



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

Signed off by	Chief Finance Officer, Head of Corporate Policy, Projects and Performance
Author	David Brown, Finance Manager Luke Harvey, Project & Performance Team Leader Pat Main, Chief Finance Officer
Telephone	Tel: 01737 276519, Tel: 01737 276063
Email	david.brown@reigate-banstead.gov.uk luke.harvey@reigate-banstead.gov.uk pat.main@reigate-banstead.gov.uk
To	Overview and Scrutiny Committee Executive
Date	Overview and Scrutiny Committee: Thursday, 14 March 2024 Executive: Thursday, 21 March 2024
Executive Member	Deputy Leader and Portfolio Holder for Finance and Governance

Key Decision Required	Y
Wards Affected	(All Wards);

Subject	Quarter 3 2023/24 performance report
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Recommendations
That the Overview and Scrutiny Committee:

- (i) Notes the Key Performance Indicators for Q3 2023/24 as detailed in the report and Annex 1 and make any observations to the Executive;
- (ii) Notes the proposed Key Performance Indicators to be reported on in 2024/25 as detailed in Annex 1.1.
- (iii) Notes the Revenue Budget and Capital Programme forecasts for Q3 2023/24 as detailed in the report and Annexes 2, 3 and 4 and makes any observations to the Executive;
- (iv) Notes the Q3 Treasury Management Performance and Prudential indicator Updates for 2023/24 at Annex 5 and makes any observations to the Executive; and
- (v) Notes the update on risks relating to Homelessness at Annex 6.

That the Executive:

- (i) Notes the Key Performance Indicators for Q3 2023/24 as detailed in the report and Annex 1.
- (ii) Approve the Key Performance Indicators to be reported on in 2024/25 as detailed in Annex 1.1.
- (iii) Notes the Revenue Budget and Capital Programme forecasts for Q3 2023/24 as detailed in the report and Annexes 2, 3 and 4;
- (iv) Notes the Q3 Treasury Management Performance and Prudential Indicator Updates for 2023/24 at Annex 5; and
- (v) Notes the update on risks relating to Homelessness at Annex 6.

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 Q3 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 and a new annex focussing on rising homelessness levels.

The Overview and Scrutiny Committee, Executive have the authority to approve their respective 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. The Executive has approved a Financial Sustainability Programme to address the forecast Medium Term Financial Plan revenue budget gap. This includes a commitment to provide quarterly progress updates on delivery of the Programme.

Key Information

Key Performance Indicators – Q3 2023/24

8. Ten KPIs are reported on in Q3, the full detail of which is provided in annex 1.
9. Of the ten KPIs reported on, eight are on target or within the set tolerance.
10. The following KPIs are off target:
 - KPI 1 – Council Tax collection
 - KPI 7 – affordable housing completions
11. Additional information is provided in annex 1.

Key Performance Indicators – 2024/25

12. Annex 1.1 sets out the KPIs to be reported on in 2024/25.
13. The indicators reported on in 2023/24 are proposed to be carried forward for 2024/25. The KPIs are considered to continue to reflect the Council's corporate objectives as set out in our current Corporate Plan.
14. In parallel with the preparation of the new Corporate Plan for the period 2025-2030, an updated set of KPIs will be developed alongside a member task and finish group. This process will take place in 2024/25, with new indicators reported from 2025/26 onwards and will make sure that the KPIs continue to reflect corporate priorities for the next plan period. The new Corporate Plan is due to take effect from Q1 2025/26.

Revenue Budget Forecast

15. The 2023/24 Original Revenue Budget approved by Council in February 2023 was

£23.194 million.

16. At 31 December, the forecast outturn for Services and Central Budgets is £21.847 million against a management budget of £23.194 million, resulting in an overall forecast net underspend of £1.347 million (5.8%).

Table 1: REVENUE BUDGET MONITORING at 31 December 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	20.120	(0.050)
Central Budgets	2.583	0.441	3.024	1.727	(1.297)
Revenue Budget Forecast at 30 September	23.194	0.00	23.194	21.847	(1.347)

Service Budgets

17. The 2023/24 Original Budget for Services approved by Council in February 2023 was £20.611 million.
18. At 31 December, the full year outturn is forecast to be £20.120 million against a Management Budget of £20.170 million resulting in an underspend of £0.050 million (0.2%).
19. The key variances are:

Organisation:

- Property & Facilities - £0.458m overspend due to council tax costs at The Rise and higher maintenance costs at other properties including Regent House and Redhill Distribution Centre.
- Organisational Development & Human Resources - £0.220m overspend driven by higher interim pay costs to support the service restructure.
- Electoral Services - £0.120m underspend due to lower elections costs and staff vacancies, some of which will be transferred to reserves for the next election.
- ICT - £0.114m overspend due to higher consultancy costs and contract renewals.
- Energy Costs – £0.271m underspend due to renegotiation of energy contract.

Place

- Refuse & Recycling - £0.207m overspend driven by lower recyclate prices partially offset by a higher number of garden waste subscribers and lower pay costs due to vacancies.
- Car Parking - £0.143m underspend driven by historic budget not yet adjusted following termination of the on-street parking contract.
- Environmental Licencing - £0.152m underspend driven by higher Private Hire income.

People

- No significant variances at Q3.

20. Further details are provided at Annex 2.

Central Budgets

21. The Original Budget for Central budgets approved by Council in February 2023 was £2.583 million.
22. At 31 December, the forecast outturn is £1.727 million against a Management Budget of £3.024 million resulting in an underspend of £1.297 million (42.9%).
23. This underspend is mainly a result of favourable interest rates on investments, more funds on deposit and lower than budgeted borrowing.
24. Further details are provided at Annex 2.

Investment Income

25. Forecast income from property rents at Quarter 3 is £4.131 million compared to the £4.218 million that was received in 2022/23. This represents 17.8% of the net revenue budget for 2023/24.

Capital Programme Monitoring

26. At 31 December, the Capital Programme Budget was £36.033 million, including £24.120 million of approved carry-forward capital allocations from 2022/23, £7.427 million of CIL allocations and a £0.150 million addition approved by Full Council in March 2023.
27. The forecast outturn position is £18.470 million which is £17.563 million (49%) below the approved Programme for the year. The variance is primarily due to slippage.
28. The main reasons for the slippage at the end of Quarter 3 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.
 - Vehicles & Plant Programme (£1.560m) slippage with expenditure now expected in 2024/25.
 - Horley Public Realm Improvements (£0.930m) slippage with physical delivery expected in summer 2024.
 - Horley Subway Refurbishment (£0.770m) slippage with physical delivery now expected in late 2024.
 - Car Park Capital Works (£0.760m) slippage with expenditure now expected in 2024/25.
29. Further details are provided at Annex 3.
30. In addition, the Council has previously committed to spend up to £30.0 million on investment in affordable housing to support implementation of the Housing Delivery

Strategy, to be funded from available grants and calls on capital and revenue reserves as appropriate to each scheme. There are no new developments planned at this time in addition to the investment in temporary and emergency accommodation as detailed at Annex 3. Forecasts will be updated when new business cases are approved.

Financial Sustainability Programme (FSP) Update

31. Annex 4 provides an update on the projects and activities that have taken place in the Financial Sustainability Programme up to the end of Q3.

Treasury Management

32. This report confirms compliance with the requirements of the regulatory framework for treasury management.
33. 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.
34. Annex 5.1 sets out the Quarter 3 Treasury Management Performance Update and Annex 5.2 sets out the Quarter 3 Prudential Indicators for 2023/24.

Homelessness Costs – Risks and Focus

35. A key current risk for all councils is the increasing level of homelessness and the burden this is placing on local authority budgets and annual spending requirements. This has become a ‘red’ risk for many councils.
36. This authority has, to date, been able to contain the cost of homelessness through prudent budgeting and by establishing a Homelessness Prevention Reserve which can be drawn upon when required, to help offset the costs. The financial impacts being the cost of providing temporary accommodation, including bed and breakfast.
37. The authority receives an annual homelessness prevention grant from Government which is set aside in the Reserve to help pay for part of these costs in addition to the annual homelessness budget that is managed by the Housing service. In 2023/24 the grant received was £0.686 million and for 2024/25 the grant is £0.695 million plus a further ‘top up’ grant for 2024/25 that was announced in March 2024 of £0.284 million. It must be noted that this grant is not guaranteed every year and could easily be exhausted if the cost of homelessness continues to rise.

- 38. The Homelessness Prevention Reserve currently stands at £1.314 million plus the £0.695 million and £0.284 million grants for 2024/25 which will be added to it in April 2024.
- 39. Despite the relatively strong reserves forecast, it is essential that the Council remains on alert in terms of the significant risks associated with homelessness and the financial strain this could place on the council's budget if matters escalate. For example, in 2023/24 the service is forecast to spend £0.423 million above the Council budget allocation (details at Annex 2) with this overspend being funded by a call on the Homelessness Prevention Reserve. In terms of comparative spending, this Council's cost of bed and breakfast accommodation increased by £0.300 million between 2022/23 and 2023/24. Officers in the Housing service report that they do not expect to see a decline in demand for temporary accommodation in the immediate future based on current trends.
- 40. Further details are set out at Annex 6: Homelessness Focus, which sets out the supporting statistics for the homelessness caseload within the borough. This information provides the context for managing and monitoring this budget risk.
- 41. Further updates on homelessness will be provided as part of quarterly performance reporting and budget-setting.

Options

- 1. Overview and Scrutiny Committee has two options:
 - **Option 1** – To note the report and make no observations to the Executive.
 - **Option 2** – To note the report and make observations to the Executive.
- 2. Executive has two options:
 - **Option 1** – To note the report, approve the Key Performance Indicators to be reported on in 2024/25 and make any observations to the Head of Corporate Policy, Projects and Performance and/or Chief Finance Officer.
This is the recommended option.
 - **Option 2** – note the report, to not approve the Key Performance Indicators to be reported on in 2025/25 and make any observations/comments to the Head of Corporate Policy, Projects and Performance and/or Chief Finance Officer.

Legal Implications

- 3. There are no legal implications arising from this report.

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 communications 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 risk management implications arising from this report.
Procurement/Contract Management and Subsidy Considerations
9. There are no procurement/contract management and subsidy considerations arising from this report.
Other Implications
10. There are no other implications arising from this report.
Consultation
11. The report has been reviewed by the Council's Corporate Governance Group. There are no other consultation implications arising from this report.
Policy Framework
12. Robust performance management is integral to measuring the extent to which policy objectives have been achieved.
Background Powers
None.

ANNEXES

- 1.1 Q3 Key Performance Indicators
- 1.2 Key Performance Indicators for 2024/25 reporting
2. Q3 2023/24 Revenue Budget Monitoring
3. Q3 2024/24 Capital Budget Monitoring
4. Q3 FSP Update 2023/24
- 5.1 Q3 2023/24 Treasury Management performance update
- 5.2 Q3 2023/24 Prudential Indicators
6. Homelessness Focus 2023/24