

# **Cherwell District Council**

## **Executive**

**6 November 2023**

### **Performance, Risk and Finance Monitoring Report Quarter 2 2023**

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

This report is public. Appendices 6 and 7 are restricted by virtue of paragraph 3 of Schedule 12A of Local Government Act

#### **Purpose of report**

To update Executive 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 Quarter 2 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 Quarter 2 2023 and its contents.
- 1.2 To approve the use of reserves in Appendix 5.
- 1.3 To approve the £0.030m grants funding for the UKSPF Community Facilities.
- 1.4 To approve the S106 funding for Longford Park Sports Pitches amounting to £0.050m.
- 1.5 To approve the S106 funding for Deddington Parish Council projects amounting to £0.040m.
- 1.6 To approve the increase in Building Safety Regulator hourly rate to £71.32.
- 1.7 To approve the write offs of £0.787m set out in section 3.7 and Appendix 3 and to note that they will be funded by the bad debt provision.

## **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 Quarter 2 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 Quarter 2.
- 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 £0.734m shown in Table 1. This is after a total proposed transfer to reserves of £1.075m from a windfall surplus relating to Treasury Management income. Without the transfer to reserves there would be an overall forecast underspend of (£0.341m). There has been a slight change in the forecast from the previous update of £0.078m mainly due to an increased forecast within Planning & Development and Legal & Democratic 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 MTFs for the Council

## Report Details

**Table 1: Forecast Year End Position**

Service	Original Budget £m	Current Budget £m	September Forecast £m	September Variance (Under) / Over £m	% Variance to current budget %	Prior Month Variance (Under) / Over £m	Change since Previous (better) / worse £m
HR & OD	0.807	0.813	0.813	0.000	0.0%	0.000	0.000
Wellbeing & Housing	2.286	2.497	2.377	(0.120)	-4.8%	(0.150)	0.030
Customer Focus	2.367	2.367	2.332	(0.035)	-1.5%	(0.030)	(0.005)
<b>Chief Executive</b>	<b>5.460</b>	<b>5.677</b>	<b>5.522</b>	<b>(0.155)</b>	<b>-2.7%</b>	<b>(0.180)</b>	<b>0.025</b>
Finance	3.303	3.376	3.376	0.000	0.0%	0.000	0.000
Legal & Democratic	1.959	2.033	2.188	0.155	7.6%	0.115	0.040
ICT	1.526	1.526	1.526	0.000	0.0%	0.000	0.000
Property	(1.691)	(1.691)	(1.653)	0.038	-2.2%	0.072	(0.034)
<b>Resources</b>	<b>5.097</b>	<b>5.244</b>	<b>5.437</b>	<b>0.193</b>	<b>3.7%</b>	<b>0.187</b>	<b>0.006</b>
Planning & Development	1.890	1.893	2.125	0.232	12.3%	0.191	0.041
Growth & Economy	0.546	0.514	0.424	(0.090)	-17.5%	(0.090)	0.000
Environmental	5.106	5.191	5.753	0.562	10.8%	0.556	0.006
Regulatory	1.150	1.151	1.151	0.000	0.0%	0.000	0.000
<b>Communities</b>	<b>8.692</b>	<b>8.749</b>	<b>9.453</b>	<b>0.704</b>	<b>8.0%</b>	<b>0.657</b>	<b>0.047</b>
<b>Subtotal for Directorates</b>	<b>19.249</b>	<b>19.670</b>	<b>20.412</b>	<b>0.742</b>	<b>3.8%</b>	<b>0.664</b>	<b>0.078</b>
Executive Matters	3.695	3.695	3.687	(0.008)	-0.2%	(0.008)	0.000
Policy Contingency	5.229	4.808	4.808	0.000	0.0%	0.000	0.000
<b>Total</b>	<b>28.173</b>	<b>28.173</b>	<b>28.907</b>	<b>0.734</b>	<b>2.6%</b>	<b>0.656</b>	<b>0.078</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>0.734</b>	<b>0.734</b>		<b>0.656</b>	<b>0.078</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 – September 2023**

Breakdown of current month forecast	September 2023 Forecast £m	Base Budget Over/ (Under) £m	Savings Non-Delivery £m
Chief Executive	(0.155)	(0.170)	0.015
Resources	0.193	0.150	0.043
Communities	0.704	0.582	0.122
<b>Subtotal Directorates</b>	<b>0.742</b>	<b>0.562</b>	<b>0.180</b>

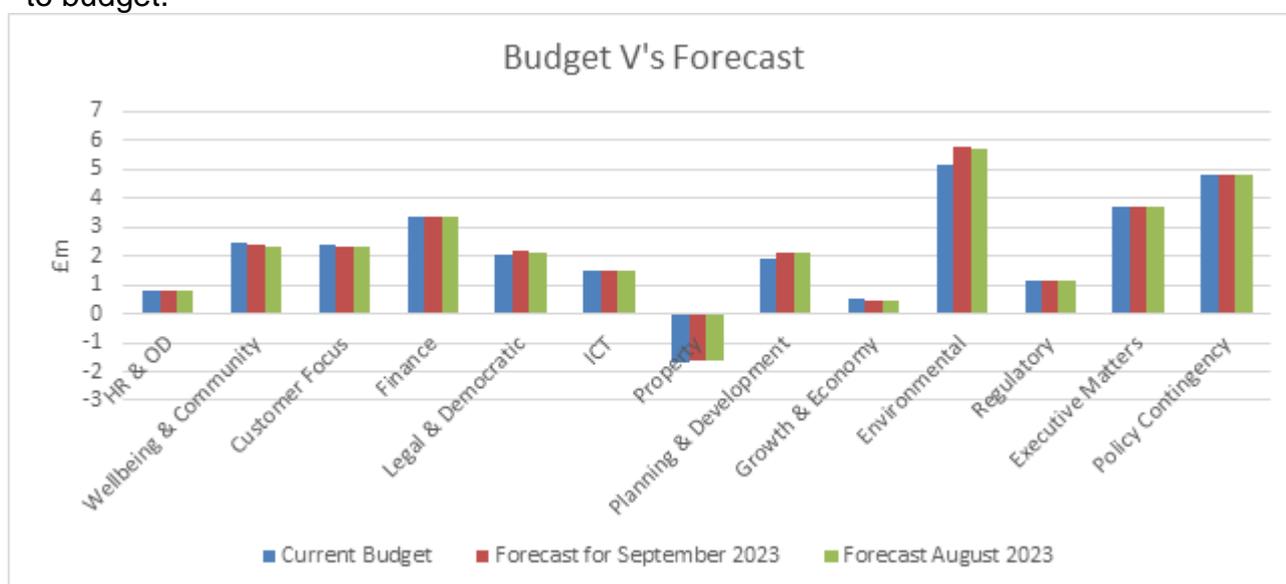
Executive Matters	(0.008)	(0.008)	0.000
Policy Contingency	0.000	0.000	0.000
<b>Total</b>	<b>0.734</b>	<b>0.554</b>	<b>0.180</b>

<b>FUNDING</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
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<b>(Surplus)/Deficit</b>	<b>0.734</b>	<b>0.554</b>	<b>0.180</b>
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**Table 3: Budget compared with Forecast.**

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



**Table 4: Top Major Variances:**

Service	Service	Current Budget	Variance	% Variance
Environmental Services	Waste & Recycling	3.230	0.562	17.4%
Planning & Development	Development Management	0.598	0.232	38.8%
Legal & Democratic	Legal & Democratic	2.033	0.155	7.6%
	<b>Total</b>	<b>5.861</b>	<b>0.949</b>	

**Waste & Recycling Variance £0.562m (August's Variance over spend £0.556m): -**

The forecasted pressure of £0.562m 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. There is a continued pressure in employee costs within Waste and Recycling. This is due to an increased use of agency staff for backfilling higher than anticipated level of long-term sick and additional vacancies.

### **Development Management Variance £0.232m (August's Variance Overspend £0.191m)**

Planning and Development presently has a projected overspend of £0.232 due largely to overall income receipts and projections being lower than expected and due to agency costs. Income levels reflect national construction industry conditions. Tight budget management will be necessary to the year end.

### **Legal & Democratic Variance £0.155m (August's Variance overspend 0.115m)**

Overspend is due to:

- 1) higher than anticipated costs of delivering the District Elections
- 2) an unavoidable reliance on agency staff whilst we continue with recruitment for permanent staff.
- 3) Legal fees and license fee recharges from IT.
- 4) Under recovery of income due to decrease in S106 fees (because of work being carried out externally).

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 September 2023**

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

<b>Reserves</b>	<b>Balance 1 April 2023</b>	<b>Original Budgeted use/ (contribution)</b>	<b>Changes agreed since budget setting</b>	<b>Changes proposed September 2023</b>	<b>Balance 31 March 2024</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Balance	(6.150)	0.000	0.000	0.000	(6.150)
Earmarked	(19.123)	(2.469)	1.114	(0.378)	(20.856)
Ringfenced Grant	(3.397)	0.711	0.344	0.000	(2.342)
<b>Subtotal Revenue</b>	<b>(28.670)</b>	<b>(1.758)</b>	<b>1.458</b>	<b>(0.378)</b>	<b>(29.348)</b>
Capital	(8.049)	1.000	0.000	0.000	(7.049)
<b>Total</b>	<b>(36.719)</b>	<b>(0.758)</b>	<b>1.458</b>	<b>(0.378)</b>	<b>(36.397)</b>

For reserve requests please see appendix 5.

### **3.6 Capital**

There is a forecast in-year underspend of (£10.818m), of which £10.971m is to be reprofiled into future years. There is an overall forecast increase in the total cost of schemes of £0.153m.

**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	6.799	3.641	3.218	0.060	0.000
Resources	7.264	3.369	3.915	0.020	0.020
Communities	9.628	5.863	3.838	0.073	(0.064)
<b>Total</b>	<b>23.691</b>	<b>12.873</b>	<b>10.971</b>	<b>0.153</b>	<b>(0.044)</b>

For further detail please view Appendix 1.

The table below shows the movement in the capital budget from August to September:-

	£m
Capital Programme Budget - August 2023	23.553
Additional Disabled Facilities Grant Funding	0.108
UKSPF CDC Community Facilities Grant Funding	0.030
Capital Programme Budget - September 2023	<b>23.691</b>

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

Financing	23/24 Budget £m	Future Years £m
Borrowing	17.652	10.222
Grants	6.039	8.875
Capital Receipts	0.000	1.175
	23.691	20.272

**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	12.475	12.535	0.060	0.000
Resources	7.264	7.284	0.020	0.020
Communities	24.112	24.185	0.073	(0.064)
<b>Total</b>	<b>43.851</b>	<b>44.004</b>	<b>0.153</b>	<b>(0.044)</b>

**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%
40300	S106 - Bicester Leisure Centre Extension	1.154	1.096	94.97%
40144	Castle Quay	2.985	2.485	83.24%
40309	S106 - Artificial Pitch at NOA	0.700	0.600	85.71%
40239	Bicester East Community Centre	1.371	0.600	43.76%
		<b>8.985</b>	<b>7.056</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. Purchase of land is now complete.

**S106 - Bicester Leisure Centre Extension**

Initial stages of feasibility have been completed with high level costings received to deliver the project. Further stages required including detailed business case.

**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.

**S106 - Artificial Pitch at NOA**

High level costings/detailed plans have now been received for this project, further works required to developing the business cases/other stages of feasibility.

**Bicester East Community Centre**

Now on site for a 35 week project. £1.371m of capital funding remains allocated to deliver this bespoke community centre for local residents. Some spend requiring to be reprofiled to 2024/25.

**3.7 Bad Debt**

The financial regulations make provision for writing off debts that are bad, uneconomical to collect or irrecoverable. The Council maintains a number of bad

debt provisions in the anticipation that debts will become bad and these, once agreed, are charged to the relevant provision or cost centre.

There is a provision within the council for sundry bad debt that is sufficient and by writing off the amount of debt mentioned in this report will not cause the provision to be exceeded. This provision is reviewed on a regular basis to ensure that we have sufficient within it.

The council proposes to write off £0.787m to be met from the relevant bad debt provisions. The amounts are summarised in the table below and further detail can be found in Appendix 3.

<b>Debt to be written off</b>	<b>£m</b>
Sundry debts over £0.005m to be written off	0.774
Housing Benefit Overpayments to be written off (detail in Appendix 7)	0.013
Council Tax to be written off	0.000
<b>Total write offs for approval</b>	<b>0.787</b>

### **3.8 Performance Summary**

3.9 The council is performing well against its Q2 objectives, which consist of 26 Business Plan Measures, 11 Peer Review Actions, 15 Annual Delivery Plan milestones and 25 Equalities Diversity and Inclusion Action Plans activities.

### **3.10 Business Plan Measures**

Of the 26 measures, all 26 were either achieved or within the agreed tolerance for the target.

See Appendix 8 for the full list of targeted measures.

3.11 There are also seven 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 as they are dependent on external factors. For quarter 2 there are no emerging trends to report.

See Appendix 9 for the latest data for these seven monitoring measures.

### **3.12 Annual Delivery Plan Priorities**

Of the 15 milestones for Q2, 14 were achieved and the following was slightly behind

- Deliver the UKSPF Shared Prosperity Fund and Rural England Prosperity Fund projects.

See Appendix 10 for the Q2 updates on the Annual delivery plan.

### **3.13 Peer Review Action**

Of the 11 actions for completing in Q2, 6 were achieved and the following 5 underway but on track for delivery within the required timeframes :

- 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.
- Undertake a strategic asset review as part of the transformation and prioritisation programme to recognise the potential of the council's property portfolio in meeting its regeneration 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 11 for the Q2 updates for the Peer Review Action Plan

### **3.14 Equalities, Diversity, and Inclusion Action plans**

Please see Appendix 12 to review our progress against the Equalities, Diversity and Inclusion action plans.

### **3.15 Office of Local Government (OFLOG)**

Earlier this year the government established a new performance body for local government called OFLOG. A key role of OFLOG is to provide credible and accessible data for analysing performance across local government to support its improvement. To do this it has developed a tool to bring together a selection of existing metrics across local government. So far, they have published four data sets (Adult social Care, Adult Skills, Waste Management and Finance). The metrics for the two subsets that are relevant to this council are attached in Appendix 13. We are awaiting further information on the publication and frequency of further data sets

To review the Cherwell data published so far please go to Appendix 13.

### **3.16 Performance Highlights**

We launched our consultation on the emerging Cherwell Local Plan 2040. The consultation runs until 3 November 2023, with people signposted to [cherwell.citizenspace.com](https://cherwell.citizenspace.com) to share their thoughts.

### **3.17 Risk Update**

There were no changes to the council’s Leadership Risk Register in Quarter 2 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
<b>Impact</b>	<b>5 - Catastrophic</b>			L08		
	<b>4 - Major</b>		L09	L03-L06-L07 L11-L14	L01	
	<b>3 - Moderate</b>		L04-L05-L10	L02-L12	L13	
	<b>2 - Minor</b>					
	<b>1 - Insignificant</b>					

The full Leadership Risk Register is attached in Appendix 14.

## 4.0 Conclusion and Reasons for Recommendations

This report provides an update on progress made during Quarter 2, 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 second quarter 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 Quarter 2, 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 3.7 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 Quarter 2 2023 within section 3.17.

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:** 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 September 2023
- Appendix 2 – Detailed Revenue Narrative on Forecast September 2023
- Appendix 3 – Virements and Aged debt September 2023
- Appendix 4 – Funding September 2023
- Appendix 5 – Use of reserves and grant funding September 2023
- EXEMPT Appendix 6 – Debt write offs – September 2023
- EXEMPT Appendix 7 – Housing Benefit write offs
- Appendix 8 – Business Plan Performance Q2
- Appendix 9 – Monitoring only measures Q2
- Appendix 10 – Annual Delivery Plan Q2
- Appendix 11 – Peer Review Action Plan Q2
- Appendix 12 – EDI Action Plans Q2 update
- Appendix 13 – Oflog Cherwell Data
- Appendix 14 – Leadership Risk Register September 2023

### **Background papers**

None

### **Report Author and contact details.**

Celia Prado-Teeling

[Celia.Prado-Teeling@cherwell-dc.gov.uk](mailto:Celia.Prado-Teeling@cherwell-dc.gov.uk)