



**AGENDA ITEM (12)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2017/18 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>Recommendation</b>	<b>That service and financial performance for Quarter 2 of 2016/17 be reviewed and challenged.</b>
<b>Reasons 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 specifically
<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>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
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<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>	<b>Appendix 'A'</b> - Progress towards achieving our top tasks <b>Appendix 'B'</b> - Performance indicator report <b>Appendix 'C'</b> - Progress on efficiency measures <b>Appendix 'D'</b> - Summary of benchmarking of efficiency measures <b>Appendix 'E'</b> - Revenue summary and variances <b>Appendix 'F'</b> - Summary of gross capital expenditure

<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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<b>Background Information</b>	
1. <u>Operational Performance</u>	
1.1 The 2017-18 update of the Corporate Strategy and Plan 2016-19 was approved by Council in June. The Corporate Strategy sets out the Council's aim and priorities, in addition to the key tasks that services 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 2017/18-2020/21 includes total savings target of £1,037,000, and a target of £201,000 to be delivered in 2017/18.	
1.3 The Draft MTFS 2018/19-2021/22 was considered by Cabinet in November 2017, and sets out savings targets of £879,000 to be delivered during this four year period. The majority of these savings will be delivered by Publica and the implementation of the 2020 Vision.	
1.4 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.	
1.5 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 £141,345 (see Section 2).	
1.6 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 3 <sup>rd</sup> position to 1 <sup>st</sup> position (low is good).	
<u>Performance Against Top Tasks</u>	
1.7 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, three tasks have been achieved, and the majority of the remaining tasks are progressing largely as expected.

1.8 The three tasks that have been achieved are:

- Submit the Local Plan to the Ministry for Housing, Communities and Local Government (formerly the Department for Communities and Local Government) for examination by early summer 2017;
- Complete further flood alleviation works including Moreton in Marsh by the end of July 2017;
- Deliver a minimum of 150 affordable homes in 2017/18.

1.9 The top task, 'Improve buildings and asset utilisation to deliver revenue savings by working with key partners to the public and voluntary sector by the end of March 2018' has partially been delivered with 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 ground floor are now unlikely to be progressed by the end of March 2018.

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

#### Performance Against All Indicators

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

1.12 Two indicators relating to the Council's sickness absence will no longer be reported as the majority of staff has transferred to Publica Group Ltd. Sickness absence for Council staff will continue to be managed and progressed under the Council's Absence Management Policy. Sickness absence for Publica staff is being monitored by Publica Executive Group, and a new Absence Management Policy for Publica Group Ltd is expected to be in place shortly.

1.13 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. Small improvements were made this quarter, and overall, 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 we expect to remain in the top quartile in 2017/18. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

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

Table 1 - Summary of Performance - All PIs

Status	2016/17 Q3		2017/18 Q1		2017/18 Q2		2017/18 Q3	
	Total	%	Total	%	Total	%	Total	%
On target or exceeded	19	73.1	23	82.1	20	71.4	19	73.1
Within tolerance	4	15.4	3	10.7	5	17.9	4	15.4
Below target	3	11.5	2	7.1	3	10.7	3	11.5
Total	26		28		28		26	
No target/ no data	2		0		0		2	

## Efficiency Measures

1.15 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)

1.16 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'.

1.17 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.

1.18 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 2016/17 data) was completed recently and placed the Council in 1<sup>st</sup> position - two places up on the previous year (3<sup>rd</sup>) and eight places better than the baseline year (9<sup>th</sup>) (low is good). With the exception of sickness absence which has been prone to fluctuations, there was a strong and consistent performance across the basket of indicators, with a number of indicators having performed exceptionally well over the last few years, including time taken to process new housing benefit claims, the percentage of council tax collected, and percentage of household waste recycled.

1.19 The Q3 update on how we are performing against each of the indicators is attached at **Appendix 'C'**. An overview summary document, with rankings from 2012/13, is attached at **Appendix 'D'**.

## 2. Financial Performance (Revenue)

2.1 The Council's approved budget for 2017/18 set a net revenue budget for the year of 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 Council's budgeted position up to 31<sup>st</sup> December 2017. At the end of Quarter 3, the Council has underspent against its profiled net budget by £141,345.

### **Expenditure**

2.3 Employee budgets across the Council are currently £50,000 underspent at 31<sup>st</sup> December 2017. However, when you measure this against the budgeted vacancy target of £129,000 the Council is left short of its vacancy target. As the majority of the Council's staff have now transferred to Publica (in November), the adverse budget variance will remain until the end of the year. Any saving in vacancies at Publica will be represented in an amended year-end Publica contract sum.

2.4 In June 2017 the Council took a Health & Safety prosecution to court. While the Council thought that they had a good case, the ruling went against the Council and costs were not awarded. The Health & Safety at Work cost centre is therefore £68,000 overspent - a cost which will unfortunately sit with the Council.

2.5 The Print Room service is currently showing an underspend against budget of £55,000. The underspend represents savings in staffing budget of £30,000 due to staff leaving and not being replaced as yet, and an underspend of £25,000 against the paper and consumables budgets. Both underspends are expected to remain at a similar level at the end of the financial year.

2.6 The Council's Homelessness budget is currently £39,000 underspent. The majority of the underspend (£33k) is in relation to a decrease in homelessness emergency accommodation costs. The service have been working proactively to prevent homelessness before it happens, which had decreased the demand for emergency accommodation. In April 2018, the new Homelessness Reduction Act will increase the Council's duties in relation to homelessness. Demand on the service will be closely monitored in 2018/19 to assess the impact of the changes in legislation.

2.7 Since 1<sup>st</sup> November, many of the Council's staffing and service costs have been amalgamated into the contract charge from Publica Group. At the end of Q3, Publica were estimating an underspend on the Council contract in the region of £186,000. This refund would be payable back to the Council as part of the contractual arrangement.

#### **Income**

2.8 Green Waste income for the year is £60,000 above target at the end of Q3. This figure represents the value of the invoices issued and paid, and highlights the popularity of the scheme.

2.9 At the Council Meeting 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 Q3 Car Parking income is on target, 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 be used will be made at the year end, based upon the actual outturn position.

2.10 Planning application fee income for the first three-quarters of the year is approximately £140,000 under target. This reflects a fall in the number of large applications received and continues the slow-down in income began in the second-half of 2016/17. The reduction in applications is expected to remain an issue for the remaining three-months of the year. Income for pre-application advice remains on target.

2.11 Income from Building Control inspections is currently £30,000 under target (at the end of December). This shortfall matches a similar under-achievement of income against budget in 2016/17.

2.12 Investment income for the period to the end of December is marginally above target. Estimates are that returns for the year will be approximately £25,000 above budget. From 1<sup>st</sup> December the Council changed its treasury advisors, appointing Arlingclose. As part of a review of the Council's treasury management strategy, Officers have taken suggestions to the Audit Committee (as the treasury management Member advisory group) on changes to the make-up of the Councils investment portfolio. It is hoped that a diversification of the range of investments will increase returns, with the level of current returns available from simple bank deposits at an all-time low.

2.14 A full list of all budget variances is attached at **Appendix 'E'**.

### 3. Capital Activity

3.1 The major flood alleviation scheme in Moreton-in-Marsh has been completed. The remaining budget, along with additional funding that is being sought 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 Q3, £404,443 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 The Beeches Car Park has been re-surfaced. The original surface had degraded and could not be efficiently repaired and presented tripping hazards. The opportunity was taken to improve the spaces and marked walk ways in the car park providing designated disabled bays and improving safety and the ease of use for customers. Budget has been earmarked for resurfacing improvements at both Church Street and West Street Car Parks in Tetbury. Following legislative changes regarding chip and pin technology, resource is also needed to upgrade of pay and display machines in the Council's car parks. Both schemes are subject to Cabinet agreement in February 2018.

3.4 An additional recycling vehicle has been procured during 2017 to complement the existing Ubico fleet. There is committed budget for four 3.5-tonne caged street cleansing vehicles. The vehicles are second hand and are being purchased direct from the hire company to reduce hire cost and provide a more affordable long term option for the Council. This is part of a strategy to significantly reduce the use of hire vehicles and further procurement will be undertaken to replace other fleet vehicles that are either on hire or at end of life. Lead times on such vehicles mean there will not be further expenditure until 2018/19.

3.5 The Council has spent its entire £55,000 capital budget on waste bins and containers. Waste bins are ordered in bulk based on demand, so expenditure is not spread evenly across the year. Residents can order additional recycling containers when they wish and all containers including garden waste and refuse bins will be replaced if they become lost or damaged or cannot be economically repaired.

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

### 4. Capital Receipts and Disposals

There were no capital receipts or asset disposals during Q3.

### 5. Risk Management

5.1 The level of risk is scored against a set of evaluation criteria for the 'Likelihood' of a risk occurring and the 'Impact' of the risk, should it occur. In Q3, a small change was made to the evaluation criteria which raises the score at which a risk becomes 'primary' from 12 to 15. It has been felt for some time that the stated criteria were slightly out of alignment with the risk scores [for impact and likelihood], which resulted in risks being prematurely flagged as 'primary'. Cabinet endorsement of this change is being sought (on 15<sup>th</sup> March 2018).

5.2 With the above change, any risk scoring 15 or above is now considered a 'primary' risk.

### 5.3 Corporate Risks

5.3.1 The Corporate Risk Register was reviewed and updated during January/ February 2018 by

the Joint Risk Management Group, which comprises Strategic Directors and other Senior Managers. On the whole, there were few changes to risk scores; one risk rating increased:

- Unable to meet savings required to balance the budget leading to the requirement to make unplanned use of revenue reserves, raise council tax, find further savings and/or cut services - planning income under-achieved against its target, and Ubico expenditure exceeded its budget; however, this is offset by savings being made across the board.

5.3.2 At the end of Q3, there were no primary risks on the register.

#### 5.4 Service Risks

5.4.1 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 was one primary risk:

- 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. Cabinet

This summary performance report will be reviewed by Cabinet at its Meeting on 15<sup>th</sup> March 2018 and any comments from this Committee will be reported to the Cabinet.

(END)