



**Corporate Overview Group**

**Tuesday, 25 February 2020**

**Finance and Performance Management Quarter 3**

## **Report of the Executive Manager – Finance and Corporate Services**

### **1. Purpose of report**

- 1.1. This report highlights the quarter three position in terms of financial and performance monitoring for 2019/20. These items were previously reported to Corporate Governance Group and Performance Management Board.
- 1.2. Given the current financial climate, it is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to maintain a robust financial position.
- 1.3. Overall, the financial position for the year is positive with overall service revenue efficiencies of £552k and business rates additional income of £354k (consisting of a redistribution of the business rates pool surplus and an in-year movements on business rates collection) with an overall revenue efficiency position of £0.906m. 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. It is anticipated there will be carry forwards including £100k will be required to support work regarding the Development Corporation (with an ear-marked reserve being created). This will be referenced in the Council's Medium Term Financial Strategy.
- 1.4. The capital programme shows a planned underspend of £17.807m largely due to sums no longer required (such as for Fairham Pastures, Abbey Road and the Asset Investment Strategy) plus planned slippage in the programme such as delayed planning for the Crematorium. Some projects require sums to be carried forward (for example Bingham Leisure Hub).
- 1.5. The Special Expenses position shows a minor efficiency saving of £1.6k or 0.2% against the revised budget.
- 1.6. The performance of the 17 tasks and 30 indicators on the strategic scorecard is generally good with one task now complete and others progressing well. 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 £0.906m of budget efficiencies;
- b) note the capital underspend of £17.807m as a result of both projects no longer proceeding and planned programme slippage;
- c) note the Special Expenses quarter 3 position;
- d) discusses the identified finance and performance exceptions and any action required at this stage of the year
- e) considers whether any scrutiny is required at this stage of the year into identified exceptions.

### **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 December 2019 attached at **Appendix B**. This shows projected net efficiency savings for the year to date of £552k and £375k due to business rates variation and the Nottinghamshire Business Rates Pool surplus. The overall £0.906m variation represents – 7.88% against the net expenditure budget and we currently anticipate £1.102m to be transferred to reserves to meet in future risks and to enable the Council to fund investment to support its climate change agenda (see paragraphs 5.3 and 5.4). This position may still change in the final quarter of the year.
- 4.2. As stated in the Council's Medium Term Financial Strategy £0.1m of the revenue efficiency position is to be utilised to support the Development Corporation project as an earmarked reserve. Use of the reserve will be stated in future reports.
- 4.3. **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 (and other projects in later years) which will predominately be funded by the New Homes Bonus.
- 4.4. As documented at **Appendix B**, the financial position to date reflects a number of positive variances totalling £1.166m including additional income from planning applications (£420k), and treasury investment income (£273K); and reduced expenditure on staffing (£104k). There are several adverse variances totalling £462k. As previously reported reasons include £115k as

the expected level of housing benefit overpayments recovered has reduced and bank commission charges of £60k due to delay in change of supplier.

- 4.5. **Appendix E** shows the quarter 3 position on the Special Expenses budget. There is a slight increase in the revised budget and projected spend due to agreed allocations from contingency for park improvements and Christmas lights on Melton Road. These projections are included in the overall £1.6k projected revenue efficiencies.

#### Capital Monitoring

- 4.6. The updated summary of the Capital Programme monitoring statement and funding position is shown at **Appendix C** as at 30 December 2019. **Appendix D** provides further details about the progress of the schemes, any necessary re-phasing and highlights efficiencies. The projected variance at this stage is £17.807m.
- 4.7. The original Capital Programme of £16.506m has been supplemented by a net brought forward and in-year adjustments of £8.795m giving a revised total of £25.301m. The net expenditure efficiency position of £17.807m is primarily due to the following:
- a) Bingham Leisure Hub £4.6m – spend not anticipated until 2020/21;
  - b) Cotgrave Phase 2 £1.03m – works to commence early 2020;
  - c) Crematorium £1.55m – due to planning delay;
  - d) Industrial Units, Moorbridge £1.6m – due to planning delay;
  - e) Support for Registered Housing Providers £1,396m – schemes to commence 2020/21;
  - f) NCCC Loan £0.75m – NCCC have informed the Council the remaining balance is no longer required; and
  - g) Asset Investment Strategy £5.383m – currently not anticipated to utilise the balance of this funding although two schemes are pending completion in late 2019/20 and early 2020/21.

- 4.8. 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.

#### Monitoring the delivery of the Corporate Strategy

- 4.9. 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.
- 4.10. At the end of quarter three, tasks are progressing well; Relocation of R2Go service and Streetwise is complete, and Relocate community contact centre in West Bridgford was completed in February 2020. In terms of performance

measures, where these are already in place, eight are performing well and two 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.

4.11. 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.

### Strategic Scorecard

4.12. Further detail and a key to symbols is shown in **Appendices F and G**.

EFFICIENT SERVICES					ENVIRONMENT				
<b>Strategic Tasks</b>					<b>Strategic Tasks</b>				
1	3	0	0		0	3	0	0	
There are no task exceptions this quarter. ST1923_07 Relocation of R2Go service and Streetwise – task is complete.					There are no task exceptions this quarter.				
<b>Performance Indicators</b>					<b>Performance Indicators</b>				
1	1	0	3	1	1	1	0	1	0
No performance exceptions identified this quarter.					No performance exceptions identified this quarter.				






  

QUALITY OF LIFE					SUSTAINABLE GROWTH				
<b>Strategic Tasks</b>					<b>Strategic Tasks</b>				
0	5	0	0		0	5	0	0	
There are no task exceptions this quarter.					There are no task exceptions this quarter.				
<b>Performance Indicators</b>					<b>Performance Indicators</b>				
1	1	1	2	0	6	0	1	4	4
<b>LICO64 – Number of pavilion, community hall and playing field users</b> has been identified as an exception. An explanation is provided in					<b>LINS24 – Number of affordable homes delivered</b> has been identified as an exception. An explanation is provided in the appendix.				

the appendix.

## Operational Scorecard

4.13. The Council's operational business is also monitored and 38 measures make up the Operational Scorecard. Two performance indicators have been removed from this report due to changes in national reporting of planning data.

Operational Scorecard – Performance Indicators				
 22	 2	 5	 6	 3
LICO41 Percentage of householder planning applications processed within target times LINS37 Domestic burglaries per 1,000 households LINS38 Robberies per 1,000 population LINS39 Vehicle crimes per 1,000 population LITR02a Percentage of calls answered in 40 seconds (cumulative)				
These have been identified as exceptions. An explanation is provided for each in the appendix.				

## 5. Risks and Uncertainties

Consider the potential risks of the options proposed. Would the proposed action threaten the reputation or services of the council? Having identified any risk, outline any mitigating action that would minimise the likelihood of the risk occurring or the severity of its consequences.

- 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. The Council is aware of the considerable amount of work being

undertaken with regards to the Development Corporation and this will need resourcing with an earmarked reserve proposed to ensure sufficient financial resource is available.

- 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.

## **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**

Quality of Life	Successful management of the Council's resources can help the Council deliver on its goals as stated in the Corporate Strategy and monitored through this quarterly report
Efficient Services	
Sustainable Growth	
The Environment	

## **8. Recommendations**

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<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Council 7 March 2019 – 2019-20 Budget and Financial Strategy; Cabinet 9 December 2019 – Revenue and Capital Budget Monitoring 2019/20 – Financial Update Council 19 September 2019 – Corporate Strategy 2019-2023
<b>List of appendices:</b>	<b>Appendix A</b> – Revenue Outturn Position 2019/20 – December 2019 <b>Appendix B</b> – Revenue Variance Explanations <b>Appendix C</b> – Capital Programme 2019/20 – December 2019 Position <b>Appendix D</b> – Capital Variance Explanations <b>Appendix E</b> – Special Expenses Quarter 3 Update <b>Appendix F</b> – Strategic Tasks <b>Appendix G</b> – Corporate and Operational Scorecards