

Cherwell District Council

Executive

3 October 2022

Monthly Performance, Risk and Finance Monitoring Report August 2022

Report of Assistant Director of Finance and Interim Assistant Director – Customer Focus

This report is public

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring positions as at the end of August 2022.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report August 2022.
- 1.2 To create an income and expenditure budget of £0.503m for the Homes for Ukraine Grant.
- 1.3 To agree additional Capital Project to be included within the Capital Programme for a new mains electrical connection to accommodate the newly installed Air Source Heat Pump (ASHP) to operate at Kidlington Leisure Centre.
- 1.4 To approve the changes to reserves as detailed in Appendix 5.

2.0 Introduction

- 2.1 The Council is committed to performance, risk and budget management, reporting the progress against its corporate priorities on a monthly basis.
- 2.2 The Council carries out monthly budget forecasts of year end spend, to identify budget risks at the earliest opportunity, and identify approaches to address and mitigate this. Including these within a combined performance and risk report ensures that performance implications can be identified and assessed together with the financial implications.

- 2.3 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2022-23 business plan and the priorities of the Council, highlighting progress, identifying areas of good performance and actions that have been taken to address underperformance or delays.
- 2.4 The Council maintains a Leadership Risk Register that is thoroughly reviewed by the Corporate Leadership Team (CLT) on a monthly basis. The latest available version of the risk register is included in this report (Appendix 8). The Leadership Risk Register is a living document and will alter to reflect the environment in which we operate. The Risk strategy are reviewed on an annually, reflecting on the priorities of the council for the forthcoming year.
- 2.5 The main report details section is split into three parts:
- Finance Update
 - Performance Summary
 - Leadership Risk Register Summary
- 2.6 There are 8 appendices to this report:
- Appendix 1 – Finance Capital August 2022
 - Appendix 2 – Forecast Detailed Revenue Narrative August 2022
 - Appendix 3 – Virements August 2022
 - Appendix 4 – Funding August 2022
 - Appendix 5 – Use of reserves and grant funding August 2022
 - Appendix 6 – 2022/23 Business Plan
 - Appendix 7– Monthly Performance August 2022
 - Appendix 8– Leadership Risk Register August 2022

3.0 Report Details

- 3.1 The Finance section presents forecast position for 2022/2023 and a brief summary on the overall forecast financial position in August 2022.
- 3.2 The Council's performance management framework sets out key actions, projects and programmes of work that contribute to deliver the 2022- 23 business plan (see Appendix 6) and the priorities of the Council. The performance section provides a summary of the Council's performance against each strategic priority, highlighting the performance exceptions, which are those measures where performance is rated amber (slightly behind the target - worse than target by up to 10%), and/or Red (off target - worse than target by more than 10%).
- 3.3 The 2022-23 business plan sets out four strategic priorities:
- **Housing that meets your needs** - The Council is committed to deliver affordable housing, raising the standard of rented housing and find new and innovative ways to prevent homelessness. Also, delivering the local plan and supporting the most vulnerable people in the District.
 - **Supporting environmental sustainability** - The Council is committed to keep working towards the commitment to be carbon neutral by 2030, promoting the Green Economy and increasing recycling across the district;

working in partnerships to improve air quality in the district and the reduction of environmental crime.

- **An enterprising economy with strong and vibrant local centres** - The Council is committed to support business retention and growth; also, securing infrastructure to support growth in the district and securing investment in our town centres. This priority also contributes towards making communities thrive and businesses grow promoting the district as a visitor destination, committing to work with businesses to ensure compliance and promote best practice.
- **Healthy, resilient and engaged communities** - The Council is committed to enabling all residents to lead an active life, improving, and developing the quality of local sports and leisure facilities and promoting health and wellbeing in our communities. Also, supporting community and cultural development, working with our partners to address the causes of health inequalities and deprivation, and to reduce crime and anti-social behaviour.

3.4 The Risk summary highlights the risks within the Leadership Risk Registered scored as High Risk (scoring between 16-25) during August and the Mitigating actions taken by the service.

4.0 Finance Update

4.1 The Council i's forecasting an overspend of £0.512m for 2022/23 as shown in Table 1. The majority of the forecast overspend is due to the continued impacts of the Covid-19 pandemic relating to commercial and car parking income streams and the cost-of-living crisis linked to increasing fuel costs.

Report Details

Table 1: Forecast Year End Position

Service	Original Budget	Current Budget	Forecast August 2022	August Variance (Under) /Over	% Variance to current budget	July Variance (Under) / Over	Change since Previous (better) / worse	
	£m	£m	£m	£m	%	£m	£m	
HR & OD	0.822	0.826	0.826	0.000	0.0%	0.000	0.000	
Wellbeing & Housing	3.339	4.374	4.674	0.300	6.9%	0.225	0.075	
Customer Focus	1.606	1.684	1.727	0.043	2.6%	0.061	(0.018)	
Chief Executive	5.767	6.884	7.227	0.343	5.0%	0.286	0.057	
Finance	2.850	3.220	3.231	0.011	0.3%	0.000	0.011	
Legal & Democratic	1.709	1.849	1.928	0.079	4.3%	0.051	0.028	
ICT	1.235	1.253	1.439	0.186	14.8%	0.223	(0.037)	
Property	(3.196)	(2.983)	(3.113)	(0.130)	4.4%	(0.108)	(0.022)	

Resources	2.598	3.339	3.485	0.146	4.4%	0.166	(0.020)	
Planning & Development	1.752	2.147	2.116	(0.031)	-1.4%	(0.036)	0.005	
Growth & Economy	0.336	0.403	0.323	(0.080)	-19.9%	(0.050)	(0.030)	
Environmental	4.057	4.182	4.801	0.619	14.8%	0.623	(0.004)	
Regulatory	1.112	1.286	1.286	0.000	0.0%	0.000	0.000	
Communities	7.257	8.018	8.526	0.508	6.3%	0.537	(0.029)	
Subtotal for Directorates	15.622	18.241	19.238	0.997	5.5%	0.989	0.008	
Executive Matters	4.316	2.186	2.491	0.305	-14.0%	0.393	(0.088)	
Policy Contingency	3.554	3.065	2.275	(0.790)	-25.8%	(0.332)	(0.458)	
Total	23.492	23.492	24.004	0.512	2.2%	0.061	(0.546)	

FUNDING	(23.492)	(23.492)	(23.492)	0.000	0.0%
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0.000	0.000
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(Surplus)/Deficit	0.000	0.000	0.512	0.512
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1.050	(0.538)
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Note: A positive variance is a forecast overspend and a negative is a forecast underspend. Green represents an improvement and red represents a decline compared to the previous month's forecast.

Table 2: Analysis of Forecast Variance – August 2022

Breakdown of current month forecast	Forecast Variance	Forecast Base Budget Over/ (Under)	Savings Non-Delivery
	£m	£m	£m
Chief Executive	0.343	0.243	0.100
Resources	0.146	(0.076)	0.222
Communities	0.508	0.177	0.331
Subtotal Directorates	0.997	0.344	0.653
Executive Matters	0.305	0.305	0.000
Policy Contingency	(0.790)	(0.790)	0.000
Total	0.512	(0.141)	0.653

FUNDING	0.000	0.000	0.000
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(Surplus)/Deficit	0.512	(0.141)	0.653
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Table 5 – Budget compared with Forecast

The graph below shows the Forecast for August and July compared to budget for the financial year.

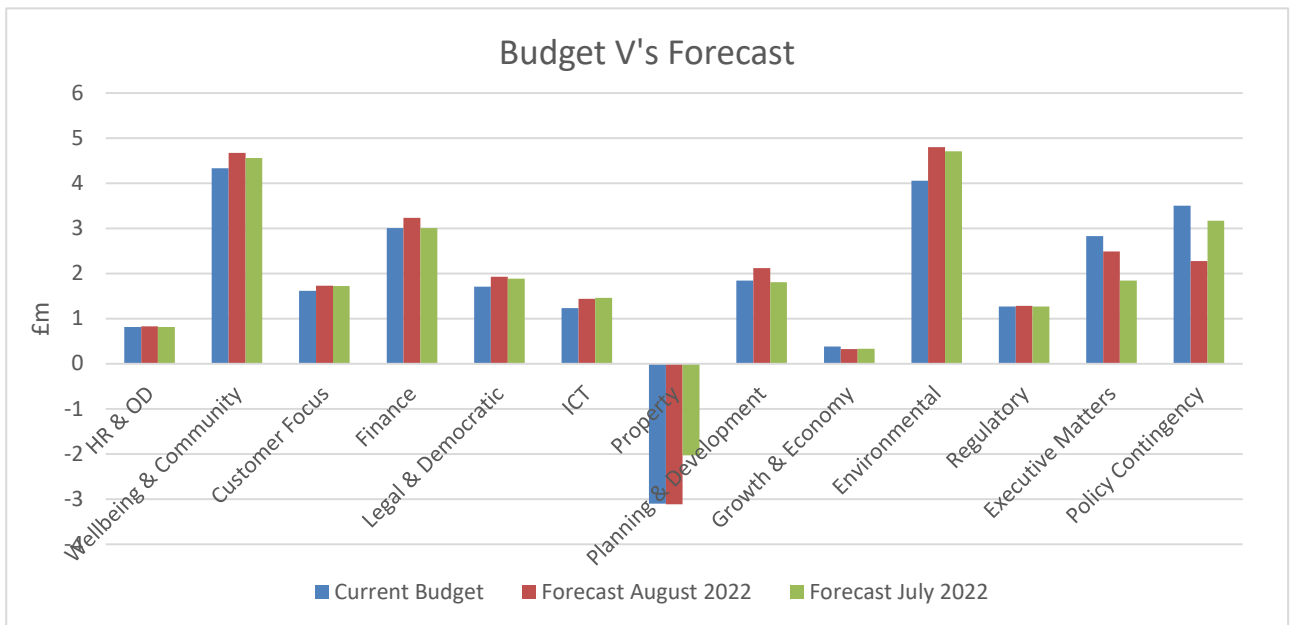


Table 5: Top Five Major Variances:

Portfolio	Current Budget	Variance	% Variance
Car Parks	2.327	0.458	19.7%
Interest	2.376	0.305	12.8%
Leisure	0.697	0.225	32.3%
Waste & Recycling	0.369	0.127	34.4%
ICT Services	(0.077)	0.093	-120.8%
Total	5.692	1.208	

Car Parks: -

There is a £0.458m reduction in anticipated car park income largely due to reduced demand.

Usage has yet to return to pre pandemic levels. The charges increase of 25% last year, produced an increase in income of 16-18%. A further 10% rise in car park charges in July 2022 is not anticipated to increase income by a further 10%.

Interest: -

Interest rates have continued to rise and the cost to carry (difference between what it costs to lend the money and what we can earn by investing the surplus funds) has reduced because of this.

The Council had held a significant amount of it's borrowing as short-term loans due to interest rates being very low. However, given the instability and uncertainty surrounding interest rates the Council has worked closely with its external treasury management advisers to understand forecasts of where the Bank of England base rate and hence short-term borrowing rates could lead to.

Therefore, the Council has taken out long-term borrowing, over periods ranging between five and ten years, at rates lower than the forecast interest rates. This means that interest payments are now certain and also less than they would be if borrowing was secured later in the year when interest rates are forecast to be at their peak.

Taking out this fixed borrowing at higher than budgeted interest rates creates a budget pressure. The Council is mitigating this by taking the additional cash it now holds and investing this in line with its Investment Strategy. A strategy is being implemented to allow the Council to take advantage of increasing interest rates by investing the surplus cash it holds to reduce the impact in 2022/23.

Leisure: -

The overspend is predominantly caused by greater than anticipated utility costs. It is expected the extensive decarbonisation works undertaken at the Leisure Centres will have a positive impact on utility costs, but it is too soon to say what the scale of that impact will be over the remainder of the year. The forecast overspend also includes a pressure from a slower than anticipated progress on a possible new 3G pitch at North Oxfordshire Academy. The overspend is being offset to some extent by increased income from joint use contributions in Leisure and also fines issued by the Housing Standards team to landlords for failure to register HMO properties.

Waste & Recycling: -

The forecasted pressure of £0.127m within Waste and Recycling is as a result of multiple factors. This is largely due to a pressure of £0.094m in employee costs due to agency staff for backfilling vacant posts and several long-term sick. An increase of £0.066m in additional transports costs, largely fuel, is offset by savings on vehicle maintenance and mileage

ICT Services: -

Consisting of under recovery of income and consultant fees attributable to the decoupling of the IT service and establishing a stand-alone IT service and a new Digital Strategy for Cherwell.

For further details of forecast variances please see appendix 2

Policy Contingency

Policy Contingency is planned to meet affordable housing, commercial pressures, costs of decoupling from OCC and inflation. There is a currently projected release of (£0.790m) for inflation to partially mitigate some of the inflationary costs that the Council is experiencing and car parking income challenges.

Table 6 - Earmarked Reserves and General Balances at August 2022

The table below is a summary of the level of reserves the council holds.

Reserves	Balance 1 April 2022	Original Budgeted use/ (contribution)	Changes agreed since budget	Changes proposed August 2022	Forecast Balance 31 March 2023

			setting		
	£m	£m	£m	£m	£m
General Balance	(5.950)	(0.500)	0.000	0.000	(6.450)
Earmarked	(23.691)	2.262	(1.372)	0.711	(22.090)
Ringfenced Grant	(16.215)	11.205	1.168	0.000	(3.842)
Subtotal Revenue	(45.856)	12.967	(0.204)	0.711	(32.382)
Capital	(8.049)	0.000	0.000	0.000	(8.049)
Total	(53.905)	12.967	(0.204)	0.711	(40.431)

For further detail on the reserves please see Appendix 5.

4.2 Capital

There is a forecast in-year underspend of (£5.073m), of which £4.238m is to be reprofiled in future years. There is an overall forecast decrease in the total cost of schemes of (£0.835m).

A new capital scheme is required at Kidlington Leisure Centre in order to accommodate a new mains electrical connection to accommodate the newly installed Air Source Heat Pump (ASHP) at Kidlington Leisure Centre. The estimated cost of this works is £200,000.

Table 7 - Capital Spend 2022/2023

Directorate	Budget £m	Outturn 2022/23 £m	Re-profiled beyond 2022/23 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	4.445	4.102	0.341	(0.002)	(0.002)
Resources	15.134	12.123	2.158	(0.853)	(0.948)
Communities	7.650	5.931	1.739	0.020	(0.016)
Total	27.229	22.156	4.238	(0.835)	(0.966)

Table 8 – How the Capital Programme is financed

Financing	22/23 Budget	Future Years
Borrowing	12,818	5,658
Reserves	1,200	0
Capital Receipts - Repayment of Loan Principal	6,000	3,654
External Financing - Capital Grants and S106	7,081	0
	27,099	9,312

Table 9 – Total Capital Project Forecast

There is a total capital project forecast for the council of £35.706m resulting in an underspend of (£0.835m).

Directorate	Budget £m	Total Outturn 2022/23 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	5.165	5.163	(0.002)	(0.002)
Resources	15.134	14.281	(0.853)	2.424
Communities	16.242	16.262	0.020	(0.019)
Total	36.541	35.706	(0.835)	2.403

For further detail please view appendix 1 Finance Capital August 2022.

Table 10 - Top Five in Year Capital Variances: -

Code	Assistant Director	Top 5 In-Year Variances	Budget Total £'000	Reprofile to 23/24 £'000	% of in year Budget Variance
40144	Andrew Low	Castle Quay	3,257	1,052	32.30%
40141	Andrew Low	Castle Quay Waterfront	4,438	500	11.27%
40239	Andrew Low	Bicester East Community Centre	1,450	500	34.48%
40262	Robert Jolley	Affordable Housing	1,200	600	50.00%
40028	Ed Potter	Vehicle Replacement Programme	1,166	566	48.54%
			11,511	3,218	

Castle Quay: -

A number of Capital Projects are being reviewed to ensure they meet the strategic direction for Castle Quay and remain relevant to meet the challenges of the changing retail market. This has resulted in reprofiling a number of projects that will be delivered in 2023/2024.

Castle Quay Waterfront: -

Budget reprofiled from 2021/2022 as a result delays to completion of Main Contract works for Castle Quay Waterfront following supply chain challenges. This has resulted in a knock-on effect and re-profiling the budget.

Bicester East Community Centre: -

Preparing final design. Planning application submitted mid-August. Working with the tenant on their design requirements to ensure smooth transition into the new premises. £0.500m slippage as works will not be on site until the end of Q4 2022/2023 for a 9-month project completion in Q3 2023/2024.

Affordable Housing: -

The expenditure on this project depends upon the outcome of survey work which will commence during the summer. The current forecast is the best we can project

given current information prior to receiving the report for the survey work which is due in the autumn.

Vehicle Replacement Programme: -

£0.566m is required to be slipped in to 2023/24 due to supply chain issues impacting the availability of electric vehicles.

5.0 Performance Summary

5.1 The Council reports monthly on performance against 16 Business Plan Measures, 37 measures quarterly and 38 every six months. Full details, including commentary against each measure can be found in Appendix 7.

5.2 During August 2022, 12 measures reported Green, two Amber and two reported Red.

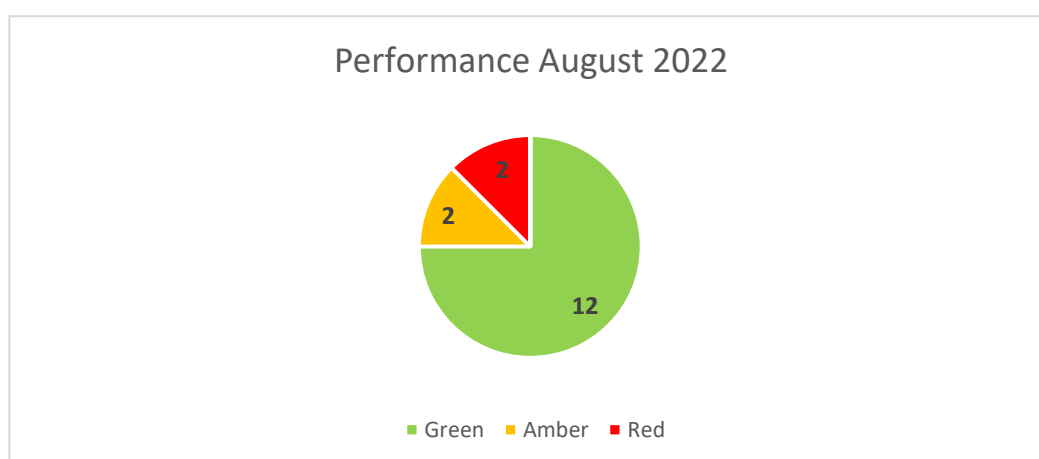


Figure 1: Performance Summary August 2022, 12 measures Green, 2 Amber and 2 Red

5.3 Performance Exceptions

Number of Affordable Homes delivered including CDC and Growth Deal targets

Priority: Housing that meets your needs

Service: Wellbeing and Housing Services

Assistant Director: Nicola Riley

Reporting Red for August and Green for Year to date (1 against a target of 12).

Comments from service: There was one shared ownership affordable home completed for August. As previously reported some units have now been delayed, to September/October, due to shortages of building materials, a continued impact of COVID-19, and availability of workforce, together with heatwaves which impacted construction. However, we are reporting Green for year to date with 59 homes delivered against a target of 60 to date.

Financial Year to date performance		
April (Green)	May (Green)	June (Green)
July (Red)	August (Red)	September
October	November	December
January	February	March

% of Business Rates collected, increasing NNDR Base

Priority: An Enterprising Economy with strong and vibrant local centres

Service: Revenues and Benefits

Assistant Director: Michael Furness

Reporting Red for August and Green for Year to date (9.02% against a target of 10.20%).

Comments from service: The in-month collection rates was 9.02% against a target of 10.2%,

however, the cumulative collection rate for year to date is 49.73%, exceeding the year to date target of 48.20%. Recovery action has continued throughout August with outbound calls taking place and the issuing of reminders and summonses to prompt payment.

Financial Year to date performance		
April (Amber)	May (Green)	June (Amber)
July (Green)	August (Red)	September
October	November	December
January	February	March

% of Waste Recycled & Composted

Priority: Supporting Environmental Sustainability

Service: Environmental Services

Assistant Director: Ed Potter

Reporting Amber for August and Year to date (51.84% of waste collected against a monthly target of 56%).

Comments from service: The recycling rate is down compared with last year if this continues the final recycling rate maybe below 55%. There are many reasons for this decline in the recycling rate, but it is mainly due to the very dry summer meaning which has impacted the garden waste collection, also, the amount of dry recycling and glass has seen a reduction during the year.

Financial Year to date performance		
April (Amber)	May (Amber)	June (Amber)
July (Amber)	August (Amber)	September
October	November	December
January	February	March

Reduction of fuel consumption used by fleet

Service: Environmental Services

Assistant Director: Ed Potter

Reporting Amber for August and Green for Year to date (42,428 against a target of 42,199 litres).

Comments from service: We had a slight increase on the estimated usage for August, however, last month was substantially down on estimated usage which helps balancing our position, hence why we are performing Green for year to date.

Financial Year to date performance		
April (Green)	May (Amber)	June (Green)
July (Green)	August (Amber)	September
October	November	December
January	February	March

5.4 Performance Highlights

- **Housing that meets your needs**
Average time taken to process Housing Benefit Claims – Performance in August for the measure is well within target (9.44 achieved against a target of below 18.00) which is excellent for this time of year. The team will continue to monitor the workload accordingly.
- **An enterprising economy with strong and vibrant local centres**
% of Council Tax collected, increase Council Tax Base – Reported an in-month collection rate of 9.14% against target of 9%. The cumulative collection rates for 2022/23 are 47.75%, above target of 47.10%. Recovery continued throughout August, with the issuing of reminders and summons to prompt payment.
- **Healthy, resilient and engaged communities**
Supporting Community Safety and Reduce Anti-Social Behaviour – The Community Safety Team assisted in the search for two missing young children, locating one of them and waiting with them until their carer arrived. The team also assisting in locating two adults with dementia who had gone missing.

6.0 Risk Update

6.1 The Council maintains a Leadership Risk Register, this document contains Strategic risks that are significant in size and duration and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities risk latest available version of the risk register at the date this report is published is included in this report.

6.2 The heat map below shows the overall position of all risks contained within the Leadership Risk Register for August 2022.

Risk Scorecard – Residual Risks

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic	L18				
	4 - Major		L09	L03-L04-L05-L06-L07-L11-L14	L01	
	3 - Moderate		L10-L15	L12-L16-L17	L08- L13	
	2 - Minor		L02			
	1 - Insignificant					

Figure 2: Risk scorecard showing the risk scores in the Leadership Risk Register for August 2022

6.3 The Leadership Risk Register has been thoroughly reviewed, including re-organisation of the numbering as a consequence of risks closed in the last 6

months, also, as part of the end of year review each risk has been reviewed throughout.

6.4 The Leadership Risk Register is reviewed by the Extended Leadership Team as part of the monthly reporting process; however, this is a live document that gets updated as and when required at any point during the month.

6.5 During August the Leadership Risk register had one score change **L18 Cessation of joint working between CDC and OCC** residual score has been reduced from 10 Medium Risk to 5 Low Risk.

Leadership Risk	Residual Score (after mitigation)	Direction of travel	Mitigating Actions
L18 Cessation of joint working between CDC and OCC	5 Low Risk	↓	The transitional plan is adaptable to ensure recommendations can be made to the JSS&P Committee in a timely and effective manner. Risks are managed across the various governance arrangements and monitored by the JSS&P Committee. A decoupling implementation plan is in place for CDC to effectively and efficiently manage the transitional arrangements and risks. An update has been reported to the Overview & Scrutiny Committee.

7.0 Conclusion and Reasons for Recommendations

This report provides an update on progress made during August 2022, to deliver the Council's priorities through reporting on Performance, Leadership Risk Register and providing an update on the Financial Position. The Council is committed to performance, risk and budget management and reviews progress against its corporate priorities on a monthly basis.

8.0 Consultation

This report sets out performance, risk, and budgetary information for the fourth month of this financial year and as such no formal consultation on the content or recommendations is required.

9.0 Alternative Options and Reasons for Rejection

The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2022-23 Business Plan. Regarding the monitoring aspects of the report, no further options have been considered. However, members may wish to request that officers provide additional information. Regarding the recommendation to approve changes in use of reserves, members could choose not to reject the change of use, however, the request is in accordance with the councils Reserves Policy and within existing budgets. If members chose not to agree

to the changes in transfers to reserves, then this would mean resource would need to be found for these projects separately in future years.

10.0 Implications

Financial and Resource Implications

- 10.1 Financial and Resource implications - Are detailed within section 4.0 to 4.2 of this report.

Comments checked by:

Michael Furness, Assistant Director of Finance / Section 151, Tel: 01295 221845, Michael.Furness@cherwell-dc.gov.uk

Legal Implications

- 10.2 There are no legal implications arising directly from this report.

Comments checked by:

Shahin Ismail, Assistant Director Law & Governance,
Shahin.Ismail@cherwell-dc.gov.uk

Risk Implications

- 10.3 Risk Implications - This report contains a full update with regards to the Council's risk position at the end of August 2022.

Comments checked by:

Celia Prado-Teeling, Interim Assistant Director – Customer Focus, Tel: 01295 221556 Celia.prado-teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

- 10.4 Equalities and Inclusion Implications - The report must show how “in planning, delivering, monitoring and evaluating our work, equality and diversity issues are appropriately considered from the outset”. New proposals must be screened for relevance against our statutory duties to promote equality and where relevant an impact assessment.

Comments checked by:

Celia Prado-Teeling, Interim Assistant Director – Customer Focus,
Tel: 01295 221556 , Celia.prado-teeling@cherwell-dc.gov.uk

11.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

This report supports all Corporate Priorities

Lead Councillor

Councillor Richard Mould, Portfolio Holder for Corporate Services
Councillor Adam Nell, Portfolio Holder Finance

Document Information

Appendix number and title

- Appendix 1 – Finance Capital August 2022
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Background papers

None

Report Author and contact details

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