



AGENDA ITEM (12)

SUMMARY FINANCE/SERVICE PERFORMANCE REPORT, INCLUDING FINANCIAL OUTTURN - 2018/19 END OF YEAR

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 Quarter 4 of 2018/19 be reviewed and challenged as appropriate.
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	Yes, in part

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 4 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' - Efficiency measures Appendix 'D' - Revenue Summary and Variances Appendix 'E' - Summary of gross capital expenditure

Performance Management Follow Up	Implement any decision(s)/recommendations of 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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Background Information

1. Operational Performance

1.1 The 2018-19 update of the Corporate Strategy and Plan 2016-19 was approved by Council, under the previous administration, 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 preparatory work has commenced by the new administration on 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 almost 94% of indicators achieving their targets or achieving their targets 'within tolerance'; and seven top tasks have been achieved during the year. In terms of financial performance, there was an under-spend against the budget of £491,362 (see Section 2).

Performance Against Top Tasks

1.4 The Council's top tasks, which were set by the previous administration, 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. At the end of the year, seven top tasks have been achieved, and four top tasks are running slightly behind target; we expect the majority of these tasks to be achieved during the next financial year. The remaining tasks are progressing largely as expected.

1.5 Seven top tasks have been achieved:

- 'Adopt the Local Plan by Summer 2018' – the Local Plan was adopted at Special Council on

3rd August 2018;

- 'Deliver a minimum of 150 affordable homes in 2018/19' – we delivered a total of 291 affordable homes during the year;
- 'Review service options for the future Cotswold waste service, in preparation for the renewal of the fleet in 2019, including consultation on service design by the end of December 2018' – Council considered and agreed the design of the new waste service in December 2018, which is expected to commence in Autumn 2019;
- Start work on the preparation of a new Corporate Strategy for the period 2019-2023 – the initial work on understanding the state of the District is nearing completion;
- Support the Gloucestershire One Public Estate Cirencester project during 2018/19 – we are considering potential joint opportunities between the Police and the Council on the Forum sites; and as part of the wider initiative, we will be reviewing partner organisations' landholdings in Cirencester and seeking opportunities to better utilise assets;
- Work to address Cirencester's car parking needs, by pursuing a range of solutions including the provision of a decked car park at the Waterloo site and permit parking at the Cirencester Rugby Club by the end of March 2019 – options for the internal design have been finalised, contractors have been appointed for the construction phase, and the architect procurement has commenced. The Rugby Club has been secured for decant parking, and a planning application is likely to be submitted in June 2019;
- Participate in Gloucestershire County Council's Fastershire initiative to improve the roll-out of high speed broadband to all parts of the District, including hard to reach areas, by the end of this Strategy – over the last 18 months, superfast broadband has been extended to hard to reach areas; and once the latest developments are complete, we expect coverage to be up to 98% of all premises in Cotswold District.

1.6 Three top tasks were not achieved by the target date:

- 'Progress work on the Cirencester Town Centre Master Plan (Supplementary Planning Document) - complete consultation on the options for the Master Plan by the end of March 2019' - a conference focusing on the health of the town centre was deferred until January 2019 at the request of local retailers in order to avoid Black Friday and the Christmas shopping season. Public consultation on the Master Plan options has been re-scheduled later in 2019;
- 'Increase the number of electric vehicle charging points in the District for both public and council business use by the end of March 2019' - due to the complexities of the legal framework, it has taken longer than expected for external solicitors to put the framework in place. The legal elements have since been completed which will allow the framework procurement to commence in the next quarter;
- Adopt and implement the Community Infrastructure Levy jointly with West Oxfordshire District Council by 6th April 2019 – the implementation date has been delayed to June 2019 so that the necessary systems and resources can be put in place to implement and operate CIL.

1.7 One top task is running behind the target date:

- Support the improvement works to the Corinium Museum by the end of December 2019 – there was a delay in tendering the work packages; and since commencing the main building works, structural issues were found when the ceilings were exposed in the grade II listed parts of the building. The project end date is estimated to be March/April 2020.

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

Performance Against All Indicators

1.9 Almost 94% of performance indicators achieved their targets or achieved their targets 'within tolerance'.

1.10 Two indicators fell short of their targets:

- Number of visitors to museum or galleries, and
- Percentage of land charge searches received and dispatched within ten days.

1.11 Further details, including any mitigating actions being taken, have been provided by the accountable officers at **Appendix 'B'**:

1.12 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		2017/18		2018/19	
	Total	% ¹	Total	% ¹	Total	% ¹
Achieved or exceeded target	21	63.6	23	82.1	23	74.2
Achieved target within tolerance	6	18.2	2	7.1	6	19.4
Target not achieved	6	18.2	3	10.7	2	6.5
Total	33		28		31	
No target/no data	4		7		5	

¹ Figures have been rounded and may not add up to 100%

Efficiency Measures

1.13 For 2018/19 and in previous years, the Council's aim was '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

1.14 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 2017/18 data)

placed the Council in 2nd position – one place down on the previous year (1st) and seven places better than the baseline year (9th) (low is good). The drop from 1st to 2nd position was due in the main to the performance of one indicator, the claimant rate, which fell from a ranking of 8 to 70. The increase in the claimant rate is a result of the implementation of Universal Credit Full Service, and has affected local authority areas disproportionately, with increases in claimant count/rate being more pronounced in those areas that have been operating Full Service longer.

1.17 In general, there has been a strong and consistent performance across the basket of indicators over the seven year period during which time the Council has ranked in the top 10 councils.

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 base revenue budget (Total Cost of Services) for 2018/19 was £13,104,721. During the year this was revised to £14,642,972 to reflect the following:

- Include in-year savings within service areas;
- Accounting adjustments (e.g. capital charges);
- Inclusion in service budgets of one-off expenditure funded from specific government grants;
- Inclusion in service budgets of one-off expenditure funded through earmarked revenue reserves.

2.2 Operationally, the Council under-spent against budget by £153,225.

2.3 During 2018/19 the Council was part of the Gloucestershire 100% Business Rates Retention Pool Pilot. The financial gain from the pool exceeded the budgetary provision by £497,975.

2.4 From 1st April 2018, a revised accounting standard came into effect. Once the accounting requirement of International Financial Reporting Standard (IFRS) 9 on "Financial Instruments" is taken into account, the net surplus for the year, including Business Rate Retention and operational budget under-spend is £491,362.

2.5 The Council had planned to increase the level of General Fund balance by £7,811. The outturn position enables the Council to increase the General Fund Balance further or to allocate the surplus to earmarked reserves to provide funding for in-year budget pressures during 2019/20 or fund initiatives which support the Council's aim and priorities.

2.6 The revenue outturn for all services for the year ending 31st March 2019 is shown at **Appendix 'D'**. The report highlights that there are a number of budget variances across a range of service areas. These figures are subject to external audit review during the summer, however, the figures are not expected to change materially from those currently being reported.

Detailed Variance Analysis

Expenditure – Significant Variances

2.7 The Council's own service company, Publica, now provides the majority of the Council's staffing resource which is used to provide services. The 2018/19 contract sum, which was agreed prior to the start of the year, with Publica is £8,951,407 (excluding the cost of the Transformation programme).

2.8 At the end of the year Publica reported an overall underspend of £877,000 against its

Contract sums with the Councils. £307,000 related to the Cotswold contract sum. These savings have been allocated across the Council services.

2.9 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 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. The Ubico contract costs have exceeded budget by £156,000. The Council had planned for this by making provision from reserves. Due to the Council achieving an overall surplus for 2018/19, funding from earmarked reserves has not been utilised, and the costs were borne by the General Fund. The balance in the earmarked reserve (of £200,000) therefore remains available.

2.10 Expenditure on the homelessness cost centre was £55,000 lower than budgetary provision. The under-spend is in relation to a decrease in the requirement to use Bed & Breakfast accommodation. The service have been working proactively to prevent homelessness before it happens and is bringing the Council's property in Ashcroft Road into use before the end of the financial year as temporary 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.

2.11 The costs of the 2020 Vision/Publica Transformation Programme as showing an over-spend of £36,460. This overspend relates to software licensing costs which will be shared across the Publica partner Councils. It is estimated that £24,000 is recoverable from the Publica partner councils. The costs will be recovered in 2019/20 and will be treated as windfall gain in 2019/20.

2.12 Savings in the "GO Support and Hosting" cost centre of £53,000, which relates to the back office system support for the accounting and HR system, are from savings in the IT infrastructure used to enable data to be transferred across various Council sites.

2.13 Overspend in ICT OF £25,000 is a result of unavoidable software license costs and support and maintenance of systems.

2.14 The Council received a £56,753 refund of Business Rates for multiple years relating to the Old Memorial Hospital, in Cirencester. In contrast, the Council has paid £70,163 to HMRC to correct a one-off Value Added Tax error.

2.15 The Retained Services group of cost centres includes a budget item for "Savings and Growth Items". This includes savings incorporated within the Publica contract for natural employee turnover (posts vacant while Publica recruits new entrants). The under-spend in the Publica contract (see paragraph 2.8) is in addition to this vacancy savings target. The Publica savings are reflect across all services areas, however the Council's savings target has not been allocated to service areas and is therefore showing as an artificial overspend of £156,000 which offsets underspends across Council services.

2.16 At the time of producing this report, the animal control cost centre is showing an over-spend of £63,000. However, the Council is due a payment from West Oxfordshire District Council of around £60,000 which offsets this deficit. The payment will be received in 2019/20 and will be an in-year windfall gain.

2.17 The budget for Councillor allowances has been underspent by £35,000. Some Councillors chose not to claim all of their allowances for the year, including mileage. In addition, an allowance had been made for a potential increase in allowances for 2018/19 but, in the event, changes were not implemented until 2019/20.

2.18 The costs of appeals against planning decisions have exceeded budget by £48,000.

Income – Significant Variances

2.19 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 and the fee entitling users a service up until 31st March. Subscribers to the service have exceeded budget, with the service showing £159,000 of income above the target for the year.

2.20 Despite a positive start to 2018/19, planning application fee income has underachieving against budget and ended the year £154,000 short of target. Land charges income is also short of target by £31,000.

2.21 The Housing Benefit team have identified a higher level of housing benefit overpayments than anticipated. Overpayments attract additional housing benefit subsidy from central government. Overall the income has exceeded budget by £121,000.

2.22 In the first half of the year the Council diversified a portion of the investment portfolio, away from traditional 'cash' deposits. As a result, the Council has invested an additional £6m into a mixture of property funds and income funds. These investments are proving successful, almost immediately generating additional revenue for the Council. By 31st March, the overall investment return was £147,000 above target.

2.23 The Council's commercial property portfolio has performed well over the year and rental income has exceeded budget by £33,000.

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

Business Rates Retention Scheme and Pooling

2.25 From 2013/14 the Council has been a member of the Gloucestershire business rates pool. The pool was established to reduce the levy payable to central government on growth in the business rates base.

2.26 The accounting arrangements for Business Rates are complex and introduce timing difficulties into items charged to the revenue account due to differential treatment under statute. The original budget and the actual outturn for 2018/19 is as follows:

	Budget 2018/19 £'000	Actual 2018/19 £'000	
Business Rates Income	16,492	16,492	Movement for RV, appeals etc. - Charged next year
Less: Tariff	-13,558	-13,558	
NNDR deficit payable to the Collection Fund	-842	-842	Fixed at budget setting
S.31 Grant	2,001	2,381	Changes to small business rate relief and new discretionary reliefs introduced by central government
	4,093	4,473	
Less: Levy	0	0	No levy applicable as part of 100% pool pilot
Net Business Rates	4,093	4,473	A surplus of £319,081 in year
Contribution from	440	440	Funded from section 31 Grant

business rates smoothing reserve to part fund collection fund deficit			received in prior years which compensates for lost business rates income reflected in the Collection Fund.
Contribution to Gloucestershire Economic Joint Committee	-379	-262	Contribution as per the Pool Governance Arrangements – share of pool gain to be invested in economic development across the County
Total Business Rates	4,154	4,651	A surplus of £497,975 for the year

2.27 The Council has benefited from being part of the Gloucestershire 100% pool pilot in 2018/19. While some pool gain was included within the base budget for 2018/19, there has been an additional windfall gain of £498,000 in 2019/20.

2.28 There has been very limited resolution to appeals against the 2010 rating list. The provision for successful appeals remains unchanged at around £1.2 million.

2.29 Provision has been included for the first two years of the new list which came in to effect in 2017/18. So far the new Check, Challenge and Appeal process, introduced for the 2017 list, has not resulted in any businesses reaching the Appeal stage of the process and therefore no successful appeals. The provision for the 2017 list is therefore in line with the national assumption on successful appeals. The provision for appeals against the 2017 list is now around £3 million. Overall the appeals provision now totals £4.1 million.

2.30 Changes to the Business Rates Retention Scheme are due to be implemented by central government in the 2020/21 financial year. Although the Council's Medium Term Financial Strategy (MTFS) makes provision for a significant reduction in funding from retained business rates, the actual impact of the changes remain unclear.

Transfers to Reserves

2.31 As mentioned, at 2.4 above, the Council has generated an under-spend against its original budget of £491,362.

2.32 The Council is facing a significant financial risk when it introduces the changes to its waste and recycling service in November 2019. As has been seen from changes to these types of services in other local authorities, the true cost of delivering a revised waste and recycling service cannot be guaranteed until the service is operational and has become established. It is therefore recommended that £490,000 is transferred to the Council Priorities Fund earmarked reserve for use either in funding in-year budgetary pressures from changes to the waste service or to fund priority projects which support the new Council's priorities.

2.33 It is proposed that the remaining revenue underspend of £1,362 be transferred into the Council General Fund.

General Fund Balance

2.34 As at 1st April 2018, the Council's General Fund balance stood at £4,835,975. This was revised up to £4,900,976 as changes in accounting standards were applied from 1st April 2018 with the introduction of International Financial Reporting Standard (IFRS) 9 on "Financial Instruments". This required a transfer from a previously "unusable" reserve into the Council's General Fund Balance as at 1st April 2018.

2.35 When the 2018/19 budget was set in February 2018, it was anticipated that there would be a

contribution to the General Fund balance of £7,811. If the recommendation set out at 2.33 is approved by Council. The contribution to General Fund balance will increase by £1,362 and will stand at £4,902,338.

2.36 Retaining General Fund balances at this level will assist with longer term planning that will be incorporated within the Medium Term Financial Strategy. A formal review of the Strategy will take place during 2019/20.

3. Capital Activity

3.1 The Council received 123 DFG [Disabled Facility Grants] referrals during the period April to March 2018/19. This 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. The maximum DFG is £30k. There are currently 54 ongoing DFG cases, 4 of which are for children. The grants are mandatory and fully funded by central government. The Council contributes £5k per quarter to 'Warm and Well' from the DFG funding it receives. The scheme [Ecoflex] is managed by Severn Wye Energy Agency. The Ecoflex scheme is available to private tenants and home owners and aims to reduce fuel poverty associated with health problems and improve energy efficiency in the home. It also offers the Renewable Energy Incentive which includes health issues related to damp and cold, general advice, grants for insulation, boilers and heating.

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 the replacement of storage infrastructure, network upgrades, firewall replacement and internet connectivity.

3.3 Card payment devices at the Council's car park pay and display machines have now been upgraded. Contactless payments are now available at all pay and display machines across the district.

3.4 Planned improvement work at Rissington Road car park, Bourton-on-the-Water has been delayed due to drainage issues which require resolution before other improvements progress. Some changes to design have also been explored which should mean drainage costs incurred won't exceed agreed total scheme costs.

3.5 The drafting of the legal Framework documents for the procurement of a number of Electric Vehicle Charging Points [EVCPs] proved to be highly complex and their preparation has taken far longer than anticipated. Procurement is expected to commence during Q.1 2019/20.

3.6 Car parking developments are as follows -

- The Council is taking forward a number of projects aimed at increasing car parking capacity. The Waterloo decked car park proposal has progressed, with pre-app advice obtained, internal car park designs developed and soil investigation undertaken to inform understanding of archaeology. A contractor has also been appointed for the construction phase and is working with the Council and consultants in the preparation of construction costs. The Architect procurement will commence in April 2019 and once designs have been obtained a business case can be submitted to Council for a decision to proceed and a planning application submitted.
- A planning application for the Rugby Club is being finalised and following consultation with local residents in February, some further surveys and assessments are being carried out to satisfy local concerns. Once a further meeting with residents has taken place the planning application will be submitted in June 2019.
- Funding has also been allocated for the demolition of the Old Memorial Hospital and the

creation of additional parking spaces. This site would be considered for more strategic development longer term within the context of the Cirencester Masterplan. Planning permission has been granted for demolition and works will proceed later this year.

3.7 The procurement of Ubico fleet vehicles as part of the replacement programme has been reviewed in line with the planned waste service changes in November 2019.

3.8 The Corinium Museum 'Stone Age to Corinium' project began on site at the end of Q3. The museum remains open at this stage with minimal impact on visitors expected.

3.9 The Rural Broadband scheme [Budget of £500,000] is dependent upon a bigger scheme being agreed with Gloucestershire County Council. It is not anticipated that a scheme will present itself in the near future. If this is the case, then the Cabinet/Council may wish to consider an alternative use of such earmarked funds. Similarly, a scheme planned for the Scanning of Planning Documents [£200,000 budget] has been put on hold. Neither scheme is anticipated to move forward in the near future.

3.10 There were no capital receipts or asset disposals during Quarter 4.

3.11 A full list of the approved capital programme and expenditure is attached at **Appendix 'E'**

4. Risks

4.1 The **Corporate Risk** Register was updated during April 2019 and reviewed by the Shared Risk Management Group on 30th April 2019. The Shared Risk Management Group comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

4.2 At the end of 2018/19, there were 2 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 MTFs was approved by Council in February 2019. The MTFs includes an estimate of the likely impact of the changes to local government funding from 2020/21 onwards which provides the Council with the context in which to take decisions. However, the actual impact of changes to central government funding will not be known until the autumn.
- If Ubico 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 before expected resulting in high levels of breakdown, and as a consequence is impacting on residents and increasing service costs. The fleet is being re-procured as part of a new service which will be launched in November. Modelled costs for the new service were agreed at Council in December and embedded in the budget in February, however, there are elements such as fleet numbers and tonnages which are based on estimates and may be subject to change which could increase costs.

4.3 **Service Risk** Registers were updated by Officers to reflect changes to risk ratings at the end of the year - there are no primary risks to report.

5. Health and Safety

5.1 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.

5.2 The Council's Head of Paid Service is the "responsible person" under the regulatory reform fire safety order (2005).

5.3 There were no recorded incidents during the quarter.

5.4 The planned activities of the service include:

- The fire zones at Trinity Road have been restructured so that there is a consistent approach across Council sites;
- Two fire warden refresher training sessions have taken place at Trinity Road, with another session planned;
- Fire risk assessments on all Council properties are scheduled for May 2019.

6. Overview and Scrutiny Committee

This summary performance report will be reviewed by the Overview and Scrutiny Committee at its rescheduled Meeting on 23rd July 2019; and any comments from that Committee will be reported to the Cabinet in due course.

(END)