

**4<sup>th</sup> Quarter Finance Update & Performance Monitoring Report 2023/24**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Climate Transition, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Planning and Healthier Stronger Communities Policy Advisory Committee	9 July 2024
Housing and Community Cohesion Policy Advisory Committee	23 July 2024
Cabinet	24 July 2024

<b>Will this be a Key Decision?</b>	No
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Cabinet
<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 Carly Benville, Senior Information Analyst Alex Czabaniuk, Economic Development Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report sets out the 2023/24 financial and performance position for the services reporting into the Climate Transition, Corporate and Environmental Services Policy Advisory Committee (CTCE PAC), Planning and Healthier Stronger Communities (PHSC PAC) and Housing and Community Cohesion (HACC PAC) as at 31<sup>st</sup> March 2024 (Quarter 4). The primary focus is on:

- The 2023/24 Revenue and Capital budgets; and
- The 2023/24 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.

Quarterly monitoring reports for the first three quarters of 2023/24 were prepared for the four Policy Advisory Committees that were in place at the time. The reduction in the number of Policy Advisory Committees in May 2024 from four to three and the new allocation of responsibilities between Committees is reflected in this report, such that performance is shown as though the new allocations had been in effect throughout the financial year 2023/24. Where references are made in this report to 2024/25 and future years, no account has been taken of any possible changes of priorities under the new Administration, as these have not been finalised at the time of the issue of this report or any appendices hereto.

### Budget Monitoring

At the Quarter 4 stage the Council has incurred net revenue expenditure of £25.755m against the approved profiled budget of £25.777m, representing an underspend of £0.022m. The Council's revenue expenditure for the year is therefore within the overall agreed budget.

Note that the revenue expenditure for this purpose is net of additional unringfenced government grant of £4.7 million which was allocated as agreed by Council when setting the budget in February 2023 to the Housing Investment Fund, spatial policy and planmaking and staff pay.

Overall net expenditure at the end of Quarter 4 for the twelve months ending then for the services reporting to CTCE PAC is £15.706m, compared to the approved profiled budget of £18.569m, representing an underspend of £2.863m.

At the end of Quarter 4, the Council had incurred overall net capital expenditure of £29.440m, representing a significant level of slippage against the agreed budget allocation within the Capital Programme of £57.965m.

Within this, capital expenditure at the end of Quarter 4 for CTCE PAC was £2.477m against a total budget of £16.439m. Details of capital expenditure for all PACs are set out in Appendix 1.

### Performance Monitoring

This key performance indicators for this committee are split into two reports: Part A covering the fourth quarter of 203/24; and Part B providing an overarching annual summary of all the KPIs falling under this Policy Advisory Committee in 2023/24.

In quarter four, 42.9% (3 out of 7) of the KPIs for this Policy Advisory Committee achieved their target. Of those four targets missed, explanations as to why have been provided in the report by the service managers. Across the other two Committees four targets were missed, although there were improvements in a number of other areas.

In the annual summary (Part B), all performance for 2023/24's KPIs are shown, broken down by quarter where applicable. A number of annual indicators do not have data available until later in the summer, so an update will be provided to this Committee once available. End of year comments are provided from the Head of Services and Service Managers, providing summaries of the yearly outturn for their services.

#### UK Shared Prosperity Fund Update

An update on progress made against schemes using this funding is shown at Appendix 3, along with a year-end summary.

#### Uncollectable Business Rates (NNDR)

Appendix 4 details the Business Rates that have been through a recovery process and now deemed unrecoverable and we are seeking approval to write-off the debt by Cabinet.

#### Corporate Risk Update

Appendix 5 outlines all the Council's corporate risks. One corporate risk rating has been downgraded from black to red to reflect the progress made with control measures and planned actions completed. This was - Not fulfilling residential property health & safety responsibilities.

### **Purpose of Report**

The report enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 31<sup>st</sup> March 2024.

### **This report makes the following recommendation to the Cabinet: That**

1. The Revenue position as at the end of Quarter 4 for 2023/24, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. The Capital position at the end of Quarter 4 for 2023/24 be noted;
3. The Performance position as at Quarter 4 for 2023/24, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted;
4. The UK Shared Prosperity Fund update, attached at Appendix 3 to the report be noted;
5. The uncollectable Business Rates (NNDR) listed at Appendix 4 to the report be approved for write-off; and
6. The Risk Update, attached at Appendix 5 to the report be noted.

# 4<sup>th</sup> Quarter Finance Update & Performance Monitoring Report 2023/24

## 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 provides assurance 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 will be 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 Cabinet 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>Deputy Head of Legal</p>
<b>Information Governance</b>	<p>The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.</p>	<p>Policy and Information Team</p>
<b>Equalities</b>	<p>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</p>	<p>Equalities and Communities Officer</p>

	identified.	
<b>Public Health</b>	The performance recommendations will not negatively impact on population health or that of individuals.	Senior 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>	Sufficient budget has been allocated for the Council's short to medium term financial commitment to addressing the biodiversity and climate issues stipulated in the Biodiversity and Climate Change Action Plan.	Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium-Term Financial Strategy for 2023/24 to 2027/28 - including the budget for 2023/24 - was approved by full Council on 22<sup>nd</sup> February 2023. This report updates the Cabinet on how its services have performed for the financial year, up to and including Quarter 4 2023/24, with regard to revenue and capital expenditure against approved budgets.
- 2.2 The reduction in the number of Policy Advisory Committees from four to three in May 2024 and the new allocation of responsibilities between Committees is reflected in this report, such that performance is shown as though the new allocations had been in effect throughout the financial year 2023/24.
- 2.3 This report also includes an update to the Cabinet on progress against its Key Performance Indicators (KPIs), and an update covering corporate risks.
- 2.4 Attached at Appendix 1 is a report setting out the revenue and capital spending position at the Quarter 4 stage. Attached at Appendix 2 is a report setting out the position for the KPIs for the corresponding period. Attached

at Appendix 3 is an update on progress on the UK Shared Prosperity Fund and attached at Appendix 4 are the details of the uncollectable Business Rates (NNDR) being requested for approval to write off. Attached at Appendix 5 is a report providing an update on corporate risks, in response to the former Policy & Resources Committee's previous request for regular updates on this subject.

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### **3. REVENUE AND CAPITAL BUDGETS**

- 3.1 The tables below summarise the overall position as at 31<sup>st</sup> March 2024. Further details and an explanation of the significant variances are shown in Appendix 1.
- 3.2 This main elements in the underspend are a drawdown of the contingency budget (£1.871m), which has been deployed to offset overspends in services reporting to other committees such as Temporary Accommodation and lower levels of income in Planning. There has also been additional interest and investment income (£0.929m) arising from slippage in the capital programme leading to higher cash balances, and higher than expected interest income on those balances.
- 3.3 It should be noted that a significant factor in achieving a balanced position for this year was that the contingency budget of £1.871m was available to mitigate the pressures elsewhere in the budget. That budget is not available for 2024/25 as its has been used to balance the budget. There will still be a significant number of pressures to deal with, so careful management of budgets and the early identification of issues will be paramount throughout the year.

## Revenue Budget

Policy Advisory Committee	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Climate Transition, Corporate and Environmental Services	18,828	15,966	2,863
Planning and Healthier Stronger Communities	2,439	4,102	-1,663
Housing and Community Cohesion	4,510	5,688	-1,178
<b>Net Revenue Expenditure</b>	<b>25,777</b>	<b>25,755</b>	<b>22</b>

## Capital Budget

Policy Advisory Committee	Adjusted Estimate 2023/24 £000	Actual to March 2024 £000	Budget Remaining £000
Climate Transition, Corporate and Environmental Services	16,439	2,477	13,962
Planning and Healthier Stronger Communities	2,089	712	1,377
Housing and Community Cohesion	39,438	26,251	13,187
<b>Total</b>	<b>57,965</b>	<b>29,440</b>	<b>28,525</b>

3.4 At the Quarter 4 stage, the Council has incurred overall net capital expenditure of £29.440m, representing a significant level of slippage against the agreed budget allocation within the Capital Programme of £57.965m.

3.5 Within this, capital expenditure at the end of Quarter 4 for CTCE PAC was £2.477m against a total budget of £16.439m.

3.6 The slippage will be rolled forward to 2024/25. This will increase the size of the capital programme, which will need to be reviewed to assess deliverability going forward. This assessment is in part driven by the largest programme related to 1,000 homes which is at risk of being slowed down.

**Note:** The reports for the first three quarters of 2023/24 were based on the Policy Advisory Committees that were in place at the time. These are the new Committees that were agreed in May 2024.



## **Performance**

3.7 In the annual summary (Part B), all performance for 2023/24's KPIs are shown. The key headlines are :

- the PI monitoring footfall in the Town Centre, which saw an increase of 1,476,095 unique visitors in Q4 2024 compared to Q4 2023.
- The vacant units in the Town Centre also improved this year, dropping to 13.2% in January 2024, compared to 16.3% in April 2023.
- Maidstone's unemployment rate remains lower than the average in Kent and Great Britain.
- Our youth unemployment rate (18-24yo) is consistent with the average across Kent (5.3% in March 2024).
- planning applications - an approximately 70% success rate for appeals (despite many obstacles) which puts MBC as a high performer from a national perspective.
- Maidstone Leisure Centre received over half a million visits in the last Financial Year, slightly above the target set by MBC.
- Customer satisfaction with the Leisure Centre experience sits at 83%, above the 80% target set by MBC.
- Utility costs at the Leisure Centre saw a 9% reduction in the first half of 2023 against a nominated based line of 2022 but have risen by 1% against that baseline in the second half of 2023; making an average overall reduction of 4.82% on the whole of 2023 against 2022.
- The Hazlitt Theatre - theatre patronage, 73% of available tickets were sold to 63,500 customers across all shows in the year and of these 84% of visitors were satisfied or very satisfied.

## **Uncollectable Business Rates (NNDR)**

3.8 Appendix 4 details the Business Rates that have been through a recovery process and now deemed unrecoverable and we are seeking approval to write-off the debt by Cabinet.

3.9 The process of debt recovery is in general,

- we would issue a reminder notice 10 days after a charge is due.
- A final notice would then be issued if the debt remained unpaid, usually a month after the reminder notice has been sent. This final notice withdraws the right to pay by instalment and warns that a court summons may be issued.
- If the debt still remains unpaid we would issue a Magistrate's court summons. The timing of this is dependent on the court dates we are given. A liability order would be granted at the Magistrate's court for any outstanding debt. We would be prepared to accept a payment arrangement at any point up to this stage.

3.10 If the debt is not paid after the liability order has been granted, or a suitable arrangement agreed and adhered to, the debt would then be passed to Mid Kent Enforcement Service (bailiffs). If they are unable to collect the debt and the ratepayer is still trading, we would then need to consider other actions, such as commencing insolvency proceedings. In the attached cases this has not been possible as the ratepayers have already ceased trading and become insolvent/dissolved.

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#### 4. **AVAILABLE OPTIONS**

- 4.1 There is one matter for decision in this report. The Cabinet is asked to recommend the approval of the write off the uncollectable Business Rates.
- 4.2 The Cabinet is asked to note the remaining parts of the report but may choose to comment.

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#### 5. **PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 5.1 In considering the current position on the Revenue budget, the Capital Programme, and the KPIs at the end of March 2024, the Cabinet can choose to note this information or could choose to comment.
- 5.2 The Cabinet is requested to note the remaining content of the report.

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#### 6. **RISK**

- 6.1 This report is presented for information only and has no direct risk management implications.
- 6.2 The Council produced a balanced budget for both revenue and capital income and expenditure for 2023/24. The budget is set against a continuing backdrop of limited resources and the continuation of 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 Cabinet the best opportunity to take actions to mitigate such risks.
- 6.3 Within the adverse variance reported to the Housing, Health and Environment PAC is an overspend close to £1 million in relation to the provision of temporary accommodation. Expenditure in this area has been unpredictable, and whilst this overspend has been mitigated substantially through underspends elsewhere around the Council, this area of spend continues to pose a very significant risk to future performance.
- 6.4 The 1,000 Homes housing scheme that forms part of the Capital Programme is currently underspending. The current schemes are reliant on getting planning permission. Currently the permission for Maidstone East is not granted and there is no current clarity on the way forward. This will further delay or potentially stop the project which is likely to cause additional costs or even incur significant write off of expenditure to revenue. The planning decisions are also impacting the pipeline for further schemes which will make it difficult to deliver the 1,000 homes scheme.

## **7. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

7.1 The KPIs update (“Performance Monitoring”) are reported to the Policy Advisory Committees (PAC) quarterly: Climate Transition, Corporate and Environmental Services PAC, Planning and Healthier Stronger Communities PAC and Housing and Community Cohesion PAC. Each committee also receives a report on the relevant priority action areas. The report was also presented to the Climate Transition, Corporate and Environmental Services PAC reporting on the priority areas of “A Thriving Place”, “Safe, Clean and Green”, “Homes and Communities” and “Embracing Growth and Enabling Infrastructure”.

7.2 Climate Transition, Corporate and Environmental Services PAC and Planning and Healthier Stronger Communities PAC supported the recommendations as they related to their areas. The report will be considered by Housing and Community Cohesion PAC on Tuesday 23 July 2024 with their feedback will be presented to Cabinet.

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## **8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

8.1 The Quarter 4 Budget & Performance Monitoring reports were considered by the Climate Transition, Corporate and Environmental Services PAC on Monday 8 July 2024, Planning and Healthier Stronger Communities PAC on Tuesday 9 July 2024 and will be considered by Housing and Community Cohesion PAC on Tuesday 23 July 2024.

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## **9. REPORT APPENDICES**

- Appendix 1: Fourth Quarter Budget Monitoring 2023/24
- Appendix 2: Fourth Quarter Performance Monitoring 2023/24
- Appendix 3: UK Shared Prosperity Fund Update 2023/24
- Appendix 4: Uncollectable Business Rates (NNDR)
- Appendix 5: Risk Update 2023/24

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## **10. BACKGROUND PAPERS**

None.