

Harborough District Council



Report to the Cabinet Meeting of 9th September 2024

Title:	2024/25 Performance Report – Financial (Outturn) and Corporate Performance Quarter 1 (Year ending 31 March 2025)
Status:	Public
Key Decision:	No
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Portfolio Holder:	Cllr Mark Graves, Finance Cllr Phil Knowles, Strategy
Appendices:	1: Summary Revenue Budgets and Capital Programme for 2024/25 Budget and MTFS (2025/26 to 2028/29). 2: 2024/25 Revenue Outturn and Variance Analysis by Portfolio & Director Service Categorisation. 3: Commentary on 2024/25 Budget Variances Greater than £25,000, by Director Service Categorisation. 4: General Fund Reserves 31.03.2024 5: 2024/25 Capital Outturn and Variance Analysis 6: Application of revenue carry forwards from 2023/24 7: Key Activity Quarterly Report - Quarter 1 2024/25 8: Strategic Performance Dashboard - Quarter 1 2024/25

Executive Summary

This report combines two reports previously received separately, Financial Performance (Outturn), and Performance. This combined report sets out the financial position (outturn) for the year ending 31 March 2025 for revenue and capital as at end of Quarter 1 and covers performance monitoring of the refreshed corporate plan for Quarter 1, April to June 2024.

Financial Performance

- i. Revenue is forecasting an underspend of £486k, a variance of 3.3% to the approved budget. £400k of this to be allocated to an earmarked reserve to fund potential implications of the new NPpF arrangement.
- ii. Capital is forecasting to be on budget, a variance of 0% to the approved budget.

Performance

A refresh of the corporate plan Key activities was undertaken prior to 1 April 2024, resulting in 21 Key activities for the year 2024/25.

- i. Appendix 7 contains a report of progress against all 21 Key activities in the Corporate Plan. At the end of Quarter 1 there are no activities at red status
- ii. Appendix 8 contains a report of 19 key performance indicators (KPI's). At the end of Quarter 1, 1 KPI was at red status.

The links between the red activities/KPI's and outturn have been reviewed and are detailed in paragraph 3.16 below.

Recommendations

That Cabinet:

- **considers and comments on the contents of this report and associated appendices.**
- **approves the establishment of a new sub-reserve titled “NPPF Support”.**
- **approves the allocation of £400k to the NPPF Support sub-reserve.**

Reasons for Recommendations

The Council's Performance Management Framework requires that both Scrutiny and the Cabinet have a role in monitoring the performance of the Council against its Corporate Plan. Good financial governance requires the Cabinet to consider and comment on financial outturn. Such commentary demonstrates to customers, partners, and stakeholders that the Council is actively considering the environment within which the Council is operating.

1. Purpose of Report

To update Cabinet in respect of the Quarter 1 outturn for 2024/25 for revenue, capital, and reserves, and provide information on the Council's performance.

2. Background

2.1 This combined report [Financial Performance (Outturn) and Corporate Performance] seeks to ensure that trends reflected in the outturn are also reflected in the performance reporting and vice versa. Because many things can occur between the end of June and the end of the financial year, some trends may not yet be apparent.

2.2 The Council approved the 2024/25 Budget and Medium-Term Financial Strategy (2025/26 to 2028/29) (MTFS); which included the Capital Programme in February 2024. It should be noted that the categorisation of services by Director and Portfolio used in this report, is based on the current structure not the structure used in the budget.

2.2.1 The **Revenue budget**, the 2024/25 net service expenditure was £14.8m and after capital financing of (£560k), the net expenditure for the delivery of services was £15.3m; over the MTFS period, this increases to £17.4m. This is summarised in **Appendix 1**.

2.2.2 The **Capital Programme**, the 2024/25 programme totals £33.7m, of which £16.9m was in respect of projects brought forward from previous years and £16.8m was in respect of new initiatives for 2024/25.

2.2.3 **Reserves**, Council approved a net contribution to reserves of £2.6m.

2.3 Performance is monitored and reported to Officers and Members on a Quarterly basis as part of the Council's Performance Management Framework. Performance Reports are submitted to both Scrutiny and the Cabinet via Quarterly reports. Officers and Members can review performance via Pentana Risk in between these reports at [Corporate Plan 2024/25 \(pentanarpm.uk\)](https://www.pentana.gov.uk/CorporatePlan/2024/25).

2.4 The key activities within the corporate plan have been refreshed in line with meetings with Heads of Service and the annual service planning process. The annual refresh of the delivery plan was agreed in June, with 21 key activities for the period 2024-25. There has been an ongoing dialogue with Cabinet and Members about priorities throughout the year and during the budget setting processes for 2024/25 some new funds have been created which form projects that are listed as new to the 2024/25 plan, including a funding pot for Community Grants and a Communities Team, building relationships with Parish councils and local businesses and an Environmental Grants pot. A summary of performance is found at **Appendix 7 & 8**.

3. Details

Revenue Headlines

3.1 The outturn for the current financial year and the impact over the MTFS is summarised below.

3.2 **2024/25**; In respect of the original net expenditure budget of £15.331m, the outturn is £14.845m, which represents an underspend of the budget by £486k. A “financial” variance analysis based on Director service categorisation is summarised in **Table 1** below. A more detailed analysis based on both Director and Portfolio service categorisation is shown in **Appendix 2** along with an accompanying Reserve analysis. A summary of variances greater than £25k shown in **Appendix 3**. It should be noted that it is proposed to set-aside £400k of the forecast underspend into a new sub-reserve, as detailed in paragraph 3.9 below.

Summary of 2024/25 Revenue Budget Variances, by Director Service Categorisation				Table 1
Service	Updated Budget £000	Outturn £000	Variance £000	Commentary
Chief Executive	317	313	(4)	
Deputy Chief Executive	3,471	3,594	123	IT software costs
Resources	1,929	1,382	(547)	£843k forecast increased investment income less overspends in insurance and market hall
Communities	6,829	6,773	(56)	HDC temporary accommodation property management fee
Planning	2,225	2,223	(2)	Reduced development control income
Net Direct Cost of Services	14,771	14,285	(486)	
Finance & Assets: Capital Financing (*)	560	560	0	
Net Expenditure	15,331	14,845	(486)	
Approved Carry Forwards from 2023/24	0	(1,062)	(1,062)	
Net Expenditure after Carry Forwards applied	15,331	13,783	(1,548)	
Proposed contribution to NPPF Reserve	0	400	400	To be agreed
Net Expenditure after Carry Forwards and proposed contribution applied	15,331	14,183	(1,148)	

NB.
* Finance & Assets are allocated to this item, but this item (Minimum Revenue Provision) is dependent on other services actioning the capital programme.

Reserves

3.3 Inevitably as the Council progresses through any year its use of reserves will flex depending on:

- the macro and micro economic climate that the Council finds itself, and
- along with its need to meet its corporate priorities and statutory obligations.

- 3.4 As required by the Reserves Strategy, Cabinet is asked to note that through the active management of reserves that the General Fund (Unallocated) Reserve is maintained at 20%, the approved minimum level of reserves.
- 3.5 Further, members will recall that when the budget was set in February, no contribution from reserves was needed. At 31 March 2024, the Council had revenue reserves totalling £21.8m; however not all of these reserves are useable, and these are shown in **Appendix 4**. Of these reserves, £8.5m are potentially useable and sufficient to meet any in-year pressures. The forecast position of reserves at 31 March 2025 (as at 30 June 2024) is £25.3m.
- 3.6 Included in reserves was an amount of £1.1m in respect of carry forwards from 2023/24, as agreed by Cabinet on 15 July 2024 <https://cmis.harborough.gov.uk/cmis5/Meetings> These have been released back into revenue to meet the relevant costs as shown in **Appendix 6**.

Capital Programme

- 3.7 The Capital Programme for **2024/25** totals £33.7m, of which £16.9m was in respect of projects brought forward from previous years and £16.8m was in respect of new initiatives for 2024/25. The outturn is current forecast to be in line with budget. A summary variance analysis is shown in **Table 2**, and a detailed analysis, with associated commentary, is shown in **Appendix 5**.

Summary of 2024/25 Capital Budget Variance Greater than £25,000					Table 2
Service	Proposed Updated Budget £000	Outturn £000	Variance		Commentary
			£000	%	
Capital Projects	33,752	33,752	0	0%	At Qtr 1 all capital projects forecast to be budget

Monitoring of Current Local Plan Development

- 3.8 Local Plan preparation is currently to programme and to budget. The total project budget is £2.876m, including both the original Local Plan budget and the additional accelerated budget. The current total forecast outturn for the project is £2.823m thus giving a forecast underspend of £53k.

Changes to National Planning Policy Framework (NPPF)

- 3.9 Members will be aware that the new government has announced that it plans to make changes to the NPPF. At this time the direct impact of any new NPPF on the council's current local plan development process are not known. Consequently, it is recommended that Cabinet agree to allocate £400k of the current forecast underspend (3.2) to a new specific sub-reserve (NPPF Support) within the Corporate Plan & Strategy reserve. This will enable the service to draw from this reserve as required (as per para 5.2.2 of the [Reserves Strategy](#)).

Corporate Performance

3.10 Officers are required to monitor and update the performance management software on a regular basis and provide a status of Complete, Green, Amber, or Red for each Key Activity. Definitions of these are as follows:

3.11 Appendix 7: Key Activities in Detail

This appendix contains a performance summary of each of the Key Activities identified in the Corporate Delivery Plan for the 2024/25 year including a status (as described in the table below), progress comment and next steps.

Status	Description
Red	Planned actions have not been achieved or have missed their target date. Issues are now impacting on delivery or expected outcomes.
Amber	Most actions completed. Some issues recognised which may impact on the delivery or expected outcomes.
Green	Planned actions completed, project on track. There are no known issues.
Complete	The project has been completed.

3.12 Appendix 8: Strategic Performance Dashboard

The Strategic Performance Dashboard consists of the Council's key performance indicators for each corporate priority. It is designed to provide an overview of how the Council is performing against those identified priorities. The Council's Performance Management database contains information on a wider range of performance indicators including further indicators from the Corporate Delivery Plan and operational indicators. The status of these items is categorised as either 'Green' (on or better than the set target), 'Amber' (within a tolerance of 5% below the target) or 'Red' (5% or more below target).

The Direction of Travel column indicates whether the indicator has changed status since the previous month. Direction of Travel is stated as either 'Better,' 'Same' or 'Worse'.

Performance Summary

3.13 Quarter 1 reported performance indicates 0 red key activities shown in **Appendix 7** and 1 red activity within the strategic performance (KPI) dashboard shown in **Appendix 8**.

Status of Key Activities

3.14 There are 21 Key Activities, and progress against them all is shown in **Appendix 7**. There were no red or amber key activities in the quarter 1 report.

Status of Strategic Performance Dashboard

- 3.15 There are currently 19 KPI's on the Strategic Performance dashboard. Performance against these indicators at the end of Quarter 1, is available in **Appendix 8**. with 1 at red status:
- 3.15.1 FS 03 (Red) 90% of payments to creditors within 30 days – HDC went live with a new finance system on 6th November, to ensure the data migration was done correctly the previous system was shut down for 2 weeks which affected volumes and payments within 30 days. Also training of HDC finance and wider staff has taken time away from processing and as such has affected the performance, this will improve as the new finance system is bedded in. 77.9% of all invoices were paid within 90 days during this Q1 period. This is showing an improvement on the 2023/24 period.

4. **Implications of Decisions**

4.1. **Corporate Priorities**

The contents of this report are evidence of how the Council monitors issues that may affect the delivery of its Corporate Priorities.

4.2. **Financial**

This report gives the forecast outturn position for the Council's 2024/25 revenue and capital budgets. Including an additional contribution to an earmarked reserve, as permitted by the [Reserves Strategy](#) (para 5.2) (approved by Council in February 2024).

4.3. **Legal**

The Council is legally required to set and manage a balanced budget.

4.4. **Policy**

No policy issues arise directly from this report.

4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

Currently, only some of the capital initiatives relating to achieving net zero are being implemented. The capital programme is currently being reviewed and will be reported to a future Cabinet meeting as part of 2024/25 budget setting.

4.6. **Risk Management**

It is important to monitor the position against budget to ensure any issues can be addressed appropriately and in a timely manner. Risks are managed alongside performance through the Council's Performance Management database, Pentana Risk. A Corporate Risk register can be found at [Corporate Risk portal \(pentanarpm.uk\)](#).

4.7. **Equalities Impact**

Equality actions are identified as part of the Business Planning Process and are captured where relevant for each Key Activity.

4.8. **Data Protection**

No data protection issues arise directly from this report.

5. **Summary of Consultation and Outcome**

Consultation has been undertaken with the Portfolio Holder.

6. **Alternative Options Considered**

Not applicable.

7. **Background papers**
 - Corporate Plan
 - Performance Management Framework