



**AGENDA ITEM (11)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2017/18 YEAR END**

<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 2017/18 Year End be reviewed and challenged as appropriate.</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>	In part

<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
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<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>	<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> - Revenue Summary and Variances <b>Appendix 'E'</b> - Summary of gross capital expenditure
<b>Performance Management Follow Up</b>	Report any comments to the Cabinet
<b>Options for Joint Working</b>	Joint working is fundamental to the Council's strategic approach as set out in the 2020 programme.

## Background Information

### 1. Operational Performance

1.1 The 2017-18 update of the Corporate Strategy and Plan 2016-19 was approved by Council in June 2017. 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'. Six of the Council's top tasks have been achieved, and a further top task has been partially achieved. In terms of financial performance, there was an over-spend against the net cost of services budget by £276,000; although, when the Council's funding sources – Business Rates and Government Grants – are included, the Council outturn position is a surplus for the year of £1,691,183 (see Section 2).

## Performance Against Top Tasks

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, six tasks have been achieved, one task has been partially achieved, one task is behind target, and the remaining three tasks are progressing as expected.

1.8 The six 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;
- Lead the Implementation of Anti- Fraud arrangements with partner Councils and deliver savings as planned by the end of March 2018;
- Roll out the community defibrillator project across the District and support communities in improving health through enabling physically active lifestyles during 2017/18;
- Review emergency housing accommodation and consider options for direct provision by the end of March 2018.

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 largely been delivered. By May/June 2018, the first floor of the South Wing will be fully let to external organisations. In addition, a small area of the ground floor is also expected to be let during the same timeframe.

1.10 The top task, 'Work to progress the Brewery Court developer led scheme for a cinema and retail scheme during 2017/18' is running behind schedule. Legal agreements have been prepared for the disposal of Council land, and discussions with the developer are continuing to progress.

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

## Performance Against All Indicators

1.12 Nearly 90% of performance indicators achieved their targets or achieved their targets 'within tolerance'. During the course of the year, there was little underperformance with a small number of indicators falling short of their targets.

1.13 Two indicators relating to the Council's sickness absence are no longer reported as the majority of staff 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 Publica Board.

1.14 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. However, the service achieved a consistent performance of around 15 days during the year, while speed of processing change of circumstances improved by 1.5 days between the end of Q2 and the end of the year. Overall, a high level of service continues to be delivered, and our performance in 2017/18 for speed of processing (HB) new claims is expected to remain in the top quartile. Further details, including any rectifying actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

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

**Table 1 - Summary of Performance - All PIs**

	2015/16		2016/17		2017/18	
Status	Total	%	Total	%	Total	%
Achieved or exceeded target	24	68.6	21	63.6	23	82.1
Achieved target within tolerance	6	17.1	6	18.2	2	7.1
Target not achieved	5	14.3	6	18.2	3	10.7
Total	35		33		28	
No target/no data	4		4		7	

**Efficiency Measures**

1.16 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)

1.17 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'.

1.18 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.

1.19 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.

1.20 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. Quarter 4 - Revenue Performance

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 for the financial year 2017/18. At the end of the year, the Council has overspent against its net cost of services budget by £276,000. However, when the Council's funding sources - Business Rates and Government Grants - are included the Council's outturn position is a surplus for the year of £1,691,183.

2.3 The Gloucestershire Business Rates Pool generated a surplus of around £4 million. This Council's share of the surplus (which is included in the figure above) amounted to £482,179.

2.4 The most significant reason behind government grants received being £1.3 million more than anticipated is the payment of grant to this Council in compensation for national changes to business rates. The reduced business rates yield is recognised in the Collection Fund Statement; however, the grant is received into the General Fund Revenue Account.

2.5 When the 2018/19 budget forecasts were prepared (in January 2018) it was anticipated that the 2017/18 Collection Fund would end the year with a deficit of £2.1 million, £0.8 million being this Council's share of the deficit. The actual year-end position resulted in a Collection Fund deficit of £3.7 million, this Council's share increased to £1.5 million. The Council's budget for 2018/19 included provision to repay the Collection Fund £0.8m. The increase in Collection Fund deficit will now impact upon budget setting in 2019/20. In order to provide for the additional contribution to the Collection fund, which will be payable in 2019/20, it is recommended that £700,000 is appropriated to the Council's Business Rates Smoothing Reserve.

2.6 Should Council approve the £700,000 appropriation to the Business Rates Smoothing Reserve (see paragraph 2.5), the Council has £991,183 available to fund one-off projects which support the Council priorities and/or transfer to working balances. It is recommended that the Council earmarks funding for the following:-

- £200,000 to provide for Ubico Ltd services exceeding budgetary provision;
- £750,000 to fund invest to save projects or to allocate to support delivery of Council priorities - for example, investment in parking services, projects associated with the outcomes of the Cirencester Town Centre Masterplan, investment in the waste collection service to improve customer service or reduce costs, provision for Publica to invest in key service areas. Cabinet will consider detailed business cases for these and/or other items.

2.7 It is recommended that Cabinet approves the following funding allocations from the underspend:-

- £20,000 to provide funding for a review of the Council's commercial property investments, given the changing retail property market;
- £10,000 to invest in Member training; and
- £11,183 transfer to the General Fund Working Balance.

2.8 A summary of the key expenditure and income variances is set out below.

## **Expenditure**

2.9 On 1st November 2017, the Council's service delivery company (Publica) became operational with the majority of the Council's staff TUPE-transferred across to Publica. In the period from 1<sup>st</sup> November to 31<sup>st</sup> March, Publica has delivered operational savings of £256,043. This is after an accounting adjustment of accumulated staff absence of £120,000 which is included in the Corporate Finance cost centre. The net saving of £256,043 is reflected in the cost of service figures contained within this report. The costs of the transformational programme were also £104,518 less than anticipated, meaning that the Council was able to draw from reserves less than was expected to fund the project.

2.10 The Council's pest control and animal control services are provided as part of a shared-service arrangement with West Oxfordshire District Council. At the time of writing this report the contract sums were still to be finalised. The Council is due to receive an estimated £35,000 refund from WODC, which will be settled in 2018/19 due to the lateness in having confirmation of the figures.

2.11 Savings anticipated from the new shared legal and property services team were not delivered as expected during 2017/18. The restructure of the Property Services team – and bringing on-board the Forest of Dean team – resulted in an delay in realising the benefits of the new structure, and an overspend for the year of approximately £31,000.

2.12 Council tax collection overspent by £50,000. This was partially related to postage costs for annual billing. A new postal contract has been negotiated which will reduce costs.

2.13 Maintenance costs at Cirencester Leisure Centre exceed budget by £89,000 due to the unexpected costs of installing a new passenger lift, essential electrical works and maintenance to squash courts. The cost of the scheme was managed by the Property Services Team, by controlling costs and managing maintenance works at other sites, in particular Trinity Road.

2.14 Corporate Team on 15<sup>th</sup> February agreed a contribution of £10,000 to Gloucestershire Moves to support investment in healthy lifestyles in the District. On 27 February a further allocation of £1,000 was approved to fund speed assessment work on the Spine Road. These costs could have been funded from the Council Priorities Fund but given the overall underspend the impact has been left in the General Fund.

2.15 Councillor allowances have underspent by £34,000. This is a result of some Members not claiming the full allowance available.

2.16 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 £64,000 overspent.

2.17 The Print Room service ended the year with an underspend against budget of £70,000. The underspend represents savings in staffing, equipment and paper and consumables budgets.

2.18 The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc.) are provided by Ubico Ltd. Due to the aging fleet that Ubico are running on the Cotswold contract, the cost of repairs, fleet maintenance works, and the cost of hiring vehicles has been more than expected. The Ubico contract as a whole has overspent by £176,000.

2.19 The 2017/18 Capital Programme included an allocation of £55,000 for waste and recycling receptacles (bins and bags). The capital budget of £55,000 was spent, with an additional £85,000 of bins purchased. The additional £85,000 has been charged to the revenue budget, and exceeds the £15,000 revenue equipment budget. The additional expenditure is as a result of new housing developments coming online and from residents requesting additional or replacement receptacles when their become lost or damaged.

## Income

2.20 Overpayments of Housing Benefit exceed income expectations by £80,000. In addition, provision for housing benefit bad debts was reduced by £30,000 providing a revenue gain and the Council received additional administration subsidy of £26,000.

2.21 Planning income ended the year £163,000 under budget. This may improve during 2018/19 due to a statutory increase in fees of 20% which was implemented late in the financial year.

2.22 Green Waste income for the year is £50,000 above target. The figure represents the value of subscriptions to the scheme above the base (expected) budget, and highlights the continuing popularity of the scheme.

2.23 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 the year Car Parking income is on target, compared to its expected budget position. The Council set aside £100,000 of one-off funding from the Council Priorities Fund to compensate the budget for lost income from the "free after 3" promotion. Of the £100,000 set aside, £55,000 was drawn from reserves to offset the income shortfall in 2017/18.

2.24 Income from Building Control inspections was £50,000 under target.

2.25 Investment income for the year is £10,000 below target. 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 Council's 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.

2.26 In contrast income from commercial property has exceeded budget by £90,000. A large proportion of this relates to the conclusion of a rent review on the Council's Dyer Street (Cirencester) properties, with the uplift in rental backdated by two years. The new rental figure will be picked-up as part of budget setting for 2019/20 when the uplifted figure will be built in to the base budget.

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

### 3. Capital Activity

A full list 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 Q4.

### 5. Corporate Risks

5.1 The Corporate Risk Register was reviewed and updated on 17<sup>th</sup> May 2018 by the Joint Risk Management Group, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

5.2 Overall, there were a small number of minor changes to risk scores. At the end of 2017/18, there was one primary risk on the register:

- 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 likelihood of the risk occurring was increased from 'possible' to

'probable'. Although targets for 2017/18 have been achieved, we are expecting some pressures in 2018/19, including pressures related to Ubico costs. We are re-procuring the Ubico fleet as it has become too costly to repair. The Government's plastics and recycling policies could also have a financial impact in 2018/19, although the impact is not yet quantifiable. In addition, we will be reviewing our commercial property investments in light of the changing retail market.

#### 5.4 Service Risks

Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of the year. At the end of 2017/18, there were two primary risks:

- New developments increase pressure on parking provision – this risk is being addressed by delivering additional parking at the Waterloo car park. We are currently procuring a project management consultant with parking expertise to support and progress the next stages of the project. The Rugby Club has been secured for decant parking during the construction phase of the Waterloo development.
- Ubico does not deliver the predicted service savings – the increased costs to maintain and repair an ageing fleet is exceeding the budgeted repair and lease costs. A procurement is underway which will reduce costs, and better long term fleet planning should avoid reoccurrence of this issue.

#### 6. Cabinet

6.1 This summary performance report was reviewed by the Cabinet at its Meeting on 21<sup>st</sup> June 2018.

6.2 In noting and welcoming the overall performance levels achieved, the Cabinet considered that the Council was in a good position both in service and financial terms.

6.3 The Cabinet also (i) approved the funding allocations from the under-spend set out in paragraph 2.7 above; and (ii) commended to the Council the funding allocations to the Council Priorities Fund set out in paragraphs 2.5 and 2.6 above.

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

(END)