



AGENDA ITEM: 8

SUMMARY

Report for:	Finance & Resources Overview and Scrutiny Committee
Date of meeting:	September 7 th 2021
Part:	1
If Part II, reason:	

Title of report:	Finance & Resources Performance and Operational Risk Report Quarter 1 2021/22
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 1st Quarter of 2021/22.
Recommendations	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 4, 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 2021/22 (April - July).

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 there are 4 amber KPI's and 6 green where performance is good.
4. There are also 5 out of 16 KPI's that have been reported as red which is the same as the performance in Quarter 4 2020/21.
5. The 5 service areas with red rated KPI's are directly impacted by the Coronavirus pandemic, and achieving pre pandemic targets is proving difficult in the current environment, these KPI's are;

- **RBF06 Council Tax customer contact response** – The volume and complexity of the council tax queries, combined with the increase in demand for council tax support has slowed the services performance down. Resources have been re-channelled and an improvement in performance is expected in quarter 2.
- **RBF01 Average time taken to decide a new claim for Housing Benefit** – A similar situation to council tax service, the volume and complexity of cases for benefits has increased the time taken to process applications, external support has been procured to improve these timeframes.
- **FIN08 Investment Income** – This income stream is below expectations due to lower than expected interest rates and hence a reduced return on treasury investments.

Interest rates on investments have plummeted in line with the world economy with some council investment funds now returning a 0% rate of return, in 19/20 DBC averaged 0.8% return on investments in 21/22 it is projected to be 0.07%.

- **FIN02a Time taken for debtors to pay** – This is adversely impacted by the pandemic with debtors taking longer to pay and with a higher proportion choosing to pay via instalments. The performance has improved by 10% quarter on quarter but still below expectations. The service expected debt recovery actions to be back to normal in 21/22

but government policy has meant debt recovery processes are still not back to what the industry would call “normal”.

- **CP02 – Percentage arrears on commercial property rents** – The arrears on the commercial portfolio are historically at or around 8% which is considered to be a market leading level.

In the current market the arrears are circa 20% which although higher than historic performance is performing well compared to the sector wide averages. The majority of the commercial portfolio is in the retail sector and some retail landlords are reporting arrears as high as 87%.

The income collection and performance are being heavily scrutinised monthly and the bad debt provision as part of the monthly monitoring has been increased significantly.

6. All scores as set out in the Operational Risk Register at Appendix B have been reviewed for 2021/22 Quarter 1, and comments added to the report. The scores reflected have not changed since quarter 4 20/21.
7. As you will note from Appendix B the operational risk scores and outcomes are all impacted by the coronavirus pandemic which was both unexpected and significant.
8. As at quarter 1 controls and mitigations in place for operational risks are deemed to be strong, and the council’s ability to monitor and respond to the impact of the pandemic has also been strong.