Prudential and Treasury Management Indicators and the Treasury Management Outturn for 2022/23; and
  - Annex 5 sets out the Quarter 1 Treasury Management Performance Update for 2023/24.
29. The Council is required to receive and approve three treasury reports each year, plus quarterly performance updates:
- (i) **Annual Treasury Management Strategy, Investment Strategy and Capital Strategy (in combination referred to as ‘the Strategy’)** – sets the framework for treasury management activities in the following financial year.
  - (ii) **Mid-Year Treasury Management Report** – update on the current borrowing and investment position, with recommendations for amended prudential indicators and revised policies where necessary.
  - (iii) **Prudential and Treasury Management Indicators and Treasury Management Outturn Report** – a backward-looking review, focussing on the previous year’s performance.

### Options

30. The Overview and Scrutiny Committee has two options:
- Option 1:** Note the report and make no observations to the Executive.
  - Option 2:** Note the report and make any observations to the Executive.
31. The Executive has two Options:
- Option 1:** Note the report and make no observations/comments to the Head of Corporate Policy, Projects, and Business Assurance and/or Chief Finance Officer.
  - Option 2:** Note the report and make any observations/comments to the Head of Corporate Policy, Projects, and Business Assurance and/or Chief Finance Officer.
32. Council has two Options:
- Option 1:** Approve the recommendations of the Executive.
  - Option 2:** Reject the recommendations of the Executive

### Legal Implications

33. There are no legal implications resulting from this report

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| <b>Financial Implications</b>  |
| 34. There are no additional financial implications arising from this report.   |
| <b>Equalities Implications</b>   |
| 35. There are no equalities implications arising from this report.   |
| <b>Communication Implications</b>  |
| 36. There are no communication implications arising from this report.  |
| <b>Environmental Sustainability Implications</b>   |
| 37. There are no environmental sustainability implications arising from this report.                                 |
| <b>Risk Management Considerations</b>  |
| 38. There are no additional risk management implications arising from this report.                                   |
| <b>Procurement/Contract Management and Subsidy Considerations</b>  |
| 39. There are no additional risk management implications arising from this report.                                   |
| <b>Consultation</b>  |
| 40. The report has been reviewed by the Council's Corporate Governance Group.  |
| <b>Policy Framework</b>  |
| 41. Robust performance management is integral to measuring the extent to which policy objectives have been achieved. |
| <b>Background Powers</b>   |
| 42. None   |

## **Annexes**

Annex 1: Q1 2023/24 Key Performance Indicator Dashboard

Annex 2: Q1 2023/24 Revenue Budget Monitoring Report

Annex 3: Q1 2023/24 Capital Budget Monitoring Report

Annex 4: Prudential & Treasury Management Indicators and Treasury Management Outturn 2022/23

Annex 5: Q1 2023/24 Treasury Management Report