

Cherwell District Council

Executive

5 February 2024

Performance, Risk and Finance Monitoring Report Quarter 3 2023

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

This report is public

Purpose of report

To give Executive 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 Quarter 3 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 3 2023 and its contents.
- 1.2 To approve the reserve requests in Appendix 5.
- 1.3 To approve the use of Policy Contingency of £1.476m to mitigate the lower than budgeted in-year income of S31 grant.
- 1.4 To note the repurposing of £0.030m from the Fairway Flats Refurbishment project for the works at Cope Road Banbury approved by S151 under delegation powers.

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 3 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 3.

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 on budget. This is after a proposed transfer to reserves of (£0.500m) and in addition to this an underspend within Policy contingency which will offset the lower than budgeted in-year income of S31 grant. The overall forecast position is an improvement of £0.259m over the previous month's forecast.

Report Details

Table 1: Forecast Year End Position

Service	Original Budget £m	Current Budget £m	December Forecast £m	December Variance (Under) / Over £m	% Variance to current budget %	Prior Month Variance (Under) / Over £m	Change since Previous (better) / worse £m
HR & OD	0.807	0.833	0.833	0.000	0.0%	0.000	0.000
Wellbeing & Housing	2.286	2.699	2.499	(0.200)	-7.4%	(0.200)	0.000
Customer Focus	2.367	2.522	2.442	(0.080)	-3.2%	(0.070)	(0.010)
Chief Executive	5.460	6.054	5.774	(0.280)	-4.6%	(0.270)	(0.010)
Finance	3.303	3.566	3.516	(0.050)	-1.4%	(0.050)	0.000
Legal, Democratic, Elections & Procurement	1.959	2.102	2.389	0.287	13.7%	0.240	0.047
ICT	1.526	1.551	1.531	(0.020)	-1.3%	(0.020)	0.000
Property	(1.691)	(2.468)	(2.332)	0.136	-5.5%	0.065	0.071
Resources	5.097	4.751	5.104	0.353	7.4%	0.235	0.118
Planning & Development	1.890	1.979	2.287	0.308	15.6%	0.349	(0.042)

Growth & Economy	0.546	0.507	0.417	(0.090)	-17.8%	(0.090)	0.000	
Environmental	5.106	6.584	6.683	0.099	1.5%	0.083	0.016	
Regulatory	1.150	1.187	1.187	0.000	0.0%	0.000	0.000	
Communities	8.692	10.257	10.574	0.317	3.1%	0.342	(0.026)	
Subtotal for Directorates	19.249	21.062	21.452	0.390	1.9%	0.307	0.082	
Executive Matters	3.695	3.695	3.647	(0.048)	-1.3%	(0.048)	0.000	
Policy Contingency	5.229	3.526	1.708	(1.818)	-51.6%	0.000	(1.818)	
Total	28.173	28.283	26.807	(1.476)	-5.2%	0.259	(1.736)	
FUNDING								
	(28.173)	(28.283)	(26.807)	1.476	-5.2%	0.000	1.476	
(Surplus)/Deficit								
	0.000	0.000	0.000	0.000		0.259	(0.260)	

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 – December 2023

Breakdown of current month forecast	December 2023 Forecast	Base Budget Over/ (Under)	Savings Non-Delivery
	£m	£m	£m
Chief Executive	(0.280)	(0.328)	0.048
Resources	0.353	0.142	0.211
Communities	0.317	0.314	0.003
Subtotal Directorates	0.390	0.128	0.262
Executive Matters	(0.048)	(0.048)	0.000
Policy Contingency	(1.818)	(1.818)	0.000
Total	(1.476)	(1.738)	0.262
FUNDING			
	1.476	1.476	0.000
(Surplus)/Deficit			
	0.000	(0.262)	0.262

Table 3: Budget compared with Forecast.

The graph below shows the change from November's forecast to December 2023 compared to budget.

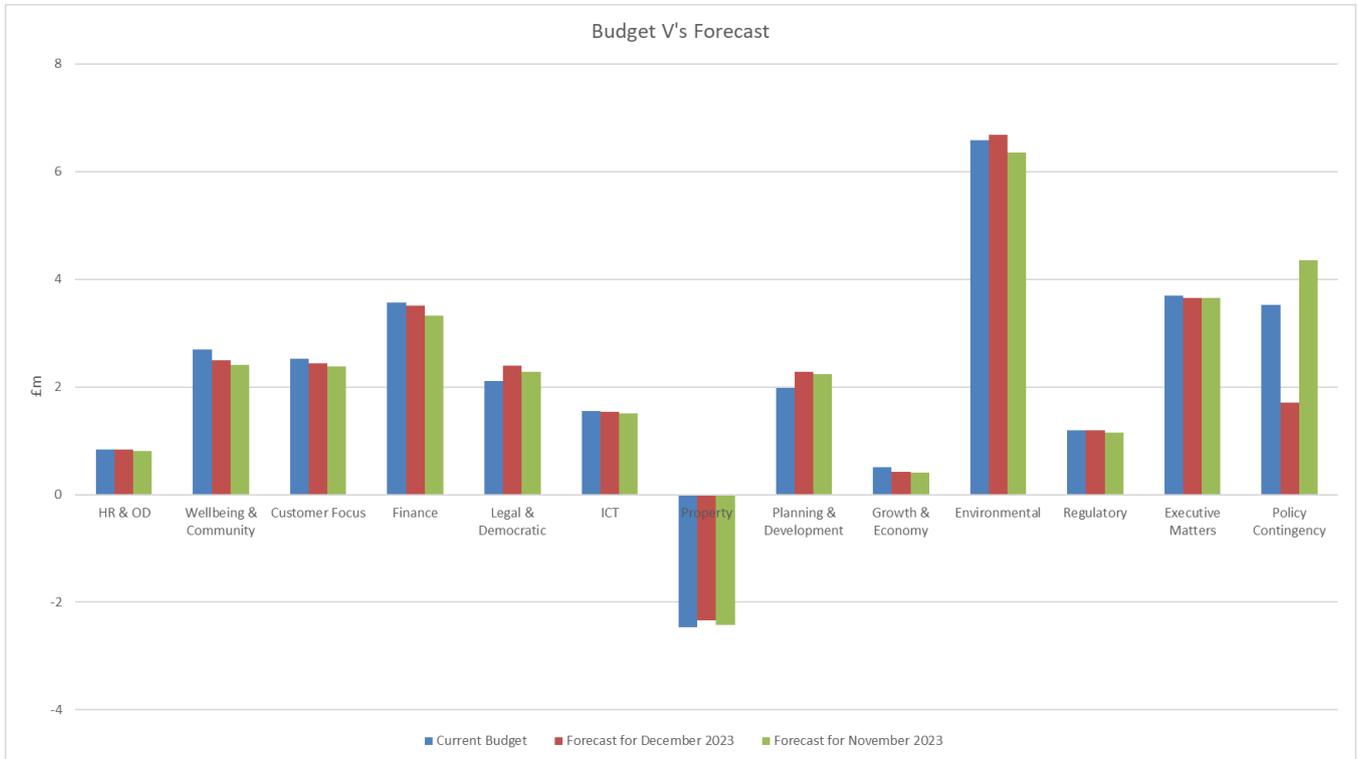


Table 4: Top Major Variances:

Service	Service	Current Budget	Variance	% Variance
S31 Grant	Funding	(28.283)	1.476	-5.2%
Policy Contingency	Policy Contingency	3.526	(1.818)	-51.6%
Planning & Development	Development Management	0.598	0.308	51.5%
Legal, Democratic, Elections & Procurement	Legal, Democratic, Elections & Procurement	2.033	0.287	14.1%
Environmental Services	Waste & Recycling	3.230	0.099	3.1%
	Total	(18.896)	0.352	

Funding Variance £1.476m (Novembers Variance £0.000m)

There is a lower than budgeted in-year income of S31 grant forecast. This is due to timing issues in the split between S31 grant income for compensation for business rates discounts introduced by the Government and business rates income. When the income is received as business rates income, this will become available in 2024/25 and has been taken into account within the budget process. The in-year shortfall will be mitigated through Policy Contingency surpluses.

Policy Contingency Variance (£1.818m) (Novembers Variance (£0.000m))

The unallocated inflation contingency underspend forecast this month within policy contingency will mitigate the under-recovery of S31 grant and the remaining offsetting the overspend within directorates.

Development Management Variance £0.308m (November's Variance £0.349m)

The £0.308m forecast overspend is £0.042m lower than last month's £0.350m due to higher income expectations for planning applications which are assisted by the national increase in planning fees and the receipt of planning monitoring fees which are helping to offset additional costs.

Legal & Democratic Variance £0.287m (November's Variance overspend 0.240)

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 charges for case management system.
- 4) Under recovery of income due to decrease in s106 fees (because of work being carried out externally).

The increase in forecast overspend from last month is largely driven by increased agency costs.

A permanent recruitment campaign has been implemented.

Waste & Recycling Variance £0.099m (November's Variance over spend £0.083m): -

The forecast overspend of £0.099m 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 again during the fourth quarter.

The movement of £0.016m is a result of increased vehicle maintenance and repairs costs for the street cleansing vehicles due to the fleet aging as we wait for electric replacements.

Table 5: Earmarked Reserves and General Balances at December 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 December 2023	Balance 31 March 2024
	£m	£m	£m	£m	£m
General Balance	(6.150)	0.000	0.000	0.000	(6.150)
Earmarked	(19.123)	(2.469)	0.845	(0.670)	(21.417)
Ringfenced Grant	(3.506)	0.711	0.344	0.000	(2.451)

Subtotal Revenue	(28.779)	(1.758)	1.189	(0.670)	(30.018)
Capital	(8.049)	1.000	0.000	0.000	(7.049)
Total	(36.828)	(0.758)	1.189	(0.670)	(37.067)

For reserve requests please see appendix 5.

3.6 Capital

There is a forecast in-year underspend of (£14.019m), of which £13.869m is due to be reprofiled into future years. The forecast in-year spend has reduced by £1.579m (November 2023 forecast spend £14.932) mainly due to due diligence checks on projects such as Castle Quay, Bicester East Community Centre and retained land within the Resources Directorate.

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	10.367	6.846	3.418	(0.103)	(0.101)
Resources	13.222	4.947	8.275	(0.001)	0.143
Communities	3.782	1.560	2.176	(0.046)	(0.046)
Total	27.371	13.353	13.869	(0.150)	(0.004)

For further detail please view Appendix 1.

Table 7: How the Capital Programme is financed

Financing	23/24 Budget £m	Future Years £m
Borrowing	19.542	12.527
Grants	7.829	9.006
Capital Receipts	0.000	1.175
	27.371	22.708

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	18.591	17.738	(0.853)	(0.851)

Resources	14.402	14.372	(0.031)	0.143
Communities	17.056	17.010	(0.046)	(0.046)
Total	50.049	49.120	(0.930)	(0.754)

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	2.750	99.10%
40144	Castle Quay	2.795	2.595	92.83%
40300	S106 - Bicester Leisure Centre Extension	1.154	1.154	100.00%
40028	Vehicle Replacement Programme	1.731	1.109	64.07%
40239	Bicester East Community Centre	1.371	1.071	78.12%
		9.826	8.679	

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.

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 - 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 which will result in the capital project being reprofiled to 2025/26.

Vehicle Replacement Programme

Reprofiling of £1.109m in to 2024/25. A review of the programme has been undertaken. Nationally there is delay in vehicle supply and thus delivery.

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 Performance Summary

- 3.8 The council is performing well against its Quarter 3 objectives, which consist of 32 Business Plan Measures (25 targeted and 7 monitoring only), 9 Peer Review Actions, 13

Annual Delivery Plan milestones and 18 Equalities Diversity and Inclusion Action Plans activities.

- 3.9 From the total of 65 targeted measures and activities, three reported Amber (slightly behind target) and two reported Red (behind target) during Quarter 3, the rest reported Green. From the performance exceptions, all but one of them are on track to meet their year-end targets.

3.10 Business Plan Measures

Of the total 25 targeted measures, 21 were either achieved or within the agreed tolerance for the target (Green), two reported slightly behind target (Amber), and two were reported behind target (Red).

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

December 2023: 21.8 days against target of 18 days – **Amber**
(Please note this measure is reported monthly)

Year to date: 16.89 days against target of 18 days – **Green**

Comments from service: Performance for December is below target, as we have been experiencing some technical issues (along with other authorities nationally) with the software used by the revenues and benefits team this month which has resulted in lost processing time. We have been working with our software supplier and colleagues in IT to resolve the issues and we will continue to monitor software performance and case manager closely. Whilst the system was down, we implemented a more manual business continuity approach to ensure claims continued to be processed, albeit, more slowly than they otherwise would have been. In addition, we have also processed Housing Benefit and Council Tax Reduction claims where we were awaiting further information to put the claims to payment, this has also resulted in a few high stats' days for December, however, the year to date is within target at 16.89 days. We will continue to monitor this area work closely to improve performance next month.

- **Net Additional Housing Completions to meet Cherwell needs**

Quarter 3: 140 against target of 286 - **Red**

Year to date: 587 against target of 857 – **Red**

Comments from service: As expected, completions will slow during the winter period due to adverse weather conditions. Our monitoring has indicated that many sites have started and are under construction, therefore there is an expectation that completions will pick up in the next quarter. Also, completions have been affected by the national economic climate, such as inflation and high mortgage interest rates. As these economic indicators ease there are signs that build rates are likely to increase. Regarding our year to date figure (587), we are reporting 271 less completions than our 858 target, as previously mentioned this reflects national economic conditions which has led to a slower rate of housing delivery generally. Officers continue to work to progress planning and delivery matters at the district's strategic development sites and work on a new local plan which will support future delivery.

- **% Waste Recycled & Composted**

Quarter 3: 46.53% against target of 55% - **Red**

Year to date: 53.77% against target of 55% – **Green**

Comments from service: Only 420 tonnes of garden waste were collected during December, the decrease in tonnage is a combination of expected reduction of garden waste during the winter months and the garden waste service only collecting 3 weeks in December.

- **Number of Visits/Usage of contracted & directly managed sports facilities**
December 2023: 87,772 against target of 87,840 – **Amber**
(Please note this measure is reported monthly)
Year to date: 1,016,879 against target of 981,786 – **Green**

The usage figures at Spiceball Leisure Centre and Kidlington Leisure Centre continue to grow in comparison with the same period last year, this is particularly encouraging given that gym refurbishments have taken place at all three leisure centres which has meant some full/partial closures. These closures, in addition to the extremely wet weather conditions during December that lead to cancellations at facilities with grass pitches, have impacted the amount of visits/usage of our contracted & directly managed sports facilities this month. However, we remain ahead of target for the year to date and on track to meet our yearly target.

See appendix 6 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 3 there are no emerging trends to report.

See appendix 7 for the latest data for these seven monitoring measures.

3.12 Annual Delivery Plan Priorities

Of the 13 milestones, three were completed during Quarter 3, and the remaining 10 are ongoing, and on track to be delivered within the required timeframes.

See Appendix 8 for the Q3 updates on the Annual delivery plan.

3.13 Peer Review Action

During Quarter 3 all nine actions reported to be on track to be delivered within the required timeframes.

See Appendix 9 for the Q3 updates for the Peer Review Action Plan

3.14 Equalities, Diversity, and Inclusion Action plans

Of the 18 activities under our Equalities, Diversity and Inclusion action plans, all but one are on track for delivery within the required timeframes. The action to review the process for gathering equality data on the district to ensure we have an accurate picture of our

underrepresented communities and identify any gaps which require filling, is slightly delayed, however, work is underway to get back on track for delivery by next quarter.

Please see Appendix 10 to review our progress against the Equalities, Diversity and Inclusion action plans.

3.15 Risk Update

There were no changes to the council’s Leadership Risk Register in Quarter 3 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 11.

4.0 Conclusion and Reasons for Recommendations

This report provides an update on progress made during Quarter 3, 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 third 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 3, 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

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 Quarter 3 2023 within section 3.15.

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: 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 December 2023
- Appendix 2 – Detailed Revenue Narrative on Forecast December 2023
- Appendix 3 – Virements and Aged debt December 2023
- Appendix 4 – Funding December 2023
- Appendix 5 – Use of reserves and grant funding Dec 2023
- Appendix 6 – Business Plan Performance Q3
- Appendix 7 – Monitoring only measures Q3
- Appendix 8 – Annual Delivery Plan Q3
- Appendix 9 – Peer Review Action Plan Q3
- Appendix 10 – EDI Action Plans Q3
- Appendix 11 – Leadership Risk Register December 2023

Background papers

None

Report Author and contact details.

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