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FINANCE & RESOURCES

Overview and Scrutiny Committee

Report for:	Finance & Resources Overview and Scrutiny Committee
Title of report:	Finance & Resources Performance Report Quarter 3 2021/22
Date:	March 8 th 2022
Report on behalf of:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Finance and Resources Quarter 3 Performance Report Appendix B Finance & Resources Operational Risk Register Quarter 3 2021.22
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.

Report Author / Responsible Officer

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Corporate Priorities	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> .
Wards affected	All
Purpose of the report:	To provide Committee with analysis of quarterly performance within Finance & Resources for the 3 rd Quarter of 2021/22.

Recommendation (s) to the decision maker (s):	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 3, 2021/22.
Period for post policy/project review:	

1. 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.
2. Members will find enclosed in Appendix A, the In-phase performance report for Finance & Resources for Quarter 3 of 2021/22 (October - December) and Appendix B the Quarter 3 Finance and Resources Operational Risk Register.
3. The Performance Report, Appendix A, highlights that there are 7 amber KPI's and 5 green where performance is good.
4. There are also 4 out of 16 KPI's that have been reported as red, which is an improvement since quarter two with 2 KPI; s performance turning from red to amber. These are;
 - FIN 03 General Fund Expenditure, this is detailed in the quarter 3 report,
 - RBF01 time taken to complete New Housing Benefit claims. The benefits service is still under a lot of pressure but performance is improving as the impact of covid reduces.
5. The 4 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.
- **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%. The 22/23 budget has been revised.

- **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 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 23% which although higher than historic performance is performing well compared to the sector wide averages.

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. The Qtr 3 Operational risk register is attached in Appendix B, there are three changes to the overall Operational Risk scores compared to Quarter 2;

- **Council Tax and Business Rates Collection Rates** drop below budget – The residual risk score has increased from 6 to 8. The present council tax collection is below expected levels and although performance is expected to improve in the final quarter, we are now three quarters of the way through the year and hence the likelihood of this improving back to expected levels has reduced.
- **Delays to Capital Programme** – The residual risk has increased from 6 to 8. Although the impact or consequences of the delay have remained consistent the likelihood of delays is now beginning to crystallise in quarter 3 with limited time to make up ground.
- **Variance in the General Fund Budget** – The Residual risk score has decreased from 8 to 6. The likelihood of general fund variances at this point in the fiscal cycle is reduced given we are three quarters of the way through the financial year. The detailed Quarter 3 financial monitoring report is on the agenda for discussion.