

SOUTH STAFFORDSHIRE COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE – 25TH JULY 2023

INTEGRATED PERFORMANCE MANAGEMENT (IPM) REPORT – 2022/23 QUARTER 4 AND OUTTURN

REPORT OF THE CORPORATE DIRECTOR, CHIEF OPERATING OFFICER

PART A – SUMMARY REPORT

1.0 SUMMARY OF PROPOSALS

- 1.1 This report provides a combined update as of 31 March 2023 (Quarter 4 of 2022/23) and 2022/23 outturn on performance, finance, and risk. This includes results against performance targets set to monitor delivery of the Council Plan 2020 – 2024.

2.0 RECOMMENDATIONS



- 2.1 It is recommended that Members review and note the Quarter 4 Integrated Performance Management (IPM) Report.

3.0 SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	It reports progress against Council Plan targets.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	This report does not impact on equality issues
SCRUTINY POWERS APPLICABLE	The IPM report is presented to O&S at Quarter 2 and 4 only.	
KEY DECISION	No	
TARGET DATE	Quarterly	
FINANCIAL IMPACT	Yes	The report details the financial position as at the end of Quarter 4 2022/23.
LEGAL ISSUES	Yes	Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Appendix 3 to this report includes all Council strategic risks and a summary position statement on operational risk.
IMPACT ON SPECIFIC WARDS	No	All Wards

4.0 INTEGRATED PERFORMANCE MANAGEMENT - EXECUTIVE SUMMARY

4.1 Finance

 REVENUE		 CAPITAL	
Net Revenue Budget 2022/23 £m	Provisional Outturn 2022/23 £m	Capital Budget 2022/23 £m	Provisional Capital Outturn 2022/23 £m
£16.239	£15.983	£21.998	£6.406
Provisional Variance 2022/23 £m	Percentage Variance from Budget 2022/23		
0.256	1.58%		

4.2 Performance

Current Position	G	A	R	N/A
23 Council Plan Targets at Q4	17	1	5	0
23 Council Plan Targets at Outturn	16	0	6	1
Revenue Budget - Service (Net) Expenditure				
Revenue Budget - Other Expenditure				
Revenue Budget - External Funding				
Overall Revenue Budget - Appropriations to Reserves				
Capital Programme				

4.3 Strategic and Operational risks

Strategic Risks	8
Operational Risks	69

IPM Narrative Report

5.0 Review of the Quarter

- 5.1 At the end of the finance year, previously detailed financial and service challenges have been met primarily from Earmarked Reserves which were established to mitigate this in-year risk.
- 5.2 Significant financial pressures driven by inflation emerged in Quarter 1 of the financial year; however further service pressures have been experienced as the Council continues to see the longer term impacts of Covid and more present challenges from the Cost of Living Crisis.
- 5.3 Service pressures within Community Services remain although there has been improvement in the latter half of the financial year in membership take up. The works have been completed in the last quarter of 2022/23, which is reflected in the growth of memberships.
- 5.4 Sickness levels in Quarter 4 were on target with 1.77 FTE days lost per FTE against a target of 2.15. Sickness absence across the year average was 7.19 per employee which was above target. Long term sickness absence cases were the main cause of this target exceeding 6.95. While there are several long-term absences it is expected that sickness performance will continue to improve. Current sickness impacts on performance are mitigated.
- 5.5 Within the reported financial position are significant pay and inflationary pressures that have been managed by the Pay and Inflation Reserve in year (£0.600m); this included a provision for the 2022/23 pay award of £1,925 per person, per annum.
- 5.6 Commercial property income continues to perform well although following a major fire at one commercial unit last year and two units becoming vacant across the estate, rental income has been slightly lower leading to a small pressure. There is little indication at this stage that wider economic concerns will lead to further vacancies but the position will continue to be monitored into 2023/24. As such there has not been an update to the strategic risks at this point.
- 5.7 The Welfare Benefits teams saw increased demands on the service throughout 2022/23; recruitment challenges combined with additional calls for support meant an increase in Quarters 1,2 and 3 in time to process new Housing Benefit/Council Tax Support claims. The approved additional funding and additional short term 3rd party support saw quarter 4 have a performance increase in claims being processed in an average of 13.36 days against the service expected standard of 15 days.
- 5.8 The additional demands Customer Services saw in the first quarter of the year have abated as the service returns to normal levels of demand. A review of the service took place in which changes to the teams structure was made, and investment to ease any future additional demand.

- 5.9 Planning income has performed strongly driving an expected over achievement against budget for the service as a whole in year of £0.111m.
- 5.10 Furthermore, decisions taken by the Council to lock into planned borrowing at historically low interest rates in 2021/22, coupled with higher interest rates receivable on balances has created a favourable variation across all Treasury activity of £0.632m.
- 5.11 Members should be aware that the agreed MTFS for 2022/23 agreed a contribution from General Reserves of £1.051m and established a £0.600m Pay and Inflation Reserve.
- 5.12 The provisional outturn (subject to audit) indicates a draw on General Fund reserves of £0.623m which is £0.427m better than budgeted.
- 5.13 In addition, the benefits of the Treasury windfalls will allow the Council to replenish the 'Pay and Price' inflation Earmarked Reserve to similar levels than those maintained successfully in 2022/23. This will be important given the potential for inflationary pressures to impact adversely on budgets in 2023/24.

6.0 Impacts on 2023/24 and beyond

- 6.1 Concerns over rising inflation and pay that materialised throughout the year are likely to continue into 2023/24. The Pay and Inflation reserve set aside at the end of 2021/22 was fully committed in-year but can be re-established utilising the windfall receipts from Treasury activities in 2022/23
- 6.2 The main inflationary rise in the current year has been contained within the Pay and Inflation budget with relation to the annual CPI uplift applied to the waste contract. The impact of inflation will however be substantial in 2023/24 and ongoing and has been factored into the MTFS and the budget report for 2023/24.
- 6.3 Leisure centre base membership which was increasing following Covid has fallen back principally as a result of the refurbishment programme. At this stage it is expected that membership levels will recover over the course of 2023/24 following the completion of the refurbishment programme and the potential to attract new customers away from more expensive leisure sites at a time of increased economic challenge presents an opportunity to the Council.
- 6.4 Support to business via the enterprise team will be a key focus for the 2023/24 aligned to monitoring of commercial property occupancy levels which are still maintaining in excess of 97.5% and ensuring that outstanding debt levels do not increase. This will be an important metric of economic challenges in the months ahead.
- 6.5 Collection rates of Council Tax and Business Rates performance which primarily held up during the Covid-19 pandemic continues to be monitored closely to quickly pick up any adverse impacts due to the cost-of-living crisis. However, there was no underlying risk to this year's budget as any shortfall is mitigated by the way in which Collection Fund related deficits are funded in future years.

- 6.6 Finally, upside opportunities from treasury management activities may continue into 2023/24 as borrowing costs are fixed but investment income continues to increase in line with interest rate rises. There is a risk to the medium-term capital programme that should the need to borrow further monies arises, rates are now significantly higher.

7.0 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Not applicable

8.0 PREVIOUS MINUTES

Not applicable

9.0 BACKGROUND PAPERS

- Appendix 1 – Quarter 4 Performance Scorecard
- Appendix 2 – Quarter 4 Finance Scorecard
- Appendix 3 – Quarter 4 Strategic Risk Register

Report prepared by John Mayhew Finance Team Manager