



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

Signed off by	Chief Finance Officer, Head of Corporate Policy, Projects and Performance
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To	Overview and Scrutiny Committee Executive
Date	Overview and Scrutiny Committee: Thursday, 7 December 2023 Executive: Thursday, 16 November 2023
Executive Member	Deputy Leader and Portfolio Holder for Finance, Governance and Organisation, Portfolio Holder for Corporate Policy and Resources

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Quarter 2 2023/24 Performance Report
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Recommendations	
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That the Overview and Scrutiny Committee:

- (i) **Notes the Key Performance Indicators for Q2 2023/24 as detailed in the report and annex 1 and make any observations to the Executive;**
- (ii) **Notes the Revenue Budget and Capital Programme forecasts for Q2 2023/24 as detailed in the report and Annexes 2, 3 and 4 and makes any observations to the Executive;**
- (iii) **Notes the Quarter 2 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 Indicators for Q2 2023/24 as detailed in the report and annex 1;**
- (v) **Notes the Revenue Budget and Capital Programme forecasts for Q2 2023/24 as detailed in the report and Annexes 2 and 3;**
- (vi) **Notes the Quarter 2 Treasury Management Performance Update for 2023/24 at Annex 5;**

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 Q2 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 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

8. Ten KPIs are reported on in Q2, the full detail of which is provided in annex 1.
9. Of the ten KPIs reported on, eight are on target or within their agreed tolerance.
10. The following are off target:
 - KPI 6 – housing completions.
 - KPI 7 – affordable housing.
11. Additional information is provided in annex 1.
12. We were unable to report on KPI 8 in Q1 reporting. However, the issue preventing reporting has now been rectified, with reporting resuming in Q2.

Revenue Budget Forecast

13. The 2023/24 Original Revenue Budget approved by Council in February 2023 was £23.194 million.
14. At 30 September, the forecast outturn for Services and Central Budgets is £21.911 million against a management budget of £23.194 million, resulting in an overall forecast net underspend of £1.283 million (5.5%).

Table 1: REVENUE BUDGET MONITORING at 30 September 2023	Original Budget £m	In-Year Adjustments £m	Management Budget £m	Forecast Outturn £m	Forecast Year-end Variance £m
Service Budgets	20.611	(0.441)	20.170	19.967	(0.203)
Central Budgets	2.583	0.441	3.024	1.944	(1.080)
Revenue Budget Forecast at 30 September	23.194	0.00	23.194	21.911	(1.283)

Service Budgets

15. The 2023/24 Original Budget for Services approved by Council in February 2023 was £20.611 million.
16. At 30 September, the full year outturn is forecast to be £19.987 million against a Management Budget of £20.170 million resulting in an underspend of £0.203 million (1%).
17. The key variances are:

Organisation:

- Property & Facilities - £0.355m overspend due to higher maintenance costs at properties including The Harlequin and Clarendon Road Car Park
- Organisational Development & Human Resources - £0.142m overspend driven by higher interim pay costs to support the service restructure.
- ICT - £0.124m overspend due to higher consultancy costs and contract renewals.
- Energy Costs – £0.497m underspend due to renegotiation of energy contract.

Place

- Refuse & Recycling - £0.210m overspend driven by lower recycle prices partially offset by a higher number of garden waste subscribers and lower pay costs due to vacancies.
- Car Parking - £0.121m underspend driven by historic budget not yet adjusted following termination of the on-street parking contract. An adjustment will be made in the 2024/25 budget.

People

- No significant variances at Q2.

Further detail is provided at Annex 2.

Central Budgets

18. The Original Budget for Central budgets approved by Council in February 2023 was £2.583 million.
19. At 30 September, the forecast outturn is £1.944 million against a Management Budget of £3.024 million resulting in an underspend of £1.080 million (55.7%).
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 2 is £3.722 million compared to the £4.218 million that was received in 2022/23. This represents 16% of the net revenue budget for 2023/24.

Capital Programme Monitoring

22. At 30 September, the Capital Programme Budget was £36.840 million, including £24.120 million of approved carry-forward capital allocations from 2022/23, £8.380 million of CIL allocations and a £0.150 million addition approved by Full Council in March 2023.
23. The forecast outturn position is £27.074 million which is £9.752 million (26%) below the approved Programme for the year. The variance reflects £9.752 million of slippage.
24. The main reasons for the slippage at the end of Quarter 2 were:
 - Beech House (£3.000m slippage) with expenditure now expected in 2024/25, subject to business case approval.
 - Merstham Recreation Ground (£2.570m) slippage with procurement of works underway and construction expenditure now expected in 2024/25.
 - Car Park Capital Works (£0.760m) slippage with expenditure now expected in 2024/25.

Further detail is provided at Annex 3.

Financial Sustainability Programme (FSP) Update

25. Annex 4 provides an update on the range of projects and activities that have taken place in the Financial Sustainability Programme up to the end of Q2.

Treasury Management

26. This report confirms compliance with the requirements of the regulatory framework for treasury management.
 - Annex 5.1 sets out the Quarter 2 Treasury Management Performance Update and Prudential Indicators for 2023/24.
27. 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

28. The Overview and Scrutiny has two options:

- **Option 1:** note the report and make no observations to the Executive.
- **Option 2:** note the report and make observations to the Executive.

29. The Executive has two options:

- **Option 1:** Note the report and make no observations to the Head of Corporate Policy, Projects and Business Assurance and/or Chief Finance Officer.
- **Option 2:** Note the report and make any observations to the Head of Corporate Policy, Projects and Business Assurance and/or Chief Finance Officer.

Legal Implications

30. There are no legal implications arising from this report.

Financial Implications

31. There are no additional financial implications arising from this report.

Equalities Implications

32. There are no equalities implications arising from this report.

Communication Implications

33. There are no communication implications arising from this report.

Environmental Sustainability Implications

34. There are no environmental sustainability implications arising from this report.

Risk Management Considerations

35. There are no additional risk management implications arising from this report.

Procurement/Contract Management and Subsidy Considerations

36. There are no procurement, contract management and/or subsidy considerations arising from this report.

Other Implications

37. There are no other implications arising from this report.

Consultation

38. The report has been reviewed by the Council's Corporate Governance Group.

Policy Framework

39. Robust performance management is integral to measuring the extent to which policy objectives have been achieved.

Background Papers

None.

Annexes:

Annex 1 – Q2 2023/24 Key Performance Indicators

Annex 2 – Q2 2023/24 Revenue Budget Monitoring

Annex 3 – Q2 2023/24 Capital Budget Monitoring

Annex 4 – Q2 2023/24 FSP Update

Annex 5.1 – Q2 2023/24 Treasury Management Report

Annex 5.2 – Q2 2023/24 Prudential Indicators