

**3rd Quarter Finance, Performance and Risk Monitoring
Report 2021/22**

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| Final Decision-Maker | Policy & Resources Committee |
| Lead Head of Service | Mark Green, Director of Business Improvement |
| Lead Officer and Report Authors | Paul Holland, Senior Finance Manager (Client) Carly Benville, Senior Business Analyst Alison Blake, Audit Manager Anna Collier, Corporate Insight, Communities and Governance Manager |
| Classification | Public |
| Wards affected | All |

Executive Summary

This report sets out the 2021/2022 financial and performance position for the Council, including services reporting directly into the Policy & Resources Committee (PRC) as at 31st December 2021 (Quarter 3). The primary focus is on:

- 2021/22 Revenue and Capital budgets;
- 2021/22 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045;
- Corporate Risk Register

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

At the Quarter 3 stage, the Council has incurred net expenditure of £4.771m against a profiled budget of £8.303m, representing an underspend of £3.533m. For the services reporting directly to PRC, net expenditure of £0.331m has been incurred against a profiled budget of £2.669m, representing an underspend of £2.337m. The large underspends for the year to date arise mainly from timing differences, principally receipt of government grants which have not yet been spent. The projected out-turn for the Council for the year as a whole as at the end of Quarter 3 is an underspend of £0.207m.

With regard to capital, at the Quarter 3 stage, the Council has incurred overall expenditure of £17.899m against a budget allocation within the Capital Programme

of £33.629m. Expenditure for services reporting directly to PRC of £11.701m has been incurred against the budget of £20.384m.

Performance Monitoring

A number of targets were missed due to the impact of Covid-19, although there were improvements in a number of other areas.

Corporate Risk Update

The risk register is forward looking and seeks to capture uncertainties on the horizon, in addition to addressing key risks directly linked to the delivery of our priorities. The risk profile has been updated to reflect the impact and uncertainties resulting from Covid-19, lockdown restrictions and the challenges facing our residents and local businesses. The risk register (appendix 3) details how the Council is responding to these risks and undertaking necessary preparations and actions to reduce likelihood and impact where possible to do so.

Recovery & Renewal Update

In October the Committee agreed a range of actions for spending under Recovery and Renewal, with updates provided alongside the quarterly performance and budget report. Progress against actions can be seen at Appendix 4. Positively substantial progress has been made across all the whole action plan.

Purpose of Report

The report enables the Committee to consider and comment on the issues raised and actions being taken to address budget pressures, performance issues and corporate risks as at 31st December 2021.

This report makes the following Recommendations to the Committee:

1. That the Revenue position as at the end of Quarter 3 including 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 3 be noted.
3. That the Performance position as at Quarter 3, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
4. That the Risk Update, attached at Appendix 3 be noted.
5. That the Recovery & Renewal Update, attached at Appendix 4 be noted.

Timetable

| <i>Meeting</i> | <i>Date</i> |
|------------------------------|--------------------|
| Policy & Resources Committee | 9 February 2022 |

3rd Quarter Financial Update & Performance Monitoring Report 2021/22

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 2019-2045, 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 3 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 the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</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> | Interim Team Leader (Contentious and Corporate Governance) |

| Issue | Implications | Sign-off |
|--|--|--|
| Privacy and Data Protection | The performance data is 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. | Policy and Information Team |
| Equalities | There is no impact on Equalities 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 Communities Officer |
| Public Health | The performance recommendations will not negatively impact on population health or that of individuals. | Public Health Officer |
| Crime and Disorder | There are no specific issues arising. | 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) |
| Biodiversity & Climate Change | The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change. | Biodiversity and Climate Change Manager |

1. BACKGROUND AND INTRODUCTION

- 1.1 The Medium-Term Financial Strategy for 2021/22 to 2025/26 - including the budget for 2021/22 - was approved by full Council on 24th February 2021. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 1.2 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs) an update covering corporate risks, and an update on the Recovery & Renewal Plan.

- 1.3 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. Attached at **Appendix 3** is a report providing an update on corporate risks, in response to the committee's previous request for regular updates on this subject.
- 1.4 Also attached at **Appendix 4** is an update on the actions taken to date with regards to the Recovery & Renewal Plan agreed previously by this Committee. It should be noted that there are a couple of actions where action is not yet due, and this has been highlighted. The action 'Invest in industrial and warehouse premises to help de risk new employment sites coming forward' hasn't been able to progress due to no premises becoming available and 'Capacity to develop projects and bids to take advantage of new funding opportunities' hasn't been able to progress yet as the Levelling Up and the UK Shared Prosperity Fund have yet to be announced by the Government.

2. AVAILABLE OPTIONS

- 2.1 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.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 In considering the current position on the Revenue budget, the Capital Programme, KPIs, Corporate Risks and the Recovery & Renewal update at the end of December 2021, the Committee can choose to note this information or could choose to take further action.
- 3.2 The Committee is requested to note the content of the report as no further action is necessary at this stage.

4. RISK

- 4.1 The Council agreed a balanced budget for both revenue and capital income and expenditure for 2021/22 in February 2021. 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.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The KPIs update ("Performance Monitoring") is reported to service committees quarterly: Communities, Housing & Environment Committee, Economic Regeneration & Leisure Committee and the Strategic Planning & Infrastructure Committee. Each committee will receive a report on the relevant priority action areas. The report is also presented to the Policy &

Resources Committee, reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Quarter 3 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during February and March 2022, including this full report to the Policy & Resources Committee today.
- 6.2 Details of the discussions which take place at Service Committees regarding financial and performance management will be reported to the next Policy and Resources Committee where appropriate.
- 6.3 The Council could choose not to monitor its budget and/or the Strategic Plan and/or make alternative performance management arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against financial and/or other performance during the year, and the Council failing to deliver its priorities.
- 6.4 There remains some uncertainty regarding the Council's financial position beyond 2021/22, arising from the impacts of the Covid-19 crisis and the Council's role in responding to this. Future finance reports to this committee will ensure that members are kept up to date with this situation as it develops.

7. REPORT APPENDICES

- Appendix 1: Third Quarter Budget Monitoring 2021/22
- Appendix 2: Third Quarter Performance Monitoring 2021/22
- Appendix 3: Third Quarter Corporate Risks Update 2021/22
- Appendix 4: Recovery & Renewal Update

8. BACKGROUND PAPERS

None.