



Purpose: For Decision

Cabinet report

Date	9 SEPTEMBER 2021
Title	PERFORMANCE AND FINANCE REPORT – QUARTER ENDED 30 JUNE 2021 AND FINANCE REPORT QUARTER ENDED 31 MARCH 2021
Report of	CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE

EXECUTIVE SUMMARY

1. The purpose of this report is to:
 - (a) provide a summary of progress against Corporate Plan activities and measures for the period April to June 2021 (unless otherwise stated and shown in detail at appendices 1-9);
 - (b) inform Cabinet of areas of particular success, issues requiring attention and remedial activity in place to deal with these;
 - (c) provide a report on the financial position of the council for the same period (shown in appendices 10 and 11) and for the financial position as at the end of 2020-21 (shown in appendices 12 and 13).

Performance Exceptions:

The following areas are drawn from the attached appendices for particular attention:

- Adult social care are facing significant pressures with regards to the ability to recruit staff, both into care settings and into social work type posts. Care providers are experiencing acute pressures currently and several have needed to resort to their business continuity plans. There are high levels of staff shortages, brought about by a mixture of staff being ill/having to isolate, people choosing to leave care jobs because of the pressures they have experienced during the pandemic and the high levels of vacancies elsewhere.

- Children's Services - Percentage of children with a referral within 12 months of a previous referral remains outside the target of 30 per cent – currently 36.3 per cent as at June 2021.
- Number of children looked after at month end (rate per 10,000 population) - The rate has stabilised at 108 as at the end of June 2021 but still remains twice the South East average and well above the target of 62.
- Resort and beach activities are exceptionally high this year due to restrictions and uncertainty on foreign travel. The council was successful in obtaining Government 'Welcome Back' funding to support additional litter picking and bin emptying in the main resort areas.
- Percentage recycled, reused or composted from all HWRC sites has fallen below the target of 85 per cent – currently 76.8 per cent as at the end of June 2021 (Year to date 76.6 per cent).
- There has been a considerable increase in the volume of planning applications resulting in delays to processing. The percentage of all planning applications determined within 26 weeks fell below target of 95 per cent (94 per cent June 2021). An enquires mailbox has been set up to manage proactive follow up of customer queries.
- The total number of visits across all Council Leisure Facilities: Swimming Pools, Sport Centres & Seasonal Sites – 64,700 in Q1, remains well below 2019-20 Q1 figure of 235,000 due to current restrictions.

RECOMMENDATION

2. Option 2: Cabinet approves the Performance and Finance Report – Quarter ended 30 June 2021 and Finance Report Quarter ended 31 March 2021 and the priority report detail as set out in appendices 1-9, together with the council's financial position as set out at 10-13.

BACKGROUND

3. On 24 July 2019, Full Council in place at that time approved a Corporate Plan which set out the council's vision and strategic priorities for the period 2019 to 2022.
4. The Alliance Group priorities are yet to be formally agreed via cabinet and will set the direction for the council for the next four years. At present this report uses the measures and indicators identified within the current published Corporate Plan.
5. The report contains an appendix for each Cabinet portfolio (1 to 9) and for the financial reports for the period (10 to 13).

STRATEGIC CONTEXT

6. Ongoing management and monitoring of performance data, the council's strategic risk profile and financial situation is required to support the successful delivery of council priorities. As such, this report provides the Cabinet (and subsequently the

council's scrutiny function) with the necessary information to record achievements and challenge areas of underperformance and to account for it to the wider community.

CONSULTATION

7. The council manages its performance through a framework of discussion at all levels across the authority on a routine basis and escalates issues and risks to the corporate management team and members. Cabinet members, Corporate Management Team and directorate staff have been involved in discussions around performance against the measures contained within this report and attached appendices. Otherwise this paper is a factual report on progress and no other consultation is required.

SCRUTINY COMMITTEE

8. Content to be confirmed once considered by scrutiny

FINANCIAL / BUDGET IMPLICATIONS

9. The Corporate Plan forms a key part of the budgeting and service planning process for the council, it takes account of existing finances and resources and sets out the key priorities and outcomes that the council wishes to achieve. This report will include reference to any implications on the council's financial position arising from activity and performance outlined in the report.

SUMMARY POSITION OF Q4 2020/21 FINANCE

Revenue – 2020/21

10. The net revenue budget for 2020/21 is £187.0 million. The original budget was approved at Full Council on 26 February 2020 with on-going savings totalling £4.5 million.
11. At this stage the accounts are still in draft until approved in late September 2021. At the end of financial year, the council is reporting an overall saving against the budget of £4.2 million (2.2 per cent). Once the position is finalised, the S151 Officer plans, under delegated authority to transfer the saving to supplement the Transformation Reserve (£1 million) and the Revenue Reserve for Capital (£3.2 million) in order to support further capital investment next year and future years where there is a substantial "capital gap" between funding and need.

12. The main variances against the budget are set out in the following table:

Key Items	Draft Outturn Variance £ million
Main Pressure Areas:	
Adult Social Care - main pressures relate to the volume of care packages and the delay in achieving savings targets	1.271
Tax Income Guarantee Scheme - income less than budgeted	0.970
Main Savings Against Budget:	
Adult Social Care - mainly staff vacancies in care management	-1.278
Resources - Treasury Management savings, contingency and Housing Benefit overpayment recovery	-2.646
Resources - Other Savings - mainly staff vacancies in various areas of Resources	-1.590
Miscellaneous items	-0.890
Net Total Draft Saving Against Budget (2.2 per cent)	-4.163
Transfer to Transformation Reserve	1.000
Transfer to Revenue Reserve for Capital	3.163
Total	0.000

See appendix 10 for a more detailed draft revenue outturn for 2020/21.

Capital 2020/21

13. The total capital budget for 2020/21 is £39.7m with a draft outturn position of actual expenditure of £27.6m. There is slippage in spending of £12.0m from 2020/21 into future years (i.e. simply representing budgeted spending that is forecast not to take place in 2020/21 but will now fall into 2021/22).

See appendix 11 for a more detailed draft capital outturn for 2020/21.

General reserves 2020/21

14. General Reserves at the end of quarter four indicates a balance of £13.6m. This is after taking account of the approved transfer to General Reserves of £1.4m as part of the revised medium term financial strategy in order to improve the council's financial resilience and enable the opportunity to further smooth out the council's necessary savings over a longer period.

SUMMARY POSITION OF Q1 2021/22 FINANCE

Revenue – 2021/22

15. The net revenue budget for 2021/22 is £151.8 million. The original budget was approved at Full Council on 24 February 2021 with on-going savings totalling £3.5 million.
16. At the end of the first quarter the council is forecasting a balanced budget. However, this includes a forecast income loss relating to the impact of Covid-19 of circa £3.3 million. At this stage in the financial year there is still a considerable amount of uncertainty surrounding the financial impact of Covid-19 but it is currently forecast that circa £0.4 million will be recovered from the Government Sales, Fees and Charges Scheme and the remaining circa £3 million will be a call against the Covid-19 contingency that was created in 2020-21 to offset the legacy impact of Covid-19 over the next three financial years.
17. Excluding the income loss from Covid-19, it is forecast that there is a net balanced budget.
18. The main variances against the budget are set out in the following table:

Key Items	Forecast Variance £ million
Main Pressure Areas:	
Lost Income associated with Covid-19	3.337
Children’s Services - mainly care package volume and costs	0.563
Miscellaneous items	0.317
Main Savings Against Budget:	
Resources - Treasury Management savings	-0.888
Total Net Pressure	3.329
Less Government Funding (Sales, Fees and Charges Scheme)	-0.400
Less Estimated Use of Covid-19 Contingency to cover net income loss	-2.937
Net Total Forecast Variance Against Budget (saving)	-0.008

See appendix 12 for a more detailed revenue budget monitor.

Capital 2021/22

19. The total capital budget for 2021/22 is £71.0 million. As at quarter one the council is forecasting actual expenditure of £47.8 million. There is slippage in spending forecast at £23.2 million from 2021/22 into future years (i.e. simply representing budgeted spending that is forecast not to take place in 2021/22 but will now fall into 2022/23).

See appendix 13 for a more detailed capital budget monitor.

General reserves 2021/22

20. General Reserves at the end of quarter one indicates a balance of £11.6 million. This is consistent with the revised medium-term financial strategy including the planned use of £2.1 million to enable the council to smooth out the necessary savings over a longer period.

CARBON EMISSIONS

21. No impact identified.

LEGAL IMPLICATIONS

22. The council has a statutory requirement under the Local Government Act 1999 to achieve 'best value' in its delivery of its services. The authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The quarterly performance report forms part of such arrangements, thereby assisting the council to comply with legal and statutory requirements.

EQUALITY AND DIVERSITY

23. The council has statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and those who do not. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. It is not considered that there are any direct equality and diversity implications arising from this report.

PROPERTY IMPLICATIONS

24. There are no property implications arising from this proposal.

OPTIONS

25. Option 1: Cabinet does not approve the Performance and Finance Report – Quarter ended 30 June 2021 and Finance Report Quarter ended 31 March 2021 and the priority report detail as set out in appendices 1-9, together with the council's financial position as set out at 10-13
26. Option 2: Cabinet approves the Performance and Finance Report – Quarter ended 30 June 2021 and Finance Report Quarter ended 31 March 2021 and the priority report detail as set out in appendices 1-9, together with the council's financial position as set out at 10-13

RISK MANAGEMENT

27. A detailed analysis of the performance and the summary risk position of each corporate portfolio is provided in appendices 1-9.

EVALUATION

28. Option 2 is recommended in that from the information provided in the report and appendices, Cabinet approves the Performance and Finance Report – Quarter ended 30 June 2021 and Finance Report Quarter ended 31 March 2021 and the priority report detail as set out in appendices 1-9, together with the council's financial position as set out in appendices 10-13.

Appendices Attached

Corporate Plan priority reports for:

- Appendix 1 Leadership;
- Appendix 2 Deputy Leadership, Community Protection and Digital Transformation;
- Appendix 3 Adult Social Care, Public Health and Housing Needs;
- Appendix 4 Children's Services, Education and Lifelong Skills;
- Appendix 5 Environment, Heritage and Waste Management;
- Appendix 6 Highways PFI, Transport and Infrastructure;
- Appendix 7 Planning and Housing Provision;
- Appendix 8 Regeneration, Business Development and Tourism;
- Appendix 9 Strategic Finance, Corporate Resources and Transformational Change;
- Appendix 10: Draft Revenue Outturn – 2020/21.
- Appendix 11: Draft Capital Outturn – 2020/21.
- Appendix 12: Revenue budget monitor – Quarter 1 2021/22.
- Appendix 13: Capital budget monitor – Quarter 1 2021/22.

BACKGROUND PAPERS

- [Medium Term Financial Strategy 2016/17 to 2020/21 and Efficiency Plan](#)
- [Corporate Plan 2019-2022](#)
- [Strategic Risk Report to Audit Committee 26-7-2021](#)

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