



Corporate Overview Group

Tuesday, 19 November 2019

Finance and Performance Management Quarter 2

Report of the Executive Manager – Finance and Corporate Services

1. Purpose of report

- 1.1. This report highlights the quarter two position in terms of financial and performance monitoring for 2019/20. These items were previously reported to Corporate Governance Group and Performance Management Board. The Corporate Strategy 2019-2023 was adopted at Full Council on 19 September 2019 and performance measures will be developed to align with strategic tasks in line with the delivery of annual service plans.
- 1.2. Overall, the financial position for the year is positive with overall service revenue efficiencies of £390k and business rates additional income of £68k with an overall revenue efficiency position of £454k. Such funding will be required given the significant risks in relation to future business rate income streams and the challenge of funding the important carbon reduction agenda.
- 1.3. The capital programme shows a planned underspend of £13.530m largely due to sums no longer required such as for Fairham Pastures, Abbey Road and the Asset Investment Strategy. In the case of the latter this may be revisited subject to the Council's position regarding the Crematorium. Furthermore, some projects require sums to be carried forward such as for the Bingham Leisure Hub.
- 1.4. In terms of performance, there are 17 tasks and 30 indicators on the strategic scorecard and performance is generally good at this stage of the year. Explanations to provide context and further information where performance is not meeting targets are provided.

2. Recommendation

It is RECOMMENDED that the Group:

- a) Note the projected revenue position for the year with £454k of budget efficiencies and the capital underspend of £13.530m are noted
- b) Discusses the identified finance and performance exceptions and any action required at this stage of the year
- c) Considers whether any scrutiny is required at this stage of the year into identified exceptions
- d) Forwards the finance elements of this report to Cabinet for consideration along with any observations it wishes to make.

3. Reasons for Recommendation

- 3.1. To demonstrate good governance in terms of scrutinising the Council's on-going performance and financial position.

4. Supporting Information

Revenue Monitoring

- 4.1. The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis as at 30 September 2019. This shows projected net efficiency savings for the year to date of £390k and £68k due to business rates variation. The overall £454k variation represents -3.95% against the net expenditure budget and we currently anticipate £650k to be transferred to reserves to meet in particular business rates risk going forward and to enable the Council to fund investment to support its climate change agenda (see paragraphs 5.3 and 5.4). This position is likely to change throughout the remainder of the year as managers continue to drive cost savings, and raise income, against existing budgets.
- 4.2. **Appendix A** includes a Minimum Revenue Provision (MRP) of £1m. This is a provision that the Council is required to make each year to cover the internal borrowing costs for the Arena which will be funded by the New Homes Bonus.
- 4.3. The financial position to date reflects a number of positive variances totalling £757k including additional income from planning applications (£170k), and treasury investment income (£282K); and reduced expenditure on staffing (£120k). There are several adverse variances totalling £327k. Reasons include £111k as the expected level of housing benefit overpayments recovered has reduced and bank commission charges of £60k due to delay in change of supplier.

Capital Monitoring

- 4.4. The updated summary of the Capital Programme monitoring statement and funding position is shown at **Appendix B** as at 30 September 2019. The projected variance at this stage is £13.530m.
- 4.5. The original Capital Programme of £16.506m has been supplemented by a net brought forward and in-year adjustments of £10.654m giving a revised total of £27.160m. The net expenditure efficiency position of £13.530m is primarily due to the following:
- a) Bingham Leisure Hub £5.245m – spend not anticipated until 2020/21;
 - b) Abbey Road Redevelopment £1.485m – spend no longer required in relation to the Depot;
 - c) Crematorium £1.6m – the direction of travel is still to be determined regarding the Council's position on the operation of a crematorium;
 - d) NCCC Loan £0.75m – NCCC have informed the Council the remaining balance is no longer required;
 - e) Asset Investment Strategy £2.162m – currently not anticipated to utilise this funding although a decision going forward will be influenced by the outcome of whether the crematorium project proceeds.

4.6. The overall variance has a corresponding impact on the funding required for the programme and this is likely to mean that any borrowing requirement can be met from internal resources with no recourse to borrow externally this financial year.

4.7. **Conclusion**

The overall financial position for both revenue and capital is currently positive. It should be noted that opportunities and challenges can arise during the year which may impact on the projected year-end position. There remain external financial pressures from developing issues such as business rates retention, the fair funding review, comprehensive spending review and continued uncertainty surrounding BREXIT. Furthermore there are the Council’s own challenges such as meeting its own environmental objectives. Against such a background, it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from changing income streams and maintains progress against its Transformation Strategy.

















Monitoring the delivery of the Corporate Strategy













4.8 The Corporate Strategy was adopted by Council on 19 September 2019 and the action plan within contains 17 tasks and 30 performance measures. It is intended that it will be a ‘living strategy’ that will be likely to change through the lifetime of the strategy. A summary of the progress of tasks and measures within each of the four corporate themes is shown below.

4.9 At the end of quarter two, tasks are progressing well, although target dates are approaching for two tasks – Relocation of R2Go service and Streetwise, and Relocate community contact centre in West Bridgford. There are no concerns with either of these tasks in meeting their target dates. In terms of performance measures, where these are already in place, eight are performing well and four are highlighted as exceptions. Commentary for any identified exceptions details why targets have been missed and what is being done to improve performance to meet these targets.

4.10 It is important to view both the Strategic and Operational Scorecards together as they contain complimentary information. For example, seen in isolation, operational planning performance could be viewed as poor; however, the strategic indicators, and arguably more important, in terms of the Council meeting its stated goals, are performing very strongly.






4.11 Further detail and a key to symbols is shown in **Appendices C and D**.

EFFICIENT SERVICES					ENVIRONMENT				
Strategic Tasks					Strategic Tasks				
 4	 0	 0			 2	 0	 0		
There are no task exceptions this quarter.					There are no task exceptions this quarter.				
Performance Indicators					Performance Indicators				
 1	 0	 1	 3	 1	 2	 0	 0	 1	 0

LIFCS15 <i>Value of savings achieved by the Transformation Strategy against the programme at the start of the financial year</i> has been identified as an exception. An explanation is provided in Appendix D on page 49.			There are no performance exceptions identified this quarter.		
QUALITY OF LIFE			SUSTAINABLE GROWTH		
Strategic Tasks			Strategic Tasks		
 5	 0	 0	 6	 0	 0
There are no task exceptions this quarter.			There are no task exceptions this quarter.		
Performance Indicators			Performance Indicators		
 2	 2	 1	 0	 0	 6
LICO64 <i>Number of pavilion, community hall and playing field users</i> has been identified as an exception. An explanation is provided in Appendix D on page 50.			LINS24 <i>Number of new affordable homes delivered</i> has been identified as an exception. An explanation is provided in Appendix D on page 51.		
			LITR36 <i>Percentage of new homes at the Land North of Bingham completed</i> has been identified as an exception. An explanation is provided in Appendix D on page 51.		

Operational Scorecard

- 4.12 The Council's operational business is also monitored and 38 measures make up the Operational Scorecard which is presented for scrutiny at the quarterly Corporate Overview Scrutiny Group. Two performance indicators have been removed from this report due to changes in national reporting of planning data.

Operational Scorecard – Performance Indicators				
 21	 1	 6	 7	 3
LICO41 <i>Percentage of householder planning applications processed within target times</i> has been identified as an exception. An explanation is provided in Appendix D on page 52.				
LIFCS52 <i>Percentage of complaints responded to within target times</i> has been identified as an exception. An explanation is provided in Appendix D on page 53.				
LINS37 <i>Burglaries per 1,000 households</i> , LINS38 <i>Robberies per 1,000 population</i> , LINS39 <i>Vehicle crimes per 1,000 population</i> have been identified as an exception. An explanation is provided in Appendix D on pages 54 – 55.				
LITR02a <i>Percentage of calls answered in 40 seconds (cumulative)</i> has been identified as an exception. An explanation is provided in Appendix D on page 56.				

5. Risks and Uncertainties

- 5.1. Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both Councillors and the Council's external auditors.
- 5.2. Areas such as income can be volatile responding to external pressures such as the general economic climate. For example, planning income is variable according to the number and size of planning applications received dependent on factors such as business and housing growth.
- 5.3. Business rates is subject to specific risk given the volatile nature of the taxbase with a small number of properties accounting for a disproportionate amount of tax revenue, notably in Rushcliffe Ratcliffe-on-Soar power station. Furthermore, changes in central government policy influences business rates received and their timing, for example policy changes on small business rates relief.
- 5.4. The Council is committed to improving the environment and reducing its carbon footprint. Addressing such risks will require funding.
- 5.5. The Council needs to be properly insulated against such risks hence the need to ensure it has a sufficient level of reserves, as well as having the ability to use such reserves to support projects where there is 'upside risk' or there is a change in strategic direction.
- 5.6. Risks linked to the Corporate Strategy and the Council's performance are managed by the Risk Management Group and monitored by the Governance Scrutiny Group. Effective performance management helps to mitigate the risk should the Council fail to deliver the Corporate Priorities or maintain good performance.

6. Implications

6.1. Financial Implications

Financial implications are covered in the body of the report.

6.2. Legal Implications

The Council is required to have adequate procedures in place for financial and performance management and this report fulfils that requirement.

6.3. Equalities Implications

There are none for this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are none for this report.

7. Link to Corporate Priorities

This report links to all of the Corporate Strategy key themes of:

- Delivering economic growth to ensure a sustainable, prosperous and thriving local economy
- The environment
- Maintaining and enhancing our residents' quality of life
- Transforming the Council to enable the delivery of efficient high quality services

8. Recommendations

It is RECOMMENDED that Corporate Overview Group:

- Note the projected revenue position for the year with £454k of budget efficiencies; and the capital underspend of £13.530m as a result of both projects no longer proceeding and planned programme slippage
- Discusses the identified finance and performance exceptions and any action required at this stage of the year
- Considers whether any scrutiny is required at this stage of the year into identified exceptions
- Forwards the finance elements of this report to Cabinet for consideration along with any observations it wishes to make.

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Background papers available for Inspection:	Council 7 March 2019 – 2019-20 Budget and Financial Strategy; Cabinet 10 September 2019 – Revenue and Capital Budget Monitoring 2019/20 – Financial Update Council 19 September 2019 – Corporate Strategy 2019-2023
List of appendices:	Appendix A – Revenue Outturn Position 2019/20 – June 2019 Appendix B – Capital Programme 2019/20 – June 2019 Position Appendix C – Strategic Tasks Appendix D – Corporate and Operational Scorecards

