



**AGENDA ITEM (14)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2016/17 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 2016/17 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> - Progress on efficiency measures <b>Appendix 'D'</b> - Revenue Summary and Variances <b>Appendix 'E'</b> - Summary of gross capital expenditure

<b>Performance Management Follow Up</b>	Report any comments to the Cabinet
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<b>Options for Joint Working</b>	Joint working is fundamental to the Council's strategic approach as set out in the 2020 programme.
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<p><b>Background Information</b></p> <p>1. <u>Operational Performance</u></p> <p>1.1 The new Corporate Strategy and Plan 2016-19 was approved by Council in February 2016 which sets out the Council's aim and priorities over the next three years, in addition to the key tasks that Officers will deliver.</p> <p>1.2 The Medium Term Financial Strategy 2016/17-2019/20 includes total savings target of £2,353,000, and a target of £1,204,000 to be delivered in 2016/17.</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, in particular the ten tasks which have been selected as 'Top Tasks'; as well as service delivery, which are reported together with our financial performance in this report.</p> <p>1.4 Overall, services are performing well (measured by performance indicators) with the majority of targets achieved or achieved 'within tolerance', and the Council's top tasks are progressing as expected. In terms of financial performance, there was an under-spend of £136,691 against the profiled net budget.</p> <p><u>Performance Against Top Tasks</u></p> <p>1.5 A full update on the Council's top tasks is attached at <b>Appendix 'A'</b>.</p> <p><u>Performance Against All Indicators</u></p> <p>1.6 Over 90% of performance indicators achieved their targets or achieved their targets 'within tolerance'.</p> <p>1.7 A review of indicators was conducted during the latter part of 2015/16 as part of the service planning process. The changes when considered together would suggest that care should be taken when making comparisons with previous years. The Performance Indicator report is attached at <b>Appendix 'B'</b>.</p>
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**Table 1 - Summary of Performance - All PIs**

Status	2014/15 Q1		2015/16 Q1		2016/17 Q1	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
On target or exceeded	20	69.0	20	69.0	15	65.2
Within tolerance	2	6.9	4	13.8	6	26.1
Below target	7	24.1	5	17.2	2	8.7
Total	29		29		23	
No target/no data	1		2		5	

1.8 Two indicators did not achieve their targets in Building Control. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

1.9 Over the last few weeks, there has been a phased implementation of the services in the new Environmental and Regulatory Services (ERS). Two new indicators will be introduced from Q2/Q3.

Efficiency Measures

1.10 The Council's aim is 'to be recognised as the most efficient council in the country' using the following basket of indicators:

- Overall cost of council services per head of population (Revenue Estimates)
- Rate of increase in council tax
- Time taken to process housing benefit/[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
- Percentage of major planning applications determined in accordance with relevant timescales (added from 2016-17)

1.11 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'.

1.12 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.

1.13 Each year, we complete an assessment of how we compare, once all the benchmarking data has become publicly available. The latest 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). The new 2015/16 rankings for each of the indicators will be updated

as benchmarking data becomes available throughout 2016/17.

1.14 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relates to 2016/17.

## 2. Financial Performance

2.1 On 1<sup>st</sup> April 2016, the Council adopted a new organisational structure, which replaced the 'Directorate' based structure [of Environment, Chief Executive and Corporate Management, Planning and Communities, and Corporate Resources] with a revised split between '2020 Partnership Services and Council retained services', and a reclassification of a number of services under these headings. The layout of the appendices accompanying this report is presented under the revised structure and revised service groupings.

2.2 The Council's budget strategy for 2016/17 assumes a budget surplus and contribution to General Fund balances in the year of £610,446.

2.3 At the end of Quarter 1, the Council has spent £4,559,205 against its profiled net budget of £4,695,896. This equates to a current under-spend against profiled budget of £136,691.

2.4 Employee budgets across the Council are currently £51,000 over-spent at 30<sup>th</sup> June, including the budgeted vacancy factor for the year.

2.5 Green Waste income is overachieving by approximately £80,000 at the end of Q1. This figure represents the value of the invoices issued at the start of the financial year, based upon customers of the service in 2015/16. Historically, however, up to £50,000 is written-off later in the year for residents that have moved or not renewed the service and have not paid the renewal invoice. Overall income is expected to be above target for the year, but to a lesser degree than currently shown.

2.6 At the meeting of Council in February 2016, it was agreed that the "Free after 3" [free car parking after 3pm] promotion for the Brewery and Forum Car Parks would be extended until February 2017 while improvement works in the Market Place were underway. Despite the Council's commitment to the promotion, and the anticipated drop in parking fee income, at the end of Quarter 1 car parking income is on budget.

2.6 On 1<sup>st</sup> April the DWP Job Centre Plus opened at Trinity Road. The opening marked the first stage of a move to rent out Commercial Office space in the 'south wing' at Trinity Road. There are currently two potential tenants looking at renting office space. The Council has set a budget of £55,000 for rental income for 2016/17. As the whole of the commercial space is not yet fully occupied, it is estimated that income for the year will be £35,000.

2.7 Investment income for the first-quarter of the year was on target, earning just over £50,000 in interest receipts. Since the Brexit decision, interest rates have fallen and the Bank of England base-rate has also been cut. Although on target for Q1, it is estimated investment income may be up to £35,000 short by the end of the year, based upon current projections. The Council's Audit Committee, as the treasury management Member advisory group, will be asked to review the risk and reward of alternative investment products with a view to mitigating the financial impact of even lower interest rates.

2.8 Q1 saw the start of the restructuring of the 2020 Partnership Environmental and Regulatory Services team. A review of the service budgets and project costs will be carried out and reported to Members as part of the second quarter performance report when the new reporting lines and structure is fully operational.

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

Income variations	Positive Variance £000	Negative Variance £000	Comments
DEV001 Development Control – Application fee income	116		Income from planning applications is higher than its profiled budget, reflecting an increased demand for the service. Staffing costs have increased to deal with the demand for the service.

Expenditure variations	Positive Variance £000	Negative Variance £000	Comments
WST001 Household Waste		24	Expenditure on replacement bins and recycling containers is higher than budgeted for.

### 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 At the end of Q1, £62,851 has been paid out in Disabled Facilities Grant with applications for a further £480,000 awaiting assessment and approval. Currently there are 61 on-going cases under assessment; seven are large grants. Grants enable essential adaptations to the homes of disabled residents to enable them to stay safely at home and live independently. Works include stair lifts, wet rooms and can also involve major works such as through-floor lifts and extensions.

3.2.2 A tender is currently underway for the improvement works to the new Environmental Services depot at Packers Leaze, South Cerney. These works will be to increase office and welfare facilities within the existing workshop building. Works should be completed during Q3, with the site fully-occupied (by Ubico Ltd) and operational shortly thereafter.

3.2.3 An update on flooding/land drainage works is set out below:

Moreton-in-Marsh - The major scheme in Moreton-in-Marsh is due to commence this Autumn. Notices to landowners are currently being drafted to detail the works that are planned.

Whelford - Further minor works are planned for Whelford to complement the improvements already made to the existing ditch and culvert system.

Broadwell - A series of works are being considered for Broadwell and an allocation of the budget has been set aside to go towards the costs of these works which are planned for this Autumn/Winter.

Poulton - A scheme to control the main watercourse through Poulton has been designed and will be discussed with the landowner and Parish Council this summer, with a view to having it constructed by Spring 2017.

Somerford Keynes - The outstanding piece of work to divert flood flow from the "county ditch" is expected to be carried out before Spring 2017.

Southrop - Flooding re-occurred in the village again during 2016. A minor scheme to divert flood flows onto third party land is being discussed with the landowners.

Fairford - Two pieces of work are being explored with the Town Council, Thames Water and Gloucestershire County Council to divert run-off from agricultural land and to reinstate the effective use of a local watercourse.

Cirencester - To assist Cirencester, a partnership scheme between Gloucestershire County Council and Thames Water is being discussed which involves the reinstatement of water channels, water meadows, flow controls and attenuation of flood water.

3.2.4 Planned investment in the Ubico vehicle fleet (which the Council finances) has been delayed. Changes in vehicle specifications (partly to accommodate changes in the redesign of collection routes, and partly to accommodate changes in technologies available) has meant that the procurement process for the new fleet has been delayed. Due to the long lead-times in procuring such vehicles, it is anticipated that the first vehicles will be delivered in April/May 2017.

3.2.5 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, primarily to prevent the risk of investing in a car park which is then subsequently redeveloped.

### 3.3 Capital receipts and disposals

3.3.1 There were no capital receipts or asset disposals during quarter 1.

## 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> July 2016 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there were a small number of adjustments to the register which generally resulted in reduced risk ratings.

4.2.2 At the end of Q1, 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 – taking the 2020 Partnership forward will require additional capacity to cope with the workload, in particular key projects involving ICT service. We need to ensure that we resource change projects and backfill posts as required;
- Low staff morale and motivation leading to a reduced level of service delivery - as the 2020 Partnership Venture develops, there will be uncertainty for many staff. A staff survey is being carried out in July/August, and two engagement workshops for all staff are being held during the summer;
- Reduced capacity to respond to an emergency leading to an inability to deal effectively during emergencies, and reputational damage - we are currently appointing to the post of District Emergency Planning and Liaison Officer to replace the knowledge and skills lost from the Emergency Planning team during the re-structure and implementation of the new Environmental and Regulatory Services;
- The impact of the launch of the Local Government settlement over the medium term results in an increase in the Council's savings target - we are still awaiting the outcome of the New Home Bonus consultation. In addition, the decision to leave the European Union and recent changes to the Government could potentially result in changes to Local Government funding;

- The impact of unforeseen legislative changes on financial and staff resources - if changes to New Homes Bonus are implemented as proposed, it would result in major reductions in funding. In addition, the decision to leave the European Union could potentially result in legislative changes;

#### 4.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q4. At the end of the quarter, there were no primary risks.

#### 5.1 Local Government Ombudsman Annual Review for 2015/16

5.1.1 The Annual Review Letter 2016 for Cotswold District Council sets out the complaints that were made against the Council in 2015/16, as well as the outcome of those complaints. The LGO received nine complaints/enquiries about this Council; six of the complaints related to Planning and Development. Overall, this Council receives a relatively low number of complaints/enquiries. In the previous year we received eight complaints/enquiries in total.

5.1.2 Three complaints were investigated in detail, one of which was upheld. The upheld complaint related to an Environmental Health matter. The complaint was successfully remedied following recommendation by the LGO.

#### 6. Cabinet

This summary performance report will be reviewed by Cabinet on 15<sup>th</sup> September; and any comments from this Committee will be reported to the Cabinet.

(END)