

**1st Quarter Finance, Performance & Risk Monitoring Report
2022/23**

| Timetable | |
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| Meeting | Date |
| Corporate Services Policy Advisory Committee | 12 October 2022 |
| Executive Meeting | 26 October 2022 |

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| Will this be a Key Decision? | No |
| Urgency | Not Applicable |
| Final Decision-Maker | Executive |
| Lead Head of Service | Mark Green, Director of Finance & Business Improvement |
| Lead Officer and Report Author | Paul Holland, Senior Finance Manager Georgia Harvey, Senior Information Governance Officer Alison Blake, Interim Head of Mid Kent Audit Anna Collier, Corporate Insight, Communities & Governance Manager |
| Classification | Public |
| Wards affected | All |

Executive Summary

This report sets out the 2022/23 financial and performance position for the services reporting into the Executive as at 30th June 2022 (Quarter 1). 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 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 1 stage the Council has incurred net expenditure of £0.059m against the approved profiled budget of £1.488m, representing an underspend of £1.428m.

Overall net expenditure at the end of Quarter 1 for the services reporting to CS PAC is -£0.193m, compared to the approved profiled budget of £0.704m, representing an underspend of £0.897m.

At the Quarter 1 stage, the Council has incurred overall expenditure of £2.688m against a budget allocation within the Capital Programme of £35.476m.

Capital expenditure at the end of Quarter 1 for CS PAC was £0.084m 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 particular note is the addition of a new risk relating to the May 2023 elections and arising from the introduction of Voter ID. All other corporate risks have been reviewed and updated with some changes to risk scores and risk descriptions as noted in the report. 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

The Recovery and Renewal Action Plan at Appendix 4 details the progress made against actions for the last two quarters.

A number of initiatives, increasing access to funding to support vulnerable households, have been successfully delivered. These include the issue of fuel vouchers in August with the remainder to be issued in September, helping 431 households.

There has been significant progress as part of the culture change project to help facilitate new ways of working across the organisation. An event was held in July involving staff, partners and service users to help understand how the Council is perceived and what needs to adapt or change to achieve continuous improvement in its approach to service design and delivery.

Twenty organisations were funded from the 1st phase of the Community Resilience Fund amounting to £58,429.00. There will be a second wave of funding available in Autumn/Winter 2022 for organisations in the VCS.

Seventeen events were held throughout the summer months in Maidstone Town Centre to support a 'vibrant visitor economy'. This included Fusion Festival, Brenchley Gardens Concerts and Art in the Park.

There has been delay with some actions including the Mid Kent Skills hub, however this is expected to move forward once commercial terms have been agreed. A Volunteering and Funding Support Event, organised by Funding for All, in partnership with MBC is currently under development and is due to take place at the end of November.

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 30th June 2022.

That the Executive consider the write-off the irrecoverable Housing Benefits overpayment listed at Appendix 5 to the report.

This report makes the following recommendations to the Executive:

1. That the Revenue position as at the end of Quarter 1 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 1 for 2022/23 be noted;
3. That the Performance position as at Quarter 1 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 irrecoverable Housing Benefits overpayment, listed at Appendix 5 to the report, be written off.

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1. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
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| 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 2019-2045, 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</p> | Senior Finance Manager (Client) |

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| | 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. | |
| 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> | Senior Lawyer (Corporate Governance), MKLS |
| Information Governance | 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 |

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| 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 and Climate Change | 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 23rd February 2022. 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.
- 2.2 This report also includes an update to the Committee 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 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 a report providing an update on corporate risks, in response to the Policy & Resources Committee's previous request for regular updates on this subject.
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3. AVAILABLE OPTIONS

- 3.1 The Executive is asked to note the contents but may choose to comment on the content.
 - 3.2 That the Executive write-off the irrecoverable Housing Benefits overpayment listed at Appendix 5 to the report.
 - 3.3 That further action be taken to recover the Housing Benefits overpayment listed at Appendix 5 to the report
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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 June 2022, the Executive can choose to note this information or could choose to comment.
 - 4.2 That the Executive write-off the irrecoverable Housing Benefits overpayment listed at Appendix 5 to the report as all reasonable debt recovery has taken place.
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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:
 - Economic Regeneration & Leisure PAC on 4 October 2022;
 - Communities, Housing & Environment PAC on 11 October 2022;
 - Corporate Services PAC on 12 October 2022; and
 - Planning & Infrastructure PAC on 17 October 2022.
 - 6.2 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 1 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during September/October 2022.
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8. REPORT APPENDICES

- Appendix 1: First Quarter Budget Monitoring 2022/23
 - Appendix 2: First Quarter Performance Monitoring 2022/23
 - Appendix 3: Risk Update 2022/23
 - Appendix 4: Recovery & Renewal Update 2022/23
 - Appendix 5: Housing Benefit Overpayment Write-off
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9. BACKGROUND PAPERS

None.