



**AGENDA ITEM (12)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2016/17 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 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, 3 and 4 of the report
<b>Legal and Human Rights Implications</b>	None
<b>Human Resource Implications</b>	None
<b>Environmental and Sustainability Implications</b>	None
<b>Human Resource Implications</b>	None

<b>Key Risks</b>	As described in section 5 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>	<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> - Efficiency Measures summary</p> <p><b>Appendix 'E'</b> - Revenue Summary and Variances</p> <p><b>Appendix 'F'</b> - Summary of gross capital expenditure</p>

<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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## Background Information

### 1. Operational Performance

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. The Council's service plans demonstrate how each service contributes to the overall achievement of the Council's priorities.

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.

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.

1.4 Service delivery, measured by performance indicators, was generally good with nearly 90% of indicators achieving their targets or achieving their targets 'within tolerance'; and the majority of the Council's top tasks are progressing as expected. In terms of financial performance, there was an over-spend against profiled budget of £2,899 (see Section 2).

1.5 Each year, we undertake a rankings exercise to measure our progress against the Council's aim 'to be recognised as the most efficient council in the country'. Overall, the basket of indicators performed well across the board, resulting in an overall improvement in our ranking from 8 to 3 (low is good).

### Performance Against Top Tasks

1.6 The majority of top tasks are progressing as expected; however, one top task has been achieved, and two tasks have been delayed:

- 'Implement the new shared Public Protection service by the end of 2016' has been completed - the project was formally closed down in January. The benefits outlined in the business case have been achieved, including £845k of efficiency savings, and key priorities in the service delivery plan are on track to be delivered.
- 'Submit the Local Plan to the Planning Inspectorate for examination by Autumn 2016' has been delayed to May 2017, so that 'focussed changes' can be included in the submission; this delay will not affect the target date for adoption.
- 'Work with developers to deliver the comprehensive redevelopment of the Brewery Court scheme in Cirencester during 2017' has been delayed. Although we are continuing to work with the developers, it is no longer possible to deliver this scheme in this timeframe.

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

#### Performance Against All Indicators

1.8 A high percentage of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.9 Two indicators in Building Control, and the Council's short-term sickness absence rate, did not achieve their targets. Further details, including any rectifying actions being taken, have been provided by the accountable officers at **Appendix 'B'**:

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

1.11 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 Q3		2016/17 Q1		2016/17 Q2		2016/17 Q3	
	Total	%	Total	%	Total	%	Total	%
On target or exceeded	19	65.5	15	65.2	17	65.4	19	73.1
Within tolerance	3	10.3	6	26.1	4	15.4	4	15.4
Below target	7	24.1	2	8.7	5	19.2	3	11.5
Total	29		23		26		26	
No target/no data	2		5		3		2	

#### Efficiency Measures

1.12 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)

1.13 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 ranking exercise (primarily based on 2015/16 data) placed the Council in 3<sup>rd</sup> position - five places up on the previous year (8<sup>th</sup>) and six places better than the baseline year (9<sup>th</sup>) (low is good). A summary is attached at **Appendix 'C'**.

1.16 The latest rankings exercise (2015/16) indicated a strong performance across the basket of indicators. In comparison to the previous year, the rankings for five indicators improved; of which two indicators showed a large improvement in both ranking and performance. The ranking for sickness absence improved from 140<sup>th</sup> to 11<sup>th</sup>, and the ranking for Overall Costs for services improved from 78 to 32. The remaining four indicators showed a consistent performance with relatively little change in ranking,

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

## 2. Financial Performance (Revenue)

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 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 3 (Q3), the Council has spent £18,268,955 against its profiled net budget of £18,266,056. This equates to a Q3 over-spend against profiled budget of £2,899.

2.4 At Q3, employee staffing budgets across the Council are currently overspent by approximately £70,000 (including the vacancy factor for the year). The budget includes an assumption that there will be vacancies and staff turnover throughout the year, and underspends against the staff budget. Although there are variances between services, overall the vacancy factor is unlikely to be achieved and may under-achieve by between £90,000 and £100,000 by the end of the financial year.

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, income targets for Building Control fees and Water Sampling income are currently under-achieving. Building control fee income is £60,000 under target (this is partially offset by a staff vacancy, creating a staff underspend of £21,000). Income from Water Sampling is also under-achieving, with a current shortfall against budget of £28,000. Both services are expected to continue to under-achieve for the remainder of the year and for the foreseeable future. Similar shortfalls in income were experienced in 2015/16.

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 proposal anticipated a drop in parking fee income to be funded from earmarked reserves. Despite the extended period of 'free parking', at the end of Quarter 3 car parking income is only under-achieving by £18,000. It is estimated that any contribution from reserves to off-set the shortfall in income may be significantly less than originally anticipated.

2.8 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. 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. Ubico are looking at rezoning 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 budget for the Packers Leaze waste depot is currently showing a £104,000 negative variance. When the budget was prepared, it was anticipated that Ubico would be in the depot and using the facilities from the start of the year. The delay in purchasing the site and making it fit for occupation by Ubico has led to costs being borne by the Council (£14,000 Business rates) and a shortfall in rental (£90,000) generated from the site. Ubico moved into the depot site in December 2016.

2.11 Despite a fall in the Bank of England (interest) base-rate during Q3, investment returns at Q3 remain on target. It is projected that the Council will achieve its £251,000 investment income target by the end of the financial year.

2.12 Earlier this year, the Council received the final payment from its investment in the Icelandic Bank, Glitnir. Now that the investment has been repaid in full, the Earmarked Reserve established to deal with currency fluctuations and possible impairment of the loan is no longer required. A balance in the region of £119,000 will therefore be transferred back to revenue at the end of the financial year when the reserve is formally closed. This transfer will therefore provide a one-off boost to the revenue account. This transfer has not been included in the figures contained within this report.

2.13 Other significant variances or variances that are of particular interest are outlined below:

Income variations	Positive Variance £000	Negative Variance £000	Comments
DEV001 Development Control – Applications	56		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.
DEV002 Development Control – Appeals	47		The cost of Planning Appeals for the first 9 months of the year have been under budget; however, there is a larger appeal that is due to be heard before the end of the financial year which may reduce the underspend significantly.
Building Control fees (BUC001)		46	In recent years, income has struggled to achieve budgeted target. It is anticipated that the combined shortfall will be in excess of £50,000 by the end of the year (this is net of a staff vacancy).
Water Sampling Income (REG009)		28	Water sampling income is lower than budgeted, due to a less than anticipated demand for the service.
Green Waste (RYC002)	33		Green Waste income is above target for the year.
Packers Lease Depot (WST402)		104	A delay in purchasing and refurbishing the site has meant that that expected rental income for the site has not been received. See paragraph 2.10 for a full explanation.

Expenditure variations	Positive Variance £000	Negative Variance £000	Comments
Waste receptacles purchases (in WST001)		31	Purchases of new and replacement waste receptacles have cost £46k at the end of Q3. This is compared to an annual budget of £15,000. A new capital allocation of £55,000 has been built-in to the 2017/18 budget to deal with bin replacements going forwards.
Print and Design Service (SUP022)	45		An underspend against staffing budgets, and the purchase of printing consumables (primarily paper), have led to a significant underspend within the service.
Councillors Allowances (DRM003)	22		Councillor allowances and expenses paid to Members are under budget for the year.

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

### 3. Capital Activity

3.1 At the end of Q3, £368,548 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 included stair lifts, wet rooms and other major works such as extensions and through floor lifts. Since 1<sup>st</sup> April, 63 applications have been completed successfully, with a further 68 applications (including 5 paediatric cases) currently in progress.

3.2 Improvement works are substantially complete at the Environmental Services depot at Packers Leaze, South Cerney. Works to increase office and welfare facilities within the existing workshop building are complete with only minor snagging items remaining. The site was occupied (by Ubico Ltd) in December 2016.

3.3 Work on the major flood defence scheme at Moreton-in-Marsh is underway. Work is also progressing on minor flood defence improvements at Ewen, Southrop, Fairford, Poulton, Broadwell and Somerford Keynes. It is currently expected that all of these schemes will be completed by Christmas 2017.

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), has meant that the procurement process for the new fleet had been a long one. The first of these vehicles have now been received. The remaining vehicles will be received over the coming few months in a phased approach.

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.

3.6 A full listing of the approved capital programme and expenditure is attached at **Appendix 'F'**.

### 4. Capital Receipts and Disposals

4.1 There were no capital disposals during Q3, and no additional disposals are expected during the remainder of the year.

4.2 The only capital receipt received during the year was in Q2 (£1.88m), which related to the second-half of a capital receipt from the 2015/16 disposal of land in Bourton-on-the-Water.

### 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 23<sup>rd</sup> January 2017 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 Q3, the register contained five primary risks; four of which were rolled forward from the previous quarter.

5.2.3 There were three risks relating to finance or which have a financial impact due to the proposed changes to New Homes Bonus, and two risks relating to staffing and capacity:

- The impact of the Local Government Settlement over the medium term results in an increase in the Council's savings target - the four-year funding settlement has been agreed and will bring some certainty. However, we recently received the proposals for changes to the New Homes Bonus, the impacts of which are being modelled. The updated Medium Term Financial Strategy (MTFS) and Budget papers were presented to Council in February 2017.
- Unavoidable budget pressures exceed provision within the Medium Term Financial Strategy leading to pressures on services, tax levels and failure to meet agreed budget targets - the MTFS with detailed budget papers was presented to Council in February 2017, including the modelling of the impacts of changes to New Homes Bonus. There may also be potential inflationary pressures from increases in utility bills, and growth items in services.
- The impact of unforeseen legislative changes on financial and staff resources - the impacts of the detailed proposals for changes to New Homes Bonus are being modelled. We are also expecting an Industrial Strategy and a Housing White Paper in the coming weeks, which could have implications for the Council.
- 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 ICT, Finance and HR services. We need to ensure that we resource change projects and backfill posts as required.
- Failure to recruit suitable staff and retain them, particularly in some key service areas leading to reduced service delivery - some services are finding it difficult to recruit, for example in Planning and GO Procurement. In some circumstances, it may be possible to recruit across a wider area covering partner Councils. The Council is currently consulting staff on the new Reward and Recognitions package as part of the 2020 Partnership which should help to address this issue.

### 5.3 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 two primary risks:

- 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, and there was a report to Cabinet and Council in February regarding the Waterloo car park.
- Failure to recruit or retain suitably qualified/experienced staff will undermine performance and customer satisfaction rates in the Planning Service - further turnover of Planning staff, and lack of suitable candidates to fill vacant posts, is likely to increase workload pressures related to the Strategic site, implementation of the Community Infrastructure Levy, and Infrastructure Development Plan during 2017. The service is looking into a graduate recruitment programme which could potentially be implemented by September 2017.

## 6. Overview and Scrutiny Committee Comments

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

(END)