

Report to Overview and Scrutiny Committee

6 June 2022

By the Interim Director of Resources

INFORMATION REPORT

Not exempt



REPORT ON THE COUNCIL'S FINANCE AND PERFORMANCE IN 2021/22

Executive Summary

This report gives the Overview and Scrutiny Committee information to help it carry out its role of monitoring the internal and external delivery of services by detailing how successful the Council has been in delivering against the budget.

The Council delivered a £2.1m revenue surplus after allowing for budgets of £16,345 that will be carried over to 2022/23 relating to work in Economic Development that will now take place in the first quarter of 2022/23. This surplus is in the context of performance recovering from Covid-19 faster than the cautious budget predicted when it was set in lockdown in January 2021.

The Council received one-off Covid-19 compensation grants from Government for some loss of income and non-ringfenced 'expenditure' grants totalling £1.13m, offsetting the operational budget deficit that was set. The Council's non-operational income from Council tax and these grants meant that an overall surplus of £2.1m was generated in 2021/22.

Capital expenditure amounted to £4.7m which was 56% of the approved £8.3m capital programme.

The Key Performance Indicators (KPIs) report includes data for both quarter 4 and the end of year for 2021/22. An analysis of KPIs for quarter 4 with targets shows 76% were at or above target, 9% were close to target and 12% below target.

The end of year figures show 78% at or above target, 11% were close to target, and 11% were below target. We have seen improvements to those areas in Leisure and Culture that were impacted by Covid-19 including the attendance at sport centres and ticket sales at the Capitol. The museum is showing red for the year due to its closure until October 2021. The other KPIs that are showing red for the year are for the number of people in temporary accommodation, and those in Bed and Breakfast which has increased since the temporary eviction ban was lifted.

The end of year KPI figures show that 47% have improved, 25% have remained the same or are new indicators and 28% showed a worse performance compared to previous years. Those that have shown improvement include a reduction in the number of calls abandoned to the call centre and a reduction in the number of confirmed missed bins. Actions are being reviewed and taken where performance has dipped.

Work on the Corporate Plan actions continued through 2021/22 with nine actions now completed. All of the actions that were on hold last year due to Covid-19 are now progressing including support with events and support for local businesses. There are currently four Corporate Plan actions still paused; three relating to the Local Plan and one relating to the cultural strategy, which should start progressing during 2022/23.

Recommendations

Members are recommended to note:

- i) the financial position of the Council as outlined in the report.
- ii) the revenue budgets carried forwards as approved by the Interim Director of Resources, as outlined in the report in paragraph 2.2
- iii) the transfers between the general reserves and the earmarked reserves as outlined in the report.
- iv) To note the key performance and corporate plan action reports

Reasons for Recommendations

The monitoring of Financial Delivery as part of the duty of Best Value to drive up service improvement:

- i-iii) Monitoring of the Council's budget is essential, so that action can be taken to safeguard the Council's financial position if required.
- iv) To enable Overview and Scrutiny to carry out its Constitutional role of monitoring the delivery of internal and external services and scrutinise any part of the Council's work.

Consultation: Senior Leadership Team, Cabinet Members.

Wards affected: All

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Background Papers:

- Appendix A: Financial highlight outturn report
- Appendix B: Revenue dashboard outturn
- Appendix C: Capital outturn
- Appendix D: Useable reserves; movement between GF and ear-marked reserves
- Appendix E: Transformation fund at 31 March 2022
- Appendix F: Key performance indicators end of year report 2021/22
- Appendix G: Corporate Plan update end of year report 2021/22

Background Information

1. Monitoring of performance

- 1.1 One of the roles of the Overview and Scrutiny Committee is to review the internal and external delivery of the Council's services. The Committee does this by looking at the Council's progress in financial performance.

2 Financial performance

- 2.1 Appendix A is the Council's Financial Dashboard. The Council delivered a £2.1m surplus in the context of setting a cautious budget in lockdown in January 2021.
- 2.2 The Interim Director of Resources has approved the carry forward of £16,345 budget into 2022/23, to enable Economic Development to deliver promotion and support to the visitor economy and local businesses.
- 2.3 Appendix B is the Council's Revenue Dashboard containing managers' high-level comments on the causes of the more significant differences from budget.
- 2.4 Appendix C is the detailed capital programme and expenditures from 2021/22. Projects spent £4.7m (56% of the £8.3m programme) which compares to £5.4m (60% of £8.9m) in 2020/21.
- 2.5 The performance reflects the impact of working with third parties on the capital programme as well as an optimism in the budget to deliver. The Council underspent on two larger projects; housing loans and equity funding for the housing company where the build was delayed by design changes and planning, and replacement vehicles where vehicle life has been extended during the year as options for a greener replacement are analysed. Where capital expenditures are still required, the unspent capital budgets will be re-profiled into later years.
- 2.6 The Council holds several ear-marked reserves which may be used in year to fund associated expenditure. Where grants and contributions are received in year but not spent the unused portion may be transferred to ear marked reserves for use in future years. The Council can also choose to move funds from the general fund reserve to ear marked reserves to cover future costs.
- 2.7 Appendix D sets out the movements between the general fund and ear marked reserves. The unaudited usable reserves total of £34.9m at 31 March 2022 compared to £43.5m at 31 March 2021. This splits into general fund reserves of £13m (£24.9m at 31 March 2021) and earmarked reserves at £21.9m (£18.6m at 31 March 2021).
- 2.8 The reduction in general fund reflects the fact that the balance at 31 March 2021 was significantly inflated by a timing issue relating to business rate reliefs granted during 2020/21. The General Fund held grant income at year-end that was transferred to the Collection Fund Adjustment Account deficit in 2021/22. Therefore, the position at 31 March 2022 is more in line with previous years.
- 2.9 Receipt of £3m of New Homes Bonus has contributed to the £3.5m movement in earmarked reserves in 2021/22. The Council had sufficient capital receipts to cover the funding for infrastructure and investment assets without needing to draw on the NHB reserve in the year.
- 2.10 Although the timings are uncertain, The Council is forecasting budget deficits in future years due to the impact of Government funding reforms and the likely implementation of food waste collection. It therefore remains important to invest in

transformational projects that may help to deliver further income generation and efficiency measures.

- 2.11 The next phase of this transformation will focus on how we ensure that services are designed to meet customer's needs and done in the most efficient way, which in its simplest form means without officers re-keying data. The project to implement the first part of the new Planning and Regulatory system to facilitate transformation went live in April 2022 with the environmental health and licensing service. There will be further period of dual running and implementation costs for the next phases of Building Control and then Development. Other ICT investments will also help unlock digital change and improve customer self-service, as will investment in staff to help drive cultural change.
- 2.12 Subject to Cabinet approval, £106,499 will be transferred from the General Fund reserve balance to top up the existing balance of £393,501 at 31 March 2022 in the earmarked transformation reserve to £0.5m for this purpose during 2022/23. This will help to set aside a balance to help transform the Council in the future; effectively being funded using the budget surplus. Expenditure from this transformation reserve will follow the normal financial authorisation and budget process procedures. Appendix E contains a snapshot of the transformation fund at 31 March 2022 with early anticipated estimated future expenditure.

4 Outcome of consultations

- 4.1 The Chief Executive and Directors together with the individual Cabinet Members have reviewed the reports contained in the appendices to this report. Sections 1 to 3 tell Committee where officers are taking action on points of concern. Action on lesser issues is mentioned in the appendices.

5. Other courses of action considered but rejected

- 5.1 None. The Council must monitor its performance and take corrective action where appropriate.

6. Resources consequences

- 6.1 There are no staffing or direct financial consequences from the Overview and Scrutiny Committee reviewing this report.

7. Consequences of the proposed action

- 7.1 This report does not impact on Crime & Disorder; Human Rights; Equality & Diversity, Environmental or Sustainability matters. Overview and Scrutiny reviewing this report and raising any concerns they have reduces the risk that management or Cabinet have missed any performance or financial trends they need to address.