

Corporate Board

15 November 2022

PERFORMANCE & BUDGET MONITORING REPORT 2022/23 – QUARTER 2

Report of Senior Management Team

All Wards
Key Decision = N

1.0 Purpose of Report

1.1 The Performance and Budget Monitoring Report seeks to bring together key aspects of the Council's performance on a quarterly basis. The report is to update Members on performance against key service performance indicators, as well as against the Council's Business Plan, and provides details of the financial position (revenue and capital) of the Council as at the end of September 2022.

2.0 Decisions Sought

2.1 Members are requested to note the performance and actions taken because of performance issues, and to approve the amendments to the projected spend as identified in section 8 below.

3.0 Background

3.1 The Council Plan was finalised and approved by both Corporate Board and Council during December 2019. Spokesperson roles are aligned to the themes and Performance Briefings have taken place between the Member Spokespeople, and the relevant Corporate Director.

4.0 Performance

4.1 Attached at **Appendix 1** is a summary of the key points raised at the three Performance Briefings. A full set of papers for each Directorate as presented at the briefings is attached at **Appendices 2 to 4**.

4.2 The key performance issues at Quarter 2, reported by Directorate are as follows: -

Operational Services

- Council rent arrears – a target of £160,000 by 31 March 2023 has been set. Arrears at the end of quarter 2 for 2022/23 totalled £211,622 showing an increase on the end of the previous quarter (£196,714 Q1). Pursuing serious cases through the judicial system continues to hinder performance and the national cost of living increases are clearly beginning to impact locally.

- Car park income – Income up to the end of Quarter 2 totalled £276,189 (compared with £296,565 during the same period in 2021/22)
- Re-letting empty Council properties – performance for Quarter 2 is summarised below with performance for the previous quarter provided for comparison. Overall targets are still challenging and performance continues to be affected by building material supply chain issues. An increasing number of property refusals are adding to overall relet periods and some asbestos checks / removals have caused delays in some properties.

Category	Target – number of days to relet	Q2 2022/23	Q1 2022/23
		Actual	Actual
		General Needs and Sheltered Housing	General Needs and Sheltered Housing
Category 1	15	12	26
Category 2	20	27	25
Category 3	30	41	33
Category 4	40	49	47

- Recycling rates – there is a time lag between quarter ends and when dry recycling rates are known which means best estimates are used at the end of each quarter. The estimated quarter 2 outturn was 42% compared to an overall target of 40%.
- Green waste subscription service – an income target of £286,000 has been set for the full year with income totalling £280,239 at the end of quarter 2 (compared to £283,418 for the same period last year).
- Street lighting repairs – During Q2 there were 20 standard faults completed, taking an average of 9 days to complete against a target time of 5 days. There were 3 Non-Standard jobs completed taking an average of 15 day against a target time of 20 days.
- Pest control income at the end of Q2 is £77,587 (compared to £89,130 at the same point last year) with a full year target of £125,000.

Resources

- Housing Benefit claims' processing is showing 17.05 days for Q2. The average processing time for new claims was 18.17 days for the whole of 2021/22. For changes in circumstances, performance is similar at 2.81 days compared to the 3.30 days for 2021/22. The national average for processing of claims is 23 days for new claims and 10 days for change of circumstances for 2021/22.
- Council tax collection rates at 59.96% are lower than for Q2 of 2021/22 (60.46%). Business rates collection is slightly under target at 64.23% (58.63% in Q2 2021/22).
- The level of Discretionary Housing Payments for Q2 of 2022/23 was £95,943, compared to a reduced cap of £113,863. This performance is slightly under target for 2022/23.

- Positive transition from 'face to face' contact to electronic access continues with over 1.3m electronic accesses compared to 1.2m in 2021/22. There has been a slight increase in the number of face-to-face visits, but a similar number of phone calls
- Corporate sickness levels for the second quarter of 2022/23 year are above target (4.59 per FTE compared to a target of 2.75 per FTE for the year to date). This is slightly worse performance than in 2021/22 (3.30 days per FTE).
- There was one Local Government Ombudsman (LGO) complaint during Q2 of 2022/23, and one was partially upheld. There were two for the second quarter of 2021/22 (none upheld).

Strategy and Regulatory

- The annual canvass is now at the reminder stage and of the 8,332 responses received by 31 August, 7,674 used one of the automated services to return their form with only 332 postal returns. 316 responses were recorded by other means including telephone, e-mail and data matching.
- Environmental Health first response to routine requests for service (within 5 days) was at 92% against a target of 90%. There were 368 requests received in Q2.
- Environmental Health responses to planning application consultations within 21 days was at 99% against a target of 90%. There were 105 consultations received in Q2.
- Homelessness Preventions. There have been 112 approaches to the Housing Options Team during Q2. This compares to 94 in Q1 of 2022/23.
- Development Management – less than 33% of planning appeals allowed - This quarter there was one appeal decision. A further appeal was lost.
- Development Management – Between 40% - 50% of searches completed within 7 working days – This quarter there were 158 standard searches with an average return time of 9 and 10 days and 87% of all of all searches were completed within 7 days.

5.0 Revenue Budgets 2022/23 General Fund

- 5.1 The Council set the General Fund budget for 2022/23 in February 2022 at £7,258,900 in line with the approved Medium Term Financial Strategy (MTFS) in place at the time.

- 5.2 This original General Fund budget by Directorate is set out below. There have been no budget adjustments during Quarter 2.

Corporate Directorate	Original Budget £	Budget Adjustments £	Working Budget £
Operational Services	2,343,800	-	2,343,800
Resources	2,380,400	-	2,380,400
Strategy & Regulatory	2,517,100	-	2,517,100
Drainage Board Levies	17,600	-	17,600
Net Revenue Expenditure	7,258,900	-	7,258,900

Housing Revenue Account

- 5.3 At the same meeting of the Council, Members also approved the original budget for 2022/23 for the Housing Revenue Account as follows:

Housing Revenue Account	Original Budget £
Gross Expenditure	6,686,300
Gross Income	(6,665,200)
Estimated Net (Surplus) / Deficit for Transfer (to) / from Reserve	21,200

6.0 Updated Revenue Budget Position to September 2022, Quarter 2

- 6.1 The latest financial position for each Corporate Directorate is presented in the detailed papers attached at **Appendices 2 to 4**, which formed the basis for discussions at the Performance Briefings held. Several variances are identified which result in a recommendation from those briefings that Members note the forecast revenue outturn for the Council.

General Fund - Expenditure

- 6.2 The detail of proposed amendments to the budget are set out in Appendices 2 to 4. A summary of the impact of those amendments is set out in the table below. As can be seen the in-year position is showing a surplus of £250,600.
- 6.3 Whilst the pay award has been agreed at a value more than the MTFS expectation of 2.3% creating a pressure of £340k, there are positive variances, most notably increased interest on investment balances as interest rates rise and also an increase in expected recycling income as prices continue to be buoyant.

6.4 General Fund

	2022/23 £	2023/24 £	2024/25 £
Original Revenue Budget	6,754,500	6,990,700	7,028,900
Drainage Board Levy	17,600	17,600	17,600
Total Budget	6,772,100	7,008,300	7,046,500
MTFS expected budget changes (including efficiency plan)	486,800	(212,400)	282,600
Drainage Board Levy Adjustment	0	0	0
Q1 Variance - One Off			
Operations	91,000	(91,000)	
Resources	(327,500)	327,500	
Strategy and Regulatory	47,000	(47,000)	
Q2 Variance - One Off			
Operations	(126,400)	126,400	
Resources	6,300	(6,300)	
Strategy and Regulatory	59,000	(59,000)	
Latest Forecast Outturn	6,990,700	7,028,900	7,311,500
Latest Drainage Board Levy Outturn	17,600	17,600	17,600
Total Forecast Outturn	7,008,300	7,046,500	7,329,100
Funding Available			
Estimated contribution from reserves	(301,657)	0	0
Less Available Financing (as per MTFS presented to February Corporate Board)	(6,957,243)	(6,094,386)	(6,234,505)
Total Funding available	(7,258,900)	(6,094,386)	(6,234,505)
Overall Funding (Surplus)/Shortfall at Q1	(250,600)	952,114	1,094,595

Housing Revenue Account (HRA)

6.5 Details of expected variances from budget are discussed in the Performance Briefing report attached at **Appendix 2**. It is now forecast that £43,300 will need to be drawn from the HRA Reserve to offset pressures and maintain HRA zero balance as per legislation. This has reduced from the Q1 forecast of £78,340 by £35,040.

7.0 Sensitivity Analysis

7.1 There are several areas of risk / pressure that we need to monitor closely over the year and that could have an adverse impact on our budget position:

- Following the announcement of Local Government reorganisation, work is increasing significantly. This is having to be balanced with ongoing core activities. In 2022/23 there has been £350,000 allocated to fund exceptional costs associated with the change. Members will continue to be updated quarterly.
- Housing Benefit (including the implementation of Universal Credit) – This is a key area in terms of risk for the Council as it is both a large income and expenditure budget with fluctuations in demand that can be difficult to predict, and which is potentially exacerbated by the cost-of-living crisis.
- There are several services where there are vacant posts that recruitment processes have not managed to fill. This has resulted in agency workers being used in the interim. Whilst interim recruitment processes are in place and specific support in place for some hard to recruit posts, uncertainty around Local Government Reorganisation is unlikely to help recruitment. There is a risk that we continue to rely on agency staff, and this is generally more expensive than directly employed staff. Currently these costs are being managed within existing budgets and service specific reserves.
- Procurement and contract costs. There is continuing pressure on the supply chain and engaging suppliers to undertake work at expected cost and timescale continues to be problematic nationally.
- Inflationary pressures are already having an impact on costs, and this is expected to increase as we go through the year. Utilities and fuel costs are increasing substantially where we are not in fixed price contracts. Requests from suppliers to increase pricing in line with inflationary pressures are becoming common and these are considered on a case-by-case basis. Other costs for goods continue to rise. These pressures are being picked up via the budget monitoring process where they are significant.
- Cost of living crisis is impacting on our costs via inflation but may also have an impact on demand for our services and collection of income resulting in arrears. There may be greater demand for our statutory services as more people meet thresholds for services e.g., housing or benefits. Those who are less able to pay may end up with arrears for rent, council tax or business rates. There may also be reduced demand for paid for discretionary services as customers cut back on non-essential items e.g. car parking

8.0 Capital Programme

8.1 The capital monitoring statement showing actual expenditure as compared with the Capital Programme for individual capital schemes to the end of Quarter 2, is attached at **Appendix 5** for Members' information.

8.2 At Quarter 2 there are underspend on Reeth Road cemetery, Richmond of £10,000 as there is not capacity to complete within this year and it is requested that this

value is rolled forward to next year. At the Council's Richmond depot on Gallowfields Trading Estate rather than cladding the roof as anticipated, due to operational and procurement difficulties the decision has been taken to just undertake repair work as needed to ensure it is wind and watertight. These repair works are not technically a capital project but will be funded using the business rates funding set aside for capital projects. This will result in a capital underspend of £319,000.

8.3 HRA pressures on fire risk assessment work and boiler replacements will be funded from savings on external works and works to sheltered housing.

9.0 Recommendations

It is recommended that Members:

- (a) Note the financial performance in Q2.
- (b) Note the position on performance against the Council Plan reported in **Appendices 1 to 4**;
- (c) Approve the amendments to the Capital Plan as set out in paragraph 8 above and detailed in **Appendices 1 to 4**.

10.0 Corporate Implications

Scrutiny Consultation	Not applicable.				
Community Engagement	None.				
Environment & Sustainability	None.				
Financial Implications	The financial implications of this report are set out in the Appendices.				
Legal Implications	There are no legal implications to this report.				
Risk Implications					
There are no risks associated with approving this report. However, the risks associated with not receiving regular monitoring reports are potentially quite serious.					
Risk in not receiving regular budget monitoring reports and not approving the recommendations within those reports: -					
Risk	Implication	Prob*	Imp*	Total	Preventative action
The Council spends significantly above the financial strategy	The ability of the Council to continue to provide and improve services is seriously affected	3	4	12	Undertake a review of budgets and report back to Corporate Board with proposals
Budgets are not updated	The Council is unable to control its spend or redirect resources	2	3	6	Continue with regular budget and efficiency monitoring with

	to priority areas.				regular reports to Management Team and Members
Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5					
Human Resource Implications		None.			
Equalities Implications		All aspects of performance and budget monitoring have a potential impact on Equalities and Diversity. However, there are no issues highlighted that have not been previously considered for action. The updated Customer Services Strategy has had an Equalities Impact Assessment undertaken on it, and relevant issues identified have been included in the action plan.			
Health & Safety Implications		None.			

11.0 Further Information

11.1 Background Papers – None

11.2 File Reference – None

11.3 Appendices - Appendix 1 – Summary of issues raised at Performance briefings
Appendix 2 – Operational Services Performance Briefing Paper
Appendix 3 – Resources Performance Briefing Paper
Appendix 4 – Strategy and Regulatory Services Performance Briefing Paper
Appendix 5 - Capital Programme 2022/23 monitoring statement

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