

## 2<sup>nd</sup> Quarter Finance, Performance & Risk Monitoring Report 2022/23

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Corporate Services Policy Advisory Committee	16 November 2022
Executive Meeting	23 November 2022

<b>Will this be a Key Decision?</b>	No
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Executive
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources & Business Improvement
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager Georgia Harvey, Senior Information Governance Officer Alison Blake, Interim Head of Mid Kent Audit Orla Sweeney, Senior Policies & Communities Officer Charlotte Yarnold, Programme Manager (Strategic Planning)
<b>Classification</b>	Public
<b>Wards affected</b>	All

### Executive Summary

This report sets out the 2022/23 financial and performance position for the services reporting into the Corporate Services Policy Advisory Committee (CS PAC) as at 30<sup>th</sup> September 2022 (Quarter 2). The primary focus is on:

- The 2022/23 Revenue and Capital budgets; and
- The 2022/23 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 Executive 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 2 stage the Council has incurred net expenditure of £4.449m against the approved profiled budget of £5.726m, representing an underspend of £1.227m.

Overall net expenditure at the end of Quarter 2 for the services reporting to CS PAC is £1.175m, compared to the approved profiled budget of £1.559m, representing an underspend of £0.384m.

At the Quarter 2 stage, the Council has incurred overall expenditure of £8.912m against a budget allocation within the Capital Programme of £35.476m.

Capital expenditure at the end of Quarter 2 for CS PAC was £1.069m against a total budget of £12.633m.

### Performance Monitoring

A number of targets were missed due to current issues with the economy and the after-effects of Covid-19, although there were improvements in a number of other areas.

### Corporate Risk Update

The report outlines all the Council's corporate risks. Of note is an increase in the risk related to housing pressures as a result of the current economic conditions. The other corporate risks have been reviewed and updated with some changes to risk descriptions and/or controls or actions. Now the review of most operational risks is complete the report also includes the operational risk profile of the Council and the most significant operational risks.

### Recovery & Renewal Update

The Recovery and Renewal Action Plan details the progress made against actions for the last two quarters.

### UK Shared Prosperity Fund Update

An update on progress made against schemes using this funding is shown at Appendix 5.

## **Purpose of Report**

The report enables the Executive to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 30<sup>th</sup> September 2022.

## **This report makes the following recommendations to the Executive:**

1. That the Revenue position as at the end of Quarter 2 for 2022/23, 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 2 for 2022/23 be noted;
3. That the Performance position as at Quarter 2 for 2022/23, 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.
6. That the UK Shared Prosperity Fund update, attached at Appendix 5 be noted.

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## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

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

	<p>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>	
<b>Staffing</b>	<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, Resources and Business Improvement (Section 151 Officer)</p>
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Executive 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>	<p>Interim Team Leader (Contentious and Corporate Governance) MKLS</p>
<b>Information Governance</b>	<p>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.</p>	<p>Policy and Information Team</p>

	There is a program for undertaking data quality audits of performance indicators.	
<b>Equalities</b>	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
<b>Public Health</b>	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Procurement</b>	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium-Term Financial Strategy for 2022/23 to 2026/27 - including the budget for 2022/23 - was approved by full Council on 23<sup>rd</sup> February 2022. This report updates the Executive on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 2.2 This report also includes an update to the Executive on progress against its Key Performance Indicators (KPIs), and an updated covering corporate risks.

- 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. Attached at Appendix 3 is a report providing an update on corporate risks, in response to the Policy & Resources Committee's previous request for regular updates on this subject. Attached at Appendix 4 is an update on progress against the Recovery & Renewal Plan, and attached at Appendix 5 is an update on the UK Shared Prosperity Fund.
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### **3. AVAILABLE OPTIONS**

- 3.1 The Committee is asked to note the contents but may choose to comment on the content.
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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 In considering the current position on the Revenue budget, the Capital Programme, KPIs and Corporate Risks at the end of September 2022, the Executive can choose to note this information or could choose to comment.
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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 produced a balanced budget for both revenue and capital income and expenditure for 2022/23. The budget is set against a continuing backdrop of limited resources and a difficult economic climate, even before the impact of the Covid-19 pandemic became clear. 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 Executive the best opportunity to take actions to mitigate such risks.
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### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 The KPIs update ("Performance Monitoring") have been reported to the Policy Advisory Committees (PAC) quarterly: Communities, Housing & Environment PAC; Economic Regeneration & Leisure PAC; and the Planning & Infrastructure PAC. Each committee also received a report on the relevant priority action areas. The report was also presented to the Corporate Services PAC reporting 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 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during November 2022.
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## **8. REPORT APPENDICES**

- Appendix 1: Second Quarter Budget Monitoring 2022/23
  - Appendix 2: Second Quarter Performance Monitoring 2022/23
  - Appendix 3: Risk Update 2022/23
  - Appendix 4: Recovery & Renewal Update 2022/23
  - Appendix 5: UK Shared Prosperity Fund Update 2022/23
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## **9. BACKGROUND PAPERS**

None.