



Report for:	Finance & Resources Overview and Scrutiny Committee
Date of meeting:	September 8th 2020
Part:	1
If Part II, reason:	

Title of report:	Finance & Resources Performance and Operational Risk Report Quarter 1 2020/21
Contacts:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources Nigel Howcutt, Assistant Director, Finance and Resources.
Purpose of report:	To provide Committee with analysis of quarterly performance and risk management within Finance & Resources for the 1 st quarter of 2020/21.
Recommendations	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 1, 2020/21.
Corporate objectives:	The provision of effective financial services and the allocation of resources such as assets and facilities support all five of the Council's corporate objectives, with particular reference to <i>Ensuring efficient, effective and modern service delivery</i> and, through Revenues, Benefits and Fraud division, <i>Building Strong and Vibrant Communities</i> .
Implications:	<u>Financial</u> Contained within the body of the report.
'Value for money' implications	<u>Value for money</u> Contained within the body of the report.
Risk implications	Contained within the body of the report
Equalities implications	None
Health and safety Implications	There are no health and safety implications.
Consultees:	Group Manager (Commercial Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits and Fraud)
Background papers:	Previous performance reports to Scrutiny.

Glossary of acronyms and any other abbreviations used in this report:	F&R OSC- Finance and Resources Overview and Scrutiny Committee.
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1. Risk and Performance reports are presented to Overview and Scrutiny Committees on a quarterly basis. They provide Members with an opportunity to scrutinise performance against a range of key indicators, and to review how the key risks facing the Services are being managed.

2. The attached appendices provide comprehensive risk and performance information for Finance & Resources for Quarter 1 of 2020/21 (April - June).

Appendix A – Finance & Resources Qtr 1 Performance Report.

Appendix B – Finance and Resources Qtr 1 Operational Risk Register.

3. The Performance Report, Appendix A, highlights that six out of sixteen KPI's have been reported as red which is an increase of six compared to the final quarter of 19/20.

4. There are four amber KPI's and six green where performance is good.

5. The six red rated KPI's are a direct impact of the Coronavirus pandemic and are detailed below;

- **RBF01 Average Time to decide a new claim for Housing Benefit –** For the majority of the quarter there was an increased workload as a result of the covid-19 pandemic. This was split into existing clients informing the council of changes to their circumstances but more significant the increase in new cases linked to temporary accommodation placements, due to the government's response to homelessness. Towards the end of the quarter performance improved as volumes reduced back to normal levels.
- **FIN03 General Fund outturn projection –** The outturn is projecting a financial pressure of £5.8m. See the earlier agenda item on the first quarter budget monitoring position for more details.
- **FIN08 Investment Income –** This income stream is below expectations due to 2 directly linked issues, of reduced cash balances and reduced investment interest.

The pandemic has resulted in lower cash balances than expected as income collection has reduced, due to reduction in capital receipts, council tax, business rates and fees and charges. In this period expenditure has increased where services have needed to react to the pandemic.

At the same time interest rates on investments have plummeted in line with world economy with some old council investment funds now returning a 0% rate of return.

- **FIN02a Time taken for debtors to pay** – This is adversely impacted by the pandemic with cash recovery ceased for a period in line with government policy and with businesses not operating during lock down to pay their bills.
- **RBF04 – NNDR (Business rates) in year collection rate.** The first quarter of business rates collection in 20/21 provides little evidence base for what may happen in 20/21. During this quarter the vast majority of businesses were not trading during lockdown and large sectors such as retail, leisure and hospitality had their NNDR bills for 20/21 waived by the government, and hence re billing took place in May.

During this period recovery activity was also on hold. The council is continuing to assess the second quarter collection to fully understand the performance in regards to collection performance.

- **CP02 – Percentage arrears on commercial property rents** – The arrears on the commercial portfolio are normally consistently at or around 7% which is considered to be a market leading level of arrears.

In the current market the arrears increased in quarter 1 to 11.62%, during this period the council were not actively recovering rentals in line with government guidelines. The income collection and performance are heavily scrutinised monthly and the bad debt provision as part of the monthly monitoring has been increased significantly to allow for a reduction in income collection.

At present the period from P4 to P8 is expected to provide the most valuable information as during this period;

- Businesses start to trade again,
- Government grants appear to come to an end,
- Cash flow and reserves start to be diminished.

6. The operational risk register is detailed in Appendix B. The commentary and operational risk scores have been reviewed for 2020/21 Quarter 1, and comments added to the report. As you will see from Appendix B the operational risk scores and outcomes are all impacted by the coronavirus pandemic which was both unexpected and significant.
7. As at quarter 1 controls and mitigations in place for operational risks are deemed to be effective, and the council's ability to monitor and respond to the impact of the pandemic has been strong.