



AGENDA ITEM (11)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2015/16 QUARTER 2

Accountable Member	All relevant Cabinet Members
Accountable Officers	Heads of Service

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 2 of 2015/16 be reviewed and challenged.
Reason for Recommendation	The Council's performance management arrangements provide the Overview and Scrutiny Committee and Cabinet with the opportunity to consider and comment on both service and financial performance on a quarterly basis.

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

Financial Implications	As described in sections 2 and 3 of the report
Legal and Human Rights Implications	Nil
Human Resource Implications	Nil
Environmental and Sustainability Implications	Nil
Human Resource Implications	Nil
Key Risks	As described in section 4 of the report
Equalities Analysis	Not required

Related Decisions	The Council or the Cabinet approves all new capital schemes
Background Documents	The following reports are available in the Members' Room: <ul style="list-style-type: none"> • Corporate risk register • Service risk register (primary only) • Risk management methodology - evaluation
Appendices	<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' - Revenue Summary and Variances</p> <p>Appendix 'E' - Summary of gross capital expenditure</p>

Performance Management Follow Up	Report any comments made to the Cabinet
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Options for Joint Working	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 set out above and meet the financial savings targets of the Medium Term Financial Strategy.
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<p>Background Information</p> <p>1. <u>Operational Performance</u></p> <p>1.1 The Corporate Strategy and Plan 2012-15 (2014/15 update) has concluded, and a new Corporate Strategy and Plan 2016-19 is being developed which sets out the Council's new priorities. The draft Corporate Strategy and Plan 2016-19 was approved by Cabinet in October for consultation with Overview and Scrutiny Committee in December 2015. 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, service delivery (measured by performance indicators) has been maintained at a similar level to Q1, and service performance has showed some improvement in comparison to Q2 of the previous year. At the end of Q2, six key tasks have been completed, with the majority of key tasks to be delivered in the fourth quarter. In terms of financial performance, there was an under-spend of £567,057 against the profiled net budget.</p> <p><u>Performance Against Top Tasks</u></p> <p>1.5 Overall, we are broadly on target with the delivery of the Council's four top tasks. A full update is attached at Appendix 'A'. There are two points to be noted:</p>

- 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, and will be the main delivery mechanism for achieving our financial targets. Since April 2014, we have achieved significant 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).
- Implement a programme of parking improvements - the Parking Demand Project Board has agreed that the car park improvements project should be placed on hold until the strategic use of all Cirencester car parks is reviewed.

Performance Against All Tasks

1.6 Our current 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. At the end of Q2, officers had completed six tasks, with the remaining tasks progressing largely as expected.

Table 1 Summary of Performance - All Key Tasks

Status	2014/15 Q2		2015/16 Q2	
	Number	% ¹	Number	% ¹
Achieved	6	15.4	6	13.3
In progress	29	74.4	36	80.0
Overdue	1	2.6	1	2.2
Not due to start	1	2.6	0	0.0
On hold	2	5.1	2	4.4
Total	39		45	

1.8 One task is overdue:

- 'Produce a joint action plan with West Oxfordshire's Planning and Strategic Housing service to identify priority projects and cross cutting issues' - a less formal approach is being taken in which opportunities to collaborate will be taken as issues arise. To date, joint workshops have taken place on approaches to negotiating s106 agreements, and use of the Uniform system.

Performance Against All Indicators

1.9 Over 80% of performance indicators achieved their targets or achieved their targets 'within tolerance'; a similar level of performance to the previous quarter, and an improvement on 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

¹ All percentages have been rounded

capacity issues in some services. Although action has been taken to fill vacant posts over the last six months, we have had difficulties in recruiting to some areas. However, on the whole, some improvements in service delivery are apparent. 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

	2014/15 Q2		2015/16 Q1		2015/16 Q2	
Status	Total	% ¹	Total	% ¹	Total	% ¹
On target or exceeded	16	53.3	20	69.0	20	66.7
Within tolerance	5	16.7	4	13.8	5	16.7
Below target	9	30.0	5	17.2	5	16.7
Total	30		29		30	
No target/no data	1		2		2	

1.10 There were a number of notable performances including:

- an increase in membership numbers at the three Leisure centres managed by SLM (2015/16 Q2 Actual: 3311; 2014/15 Q2 Actual: 2944);
- over 99% of land charge searches were carried out within ten working days;
- the Front of House team continues to deal with a high proportion of enquiries at first point of contact;
- the Council's sickness absence rate was low for a second quarter, and at the end of the quarter, there were no staff on long term sick.

1.11 Five indicators achieved their targets 'within tolerance'; two indicators in Waste Management, and one indicator in each of the following services - Customer Services, Planning and Strategic Housing, and Revenues and Housing Support.

1.12 Five indicators did not achieve their targets - all five of these indicators were off-target in the previous quarter. 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 continue to fall short of their targets - the percentage of market share retained by Building Control (63.93%, Target: 70%) and the percentage of full plans Building Regulations applications vetted within 21 days (Actual: 42.22%, 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 marketing plan is being implemented, including targeting homeowners [rather than agents] following an analysis of lost business. 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, in particular when there are staff absences. However, Building Control is to become part of the Vision 2020 Partnership Venture which will address some of these issues through providing greater resilience and access to staff, and may also provide opportunities to review business practices and maximise potential income generation.
- Three indicators in the Revenues and Housing Support service were short of their targets. At the end of Q2, the average number of days to process a housing benefit/council tax support

new claim improved by almost one day on the previous quarter, while the average number of days to process a change of circumstance increased by over one day. The targets set 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: 289, Target: 240) - Capacity Grid has completed its in-depth review, and has succeeded in reducing the number of long term empties which will help to maximise New Homes Bonus. The Council's Inspection Officer will continue the work, and monitoring will take place on a monthly basis. However, the number of long term empty properties is constantly changing, and as properties come off the list, new properties fall into the long term empty category;

1.13 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. Although professional planning posts are now filled, two Technical Support Officer (TSO) posts remain vacant. These circumstances have created a backlog in the processing of applications. At the end of Q2, the percentages of applications (Minors Actual: 36.3%; Others Actual: 42.8%) determined within time have not improved - although the service has reported that the current backlog at initial application registration stage has reduced from four weeks to two weeks, and the majority of applications were determined within the 8-13 week period. This improvement is most likely due to a combination of the temporary assistance received from other parts of the Council as well as a slow-down in applications received during the summer. The vacant posts have been advertised twice without success, largely due to competition from private sector employers in Cirencester; however, the recent approval of a re-grading claim is expected to result in a more successful recruitment process and a consequential improvement in performance in due course.

Efficiency Measures

1.14 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 re-use
- Sickness absence rate
- Unemployment claimant rate (job seekers allowance)
- Overall crime rate per 1,000 population

1.15 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'.

1.16 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.

1.17 Each year, we complete an assessment of how we compare, once all the benchmarking data has become publicly available. The latest (third) ranking exercise (primarily based on 2013/14 data) placed the Council in 4th position - an improvement of one place on the previous year - and five places on the baseline year (low is good).

1.18 We expect to be able to publish the fourth ranking exercise at the end of Q3.

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

2.2 At the end of Q2, the Council has spent £4,404,670 against its profiled net budget of £4,971,727, resulting in a current under-spend against budget of £567,057.

2.3 The 2015/16 budget included £491,000 of service savings which were built-in as part of the budget setting process. The under-spend is being delivered in addition to the planned savings.

2.4 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, but best estimate is that it may be in the region of £50,000 by the end of the 2015/16 financial year.

2.5 A full list of all budget variances is attached to this report at **Appendix 'D'**. Those significant variances in excess of £10,000 are outlined below:

Cost Centre	Positive Variance £000	Negative Variance £000	Comments
Councillor Allowances	17		
Corporate Finance	73		One-off contribution from new Ubico Ltd shareholders (West Oxfordshire DC and Forest of Dean DC).
Discretionary Pension Payments		115	One-off strain on the pension fund payment in respect of redundancy (as per report to Council, December 2014).
Printing Services	33		
Recycling		62	See paragraph 2.4.
Green Waste	86		Increased demand for garden waste service.
Household Waste	24		Includes one-off costs associated with the new permanent depot site. These costs have been more than offset from savings from the Ubico Ltd waste contract.
Street Cleansing	12		Savings in supplies and services budgets.
Moreton-in-Marsh Offices	11		Whilst there have been some vacant periods in office space available for rent, this loss of income has been offset by savings in business rates and utility costs.
Car Parking	90		

Cost Centre	Positive Variance £000	Negative Variance £000	Comments
Food Safety	28		Savings against employee and contractor budgets.
Health and Safety at Work	13		Savings against employee budget.
Public Conveniences	18		Savings against supplies and services budgets and income higher than anticipated.
Emergency Planning	14		Savings against employee and contractor budgets.
Development Control - Applications	211		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.
Development Appeals		58	Additional consultancy fees for planning appeals - offset by additional planning income.
Heritage and Design		19	Additional resources offset by additional planning income.
Leisure and Museums	33		Property maintenance budget savings.
Homelessness	15		
Street Naming	15		
Business Improvement	31		Resources supporting 2020 Vision Programme-
Land Charges	30		Increased levels of demand for the service.
Commercial Property		15	Tenancy vacancy and costs for reactive maintenance.

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 In quarter 2, the expenditure on Disabled Facilities Grants (DFGs) includes payment for the completion of works at 53 residential properties. Committed expenditure includes five approved grants that have been awarded the maximum of £30,000. Despite the high-value grant awards, DFG expenditure should remain within budget for the year.

3.2.2 In ICT, key expenditure in quarter 2 focused on the renewal of the virtual server licensing to ensure the Council remained compliant. This was bought collectively with the Council's other GO partners, to provide a stable platform to push forward with over the next 3 years and helped deliver a small saving overall. Areas of expenditure for the remainder of the year include Microsoft and telephone system licences, as well as the continued deployment of laptops/docking stations across the Council to facilitate greater shared/mobile working.

3.2.3 A update to flooding/land drainage works is as follows:

- Moreton-in-Marsh - Flood relief culverts have been laid under Stow Road at the Stow Brook Bridge at a cost of circa £85k. A planning application has now been submitted to Cotswold District Council for the balance of the £600k scheme. Work was expected to be completed by March 2016; this has now been put back to Summer 2016.
- Lechlade - The outstanding flood relief culvert is planned to be installed in February/March 2016.
- Lower Slaughter - A new crest weir is due to be constructed in November 2016 as planned. Work is funded by £50k grant received by Gloucestershire County Council.
- Whelford - A further section of flood relief pipeline is being designed for construction this winter, 2015.
- Poulton - A surface and fluvial water defence scheme is being designed by the Principal Engineer, which will be proposed to landowners during this winter.
- Broadwell - A surface water flood defence scheme is being designed by the Principal Engineer, for presentation to the residents/Parish Council during winter 2015 with a view to construction in the spring when ground conditions allow.
- Paxford - CDC is considering contributing £5k towards a scheme (circa £40k) to replace an under-sized bridge that is being designed by residents' consultants.
- Winson - CDC has allocated a contribution of £5k towards a scheme to install flood defence culverts under the highway. The work will protect the minor road and two significant properties.
- Cirencester - CDC is working with Farming & Wildlife Advisory Group (FWAG), the Environment Agency (EA) and Bathurst Estate to design a scheme to increase the flow into the Mill channel at Gloucester Road. The flow of water into the channel will assist the watercourse during periods of dry weather and decrease the impact on the main channel through the town during periods of flood. Excess water in the mill channel will flow into a flood relief culvert (proposed), which will discharge into the original 'lost' ditch lines and a water meadow area. The expenditure expected for CDC on this scheme will be up to £30k.

3.2.4 While the purchase of the Council's Waste Depot site was not completed until the end of October, the Council had committed to purchasing this site, in South Cerney, for £1,800,000. In addition to the purchase of the site, the budget allows for extra improvements to the site, with the commissioning of agents to design and oversee alterations to increase office and welfare facilities within the existing workshop building - the first phase of improvements should be completed in Q4. Costs for this work are not yet known, although are expected to be within the overall budget.

3.2.5 Routine planned investment in the Ubico vehicle fleet in quarters 3 and 4 will enable the replacement of vehicles which are beyond economic repair; ensuring vehicle breakdowns do not affect service provision. The value of vehicles is 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 will be replicated in other car parks. Some investment in Rissington Road, Bourton-on-the-Water is likely in Q4, with re-surfacing and re-lining works proposed. 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.

3.2.7 Work starts on 16th November at Cirencester Leisure Centre on the refurbishment of the Air Conditioning system. From 30th November, the Gym at Cirencester Leisure Centre will be closed for three weeks for refurbishment and fitting of the new replacement gym equipment. Whilst the gym is closed, some of the current equipment will be moved into the fitness studio to allow an on-going service to gym members. The replacement of gym equipment at Bourton and Chipping Campden Leisure centres will also be carried out during this period. Work will be completed by Friday 18th December.

3.3 Capital Receipts and Disposals

The Council received a capital receipt of £1.88m in Q2 for the first-half of the sale price for its land at Roman Way, Bourton-on-the-Water. Completion of this sale, and the second-half of the sale fee, is due in 2016/17.

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 19th October 2015 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there were a small number of changes to the register; four primary risks were rolled forward from Q1, and two more risks were escalated to primary level.

4.2.2 At the end of Q2, the register contained six primary risks; three of which related to the Council's ability to maintain service delivery, particularly in some key areas:

- Failure to recruit suitable staff, particularly in some key service areas - there are vacant posts in Development Management (Technical Support Officers), Forward Planning, and GOSS Finance. Consequently, the lack of capacity to maintain service delivery leading to reduced service delivery performance is also flagged as a primary risk. Heads of Service will ensure that where capacity issues exist, posts are appropriately filled; and GOSS HR will conduct a process recruitment review which should facilitate the recruitment process in the future.
- Low staff morale and motivation leading to reduced level of service delivery - the likelihood was increased from 'possible' to 'probable' to reflect the mixed results from the employee survey, indicating that more engagement work is required. Furthermore, we may see low staff morale in the Public Protection service as the shared Public Protection service has reached the consultation stage.
- The impact of the launch of the Spending Review 2015 - the Chancellor has announced that Councils will be able to retain 100% of business rates collected; the full details and additional responsibilities are not yet known. Significant assumptions have already been made in the Council's Medium Term Financial Strategy 2015/16-18/19, and further detailed impact modelling has been undertaken in preparation for November Cabinet when the updated MTFS will be considered.
- The impact of unforeseen legislative changes on financial and staff resources - 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. The likelihood was reduced from 'probable' to 'possible' as further information has become available which reduces the risk of failing to produce a Local Plan.

- Upgrade to Agresso Business World is not completed by 31st December could lead to parts of the system becoming unsupported, and additional resourcing implications for HR/Payroll and to the Partner Councils. Unit4 (the software supplier) will attend a Client Officer Group meeting to discuss the issues, and will be responsible for creating an action plan to ensure delivery of the project within the timescale.

4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q2. At the end of the quarter, there were two primary risks:

- New developments increasing pressure on parking provision - The Parking Demand Project Board is monitoring the impact of developments on the likely demand for parking in Cirencester, and identifying solutions. The first meeting of the Member led Board took place in July; and stakeholder consultation was launched in September which has generated a good level of local engagement.
- 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. A High Court judgement overturned the ministerial statement, against which the Government has been given leave to appeal. In the meantime, we are continuing to negotiate affordable housing on rural schemes subject to need and viability. Indications in the July Budget and draft Housing Bill (extensions to right to buy, Pay to Stay, Starter Home initiative) 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. The Strategic Housing Manager is preparing the draft Housing Strategy for consultation which is expected at Cabinet in February 2016. The Strategy will outline the changes, and the Council's approach.

5. Cabinet

This summary performance report was reviewed by the Cabinet on 19th November 2015 - Cabinet agreed to note the report. Any comments made by this Committee will be reported to the Cabinet at its next Meeting.

(END)