



CABINET

4TH DECEMBER 2014

AGENDA ITEM (10)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2014/15 QUARTER 2

Accountable Member	All relevant Cabinet Members
Accountable Officers	Heads of Service
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 financial position including revenue outturn and budget variances; and capital expenditure, capital receipts and use of reserves.</p>
Recommendations	That service and financial performance for 2014/15 Quarter 2 be noted.
Reason for Recommendation	The Council's performance management arrangements provide the Audit and Scrutiny Committee and Cabinet with the opportunity to consider and comment on both service and financial 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 Implications	Nil
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 - a progress report of 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' - Revenue Variances Appendix 'D' - Summary of gross capital expenditure
Performance Management Follow Up	Implement any Cabinet decision(s)
Options for Joint Working	Joint Working progress will be documented under the top task 'Implement the Joint Working Strategy with West Oxfordshire to deliver savings of £600,000 over the next five years (from April 2013)'

Background Information

1. Operational Performance

1.1 The final update of the Corporate Strategy and Plan 2012-15 (2014/15 update) sets out the Council's vision, aim and priorities, and includes a refresh of the top tasks. The Council's service plans demonstrate how each service contributes to the overall achievement of the Council's priorities.

1.2 The Medium Term Financial Strategy 2014/15 - 2017/18 includes total savings target of £1,275,000, and a target of £316,000 to be delivered in 2014/15; a number of projects, including some of our nine top tasks will contribute to this achievement.

1.3 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.

1.4 Overall, service performance for the quarter was mixed. The Council is making good progress towards delivering its Top Tasks, and other planned actions contributing to the delivery of the Council's priorities. In contrast, the Council achieved a slightly lower level of service delivery than in previous quarters with 70% of performance indicators on target or close to target. In terms of financial performance, at the end of Q2 there was an under-spend of £650,567 against the profiled net budget.

Performance Against Top Tasks

1.5 Overall, we are on target with the delivery of the Council's nine top tasks; so far, one top task has been completed, and the remaining eight are either on target or ahead of target. A full update is attached at **Appendix 'A'**.

1.6 The following top task has been achieved:

- Complete a review into the potential for joint working based upon the broader GO Shared Service Partnership of Cotswold, West Oxfordshire, Forest of Dean and Cheltenham Councils by the end of July 2014. Further details on how the 2020 Vision is progressing can be found at **Appendix 'A'**.

Performance Against All Tasks

1.7 Our Council priorities are:

- Freeze Council Tax for the next three years (from 2012) 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; and
- Work with local communities to help them help themselves.

1.8 Our Service Delivery Plans demonstrate how each service contributes to the achievement of our priorities. At the end of Q2, six tasks had been completed, and the majority of the other tasks are progressing as expected.

Table 1 Summary of Performance - All Key Tasks

	2013/14 Q2		2014/15 Q2	
Status	Number	%*	Number	%*
Achieved	4	10.8	6	15.4
In progress	29	78.4	29	74.4
Overdue	1	2.7	1	2.6
Not due to start	2	5.4	1	2.6
On hold	1	2.7	2	5.1
Total	37		39	

* all percentages have been rounded

Performance Against All Indicators

1.9 Overall, 70% of performance indicators achieved their targets or achieved their targets 'within tolerance'; the slightly lower level of service delivery is mainly due to capacity issues in some services which have now been resolved or are in the process of being resolved:

- the Revenues and Housing Support service is now operating at full capacity following some long term sickness;
- the Building Control service has recently appointed to a vacant post, and improvements are starting to be made;
- the Development Management service has recently filled one vacant post; there are a further two posts unfilled.

Table 2 - Summary of Performance - All PIs

Status	2013/14 Q2		2014/15 Q1		2014/15 Q2	
	Total	%*	Total	%*	Total	%*
On target or exceeded	20	64.5	20	69.0	16	53.3
Within tolerance	5	16.1	2	6.9	5	16.7
Below target	6	19.4	7	24.1	9	30.0
Total	31		29		30	
No target/no data	2		1		1	

* all percentages have been rounded

1.10 Performance for minor applications and other applications (not measured as key performance indicators) has continued to dip due to a peak in workloads, and a combination of other factors, including turnover of staff. However, the matter is in hand and an agreed set of actions is in place which is expected to start to reverse the trend. On the other hand, performance for major applications is consistently good, with over 90% of applications being determined within the agreed timescale.

Efficiency Measures

1.11 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

1.12 We established baseline rankings (primarily based on 2011/12 data) for each indicator and an overall ranking for the whole basket of indicators which are being used to gauge future improvements. One year on, we completed the second rankings exercise which indicated an overall improvement in our ranking from nine out of 201 Shire District Councils to five (low is good).

1.13 The latest update on how we are performing against each of the indicators is attached at **Appendix 'B'**, and primarily relate to Q2 of 2014/15. As benchmarking data for 2013/14 is released over the next few months, the new ranks for each of the indicators will be calculated.

2. Financial Performance

2.1 The Council's budget strategy for 2014/15 assumes a budget surplus and contribution to the General Fund Reserve of £1,500. It is expected that this position will be achieved with an additional contribution to revenue balances likely.

2.2 Overall, at the end of Q2, the Council has spent £5,522,133 against its profiled net budget of £6,172,700 resulting in a current under-spend against budget of £650,567. This under-spend demonstrates the culture in the Council of strong financial management.

2.3 Some of these budget variances reflect sustainable, on-going budget savings and £266,000 of savings have therefore been reflected in the budget proposals for 2015/16. Other variances reflect higher levels of demand for services (e.g. planning, land charges and green waste). This higher level of demand for services needs to be considered together with the level of performance against service standards. The Council needs to ensure that the service areas are adequately resourced to deliver against this increased demand for services.

2.4 The Council's Corporate Team is considering resourcing options particularly with respect to the Planning Service area. Changes to national planning policy, which encourage house building, have led to a sustained increase in the number of planning applications received by the Council. Demand for planning consultants is also exceptionally high and local authority planners are moving from local government employment into the private sector. Nationally, there is now a shortage of experienced, qualified planners. Recently, the Council has experienced problems recruiting suitably qualified planners into vacant posts in development management. In order to encourage applicants to apply to fill vacant positions, and to retain existing skilled staff, the Chief Executive will be considering proposals under the Council's Recruitment and Retention Policy. The costs of applying the policy will be managed within the additional income generated from planning fees.

2.5 Employee budgets across the Council are approximately £84,000 underspent as at 30th September 2014. The 2014/15 salary budgets include an estimated 1% pay award (approximately £87,000 for the year) which has yet to be agreed. If the effect of the pay award is taken into account and actual expenditure is inflated the adjusted underspend against the budget at this point would be closer to £40,500. If a different pay award is agreed then the underspend position would vary accordingly.

2.6 A full list of all budget variances is attached at **Appendix 'C'**. Those significant variances or variances that require particular note are outlined below:

Cost Centre	Positive Variance £000	Negative Variance £000	Comments
Green Waste	70		The Green Waste service has over-achieved its income target by £55,000. This may be reduced later in the year [by approx. £30k] when 'unpaid' invoices are cancelled. Underspends in employees and other supplies and services budgets total £16,000.
Development Control - Applications	252		Income from planning applications is higher than budget, reflecting an increased demand for the service. The Corporate Team is considering options to ensure that the service is adequately resourced during this period of high demand for the service. The service is expected to maintain a positive variance at year-end.
Development Advice	49		The service is carrying a number of staff vacancies which consequently show as an underspend against budget.

Cost Centre	Positive Variance £000	Negative Variance £000	Comments
Land Charges	41		The service has over-achieved its income target for the first 6-months of the year due to increased levels of demand for the service.
Property Maintenance – Leisure and Cultural Services	75		The planned and reactive maintenance budgets for Bourton and Cirencester Leisure Centres and the Corinium Museum combined are under budget. Although some works are planned for later in the year maintenance costs are expected to be underspent at the end of the year. Reactive maintenance costs can vary considerably between years, At the end of the financial year it would be prudent to earmark an underspend in the reactive maintenance as a provision for future years.

3. Capital Expenditure, Capital Receipts and Reserves

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

3.2 Capital activity

3.2.1 In ICT, work is currently being scoped in regards to the upgrade of the server room power supply. The upgrade will provide the Council with greater resilience/run time in the event of power loss. The ICT team is also working with the Revenues and Benefits team on a planned upgrade to the Document Management System (DMS). The upgrade to DMS will require the roll out of new PCs/Laptops which will be done as part of the Council's replacement programme. This will also help to comply with the deadline for the expiry of Windows XP licenses.

3.2.2 Flood alleviation work is scheduled as follows:

Moreton-in-Marsh - in November 2014 work will commence on the property level protection (PLP) scheme which should be complete by early 2015. The new flood relief pipeline work is planned for 2015.

Lechlade - Phase 2 of the flood alleviation work is 50% complete. Due to discussions with landowners, the bund element of the work will no longer go ahead. The alternative to the bund is to introduce additional flow diversion and flow control, and this work will take place during the autumn and winter of 2014.

Bourton-on-the-Water - the Council is awaiting consent from the Environment Agency to construct a flood defence wall at the Ford. There is currently extensive ditch clearing work being carried out on critical ditch systems in the parish.

Preston and Siddington - the Council is funding critical ditch and watercourse clearance work in these areas.

Mickleton - a new headwall, trash screen and access fencing has been constructed at the Butts. This work has been done in partnership between Gloucestershire County Council and this Council. During the winter of 2014, extensive highway and land drainage improvements will be carried out at Back Lane, Mickleton.

Lower Slaughter - the Council has received a grant from Gloucestershire County Council to design and construct a new fixed crest weir on the river in the village. This work will be carried out in the summer of 2015.

South Cerney - work will be carried out to clear culverts at the Upper Up crossroads.

Somerford Keynes - there will be clearance of the watercourse through an area called Macs Farm and into land downstream. Flood relief work will also be carried out on Spratsgate Lane during the winter 2014.

Blockley - there has been design and installation of a new sluice to replace a critically leaking one which was posing a flood risk. Further sluice surveys are planned.

Paxford - the Council will be assisting the owners of two flooded properties with the construction of a flood relief system.

Whelford - the Council is assisting Whelford Parish Council in developing a flood relief scheme involving the construction of a new flood relief ditch line to the River Coln.

3.2.3 The Council invested in a fleet of new and used vehicles in 2012/13 to enable Ubico Ltd. to deliver environmental services on its behalf. A number of the vehicles within the replacement programme have been highlighted as requiring replacement this year. To date, one replacement vehicle has been purchased.

3.2.4 New pay-and-display Car Parking machines and new signs will be installed across the District. Installation is underway and is expected to be completed by the end of October 2014, weather permitting.

3.3 Capital Receipts and Disposals

3.3.1 In September, the Council agreed the sale of the former Social and Services Club, Chesterton Lane, Cirencester. The property was auctioned and generated a capital receipt of £500,000 for the Council. There were no other Capital receipts or disposals during Q2.

4. Risk Management

4.1 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 3rd November 2014 by the Risk Management Group, which comprises a Strategic Director and other Senior Managers. In summary, there was little movement on the register.

4.2.2 At the end of Q2, the register contained three primary risks:

- Legislative changes or government initiatives (New Homes Bonus and Business Rates Retention) - there has been no further update on the future consultation on changes to the New Homes Bonus which may result in the withholding of payments;
- A legal challenge leading to financial or policy implications - the land charges litigation is to be settled shortly, and provisions for the settlement have been made in 2013/14 accounts. The Cotswold Water Park prosecution has been adjourned until December 2014; the Council will look at recovering the associated costs;

- Lack of capacity to maintain service delivery leading to reduced service delivery performance - to reflect vacant posts in Development Management; a related risk that we are unable to recruit suitable staff in some key service areas is being monitored closely as competitiveness in recruiting to planning posts has increased. An action plan has been put in place to enable recruitment and retention within the service and reverse the capacity issues as set out in paragraph 2.4 above.

4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q2, and all service risks scoring 12 and above were reviewed by the Risk Management Group. At the end of Q2, the Service Risk Registers contained one primary risk

5. Audit and Scrutiny Committee

This report will be reviewed by the Audit and Scrutiny Committee at its Meeting on 9th December 2014. Any comments made by that Committee will be reported to the Cabinet.

(END)