



**CABINET**

**20<sup>TH</sup> SEPTEMBER 2018**

**AGENDA ITEM (9)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2018/19 QUARTER 1**

<b>Accountable Member</b>	All relevant Cabinet Members
<b>Accountable Officers</b>	Heads of Service

<b>Purpose of Report</b>	<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>
<b>Recommendations</b>	<p>(a) That service and financial performance for Q1 of 2018/19 be reviewed and challenged as appropriate;</p> <p>(b) that the variations to the Publica contract sum for 2018/19, as set out in section 6 of the circulated report, be approved;</p> <p>(c) that the changes to the Council's 2018/19 budget, which are cost neutral to the Council, as set out in section 6 of the circulated report, be approved.</p>
<b>Reason for Recommendation</b>	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.

<b>Ward(s) Affected</b>	None
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

<b>Financial Implications</b>	As described in sections 2, 3 and 4 of the report
<b>Legal and Human Rights Implications</b>	None
<b>Human Resource Implications</b>	None
<b>Environmental and Sustainability Implications</b>	None

<b>Human Resource Implications</b>	None
<b>Key Risks</b>	As described in section 5 of the report
<b>Equalities Analysis</b>	Not required
<b>Related Decisions</b>	The Council or the Cabinet approves all new capital schemes
<b>Background Documents</b>	The following reports are available in the Members' Room: <ul style="list-style-type: none"> <li>• Corporate risk register</li> <li>• Service risk register (primary only)</li> <li>• Risk management methodology - evaluation</li> </ul>
<b>Appendices</b>	<b>Appendix 'A'</b> - Progress towards achieving our top tasks <b>Appendix 'B'</b> - Performance indicator report <b>Appendix 'C'</b> - Progress on efficiency measures <b>Appendix 'D'</b> - Revenue Summary and Variances <b>Appendix 'E'</b> - Summary of gross capital expenditure
<b>Performance Management Follow Up</b>	Implement any Cabinet decision(s)
<b>Options for Joint Working</b>	Joint working is fundamental to the Council's strategic approach as set out in the 2020 programme.

## Background Information

### 1. Operational Performance

1.1 The 2018-19 update of the Corporate Strategy and Plan 2016-19 was approved by Cabinet in July 2018 for onward recommendation to the Council. The Corporate Strategy sets out the Council's aim and priorities, in addition to the key tasks that services will deliver. The Council's service plans demonstrate how each service contributes to the overall achievement of the Council's priorities.

1.2 The Draft Medium Term Financial Strategy 2018/19-2021/22 was approved by Cabinet in February 2018, and sets out savings targets of £879,000 to be delivered during this four-year period, and £232,000 in the current financial year. The majority of these savings will be delivered by Publica Group Ltd and the transformation programme.

1.3 Each quarter, the Council monitors its progress towards achieving the aim and priorities set out in the Corporate Strategy and Plan, in particular the 13 tasks which have been selected as 'Top Tasks' and the Council's efficiency measures; as well as service delivery, which are reported together with our financial performance in this report.

1.4 Overall, services performed well (measured by performance indicators), with the majority of indicators achieving their targets or achieving their targets 'within tolerance'; and the Council's top tasks are progressing largely as expected. In terms of financial performance, there was an under-spend against budget of £277,076 (see Section 2).

### Performance Against Top Tasks

1.5 The Council's top tasks were refreshed as part of the update to the Corporate Strategy and Plan, and include tasks that have been rolled forward from the previous year, as well as new tasks. All tasks are progressing largely as expected with one task ahead of target.

1.6 One top task, "Adopt the Local Plan by Summer 2018", has been achieved following the Local Plan adoption at the Special Council Meeting held on 3<sup>rd</sup> August.

1.7 A full update on the Council's top tasks is attached at **Appendix 'A'**.

### Performance Against All Indicators

1.8 Nearly 90% of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.9 A small number of indicators fell short of their targets - one indicator in the Revenues and Housing Service, one in Customer Services, and one indicator in Leisure Services. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

1.10 Senior Management Team will continue to ensure that action is taken to improve performance where appropriate.

Table 1 - Summary of Performance - All PIs

Status	2016/17 Q1		2017/18 Q1		2018/19 Q1	
	Total	%	Total	%	Total	%
On target or exceeded	15	65.2	23	82.1	22	81.5
Within tolerance	6	26.1	3	10.7	2	7.4
Below target	2	8.7	2	7.1	3	11.1
Total	23		28		27	
No target/no data	5		0		1	

### Efficiency Measures

1.11 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 - 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
- Unemployment claimant rate
- Overall crime rate per 1,000 population
- Percentage of major planning applications determined in accordance with relevant timescales.

1.12 One indicator - the sickness absence rate - has been removed from the basket as the majority of Council staff have transferred to Publica Group Ltd.

1.13 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'.

1.14 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.

1.15 Each year, we complete an assessment of how we compare, once all the benchmarking data has become publicly available. The latest rankings exercise (primarily based on 2016/17 data) placed the Council in 1<sup>st</sup> position - two places up on the previous year (3<sup>rd</sup>) and eight places better than the baseline year (9<sup>th</sup>) (low is good). With the exception of sickness absence which has been prone to fluctuations, there was a strong and consistent performance across the basket of indicators, with a number of indicators having performed exceptionally well over the last few years, including time taken to process new housing benefit claims, the percentage of council tax collected, and percentage of household waste recycled.

1.16 The next rankings exercise will be based primarily on 2017/18 data; and the Efficiency Measures report will be updated as the benchmarking datasets (for all local authorities) become publicly available over the course of the year.

1.17 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relates to 2018/19.

## 2. Financial Performance (Revenue)

2.1 The Council's approved budget for 2018/19 set a net revenue budget for the year of £14,183,467, with a budgeted surplus and contribution to General Fund balances in the year of £7,811.

2.2 The figures in this report have been presented at a fairly high level, with only the significant variations reported upon. A more detailed assessment of the revenue position will be presented in the Quarter 2 report when trends for this financial year will be more apparent.

2.3 At the end of Q1, the Council has spent £5,262,122 against its profiled net budget of £5,539,198. This equates to a current under-spend against profiled budget of £277,076.

### Income

2.4 The Council's chargeable Green Waste service continues to perform well. The majority of income is generated at the start of the year, with the service beginning on 1<sup>st</sup> April each year. The number of subscribers to the service has meant that the budget target has already been exceeded, with the service showing £65,000 of additional income in excess of target.

2.5 Car Park income is over-achieving by approximately £34,000 at the end of Q1. It is anticipated that income figures will remain on or above target as the year progresses. The positive variance includes the effects of the continuation of the "free after 3" promotion which remains in place for 2018/19.

2.6 Planning application fee income is over-achieving by approximately £25,000 at the end of Q1. The Council approved additional funding in February 2018 for the Cirencester Strategic Plan and

additional planning resource to implement the Community Infrastructure Levy (CIL). Work on these work streams will commence in Q2.

2.7 Investment income for the first quarter of the year is on target, earning approximately £68,000 in interest receipts. For 2018/19 the Council has chosen to diversify its investment portfolio, and has invested £10 million in pooled funds, rather than term 'cash' deposits. It is expected that the change in strategy will increase the Council's investment returns for the year.

### Expenditure

2.8 During Q1, the Council received a refund of Business Rates for multiple years relating to the Old Memorial Hospital in Cirencester. The refund totalled £56,753. This refund is a one-off and will show as a positive variance for the remainder of the year.

2.9 The majority of the Council's staffing resource is supplied under contract from Publica. Publica will invoice the Council according to its agreed contract sum for the first 11 months of the year, with a reconciliation to the actual cost of the contract as part of the March 2019 contract sum. At the end of Q1, Publica financial performance is indicating an underspend attributable to the Cotswold contract of approximately £130,000. This figure has not been included in the attached schedules as it only represents an estimate at this stage.

2.10 Ubico is the Council's Environmental Services contractor. Ubico invoices the Council according to the agreed contract sum. Ubico has introduced new financial performance forecasting processes for 2018/19. Forecasting is indicating that the cost of service delivery will exceed the Council's budget. This is largely due to higher vehicle maintenance and hire costs, as some of the fleet is reaching the end of its operational life. The additional costs are in line with provision made for additional costs as part of the 2017/18 year end reporting.

2.11 During the quarter, the Corporate Team used its delegated powers to approve an allocation of £2,725 from the Council Priorities Fund earmarked reserve to fund costs associated with the new Chairman's Awards Scheme.

2.12 A full list of all budget variances is attached to this report at **Appendix 'D'**.

### 3. Capital Activity

3.1 The Council has received 33 Disabled Facility Grant (DFG) referrals during the first quarter of 2018/19. DFG funding provides essential adaptations for disabled residents to enable them to remain at home and live independently and safely. This includes stair lifts, through floor lifts, ramps, level access showers, wash/dry toilets and extensions. There are currently 53 ongoing DFG cases, 5 of which are for children. The grants are mandatory and fully funded through grant from government.

3.2 The Council also contributes £5,000 per quarter to 'Warm and Well' to support the Ecoflex scheme. The scheme, managed by Severn Wye Energy Agency, is available to private tenants and home owners and aims to reduce fuel poverty associated with health problems and improve energy efficiency in the home. It also offers the Renewable Energy Incentive, which includes health issues related to damp and cold, general advice, grants for insulation, boilers and heating.

3.3 There are various projects underway in ICT to keep the Council's infrastructure network secure and up-to-date. Whilst there has been no expenditure within Q1, planned work for network upgrades, firewall replacement, internet connectivity and laptop/device replacements will see significant expenditure during Q2.

3.4 Card payment devices at the Council's car park pay and display machines across the District are being upgraded. Work is expected to be completed during Q2.

3.5 In July, Cabinet approved funding for legal costs to enable procurement of a framework agreement for Electric Vehicle Charging Points (EVCPs). This will enable the Council to obtain costs for EVCPs through a range of funding options. It is anticipated that orders will be placed for the EVCPs during Q3 or Q4.

3.6 The Cirencester Rugby Club parking project is progressing, and is currently at the pre-application planning stage. Subject to obtaining planning permission, the on-site construction works will commence to create the planned parking facilities. The Waterloo decked car parking project is progressing and is currently at the preparation of planning application stage. The submission of the application and funding is subject to the business case being approved by Council.

3.7 Waste and Recycling Vehicles last around 7 years on average. Due to the punishing rounds and high mileage they do in such a rural location, breakdowns and maintenance costs on ageing vehicles can have a significant impact upon service delivery. When vehicles reach this point they become uneconomical to repair and maintain, and replacement is essential. The procurement team is currently working with Ubico to purchase a number of additional vehicles to either replace or complement the existing fleet.

3.8 A full list of the approved capital programme and expenditure is attached at **Appendix 'E'**.

#### 4. Capital Receipts and Disposals

There were no capital receipts or asset disposals during Q1.

#### 5. Risks

##### 5.1 Corporate Risks

5.1.1 The Corporate Risk Register was reviewed and updated on 26<sup>th</sup> July 2018 by the Joint Risk Management Group, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

5.1.2 At the end of Q1, there was one primary risk on the register:

- The impact of the Local Government settlement over the medium term results in an increase in the Council's savings targets - the impact of the risk occurring was increased from 'moderate' to 'extreme'. The technical consultation on the 2019/20 local government settlement commenced in July. Due to the continued upward trend for house building, the Government expects to increase the baseline in 2019/20, below which the new Homes Bonus will not be paid. New Homes Bonus calculations are based on additional housing stock reported through the council tax base and decisions on the baseline for 2019/20 will be made following a review of the data when it is published in November 2018. The financial impact could further increase in 2020/21 as the Government proposes to explore other ways to incentivise housing growth.

##### 5.2 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of the year. At the end of Q1, there were no primary risks on the registers.

#### 6. Publica Contract Variations

6.1 The Council's budget includes the cost of funding Publica Services. The Council continues to receive ad hoc funding for various services, for example, New Burdens funding for the implementation of Universal Credit and Homelessness Act funding. In addition, the Council

recognises that some projects require additional resources (e.g. Waterloo Car Park) and makes additional funding available. In order for Publica to deliver services on behalf of the Council, which satisfy new legislative requirements and/or deliver projects which fulfil the Council's strategic aims, the Publica Contract needs to be varied and the contract sum revised from time to time.

6.2 There is inevitably a delay between the Council approving additional funding for Publica and the appointment of staff within Publica to deliver the additional services. Therefore, since the approval of the Council's revenue budget in February 2018, there are some requirements to adjust the Publica contact sum for 2018/19. In total, the Publica contract sum for 2018/19 will increase by £99,821. However, this additional cost is neutral to the Council as it is being funded through additional grant income or new licensing fees and charges as set out below:

- Additional resource in the Customer Service, funded through New Burdens Grant received in respect of the Revenues and Housing Support Services - £39,671;
- Additional Homelessness resources as per Cabinet decisions taken in January 2018, funded through Flexible Homelessness Support Grant - £51,239;
- The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 will be coming into force on 1<sup>st</sup> October 2018 which will change the licensing arrangements for home and commercial boarders, pet shops, riding establishments, dog breeding and performing animals - Publica additional resource requirements will cost £4,740, which will be funded through additional licensing income to the Council;
- The Government has issued an Order, redefining what constitutes a licensable House in Multiple Occupation - it is now a dwelling with 5 or more persons with 2 or more single households. Previously, they also had to be three-storeys or more to be licensable; the three-storey requirement has now been removed. The legislation imposes duties on landlords and local authorities for the licensing, inspection and maintenance of safe conditions in these dwellings. Landlords and owners of such properties have until October 2018 to apply for a licence. The local authority's responsibility is to process each application and issue a licence once it is duly made. The property must be inspected within the licensing period and it is currently good practice to inspect at the time of application to ensure it meets the required health and safety standards. Publica additional resource requirements will cost £4,171. These costs will be funded through additional licensing income to the Council. Currently, a licence fee of £450 is charged. However, in order to cover costs, it is proposed to increase the fee to £620 (this will be subject to a Cabinet Member decision).

## 7. Local Government Ombudsman Annual Review for 2017/18

7.1 The Annual Review Letter 2018 for Cotswold District Council sets out the complaints that were made against the Council in 2017/18, as well as the outcome of those complaints. In total, the LGO received 13 complaints/enquiries about this Council - nine of the complaints related to Planning and Development. In the previous year, we received nine complaints/enquiries, of which seven related to Planning and Development.

7.2 Twelve decisions were made by the LGO - six complaints were referred back to the Council for a local resolution. Of the four complaints that were investigated in detail, none of the complaints were upheld.

## 8. Health and Safety

8.1 In the past, reports on health and safety matters have been considered by the Council's Joint Consultative Committee. With the formation of Publica and the transfer of the majority of Council employees, it is now appropriate that these matters are considered as part of the quarterly performance reports.

8.2 The Head of Paid Service has been appointed as the “responsible person” under the regulatory reform fire safety order (2005).

8.3 The majority of the Health and Safety documents, including accident reports, assessments, and evacuation plans, have been updated and simplified; and there are new Health & Safety guidance documents for managers and employees. A Health & Safety Handbook has been created for new starters. These documents are available to staff at all sites.

8.4 There were no health and safety incidents in Q1.

9. Overview and Scrutiny Committee

This summary performance report was reviewed by the Overview and Scrutiny Committee at its Meeting on 4<sup>th</sup> September 2018; and any comments from that Committee will be reported in advance of, or at, the Cabinet Meeting.

(END)