



CABINET

16TH JUNE 2016

AGENDA ITEM (10)

SUMMARY SERVICE PERFORMANCE REPORT - 2015/16 YEAR END

Accountable Member	All relevant Cabinet Members
Accountable Officers	Heads of Service

Purpose of Report	To summarise overall performance for the Council, with particular focus on progress towards achieving the Council's top tasks, and efficiency measures.
Recommendations	<p>(a) That performance for 2015/16 Year End be noted;</p> <p>(b) that Cabinet approves the allocation of £395,000 to the Business Rates Smoothing Reserve, to fund future budget gaps resulting from the accounting treatment of retained business rates income;</p> <p>(c) that Cabinet approves the allocation of £125,000 to an earmarked reserve to fund additional resources for processing the Chesterton Site planning application.</p>
Reason for Recommendation	The Council's performance management arrangements provide the Overview 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 approves all new capital schemes
Background Documents	The following reports are available in the Members' Room: <ul style="list-style-type: none"> • Corporate risk register • Service risk register (primary only) • Risk management methodology - evaluation
Appendices	Appendix 'A' - Progress Towards Achieving Our Top Tasks Appendix 'B' - Performance Indicator Report Appendix 'C' - Progress on Efficiency Measures Appendix 'D' - Revenue Summary and Variances Appendix 'E' - Summary of Gross Capital Expenditure

Performance Management Follow Up	Implement Cabinet decision(s)
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Options for Joint Working	This is fundamental to the Council's strategic approach as set out in the 2020 programme.
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<p>Background Information</p> <p>1. <u>Operational Performance</u></p> <p>1.1 The Corporate Strategy and Plan 2012-15 concluded at the end of 2014/15 and a new Corporate Strategy and Plan 2016-19 was developed during 2015/16. Following public consultation (residents, town and parish councils, and the Overview and Scrutiny Committee), the draft Corporate Strategy and Plan 2016-19 was approved by Council in February 2016. In the interim year, we have continued to report progress on the key tasks contributing to the 2012-15 Council Priorities as set out in the Council's Service Delivery Plans, in addition to the four remaining top tasks from 2014-15.</p> <p>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.</p> <p>1.3 Overall, service delivery (measured by performance indicators) during the year has been maintained, and is on the whole, slightly higher than performance in the previous year. At the end of 2015/16, thirty-two key tasks had been completed, with the majority of remaining key tasks to be delivered in 2016/17.</p> <p><u>Performance Against Top Tasks</u></p> <p>1.4 A full update on the Council's top tasks is attached at Appendix 'A'.</p> <p>1.5 In summary, the status of the four top tasks are:</p> <ul style="list-style-type: none"> • 'Rationalise the Council's land and property portfolio (including office accommodation), and generate increased rental income and/ or new capital receipts' has been achieved;

- 'Develop a permanent depot by March 2016' is running slightly behind schedule, although the site is already being used by Ubico for storage;
- 'Implement a programme of car park improvements by 31st March 2017' has been placed 'on hold';
- 'Implement the Joint Working Strategy with West Oxfordshire' has been superseded by the 2020 Vision Programme.

Performance Against All Indicators

1.6 Over 85% of performance indicators achieved their targets or achieved their targets 'within tolerance'. In comparison, during 2014/15, we achieved a lower level of performance due to resourcing constraints in some services which have in the main been addressed. The Performance Indicator report is attached at **Appendix 'B'**.

Table 1 - Summary of Performance - All PIs

Status	2013/14		2014/15		2015/16	
	Total	% ¹	Total	% ¹	Total	% ¹
Achieved or exceeded target	30	75.0	22	59.5	24	68.6
Achieved target within tolerance	6	15.0	6	16.2	6	17.1
Target not achieved	4	10.0	9	24.3	5	14.3
Total	40		37		35	
No target/no data	7		3		4	

1.7 Five indicators did not achieve their targets, in the following services - Building Control, Revenues and Housing Support, and the Planning Service. Further details, including any rectifying actions being taken, have been provided by the accountable officers at **Appendix 'B'**.

1.8 In light of performance figures, and in accordance with the Committee's previous wishes, oral reports and/or presentations will be given at the Meeting with regard to performance in respect of Building Control; Housing Benefit/Council Tax Support applications; and long-term empty properties.

Efficiency Measures

1.9 The Council's aim is 'to be recognised as the most efficient council in the country' using the following 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 re-use
- Sickness absence rate
- Unemployment claimant rate (job seekers allowance)
- Overall crime rate per 1,000 population
- Percentage of major planning applications determined in accordance with relevant timescales (added from 2016-17)

1.10 For each indicator, we rank our performance against the performance of all 201 shire district councils - the council with the best performance is ranked 1, and the worst performance is ranked 201. The rankings for the individual indicators are aggregated to produce an overall ranking for each council. The council with the lowest score is the best performing or 'most efficient council'.

1.11 We established baseline rankings for all the indicators and an overall ranking (primarily based on 2011/12 data) for the whole basket of indicators which we are using to gauge future improvements.

1.12 Each year, we complete an assessment of how we compare, once all the benchmarking data has become publicly available. The latest (fourth) ranking exercise (primarily based on 2014/15 data) placed the Council in 8th position - four places down on the previous year (4th) and one place better than the baseline year (9th) (low is good).

1.13 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relates to 2015/16. The new rankings for each of the indicators will be updated as benchmarking data becomes available.

2. Financial Performance

2.1 The Council's 2015/16 budget strategy assumed a balanced budget, with a small £236 budget surplus and contribution to General Fund balances.

2.2 The outturn position for the 2015/16 financial year was an underspend against the Council's operational budget of £926,906. Additional funding of £14,529, and a surplus generated from the Business Rates Retention Scheme, has added a further £394,649 to the overall surplus against budget. In total, £1,336,084 is available to increase the General Fund Working Balance or other earmarked reserves.

2.3 Employee budgets across the Council are approximately £111,000 underspent. This is in excess of the budgeted vacancy factor (of £300,000) for the year. The major contributing factor has been the establishment of the 'core' 2020 project team, to which a number of staff were seconded. As a result, a share of the employment cost of the Chief Executive, Strategic Director and Business Improvement Manager have been funded by the 2020 project, and have resulted in an underspend of £104,000 against their establishment budgets.

2.4 Services across the whole of the Council have underspent in 2016/17. Expenditure has been tightly controlled and is under budget and income targets have been exceeded in most income-generating services (with the exception of Building Control fee income).

2.5 Some savings from 2020 Partnership Working, such as savings in the senior management team and through the public protection shared service, have been delivered earlier than anticipated and have therefore contributed to the operational budget surplus.

2.6 As part of the 2016/17 budget-setting process, a review of budget underspends was carried out and a number of budgets have been adjusted in 2016/17 in recognition that the forecast budget underspends were sustainable. Over £500,000 of savings, or income growth, were identified during the budget setting process and were built into the 2016/17 budget.

2.7 In April 2015, Ubico Ltd took on new shareholders in the form of Tewkesbury Borough Council, West Oxfordshire District Council and the Forest of Dean District Council. Each new shareholder was required to make a contribution to both Cheltenham Borough Council and Cotswold District Council to recognise the set-up costs associated with the establishment of Ubico Ltd. Cotswold received its £68,000 contribution during Q1. Although expected, the income did not form part of the base budget and therefore represents additional in-year income to the Council.

2.8 Ubico Ltd have reported an underspend against within its revenue budget for 2015/16. The Council is due a reduction in its Environmental Services contract cost of £213,000 for the 2015/16 year.

2.9 The recycling materials commodity market saw a dramatic reduction in value earlier this year. As a result, the price the Council receives from the sale of its recyclables is lower than that received in 2014/15. Income from the sale of scrap and recyclable materials is £68,000 under budget. It is expected that prices will remain low for the coming year and, therefore, a similar shortfall against budget is also anticipated in 2016/17.

2.10 Of the underspend, £394,000 relates to the Council's share of the Retained Business Rates Scheme. This includes a distribution of £114,854 from the surplus delivered by the Gloucestershire Business Rates Pool. It is proposed that this underspend be set-aside into the NNDR smoothing reserve to fund future budget gaps which arise as a result of the accounting arrangements for the Retained Business Rates Scheme.

2.11 A full list of all budget variances is attached to this report at **Appendix 'D'**. Significant variances or variances that require particular note are outlined below:

Income variations	Positive Variance £000	Negative Variance £000	Comments
Development Control - Applications	213		Income from planning applications and pre-application advice is higher than budget, reflecting an increased demand for the service. Staffing has been increased to deal with the demand and the cost of planning appeals has also increased. The net surplus is therefore in the region of £213,000.
Car Parking income	188		Car Parking income has over-achieved its target.
Land Charges fee income	60		The service has over-achieved its income target for the year due to higher than anticipated levels of demand for the service.
Recycling		68	Sale of scrap and recyclable materials under achieved by £68k due to commodity values decreasing significantly during the year. This may remain an issue for the 2016/17 year.
Green Waste income	30		Income for the Green Waste service overachieved against budget.

Expenditure variations	Positive Variance £000	Negative Variance £000	Comments
Discretionary Pension Payments		114	Although the redundancy and costs were expected, the costs were not included in the base budget and therefore show as a variance against budget.
Printing Services	60		Underspends in staff costs, the purchase of paper and machine usage charges have all resulted in an underspend against budget.
Chief Executive, Directors and Business Transformation Cost Centres	104		Secondments of staff to the 2020 Project Team have led to an underspend in employment costs in 2015/16.
Rent Allowances	294		A number of factors, including lower than expected benefit payments, higher subsidy received (due to positive performance on overpayment recovery) and an underspend in staffing budgets (£36k) has led to an underspend within the service.
Environmental Services contracts [Ubico Ltd]	213		The Council's Environmental Services contract, provided by Ubico Ltd was delivered at a cost less than budgeted. A refund of £213,000 against its contract fee has been included in the outturn position.

3. Capital Expenditure and Capital Receipts

3.1 The approved capital budget for 2015/16 was £8,460,832. Actual expenditure was £4,030,003. The most significant activity in the year was the purchase of the Packers Lease Environmental Services depot (South Cerney) for £1.7m and the awarding of £616k in Disabled Facilities Grants.

3.2 The largest budget variances were against planned Environmental Vehicle replacements, which underspent by £1.2m against budget. Only one vehicle was purchased in the year, at a cost of £54,500. Orders for a further £900,000 of vehicles have been placed, but the procurement and lead-in time for buying specialist vehicles has meant that these will not be delivered (and paid for) until 2016/17. A planned land acquisition of a site in Cirencester did not take place. The budget of £1.5m that was earmarked for the purchase is no longer required.

3.3 A full breakdown of the capital budgets and schemes is attached at **Appendix 'E'**.

Capital Activity Q4

3.4 Work on the Council's PC and laptop replacement program has continued through into Q4, which saw the last of the Windows XP machines (which is now unsupported) replaced. Q4 also saw the final instalment of the Idox contract. A further £120,000 of expenditure is committed which will be spent early in 2016/17.

3.5 A update to flooding/land drainage works are as follows:

Lower Slaughter – Construction of a new Crest Weir is now complete. This work was funded by a grant from Gloucestershire County Council [GCC] of £47k.

Winson – Flood protection work has recently been completed at the Mill at Winson to which the Council made a contribution of £5k.

Paxford – A £5k contribution has been awarded towards the cost of a new bridge at the Mill at Paxford. This will allow more water to pass downstream before the water level becomes a risk to two properties there.

Blockley – A £3k contribution has been awarded to assist in the installation of a refurbished sluice.

Whelford – Funding from GCC has allowed for work to be carried out in Whelford. Work involved the laying of new flood relief culverts, a replacement culvert across the adopted road, the laying of flood relief pipes across an arable field, extensive ditch clearance due to a 20-year lack of maintenance and the construction of flow controls to reduce river flows into the village drainage system.

Poulton and Broadwell – Utility surveys and land surveys have been carried out with a view to having designs produced for flood relief to be constructed during Autumn 2016.

Moreton-in-Marsh - A planning application is in the process of being determined for the final major elements of the planned flood alleviation scheme at Moreton-in-Marsh. The work is expected to be completed by the start of the winter 2016, subject to the planning permission, landowner agreements being concluded and contingency funding being in place. A significant amount of resource at CDC is being employed to progress this long-awaited scheme to fruition.

Further work is also planned for 2016 at Lechlade, Somerford Keynes, Blockley and Cirencester.

3.6 The Council purchased its new Environmental Services depot at the end of October. Improvements and enhancements to the site are still underway. Currently, agents are designing and are overseeing alterations to increase office and welfare facilities within the existing workshop building. The first phase of improvements should be completed in Q1 2016/17.

3.7 Planned investment in the Ubico vehicle fleet has been delayed. Orders have been placed for c.£900,000 of vehicles, with the first of these scheduled for delivery in July 2016. This investment will enable replacement of vehicles which are beyond economic repair; ensuring the risk of vehicle breakdowns does not affect service provision. It is anticipated that vehicles will have an anticipated life of 7 years; however, where vehicles are in sound working order, and it is cost-effective to do so, the life of these vehicles will be extended.

3.8 Significant investment in the Forum car park has resulted in redesign and improvements which will be replicated in other car parks. Work is currently progressing to assess likely future car parking demand in light of development identified in the Local Plan. Further investment in car park improvements has been put on hold for approximately 12 months, until a strategic plan for car parking has been undertaken.

Asset disposals and capital receipts

3.9 Quarter 4 saw no additional asset disposals – the two assets sold during the year were both areas of land, one in Bourton-on-the-Water (£3,652,000) and one site at Hammond Way, Cirencester (£375,000). Both receipts have been treated as capital receipts and will be used to support capital investment in future years.

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 25th April 2016 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there were a small number of changes to the register. One new risk was added.

4.2.2 At the end of Q4, the register contained seven primary risks; four of which were rolled forward from the previous quarter:

- The lack of capacity to maintain service delivery leading to reduced service delivery performance - posts which we have had difficulty in recruiting to over the last few months, have mostly been filled; however, we are starting to see 'gaps' in services due to the on-going changes in organisational structure which need to be addressed corporately;
- Failure to recruit suitable staff and retain them, particularly in some key service areas - the likelihood was increased from 'possible' to 'probable' to reflect the turn-over of staff including the movement of officers between services;
- Low staff morale and motivation leading to reduced level of service delivery - as the 2020 Partnership Venture develops, there will be uncertainty for many staff. During December, Vision 2020 programme staff held two informal drop-in sessions for staff at Cotswold, to ask questions and discuss/raise concerns. The three-way Public Protection service is well advanced; the consultation phase has ended, and appointments to senior positions are due to take place in February;
- Reduced capacity to respond to an emergency leading to an inability to deal effectively during emergencies, and reputational damage - the likelihood was increased from 'possible' to 'probable' to reflect the imminent changes to the Emergency Planning team, which will result in some loss of knowledge and skills. Senior Management Team will make the necessary plans to ensure that there is effective cover at the operational level;
- The impact of the launch of the Local Government settlement over the medium term results in an increase in the Council's savings target - the updated Medium Term Financial Strategy 2016/17-18/19 which includes scenario planning was approved by Cabinet and Council in February;
- The impact of unforeseen legislative changes on financial and staff resources - consultation on the significant changes to New Homes Bonus has concluded, and we are awaiting the outcome. If these changes are implemented, it would result in major reductions in funding.

4.2.3 One new risk was added:

- The upgrade to Agresso Business World does not deliver on quality - Officers are working with the software supplier to resolve the issues identified following the upgrade in Q4.

4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q4. At the end of the quarter, there were two primary risks:

- That new developments will increase pressure on parking provision - the Parking Demand Project Board is managing this risk by assessing the impact of developments on the likely demand for parking in Cirencester, and identifying solutions to meet these needs. In April, Cabinet agreed to proceed with the re-development of the Old Station, the Waterloo and Sheep Street car parks primarily for increasing parking provision;
- That planning performance standards are not achieved resulting in government intervention - the planning performance regime may be extended to minor and other applications, which could result in Local Planning Authorities being placed in 'special measures'.

5. Overview and Scrutiny Committee

This summary performance report was reviewed by the Overview and Scrutiny Committee at its Meeting on 6th June 2016. Any comments made by that Committee will be reported either in advance of, or at, the Cabinet Meeting.

(END)