

Policy & Resources Committee 20 November 2019

2nd Quarter Budget & Performance Monitoring Report 2019/20

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Mark Green, Director of Business Improvement
Lead Officer and Report Authors	Chris Hartgrove, Interim Head of Finance Paul Holland, Senior Finance Manager (Client) Clare Harvey, Data Intelligence Officer
Classification	Public
Wards affected	All

Executive Summary

This report sets out the 2019/20 overall financial and performance position for the Council, including the services reporting directly into the Policy and Resources Committee (PRC), as at 30th September 2019 (Quarter 2). The primary focus is on:

- The 2019/20 Revenue and Capital budgets; and
- The 2019/20 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045.

The combined reporting of the financial and performance position enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues in their proper context, reflecting the fact that the financial and performance-related fortunes of the Council are inextricably linked.

Budget Monitoring

With regard to revenue, at the Quarter 2 stage, the Council has incurred net expenditure of £6.813 million against a profiled budget of £7.553 million, representing an under spend of £740,000. For the services reporting directly to PRC, net expenditure of £3.002 million has been incurred against a profiled budget of £3.197 million, representing an under spend of £195,000. An over spend of £352,000 against the PRC annual budget of £12.100 million is anticipated at the year end.

With regard to capital, at the Quarter 2 stage, the Council has incurred total expenditure of £5.443 million against a total budget allocation within the Capital Programme of £51.754 million. It is anticipated that there will be overall slippage of £15.650 million into 2020/21. Expenditure for services reporting directly to PRE of £689,000 has been incurred against the annual budget of £29.440 million. It is anticipated that there will be slippage of £6.655 million.

Performance Monitoring

All reportable KPIs achieved their Quarter 2 target, with only two exceptions.

Purpose of Report

The report enables the Committee to consider the financial position and any performance issues at the end of September 2019.

This report makes the following recommendations to the Committee:

1. That the Revenue position at the end of the Quarter 2 and the actions being taken or proposed to improve the position, where significant variances have been identified, be noted.
2. That the Capital position at the end of Quarter 2 be noted.
3. That the Summary of Performance for Quarter 2 for Key Performance Indicators is noted.

Timetable

<i>Meeting</i>	<i>Date</i>
Policy & Resources Committee	20 November 2019

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1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium-Term Financial Strategy which is linked to the Strategic Plan and corporate priorities.</p> <p>The key performance indicators and strategic actions are part of the Council's overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	Director of Finance and Business Improvement (Section 151 Officer)
Cross Cutting Objectives	This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-20, including its cross-cutting objectives.	Director of Finance and Business Improvement (Section 151 Officer)
Risk Management	This is addressed in Section 5 of this report.	Director of Finance and Business Improvement (Section 151 Officer)
Financial	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p> <p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium-Term Financial Strategy and</p>	Senior Finance Manager (Client)

	<p>associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>	
Staffing	<p>The budget for staffing represents a significant proportion of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
Legal	<p>The Council has a statutory obligation to maintain a balanced budget and this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.</p> <p>There is no statutory duty to report regularly on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council services. Regular reports on Council performance help to demonstrate best value and compliance with the statutory duty.</p>	<p>Team Leader (Corporate Governance), MKLS</p>
Privacy and Data Protection	<p>The performance data will be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality. There is a program for undertaking data quality audits of performance indicators.</p>	<p>Team Leader (Corporate Governance), MKLS</p>
Equalities	<p>No impact as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change should one be identified.</p>	<p>Equalities and Corporate Policy Officer</p>

Public Health	Performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	No specific issues arise.	Director of Finance and Business Improvement (Section 151 Officer)
Procurement	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance and Business Improvement (Section 151 Officer)

2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium-Term Financial Strategy for 2019/20 to 2023/24 - including the budget for 2019/20 - was approved by full Council on 27th February 2019. This report updates the Policy and Resources Committee (PRC) on how Council services have performed in the first six months of the financial year with regard to revenue and capital expenditure against approved budgets.
- 2.2 This report also includes an update to PRC on progress against the Council's Key Performance Indicators (KPIs).
- 2.3 Attached at **Appendix 1**, is a report setting out the revenue and capital spending position at the Quarter 2 stage. Attached at **Appendix 2**, is a report setting out the position for the KPIs for the corresponding period.

3. AVAILABLE OPTIONS

- 3.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported here.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 In considering the current position on the revenue budget, the Capital Programme and the KPIs at the end of September 2019, the Committee can choose to note this information or it could choose to take further action.
- 4.2 The Committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position or the KPIs report.
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5. RISK

- 5.1 This report is presented for information only and has no direct risk management implications.
- 5.2 The Council has produced a balanced budget for both revenue and capital income and expenditure for 2019/20. This budget is set against a backdrop of limited resources and a difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Committee the best opportunity to take actions to mitigate such risks.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The KPI Update is reported quarterly to the service committees; Communities Housing and Environment Committee, Strategic Planning & Infrastructure Committee and Economic Regeneration & Leisure Committee. Each Committee will receive a report on the relevant priority action areas. The full set of KPIs are presented to the Committee, based on the priority areas of: "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Quarter 2 Performance and Budget Monitoring reports are being considered by the relevant service committees during October and November 2019, including this full report to PRC on 20th November 2019.
- 7.2 Details of the discussions which have taken place at service committees regarding budget and performance management will be reported to this Committee where appropriate.
- 7.3 The Council could choose not to monitor the Strategic Plan and/or make alternative performance management arrangements, such as reporting frequency. This is not recommended as it could lead to action not being taken against performance during the year, and the Council failing to deliver its priorities.
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8. REPORT APPENDICES

- Appendix 1: Second Quarter Budget Monitoring 2019/20
 - Appendix 2: Second Quarter Key Performance Indicators 2019/20
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9. BACKGROUND PAPERS

None.