

Cherwell District Council

Executive

2 October 2023

Performance, Risk and Finance Monitoring Report August 2023

Report of Assistant Director 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 during August 2023.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider and note the contents of the Council's Performance, Risk and Financial report for the month of August 2023.
- 1.2 To approve the Risk Strategy 2023 – 24 (Appendix 8).
- 1.3 To note the change in the reporting cycle for the five monitoring only measures from monthly to quarterly.
- 1.4 To approve the use of reserves in Appendix 5.
- 1.5 To approve the £0.108m additional grant funding for the Disabled Facility Grant 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 August 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 August.

3.3 The Performance section sets out the council's progress in achieving its August priorities, 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 during August. It also includes an updated Risk Strategy for 2023-24 for the committee's approval.

3.5 Finance Update

The Council's forecast outturn position for 2023/2024 is an overspend of £0.656m shown in Table 1. There has been a change in the forecast from the previous update of £0.318m mainly due to an increased forecast within Planning & Development and Environmental Services. For further detail of the major variances please see Table 4.

The Council notes that national pay negotiations are ongoing and that local union representatives are in discussion with employers. The forecast for this month includes the current interim pay award that was applied from 1 April 2023 – to help us support our staff ahead of the National negotiations. 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 MTF5 for the Council.

Report Details

Table 1: Forecast Year End Position

Service	Original Budget £m	Current Budget £m	August Forecast £m	August 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	2.497	2.347	(0.150)	-6.0%	(0.110)	(0.040)
Customer Focus	2.367	2.367	2.337	(0.030)	-1.3%	(0.025)	(0.005)
Chief Executive	5.460	5.671	5.491	(0.180)	-3.2%	(0.135)	(0.045)
Finance	3.303	3.376	3.376	0.000	0.0%	0.000	0.000
Legal & Democratic	1.959	2.033	2.148	0.115	5.7%	0.030	0.085
ICT	1.526	1.526	1.526	0.000	0.0%	0.000	0.000

Property	(1.691)	(1.691)	(1.619)	0.072	-4.3%	0.079	(0.007)	
Resources	5.097	5.244	5.431	0.187	3.6%	0.109	0.078	
Planning & Development	1.890	1.893	2.084	0.191	10.1%	0.041	0.150	
Growth & Economy	0.546	0.514	0.424	(0.090)	-17.5%	(0.090)	0.000	
Environmental	5.106	5.191	5.747	0.556	10.7%	0.421	0.135	
Regulatory	1.150	1.151	1.151	0.000	0.0%	0.000	0.000	
Communities	8.692	8.749	9.406	0.657	7.5%	0.372	0.285	
Subtotal for Directorates	19.249	19.664	20.328	0.664	3.4%	0.346	0.318	
Executive Matters	3.695	3.695	3.687	(0.008)	-0.2%	(0.008)	0.000	
Policy Contingency	5.229	4.814	4.814	0.000	0.0%	0.000	0.000	
Total	28.173	28.173	28.829	0.656	2.3%	0.338	0.318	

FUNDING	(28.173)	(28.173)	(28.173)	0.000	0.0%	0.000	0.000	
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(Surplus)/Deficit	0.000	0.000	0.656	0.656	0.338	0.318
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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 – August 2023

Breakdown of current month forecast	August 2023 Forecast £m	Base Budget Over/ (Under) £m	Savings Non-Delivery £m
Chief Executive	(0.180)	(0.195)	0.015
Resources	0.187	0.177	0.010
Communities	0.657	0.654	0.003
Subtotal Directorates	0.664	0.636	0.028
Executive Matters	(0.008)	(0.008)	0.000
Policy Contingency	0.000	0.000	0.000
Total	0.656	0.628	0.028

FUNDING	0.000	0.000	0.000
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(Surplus)/Deficit	0.656	0.628	0.028
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Table 3: Budget compared with Forecast

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

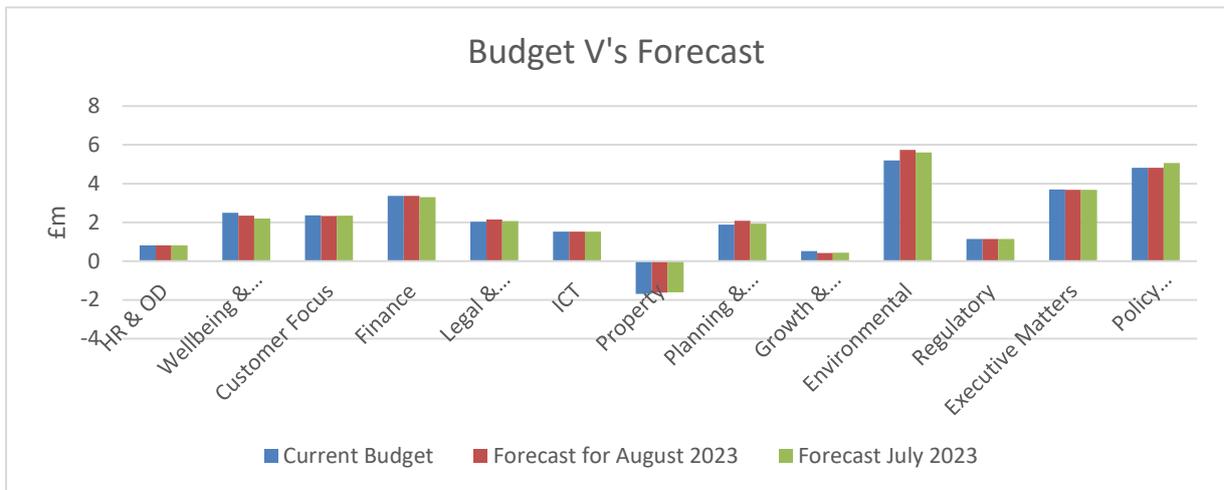


Table 4: Top Major Variances:

Service	Service	Current Budget	Variance	% Variance
Planning & Development	Development Management	0.598	0.191	31.9%
Environmental Services	Waste & Recycling	3.230	0.556	17.2%
Property	Property & Asset Management	0.790	0.072	9.1%
Legal & Democratic	Legal & Democratic	2.033	0.155	7.6%
	Total	6.651	0.974	

Development Management Variance £0.191m (July's Variance Overspend £0.041m)

Planning and Development presently has a projected overspend of £0.191m due largely to income projections being lower than expected and agency costs. Some in year saving has been made to assist the overall position (£0.075m). The expected outturn is £0.150m different to last month largely due to lower income expectations for Building Control as well as some extended agency cost.

Waste & Recycling Variance £0.556m (July's Variance over spend £0.421m): -

The forecasted pressure of £0.556m 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 this could change during the year.

Property & Asset Management Variance £0.072m (July's Variance Underspend [0.007m])

As previously reported, the Property team are being rebuilt post decoupling to provide the best level of service possible. Whilst this rebuild is being undertaken, agency support is required to fill the resource in the interim.

Legal & Democratic Variance £0.155m (July's Variance overspend 0.030m)

Overspend is due to:

- 1) Higher than anticipated costs of delivering the District Elections.
- 2) As with Property, and as previously reported, the Legal team is being rebuilt post decoupling and agency staff is being used to fill posts whilst actively recruiting to the vacant roles.

These extra costs are partly offset by an underspend in Legal and Procurement because of vacant posts.

Table 5: Earmarked Reserves and General Balances at August 2023

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

Reserves	Balance 1 April 2023	Original Budgeted use/ (contribution)	Changes agreed since budget setting	Changes proposed August 2023	Balance 31 March 2024
	£m	£m	£m	£m	£m
General Balance	(6.150)	0.000	0.000	0.000	(6.150)
Earmarked	(28.052)	(2.469)	1.396	(0.627)	(29.752)
Ringfenced Grant	(4.327)	0.711	0.344	0.000	(3.272)
Subtotal Revenue	(38.529)	(1.758)	1.740	(0.627)	(39.174)
Capital	(8.049)	1.000	0.000	0.000	(7.049)
Total	(46.578)	(0.758)	1.740	(0.627)	(46.223)

For reserve requests please see appendix 5.

3.6 Capital

There is a forecast in-year underspend of (£7.165m), of which £7.121m is to be reprofiled into 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	6.661	5.188	1.473	0.000	0.000
Resources	7.264	5.074	2.210	0.020	0.020
Communities	9.628	6.126	3.438	(0.064)	(0.064)

Total	23.553	16.388	7.121	(0.044)	(0.044)
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For further detail please view Appendix 1.

Table 7: How the Capital Programme is financed

Financing	23/24 Budget £m	Future Years £m
Borrowing	17.652	10.222
Grants	5.901	8.763
Capital Receipts	0.000	1.175
	23.553	20.160

Table 8: Total Capital Project Forecast

Directorate	Budget £m	Total Forecast 2023/24 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	12.337	12.337	0.000	0.000
Resources	7.264	7.284	0.020	0.020
Communities	24.112	24.048	(0.064)	(0.064)
Total	43.713	43.669	(0.044)	(0.044)

Table 9: Top Five in-year Capital Variances: -

Code	Top 5 In-Year Variances	Budget Total £'000	Reprofile to 24/25 £'000	% of in year Budget Variance
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%
		12.172	5.507	

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 DC 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. Once each element has been contractually agreed, work can commence.

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 has performed well against its seven KPIs for August, having achieved all but one of its targets. **See appendix 6 for the full list of targeted measures.**

The measure narrowly missed was the target for:

Average time taken to process Housing Benefit New Claims and council tax reduction (Days)

August: **Amber** - 18.11 days against a target of 18 days.

Year to date: **Green** - 16.35 days against a target of 18 days.

Comments from the service: The team is performing ahead of target for the year to date, so this month's high volume of claims will not have an impact of their performance for the year, as they expect to be back under target next month.

- 3.9 On the basis that there is very little monthly fluctuation for the five measures we monitor for trend analysis purposes, we are proposing to move this to quarterly reporting.

3.10 August Highlights

- We launched our 20 years of recycling campaign to celebrate the council and residents' dedication and commitment to recycling as much waste as possible.
- We launched the Brighter Futures Banbury Community Fund, offering grants for up to £3,000 to groups or not-for-profit organisations delivering activities across Ruscote, Neithrop and Grimsbury wards; grants are funded by Oxfordshire County Council's public health.

- During the summer holidays our Activate and Eat Holiday Club provided fun activities and meals to 151 children on free school meals. Also, 336 children attended our Activate Holiday Club.

3.11 Risk Update

- 3.12 Cherwell’s risk management follows good practice guidance to help the Council to be an effective and efficient organisation; in line with this guidance the Risk Management Strategy is reviewed on an annual basis, taking into consideration any comments from the internal audit of risk management and feedback from the Accounts, Audit and Risk Committee.
- 3.13 This year’s review was carried out from June to August 2023, including input and suggestions from the Accounts, Audit and Risk committee requested on 26 July 2023.
- 3.14 The updated Risk Strategy for 2023- 24 (see appendix 8) keeps the 5 x 5 risk matrix, as previously used, and our risk management principles remain unchanged; however, we have simplified the language.
- 3.15 The risk register for August shows there are no score changes for the month. 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 7.

4.0 Conclusion and Reasons for Recommendations

This report provides an update on progress made during August, 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 fifth 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 and risk strategy, 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 August, 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 Officer, 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 August 2023 within section 3.11. Also, attached as appendix 9, our updated Risk Strategy for 2023-24.

Comments checked by:

Celia Prado-Teeling, Performance 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 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

Lead Councillors

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 August 2023
- Appendix 2 – Detailed Revenue Narrative on Forecast August 2023
- Appendix 3 – Virements and Aged debt August 2023
- Appendix 4 – Funding August 2023
- Appendix 5 – Use of reserves and grant funding August 2023
- Appendix 6 – Performance August 2023
- Appendix 7 – Leadership Risk Register August 2023
- Appendix 8 – Risk Strategy 2023 – 24

Background papers

None

Report Author(s) and contact details.

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