

Cherwell District Council

Executive

3 July 2023

Performance, Risk and Finance Monitoring Report End of year 2022 - 2023

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

This report is public

Purpose of report

To update Executive on the council's performance, risk, and financial positions for the period up to the end of the financial year 2022-2023.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the Performance, Risk and Finance Monitoring Report for End of year 2022-2023.
- 1.2 To note the Annual Report 2022 – 2023 (Appendix 9).
- 1.3 To approve the carry forward of funding into reserves and agree the allocations being released for use in 2023/2024 as set out in Appendix 6.
- 1.4 To approve the capital carry forwards described in Appendix 1.
- 1.5 To approve the Use of / Contributions to Reserves as set out in Appendix 5.
- 1.6 To note the outturn underspend for 2022/2023.

2.0 Introduction

- 2.1 This report provides with financial, performance and risk insights on our overall delivery against the council's business plan priorities from April 2022 to March 2023.

During an eventful year, our overall performance in 2022-23 remained strong, confirming our commitment to being a high performing council, working hard to embed a culture of continuous improvement, providing excellent services, keeping our residents at the heart of all we do.

3.0 Report Details

3.1 This report is split into three sections:

- Finance
- Performance
- Risk

3.2 The Finance section presents the year-end results for the 2022/2023 financial year, based on actual income and expenditure figures up to the end of March.

3.3 The Performance section sets out the council's delivery towards its 2022-23 Business Plan commitments.

3.4 The Risk section highlights the council's Leadership Risk Register position as of the end of the financial year 2022- 2023, it also includes the end of year risk scorecard of with all Leadership risks.

3.5 Finance Update

The council has been successful in delivering an outturn position for 2022/23 with an overall minor underspend of (£0.001m). This is a significant achievement under the current economic circumstances. In addition to being able to come in under budget, the Council has been able to address a number of items within the outturn to benefit the Council:

- £1.145m has been identified to be set aside to contribute to reserves. This will be used to mitigate a deficit in the business rates collection fund in 2024/25.
- The Council was able to identify underspends across the organisation to address an underachievement of S31 grant income in 2022/23 of £0.871m due to business rates reliefs funded by S31 grant being lower than budgeted.
- Addressing these two issues now have the dual benefit of
 - not increasing the pressure on the 2024/25 budget, and
 - relieves pressure on the 2022/23 budget which had assumed that it would need to make contributions to reserves to address these issues.
- The Council had also budgeted to use £1.200m of reserves from capital fund, none of which was required due to underspends elsewhere in the budget and has all been returned to reserves.
- In addition, the Council was still able to make a contribution of £0.200m to the General Fund, compared to a budgeted commitment of £0.500m.

For further details on the above please see appendix 2

Report Details

Table 1.1: Forecast Year End Position

Service	Original Budget £m	Current Budget £m	Year End Position at March £m	March Variance (Under) / Over £m	% Variance to current budget %	January Variance (Under) / Over £m	Change since Previous (better) / worse £m
HR & OD	0.822	0.852	0.809	(0.043)	-5.0%	0.000	(0.043)
Wellbeing & Housing	3.339	3.780	3.776	(0.004)	-0.1%	0.170	(0.174)
Customer Focus	1.606	1.848	2.021	0.173	9.4%	0.185	(0.012)
Chief Executive	5.767	6.480	6.606	0.126	1.9%	0.355	(0.229)
Finance	2.850	3.134	3.292	0.158	5.0%	(0.024)	0.182
Legal & Democratic	1.709	1.904	2.111	0.207	10.9%	0.169	0.038
ICT	1.235	1.251	1.380	0.129	10.3%	0.175	(0.046)
Property	(3.196)	(1.483)	(1.539)	(0.056)	3.8%	(0.097)	0.041
Resources	2.598	4.806	5.244	0.438	9.1%	0.223	0.215
Planning & Development	1.752	1.814	0.923	(0.891)	-49.1%	(0.663)	(0.228)
Growth & Economy	0.336	0.779	0.724	(0.055)	-7.1%	(0.040)	(0.015)
Environmental	4.057	4.664	5.736	1.072	23.0%	0.933	0.139
Regulatory	1.112	1.123	1.126	0.003	0.3%	0.000	0.003
Communities	7.257	8.380	8.509	0.129	1.5%	0.230	(0.101)
Subtotal for Directorates	15.622	19.666	20.359	0.693	3.5%	0.808	(0.115)
Executive Matters	4.315	3.076	2.240	(0.836)	-27.2%	(0.515)	(0.321)
Policy Contingency	3.555	0.750	0.021	(0.729)	-97.2%	(0.332)	(0.397)
Total	23.492	23.492	22.620	(0.872)	-3.7%	(0.039)	(0.833)

FUNDING	(23.492)	(23.492)	(22.621)	0.871	-3.7%
(Surplus)/Deficit	0.000	0.000	(0.001)	(0.001)	

0.000	0.871
(0.039)	0.038

Note: A positive variance is an overspend or a reduction in predicted income and a (negative) is an underspend or extra income received. Green represents an underspend and red represents a overspend for the current month's forecast.

Funding - Business Rates Income

Table 1.2 provides a breakdown of the business rates outturn position for 2022/23.

The variance of £0.871m has been met from underspends identified at year end across the organisation and is explained in detail in Appendix 2.

Table 1.2: Business Rates Outturn 2022/23

Business Rates Breakdown	Original Budget £m	Year End £m	Variance £m
Business Rates Share	(34.474)	(34.474)	0.000
Business Rates Tariff	29.072	29.072	0.000
Business Rates Levy	4.467	5.294	0.827
Business Rates Pooling Gain	(2.210)	(2.442)	(0.232)
Section 31 grants	(8.406)	(8.130)	0.276
Previous Year Collection Fund Deficit	10.479	10.479	0.000
Use of Section 31 Reserve	(10.324)	(10.324)	0.00
Grand Total	(11.397)	(10.526)	0.871

Table 2: Analysis of Variance – March 2023

Breakdown of current month forecast	Outturn £m	Base Budget Over/ (Under) £m	Savings Non-Delivery £m
Chief Executive	0.126	(0.097)	0.223
Resources	0.438	0.213	0.225
Communities	0.129	(0.249)	0.378
Subtotal Directorates	0.693	(0.133)	0.826
Executive Matters	(0.836)	(0.836)	0.000
Policy Contingency	(0.729)	(0.729)	0.000
Total	(0.872)	(1.698)	0.826
FUNDING	0.871	0.871	0.000
(Surplus)/Deficit	(0.001)	(0.827)	0.826

Table 3 – Budget compared with Outturn

The graph below shows the change from January's forecast to March's outturn position for the financial year.

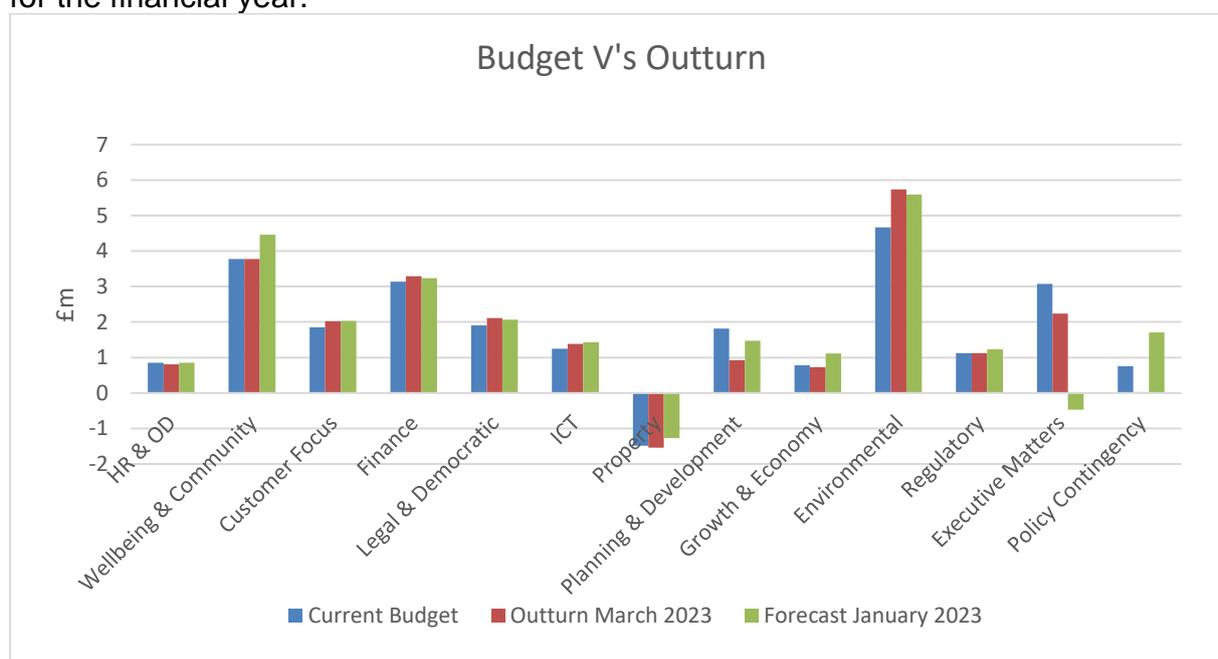


Table 4: Top Five Major Variances:

Portfolio	Current Budget	Variance	% Variance
Development Management	(0.024)	(0.850)	3541.7%
Policy Contingency	0.750	(0.729)	-97.2%
Interest	(2.375)	(0.593)	25.0%
Car Parks	(0.950)	0.347	-36.5%
Waste & Recycling	2.933	0.597	20.4%
Total	0.334	(1.228)	

The top 5 services differ slightly from last month although there is an overall improvement of (£1.136m)

Development Management Variance (£0.850m) [January Variance (£0.742m)]: - Development Management income exceeded expectations (£2.702m) compared to a budget of (£2.249m) and a further (£0.118m) was received from monitoring fees owing. This represents an additional (£0.571m) over that expected.

Policy Contingency

The movement in policy contingency is shown in the table below: -

Policy Contingency	Budget	Expenditure	Notes
Original Budget	3.555		
Inflation Contingency	-0.334		Used to fund pay award
Affordable Housing	-0.840		For Town Centre Roof
Commercial Risk	-0.458		Car Park Income
General Contingency	0.077		£77k is relating to Saving GWR002 removed
General Contingency	0.300		Reduction in General fund contribution
General Contingency	-0.010		Utility cost review
General Contingency	-0.010		Elections budget realignment
General Contingency	-0.047		Pension Strain
Separation Costs	-0.399		Decoupling pressure
General Contingency	0.061		NI reduction returned from services to Policy Contingency
General Contingency	-1.145		Contribution to S31 Reserve
		0.021	Minor corporate costs funded from general contingency
	0.750	0.021	

Interest Variance (£0.593m) [January Variance (£0.515m)]: -

In July 2022 the Council identified that interest rates were rising and took the decision to borrow £66m to address its borrowing needs over the following two years. This has successfully insulated the Council from the increased borrowing costs that have taken place since then. The Council has been able to invest this surplus cash prior to loan repayments becoming due. As interest rates have increased, the council is anticipating higher than budgeted income of (£0.593m).

Car Parks Variance £0.347m [January Variance £0.332m]: -

There is a £0.347m reduction in car park income which has previously been reported mainly due to reduced volumes as a result of ongoing changes in customer behaviour. This has been addressed in the budget for 2023/24 and a review of the councils assets in the future will aim to maximise use of space.

Waste & Recycling Variance £0.597m [January Variance £0.624m]: -

The pressure within Waste and Recycling of £0.597m is a result of a combination factors. An increase of £0.571m in employee costs due to continued unusual amount of long-term sickness and vacancies. Gate fees have risen by £0.269m due to a decrease in the value of recycled materials and an increase of £0.081m on transport costs of which £0.109m is result of high fuel costs.

Table 5 - Earmarked Reserves and General Balances at March 2023

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 setting	Changes proposed March 2023	Balance 31 March 2023
	£m	£m	£m	£m	£m
General Balance	(5.950)	(0.500)	0.000	0.300	(6.150)
Earmarked	(23.691)	2.262	(2.067)	(4.555)	(28.051)
Ringfenced Grant	(16.215)	11.205	2.696	(2.015)	(4.329)
Subtotal Revenue	(45.856)	12.967	0.629	(6.270)	(38.530)
Capital	(8.049)	0.000	0.000	0.000	(8.049)
Total	(53.905)	12.967	0.629	(6.270)	(46.579)

Please see appendix 5 for requests for reserves transfers.

3.6 Capital

The Council has an in-year underspend of (£14.958m), of which £14.273m is requested to be reprofiled in future years. This represents an overall decrease in the total cost of schemes of (£0.685m) due to a number of schemes no longer going ahead.

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	4.602	2.305	2.297	0.001	(0.002)
Resources	14.571	6.133	7.738	(0.699)	(0.552)
Communities	5.241	1.017	4.238	0.014	0.020
Total	24.413	9.455	14.273	(0.685)	(0.534)

Table 8 – How the Capital Programme is financed

Financing	22/23 Budget	Future Years
Borrowing	17.230	9.312
Reserves	7.183	0
	24.413	9.312

Table 9 – Total Capital Project Forecast

There is a total capital project spend for the council of £33.703m resulting in an underspend of (£0.685m).

Directorate	Budget £m	Total Outturn 2022/23 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	5.320	5.320	0.001	(0.002)
Resources	14.551	13.851	(0.700)	(0.552)
Communities	13.833	13.847	0.014	0.020
Total	33.703	33.019	(0.685)	(0.534)

For further detail please view appendix 1 Finance Capital March 2023.

Table 10 - Top Five in Year Capital Variances: -

Code	Assistant Director	Top 5 In-Year Variances	Budget Total £'000	Reprofile to 23/24 £'000
40260	Ed Potter	Land for New Bicester Depot	3,000	2,989
40144	Andrew Low	Castle Quay	3,257	2,985
40131	Nicola Riley	S106 Capital Costs	1,744	1,637
40239	Andrew Low	Bicester East Community Centre	1,450	1,371
40262	Andrew Low/Nicola Riley	Affordable Housing	1,200	1,156
			4,394	4,164

The top 5 capital projects differ to January's reporting and there has been an increase in the budget reprofiling into 2023/24 of £5.329m.

Land for New Bicester Depot: -

Due to rapid growth within the area the Council has identified a new site for the Bicester Depot and terms for the purchase are expected to be finalised early in 23/24. A project team has been established to develop the site under a separate capital scheme. The design is expected to maximise income opportunities in vehicle maintenance, energy cost reduction and which will greatly benefit the district and further our commitment to carbon reduction.

Castle Quay : -

As part of the Castle Quay Development and the regeneration of Banbury, the Council is working closely and in partnership with Oxfordshire County Council and The Mill Arts to provide new Library and Arts Facilities in Banbury respectively. Whilst arrangements are being finalised the Council has paused developments resulting in capital slippage which will be required in 2023/24.

S106 Capital : -

The budget allocation is for 16 projects funded by S106. Due to the clauses of grant agreements, the passporting of S106 funds is reliant upon timely project delivery by other bodies outside of the Council's control. Therefore, the majority of projects will be delivered in 2023/24.

Bicester East Community Centre: -

Expected start date on site is Quarter 1 of 2023/24. £1.371m of capital funding from 22/23 remains allocated to deliver this bespoke community centre for local residents.

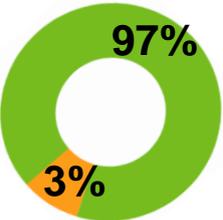
Affordable Housing: -

We have engaged design professionals to prepare the specification of works which are required to effect both the repair to the roof and the reinstatement of the living accommodation, which has been affected by the invasive investigative works which we have undertaken. The tender process will be completed in early 2023/24 with the aim being to complete the required works within the next 12 months.

3.7 Performance Summary

3.8 We achieved 32 of 33 performance goals for 2022/23, with one measure narrowly missed. This is an improvement of 12% on our performance for 2021/22

Figure 1 (below): Performance Summary End of financial year 2022-2023, 32 measures green (97%), one amber (3%) and zero red.



3.9 Performance Exceptions

The measure below missed its target for the financial year:

Measure: % of Waste Recycled and Composted

End of year: 53.1% (Target 56%)

Comment: We reported 9% more waste recycled and composted than the average for England of 44%.

3.10 Performance Highlights

Please go to our Annual Report 2022-2023 (Appendix 9) to see our highlights for the financial year.

3.11 Risk Update

3.12 The table below shows the position of all risks within the Leadership Risk Register for 2022 – 2023

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

Figure 2: Risk scorecard showing the risk scores in the Leadership Risk Register as of end of year 2022-2023

3.13 To review the full Leadership Risk Register, go to appendix 8.

4.0 Conclusion and Reasons for Recommendations

This report provides a summary of the council's delivery against its business plan priorities including its, risk, and financial positions for the 2022/23 financial year.

5.0 Consultation

This report sets out performance, risk, and budgetary positions for the end of the financial year 2022-2023, therefore no formal consultation or engagement is required.

In line with their respective terms of reference, the Accounts, Audit & Risk Committee reviews the risk register, the Budget Planning Committee undertakes finance monitoring and the Overview and Scrutiny Committee performance monitoring.

6.0 Alternative Options and Reasons for Rejection

- 6.1 This report summarises the council's performance, risk and financial positions for the 2022/23 financial year, therefore there are no alternative options to consider.

7.0 Implications

Financial and Resource Implications

- 7.1 Financial and Resource implications are detailed within sections 3.5 and 3.6 of this report. The reserves policy requires Executive to agree transfers to and from earmarked reserves and general balances during the financial year.

Comments checked by:

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

Legal Implications

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

Comments checked by:

Shahin Ismail, Interim Head of Legal Services,
Shahin.Ismail@cherwell-dc.gov.uk

Risk Implications

- 7.3 This report contains a full update with regards to the council's risk position at the end of 2022- 2023.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader, Tel: 01295 221556
Celia.prado-teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

- 7.4 There are no direct equalities and inclusion implications as a consequence of this report.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader, Tel: 01295 221556
Celia.prado-teeling@cherwell-dc.gov.uk

Sustainability Implications

- 7.5 There are no direct sustainability implications as a consequence of this report.

Comments checked by:

Ed Potter, Assistant Director Environmental Services
Ed.Potter@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected:

All

Links to Corporate Plan and Policy Framework

<https://www.cherwell.gov.uk/info/189/performance/934/business-plan-2022-to-2023>

Lead Councillor

Councillor Sandy Dallimore, Portfolio Holder for Corporate Services
Councillor Adam Nell, Deputy Leader and Portfolio Holder for Finance

Document Information

Appendix number and title

- Appendix 1 – Finance Capital March 2023
- Appendix 2 – Detailed Revenue Narrative on Forecast March 2023
- Appendix 3 – Virements and Aged Debt March 2023
- Appendix 4 – Funding Outturn 2023
- Appendix 5 – Use of Reserves and Grant funding 2023
- Appendix 6 – Transfer to Reserves to be released in 23 - 24
- Appendix 7 – Performance Report End of year 2022- 2023
- Appendix 8 – Leadership Risk Register End of year 2023
- Appendix 9 – Annual Report 2022 - 2023

Background papers

None

Report Author and contact details.

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