



**AGENDA ITEM (12)**

**SUMMARY FINANCE/SERVICE PERFORMANCE REPORT - 2018/19 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 Q2 of 2018/19 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>	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> <p><b>Appendix 'F'</b> - Health and Safety Incidents</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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## Background Information

### 1. Operational Performance

1.1 The 2018-19 update of the Corporate Strategy and Plan 2016-19 was approved by Council in September 2018. 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. The 2018-19 update is the final update to the Corporate Strategy, and work is expected to commence shortly on preparing a new Corporate Strategy for 2019-2023.

1.2 Each quarter, the Council monitors its progress towards achieving the aim and priorities set out in the Corporate Strategy and Plan, in particular the 13 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.

1.3 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 are progressing largely as expected. In terms of financial performance, there was an under-spend against budget of £343,731 (see Section 2).

### Performance Against Top Tasks

1.4 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. All tasks are progressing largely as expected with one task ahead of target.

1.5 Two top tasks have been achieved:

- 'Adopt the Local Plan by Summer 2018' - the Local Plan was adopted at Special Council on the 3<sup>rd</sup> August;

- 'Deliver a minimum of 150 affordable homes in 2018/19' - by the end of September 2018, we had delivered a total of 168 affordable homes.

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

#### Performance Against All Indicators

1.7 Eighty-four per cent of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.8 A small number of indicators fell short of their targets; three indicators in the Revenues and Housing Service, and one in the Legal, Land and Property Service. Further details, including any mitigating actions being taken, have been provided by the accountable officer at **Appendix 'B'**:

1.9 In comparison to the previous quarter, there was one additional indicator in the Revenues and Housing Support Service which was short of its target in Q2. This has increased the number of indicators which were short of their targets from three to four, and the percentage from 11.1 to 16.

1.10 We are unable to provide quarterly outturns for three indicators - two indicators in the Waste service and one in Parking services. Although the waste management data for September is not yet available, we have provided an update to the end of August 2018 which can be found at **Appendix 'C'**. In addition, we are unable to provide the outturn for % of toilets achieving a satisfactory standard at inspection time - this is due to a delay in carrying out the assessments. We expect to provide an update at the end of Q3.

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

Table 1 - Summary of Performance - All PIs

Status	2017/18 Q2		2018/19 Q1		2018/19 Q2	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
On target or exceeded	20	71.4	22	81.5	19	76.0
Within tolerance	5	17.9	2	7.4	2	8.0
Below target	3	10.7	3	11.1	4	16.0
Total	28		27		25	
No target/no data	0		1		3	

<sup>1</sup> Figures have been rounded and may not add up to 100

#### 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 - 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
- Unemployment claimant rate
- Overall crime rate per 1,000 population
- Percentage of major planning applications determined in accordance with relevant timescales

1.13 One indicator, sickness absence rate, has been removed from the basket as the majority of Council staff transferred to Publica Group (Support) Ltd in November 2017.

1.14 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'.

1.15 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.

1.16 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) 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, composted and re-used.

1.17 The next rankings exercise will be based primarily on 2017/18 data; the Efficiency Measures report will be updated as the benchmarking datasets (for all local authorities) become publicly available over the course of the year.

1.18 The latest update on how we are performing against each of the indicators is attached at **Appendix 'C'**, and primarily relates to 2018/19.

## 2. Financial Performance (Revenue)

2.1 The Council's approved budget for 2018/19 set a net revenue budget for the year of year of £14,183,467, with a budgeted surplus and contribution to General Fund balances in the year of £7,811.

2.2 The figures in this report represent the position against the profiled budget, as at 30th September 2018. A commentary against the major variances are detailed below. At the end of Q2, the Council has spent £9,265,618 against its profiled net budget of £9,609,349. This equates to a current under-spend against profiled budget of £343,731.

### Income

2.3 The Council's chargeable Green Waste service continues to perform well. The majority of income is generated at the start of the year, with the service beginning on 1st April each year. Subscribers to the service have already exceeded budget, with the service showing £86,000 of additional income in excess of target.

2.4 Car Park income is overachieving by approximately £90,000 at the end of Q2. It is anticipated that income figures remain on or above target as the year progresses. The positive variance includes the effects of the continuation of the "free after 3" promotion which remains in place for 2018/19.

2.5 Despite a positive start to 2018/19 Planning application fee income is underachieving at the midway point of the year. Pre-application advice is performing well, however application income is currently short of target, with the service as a whole approximately £90,000 short in income.

2.6 Land charges income is currently overachieving against its income target by approximately £18,000 for the first-half of the year. Conversely, Building Control fee income is currently £33,000 short against its income target. This underachievement continues the shortfall experienced in 2017/18.

2.7 In the half of the year the Council saw the diversification of the Councils investment portfolio, away from traditional 'cash' deposits. As a result, the Council made a decision to invest an additional £6m [in addition to the £500,000 already invested] into a mixture of property funds and income funds. These investments have proven successful and the overall investment return for the first-half of the year is above target. If the level of return is maintained, the Council may see income receipts in the region of £60,000 to 80,000 above budget.

### Expenditure

2.8 The majority of the Council's staffing resource is supplied under contract from Publica. The Publica contract sum for 2018/19 is £9,213,075. Publica invoices the Council according to its agreed contract sum for the first 11-months of the year, with a reconciliation to the actual cost of the contract at the end of the year, as part of the March 2019 contract sum.

2.9 At the end of Q2 Publica was showing an underspend attributable to the Cotswold contract of approximately £200,000. A significant element of this is in relation to an underspend in staffing budgets. The natural turnover of staff generates savings as posts are vacant during the recruitment process. In addition, as replacement staff are appointed on Publica terms and conditions, with lower pension costs, savings are made. These reductions will be taken as savings as part of the budget process. The current underspend figure has not been included in the attached schedules at this point as it only represents an estimate at this stage; however a contract 'refund' is likely.

2.10 The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc) are provided by Ubico Ltd. Ubico invoice the Council 'on-budget' for the first 11-months of the year. These are the costs currently showing within the actual expenditure. Due to the aging fleet that Ubico are using to deliver the Cotswold contract, the cost of repairs, fleet maintenance works, and the cost of hiring vehicles is greater than would normally be expected. Combined with an overspend in agency costs, it is predicted that the Ubico contract may overspend this year by up to £180,000. In September 2018, Council earmarked £200,000 from the revenue outturn 2017/18 to finance the forecast additional costs of the Ubico contract. This estimated overspend has not been included in the figures quoted in this report as it will be funded from earmarked reserves.

2.11 The Council's homelessness cost centre is currently £18,000 underspent. The majority of the underspend is in relation to a decrease in the funding of 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 increased the Council's duties in relation to homelessness. Officers will continue to monitor demand upon the service to assess the impact of the changes in legislation.

2.12 During Q1 the Council received a refund of Business Rates for multiple years relating to the Old Memorial Hospital, in Cirencester. The refund totalled £56,753. This refund is a one-off and will show as a positive variance for the remainder of the year.

2.13 A full list of all cost centres and budget variances is attached to this report at **Appendix 'D'**.

### 3. Capital Activity

3.1 The Council has received 64 Disabled Facility Grant (DFG) referrals during the first half of 2018/19. DFG funding provides essential adaptations for disabled residents to enable them to remain at home and live independently and safely. This includes stair lifts, through floor lifts, ramps, level access showers, wash/dry toilets and extensions. There are currently 56 ongoing DFG cases, 6 of which are for children. The grants are mandatory and fully funded with grant from government.

3.2 There are various projects underway in ICT to keep our network infrastructure secure and up to date. The rolling replacement programme of laptops and devices continues with laptops being replaced with those that are up to date with Windows 10. Future planned work includes network upgrades, firewall replacement and internet connectivity.

3.3 Card payment devices at the Councils car park pay and display machines across the District are being upgraded. Replacement parts have been ordered and it is expected that the upgrades will happen during Q3.

3.4 The legal framework is being finalised for the procurement of a number of Electric Vehicle charging points [EVCPs] for the Cotswold District. Once the framework is complete the procurement process will begin, via a mini-tender. Construction is expected to commence late in 2018/19.

3.5 Cirencester Parking - The Rugby Club parking project is progressing and is currently at the pre-application planning stage. Subject to obtaining planning permission the on-site construction works will commence to create new parking facilities for Cirencester. The Waterloo decked car parking project is progressing and is currently at the preparation of a planning application. Submission of the formal application and funding is subject to a business case being approved by Council.

3.6 As part of the Ubico fleet replacement programme procurement is currently underway for additional vehicles to either replace or complement the existing fleet. Vehicles last around 7 years on average, due to the punishing rounds and high mileage they do in such a rural location. The lead-time for such vehicles mean that order need to be place months in advance to ensure continuity of service is maintained.

3.7 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 Quarters 1 or 2.

### 5. Corporate Risks

5.1 The Corporate Risk Register was reviewed and updated on 16<sup>th</sup> October 2018 by the Shared Risk Management Group, which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

5.2 At the end of Q2, there were two primary risks on the register:

- If the Local Government settlement over the medium term is unfavourable then the Council's savings targets may need to increase – the Council has responded to the technical consultation on the 2019-20 local government settlement which includes plans to increase the baseline for housing growth, below which the new Homes Bonus will not be paid. New Homes Bonus calculations are based on additional housing stock reported through the council tax base and decisions on the baseline for 2019- 20 will be made following a review of the data when it is published in November 2018. The financial impact could further increase in 2020-21 as the Government proposes to explore other ways to incentivise housing growth;

- If Publica is unable to deliver services to the required standard then it could damage the Council's reputation and result in additional costs for the Council - the waste fleet has deteriorated earlier than expected resulting in high levels of vehicle breakdown, and as a consequence is impacting on residents and increasing service costs. The fleet is being re-procured as it is too expensive to repair; and discussions are taking place with Ubico as to the options for mitigating this risk over the next 12 months. The Finance team is carrying out some work to understand whether the fleet should be depreciated over six years rather than seven years.

### 5.3 Service Risks

5.3.1 Service Risk Registers were updated by Officers to reflect changes to risk ratings at the end of the year. At the end of Q2, there was one primary risk on the Legal, Land and Property service register:

- If rental income is not achieved due to void periods or lower rents are agreed then there will be a financial impact on the Council's budget - there has been a loss of income at Abberley House as the property has had to be upgraded to meet the minimum energy efficiency standards legislation; marketing of the property should commence shortly. There is also a loss of income from Ashcroft Road while its use is being reviewed. We have commenced a review of our investment properties which will feed into the update of the Medium Term Financial Strategy.

### 6. Health and Safety

6.1 In the past, reports on health and safety matters have been considered by the Council's Joint Consultative Committee. With the formation of Publica and the transfer of the majority of Council employees into the company, it is now appropriate that these matters are considered as part of the quarterly performance reports.

6.2 The Head of Paid Service is the "responsible person" under the Regulatory Reform Fire Safety Order 2005.

6.3 There were four incidents during the quarter; details can be found at '**Appendix F**'.

6.4 There were no reportable incidents during the quarter which required the Health and Safety Executive to be notified.

6.5 The planned activities of the service include:

- The creation of a dedicated area on the Publica Portal for Health and Safety information which should help to simplify procedures for employees;
- Fire Risk Assessments for all sites will be reviewed by end of the year.

### 7. Cabinet

Any comments from this Committee on the summary performance report will be reported to the Cabinet.

(END)