

Policy & Resources Committee 24 June 2020

4th 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	Ellie Dunnet, 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 31st March 2020 (Quarter 4). 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. The historical financial information included within this report is still subject to external audit so should be considered provisional at this stage.

The report also updates the Committee on the projected financial impact on the Council of the Covid-19 pandemic in the current 2020/21 financial year pending a more detailed report at next month's meeting.

Budget Monitoring

With regard to revenue, at the Quarter 4 stage, the Council has incurred net expenditure of £20.80m against a revised budget of £20.56m, representing an overspend of £237,000. For the services reporting directly to PRC, net expenditure of £10.49m has been incurred against a revised budget of £10.58m, representing an underspend of £89,000.

With regard to capital, at the Quarter 4 stage, the Council has incurred overall expenditure of £34.38m against a revised budget allocation within the Capital Programme of £42.65 million, representing an underspend of £8.27m, which will be carried forward into 2020/21. Expenditure for services reporting directly to PRC of £23.54m has been incurred against a revised budget of £28.72m, representing an underspend of £5.18m.

Covid 19 Financial Update

The financial impacts of Covid 19 are being closely monitored and regular updates are provided to MHCLG. Latest estimates indicate a potential impact of £8.23m, comprised of additional expenditure of £0.75m and income reductions of £7.47m. Government support totalling £1.78m has been received to date. The unallocated balance on the general fund reserve at 31 March 2020 (£8.8m) is expected to be sufficient to cover the shortfall in the current year, based on the current estimates.

Purpose of Report

The report enables the Committee to consider the financial position and any performance issues at the end of the 4th quarter.

This report makes the following recommendations to the Committee:

1. That the Revenue position at the end of Quarter 4 be noted (**Appendix 1**)
2. That the Capital position and slippage at the end of Quarter 4 be noted (**Appendix 1**).
3. That the Summary of Performance for Quarter 4 for Key Performance Indicators is noted (**Appendix 2**).
4. That the write off of uncollectible business rates totalling £37,153.22 be approved (**Appendix 3**).
5. That the Covid-19 Financial Update is noted (**Appendix 4**)
6. That in light of the projected impact of Covid-19, a decision on the uncommitted Business Rates Retention scheme allocations as set out in Appendix 1, page 22, is deferred pending a further report to this Committee next month on the 2020/21 position.

Timetable

Meeting	Date
Policy & Resources Committee	24 June 2020

4th Quarter Budget & Performance Monitoring Report 2019/20

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p>Impact on Corporate Priorities</p>	<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>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p>Cross Cutting Objectives</p>	<p>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.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p>Risk Management</p>	<p>This is addressed in Section 5 of this report.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>

Issue	Implications	Sign-off
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 associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>	Senior Finance Manager (Client)
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>	Director of Finance and Business Improvement (Section 151 Officer)
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>	Team Leader (Corporate Governance), MKLS

Issue	Implications	Sign-off
Privacy and Data Protection	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.	Team Leader (Corporate Governance), MKLS
Equalities	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.	Equalities and Corporate Policy Officer
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 for 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 for the year. Attached at **Appendix 2**, is a report setting out the position for the KPIs for quarter 4.
-

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 March 2020, 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.
-

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.
-

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 receives a report on the relevant priority action areas. The full set of KPIs are presented to this Committee, based on the priority areas of: "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Quarter 4 Performance and Budget Monitoring reports are being considered by the relevant service committees during June 2020, including this full report to P&R on 24th June 2020.

- 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.
-

8. REPORT APPENDICES

- Appendix 1: Fourth Quarter Budget Monitoring 2019/20
 - Appendix 2: Fourth Quarter Key Performance Indicators 2019/20
 - Appendix 3: Business Rates Proposed Write Offs
 - Appendix 4: Covid-19 Financial Update 2020/21
-

9. BACKGROUND PAPERS

None.