

Overview and Scrutiny Committee – 14 March 2024

Draft Minute 78 - Quarter 3 2023/24 Performance Report

The Committee received the Performance Reports for Quarter 3 2023/24 including the Key Performance Indicators (KPIs), the proposed Key Performance Indicators (KPIs) to be reported on in 2024/25, Revenue Budget and Capital Programme forecasts for Quarter 3 2023/24, the Treasury Management Performance and Prudential indicator Updates for Quarter 3 2023/24, and the update on risks relating to Homelessness. The reports were due to be presented to the Executive on 21 March 2024.

The Quarter 3 2023/24 Performance Report was published on the Council's website as part of the Committee's agenda pack which can be viewed here:

[Agenda for Overview and Scrutiny Committee on Thursday, 14th March, 2024, 7.30 pm | Reigate and Banstead Borough Council \(moderngov.co.uk\)](#)

Key Performance Indicators

Councillor James King, Portfolio Holder for Corporate Policy and Resources, gave an overview of the Council's performance up to the end of Quarter 3 (October to December 2023) as set out in the report.

Additional detail was provided in the accompanying report available for members at annex 1.

Annex 1.1 of the report set out the KPIs to be reported on in 2024/25. The KPIs were considered to continue to reflect the Council's corporate objectives as set out in the current Corporate Plan. In parallel with the preparation of the new Corporate Plan for 2025-2030, an updated set of KPIs would be developed alongside a member task and finish group. This process would take place in 2024/25, with the new indicators reported from 2025/26 onwards.

Following this meeting, the report would be considered by the Executive on 21 March. Any observations made by the Committee on the report's contents would be tabled at this meeting.

Of the ten KPIs reported on, eight were on target or within agreed tolerances. Two KPIs were off target and outside of the agreed tolerance: KPI 1 – Council Tax collection, and KPI 7 – affordable housing completions. Although Affordable housing completions had not met their target within this quarter, it should be noted that 1,164 affordable units had been delivered in the borough since 2012, which means that progress towards achieving the Local Plan 15 year target was on track. Of the 852 dwellings under construction at the end of Q3, 82 were affordable units. In Q3 no further affordable dwellings commenced construction.

The Executive Member for Corporate Policy and Resources, Councillor James King, invited Members to ask questions and comment on the Quarter 3 2023/24 Performance Report provided in the agenda pack.

In response to the questions raised, the following clarifications were provided:

Review of KPIs

It was confirmed that KPIs were used to report performance against the Corporate Plan and proposed KPIs for the new year ahead were reviewed by Overview and

Scrutiny Committee before being confirmed by the Executive every year. There was an officer recommendation that KPIs were not changed at this moment in time, to allow for continuity across the Corporate Plan period. A full review of KPIs was proposed to align with the new Corporate Plan.

Temporary emergency accommodation

It was confirmed that contextual information on temporary emergency accommodation had been included in the report, as well as a graph showing the changes to temporary emergency accommodation over several years, however, a Member requested that an additional KPI be included for temporary emergency accommodation to track changes. The Managing Director confirmed that specific reporting on temporary emergency accommodation, which was a significant challenge for the Council, now reported as part of the quarterly budget reporting (at Annex 6).

KPI 1 - Council Tax collection

It was confirmed that KP 1 was 1.01% off target, at 83.99%, for Quarter 3. The percentage of Council Tax collected shifted throughout the year and the percentage collected at the end of January 2024 was 93.25%, so was continuing in a positive trajectory.

KPI 7 – Affordable housing completions

As had been explained at previous Overview and Scrutiny meetings, the delivery of affordable housing took place in a non-linear way, and so the affordable housing projects in progress should be taken into account, as well as the cumulative number of completions. It was confirmed that the Council remained on track to meet the Local Plan target of 1,500 affordable house completions over the course of the Local Plan period.

The Portfolio Holder for Corporate Policy, and Resources confirmed that a Member task and finish group would be constituted to develop a new set of KPIs to take effect from 2025/26 in line with the new Corporate Plan. Members of this committee were invited to make contributions to the task and finish group.

Finance

Councillor Lewanski, Deputy Leader and Portfolio Holder for Finance, Governance and Organisation, gave an overview of the Quarter 3 Budget Monitoring set out in the report, which also included an update on the quarter's treasury management activities.

Revenue Budget

At Quarter 3 the projected full year outturn was £21.847m against a management budget of £23.194m, resulting in a forecast underspend for the year of £1.347m (or 5.8%).

Details of the more significant budget variances were set out in the report. Services were forecast to be underspent at year end by £0.050 million and Central Services were forecast to be underspent by £1.247 million, with the main element being an underspend in Treasury Management budgets of £1.297 million due to positive cash flow and favourable interest rates.

The report highlighted significant revenue budget variances at Annex 2. Members were asked to note that this Annex had been expanded to provide a more comprehensive narrative for this meeting on the reasons for variances.

Annex 2 also included the latest forecasts for funding and spending to support Ukrainian refugees. Members were asked to note that the Council currently held a significant balance of forward-funding received from the County Council in anticipation of ongoing demand for support over the coming 18 months following the recent announcement of extension of the existing funding schemes.

The Deputy Leader and Portfolio Holder for Finance, Governance and Organisation, drew attention to the pressures now facing all councils in terms of homelessness costs. A new Annex 6 had been included in the report with homelessness caseload information and the forecast impacts on the budget should numbers increase.

Capital Programme

The Deputy Leader and Portfolio Holder for Finance, Governance and Organisation noted a drafting error in the report: the page header at pages 56 to 65 was incorrectly labelled 'ANNEX 2' - it should have been labelled 'ANNEX 3'.

The Capital Programme forecast of £18.470m was 49% below the approved Capital Programme for the year of £36.033m. The variance was predominantly as a result of £17.5m of capital slippage.

Annex 3 of the report provided details of the slippage for each scheme. This Annex had also been expanded to include additional narrative to explain the reasons for each scheme.

Members were asked to note that Annex 3 included forecasts for this year's expenditure on The Rise development at Marketfield Way; this followed approval of the final capital programme allocation to complete the development by Council in February 2024.

Annex 3 also highlighted the contribution of Strategic CIL Funding to delivery of the capital programme. The allocations that were approved by Executive during the year were included in the 'Released in Year' column against the individual capital schemes. A summary of all Strategic CIL-funded schemes during 2023/24 would also be included in the Quarter 4 budget outturn report to O&S and Executive in June 2024.

Treasury Management

The report included an update on treasury management performance. Annex 5.1 confirmed that treasury activities were in line with the Strategy approved by Council in June 2023.

The Deputy Leader and Portfolio Holder for Finance, Governance and Organisation, highlighted the fact that the return on Council investments and treasury activities continued to outperform similar authorities and this was a key factor contributing to the favourable revenue budget outturn forecasts.

Several advance questions on the Revenue Budget, Capital Expenditure and Treasury Management updates had been submitted prior to the meeting. The advance questions and their responses can be viewed here:

[Document Advance Questions and Answers OS 14 March 2024 | Reigate and Banstead Borough Council \(moderngov.co.uk\)](#)

The Deputy Leader and Executive Member for Finance and Governance, Councillor Lewanski invited Members to ask questions and comment on the Quarter 3 2023/24 Performance Report provided in the agenda pack.

In response to the questions raised, the following clarifications were provided:

Energy costs

A Member asked for information on the energy cost savings at the Harlequin Theatre since its closure, and whether this saving had been included in the forecast for energy savings. A written response would be provided.

Marketfield Way redevelopment

It was confirmed that the overall additional cost for completion of Marketfield Way had been £6million, but that the receipt of grant funding had reduced the additional budget requirement to £4.298million.

Revenue Budget Monitoring Summary – Property and facilities

The Chief Finance Officer confirmed that the Property & Facilities budgets comprise a number of elements in terms of the operating costs for Council assets and associated income streams. The Chief Finance Officer agreed to provide an analysis by property category, along with a copy of the associated Quarter 3 Property Performance report that would be presented to the Partnership, Shareholder, and Trustee Executive Sub Committee on 21 March 2024, which included related supporting information.

Horley Business Park LLP

The Chief Finance Officer confirmed that all required steps with regard to progressing the LLP liquidation had now been completed and that the administrators had been appointed. The legal process to end the partnership was therefore now underway and progress would be reported to the Committee in the next Companies Performance Update in the new municipal year.

Capital Programme reporting and Capital Projects dashboard

The Chief Finance Officer confirmed that there were currently two sources of information presented to Members; the Quarterly Financial Performance report, on this agenda today, which focused on financial forecasts compared to Capital Programme budgets; and the monthly dashboard reports that Members also have access to. Officers had been considering questions received from Members about how the two align, and intended to review how these different snapshots should be reconciled to ensure consistency.

Treasury Prudential Indicators

The Chief Finance Officer confirmed that the service and commercial investments, referenced in the treasury management update, were a subset of overall capital investment plans; also that not all capital investment is made for the purpose of achieving a financial return, for example investment in existing operational buildings, vehicles, and plant. The prudential borrowing limits set important parameters that apply when business cases for new investment and borrowing, to ensure a prudent and affordable level of debt overall. A written response would be provided with further information about the categories of capital investments.

Annex 6 – Housing Focus on Homelessness 2023/24

A Member noted that although there had been a 4% increase in positive outcomes, from 247 in 2022/23 to 258 in 2023/24, there had also been increases of 8.7% in households owed a statutory homeless duty, and 31.5% in households under threat of homelessness and suggested that there might be scope for more work in this area.

RESOLVED that Overview and Scrutiny Committee:

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