



AGENDA ITEM (12)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2016/17 YEAR END

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 Cabinet and has been recommended for approval by Council. 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 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 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 majority of the Council's top tasks have progressed broadly as expected. In terms of financial performance, there was an under-spend against budget of £42,056 (see Section 2).</p> <p><u>Performance Against Top Tasks</u></p> <p>1.5 Three top tasks have been achieved, two tasks are running behind schedule, and the remaining five tasks are progressing as expected. A full update on the Council's top tasks is attached at Appendix 'A'.</p> <p>1.6 The three top tasks delivered to date are:</p> <ul style="list-style-type: none"> • 'Implement the new shared Public Protection service by the end of 2016'. • 'Deliver initiatives to reduce waste to landfill and increase recycling, for example by improving the amount of composting of food waste, to help meet the Council's target by the end of March 2017'. 	
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- 'Assess future car parking demands in Cirencester by the end of 2016, and start to deliver solutions to meet those needs, including a scheme to increase car parking based on the Warterloo, Memorial Hospital and Old Station sites by the end of March 2017'.

1.7 The two top tasks that are running behind schedule are:

- 'Submit the Local Plan to the Planning Inspectorate for examination by Autumn 2016' has been delayed to June 2017 to allow for an additional consultation on 'focused changes' which will 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 within the original timeframe, and dates for delivery will be revised.

Performance Against All Indicators

1.8 Over 80% of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.9 Four of the six indicators which did not achieve their targets were distributed across the following services - Building Control, Development Services, and Customer Services. In addition, the targets for the Council's sickness absence rates were missed due in the main to a higher incidence of short term sickness absence. 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	2014/15		2015/16		2016/17	
	Total	% ¹	Total	% ¹	Total	% ¹
Achieved or exceeded target	22	59.5	24	68.6	21	63.6
Achieved target within tolerance	6	16.2	6	17.1	6	18.2
Target not achieved	9	24.3	5	14.3	6	18.2
Total	37		35		33	
No target/no data	3		4		4	

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 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.

1.16 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 (Revenue)

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. At the end of the year, the Council has delivered further savings against budget of £42,056 and this will increase the General Fund Working Balance. The figures are subject to external audit over the summer.

2.3 There are many budget variances (both positive and negative). The most notable variances are set out below.

2.4 Overall Environmental Services overspent by £275,000. Within this service group, the recycling and household waste service over-spent by £280,000. During the year there was a requirement for additional vehicles and crew for recycling collections. Unavoidable delays in moving to the permanent depot site at Packers Leaze lead to additional premises cost and loss of rental income from Ubico Ltd. Demand for recycling containers exceeded budgetary provision and additional resources were required to deliver the containers. Income from sale of recyclate was lower than anticipated. On a more positive note the net income from the green waste service was £11,000 higher than anticipated and street cleansing costs were lower than expected (£44,000) due to a milder winter resulting in a reduced amount of gritting required in car parks.

2.5 Also within the Environmental Services group, the Council's car parking service was over-spent by £85,000. This was due to under-achievement of car parking income, cash collection costs

being higher than anticipated and one-off costs relating to the work on the Council's car parking strategy for Cirencester.

2.6 Leisure and Communities services generated an under-spend of £93,000 due to a combination of savings on the SLM Contract and Tourism generating additional income. In addition, building maintenance costs at Cirencester Leisure Centre and the Corinium Museum were lower than anticipated.

2.7 The Council's Strategic Planning and Housing Service has delivered an under-spend of £122,000 largely due to additional income from planning applications. This under-spend is net of additional resources in the service to meet the demands on the service and unavoidable property maintenance costs for some housing enabling properties.

2.8 Democratic Services have under-spent by £111,000 through a combination of under-spends in Members' Allowances, employee costs, election costs and corporate subscriptions.

2.9 Corporate finance has under-spent by £100,000. This includes a one-off benefit from the repatriation of the Council's treasury management investment in the former Icelandic Bank Glitnir. This under-spend is after funding some additional costs in insurance, treasury and bank charges.

2.10 The Local Land Charge service required additional resources during the year which cost £43,000. During 2017/18, the service is part of the Legal and Property Services restructure which will address this budgetary issue.

2.11 Under-spends in the Council's Revenues and Housing Support Services teams funded additional costs associated with an empty homes review and additional costs of administering council tax collection. Overall, the service was within £15,000 of its budget.

2.12 The Building Control service has struggled to meet its income budget throughout the year. At the end of the year, the service was over-spent by £38,000. Other Environment and Regulatory Services over-spent by £33,000. However, this needs to be considered in the context of the significant transformational change which took place in the service during 2016/17. The service planned to deliver savings of £214,000 during 2016/17, with further savings of £84,000 planned to be delivered in future years.

2.13 CT, Change and Customer Services generated savings of £56,000. This was due to a number of underspends including: staff being seconded to the 2020 Programme, savings from joint working/efficiencies and higher than anticipated income from the street naming service.

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 Q.4 £675,743 has been paid out in Private Sector Housing Renewable Grants [Better Care Fund - Disabled Facilities Grant] in the Cotswold District. Since 1st April 110 referrals have been received and 91 applications have been completed. Of these applications 4 related to 2014, 33 related to 2015, 52 related to 2016 and 2 related to 2017. Funding grants provided through these applications enable essential adaptations to be made to disabled residents homes to enable them to remain safely at home and live independently.

3.2 Work at the Packers Leaze Depot has been completed enabling Ubico to move onto this site and locate all the waste collection and street cleansing fleet at one site. The improved office, workshop and welfare facilities not only improve conditions for staff but increase the work that can be undertaken in-house by Ubico, increasing efficiency and reducing costs.

3.3 The large scale Moreton flood alleviation scheme commenced in December. The anticipated problems with ground conditions were realised and work on the lower end of the scheme had to be halted due to site safety on a heavily waterlogged site with deep trenches. Instead work switched to

the top end of the scheme behind the Fosseyway Garden Centre and has progressed extremely well. Work has been delayed due to site conditions but should be completed by the summer. Minor flood defence improvements are planned for Poulton, Broadwell and Somerford Keynes. Work on minor improvements at Ewen, Southrop and Fairford are now complete.

3.4 Some waste and street cleansing vehicles have been replaced as they had reached the end of their life. Vehicles last around seven years on average, due to the punishing rounds and high mileage they do in such a rural location, after which vehicle breakdowns can become common impacting on service delivery and they are not economically viable to repair and maintain.

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 has been delayed until a strategic plan for car parking has been identified to prevent investment in a car park which is then subsequently redeveloped.

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

4. Capital Receipts and Disposals

4.1 There were no capital receipts or asset disposals during quarter 4.

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 27th April 2017 by the Joint Risk Management Group, which comprises Strategic Directors and other Senior Managers. Overall, there was just one minor adjustment to the register.

5.2.2 At the end of Q4, the register contained five primary risks; all five were rolled forward from the previous quarter and related to financial matters and staffing and capacity. In addition, the announcement of a General Election in June has resulted in further uncertainty and is reflected in some of the high scoring risks:

- The impact 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 (MTFS) and Budget papers were approved by Council in February 2017, and include the modelling of the impacts of the proposed changes to the New Homes Bonus, and 100% business rates retention. However, due to the announcement of a General Election in June, the proposed changes as well as progress on the Housing White Paper remain unclear. On the other hand, the four-year funding settlement has brought some certainty.
- 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 - 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 - due to the announcement of a General Election in June, the proposals for changes to New Homes

Bonus, and business rates retention remains unclear, as is progress on the Housing White Paper.

- 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, Legal, Finance, and HR services. Furthermore, two Elections will be taking place in May and June, one of which was unexpected. A paper on creating capacity and prioritisation of projects is expected at the Partnership Directors meeting.
- Failure to recruit suitable staff and retain them, particularly in some key service areas leading to reduced service delivery - some posts have been relatively easy to recruit to while recruitment to more technical and professional posts has been less successful. For example, there are 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. The Council has started staff consultation on the new Reward and Recognitions package 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 Q4. At the end of 2016/17, there were two primary risks:

- New developments increase pressure on parking provision - In February, Council agreed to award funding to support the preparation of an application for planning permission to deck the Waterloo car park to address the increase in parking demand in Cirencester. In addition, a report has been published which identifies current parking demand and the likely increase in demand linked to development within the Local Plan. This document has been appended to the Council's Parking Strategy and can be used as a tool for considering the impacts of parking from future developments.
- Under achievement of projected Environmental & Regulatory Services Group income in 2016-17 - Building Control has not achieved its income target for over five years. Since being transferred to ERS in April 2016, the service has worked with Accountancy on budget setting, and has also embarked on a project to develop the "Building Control Roadmap" which seeks to develop a shared service across three [partner] Districts and resolve the long standing issue of underachievement of budgeted income. The project is scheduled for completion by the end of 2017/18 and will deliver the project benefits over the following financial year. During 2016/17 financial year, income has already increased by approximately 5% as a result of increased focus on customer service and partnerships.

6. Cabinet

The year end summary performance report was noted by the Cabinet at its Meeting on 15th June 2017. Any comments from this Committee will be reported to the Cabinet in due course.

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