



CABINET

AGENDA ITEM (10)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2013/14 YEAR END

Accountable Member	All relevant Cabinet Members	
Accountable Officers	Mary-Ann Forrest Performance and Policy Analyst 01285 623163 mary-ann.forrest@cotswold.gov.uk	Philip Alway Business Partner Manager 01285 623305 philip.alway@cotswold.gov.uk

Purpose of Report	<p>To summarise overall performance for the Council, with particular focus on progress towards achieving the Council's top tasks, and efficiency measures.</p> <p>To provide information on the Council's capital expenditure, capital receipts and use of reserves.</p>
Recommendations	<p>(a) That service performance for 2013/14 be noted;</p> <p>(b) That the operational under-spend of £567,967 which will increase the Council's General Fund Working Balance, be noted;</p> <p>(c) That the underspend (over achievement of income) of £529,598 in respect of business rates income be noted but it be recognised that the timing issue that has created this, and its use to offset the 2014/15 deficit, be noted;</p> <p>(d) That an allocation of £50,000 be approved to provide for legal costs associated with defending planning appeals at Fairford and Stow-on-the-Wold.</p>
Reason for Recommendation	The Council's performance management arrangements provide the Audit and Scrutiny Committee and the Cabinet with the opportunity to consider and comment on performance on a quarterly basis.

Ward(s) Affected	None
Key Decision	No
Recommendation to Council	No

Financial Implications	As described in sections 2 and 3 of the report
Legal and Human Rights Implications	Nil
Human Resource	Nil

Implications	
Environmental and Sustainability Implications	Nil
Human Resource Implications	Nil
Key Risks	As described in section 4 of the report
Equalities Analysis	Not required

Related Decisions	The Council or the Cabinet approve all new capital schemes
Background Documents	Two performance reports are available in the Members' Room: Heads of Service report on progress on all key tasks which contribute to Council Priorities, and a Performance Indicator report
Appendices	Appendix 'A' - Progress towards achieving our top tasks Appendix 'B' - Progress on efficiency measures Appendix 'C' - Key variances over £10,000 Appendix 'D' - Summary of gross capital expenditure

Performance Management Follow Up	None
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Options for Joint Working	Joint Working progress will be documented under the top task 'To review the Joint Working Strategy, and deliver savings of £600,000 over the next five years'
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Background Information	
1. <u>Operational Performance</u>	
1.1 The final update of the Corporate Strategy and Plan 2012-15 (2014/15 update) which sets out the Council's aim, priorities, and new top tasks, and the Budget 2014/15 were approved by the Cabinet and Council on 27 th February 2014. Heads of Service have completed their Service Plans for the forthcoming year, which demonstrate how each service contributes to achieving the Council's priorities.	
1.2 Each quarter, the Council monitors its progress towards achieving the aim and priorities set out in the Corporate Strategy and Plan, as well as service performance, which are reported together with our financial performance as part of this report.	
1.3 In summary, the Council achieved a good level of performance in 2013/14, at the same time as delivering a very significant level of efficiency savings. We are on target with the delivery of most the Council's top tasks, as well as having delivered many of the actions set out in our Service Plans. In addition, a high proportion of our performance indicators achieved their targets (or were 'within tolerance').	
1.3 At the end of year, the Council achieved underlying savings of £858,000. As set out in the Budget Strategy 2013/14; a number of projects including some of our twelve top tasks, have contributed to this achievement. In addition, a budget underspend was also achieved, albeit some of these items were 'one-off'.	

1.4 Performance Against Top Tasks

1.4.1 Overall, we are broadly on target with the delivery of the Council's top tasks, although there have been some delays and minor adjustments to timings. Seven top tasks have been achieved or broadly achieved, and the remaining top tasks are progressing largely as expected. A full update is attached at **Appendix 'A'**.

1.4.2 The seven top tasks that have been achieved or broadly achieved are:-

- to implement a new joint Web Site which provides greater access to information through improved navigation and signposting, and leads to higher levels of user satisfaction, supports 'channel shift', reduces costs and facilitates communication with our communities and users;
- to brief Parishes to enable them to contribute effectively to the site allocation process at the facilitated workshop events;
- to achieve further efficiencies through the transfer of additional services to Ubico Ltd., joint procurement, the development of a trade waste service, and the possible inclusion of additional partners;
- to work with other agencies to prepare customers for the implementation of national and local welfare reform changes;
- to provide assistance to communities to have energy efficient homes which are warm through the Green Deal Together Community Interest Company and through the delivery of Warm and Well Plus;
- to implement the Housing and Homelessness Action Plan, including the delivery of 400 affordable homes between 2012 and 2016; and the implementation of the Local Authority Mortgage Scheme (Year 2 of Plan);
- to reduce the risk of property flooding in those settlements severely affected by flooding in 2007 by providing financial and technical support for flood alleviation projects, and working in partnership with agencies and communities.

1.5 Performance Against All Tasks

Our Council priorities are:-

- Freeze Council Tax for the next three years whilst protecting front line services that matter to our residents;
- Maintain and protect our environment as one of the best places to live, work and visit;
- Work with local communities to help them help themselves.

1.6 Our Service Delivery Plans demonstrate how each Service contributes to the achievement of our Priorities. At the end of 2013/14, the Council had delivered a high proportion of the actions/projects set out in its Service Plans, and the majority of the actions/projects that will continue into the next year are progressing as expected. This achievement, in tandem with the efficiency savings achieved, is noteworthy and demonstrates further steps forward in the efficiency of the Council - delivering the same or more for lower cost to the taxpayer.

1.7 Table 1 - Summary of Performance - All Key Tasks

Status	2012/13		2013/14	
	Number	% ¹	Number	% ¹
Achieved	28	75.7	24	80.0
Not achieved	7	18.9	3	10.0
Cancelled/superseded	2	5.4	3	10.0
Total	37		30	
In progress (not due)	2		7	

1.8 Performance Against All Indicators

During the year, the Council achieved a good level of service performance with 90% of indicators achieving their targets or achieving their targets 'within tolerance', an improvement on the previous year even though overall service costs have also been reduced.

1.9 Table 2 - Summary of Performance - All PIs

Status	2012/13		2013/14	
	Total	% ¹	Total	% ¹
Achieved or exceeded target	31	67.4	30	75.0
Achieved target within tolerance	8	17.4	6	15.0
Target not achieved	7	15.2	4	10.0
Total	46		40	
No target/no data	3		7	

1.10 Efficiency Measures

1.10.1 The Council's aim is 'to be recognised as the most efficient Council in the country', and the Corporate Strategy 2012-15 sets out how we will measure our progress using a basket of indicators:

- overall cost of Council services per head of population (Revenue Estimates);
- rate of increase in Council Tax;
- time taken to process Housing Benefit/Council Tax Benefit - new claims;
- percentage of Council Tax collected;
- amount of household waste per household (kg);
- percentage of household waste sent for recycling, composting and reuse;
- sickness absence rate;
- unemployment claimant rate (job seekers allowance);
- overall crime rate per 1,000 population.

¹ All percentages have been rounded

1.10.2 We established baseline rankings (primarily based on 2011/12 data) for each indicator and an overall ranking for the whole basket of indicators which we are using to gauge future improvements. One year on, we completed the second rankings exercise which produced favourable results indicating an overall improvement in our ranking from nine out of two hundred and one Shire District Councils to five (low is good).

1.11 The latest update on how we are performing against each of the indicators is attached at **Appendix 'B'**, and primarily relates to 2013/14 outturns. As benchmarking data becomes available over the next few months, we will commence the next rankings exercise.

2. Financial Performance

2.1 The Council's budget strategy for 2013/14 assumed a requirement to use £38,000 of the Council's General Fund Reserves to finance operational activity. The Council's revenue outturn position will be subject to scrutiny by the Council's external auditors over the next few months. The provisional operational budget position is an under-spend of £567,967.

2.2 The Council's Financial Rules require budget variances in excess of £10,000 to be reported to Members. A list of the budget variances in excess of £10,000 is included at **Appendix 'C'**. The most significant operational budget variances (over £40,000), during 2013/14 are set out below.

2.3 In addition to this, there have been across the board savings in many budgets with employee expenditure for example being £377,000 under budget.

Service Area	Under/Over Budget	£	Comments
Waste	Under spend	£145,559	An under-spend from Ubico Ltd of £347,000 has offset other service cost pressures such as purchases of bins and sacks, depot rental costs and additional recycling costs. The net budget position is shown.
Parking Services inc employees	Over spend	£71,696	The On-Street enforcement services transferred to GCC and Stroud on 1 April 2013. The variance is a combination of a prior year adjustment of approximately £16k, some reactive maintenance work of £18k and an income budget associated with the previous service not being removed from the base. This has been corrected for 2014/15.
Discretionary Pension Payments	Over spend	£41,529	Costs associated with redundancy/early retirements as a result of service restructures have been financed from savings in the first year
Local Land Charges Income	Over achievement of income	£73,849	Income reflecting increased demand for the service.

Service Area	Under/Over Budget	£	Comments
Environmental Protection	Income under achievement	£50,452	Private water supply income lower than expected in business case.
Leisure and Cultural Services	Over-spend	£293,383	As the new Leisure Services contract did not occur till August 2013, the overspend is being compared to the original 2013/14 budget and does not reflect the new contractual arrangement or adjustments for paying the schools up front to take on their new obligations. The deficit in year 1 was expected when the decision to outsource was made and was intended to be financed from the Council's Priorities Fund. Given the overall under-spend it is not necessary to fund this from the Council's Priorities Fund and therefore shows as a variance. The budget for 2014/15 and Medium Term Financial Strategy have been updated to include the profiled contract sums.
Development Control	Over achievement of income	£177,266	Income reflecting high level of demand for the service. Some of the additional income was re-invested in the service. The net budget position is shown.
Commercial and Property Services	Under achievement of income and over-spend on expenditure budgets	£105,571	Budget strategy assumed additional income of £50,000 from new investment in commercial property. Funds were not available for reinvestment and the budget has been adjusted for 2014/15. Costs for maintenance and electricity for Trinity Road offices higher than anticipated. Additional valuer's fees incurred relating to potential asset disposals.

2.4 In addition to the above variances, 2013/14 was the first year of the retained business rates scheme. The accounting arrangements for the retained business rates scheme introduce a timing problem between the first and second years of the scheme. In 2013/14 this has produced an addition benefit to the General Fund of £529,598 but as set out in the budget report for 2014/15 this needs to be used to fund the business rates deficit of £728,996 which has been included in the budget for 2014/15.

3. Capital Expenditure, Capital Receipts and Reserves

3.1 A summary is attached at **Appendix 'D'**.

3.2 Capital Activity

3.2.1 The Council received 152 Disabled Facility Grant (DFG) enquiries during 2013/14 - 36 fewer than in 2012/13. Of the enquiries received, 147 grant applications were approved. In addition, the Council awarded three Stay Safe grants during the year.

3.2.2 There has been heavy investment in the hardware ICT infrastructure to support upgrades to the Planning and Environmental Services systems. Refreshing the infrastructure and keeping systems up to date is key to delivering continuing efficiency savings and maintaining secure systems environments to meet increasing data protection and Government security requirements.

3.2.3 Capital funding has been used to carry out a number of flood engineering schemes within the Cotswold District. This has included Phase 1 of defences in Lechlade, a contribution to a major Environment Agency-led scheme in Fairford and Phase 1 of a major scheme in Morton-in-Marsh, which saw the construction of a bund to protect the west of the town. Recent heavy and prolonged rainfall demonstrated that the works carried out to date have made a valuable contribution to significantly reducing flood risk.

3.2.4 The Council has invested in fleet vehicles in 2012/13 to enable Ubico Ltd. to deliver environmental services on its behalf. Vehicles are replaced as part of a planned programme, which estimates that a vehicle needs replacing approximately every seven years, when they are no longer financially viable to maintain or poor condition would impact severely on service provision. These vehicle costs are budgeted for as part of the overall service provision.

3.2.5 Work has been completed to install loft insulation at Trinity Road and pipe lagging at Trinity Road, Cirencester Leisure Centre and the Corinium Museum, which will help achieve carbon savings and reduce energy costs.

3.3 Capital Receipts and Disposals

There were no capital receipts or disposals during Q4.

4. Risk Management

Using the Council's approved evaluation criteria and methodology, any risk scoring 12 or above is considered a primary risk.

4.2 Corporate Risks

4.2.1 The Corporate Risk Register was reviewed and updated on 24th April 2014 by the Risk Management Group, which comprises a Strategic Director and other Senior Managers. Overall, there were few adjustments made to the Register.

4.2.2 At the end of Q4, the Register contained two primary risks:-

- legislative changes or Government initiatives (New Homes Bonus) - the impact was reduced from 5 (extreme) to 4 (major) to reflect the latest five-year housing land supply statement. From 1st April 2014, the Council has a five-year supply and an additional 20% buffer, a position which was endorsed by the Cabinet on 1st May 2014;
- a legal challenge leading to financial or policy implications - there was no change in rating from the previous quarter. Both the Cotswold Water Park prosecution and Land Charges litigation are still on-going. One-off costs to support the Cotswold Water Park prosecution were approved by the Cabinet on 7th November 2013.

4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q4, and all service risks scoring 12 and above were reviewed by the Risk Management Group. At the end of Q4, the Service Risk Registers contained five primary risks.

5. Audit and Scrutiny Committee

This report will be published as part of the Quarterly Digest for the Audit and Scrutiny Committee. It will also be sent by e-mail to Members of that Committee for questions; and we will aim to provide responses prior to the Committee's next Meeting on 17th June 2014.

(END)