

Overview and Scrutiny Committee - 9 December 2021

Minute 51 – Agenda Item 6 – Quarter 2 Performance Report 2021/22

Observations for Executive

The Committee received the Performance Reports for Quarter 2 2021/22 including Key Performance Indicator (KPI) performance and the Budget Monitoring forecasts Q2 2021/22 – both revenue and capital.

Quarter 2 KPI performance 2021/22

Councillor Lewanski, Portfolio Holder for Corporate Policy & Resources, gave an overview of the KPI performance: of the ten KPIs reported on in Quarter 2, eight were on target. Two indicators were not on target and were therefore red-rated: KPI 2 – Business rates collection and KPI 7 – Affordable Housing Completions. KPI 2 was affected by the recalculation of Retail Rate Relief which led to new instalment plans but it was expected that performance would catch up during the year. KPI 7 was off target currently as affordable housing developments were often completed and then delivered in batches through the year.

Affordable housing – the lower number of social rent affordable completions by tenure compared to shared ownership delivery was noted. Members also commented that high performance delivery in developments such as Pitwood Park in Tadworth and Cromwell Road in Redhill were not captured in the targets.

Quarter 2 Budget Monitoring 2021/22

Councillor Schofield, Portfolio Holder for Finance and Governance, gave an overview of the Quarter 2 Budget Monitoring set out in the report and Annex 1.

There was a small overspend in Service and Central budgets, currently forecast to be only £0.061m (0.4%) higher than the Revenue Budget for 2021/22 that was approved in February 2021.

The report included separate forecasts for the additional expenditure and funding related to the COVID-19 pandemic (which is currently forecast to be in balance), and for income shortfalls due to the pandemic. The forecast income loss was £1.418m as of 30 September 2021, with car parking accounting for the majority at £1.228. Car parking income was steadily starting to improve. The net shortfall can be funded on a one-off basis through drawing on the Earmarked Reserve set aside in anticipation at the end of 2020/21.

The Capital Programme forecast for the year is £53.07m which is below the approved programme as a result of £87.36m slippage and a net underspend due to the lack of viable housing schemes and commercial investments coming forward.

Members made comments and discussed the following areas:

Community centres – it was noted that operating costs of the three community centres in the Borough were reported on in the revenue budget. The review of the community centres had been highlighted to the Committee earlier in the year, with changes well underway, supported by one-off funding from the Corporate Plan Delivery Fund. There were more family-related activities as well as activities for older people, and a positive response to home cooked food provided for those attending the centres.

Revenue, Benefits and Fraud – a reported £393k overspend in this service area was discussed by Members. This was due to a lower DWP subsidy, as more clients moved to Universal Credit, and higher Housing Benefit, partially offset by lower staff costs. The high number of vacancies (six posts) was commented on. Staff had been engaged in the pandemic response. Recruitment was ongoing to fill the vacant posts as some members of the team had moved to London Boroughs which could offer higher salaries without staff needing to travel to offices in London.

Leisure Services – the Committee questioned the forecast income loss from the management fee for the Leisure Services contractor (£278k as at 30 June 2021) and whether this would continue into next year? The Portfolio Holder told the Committee that the Council was seeking to recover the management fees. Officers confirmed that the Head of Service had met with the contractor's representatives recently. Fee payments were expected to resume from 1 October and arrangements were also in place for the contractor to repay the first two quarters of the current year over a period of time.

Additional COVID-19 expenditure and funding – Members reviewed the latest forecasts in the context of the coming year. Interim Head of Finance, Pat Main, told the Committee that her team were monitoring the remaining pandemic-related transactions closely in the second half of the financial year and were confident that expenditure in this area was showing a downward trend.

Disabled residents – It was noted that there was a shortfall in spending in Disabled Facilities Grants and also on the Handy Person Scheme due to the pandemic. Questions were raised regarding the availability of funding for vulnerable residents for the cost of essential items such as replacement batteries and repairs for items that had been installed but were later out of manufacturers' warranty when they broke down. Officers agreed to look into this and come back to Members.

Housing Delivery Programme – the £20m slippage on the allocation in the Capital Programme was discussed. This was in part due to the pandemic: increased building costs were making potential projects commercially unviable. Executive Members highlighted that the programme was to support delivery of the five-year Corporate

Plan to 2025. Funds would be spent as future projects that met business case thresholds came forward.

RESOLVED that the Committee:

1. Note Key Performance Indicator (KPI) performance for Quarter 2 2021/22 as detailed in the report to the Committee and in Annex 1 and the observations to Executive as set out in the Minutes; and
2. Note the Budget Monitoring forecasts for Quarter 2 2021/22 as detailed in the report to the Committee and at Annex 2 and the observations to Executive as set out in the Minutes.