



AGENDA ITEM (10)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2016/17 QUARTER 2

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|-----------------------------|------------------------------|
| Accountable Member | All relevant Cabinet Members |
| Accountable Officers | Heads of Service |

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| 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 2016/17 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. |

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

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| Financial Implications | As described in sections 2, 3 and 4 of the report |
| Legal and Human Rights Implications | None |
| Human Resource Implications | None |
| Environmental and Sustainability Implications | None |
| Human Resource Implications | None |

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| Key Risks | As described in section 5 of the report |
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| 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 | Appendix 'A' - Progress towards achieving our top tasks Appendix 'B' - Performance indicator report Appendix 'C' - Progress on efficiency measures Appendix 'D' - Revenue Summary and Variances Appendix 'E' - Summary of gross capital expenditure Appendix 'F' - Staff Engagement Survey - Headline Results |
| Performance Management Follow Up | Report any comments to the Cabinet |
| Options for Joint Working | Joint working is fundamental to the Council's strategic approach as set out in the 2020 programme. |

Background Information

1. Operational Performance

1.1 The new Corporate Strategy and Plan 2016-19 was approved by Council in February 2016. It sets out the Council's aim and priorities over the next three years, in addition to the key tasks that Officers will deliver.

1.2 The Medium Term Financial Strategy 2016/17-2019/20 includes a total savings target of £2,353,000, and a target of £1,204,000 to be delivered in 2016/17.

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 - these are presented, together with our financial performance, in this report.

1.4 Service delivery, measured by performance indicators, was generally good, with over 80% of indicators achieving their targets or achieving their targets 'within tolerance'; and the Council's top tasks are largely progressing as expected. In terms of financial performance, there was an over-spend of £77,591 against the profiled budget (see section 2).

Performance Against Top Tasks

1.5 One top task has been completed:

- Implement the new shared Public Protection service by the end of 2016 - the new Environmental and Regulatory Services (ERS) Group went 'live' in August. The benefits outlined in the business case have been achieved, including £820k of efficiency savings.

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

Performance Against All Indicators

1.7 Over 80% of performance indicators achieved their targets or achieved their targets 'within tolerance'. This appears to be a slightly lower level of performance compared to the previous quarter; fluctuations in performance are expected over the course of the year.

1.8 Senior Management Team will continue to ensure that action is taken to improve performance where appropriate.

1.9 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.

Table 1 - Summary of Performance - All PIs

| Status | 2015/16 Q2 | | 2016/17 Q1 | | 2016/17 Q2 | |
|-----------------------|------------|------|------------|------|------------|------|
| | Total | % | Total | % | Total | % |
| On target or exceeded | 20 | 66.7 | 15 | 65.2 | 17 | 65.4 |
| Within tolerance | 5 | 16.7 | 6 | 26.1 | 4 | 15.4 |
| Below target | 5 | 16.7 | 2 | 8.7 | 5 | 19.2 |
| Total | 30 | | 23 | | 26 | |
| No target/no data | 2 | | 5 | | 3 | |

1.10 Five indicators did not achieve their targets - two in Building Control, one in Customer Services, and one in Planning and Heritage and Design. In addition, the Council's overall sickness absence rate was short of its target. Further details, including any rectifying actions being taken, have been provided by the accountable officers at **Appendix 'B'**.

Efficiency Measures

1.11 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)

1.12 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'.

1.13 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.

1.14 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 8th position - four places down on the previous year (4th) and one place better than the baseline year (9th) (low is good). The new 2015/16 rankings for each of the indicators will be updated as benchmarking data becomes available throughout 2016/17.

1.15 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. Quarter 2 - Revenue Performance

2.1 On 1st April 2016, the Council adopted a new organisational structure, which replaced the 'Directorate' based structure (of Environment; Chief Executives 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 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 balanced budget, with a budget surplus and contribution to General Fund balances in the year of £610,446.

2.3 At the end of Quarter 2 (Q2), the Council has spent £8,754,484 against its profiled net budget of £8,676,893. This equates to a current over-spend against profiled budget of £77,591.

2.4 Employee staffing budgets across the Council are currently as budgeted at the halfway point in the year (including the vacancy factor for the year). There are variances between services but, overall, salary expenditure for the Council as a whole is on-budget.

2.5 Q2 saw the end of the restructuring of staff within the 2020 Partnership Environmental and Regulatory Services (ERS) team. The project saw the coming together of staff from across three partner Councils to form a combined ERS Service. A review of the service budgets and project savings has been carried out following the restructuring. Of the planned £298,000 saving that CDC was estimating to make, £214,000 has been delivered (in 2016/17), and taken out of the budget. The remainder of the service savings are planned to be delivered in subsequent years.

2.6 Within the ERS service, targets for Building Control fees and Water Sampling income are currently under-achieving. The combined shortfall at the end of the Q2 is approximately £30,000. Similar shortfalls were experienced in 2015/16. It is expected that the under-achievement will continue for the remainder of the year.

2.7 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. The anticipated reduction in parking fee income was to be off-set by funding from earmarked reserves. Despite the period of 'free parking', at the end of Q2 car parking income is on budget, without the need for any contribution from earmarked reserves.

2.8 On 1st 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. Two additional tenants (Cotswold Counselling and Gloucestershire Carers) are also renting space. The whole of the commercial space is not yet fully occupied. It is estimated that income for the year will be in the region of £20,000 short of the Council target budget of £55,000.

2.9 Due to a steadily increasing number of properties being built across the District, Ubico Ltd have hired-in an additional refuse collection vehicle (and crew) to allow current service provision to be maintained. The Council has recently rezoned the collection routes to ensure the most efficient use of the fleet, but it is anticipated that the pressure on vehicles will remain following the review. It is anticipated that the extra vehicle and crew may increase costs for the year by approximately £40,000.

2.10 The delay in purchasing the new waste depot site and making it fit for occupation by Ubico has led to some additional costs being borne by the Council (e.g. business rates and leasing costs for the continued use of the temporary depot site). It is anticipated that the depot will be occupied in December.

2.11 Investment income for the first quarter of the year was on target. During Q2, investment rates offered started to fall, following the change in Bank of England (interest) base-rate. The Council's Treasury Management Strategy has allowed investment in a number of different financial instruments - this spread of investments has diluted the immediate impact of the change in interest rates. However, current projections estimate that the Council may be £15,000 under its investment income target by the end of the financial year.

2.12 The Council's Audit Committee, in its role 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.

2.13 Other significant variances are outlined below:-

| Income variations | Positive Variance £000 | Negative Variance £000 | Comments |
|--|-----------------------------------|-----------------------------------|--|
| DEV001 Development Control - Applications | 50 | | 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. The figure shown is the 'net' position. |
| Building Control fees (BUC001) and Water Sampling Income (REG009) | | 30 | In recent years, income has struggled to achieve budgeted target. It is anticipated that the combined shortfall may be in excess of £50,000 by the end of the year. |
| RYC002 Green Waste | 45 | | Green Waste income (with an allowance for invoices that will be cancelled where the service was not taken up) is above target for the year. The positive variance includes the amendment. |

| Expenditure variations | Positive Variance £000 | Negative Variance £000 | Comments |
|-----------------------------|---------------------------|---------------------------|---|
| Waste receptacles purchases | | 16 | Purchases of new and replacement waste receptacles have cost £31k at the end of Q2. This is compared to an annual budget of £15,000. |
| Print and Design Service | 35 | | An underspend against staffing budgets and the purchase of printing consumables (primarily paper) have led to a significant half-year underspend. |

2.14 A full list of all budget variances by cost centre is attached to this report at **Appendix 'D'**.

3. Capital Activity

3.1 At the end of Q2, £281,390 has been paid out in Disabled Facilities Grant (DFG) within the District. DFGs are used to provide essential adaptations to the homes of disabled residents to enable them to live safely at home and live independently. The works provided include stair lifts, wet rooms and other major works such as extensions and through floor lifts. Since 1st April 2016, 49 applications have been successfully completed. There are currently 62 on-going cases, 8 of which are for the maximum £30,000 award.

3.2 Improvement works are currently underway at the new Environmental Services depot at Packers Leaze, South Cerney. These works will 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.

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

Moreton-in-Marsh - The major scheme in Moreton-in-Marsh will commence this Autumn.

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 occurred here again during 2016. A minor scheme to divert flood flows onto third party land is being discussed with the landowners involved.

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.

3.4 Orders for £956,000 of new and replacement vehicles have been placed to update elements of the Ubico vehicle fleet. Changes in vehicle specifications (partly to accommodate changes in the redesign of collection routes and partly to accommodate changes in technologies available) have meant that the procurement process for the new fleet had been a long one. Long lead-times in assembling bespoke vehicles of this type will mean that the first vehicles will not be delivered until Quarter 4.

3.5 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 car park sites which are then subsequently redeveloped. It is unlikely that any significant amount of the Car Parking capital budget for the year (£352k) will be utilised during 2016/17.

4. Capital Receipts and Disposals

During Quarter 2, the Council received the second-half of its capital receipt from the disposal of land in Bourton-on-the-Water (£1.88m). There were no new disposals during Quarter 2.

5. Risk Management

5.1 Using the Council's approved evaluation criteria and methodology, any risk scoring 12 or above is considered a primary risk.

5.2 Corporate Risks

5.2.1 The Corporate Risk Register was reviewed and updated on 31st October 2016 by the Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, minor adjustments were made to the register.

5.2.2 At the end of Q2, the register contained five primary risks; including the following four which 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 Venture forward will require additional capacity to cope with the workload, in particular key projects involving the 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 satisfaction survey was conducted during the summer, and the results indicated that there has been an overall improvement in satisfaction compared to the previous year's survey.
- 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. However, we have taken the opportunity to submit an application for a four-year funding settlement from the Department for Communities and Local Government (DCLG) which will help to bring some certainty.
- 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. An application for a four-year funding settlement has been submitted to the DCLG; and the updated Medium Term Financial Strategy appears elsewhere on this agenda.

5.2.3 There was one new primary risk identified this quarter:-

- Unavoidable budget pressures exceed provision within the Medium Term Financial Strategy - the revised rating list for businesses from April 2017 may result in appeals, and there could be potential inflationary pressures from increases in utility bills, and growth items in services.

5.3 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 was one primary risk:-

- New developments increase pressure on parking provision - the Parking Demand project is addressing this risk. Cabinet has considered the options for increasing parking provision in the short-term while seeking longer-term solutions.

6. Staff Engagement Survey

6.1 During July/August, staff were invited to participate in a survey in which they were asked to rate how much they agreed or disagreed with a number of statements; some of these related to the organisation, leadership, and change. Agreement with the statements has been used as an indicator of staff satisfaction.

6.2 53% of staff completed the survey, a slight increase on the previous year. The results indicated an overall increase in agreement with the 21 statements, and the pattern of responses was similar to the previous year.

6.3 The headline results for Cotswold (together with comparative results from the 2015 survey) are attached at **Appendix 'F'**.

6.4 Overall, the level of satisfaction improved from 61.7% to 64%. The key findings were:-

- The percentage of staff who agreed with each of the statements ranged from 48.3% to 78.1%;
- The statement which staff agreed with most was 'I am committed to helping deliver the council's vision' - at 78.1%, up over 3 percentage points on the previous year;
- The two statements with the lowest level of agreement related to change ('I feel that change is managed well' and 'I feel that when changes are made they are for the right reasons'); however, both statements showed an increase in agreement on the previous year;
- All the statements showed an increase in the level of agreement, except three which showed a minor decrease in agreement compared to the previous year. The statement 'The council I am employed by has a clear and inspiring vision' showed the largest decrease in agreement (-1.6%);
- The statement 'Individual roles and responsibilities in the organisation are clear to me' showed the largest change in agreement on the previous year, up nearly 10 percentage points.

6.5 The next steps will include GOSS HR examining the scores by service to identify what support and engagement may be offered to those services that scored below average; as well as working with those services that scored above average to identify best practice and solutions to improve future engagement.

7. Overview and Scrutiny Committee Comments

Any comments from the Committee on the summary performance report will be reported to the Cabinet.

(END)