



**OVERVIEW AND SCRUTINY COMMITTEE**

**1<sup>ST</sup> SEPTEMBER 2015**

**AGENDA ITEM (12)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2015/16 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>	<b>That service and financial performance for Quarter 1 of 2015/16 be reviewed and challenged.</b>
<b>Reason for Recommendation</b>	The Council's performance management arrangements provide the Overview and Scrutiny Committee and the 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 and 3 of the report
<b>Legal and Human Rights Implications</b>	Nil
<b>Human Resource Implications</b>	Nil
<b>Environmental and Sustainability Implications</b>	Nil
<b>Human Resource Implications</b>	Nil
<b>Key Risks</b>	As described in section 4 of the report
<b>Equalities Analysis</b>	Not required

<b>Related Decisions</b>	The Council or the Cabinet approve 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>	<p><b>Appendix 'A'</b> - Progress towards achieving our top tasks</p> <p><b>Appendix 'B'</b> - Performance indicator report</p> <p><b>Appendix 'C'</b> - Progress on efficiency measures</p> <p><b>Appendix 'D'</b> - Revenue Summary and Variances</p> <p><b>Appendix 'E'</b> - Summary of gross capital expenditure</p>

<b>Performance Management Follow Up</b>	Report any comments made to the Cabinet.
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<b>Options for Joint Working</b>	Joint Working progress will be documented under the top task 'Implement the Joint Working Strategy with West Oxfordshire to deliver savings of £600,000 over the next five years (from April 2013)'. The 2020 Vision Programme sets out a substantial increase in joint working activity to incorporate the savings above and meet the financial savings targets of the medium term financial strategy.
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<p><b>Background Information</b></p> <p>1. <u>Operational Performance</u></p> <p>1.1 The Corporate Strategy and Plan 2012-15 (2014/15 update) has concluded, and a new Corporate Strategy and Plan is being developed for 2016-19 which will set out the Council's new vision, aim and priorities. In the interim year, we will continue 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 The Medium Term Financial Strategy 2015/16 - 2018/19 includes total savings target of £1,644,000, and a target of £491,000 to be delivered in 2015/16.</p> <p>1.3 Each quarter, the Council monitors its progress towards achieving the aim and priorities set out in the Corporate Strategy and Plan as well as service performance, which are reported together with our financial performance as part of this report.</p> <p>1.4 In summary, over 80% of performance indicators achieved their targets or achieved their targets 'within tolerance', a similar level of performance to Q1 of the previous year. We also completed a small number of key tasks. In terms of financial performance, there was an under-spend of £395,992 against the profiled net budget.</p> <p><u>Performance Against Top Tasks</u></p> <p>1.5 Overall, we are on target with the delivery of the Council's four top tasks. As the year progresses, the top task 'Implement the Joint Working Strategy with West Oxfordshire to deliver savings of £600,000 over the next five years (from 2013)' will be superseded by the 2020 Vision Programme for joint working between four partner councils, which will be the main delivery mechanism for achieving our financial targets. Since April 2014, we have achieved significant</p>
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efficiency savings from a shared management team with West Oxfordshire, with further savings to be delivered earlier than expected from a shared Strategic Director for Planning (June 2015). A full update is attached at **Appendix 'A'**.

Performance Against All Tasks

1.6 Our Council priorities are:

- Freeze Council Tax whilst protecting front line services that matter to our residents;
- Maintain and protect our environment as one of the best places to live, work and visit; and
- Work with local communities to help them help themselves.

1.7 Our Service Delivery Plans demonstrate how each service contributes to the achievement of Council priorities. In Q1, four tasks were completed; the remainder progressing largely as expected.

Table 1 Summary of Performance - All Key Tasks

Status	2014/15 Q1		2015/16 Q1	
	Number	% <sup>1</sup>	Number	% <sup>1</sup>
Achieved	3	7.7	4	8.9
In progress	34	87.2	40	88.9
Overdue	0	0	0	0
Not due to start	1	2.6	0	0
On hold	1	2.6	1	2.2
Total	39		45	

Performance Against All Indicators

1.8 Over 80% of performance indicators achieved their targets or achieved their targets 'within tolerance'; not dissimilar to our position a year ago. During 2014/15, in particular the latter part of the year, we achieved a lower level of performance, which was primarily due to higher workloads and turnover of staff which created capacity issues in some services. In Q1, some services are still experiencing capacity issues while waiting for vacant posts to be filled; and once vacant posts are filled, there is generally a time lag before we see an improvement in performance. Senior Management Team will continue to take the necessary actions to ensure that there is adequate resource to maintain service delivery. The Performance Indicator report is attached at **Appendix 'B'**.

Table 2 - Summary of Performance - All PIs

Status	2014/15 Q1		2015/16 Q1	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>
On target or exceeded	20	69.0	20	69.0
Within tolerance	2	6.9	4	13.8
Below target	7	24.1	5	17.2
Total	29		29	
No target/no data	1		2	

<sup>1</sup> All percentages have been rounded

1.9 There were a number of notable performances including:

- an increase in the number of visits to/usage of the Corinium Museum (school groups) (2015/16 Q1: 2503; 2014/15 Q1: 1873);
- an increase in membership numbers at the three Leisure centres managed by SLM (2015/16 Q1: 3279; 2014/15 Q1: 2950);
- Over 99% of land charge searches were carried out within ten working days;
- The Front of House team recorded a high customer satisfaction rate with the Council's services.

1.10 Four indicators achieved their targets 'within tolerance'; two indicators in Waste Management, one indicator in Customer Services and one indicator in Leisure and Communities.

1.11 Five indicators did not achieve their targets - further details, including any rectifying actions being taken, have been provided by the accountable officers at **Appendix 'B'**:

- Two indicators in the Building Control service were short of their targets; the percentage of market share retained by Building Control (65.34%, Target: 70%) and the percentage of full plans Building Regulations applications vetted within 21 days (Actual: 49.53%, Target: 85%). Over the last four years, our market share has reduced, but there are signs that performance has become more stable over the last few quarters. The new marketing plan is being implemented; some of the actions include interviewing customers to better understand their needs, organising seminars, making changes to the website and improving promotional material. Due to capacity issues, turnaround times for the vetting of applications have also fallen, but mainly over the last year. Performance continues to remain susceptible to fluctuations due to the lack of resilience within the team. The Overview and Scrutiny Committee will be conducting a follow-up review of Building Control Service performance over the next few months;
- Three indicators in the Revenues and Housing Support service were short of their targets; The average days to process a housing benefit/council tax support new claim (Actual: 16.6 days, Target: 12 days), and change of circumstances (Actual: 6.74 days, Target: 6 days) have fallen particularly over the last year, but have generally remained within target. Targets are robust and well inside the top quartile, and performance has continued to be good despite capacity issues, which are being addressed through recruitment to vacant posts (see Appendix C - Efficiency Measures update). The number of long-term empty domestic properties was also short of its target (Actual: 315, Target: 260) - an in-depth review by Capacity Grid will commence in August, and monitoring will take place on a daily basis.

1.12 Performance for minor planning applications and other planning applications (not measured as key performance indicators) fell during 2014/15 due to increased workloads in particular, the number of larger types of application received increased (Majors and Minors), and a combination of other factors, including turnover of staff. Enhancements to the remuneration package have been made for professional planning posts, and most of these posts are now filled; however, there are two Technical Support Officer (TSO) posts still vacant. These circumstances have created a backlog in the processing of applications which Officers are working through, in addition to processing new applications. In Q1, there was a further decline in performance; 34.7% of minor planning applications were determined within eight weeks, and 45.1% of other planning applications. Currently, local authorities are at risk of designation if 40% or fewer major applications are decided on time, with proposals to increase the threshold to 50%, as well as legislating to extend the performance regime to minor applications, so that local authorities processing those applications too slowly are also at risk of designation. This would mean that an applicant would be able to choose to submit his/her planning application directly to the Secretary of State for Communities and Local Government for approval. Although the Council would be required to process the application, it would not receive any planning income for these applications. Senior officers are actively addressing the recruitment and retention issues, including offering additional hours to part-time employees across the whole of the Council to assist with the TSO issues. Other means of speeding up the processing of planning applications are being examined by the Strategic Director and Head of Planning and Strategic Housing.

## Efficiency Measures

1.13 The Council's aim is 'to be recognised as the most efficient council in the country', and the Corporate Strategy 2012-15 sets out how we will measure our progress using a basket of indicators:

- Overall cost of council services per head of population (Revenue Estimates)
- Rate of increase in council tax
- Time taken to process housing benefit/[council tax benefit] – new claims
- Percentage of council tax collected
- Amount of household waste per household (kg)
- Percentage of household waste sent for recycling, composting and reuse
- Sickness absence rate
- Unemployment claimant rate (job seekers allowance)
- Overall crime rate per 1,000 population

1.14 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. We recently completed the third ranking exercise (primarily based on 2013/14 data) which placed the Council in 4<sup>th</sup> position; an improvement of one place on the previous year, and five places on the baseline year (low is good).

1.17 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relate to 2015/16.

## 2. Financial Performance

2.1 The Council's budget strategy for 2015/16 assumes a balanced budget, with a small £236 budget surplus and contribution to General Fund balances. Based upon 3-months' worth of data, the Council has no reason to believe that it will not be on or under budget at the end of the financial year.

2.2 At the end of Q1, the Council has spent £2,052,172 against its profiled net budget of £2,448,164, resulting in a current under-spend against budget of £395,992.

2.3 The 2015/16 budget included £491,000 of service savings which were built-in as part of the budget setting process. Performance against these savings will be monitored as the year progresses.

2.4 Employee budgets across the Council are currently £65,840 under-spent as at 30<sup>th</sup> June 2015 (including the budgeted vacancy factor for the year). £41,000 of the underspend results from Council staff being seconded into roles on the 2020 project team. The figure includes the cost of agency staff that has been used to cover short-term vacancies.

2.5 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. The Income was not part of the budget and represents additional income to the Council.

2.6 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. Given the current uncertainties surrounding price fluctuations, it is not possible to accurately predict the extent of the shortfall at this time, but it is unlikely that the Council will meet its income budget for the sale of recyclables in 2015/16.

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

Cost Centre	Positive Variance £000	Negative Variance £000	Comments
Development Control - Applications	112		Income from planning applications is higher than budget, reflecting an increased demand for the service. Staffing has been increased to deal with the demand. It is likely that the service will maintain a positive variance for the remainder of the year.
Corporate Finance	71		In April 2015, Ubico Ltd took on new shareholders. Cheltenham Borough Council and Cotswold District Council each received £68,000 payments from the new shareholders. These payments were one-off contributions.
Land Charges	18		The service has over-achieved its income target for the first 3-months of the year due to increased levels of demand for the service.

### 3. Capital Expenditure, Capital Receipts and Reserves

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

#### 3.2 Capital activity

3.2.1 There have been 34 Disabled Facilities Grant (DFG) enquiries during the period, 25 of which have been approved. There are currently four child referral grant claims awaiting approval, these grants are large and complex and take a longer time to process.

3.2.2 In ICT, Microsoft licences and network storage have been procured during the first quarter. Plans for the rest of the financial year include procurement of server and telephone system licences. Infrastructure upgrades which will include server replacement, storage upgrades and new network infrastructure. The move to greater shared/mobile working will see an increase in the deployment of laptops/docking stations across the Council.

3.2.3 An update to flooding/land drainage works are as follows:

Moreton in Marsh - Work is progressing to design the major scheme, specifically the inlet and outlet points, and to get formal agreement from landowners. The installation of a new twin culvert at the bridge crossing is planned for September 2015 with the full scheme due to be completed by March 2016.

Lechlade - Site investigation had determined that some planned works to install culverts beneath roads are not feasible due to utilities under the roads. However, one flood relief culvert is to be installed at a major road crossing at the Downington roundabout.

Lower Slaughter - Level survey work has been carried out and work to replace a weir between the two hotels is planned for Autumn 2015.

Daglingworth - A new culvert crossing at Lower End, below the village, has been installed.

3.2.4 The Council is in discussion to purchase a new Waste Services Depot. Subject to receiving planning permission for development of the preferred site, acquisition of the depot is to take place by the end of October 2015.

3.2.5 Investment in the Ubico vehicle fleet is planned for quarters 3 and 4 will enable replacement of vehicles which are beyond economic repair; ensuring vehicle breakdowns do not effect service provision. The value of vehicles are depreciated over an anticipated life of 7 years; however, vehicles will continue to be used beyond this if they are in sound working order and it is cost effective to do so.

3.2.6 Significant investment in the Forum car park has resulted in redesign and improvements which it is planned will be replicated in other car parks. As work is currently progressing to assess likely future car parking demand in light of development identified in the Local Plan, investment in existing car park improvements will be delayed for approximately 12 months until a strategic plan for car parking has been identified to prevent investment in a car park which is then subsequently redeveloped.

### 3.3 Capital receipts and disposals

The Council received the first half of the sale price for its land at Roman Way, Bourton-on-the-Water, in July 2015 - a receipt of £1.88m.

## 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 23<sup>rd</sup> July 2015 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there were a large number of changes to the register, six risks were closed (three related to the May General and Local elections); and three new risks were added, of which two are detailed below:

4.2.2 At the end of Q1, the register contained four primary risks:

- The lack of capacity to maintain service delivery leading to reduced service delivery performance - there are capacity issues in Development Management (one part-time professional post is vacant, and two full time Technical Support Officer posts), Revenues and Housing Support, and GOSS Finance. Heads of Service will ensure that where capacity issues exist, posts are appropriately filled;
- Failure to recruit suitable staff, particularly in some key service areas - GOSS HR will conduct a process recruitment review which should facilitate the recruitment process in the future;
- The impact of the launch of the Spending Review 2015 (new) - Government departments are being asked to set out plans for reductions to their resource budgets, modelling two scenarios of 25% and 40% savings in real terms by 2019-20. Significant assumptions have already been made in the Council's Medium Term Financial Strategy 2015/16-18/19, and further detailed impact modelling will be undertaken with a report to Cabinet in November;
- The impact of unforeseen legislative changes on financial and staff resources (new) - potential changes in planning rules announced in the July 2015 could have negative consequences for the Council, for example the failure to produce a Local Plan, and penalties for failing to determine smaller applications (minor applications in particular) on time.

#### 4.3 Service Risks

4.3.1 Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q1. At the end of the quarter, there were three primary risks:

- New developments increasing pressure on parking provision - a Parking Demand project has been launched to assess the likely impact on demand for parking in light of the development identified in the Local Plan. The project will aim to identify solutions to meet future parking demand in Cirencester. The first meeting of the Member-led Board took place in July; and stakeholder consultation is scheduled for September;
- Changes to national planning policy/guidance reduces delivery of rural affordable housing - applications for rural developments have come forward without affordable housing provision due to changes in planning guidance announced by the Minister in November 2014, although a High Court judgement has recently overturned the ministerial statement. However, indications in the July Budget and anticipated Housing Bill (lower affordable housing rents, and extensions to right to buy) suggest that Registered Providers' financial capacity to bring forward affordable housing in the future, will be reduced. The Communities for Local Government (CLG) committee has announced an inquiry into the viability and sustainability of Housing Associations;
- Cotswold Depot does not receive planning permission and therefore there is no depot from which waste collections can operate after 2017.

#### 5. Other Report - Local Government Ombudsman Annual Review for 2014/15

5.1. The Annual Review Letter 2015 for Cotswold District Council sets out the complaints that were made against the Council in 2014/15, as well as the outcome of those complaints. In total, the LGO received 8 complaints/enquiries about this Council including three complaints related to Planning and Development, and two to Benefits and Tax. Overall, this Council receives a relatively low number of complaints/enquiries compared to other shire district councils. In the previous year, we received 11 complaints/enquiries.

5.2 Four complaints were investigated in detail, one of which was upheld. The upheld complaint related to the manner in which the Council made a planning decision. Although the Ombudsman concluded that the Council was at fault with the advice provided to the complainant, the outcome of the Ombudsman's decision did not affect the planning decision.

5.3 Overall, the LGO received a similar number of local authority complaints and enquiries as the previous year, and upheld 46% of all complaints where a detailed investigation was made.

#### 6. Cabinet

This summary performance report will be reviewed by Cabinet on 17<sup>th</sup> September, and any comments made by this Committee will be reported to the Cabinet.

(END)