



# Cabinet report

Date	<b>8 SEPTEMBER 2022</b>
Title	<b>PERFORMANCE AND FINANCE REPORT – QUARTER ENDED 30 JUNE 2022</b>
Report of	<b>CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE</b>

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## 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 2022 (unless otherwise stated and shown in detail at appendices 1-10)
  - 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 11 and 12) and for the financial position as at the end of 2021-22 (shown in appendices 13 and 14).

## RECOMMENDATION

2. That Cabinet approves the Performance and Finance Report for the Quarter ended 30 June 2022, and the priority report detail as set out in appendices 1-10, together with the council's financial position as set out at 11-14.

## BACKGROUND

3. On 17 November 2021, Full Council approved a Corporate Plan which set out the council's vision and strategic priorities for the period 2021 to 2025 and the performance metrics from that plan are the ones included within the appendices to this report.
4. This is the second quarterly report based on the new Corporate Plan. Because of this some of the new measures that are required to evidence its delivery are still in construction at this time and will be introduced to the report when data becomes available. These measures are clearly indicated within the relevant appendices.
5. The report contains an appendix for each Cabinet portfolio (1 to 10) an increase since the previous report following a Cabinet reorganisation and for each financial report (11 to 14)

## CORPORATE PRIORITIES AND 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, challenge areas of underperformance and to account for it to the wider community.

### Provision of affordable housing for Island Residents

7. Whilst this report has no direct impact on the provision of housing for Island Residents it will play an important part on reporting on the progress towards the delivery of key activities concerned with that outcome. Details of progress on Housing activities can be seen in Appendix 7 (Levelling Up, Regeneration, Business Development and Tourism) of this report.

### Responding to climate change and enhancing the biosphere

8. Details on the progress toward the delivery of the [Council's Climate and Environment Strategy](#) as well as the impact of the decision on the Island's designation as a [UNESCO Biosphere](#) and the biodiversity, environment, and sustainable growth of the area designated can be found in Appendix 8 (Climate Change, Environment, Heritage, Human Resources and Legal & Democratic Services) of this report.

### Economic Recovery and Reducing Poverty

9. Progress towards Economic Recovery and the reduction of poverty is a key outcome for the Isle of Wight Council, and this is reflected in the Corporate Plan 2021-25. As such, each appendix to this report contains relevant details around activities contributing toward this priority.

### Impact on Young People and Future Generations

10. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, to education, employment or training, health, and the environment.
11. The United Nations Conventions on the Rights of the Child (UNCRC) in 1989, in particular article 12, places a duty for children and young people to have an active voice in decision making on matters that affect them. We value the views of our young people. Incorporating coproduction and consultation with young people into our decision-making process is a robust way of ensuring young people's views are taken into consideration. Participation workers experienced in coproduction can support engagement with the Youth Council, our Island children, and wider groups of young people to ensure the voice of young people is sought, heard, and acted upon on important matters that will affect them.
12. Appendix 5 – Children's Services, Education and Lifelong Skills contains detailed information regarding this priority

13. UN Sustainability Objectives - The United Nations (Department of Economic and Social Affairs) have outlined 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. In support of this, we have mapped each Performance Measure and Aspiration, or Activity as outlined in the 2021-25 Corporate plan against the most appropriate / relevant SDG.

The 17 Goals are:

- (1) End poverty in all its forms, everywhere
- (2) End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- (3) Ensure healthy lives and promote well-being for all at all ages
- (4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- (5) Achieve gender equality and empower all women and girls
- (6) Ensure availability and sustainable management of water and sanitation for all
- (7) Ensure access to affordable, reliable, sustainable and modern energy for all
- (8) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- (9) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- (10) Reduce inequality within and among countries
- (11) Make cities and human settlements inclusive, safe, resilient and sustainable
- (12) Ensure sustainable consumption and production patterns
- (13) Take urgent action to combat climate change and its impacts
- (14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- (15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- (16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- (17) Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

#### Corporate Aims

14. This report links to the key objectives, activities and performance measures as laid out in the latest [Corporate Plan 2021 - 2025](#).

#### CONSULTATION

15. 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

16. The report will be reviewed by Corporate Scrutiny Committee on 6 September 2022.

### FINANCIAL / BUDGET IMPLICATIONS

17. The Corporate Plan forms a key part of the budgeting and service planning process for the council; it takes account of existing finance 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 2021/22

#### Revenue – 2021/22

18. The net revenue budget for 2021/22 is £158.5m. The original budget was approved at Full Council on 24 February 2021 with on-going savings totalling £3.5m.
19. At this stage the accounts are still in draft until approved by the conclusion of the audit process later in the year. At the end of financial year, the council is provisionally reporting an overall saving against the budget of £2.7m (1.7%). Once the position is finalised, the S151 Officer plans, under delegated authority to transfer the saving to supplement the General Fund Reserve (£1m) to provide some coverage for the delay in the Fair Funding Review (which by 2023/24 assumed £2m additional funding) and the Revenue Reserve for Capital (£1.7m) in order to mitigate against inflationary rises and, if funding allows, support further capital investment next year and future years where there is a substantial "capital gap" between funding and need.
20. The main variances against the budget are set out in the following table:

<b>Key Items</b>	<b>Draft Outturn Variance £m</b>
<b>Main Pressure Areas:</b>	
Adult Social Care - Care Packages	1.427
Children's Services - Care Packages	0.803
<b>Main Savings Against Budget:</b>	
Adult Social Care - Mainly staff vacancy savings	-1.437
Children's Services - Mainly staff vacancy savings	-0.452
Housing Needs	-0.933
Resources - Treasury Management savings, Housing Benefit overpayment recovery, staff vacancies	-1.412
Miscellaneous items	-0.708
<b>Net Total Draft Saving Against Budget (1.7%)</b>	<b>-2.712</b>
Transfer to General Fund Reserve	1.000
Transfer to Revenue Reserve for Capital	1.712
<b>Total</b>	<b>0.000</b>

21. See Appendix 11 for a more detailed Draft Revenue Outturn Report

Capital 2021/22

22. The total capital budget for 2021/22 is £56.1m with a draft outturn position of actual expenditure of £27.8m. There is slippage in spending of £28.3m from 2021/22 into future years (i.e., simply representing budgeted spending that has not taken place in 2021/22 but will now fall into 2022/23).
23. See Appendix 12 for a more detailed Draft Capital Outturn Report

General Reserves 2021/22

24. General Reserves at the end of quarter four indicates a draft balance of £12.1m. This is after taking account the approved use of General Reserves of £2.1m 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), the transfer of £0.523m as the share due on the transfer of the Fire Service to the new combined Fire Authority and assumes the year end transfer of £1m as outlined above.

**SUMMARY POSITION OF Q1 2022/23**

Revenue – 2022/23

25. The net revenue budget for 2022/23 is £161.2m. The original budget was approved at Full Council on 23 February 2022 with on-going savings totalling £3m.
26. At the end of the first quarter the council is forecasting a balanced budget. However, this includes a forecast of significant pressure in both Adults and Children’s Social Care and in the achievement of Leisure Centre income targets as set out below. This pressure is being offset by savings in treasury management costs and the use of the Corporate and Covid contingencies which are in place to manage in-year financial shocks and the legacy impact of the Covid-19 pandemic.
27. It should also be noted that there is a considerable risk to this forecast position as the financial year progresses and the impact of further inflationary pressures due to the current economic climate. By way of example, it is expected that the local government pay award and the impact of energy inflation are likely to add circa. £4m to the current forecast outturn.
28. The main variances against the budget are set out in the following table:

<b>Key Items</b>	<b>Forecast Variance £m</b>
<b>Main Pressure Areas:</b>	
Adult Social Care - Care Packages (Covid legacy)	1.748
Children's Services - Care Packages (Increased demand)	1.663
Leisure - Mainly income (Covid legacy)	1.135
Miscellaneous Items	0.683
<b>Main Savings Against Budget:</b>	

Corporate Finance - Treasury Management savings	-1.162
Total Net Pressure	4.067
Contribution from Corporate Contingency	-1.872
Contribution from Covid Contingency	-3.034
<b>Net Total Forecast Variance Against Budget (saving) - 0.5%</b>	<b>-0.839</b>

29. See Appendix 13 for a more detailed Revenue Budget Monitor

#### Capital 2022/23

30. The total capital budget for 2022/23 is £60m. As at quarter one the council is forecasting actual expenditure of £38.8m. There is slippage in spending forecast at £21.2m from 2022/23 into future years (i.e. simply representing budgeted spending that is forecast not to take place in 2022/23 but will now fall into 2023/24). There is currently a small forecast overspend of £0.8m however, given the current economic conditions and delays caused to projects during the pandemic there is a significant risk that further cost pressures will become apparent and will be reported in future reports as the impact becomes clearer.

31. See Appendix 14 for a more detailed Capital Budget Monitor

#### General Reserves 2022/23

32. General Reserves at the end of quarter one indicates a balance of £12.0m. This is consistent with the revised medium term financial strategy and includes the £1m transferred from last financial year (which is will be confirmed upon completion of the audit process for 2021/22). This takes no account at this stage of the anticipated impact of the emerging inflationary pressures described above.

### LEGAL IMPLICATIONS

33. 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

34. The council as a public body is required to meet its 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 people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and 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.

## OPTIONS

35. Option 1: Cabinet does not approve the Performance and Finance Report – Quarter ended 30 June 2022 and the priority report detail as set out in appendices 1-10 and the financial information set out in appendices 11 to 14
36. Option 2: Cabinet approves the Performance and Finance Report – Quarter ended 30 June 2022 and the priority report detail as set out in appendices 1-10 and the financial information set out in appendices 11 to 14

## RISK MANAGEMENT

37. A detailed analysis of the performance and the summary risk position of each corporate portfolio is provided in appendices 1-10
38. Without the production of the QPMR there would be no overall view available on delivery against the Corporate Plan 2021-25

## EVALUATION

39. 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 2022 and the priority report detail as set out in appendices 1-10, and the financial information set out in appendices 11 to 14.

## APPENDICES ATTACHED

40. Corporate Plan priority reports for:
  - Appendix 1: Leader and Strategic Oversight
  - Appendix 2: Strategic Finance, Transformational Change & Corporate Resources
  - Appendix 3: Adult Social Care and Public Health
  - Appendix 4: Deputy Leader, Digital Transformation Housing Provision and Housing Needs
  - Appendix 5: Children's Services Education and Lifelong Skills
  - Appendix 6: Planning and Enforcement
  - Appendix 7: Levelling Up, Regeneration, Business Development and Tourism
  - Appendix 8: Climate Change, Environment, Heritage, Human Resources & Legal & Democratic Services
  - Appendix 9: Highways PFI, Infrastructure and Transport
  - Appendix 10: Community Protection, Regulatory Services and Waste
41. Financial Reports
  - Appendix 11: Draft Revenue Outturn – 2021/22.
  - Appendix 12: Draft Capital Outturn – 2021/22.
  - Appendix 13: Revenue budget monitor – Quarter 1 2022/23.
  - Appendix 14: Capital budget monitor – Quarter 1 2022/23.
42. Other Reports
  - Appendix 15: United Nations Sustainable Development Goals

## BACKGROUND PAPERS

[Corporate Plan 2021-25 - https://iow.moderngov.co.uk/documents/s5213/Appendix 1.pdf](https://iow.moderngov.co.uk/documents/s5213/Appendix 1.pdf)

[Strategic Risk Report to Audit Committee 25-07-22 - https://iowintranet.moderngov.co.uk/documents/s7346/The Councils Risk Profile.pdf](https://iowintranet.moderngov.co.uk/documents/s7346/The Councils Risk Profile.pdf)

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