



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

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| Signed off by | Head of Corporate Policy, Chief Finance Officer |
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| To | Overview and Scrutiny Committee, Executive |
| Date | Overview and Scrutiny Committee, 8 September 2022 Executive, 15 September 2022 |
| Executive Member | Deputy Leader and Portfolio Holder for Finance and Governance, Portfolio Holder for Corporate Policy and Resources |

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| Key Decision Required | N |
| Wards Affected | (All Wards); |

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| Subject | Quarter 1 2022/23 Performance Report |
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| Recommendations |
| <p>That the Overview and Scrutiny Committee:</p> <ul style="list-style-type: none"> (i) Note the Key Performance Indicator Performance for Q1 2022/23 as detailed in the report and Annex 1 and make any observations to the Executive; (ii) Note the Budget Monitoring forecasts for Q2 2022/23 as detailed in the report and at Annexes 2 and 3 and make any observations to the Executive; (iii) Note the update on the Financial Sustainability Programme (FSP) at Annex 4. <p>That the Executive:</p> <ul style="list-style-type: none"> (iv) Note the Key Performance Indicator performance for Q1 2022/23 as detailed in the report and Annex 1; (v) Note the Budget Monitoring forecasts for Q1 2022/23 as detailed in the report and at Annexes 2 and 3; (vi) Note the update on the Financial Sustainability Programme (FSP) 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 2022/23, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring. 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. |

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| Statutory Powers |
| <ol style="list-style-type: none"> 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 KPI 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 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 2022/23

8. Ten KPIs are reported on in Q1 of 2022/23, the full detail of which is provided in Annex 1.
9. Of the ten KPIs reported on, nine are on target or within agreed tolerance.
10. KPI 10 which tracks the Council's recycling performance in Q4 (reported one quarter in arrears is off target and is outside of its tolerance, resulting in it being red rated. Despite falling short of the 60% target, the Council's cumulative 2021/22 performance of 55.6% is the strongest on record. The continued roll out of the full kerb side recycling service to flats, reduction in contamination and a rationalisation of bring sites is expected to further improve upon the Council's recycling performance.

Revenue Budget Forecast

11. The 2022/23 Original Revenue Budget approved by Council in February 2022 was £19.980m.
12. At 30 June the forecast outturn for Services and Central Budgets is £19.558m against a management budget of £20.062m, including £0.081m of unspent budget carried forward from 2021/22, resulting in an overall forecast net underspend of £0.504m (2.5%).

| Table 1: REVENUE BUDGET MONITORING at 30 June 2022 | Original Budget £m | In-Year Adjustments £m | Management Budget £m | Forecast Outturn £m | Forecast Year-end Variance £m |
|---|---------------------------|-------------------------------|-----------------------------|----------------------------|--------------------------------------|
| Service Budgets | 18.022 | 0.081 | 18.104 | 18.097 | (0.007) |
| Central Budgets | 1.958 | 0.000 | 1.958 | 1.461 | (0.497) |
| Revenue Budget Forecast at 30 Jun | 19.980 | 0.081 | 20.062 | 19.558 | (0.504) |

Service Budgets

13. The 2022/23 Original Budget for Services approved by Council in February 2022 was £18.022m.
14. At 30 June the full year outturn is forecast to be £18.097m against a Management Budget of £18.104m resulting in an underspend of £0.007m.
15. The key variances are:

Organisation:

- Property & Facilities - £0.617m overspend due to lower forecast rental income due to leases expiring.

Place

- Refuse & Recycling - £0.372m underspend due to increased income from a higher volume of Garden Waste subscriptions.
- Car Parking - £0.309m underspend due to higher than expected income from Pay & Display car parks and lower staff costs.
- Building Control - £0.101m underspend due to projected surplus rather than the loss anticipated when the budget was approved
- Planning Policy & Development Services - £0.099m underspend due to vacancies across the team, partially offset by lower planning income.

Central Budgets

16. The Original Budget for Central budgets approved by Council in February 2022 was £1.958m
17. At 30 June the forecast outturn is £1.461m against a Management Budget of £1.958m resulting in an underspend of £0.497m (25.4%).
18. This overspend is mainly a result of higher net interest receivable on treasury investments than originally expected.

Investment Income

19. Forecast income from property rents at Quarter 1 is £3.942m compared to the £4.316m that was received in 2021/22. This represents 19.6% of the net revenue budget for 2022/23.

Government Funding Distribution

20. Following on from grant distribution arrangements during the COVID-19 pandemic, the Government continues to require local authorities to act as its agent in distributing new funding streams to local residents. The sums distributed during Quarter 1 are summarised at Annex 2, Section 2.1.
21. While some additional administration funding has been provided, administration of these duties remains challenging and places additional demands on capacity in the Revenues, Benefits & Fraud and Finance teams. Also on the service teams that administer the funding streams.

Capital Programme Monitoring

22. At 30 June, the Capital Programme Budget was £67.64m (including £36.98m of approved carry-forward capital allocations from 2021/22).
23. Council approved an additional £0.375m expenditure on Preston Parking Improvements. This will be funded through a Strategic CIL allocation that was approved in Quarter 1.
24. The forecast outturn position is £37.42m which is £30.22m (44.7%) below the approved Programme for the year. The variance is driven by £30.18m slippage and a net underspend of £0.04m.
25. The main reason for the slippage at the end of Quarter 1 was:
 - Housing Delivery Programme (£30.0m slippage) – these capital funds have been allocated to fund investment in new affordable housing. There are no specific developments planned at this time. Forecasts will be updated when new business cases are developed.

Financial Sustainability Programme (FSP) update

26. Taking into account the forecast funding gap that the Council is facing, the parameters within which it can operate, and building on experience to date, in November 2021 the Executive agreed to pursue a Financial Sustainability Programme.
27. The Medium-Term Financial Plan presented to the Overview and Scrutiny Committee and Executive in July 2022 set out the latest financial forecasts and explained the approach that is being taken with respect of the Programme.
28. The Programme comprises the projects and activities that are being deployed to address the Council's financial sustainability challenges over coming years and is key to overcoming them.
29. An update on Financial Sustainability Programme activity in Quarter 1 of 2022/23 is available at Annex 4.

Options

1. 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.
2. 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 Head of Finance.
 - **Option 2:** Note the report and make any observations/comments to the Head of Corporate Policy, Projects and Business Assurance and/or Head of Finance.

Legal Implications

3. There are no legal implications resulting from this report

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| Financial Implications |
| 4. There are no additional financial implications arising from this report. |
| Equalities Implications |
| 5. There are no equalities implications arising from this report. |
| Communication Implications |
| 6. There are no communication implications arising from this report. |
| Environmental Sustainability Implications |
| 7. There are no environmental sustainability implications arising from this report. |
| Risk Management Considerations |
| 8. There are no additional risk management implications arising from this report. |
| Other Implications |
| 9. There are no other implications arising from this report. |
| Consultation |
| 10. The report has been reviewed by the Council's Corporate Governance Group. |
| Policy Framework |
| 11. Robust performance management is integral to measuring the extent to which policy objectives have been achieved. |
| Background Powers |
| <i>None</i> |