



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

<b>Signed off by</b>	Chief Finance Officer, Head of Corporate Policy, Projects and Performance
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<b>To</b>	Overview and Scrutiny Committee Executive Council
<b>Date</b>	Thursday, 11 July 2024 Thursday, 18 July 2024 Tuesday, 23 July 2024
<b>Executive Member</b>	Deputy Leader and Portfolio Holder for Finance, Governance

<b>Key Decision Required</b>	N
<b>Wards Affected</b>	

<b>Subject</b>	<b>Q4 Performance and Provisional Budget Outturn 2023/24</b>
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<b>Recommendations</b>
<b>That the Overview and Scrutiny Committee:</b>  (i) <b>Note the Key Performance Indicators for Q4 2023/24 as detailed in the report and at Annex 1, and make any observations to Executive;</b>

- (ii) Note the Provisional Revenue Budget Outturn for 2023/24 as detailed at Annex 2, and make any observations to Executive;**
- (iii) Note the recommended Revenue Budget-carry-forwards from 2023/24 to 2024/25 at Annex 4, and make any observations to Executive;**
- (iv) Note the Provisional Capital Programme outturn for 2023/24 as detailed at the Annex 3, and make any observations to Executive;**
- (v) Note the recommendation to allocate an additional £1.830 million to the Capital Programme for 2024/25 to 2028/29 for the Merstham Recreation Ground scheme, taking the total capital scheme value to £3.247 million, and make any observations to Executive;**
- (vi) Note the recommendation to allocate an additional £0.202 million to the Capital Programme for 2024/25 to 2028/29 for the transitional capital costs of implementing a Weekly Food Collection service, and to make any observations to Executive;**
- (vii) Note the Quarter 4 Treasury Management and Prudential Indicator updates for 2023/24 at Annex 5.1 and 5.2, and make any observations to Executive;**
- (viii) Note the update on risks and statistics relating to Homelessness, at Annex 6, and make any observations to Executive.**

**That the Executive:**

- (ix) Note the Key Performance Indicators for Q4 2023/24 as detailed in the report and at Annex 1;**
- (x) Note the Provisional Revenue Budget Outturn for 2023/24 as detailed at Annex 2;**
- (xi) Note the recommended Revenue Budget-carry-forwards from 2023/24 to 2024/25 at Annex 4;**
- (xii) Note the Provisional Capital Programme outturn for 2023/24 as detailed at the Annex 3;**
- (xiii) Note the recommendation to Council to allocate an additional £1.830 million to the Capital Programme for 2024/25 to 2028/29 for the Merstham Recreation Ground scheme, taking the total capital scheme value to £3.247 million;**
- (xiv) Note the recommendation to Council to allocate an additional £0.202 million to the Capital Programme for 2024/25 to 2028/29 for the transitional capital costs of implementing a Weekly Food Collection service;**

(xv) **Note the Quarter 4 Treasury Management and Prudential Indicator updates for 2023/24 at Annex 5.1 and 5.2;**

(xvi) **Note the update on risks and statistics relating to Homelessness, at Annex 6.**

**That the Council:**

(i) **Approve the allocation of an additional £1.830 million to the Capital Programme for 2024/25 to 2028/29 for the Merstham Recreation Ground scheme, taking the total capital scheme value to £3.247 million.**

(ii) **Approve the allocation of an allocate an additional £0.202 million to the Capital Programme for 2024/25 to 2028/29 for the transitional capital costs of implementing a Weekly Food Collection service.**

**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 Q4 2023/24, including Key Performance Indicator (KPI) reporting, as well as revenue and capital budget monitoring and treasury management.

**The Overview and Scrutiny Committee, and 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 take action 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 – Q4 2023/24

8. Eleven KPIs are reported in Q4, the full detail of which is provided at Annex 1.
9. Of the eleven KPIs reported on, eight are on target or within the set tolerance.
10. The following KPIs are off target:
  - KPI 7 – Affordable housing completions.
  - KPI 10 – Recycling.
  - KPI 11 – Reduction in the Council’s Carbon Footprint.
11. Additional information is provided at Annex 1.

### Revenue Budget Provisional Outturn

12. The 2023/24 Original Revenue Budget approved by Council in February 2023 was £23.194 million.
13. At 31 March the full year provisional outturn for Services and Central Budgets was £22.148 million against a management budget of £23.194 million, resulting in an overall net underspend of (£1.046m) (4.5%).

Table 1: REVENUE BUDGET MONITORING AT 31.3.24	Original Budget £m	In-Year Adjustments £m	Management Budget £m	Year-end Outturn £m	Year End Variance £m
Service Budgets	20.611	(0.441)	20.170	20.887	0.717
Central Budgets	2.583	0.441	3.024	1.261	(1.763)
<b>Total</b>	<b>23.194</b>	<b>0.000</b>	<b>23.194</b>	<b>22.148</b>	<b>(1.046)</b>

### Service Budgets

14. The 2023/24 Original Budget for Services approved by Council in February 2023 was £20.611 million.
15. At 31 March 2024 the full year outturn was £20.887 million against a management budget of £20.170 million resulting in an overspend of £0.717 million (3.5%).

16. The key variances leading to the overspend are:

#### Organisation

- Property & Facilities - £0.449 million overspend unbudgeted council tax expenses at The Rise, higher than forecast maintenance costs at properties including Regent House and Redhill Distribution Centre.
- Organisational Development & Human Resources - £0.318 million overspend due to additional costs incurred to support the 2023/24 restructure of the service.
- ICT – £0.123 million overspend due to higher than budgeted contract renewals.
- Property & Facilities Energy Costs - £0.597 million underspend due to the closure of The Harlequin and savings due to renewal of contracts.

#### Place

- Refuse & Recycling - £0.351 million overspend due to lower recycle prices, partially offset by a higher number of garden waste subscribers and savings in pay costs due to vacancies.
- Planning Policy & Development Services - £0.344 million overspend due to lower income from planning applications partially offset by savings in pay costs due to vacancies.
- Fleet - £0.186 million overspend due to higher maintenance, damage repair and fuel costs.
- Car Parking - £0.169 million underspend due to residual budget following termination of the Surrey County Council on-street parking contract.
- Environmental Licensing– £0.262 million underspend due to higher private hire income.

#### People

- Harlequin - £0.314 million overspend due to the closure of the facility during 2023/24.
- Revenues, Benefits & Fraud - £0.202 million overspend due to higher temporary staff costs and software acquisition.

#### Management Team

- £0.239 million underspend due to vacancies that will be recruited during 2024/25.

17. Further details on Service budget variances are provided at Sections 1 and 2 of Annex 2.

### **Central Budgets**

18. The 2023/24 Original Budget for Central Budgets approved by Council in February 2023 was £2.583 million.
19. At 31 March the outturn was £1.261 million against a management budget of £3.024m resulting in an underspend of £1.763 million (58.3%).
20. This underspend is mainly as a result of lower Treasury Management costs partially offset by unbudgeted costs incurred in response to identification of RAAC at The Harlequin.
21. Further details are provided at Sections 1 and 2 of Annex 2.

### **Proposed Revenue Budget Carry-Forwards from 2023/24 to 2024/25**

22. Revenue budgets are approved on an annual basis and there is no automatic carry over of unused budgets into the following year. However, circumstances sometimes arise beyond the control of the budget manager, where expenditure slips from the planned year to the next or funding has been received that could not be spend and needs to be carried forward for use in the next year.
23. This report therefore seeks approval from Executive to increase the previously approved service budgets for 2024/25, funded from the relevant budget carry-forward from 2023/24.
24. Proposed carry-forwards total £0.067 million and are included in this report to ensure transparency of decision-making; the details are set out at Annex 4.

### **Investment Income KPI**

25. Total income from property rents in 2023/24 was £4.472 million compared to the £4.218 million that was received in 2022/23. This represents 19.3% of the net revenue budget for 2023/24.

### **Capital Programme Monitoring**

26. At 31 March 2024, the Capital Programme budget was £34.480 million (including £24.116 million of approved carry-forward capital allocations from 2022/23).
27. The outturn position is £17.693 million, which is £16.787 million (48.7%) below the approved Programme for the year. The variance is as a result of £16.727 million slippage and a net underspend of £0.060 million.
28. Significant items of slippage include:
  - £3.000 million on the allocation for refurbishment of Beech House pending approval of proposals for the asset;
  - £1.564 million on the Vehicles & Plant replacement programme; and
  - £1.417 million on the Merstham Recreation Ground project due to rephasing of planned works.

The budgets will be carried forward to the Capital Programme for 2024/25 onwards.

29. Further details are provided at Annex 3.

### **In-Year Capital Programme Approvals 2024/25**

30. Council is asked to approve the allocation of an additional £1.830 million to the Capital Programme for 2024/25 to 2028/29 for the Merstham Recreation Ground scheme, taking the total capital scheme value to £3.247 million (originally £1.417 million). This reflects changes to the scheme since the current budget was approved by Council on 20 February 2024. These changes reflect the allocation of additional Community Infrastructure Levy, Surrey County Council grant and Lottery funding.
31. Council is asked to approve the allocation of £0.202 million to fund a new capital scheme to introduce a Weekly Food Collection Service. The Council was allocated a capital grant of £0.202 million in April 2024 from the Department for Environment, Food and Rural Affairs (DEFRA) as part of the Government's Simpler Recycling Programme. Further reports are planned to Executive by the Head of Neighbourhood Operations on plans for implementing this new service.

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

32. 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, the Executive has agreed to pursue a Financial Sustainability Programme.
33. The Medium-Term Financial Plan presented to the Overview and Scrutiny Committee and Executive in July 2024 sets out the latest financial forecasts and explains the approach that is being taken with respect of the Programme which 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.
34. An update on Financial Sustainability Programme activity during Quarter 4 of 2023/24 is provided at Annex 7.

### **Options**

35. Overview and Scrutiny Committee has two Options:
- Option 1:** Note the report and make any observations to the Executive.
  - Option 2:** Note the report and make no observations to the Executive.
36. Executive has two Options:
- Option 1:** Note the report and make any observations/comments to the Head of Corporate Policy, Projects and Business Assurance and/or Chief Finance Officer.

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

37. Council has two options:

**Option 1:** Approve the additional capital allocations for inclusion in the Capital Programme as set out in this report.

This is the recommended Option.

**Option 2:** Reject the additional capital allocations for inclusion in the Capital Programme.

This is not the recommended Option as it will delay implementation of planned investment.

### **Legal Implications**

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

### **Financial Implications**

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

### **Equalities Implications**

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

### **Communication Implications**

41. There are no communications implications arising from this report.

### **Environmental Sustainability Implications**

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

### **Risk Management Considerations**

43. There are no risk management implications arising from this report.

### **Procurement/Contract Management and Subsidy Considerations**

44. There are no procurement/contract management and subsidy considerations arising from this report.

### **Other Implications**

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

### **Consultation**



46. The report has been reviewed by the Council's Corporate Governance Group. There are no other consultation implications arising from this report.

### **Policy Framework**

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

### **Background Powers**

None

## **ANNEXES**

- 1 Q4 2023/24 Key Performance Indicators
2. Q4 2023/24 Revenue Budget Outturn
3. Q4 2023/24 Capital Budget Outturn
4. Q4 2023/24 Revenue Budget Carry-Forward Proposals
- 5.1 Q4 2023/24 Treasury Management Prudential Indicators
- 5.2 Q4 2023/24 Treasury Management Outturn
6. Q4 2023/24 Homelessness Update
7. Q4 2023/24 Financial Sustainability Programme Update