



**AGENDA ITEM (10)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2015/16 QUARTER 3**

<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 3 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 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 approves all new capital schemes
<b>Background Documents</b>	The following reports are available in the Members' Room: <ul style="list-style-type: none"> <li>• Corporate risk register</li> <li>• Service risk register (primary only)</li> <li>• Risk management methodology - evaluation</li> </ul>
<b>Appendices</b>	<b>Appendix 'A'</b> - Progress towards achieving our top tasks <b>Appendix 'B'</b> - Performance indicator report <b>Appendix 'C'</b> - Efficiency measure – summary <b>Appendix 'D'</b> - Progress on efficiency measures <b>Appendix 'E'</b> - Revenue Summary and Variances <b>Appendix 'F'</b> - Summary of gross capital expenditure
<b>Performance Management Follow Up</b>	Implement Cabinet decision(s)
<b>Options for Joint Working</b>	This is fundamental to the Council's strategic approach as set out in the 2020 programme.

## Background Information

### 1. Operational Performance

1.1 The Corporate Strategy and Plan 2012-15 (2014/15 update) has concluded, and a new Corporate Strategy and Plan 2016-19 has been developed which sets out the Council's new priorities. The draft Corporate Strategy and Plan 2016-19 was approved by Cabinet in October for public consultation (residents, town and parish councils, and Overview and Scrutiny Committee) and formed part of the Budget consultation process. The draft Corporate Strategy and Plan 2016-19 was presented to Council in February for approval. 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.

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.

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.

1.4 Overall, service delivery (measured by performance indicators) over the first three quarters of the year has been maintained at a similar level, and is on the whole, slightly higher than performance in the previous year. At the end of Q3, ten key tasks had been completed, with the majority of remaining key tasks to be delivered in the fourth quarter. In terms of financial performance, there was an under-spend of £870,744 against the profiled net budget.

### Performance Against Top Tasks

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

1.6 The top task 'To develop a permanent depot by March 2016' is running slightly behind schedule although the site is already being used by Ubico for storage.

1.7 One top task will be superseded at the end of Q4:

- Implement the Joint Working Strategy with West Oxfordshire will be superseded at the end of Q4 by the 2020 Vision Programme which will be the main delivery mechanism for achieving our financial efficiency targets.

Performance Against All Tasks

1.8 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.

1.9 Our Service Delivery Plans demonstrate how each service contributes to the achievement of Council priorities. At the end of Q3, officers had completed ten tasks, with the remaining tasks progressing largely as expected.

Table 1 Summary of Performance - All Tasks

Status	2014/15 Q3		2015/16 Q3	
	Number	%	Number	%
Achieved	12	30.8	10	22.2
In progress	20	51.3	31	68.9
Overdue	3	7.7	2	4.5
Superseded/cancelled	2	5.1	1	2.2
On hold	2	5.1	1	2.2
Total	39		45	

Performance Against All Indicators

1.10 Over 75% of performance indicators achieved their targets or achieved their targets 'within tolerance'; a similar level of performance has been maintained over the first three quarters of the financial year. Although seven performance indicators were short of their targets in Q3, two of the indicators are expected to achieve their annual targets. The Performance Indicator report is attached at **Appendix 'B'**.

Table 2 - Summary of Performance - All PIs

Status	2014/15 Q3		2015/16 Q1		2015/16 Q2		2015/16 Q3	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
On target or exceeded	17	60.7	20	69.0	20	66.7	19	65.5
Within tolerance	3	10.7	4	13.8	5	16.7	3	10.3
Below target	8	28.6	5	17.2	5	16.7	7	24.1
Total	28		29		30		29	
No target/no data	2		2		2		2	

1.11 Seven indicators did not achieve their targets - five of these indicators were off-target in the previous quarter, and two were off target for the quarter but are on track to achieve their annual targets. Further details, including any rectifying actions being taken, have been provided by the accountable officers at **Appendix 'B'**:

### Efficiency Measures

1.12 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

1.13 For each indicator, we rank our performance against the performance of all 201 shire district councils - the council with the best performance is ranked 1, and the worst performance is ranked 201. The rankings for the individual indicators are aggregated to produce an overall ranking for each council. The council with the lowest score is the best performing or 'most efficient council'.

1.14 We established baseline rankings for all the indicators and an overall ranking (primarily based on 2011/12 data) for the whole basket of indicators which we are using to gauge future improvements.

1.15 Each year, we complete an assessment of how we compare, once all the benchmarking data has become publicly available. The latest (fourth) ranking exercise (primarily based on 2014/15 data) placed the Council in 8<sup>th</sup> position - four places down on the previous year (4<sup>th</sup>) and one place better than the baseline year (9<sup>th</sup>) (low is good). A summary is provided at **Appendix 'C'**.

1.16 The latest rankings exercise (2014/15) shows that in general, our rankings for the majority of measures have stayed the same or dropped a few places compared to the previous year. The Council's sickness absence rate, however, fell from a rank of 25 to 140. Consequently, this significant fall has impacted on our overall ranking. In 15/16 this indicator has reversed again and is likely to offer a significantly improved performance at year end.

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

## 2. Financial Performance

2.1 The Council's budget strategy for 2015/16 assumes a balanced budget.

2.2 At the end of Q3, the Council has spent £7,251,497 against its profiled net budget of £8,122,241. This equates to a current under-spend against profiled budget of £870,744.

2.3 It is anticipated that at the end of the financial year the Council will be in a position to make an additional contribution to the Council's General Fund balances as a result of an underspend against the Revenue Budget.

2.4 Employee budgets across the Council are currently £178,466 under-spent as at 31<sup>st</sup> December 2015 (including the budgeted vacancy factor for the year). £89,000 of the underspend results from Council staff being seconded into temporary roles on the 2020 project team. The figure

includes the cost of any agency staff that has been used to cover short-term vacancies.

2.5 Across the Council as a whole, service expenditure is underspent. Service areas are achieving underspends against budget, and further joint-working and sharing of resources with partner Councils are generating on-going savings. As part of the 2016/17 budget-setting process over £500,000 of savings or income growth were identified, and amended and 're-based' to correct budget variations that have been present for the past couple of years. A number of these areas (that have been amended for 2016/17) contribute to the underspends highlighted in this report.

2.6 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. Although expected, the income did not form part of the base budget and therefore represents additional in-year income to the Council.

2.7 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. Income from the sale of scrap and recyclable materials is currently £52,000 under budget. It is expected that the issue (and variance) will remain until the end of the financial year, and is likely to remain an issue into 2016/17.

2.8 At the end of Q3, Ubico Ltd were reporting a £288,000 underspend against the Cotswold element of its Environmental Services contract. Any underspend against the contract will be returned to Cotswold District Council at the end of the financial year. Should this figure materialise, as predicted, the underspend will be in addition to the underspend currently outlined in this report.

2.9 A full list of all budget variances is attached to this report at **Appendix 'E'**. Significant variances or variances that require particular note are outlined below:

Income variations	Positive Variance £000	Negative Variance £000	Comments
Development Control - Applications	242		Income from planning applications is higher than budget, reflecting an increased demand for the service. Staffing has been increased to deal with the demand and the cost of planning appeals has also increased. The net surplus is therefore in the region of £142,000.
Car Parking income	126		Car Parking income is currently overachieving against its income target. The 'free parking in Jan. & Feb.' promotion will reduce this figure during Q4, but the service is expected to still produce surplus income of over £100k by the end of March.
Land Charges fee income	38		The service has over-achieved its income target for the first 9-months of the year due to increased levels of demand for the service.

<b>Expenditure variations</b>	<b>Positive Variance £000</b>	<b>Negative Variance £000</b>	<b>Comments</b>
Leisure Centre maintenance	38		The cost of property maintenance works is currently underspent. Q4 may see further spend at Bourton LC, but it is expected that the service will remain in the region of £25,000 underspent at year end.
Internal Audit	53		Two members of the Internal Audit team are on secondment – one to ICT and one to the Gloucestershire Counter Fraud Unit. These secondments have resulted in underspends within the staffing budget. These budgets are available to spend on temporary staff cover if the Audit plan falls behind.
Printing Services	48		Underspends in staff costs, the purchase of paper and machine usage charges have all resulted in a positive underspend in budget.
Youth Participation [Youth Activity Funding]	50		A number of grant allocations have been made, with more provisionally but not formally agreed. At year end the budget may have £30,000 of grant uncommitted. Any unspent allocation will be earmarked for schemes in 2016/17.
Recycling		59	Sale of scrap and recyclates is under achieving by approximately £52k due to commodity values decreasing significantly. This will be an issue for the remainder of the year.

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

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

#### 3.2 Capital Activity

3.2.1 Work on the Council's PC and laptop replacement program has continued through Q3. This will continue into Q4 as the last of the Windows XP machines (which is now unsupported) are replaced. Q4 will see the final instalment of the Idox contract. Expenditure will be on or slightly under budget by the end of the year.

3.2.2 An update to flooding/land drainage works is as follows:

- Lower Slaughter - Construction of a new Crest Weir is now complete. This work was funded by a grant from Gloucestershire County Council [GCC] of £47k.
- Winson - Flood protection work has recently been completed at the Mill at Winson to which the Council made a contribution of £5k.
- Paxford - A £5k contribution has been awarded towards the cost of a new bridge at the Mill at Paxford. This will allow more water to pass downstream before the water level becomes a risk to two properties there.

- Blockley - A £3k contribution has been awarded to assist in the installation of a refurbished sluice.
- Whelford - Funding from GCC has allowed for work to be carried out in Whelford. Work involved the laying of new flood relief culverts, a replacement culvert across the adopted road, the laying of flood relief pipes across an arable field, extensive ditch clearance due to a 20 year lack of maintenance and the construction of flow controls to reduce river flows into the village drainage system.
- Poulton and Broadwell - Utility surveys and land surveys have been carried out with a view to having designs produced for flood relief to be constructed during Autumn 2016.
- Moreton-in-Marsh - A planning application is in the process of being determined for the final major elements of the planned flood alleviation scheme at Moreton-in-Marsh. The work is expected to be completed by the start of the winter 2016, subject to the planning permission, landowner agreements being concluded and contingency funding being in place. A significant amount of resource at CDC is being employed to progress this long awaited scheme to fruition.

Further work is also planned for 2016 at Lechlade, Somerford Keynes, Blockley and Cirencester (subject to Bathurst Estate approval).

3.2.3 The Council purchased its new Environmental Services depot at the end of October. Improvements and enhancements to the site are still underway. Currently, agents are designing and are overseeing alterations to increase office and welfare facilities within the existing workshop building. The first phase of improvements and enhancements to the site should be completed in Q1 2016/17.

3.2.4 Routine planned investment in the Ubico vehicle fleet in Q4 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.

3.2.5 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 works to resurface and reline the car park proposed.

3.2.6 The replacement of the gym equipment at Cirencester, Bourton and Chipping Campden Leisure Centres is now complete. In combination with the new equipment the Council has upgraded the air conditioning system in the Cirencester Leisure Centre gym and studio to improve the whole experience for users.

### 3.3 Capital receipts and disposals

The Council received a capital receipt of £375k in Q3 for the disposal of land, Hammond Way, Cirencester.

## 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 21<sup>st</sup> January 2016 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there were a small number of changes to the register.

4.2.2 At the end of Q3, the register contained five primary risks; all five were rolled forward from the previous quarter:

- The lack of capacity to maintain service delivery leading to reduced service delivery performance – posts which we have had difficulty in recruiting to over the last few months, have mostly been filled; however, it often takes time for the increase in capacity to translate into improved performance.
- Low staff morale and motivation leading to reduced level of service delivery – as the 2020 Partnership Venture develops, there will be uncertainty for many staff. During December, Vision 2020 programme staff held two informal drop-in sessions for staff at Cotswold, to ask questions and discuss/raise concerns. The three-way Public Protection service is well advanced; the consultation phase has ended, and appointments to senior positions are due to take place in February;
- The impact of the launch of the Local Government settlement over the medium term results in an increase in the Council's savings target – the updated Medium Term Financial Strategy 2016/17-18/19, which includes scenario planning has been prepared for Overview and Scrutiny, Cabinet and Council;
- The impact of unforeseen legislative changes on financial and staff resources – the likelihood was increased from 'possible' to 'probable' to reflect significant changes to New Homes Bonus currently being consulted upon, and if implemented could result in major reductions in funding;
- Upgrade to Agresso Business World is not completed within project timescales which could lead to parts of the system becoming unsupported, and additional resourcing implications for HR/Payroll and to the Partner Councils - testing has been completed with the majority of issues resolved except for payroll reporting to HMRC. The upgrade is expected to take place in Q4.

## 4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q3. At the end of the quarter, there were four primary risks:

- That new developments will increase pressure on parking provision – this risk is being managed by the Parking Demand Project Board, which is assessing the impact of developments on the likely demand for parking in Cirencester, and identifying solutions to meet these needs. Following survey work and extensive consultation, work is now being undertaken to determine additional parking requirements.
- That changes to national planning policy/guidance reduces the 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.



- That Moreton flood alleviation scheme is no longer viable due to the scheme cost exceeding budget, planning permission not being granted or landowner agreement not being secured – the Council is having difficulty in securing landowner agreement which has resulted in a number of revisions to the original schemes. We are working with partners to secure additional funding, with construction expected to be completed during the summer 2016.
- That planning performance standards are not achieved resulting in government intervention - the planning performance regime may be extended to minor and other applications, which could result in Local Planning Authorities being placed in 'special measures'.

5. Cabinet

This summary performance report will be reviewed by Cabinet on 17<sup>th</sup> March; any comments from this Committee will be reported to the Cabinet.

(END)