

PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE
2021/22

9 June 2021

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This overview provides an updated set of reports that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. It provides an updated set of key performance indicators along with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole), and some accompanying commentary on the Council's risk approach.
- 1.2. The report also sets out the latest capital programme monitoring with some enhanced analysis of the variances to budget. Further enhancements to this section of the report are anticipated over future reports as discussed at previous Audit Committees, specifically in relation to the financing of the programme.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

- **Consider the performance indicators presented in Appendix 1, the Risk Management Scorecard in Appendix 2 and the current capital monitoring update in Appendix 3 (all attached to this report).**

3. REASONS FOR DECISION

- 3.1 The Audit Committee are deemed to be "those charged with governance" in respect of the Council's annual statement of accounts, treasury management strategy and other financial matters. As such, the Committee have asked for more overview of the Council's performance and risk management in order that they can be assured that value for money is being achieved and that they can fulfil their governance role in the widest sense.

4. BACKGROUND

4.1 Policy Context

The review of performance and the risks arising from the delivery of the capital programme are key areas for consideration of the Audit Committee in order for them to fulfil their overall governance role.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

The Chair of the Audit Committee has been consulted along with the Head of Business Intelligence and Members Services, Cabinet Member for Finance and the Group Director of Finance & Corporate Resources.

4.5 Risk Assessment

Not applicable

4.6 PERFORMANCE INDICATORS

4.6.1 Audit Committee have over several meetings discussed their requirement to be able to consider the performance of the Council on an ongoing basis. This leads on from the role of the Committee to approve the annual accounts of the authority, agree and monitor treasury management strategy and to keep under review risk management across the Council.

4.6.2 A set of high level indicators have been developed and agreed by Committee. The attached report (Appendix 1) is a summary of the Indicators which were agreed. Consideration of these will help to strengthen the governance role of the Committee in its wider sense.

4.7 CAPITAL PROGRAMME MONITORING

- 4.7.1 As part of the regular review of treasury management activity and approval of the annual Treasury Management Strategy, Audit Committee have sight of the capital financing requirement (underlying requirement to borrow) of the authority on an ongoing basis.
- 4.7.2 It has been noted by the Committee that the Council has moved from a debt free position to an external borrowing position over the last few years, mainly due to the delivery of an ambitious capital programme that requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes. Borrowing is forecast to increase further over the next few years as plans include bringing forward the next phases of both the Britannia scheme and our Regeneration programme.
- 4.7.3 Such a change brings additional risk to the delivery of the programme as well as potential impact on the finances of the Council. This risk arises mainly from two issues – potential volatility of the housing market affecting sales volume and value going forward, and increasing building costs as a result of the weaker GBP against other major currencies.
- 4.7.4 This report includes an update on the main areas of the capital programme via inclusion of the capital extract from the latest Overall Financial Position (OFP) Report to Cabinet thus providing Audit Committee with oversight of the activity which drives the borrowing position set out in the Treasury Update Reports. It is anticipated that going forward the report will include performance against target in terms of capital spend in line with the recommendations of the recent Audit Committee deep dive review.
- 4.7.5 The capital monitoring report to Cabinet and hence to Audit Committee includes data regarding the actual delivery of the capital programme as well as the financial elements (i.e., actual outturn compared to budget expenditure). Following the completion of the Capital Management Review, which is currently underway, the format of the capital monitoring report will be revisited to reflect relevant outcomes.
- 4.7.7 An extract from the latest OFP regarding the capital monitoring information is attached as **Appendix 3** to this report for information. As the last Audit Committee meeting was held six weeks ago, this update is unchanged. A further update will be available for the October meeting.

4.8 RISK MANAGEMENT

- 4.8.1 Audit Committee have over several meetings discussed their requirement to be able to also consider the wider picture of risk management within the Council on an ongoing basis. In addition to the Directorate and Corporate registers reviewed at Committee meetings, it was felt some additional information and commentary would be helpful in painting a fuller picture and also increasing levels of assurance

regarding how risks are identified and managed. At each meeting, an updated scorecard of the Corporate Risks will be presented, and this will form the main part **Appendix 2**. This will ensure a continual overview is supplied of the Council's strategic risks. The full version of the Corporate risk register is presented to Audit Committee every six months.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

5.1 The contents of this report are a result of a number of discussions with the Chair and members of the Audit Committee regarding future enhanced performance reporting in order to strengthen the governance role of the Committee.

5.2 Officers will continue to work with the Chair and members of the Audit Committee, in conjunction with the Cabinet Member for Finance and the Head of Business Intelligence and Members Services, in order to enhance the reporting offer to ensure that it provides the strategic overview of Council performance and risk that the Committee require.

6. COMMENTS OF THE DIRECTOR, LEGAL

6.1 The Council has a general duty as a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under the Local Government Act 1999, section 3.

6.2 The Audit Committee has the responsibility to consider the Council's arrangements to secure value for money and review the assurances and assessments on the effectiveness of these arrangements. This Report is part of those arrangements.

APPENDICES

Appendix 1 - Performance Indicators

Appendix 2 - Corporate Risk Scorecard

Appendix 3 - Extract from OFP re Capital Monitoring

BACKGROUND PAPERS

None

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