



CABINET

21ST MARCH 2019

AGENDA ITEM (14)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2018/19 QUARTER 3

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| Accountable Member | All relevant Cabinet Members |
| Accountable Officers | Heads of Service |

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| 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 Quarter 3 of 2018/19 be reviewed and challenged as appropriate. |
| 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. |

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

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

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| Key Risks | As described in section 5 of the report |
| Equalities Analysis | Not required |

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| 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 | <p>Appendix 'A' - Progress towards achieving our top tasks</p> <p>Appendix 'B' - Performance indicator report</p> <p>Appendix 'C' - Progress on efficiency measures</p> <p>Appendix 'D' - Summary of benchmarking of efficiency measures</p> <p>Appendix 'E' - Revenue Summary and Variances</p> <p>Appendix 'F' - Summary of gross capital expenditure</p> <p>Appendix 'G' - Health and Safety Incidents</p> |

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| Performance Management Follow Up | Implement any decision(s) of the Cabinet |
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| Options for Joint Working | Joint working 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 2018-19 update of the Corporate Strategy and Plan 2016-19 was approved by Council in September 2018. 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. The 2018-19 update is the final update to the Corporate Strategy, and preparatory work has commenced on a new Corporate Strategy for 2019-2023.</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, 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.</p> <p>1.3 Overall, services performed well (measured by performance indicators), with over 85% of indicators achieving their targets or achieving their targets 'within tolerance'; and the majority of the Council's top tasks are progressing largely as expected. In terms of financial performance, there was an under-spend against the budget of £136,914 (see Section 2).</p> <p><u>Performance Against Top Tasks</u></p> <p>1.4 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. At the end of Q3, three top tasks have been achieved, while two tasks are running slightly behind target. The remaining tasks are progressing largely as expected.</p> <p>1.5 Three top tasks have been achieved: <ul style="list-style-type: none"> • 'Adopt the Local Plan by Summer 2018' - the Local Plan was adopted at Special Council on 3rd August 2018; </p> |
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- 'Deliver a minimum of 150 affordable homes in 2018/19' – by the end of September 2018, we had exceeded the annual target by delivering a total of 168 affordable homes. A further 74 affordable homes were delivered in Q3;
- 'Review service options for the future Cotswold waste service, in preparation for the renewal of the fleet in 2019, including consultation on service design by the end of December 2018' – Council considered the design of the future waste service in December, and agreed the new waste service which is expected to commence in Autumn 2019. Council subsequently reconsidered the proposed suspension of the garden waste collection service over the winter period in February 2019.

1.6 Two top tasks are running behind the target date:

- 'Progress work on the Cirencester Town Centre Master Plan (Supplementary Planning Document) - complete consultation on the options for the Master Plan by the end of March 2019' - a conference focusing on the health of the town centre was deferred until January 2019 at the request of local retailers in order to avoid Black Friday and the Christmas shopping season. Public consultation on the Master Plan options has been re-scheduled for June 2019;
- 'Increase the number of electric vehicle charging points in the District for both public and council business use by the end of March 2019' - it has taken longer than expected for external solicitors to put the legal framework in place due to the complexities of the framework and the different legal arrangements that may result from the range of procurement options. The legal elements have since been completed which will now allow the framework procurement to commence.

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

Performance Against All Indicators

1.8 Over 85% 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 each of the following services: Revenues and Housing Service; Legal, Land and Property Service; Leisure and Communities; and Environmental and Regulatory services. Further details, including any mitigating actions being taken, have been provided by the accountable officers at **Appendix 'B'**:

1.10 In addition, there was a small increase in the number of indicators just short of their targets. It is likely that some of these indicators will come in on target at the end of the year.

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

Table 1 - Summary of Performance - All PIs

| Status | 2017/18 Q3 | | 2018/19 Q1 | | 2018/19 Q2 | | 2018/19 Q3 | |
|-----------------------|------------|------|------------|------|------------|------|------------|------|
| | Total | % | Total | % | Total | % | Total | % |
| On target or exceeded | 19 | 73.1 | 22 | 81.5 | 21 | 77.8 | 18 | 66.7 |
| Within tolerance | 4 | 15.4 | 2 | 7.4 | 2 | 7.4 | 5 | 18.5 |
| Below target | 3 | 11.5 | 3 | 11.1 | 4 | 14.8 | 4 | 14.8 |
| Total | 26 | | 27 | | 27 | | 27 | |
| No target/no data | 2 | | 1 | | 1 | | 4 | |

Efficiency Measures

1.12 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

1.13 One indicator, sickness absence rate, was removed from the basket as the majority of Council staff transferred to Publica Group (Support) Ltd in November 2017.

1.14 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'.

1.15 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.

1.16 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 2017/18 data) was recently completed and placed the Council in 2nd position - one place down on the previous year (1st) and seven places better than the baseline year (9th) (low is good). The drop from 1st to 2nd position is due in the main to the performance of one indicator, the claimant rate, which fell from a ranking of 8 to 70. The increase in the claimant rate is a result of the implementation of Universal Credit Full Service. However, local authority areas have been affected disproportionately, with increases in claimant count/rate being more pronounced in those areas that have been operating Full service longer. A briefing paper on Universal Credit and the Claimant Count (House of Commons Library, January 2019) includes statistics on the annual change in claimant count in relation to the commencement of Full Service. Those areas that commenced Full Service between February and December 2017, including this District, experienced the largest annual percentage change in claimant count. The claimant count for Cotswold District has almost doubled in the last year.

Change in claimant count by date that Full Service was introduced, year to November 2018 Jobcentres in Great Britain

| Full Service introduced: | Number of jobcentres | Annual % change in claimant count |
|---------------------------|----------------------|-----------------------------------|
| December 2016 or earlier | 42 | 13% |
| February to December 2017 | 196 | 42% |
| February to June 2018 | 288 | 18% |
| July 2018 onwards | 107 | -3% |

Source: ONS Nomis. Data refer to 'live' Jobcentre Plus offices as listed on Nomis. Annual changes for individual jobcentres will be affected by jobcentre closures.

1.17 In general, there has been a strong and consistent performance across the basket of indicators over the seven year period during which time the Council has ranked in the top 10 councils. A number of indicators have performed exceptionally well including time taken to process new housing benefit claims, the percentage of council tax collected, and percentage of household waste recycled, composted and re-used. A summary of our performance is attached at **Appendix 'C'**.

1.18 The latest update on how we are performing against each of the indicators is attached at **Appendix 'D'**, 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 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 represent the position against the profiled budget, as at 31st December 2018. A commentary against the major variances is detailed below. At the end of Q3, the Council has spent £11,550,022 against its profiled net budget of £11,686,937. This equates to a current under-spend against profiled budget of £136,914.

Income

2.3 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 1st April and the fee entitling users a service up until 31st March. Subscribers to the service have exceeded budget, with the service showing £92,000 of income above the target for the year.

2.4 Car Park income is overachieving by approximately £50,000 at the end of Q3. The service has steadily over performed against budget as the year has progressed. The positive variance includes the effects of the continuation of the "free after 3" promotion which has remained in place for the whole of 2018/19.

2.5 Despite a positive start to 2018/19, planning application fee income is underachieving against budget. Pre-application advice is performing well at £18,000 above target at the end of Q3, however application income is currently £122,000 short of target. The shortfall in income is expected to continue in the last quarter of the financial year, with the service being upward of £150,000 short against its income target by the end of the year.

2.6 Building Control fee income is currently £31,000 short against its income target. This underachievement continues the shortfall in income experienced in 2017/18.

2.7 In the first half of the year the Council diversified a portion of the investment portfolio, away from traditional 'cash' deposits. As a result, the Council has invested an additional £6m into a mixture of property funds and income funds. These investments have proven successful and the overall investment return for the first 3 quarters of the year is above target. If the level of return is maintained, the Council may see income receipts in the region of £60,000 to £80,000 above budget for the year.

Expenditure

2.8 The majority of the Council's staffing resource is supplied under contract from Publica. The Publica contract sum for 2018/19 is £9,213,075. Publica 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 at the end of the year, as part of the March 2019 contract sum.

2.9 At the end of Q3, Publica was showing an underspend attributable to the Cotswold contract of approximately £295,000. A significant element of this is in relation to an underspend in staffing budgets across the whole range of services. Turnover in staff generates savings as posts are vacant during the recruitment process, and replacement staff are appointed on Publica terms and conditions with lower pension costs. The current 'projected' Publica underspend figure has not been included in the figures attached at **Appendix 'E'** to this report at this point as the figure is only an estimate at this stage. However, a significant contract 'refund' from Publica, is likely.

2.10 The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc.) are provided by Ubico Ltd. Ubico invoice the Council 'on-budget' for the first 11-months of the year. These are the costs currently showing within **Appendix 'E'**. Due to the aging fleet that Ubico are using to deliver the Cotswold contract, the cost of repairs, fleet maintenance works, and the cost of hiring vehicles is greater than would normally be expected. Combined with an overspend in agency costs, it is predicted that the Ubico contract may overspend this year by up to £190,000 against the Cotswold contract. This estimated overspend has not been included in the figures quoted in this report, as the Council has planned for this contract over-spend by making provision from the Council Priorities Fund. The impact for budget monitoring purposes is therefore neutral.

2.11 ICT Services are over-spent by £49,000 at the end of quarter 3. Further analysis is required to ensure that expenditure on software licences is correctly profiled across financial years and to ensure that any costs relating to thirds parties are appropriately recovered. This work will be carried out before the end of the financial year.

2.12 The Council's homelessness cost centre is currently £32,000 underspent. The majority of the underspend is in relation to a decrease in the funding of Bed & Breakfast accommodation costs. The service have been working proactively to prevent homelessness before it happens and is bringing the Council's property in Ashcroft Road into use before the end of the financial year as temporary emergency accommodation. In April 2018 the new Homelessness Reduction Act increased the Council's duties in relation to homelessness. Officers will continue to monitor demand upon the service to assess the impact of the changes in legislation.

2.13 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. In contrast, the Council has paid £70,163 to HMRC to correct a one-off Value Added Tax error.

2.14 The Retained Services group of cost centres includes a budget item for "Savings and Growth Items". The quarter 3 savings target of £120,508 includes savings incorporated within the Publica contract for natural employee turnover (posts vacant while Publica recruits new entrants). The forecast underspend in the Publica contract is in addition to the vacancy savings target. The actual expenditure in this heading is the payment to HMRC referred to in 2.12 above.

2.15 A full list of all cost centres and budget variances is attached to this report at **Appendix 'E'**.

2.16 The Council's Corporate Management Team, which consists of the Head of Paid Service, Monitoring Officer, Chief Finance Officer and Publica Strategic Directors, have delegated powers to make decisions upon application of the Council Priority Fund (to the value of £10,000). During the third quarter two decisions were taken as follows:

- An allocation of £7,064 for replacement tourism signs which are at the end of their useful life;
- An additional allocation of £6,000 in respect of legal costs associated with the provision of additional car parking in Cirencester.

3. Capital Activity

3.1 A full listing of the approved capital programme and expenditure is attached at **Appendix 'F'**

3.2 The Council has received a total of 91 DFG Disabled Facility Grant [DFG] referrals during the period April to December 2018. This 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 52 grant claims in progress, two of which are for children. The grants are mandatory and the Council receives funding from central government, via Gloucestershire County Council, to support the scheme.

3.3 There are various projects underway in ICT to keep our network infrastructure secure and up to date. The rolling replacement programme of laptops and devices continues with laptops being replaced with those that are up to date with Windows 10. Future planned work includes the replacement of storage infrastructure, network upgrades, firewall replacement and improved internet connectivity.

3.4 The drafting of Legal Framework documents for the procurement of a number of Electric Vehicle charging points [EVCPs] has been more complex and time consuming than initially envisaged. Final drafts are now being agreed which will allow procurement to begin in Q4, but orders are not expected to be placed and expenditure incurred until Q1 of 2019/20, following Council agreement of the final scheme.

3.5 Card payment devices at the Council's car parks have now been upgraded. Contactless payments are now available at all pay and display machines across the District.

3.6 Improvements to the Rissington Road car park have been delayed as drainage issues have been identified which require resolution before other improvements can progress. Changes have been explored and the design re-worked, which should mean drainage costs incurred won't exceed total scheme costs previously agreed.

3.7 The car parking projects to deliver decked parking at the Waterloo and permit parking at the Rugby club are progressing well. The architect procurement, incorporating a design competition, is due to start in March. Once designs have been agreed a planning application will be submitted and costs for construction obtained. A planning application should be submitted for the Rugby Club in March.

3.8 The procurement of Ubico fleet vehicles as part of the replacement programme is pending the decision on the future waste service design. Following a decision in December, it is hoped that orders will be placed in Q4.

3.9 The Corinium Museum 'Stone Age to Corinium' project began on site at the end of Q3. The museum remains open at this stage with minimal impact on visitors expected.

3.10 The Rural Broadband scheme [Budget of £500,000] is dependent upon a bigger scheme being agreed with Gloucestershire County Council. It is not anticipated that a scheme will present itself in the near future. If this is the case, then the Cabinet/Council may wish to consider an alternative use of such earmarked funds. Similarly, a scheme planned for the Scanning of Planning Documents [£200,000 budget] has been put on hold. Neither scheme is anticipated to move forward in the near future.

4. Capital Receipts and Disposals

There were no capital receipts or asset disposals during Q3.

5. Corporate Risks

5.1 The Corporate Risk Register was updated during January 2019 and reviewed by the Shared Risk Management Group in February 2019. The Shared Risk Management Group comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

5.2 At the end of Q3, there were two primary risks on the register:

- If the Local Government settlement over the medium term is unfavourable then the Council's savings targets may need to increase - the Medium Term Financial Strategy (MTFS) will be considered by Cabinet and Council in February 2019. The MTFS includes an estimate of the likely impact of the changes to local government funding from 2020/21 onwards which provides the Council with the context in which to take decisions. However, the actual impact of changes to central government funding will not be known until the autumn;
- If Ubico is unable to deliver services to the required standard then it could damage the Council's reputation and result in additional costs for the Council - the waste fleet has deteriorated before expected resulting in high levels of breakdown, and as a consequence is impacting on residents and increasing service costs. The fleet is being re-procured as it is too expensive to repair; and plans are in place to mitigate the risk over the next 12 months. Finance are carrying out some work to understand whether the fleet should be depreciated over six years rather than seven years;

5.4 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 Q3, there was one primary risk on the Legal, Land and Property service register:

- If rental income is not achieved due to void periods or lower rents are agreed then there will be a financial impact on the Council's budget - Abberley House has been upgraded to meet the minimum energy efficiency standards legislation; a tenant has recently been secured for the first floor. The use of Ashcroft Road has been reviewed and Cabinet approved the use of the property for emergency homeless accommodation. The voids will impact on the current year's income. Future income targets will be revised in line with the Cabinet decision.

6. Health and Safety

6.1 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 into the company, it is now appropriate that these matters are considered as part of the quarterly performance reports.

6.2 The Head of Paid Service is the "responsible person" under the regulatory reform fire safety order (2005).

6.3 There were two incidents during the quarter; details can be found at '**Appendix G**'.

6.4 There were no reportable incidents during the quarter which required the Health and Safety Executive to be notified.

6.5 The planned activities of the service include:

- Health and Safety information and guidance is 'live' on Publica Portal;
- A new bomb procedure for Cirencester based staff is awaiting approval by the Head of Paid Service; following its approval, it will be highlighted to staff;

- On-line counter terrorism awareness training for all staff is available on the Learning and Development area of Publica Portal;
- The need for a personal safety register which can be checked by staff prior to making a site visit has been identified, and a way forward has been discussed.

7. Overview and Scrutiny Committee

This summary performance report was reviewed by the Overview and Scrutiny at its Meeting on 5th March 2019; and any comments from that Committee will be reported to the Cabinet.

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