



COTSWOLD DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 2 DECEMBER 2019
Report Number	AGENDA ITEM 9
Subject	SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2019/20 QUARTER TWO
Wards affected	All
Accountable member	All relevant Cabinet Members
Accountable officer	All Group Managers
Summary/Purpose	To summarise overall service performance for the Council. To provide information on the Council's financial position including revenue outturn and budget variances; and capital expenditure, capital receipts and use of reserves.
Annexes	Annex A - Performance indicator report Annex B - Revenue Summary and Variances Annex C - Summary of gross capital expenditure
Recommendation/s	<i>That Cabinet reviews, and challenges as appropriate, service and financial performance for Quarter 2 of 2019/20.</i>
Corporate priorities	Council approved a new set of Priorities in September 2019; and the Priorities are supported by a set of Principles. While this performance report relates to all of the adopted Priorities and Principles, the following are particularly relevant to this report: Priority: Ensure that all services delivered by the Council are delivered to the highest standards. Principles: Value for Money - we will use the Council's resources wisely but will invest in fabric and future of the District.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None

1. BACKGROUND

1.1. Each quarter, the Council monitors its progress towards achieving its aim and priorities, service delivery and financial performance. Following the elections in May, the Council's new administration commenced preparatory work on a new Corporate Strategy for 2019-2023. The Council adopted a set of Priorities and Principles in September 2019. Further work is being undertaken to develop the Council Strategy in more detail. While the new Strategy is in development, the focus of this report will be on service delivery and financial performance.

2. PERFORMANCE AGAINST ALL INDICATORS

2.1. Overall, the majority of performance indicators achieved their targets or achieved their targets 'within tolerance'. In terms of financial performance, there was an under-spend against the budget of £10,446 (see section 2.3).

2.2. Eighty-seven per cent of performance indicators achieved their targets or achieved their targets 'within tolerance'.

Table 1 - Summary of Performance - All PIs

	2018/19 Q2		2019/20 Q1		2019/20 Q2	
Status	Total	%	Total	%	Total	%
On target or exceeded	19	76.0	21	75.0	18	78.3
Within tolerance	2	8.0	2	7.1	2	8.7
Below target	4	16.0	5	17.9	3	13.0
Total	25		28		23	
No target/no data	3		5		8	

2.3. During the quarter, there were some notable performances including:

- (LLP 1) Percentage of land charge searches received and despatched within 10 working days (Actual: 100%; Target: 90%).

In the first six months of the year, the service processed and despatched 690 official land charge searches, and 411 personal land charge searches within the agreed timeframe;

- (EVS 3) Number of all kerbside collections missed per 100,000 collections (Actual: 88.75; Target: 130).

Each quarter, there are over 1.14 million scheduled residual waste, dry recycling and organic waste collections in the District. In Q2, there were 89 missed collections per 100,000 or 0.089% of all collections; a reduction from 116 missed collections per 100,000 a year ago;

- Although the waste management data for September 2019 is not yet available; we are able to report performance for the period April - August 2019. The data indicates that there were improvements in both the combined recycling rate (Actual: 63.92%), an increase of two percentage points on the previous year; and

the amount of residual waste per household (Actual: 150 kg), a decrease of 11 kg on the previous year.

2.4. Three indicators fell short of their targets - one in each of the following services: Building Control, Customer Services, and Leisure and Museums. The indicators that fell short of their targets were:

- (ERS 7) Percentage of Building Regulation full plans applications vetted within 21 days (Actual: 43.9%; Target: 85%).

The service continues to experience capacity issues, which has further reduced performance (Q1 Actual: 72.9%). The service has been repeatedly unsuccessful in recruiting to a vacant post; the situation has been exacerbated by the holiday period, as well as having to pick up additional work from three Approved Inspectors that have gone into liquidation. A consultant has been commissioned on a short-term contract and recruitment is in progress for a trainee/development post. Performance is expected to improve in the next quarter

- (LC15) Number of visitors to museums and galleries (Actual: 10,470; Target: 11,871).

Overall, the Museum is still attracting a large number of visitors. In December 2018, work commenced on the refurbishment of the front galleries as part of the Heritage Lottery funded Stone Age to Corinium project. It was anticipated that the building works and closure of some galleries would have an impact on visitor numbers. So far, Phase I of the project - the discovery centre - has been completed and is being used as a temporary reception and shop whilst major structural works take place. A series of site investigations has established that the ground below the original shop is very poor and requires additional work, which is expected to delay the overall project schedule to July 2020.

- (CS 1) Percentage of telephone calls answered within 20 seconds (Actual: 62.48%; Target: 70%).

The new Customer Relationship Management software (Salesforce) for Customer Services was implemented during Q1. Some advisors were involved in user acceptance testing, and all advisors received training prior to 'go live', which took capacity out of the service. This resulted in a lower level of performance (54%) in Q1.

Performance has improved this quarter; the system is bedding in but is also evolving with further enhancements and tweaks. Advisors have undergone a second round of training as some of the processes have been reviewed and amended since the initial implementation. The service is recruiting additional advisors to create further capacity and to reduce the impact when advisors move on to other roles in the organisation.

Furthermore, a new telephone based survey to gauge customer satisfaction was rolled out in early June, which indicated that both satisfaction for services (Q2: 94%) and the advisor (Q2: 98%) is high. Benchmarking data for August provided by GovMetric ranked this Council as one of the top 10 best performers out of over 70 councils.

2.5. Two indicators fell short of their targets but remained 'within tolerance':

- (RHS 7) Number of households living in Emergency Accommodation for over 28 days (Actual: 1; Target: 0).

Although accommodation was offered by the Council, the Housing Association declined to take the client as he did not satisfy its checks. The client had been evicted from shared accommodation for breaching a licence; and is appealing the Council's decision that he has made himself intentionally homeless. While the review is in progress, the Council has a duty to accommodate him.

- LC 20 (Cumulative) Number of visits to the three leisure facilities managed by SLM (Actual: 308,337; Target: 312,176).

During the first six months of the year, there was a slight increase in the total number of visits in comparison to the previous year (307,612). The number of visits to Chipping Campden Leisure decreased slightly, having had its best performance in the previous year.

Gym membership prices at Cirencester Leisure were reduced in the second half of 2018/19 to respond to competition from other gyms and sports halls. At the end of Q2, there were 3491 gym memberships in comparison to 3114 at the end of Q2 of the previous year; the highest number since the transfer to SLM.

2.6. The Performance report is attached at Annex A. The Council's Senior Management Team will work with the Publica Managing Director and Strategic Directors to ensure that action is taken to improve performance where appropriate.

3. FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE (REVENUE)

3.1. The Council's approved budget for 2019/20 set a net revenue budget for the year of £13,792,349 with a budgeted use of General Fund of £164,313.

3.2. The figures in this report represent the position against the profiled budget, as at 30th September 2019; the end of Q2. A commentary against the major variances is detailed below.

3.3. At the end of September, the Council has spent £9,627,004 against its profiled net budget of £9,637,450. This equates to an under spend of £10,446.

Income

3.4. The Council's chargeable Green Waste service continues to perform well. The majority of the income is generated at the start of the year, with the service beginning on 1st April and the fee entitling users to a service up until 31st March. Subscriptions to the service have generated £646,000 in the first half of the year against an annual target of £624,000. The service has, once again, generated subscribers in excess of expectations. The number of licences are expected to continue to gradually increase as new residents move into the District.

- 3.5.** Car Park income is £40,850 above its budget at the end of Q2. Fee income for the year is performing at the same level as 2018/19, achieving £1,184,850 against a profiled budget of £1,144,000.
- 3.6.** Planning Application fee income is £212,843 below the profiled budget of £610,000; at £397,157 for the first half of the year. 2019/20 has seen a slow-down in the number of applications, continuing the trend experienced in the second-half of 2018/19. With the importance of Planning Application fees as an income stream to the Council, the position will continue to be monitored and reviewed as part of the budget setting process. Pre-application advice income is marginally exceeding budget.
- 3.7.** Land charges income is performing broadly on budget, achieving £102,000 of income against a profiled target of £105,000. Building control income is marginally below budget, achieving £155,000 against a target of £164,000.
- 3.8.** During 2018/19 the Council saw the diversification of its investment portfolio, away from traditional cash deposits. As a result the Council invested additional resources into a mixture of property funds and income funds. These investments proved successful during 2018/19 and the positive returns have continued in 2019/20 with the revised mix of investments. The Council's pooled funds are currently generating an average 4% return. Based upon performance up to the halfway point of the year, returns look positive and the Council hopes to generate a surplus in excess of its budget for financial year.

Expenditure

- 3.9.** The majority of the Council's staffing resource is supplied under contract from Publica. The Publica contract sum for 2019/20 is £9,153,140. 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 2020 contract sum. Any variations or changes in the service provision required during the year are agreed between Publica and the Council's Chief Finance Officer.
- 3.10.** At the end of Q1, Publica expenditure attributable to Cotswold District Council underspent against budget by £27,000. Publica monitors its own budgets to ensure services are delivered wherever possible in line with the agreed contract sum. The Council are still awaiting the position at the end of Q2 - however, the indication is that Publica is continuing to deliver its services under its agreed contract sum.
- 3.11.** 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 this report; however the Council receives monthly feedback on its contract costs and the forecast outturn position. At the end of Q1, Ubico predicted that costs would be in line with the 2019/20 budget. The Council are still awaiting the position at the end of Q2 - however, the indication from monitoring figures from months 4 and 5 is that the contract may be slightly under budget.

- 3.12.** The first half of the year has seen the Council spend its capital allocation for recycling receptacles of £55,000. An over-spend, of £72,000, currently sits in the revenue account for the additional expenditure. Any further purchases will worsen this position. Orders for the receptacles were placed at the end of the last financial year in light of advice from WRAP on risks related to the UK's departure from the EU. Specific government grant paid to the Council for "Brexit" preparations will be applied to part fund these costs and reduce the over spend in the revenue budget.
- 3.13.** In May 2019 the Council opened the newly refurbished Temporary Emergency Accommodation, "The Croft". In getting the property ready for use, the Council have incurred costs of £8,000 for servicing and upgrading the fire alarm and security alarm systems within the building, for which no budget has been set aside. With the opening of 'the Croft' there has been a decrease in the amount that the Council has spent upon emergency Bed & Breakfast Accommodation. The budget for Bed & Breakfast accommodation is currently under spent by £16,000 for the first half of the year.
- 3.14.** The Council sets aside monies each year to establish a reserve to fund the all-out District and Parish/Town Council elections every four years, and any by-elections held. The true position on both the revenue budget and the accumulated reserve will not be confirmed until the election accounts have been finalised. However, indications are that the accumulated reserve may have been exceeded by approximately £20,000. The annual contribution to the election reserve will be reviewed as part of the budget process for 2020/21.
- 3.15.** The Council is currently overspent by £14,000 against its budget for Councillor Allowances. The variation represents the uplift in the Members' basic allowances and the increase in the number of Cabinet posts agreed by Council earlier this year. The change in rates will be built into the budget for 2020/21.
- 3.16.** The Council's Animal and Pest Control Service is provided in partnership with West Oxfordshire District Council, and delivered by Ubico. As part of the shared service agreement, the Council were due a refund based upon the 2018/19 contract sum. The calculation of the refund was not included in the 2018/19 figures and was received in Q1 of 2019/20. The Council therefore has benefitted with the credit [refund] of £68,000 in the current year.
- 3.17.** A full list of all cost centres and budget variances is attached to this report at Annex B.

Capital Activity

- 3.18.** The Council has received 68 referrals for Disabled Facilities Grants [DFGs] during the period April to September 2019. There are currently 64 DFG cases ongoing of which two are for children. Of the 64 ongoing cases, two are older than 12 months but are expected to be completed in Q3. Cases where referral to completion is longer than 12 months usually involve complex adaptations such as extensions or complex medical needs, and do require extra work to process. DFG funding provides essential adaptations for disabled residents to enable them to remain at home and live independently and safely. The maximum DFG is £30,000 with an additional £20,000 available in exceptional cases.

- 3.19.** The Council is taking forward a number of projects aimed at increasing car parking capacity in Cirencester. Updates on these schemes are as follows:
- 3.20.** A planning application has been submitted for parking for permit holders at the Cirencester Rugby Club site. Subject to approval, works to develop the parking facilities will commence.
- 3.21.** The architect has now been appointed for the Waterloo multi-storey car park project. Pre-application advice has been sought prior to requesting formal planning approval. Surveys of the Waterloo site are continuing at the request of Historic England. Subject to all the relevant consents, development should start in 2020.
- 3.22.** Works on the site of the Old Memorial Hospital are underway. The removal of asbestos has now been completed by specialist contractors and the car park has closed. Demolition work is now underway. Works are planned to be completed by Christmas, providing no unforeseen issues arise. Demolition of this site will make room for more parking capacity within the town. The site could also be considered for more strategic development in the longer term within the context of the Cirencester Masterplan.
- 3.23.** Car park improvement works are planned for Rissington Road car park. These works have been delayed due to drainage issues. The installation of an electric vehicle charging point [EVCP] is also being considered as part of this refurbishment.
- 3.24.** Procurement for Electric Vehicle Charging Points [EVCPs] was concluded with the evaluation of tenders in September. A report was submitted to Cabinet in October seeking to confirm the framework agreement. A series of mini tenders will now be conducted to establish the funding requirement for the installation of EVCPs in key locations within the District.
- 3.25.** There are various projects underway in ICT to keep the infrastructure network secure and up to date. The rolling replacement programme of laptops and devices continues, with a further batch of laptops due for replacement later this year. Future planned work includes the replacement of storage infrastructure and replacement/upgrade of key elements of existing infrastructure/network equipment.
- 3.26.** The procurement of Ubico refuse and garden waste vehicles, as part of the rolling vehicle replacement programme, will continue into Q3. It is anticipated that all funding set aside for replacement vehicles will be committed by year end. Due to the long lead times on this type of specialised vehicle a portion of the expenditure may fall into 2020/21.
- 3.27.** The Corinium Museum 'Stone Age to Corinium' project is progressing well; however, ground conditions were worse than anticipated resulting in the need for underpinning works at an additional cost to the Council. Full Council approved the additional funding on 25th September.

- 3.28.** A review of the way that the waste service is delivered has been undertaken. Service changes will enhance the existing service provision, recycling performance and reflect the changing demands due resulting from housing growth and increases in the quantity of recyclable materials being collected. Procurement of 16 recycling vehicles and 5 food waste vehicles has been completed and a number of orders placed. Container orders have also been placed for food caddy's and improved cardboard sacks.
- 3.29.** A full list of expenditure against budget is attached to this report at Annex C.

Capital receipts and disposals

- 3.30.** There have been no capital receipts or assets disposals in Q2.

4. RISK AND OTHER ISSUES

- 4.1** The **Corporate Risk** Register was updated by the risk owners during October 2019 and reviewed by the Shared Risk Management Team (comprising the Councils' statutory officers and the Publica Directors) on 21st October 2019. Any risk scoring 15 or above is considered a 'primary' risk.
- 4.2** At the end of Q2, there were three 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 MTFs is currently in the process of being updated. A one-year Spending Round 2019 has been announced which is indicating a roll-forward of funding from 2019/20 with an inflationary increase. New Homes Bonus awarded for 2020/21 will be for one year only (no legacy payments from 2021/22 due to implementation of Fairer Funding changes). The significant changes to LG Funding (75% Business Rate Retention, Business Rate Reset, Fairer Funding Review and new Spending Round) have been delayed until 2021/22. Members and Officers are working on contingency plans to address the potential funding gap from 2021/22.
 - If unavoidable budget pressures exceed provision within the MTFs then the Council may need to find additional income or savings, or use its reserves, otherwise there may be pressures on services or tax levels and agreed budget targets will not be achieved - the Council has announced a Climate Emergency and financial resources will be required to enable the Council to take action. Funding for a Climate Change Manager will be included in the update to the MTFs. One-off funding has been made available from earmarked reserves to fund research which will enable the Council to develop a costed action plan.
 - Members and Officers are working on a plan to increase income to the Council to fund both new objectives from the new Corporate Strategy and to bridge the expected funding gap from 2021 as a result of changes to local government funding.

- 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 part of a new service. Modelled costs for the new service were agreed at Council in December 2018 and embedded in the budget in February 2019, however, costs have been reviewed and estimates revised. There are elements such as fleet numbers and tonnages which are based on estimates and may be subject to change which could increase costs. The new service will now launch in March 2020 but new vehicles will go into service as soon as they are received in the Autumn replacing vehicles in poor condition.

4.3 One new risk was added to the register with a moderate (Amber) risk rating:

- If there are insufficient resources to deliver the objectives of the new Corporate Strategy and Plan then the expectations of our communities may not be met resulting in lower satisfaction and reputational damage - the financial implications of the Council's new Corporate Strategy will be developed over coming months and will feed into the refresh of the Medium Term Financial Strategy. This risk links to the first risk in section 2.6.4 regarding the Local Government Funding Settlement over the Medium Term, and is the most significant risk to the deliverability of the objectives in the new Corporate Strategy.

4.4 **Service Risk Registers** were updated by risk owners to reflect changes to risk ratings. At the end of Q2, there was one primary risk on the Estates service risk register:

- If there are insufficient resources to deliver estates/property related elements of corporate projects then the expectations of Members and residents may not be met and/or financial savings may not be delivered – the level of risk has been increased to reflect the increase in workload. Reports are being prepared to secure additional resources which are required predominately for further feasibility work on strategic properties and acquisitions.

Publica Contract Variations

4.5 No Publica contract variations were reported in Q2.

Health and Safety

4.6 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.

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

4.8 No incidents were recorded during the quarter.

4.9 Progress on the planned activities of the service include:

- Fire Risk Assessments for all Council-owned buildings in Cirencester have been carried out, and the results have been reported to the responsible person.
- All Health and Safety guidance documents for staff have been reviewed and are awaiting approval
- The Health and Safety Policy will be reviewed in October 2019.

Overview and Scrutiny Committee

4.10 This summary performance report will be reviewed by the Overview and Scrutiny Committee at its Meeting on 3 December 2019; and any comments from that Committee will be reported to the Cabinet.

5 FINANCIAL IMPLICATIONS

5.1 As described in section 3 of the report.

6 LEGAL IMPLICATIONS

6.1 None

7 RISK ASSESSMENT

7.1 As described in section 4 of this report.

8 ALTERNATIVE OPTIONS

8.1 None

9 BACKGROUND PAPERS

9.1 None

(END)