



**AGENDA ITEM (12)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2017/18 QUARTER 2**

<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 2 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> - Revenue Summary and Variances</p> <p><b>Appendix 'E'</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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<p><b>Background Information</b></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 or achieving their targets 'within tolerance', and the Council's top tasks have progressed largely as expected. In terms of financial performance, there was an under-spend against budget of £81,324 (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 were completed in the previous quarter, and the majority of the remaining tasks are progressing largely as expected.</p> <p>1.6 The top task 'Improve buildings and asset utilisation to deliver revenue savings by working with key partners in the public and voluntary sector by the end of March 2018' has partially been delivered with much of the ground floor and the first floor of the South Wing let to external organisations, with some space reserved for the 2020 programme team. Plans to market and let the remaining part of the ground floor are now unlikely to be progressed by the end of March 2018.</p>
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1.7 A full update on the Council's top tasks is attached at **Appendix 'A'**.

Performance Against All Indicators

1.8 Nearly 90% of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.9 A small number of indicators fell short of their targets, and included two indicators in the Revenues and Housing Service; 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, and this is expected to be the case in 2017/18. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

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

1.11 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

Status	2016/17 Q2		2017/18 Q1		2017/18 Q2	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
On target or exceeded	17	65.4	23	82.1	20	71.4
Within tolerance	4	15.4	3	10.7	5	17.9
Below target	5	19.2	2	7.1	3	10.7
Total	26		28		28	
No target/no data	3		0		0	

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 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). Overall, there was a strong and consistent performance across the basket of indicators.

1.16 Preparation work for a new rankings exercise has commenced and will be completed once all the benchmarking data becomes available. We expect to publish the new rankings in Q3.

1.17 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 present the significant variations in income/expenditure against the half-year budgeted position. At the end of Q2, the Council has spent £9,709,956 against its profiled net budget of £9,791,279. This equates to a current under-spend against profiled budget of £81,324.

2.3 Employee budgets across the Council were £137,000 underspent-spent as at 30<sup>th</sup> September. However, when you measure this against the budgeted vacancy target of £128,000, the Council is left with only a small underspend of £9,000 against budget at the end of Q2. As the majority of the Council's staff transferred to Publica in November, any variation against the budget will form part of the Publica charge, as part of an amended contract sum.

2.4 Green Waste income was over-achieving by approximately £70,000 at the end of Q2. 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 Q2, Car Parking income was showing a surplus of approximately £60,000, compared to its expected 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. A decision on whether the earmarked "free after 3" money will need to be used will be made at the year end, based upon the outturn position against budget.

2.6 Planning application fee income for the first-half of the year is approximately £120,000 under target. This reflects a fall in the number of large applications received. Although this is only based upon six months, it follows a pattern of a slow-down in income that was seen in the second-half of 2016/17. The reduction in applications is expected to remain an issue into the second half of the year. Income for pre-application advice remains on target.

2.7 Investment income for the first-half of the year was slightly below target, earning approximately £128,000 in interest receipts. This compares to a budgeted income for the quarter of £134,000 (£268,000 for the year). The Council is currently procuring a new contract for Treasury Management advice. When the new contract begins (1<sup>st</sup> December), the advisors and Council officers will begin a review of the Council's treasury management strategy, with the Audit Committee (as the treasury management Member advisory group) to assess the risk and reward of alternative investment products with a view to diversifying the Council's investment portfolio, given that 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 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 Q2, £225,458 had been paid out in Disabled Facilities Grants (DFGs) 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 (Q4), 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 Q2.

### 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 16<sup>th</sup> October 2017 by the Joint Risk Management Group, which comprises Strategic Directors and other Senior Managers. On the whole, there were few changes to risk scores.

5.2.2 At the end of Q2, the register contained five primary risks; all of which were rolled forward from the previous quarter and related to financial matters, and staffing and capacity.

5.2.3 The impact scores of two primary risks were reduced from 'Major' to 'Moderate'. The two risks were:

- the impact of unforeseen legislative changes on financial and staff resources;
- the impact of the Local Government Settlement over the medium term results in an increase in the Council's savings target.

5.2.4 Consultation on the Local Government Finance Settlement 2018-19 commenced in September; and the financial impact of the proposed changes to New Homes Bonus is not expected to be as extensive as originally expected. In addition, local authorities have been invited to submit proposals to pilot 100% business rates retention in 2018/2019 - following the General Election in June 2017, the Local Government Finance Bill, which provided the legislative framework for its introduction, was omitted from the Government's proposed legislative programme. An update to the Medium Term Financial Strategy appears elsewhere on this agenda.

5.2.4 The other primary risks were:

- 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 - although we are at the start of the new budget setting process, we anticipate that there will be pressures related to Ubico, as well as the Parking service; we may also see pressures on future pay growth; these pressures are reflected in the updated MTFs;
- The lack of capacity to maintain service delivery leading to reduced service delivery performance - many services are supporting the development of Publica Group, whilst maintaining operational service delivery; we will ensure that posts are backfilled as required;
- Failure to recruit suitable staff and retain them, particularly in some key service areas leading to reduced service delivery - some services, for example Planning, and Revenues and Housing Support, are continuing to experience resourcing issues which are being addressed by creating opportunities for staff within the service including internal promotions and 'acting up', as well as external appointments; the first Publica jobs have been advertised on the Company's new website; in addition, the potential impact of Publica on staff has been raised, and Senior Management Team is monitoring the situation closely.

### 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 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; however, evidence gathered during the Cirencester Parking Demand project has been successfully used to bid for and secure S.106 money from the proposed Chesterton development; additionally, agreement has been reached with the landowner of a site that could provide decant parking during the construction phase of the Waterloo development;
- 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. Overview and Scrutiny Committee

This summary performance report will also be reviewed by the Overview and Scrutiny Committee at its Meeting on 5<sup>th</sup> December 2017; and any comments from that Committee will be reported to the Cabinet in due course.

(END)