

# **Cherwell District Council**

## **Executive**

**4 September 2023**

### **Performance, Risk and Finance Monitoring Report April to July 2023**

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

This report is public

#### **Purpose of report**

To give the committee an update on how well the council is performing in delivering its priorities, managing potential risks, and balancing its finances for 2023/24 up to the end of July 2023.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the Council's Performance, Risk and Financial report for the current financial year up to the end of July 2023 and its contents.
- 1.2 To note the inclusion of a capital budget under officer delegated authority of £0.160m to provide a grant to the Canal & River Trust funded through S106 developer contributions in recognition of our commitment to the canal as an important asset in the district.
- 1.3 To approve £0.112 m for the Digital Transformation Capital Project.

#### **2.0 Introduction**

- 2.1 The council actively and regularly monitors its performance, risk, and financial positions to ensure it can deliver its corporate priorities and respond effectively to emerging issues.
- 2.2 This monitoring takes place at least monthly so the council can identify potential issues at the earliest opportunity and put measures in place to mitigate them.
- 2.3 These updates are consolidated into a single report given the implications and interdependencies between them, and this is the summary up to July 2023.

#### **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 forecasts for the 2023/2024 financial year, based on actual income and expenditure figures up to the end of July.
- 3.3 The Performance section sets out the council's progress towards achieving its priorities for 2023-24, which are set out in its Outcomes Framework.
- 3.4 The Risk section highlights any changes to risks within the council's Leadership Risk Register.

### 3.5 Finance Update

The Council's forecast outturn position for 2023/2024 is an overspend of £0.338m shown in Table 1. There is slight change in the forecast from the previous update of £0.048m mainly due to an increased forecast within Property Services. For further detail of the major variances please see Table 4.

The Council notes that national pay negotiations are ongoing and that the employers have made an offer to the Trade Unions which has not been accepted. The forecast for this month only includes the current interim pay award which has been allocated at a local level. Once the outcome of the national pay negotiations has concluded and a local pay award agreement reached this will be factored into the forecast for 2023/24 and the MTFS for the Council.

## Report Details

**Table 1: Forecast Year End Position**

Service	Original Budget £m	Current Budget £m	July Forecast £m	July Variance (Under) / Over £m	% Variance to current budget %	Prior Month Variance (Under) / Over £m	Change since Previous (better) / worse £m
HR & OD	0.807	0.807	0.807	0.000	0.0%	0.000	0.000
Wellbeing & Housing	2.286	2.307	2.197	(0.110)	-4.8%	(0.090)	(0.020)
Customer Focus	2.367	2.367	2.342	(0.025)	-1.1%	0.000	(0.025)
<b>Chief Executive</b>	<b>5.460</b>	<b>5.481</b>	<b>5.346</b>	<b>(0.135)</b>	<b>-2.5%</b>	<b>(0.090)</b>	<b>(0.045)</b>
Finance	3.303	3.303	3.303	0.000	0.0%	0.000	0.000
Legal & Democratic	1.959	2.033	2.063	0.030	1.5%	0.026	0.004
ICT	1.526	1.526	1.526	0.000	0.0%	0.000	0.000
Property	(1.691)	(1.691)	(1.612)	0.079	-4.7%	0.000	0.079
<b>Resources</b>	<b>5.097</b>	<b>5.171</b>	<b>5.280</b>	<b>0.109</b>	<b>2.1%</b>	<b>0.026</b>	<b>0.083</b>
Planning & Development	1.890	1.893	1.934	0.041	2.2%	0.041	0.000
Growth & Economy	0.546	0.523	0.453	(0.090)	-17.2%	(0.100)	0.010
Environmental	5.106	5.191	5.612	0.421	8.1%	0.421	0.000
Regulatory	1.150	1.151	1.151	0.000	0.0%	0.000	0.000
<b>Communities</b>	<b>8.692</b>	<b>8.758</b>	<b>9.130</b>	<b>0.372</b>	<b>4.2%</b>	<b>0.362</b>	<b>0.010</b>
<b>Subtotal for Directorates</b>	<b>19.249</b>	<b>19.410</b>	<b>19.756</b>	<b>0.346</b>	<b>1.8%</b>	<b>0.298</b>	<b>0.048</b>
Executive Matters	3.695	3.695	3.687	(0.008)	-0.2%	(0.008)	0.000
Policy Contingency	5.229	5.068	5.068	0.000	0.0%	0.000	0.000

<b>Total</b>	<b>28.173</b>	<b>28.173</b>	<b>28.511</b>	<b>0.338</b>	<b>1.2%</b>	<b>0.290</b>	<b>0.048</b>
<b>FUNDING</b>	<b>(28.173)</b>	<b>(28.173)</b>	<b>(28.173)</b>	<b>0.000</b>	<b>0.0%</b>	<b>0.000</b>	<b>0.000</b>
<b>(Surplus)/Deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>0.338</b>	<b>0.338</b>		<b>0.290</b>	<b>0.048</b>

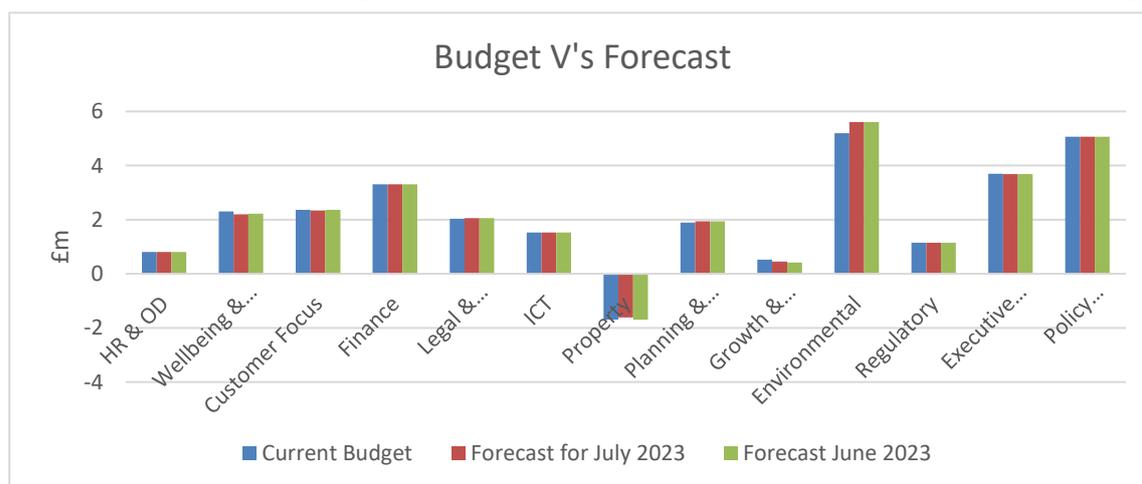
**Note:** A positive variance is an overspend or a reduction in forecast income and a (negative) is an underspend or extra income received. Green represents an underspend and red represents a overspend for the current month's forecast.

**Table 2: Analysis of Forecast Variance – July 2023**

<b>Breakdown of current month forecast</b>	<b>July 2023 Forecast £m</b>	<b>Base Budget Over/ (Under) £m</b>	<b>Savings Non-Delivery £m</b>
Chief Executive	(0.135)	(0.150)	0.015
Resources	0.109	0.099	0.010
Communities	0.372	0.369	0.003
<b>Subtotal Directorates</b>	<b>0.346</b>	<b>0.318</b>	<b>0.028</b>
Executive Matters	(0.008)	(0.008)	0.000
Policy Contingency	0.000	0.000	0.000
<b>Total</b>	<b>0.338</b>	<b>0.310</b>	<b>0.028</b>
<b>FUNDING</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>(Surplus)/Deficit</b>	<b>0.338</b>	<b>0.310</b>	<b>0.028</b>

**Table 3: Budget compared with Forecast**

The graph below shows the change from June's forecast to July 2023 compared to budget.



**Table 4: Top Major Variance:**

<b>Service</b>	<b>Service</b>	<b>Current Budget</b>	<b>Variance</b>	<b>% Variance</b>
Environmental Services	Waste & Recycling	3.230	0.421	13.0%

	<b>Total</b>	<b>3.230</b>	<b>0.421</b>	
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### Waste & Recycling Variance £0.421m (June Variance over spend £0.320m): -

The forecasted pressure of £0.421m within Environmental Services is primarily due to changes in the global market for recycled materials falling as recycling processing costs have increased. Commodity prices are currently very volatile, and the forecast could change during the year. The Council holds monthly meetings with the recycling reprocessor and monitor individual commodity prices on a monthly basis.

Staffing pressures and agency costs have added a further pressure which are being closely monitored and managed. The service is reviewing its staffing requirements to minimise fluctuations in resources in the waste service area.

### Table 5: Earmarked Reserves and General Balances at July 2023

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

Reserves	Balance 1 April 2023 £m	Original Budgeted use/ (contribution) £m	Changes agreed since the budget was set £m	Changes proposed July 2023 £m	Balance 31 March 2024 £m
General Balance	(6.150)	0.000	0.000	0.000	(6.150)
Earmarked	(28.052)	(2.469)	1.396	0.000	(29.125)
Ringfenced Grant	(4.327)	0.711	0.344	0.000	(3.272)
<b>Subtotal Revenue</b>	<b>(38.529)</b>	<b>(1.758)</b>	<b>1.740</b>	<b>0.000</b>	<b>(38.547)</b>
Capital	(8.049)	1.000	0.000	0.000	(7.049)
<b>Total</b>	<b>(46.578)</b>	<b>(0.758)</b>	<b>1.740</b>	<b>0.000</b>	<b>(45.596)</b>

There are no reserve requests for July.

## 3.6 Capital

There is a forecast in-year underspend of (£7.130m), of which £7.086m is to be reprofiled in future years. There is an overall forecast decrease in the total cost of schemes of (£0.044m).

### Table 6: Capital Spend 2023/2024

Directorate	Budget £m	Forecast Spend 2023/24 £m	Re-profiled beyond 2023/24 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	6.691	5.218	1.473	0.000	0.000
Resources	7.264	5.074	2.210	0.020	0.000
Communities	9.628	6.161	3.403	(0.064)	(0.064)

<b>Total</b>	<b>23.583</b>	<b>16.453</b>	<b>7.086</b>	<b>(0.044)</b>	<b>(0.064)</b>
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For further detail please view appendix 1.

**Table 7: How the Capital Programme is financed**

<b>Financing</b>	<b>23/24 Budget £m</b>	<b>Future Years £m</b>
Borrowing	17.682	10.222
Grants	5.901	8.763
Capital Receipts	0.000	1.175
	<b>23.583</b>	<b>20.160</b>

**Table 8: Total Capital Project Forecast**

<b>Directorate</b>	<b>Budget £m</b>	<b>Total Forecast £m</b>	<b>Variance to Budget £m</b>	<b>Prior Month Variance to Budget £m</b>
Chief Executives	12.367	12.367	0.000	0.000
Resources	7.264	7.284	0.020	0.000
Communities	24.112	24.048	(0.064)	(0.064)
<b>Total</b>	<b>43.743</b>	<b>43.699</b>	<b>(0.044)</b>	<b>(0.064)</b>

**Table 9: Top Five in Year Capital Variances: -**

<b>Code</b>	<b>Top 5 In-Year Variances</b>	<b>Budget Total £'000</b>	<b>Reprofile to 24/25 £'000</b>	<b>% of in year Budget Variance</b>
40278	Development of New Land Bicester Depot	2.775	2.275	81.98%
40131	S106 Capital Costs	3.310	1.116	33.72%
40144	Castle Quay	2.985	0.985	32.99%
40239	Bicester East Community Centre	1.371	0.600	43.76%
40028	Vehicle Replacement Programme	1.731	0.531	30.68%
		<b>12.172</b>	<b>5.507</b>	

### **Development of New Land Bicester Depot**

Scoping underway. Spend will require re-profiling in line with programme. Detail to be confirmed as work is undertaken.

### **S106 Capital Costs**

Cherwell holds developer contributions derived from s106 agreements for Town and Parish councils to deliver agreed programmes of work. The pace of this delivery is outside the control of CDC officers; whilst it is anticipated that many projects will be delivered close working with partners has enabled reprofiling of s106 to span into next year.

### **Castle Quay**

As part of the Castle Quay Development and the regeneration of Banbury, the Council is working closely and in partnership with a number of public and private organisations to repurpose parts of Castle Quay Shopping Centre to deliver a number of complimentary uses enabling the regeneration of Banbury.

### **Bicester East Community Centre**

Start date on site is September 2023. £1.371m of capital funding remains allocated to deliver this bespoke community centre for local residents. The project duration is circa 50 weeks with some spend requiring to be reprofiled to 2024/25.

### Vehicle Replacement Programme

Reprofiling of £0.531m in to 2024/25. A review of the programme has been undertaken. Nationally there is delay in vehicle supply and thus delivery.

## 3.7 Performance Summary

3.8 The council is performing well against the targets it has set for the period between 1 April and 31 July 2023. These targets consist of 26 Business Plan Measures, 20 Peer Review Actions, and nine Annual Delivery Plan milestones. Of the 55 targets the council has achieved 80% of them (44). We will include an update on the council's Equalities Diversity and Inclusion action plans in the next performance monitoring report, once they have been considered by the councillor working group.

## 3.9 Business Plan Measures

Of the 26 measures, 24 have been achieved (92%), and the following two behind target:

- Net Additional Housing Completions to meet Cherwell needs - 173 completed against a target of 286 – **Red**.

The number of housing completions have slowed in recent months, due to a range of external factors including economic pressures. It is expected that where sites have commenced construction and have planning permissions in place, delivery will continue albeit at a pace reflective of the housing market, and the Council will work with developers and stakeholders wherever possible to speed up delivery, including ensuring a well-resourced planning service and working with funding agencies to accelerate delivery.

- Average time taken to process Housing Benefit New Claims and council tax reduction (Days) - 18.92 days against a target of 18 days - **Amber**.

We had a large volume of claims over a number of days, which has inflated this month's figure. However, expect to be below target next month, and our year to date performance is 15.91 against a target of 18 days.

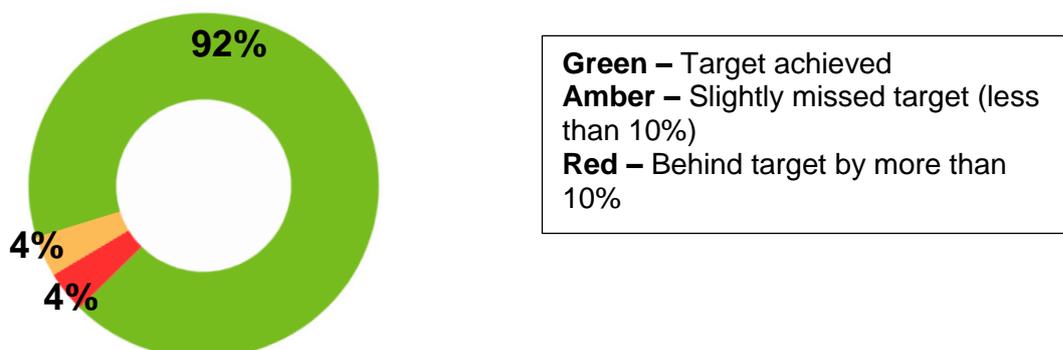


Figure 1 - Performance Summary end of July 2023, 26 objectives performing Green, 1 Amber and 1 performing Red.

3.10 There are 5 measures that the council monitors for trend analysis to identify any emerging trends that might require early intervention from ourselves or partners. There are no targets for these measures (see attached in Appendix 6) as they are dependent on external factors. For most of these monitoring measures it is too early in the year to see any obvious or concerning trends.

### **3.11 Annual Delivery Plan Priorities**

Of the nine milestones for this period, five were achieved and the following four were slightly behind but on track to meet their Q2 Milestones:

- Vibrant Economy Strategy
- Climate Emergency Strategy
- Cost of Living Strategy
- Team Cherwell

See Appendix 7 for the full list of Q1 priorities and commentary.

### **3.12 Peer Review Action**

Of the 20 actions for completing in this period, 15 were achieved and the following five underway:

- Refresh the performance and risk management frameworks and embed them throughout the organisation
- Refresh the climate strategy and associated actions plans and continue to embed them across the organisation demonstrating a robust pathway to achieving its net zero ambition.
- Communicate the council's vision for Banbury and Bicester, Adopt a Place shaping Strategy for Banbury (non-statutory masterplan) and clarify role in securing future stages.
- Create a prospectus for investment in Cherwell.
- Develop and agree a council wide Communications and Marketing Strategy.

See Appendix 8 for the full list of Q1 actions and commentary.

### **3.13 Performance Highlights**

- Usage figures for our leisure centres continues with the upward trend during July, increasing considerably in comparison to the same period last year, with Spiceball seeing an increase of more than 4,000 visits, Bicester more than 3,000 and Kidlington up circa 1,400 more visits.

- Our yearly event “Banbury Play Day” on 26 July, saw more than 3,000 people enjoy the free activities offered, having the opportunity to get to know more about the services and opportunities available for young people and families in Banbury. In line with our cost of living crisis response, this year’s theme was ‘Playing on a shoestring, making every day an adventure’, showing our younger residents how to have fun for free or at a low cost, making the most of our green spaces.

### 3.14 Risk Update

There were no changes to the council’s Leadership Risk Register in July 2023. Therefore, the overall position of all Leadership risks for this period remains as follows:

		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	L02-L12	L13	
	2 - Minor					
	1 - Insignificant					

The full Leadership Risk Register is attached in Appendix 9.

## 4.0 Conclusion and Reasons for Recommendations

This report provides an update on progress made between April and July, to deliver the council’s priorities, manage potential risks and remain within the agreed budget.

## 5.0 Consultation

This report sets out the performance, risk, and budgetary positions for the fourth month of this financial year, 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 up to the end of July, therefore there are no alternative options to consider. However, members may wish to request further information from officers for inclusion.

## 7.0 Implications

## **Financial and Resource Implications**

- 7.1 Financial and Resource implications are detailed within sections 3.5 to 3.6 of this report.

Comments checked by:

Michael Furness, Assistant Director of Finance / Section 151, Tel: 01295 221845

[Michael.Furness@cherwell-dc.gov.uk](mailto: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](mailto: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 July 2023 within section 3.14.

Comments checked by:

Celia Prado-Teeling, Performance Team Leader, Tel: 01295 221556

[Celia.prado-teeling@cherwell-dc.gov.uk](mailto: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 Team Leader, Tel: 01295 221556

[Celia.prado-teeling@cherwell-dc.gov.uk](mailto: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](mailto:Ed.Potter@cherwell-dc.gov.uk)

## **8.0 Decision Information**

### **Key Decision**

**Financial Threshold Met:** No

**Community Impact Threshold Met:** No

**Wards Affected:**

All

**Lead Councillor**

Councillor Sandy Dallimore, Portfolio Holder for Corporate Services

Councillor Adam Nell, Portfolio Holder for Finance

**Document Information**

**Appendix number and title**

- Appendix 1 – Finance Capital July 2023
- Appendix 2 – Detailed Revenue Narrative on Forecast July 2023
- Appendix 3 – Virements and Aged debt July 2023
- Appendix 4 – Funding July 2023
- Appendix 5 – Performance July 2023
- Appendix 6 – Monitoring only objectives July 2023
- Appendix 7 – Annual Delivery Plan Q1
- Appendix 8 – Peer Review Action Plan Q1
- Appendix 9 – Leadership Risk Register July 2023

**Background papers**

None

**Report Author and contact details.**

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