



AGENDA ITEM (13)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2017/18 QUARTER 1

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 Q1 of 2017/18 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, 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

Key Risks	As described in section 5 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	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

Performance Management Follow Up	Report any comments to the Cabinet
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Options for Joint Working	Joint working is fundamental to the Council's strategic approach as set out in the 2020 programme.
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<p>Background Information</p> <p>1. <u>Operational Performance</u></p> <p>1.1 The 2017-18 update of the Corporate Strategy and Plan 2016-19 was approved by Council in February. The Corporate Strategy sets out the Council's aim and priorities, 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.</p> <p>1.2 The Medium Term Financial Strategy 2017/18-2020/21 includes total savings target of £1,037,000, and a target of £201,000 to be delivered in 2017/18.</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 eleven tasks which have been selected as 'Top Tasks' and the Council's efficiency measures; as well as service delivery, which are reported together with our financial performance in this report.</p> <p>1.4 Overall, services performed well (measured by performance indicators), with the majority of indicators achieving their targets. The Council's top tasks have progressed largely as expected. In terms of financial performance, there was an under-spend against budget of £88,923 (see Section 2).</p> <p><u>Performance Against Top Tasks</u></p> <p>1.5 The Council's top tasks were refreshed as part of the update to the Corporate Strategy and Plan, and include tasks that have been rolled forward from the previous year, as well as new tasks. Of the eleven top tasks, two tasks have been achieved, one task is ahead of target; and the remaining tasks are progressing as expected. A full update on the Council's top tasks is attached at Appendix 'A'.</p> <p>1.6 The two top tasks that have been achieved are: <ul style="list-style-type: none"> • 'Submit the Local Plan to the Department of Communities and Local Government for examination by early summer 2017' - the Local Plan, with focused changes and minor amendments, was submitted in July, and Examination Hearings will take place between October and December 2017; </p>	
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- 'Complete further flood alleviation works, including Moreton-in-Marsh, by the end of July 2017' - the final stage of the flood alleviation works for Moreton-in-Marsh, the creation of a series of new culverts and ditches, has been completed.

Performance Against All Indicators

1.7 Over 90% of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.8 Two indicators in the Revenues and Housing Service did not achieve their targets - both of the indicators related to speed of processing housing benefit/council tax support new claims and change events. Although the targets were not achieved, a high level of service continues to be delivered; our performance for speed of processing (HB) new claims was well within the top quartile in 2016/17. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

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

1.10 During the service planning process, a review of performance indicators was undertaken, and a small number of changes were made to the indicator set for 2017/18, including some revisions to targets.

Table 1 - Summary of Performance - All PIs

	2015/16 Q1		2016/17 Q1		2017/18 Q1	
Status	Total	% ¹	Total	% ¹	Total	% ¹
On target or exceeded	20	69.0	15	65.2	23	82.1
Within tolerance	4	13.8	6	26.1	3	10.7
Below target	5	17.2	2	8.7	2	7.1
Total	29		23		28	
No target/no data	2		5		0	

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 rankings exercise (primarily based on 2015/16 data) placed the Council in 3rd position - five places up on the previous year (8th) and six places better than the baseline year (9th) (low is good). Overall, there was a strong and consistent performance across the basket of indicators.

1.15 Preparation work for a new rankings exercise has commenced and will be completed once all the benchmarking data becomes available over the next few months.

1.16 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relates to 2017/18.

2. Financial Performance (Revenue)

2.1 The Council's approved budget for 2017/18 set a net revenue budget for the year of £10,485,093, with a budgeted surplus and contribution to General Fund balances in the year of £440,746.

2.2 The figures in this report have been presented at a fairly high level, with only the significant variations reported upon. Due to time pressures on the finance team with the deadline for the closedown of the accounts being a month earlier this year a number of the smaller budget variations contained within this report have not been fully investigated and reported on. A more detailed assessment of the revenue position will be presented in the Q2 report. At the end of Q1, the Council has spent £4,938,213 against its profiled net budget of £5,027,136. This equates to a current underspend against profiled budget of £88,923.

2.3 Employee budgets across the Council are currently £34,000 underspent - at 30th June. However, when you measure this against the budgeted vacancy target of £64,000, the Council finds a shortfall of £30,000 at the end of the quarter. Staff turnover levels will continue to be watched as the Council moves into Q2 and beyond to determine whether there will be a budgetary issue by the end of the year.

2.4 Green Waste income is overachieving by approximately £30,000 at the end of Q1. This figure represents the value of the invoices issued and paid. Income will continue to be received (at a much lower level) for the remainder of the year as people move house and new customers sign-up. It is anticipated that the surplus of income above budget will not vary significantly from the figure currently showing.

2.5 At the meeting of Council in February 2017 it was agreed that the "Free after 3" [free car parking after 3pm] promotion for the Brewery and Forum Car Parks would be extended into 2017/18. At the end of Q1, Car Parking income is showing a small shortfall of £26,000, compared to its budgeted position. The Council set aside £100,000 of one-off funding to compensate the budget for lost income from the "free after 3" promotion. It is unclear how much of the shortfall relates to the promotion. The position will be assessed toward the end of the year to determine how much of the one-off funding is needed to be transferred to the revenue account to make-up any shortfall.

2.6 Planning application fee income for the first quarter is approximately £60,000 under target. This reflects a fall in the number of large applications received. Although this is only based upon three months, it follows a pattern of a slow-down in income that was seen in the second-half of 2016/17.

2.7 Investment income for the first quarter of the year is slightly below target, earning approximately £48,700 in interest receipts. This compares to a budgeted income for the quarter of £67,000 (£268,000 for the year). 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 diversifying the Council's investment portfolio with the level of current returns available from simple bank deposits at an all-time low.

2.8 A full list of all budget variances is attached to this report at **Appendix 'D'**.

3. Capital Activity

3.1 The major flood alleviation scheme in Moreton-in-Marsh has been completed. The cost of the scheme increased due to poor ground and weather conditions, which resulted in the requirement for a different engineering solution and additional machinery. There were also unforeseen issues such as collapsing land drains that the land owners did not know were there. The remaining budget, along with additional funding that is being bid for from Gloucestershire County Council and the Environment Agency, will be used to carry out a series of smaller flood defence work at locations including Broadwell, Poulton, and Cirencester and in the Churn river catchment.

3.2 At the end of Q1, £110,000 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.

3.3 Re-surfacing works on the Beeches Car Park has been completed. The surface had degraded to an extent which meant patching repairs was no longer viable and trip hazards were becoming more common. With resurfacing works the opportunity was taken to improve the visibility of the spaces, including marked pedestrian walk-ways and designated disabled parking bays. The improvement works have improved safety and enhanced the accessibility of the facility for customers.

3.4 Q1 saw the ordering of an additional recycling vehicle to complement the existing Ubico fleet. The planned replacement of elements of the existing fleet will begin later in the year, as part of a larger service review looking towards 2019 when the existing recycling fleet will reach end of life. Vehicles last around seven years on average, due to the punishing rounds and high mileage they do in such a rural location. Beyond seven years, vehicle breakdowns can become common, impacting on service delivery and they are not economically viable to repair and maintain.

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

4. Capital Receipts and Disposals

There were no capital receipts or asset disposals during Q1.

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 27th July 2017 by the Joint Risk Management Group, which comprises Strategic Directors and other Senior Managers. On the whole, there was little movement in risk scores.

5.2.2 At the end of Q1, the register contained five primary risks; all five were rolled forward from the previous quarter and related to financial matters and staffing and capacity:

- The impact of unforeseen legislative changes on financial and staff resources - the Medium Term Financial Strategy (MTFS) and Budget papers were approved by Council in February 2017, and included the modelling of the impact of the introduction of 100% business rates retention. However, this expected proposal was not included in the Finance Bill, and will be reflected in the updated MTFS in November. In addition, there is still a lack of clarity on the progress of the Housing White Paper.
- The impact of the Local Government Settlement over the medium term results in an increase in the Council's savings target - the omission of full business rates retention in the Finance Bill will be reflected in the updated MTFS in November.
- Unavoidable budget pressures exceed provision within the Medium Term Financial Strategy leading to reduced reserves, pressures on services, tax levels and failure to meet agreed budget targets - there are pressures on the street cleansing budget as a result of new housing developments; and we may also see pressures on future pay growth. These pressures will be reflected in the updated MTFS in November 2017.
- The lack of capacity to maintain service delivery leading to reduced service delivery performance - Customer Services has recently been under pressure due to some staff taking up roles in other services within the partner Councils. In addition, many services are having to create additional capacity to support the development of the 2020 Partnership. A paper on creating capacity and prioritisation of projects is providing some guidance to staff.
- Failure to recruit suitable staff and retain them, particularly in some key service areas leading to reduced service delivery - there continues to be recruitment issues in Planning, and a second round of recruitment is taking place. Failure to recruit to this service is likely to increase workload pressures related to the Strategic site, implementation of the Community Infrastructure Levy, and Infrastructure Development Plan during 2017. In addition, the potential impact of Publica on staff has been raised, and Senior Management Team is monitoring the situation closely. The Rewards and Recognition package will be revealed in August which may help to address recruitment and retention issues in the future.

5.3 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of Q1. At the end of the quarter, there were two primary risks:

- New developments increase pressure on parking provision - new developments over the next 12 months will continue to place pressure on existing parking provision. Work to develop the Waterloo car park is being progressed, and will deliver additional parking capacity. Decant parking options are also being progressed but without any immediate solution.
- Under achievement of projected Environmental & Regulatory Services Group income - Building Control has not achieved its income target for over five years. Since the transfer of Building Control to ERS in April 2016, the service has embarked on the "Building Control Roadmap" project which seeks to develop a shared service across three [partner] Districts

and resolve the long standing issue of underachievement of budgeted income. The Overview and Scrutiny Committee is monitoring both service and financial performance with a review due in March 2018.

6. Local Government Ombudsman Annual Review for 2016/17

6.1 The Annual Review Letter 2017 for Cotswold District Council sets out the complaints that were made against the Council in 2016/17, as well as the outcome of those complaints. In total, the LGO received nine complaints/enquiries about this Council; seven of the complaints related to Planning and Development, and two related to Benefits and Tax. In the previous year, we also received nine complaints/enquiries.

6.2 Five complaints were investigated in detail, one of which was upheld. The upheld complaint related to Planning and Development. The complaint was successfully remedied following recommendation by the LGO.

7. Cabinet

This summary performance report will be reviewed by Cabinet at its Meeting on 14th September 2017 and any comments from this Committee will be reported to the Cabinet.

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