



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW AND SCRUTINY – 23 FEBRUARY 2021
Report Number	AGENDA ITEM 11
Subject	FINANCIAL, COUNCIL PRIORITY AND SERVICE PERFORMANCE REPORT – 2020-21 QUARTER THREE
Wards affected	All
Accountable member	All relevant Cabinet Members
Accountable officer	Robert Weaver, Chief Executive Tel: 01285 623607 Email: robert.weaver@cotswold.gov.uk
Summary/Purpose	To provide an update on progress on the Council's priorities and service performance To provide information on the Council's financial position
Annexes	Annex A - Council Priorities report Annex B - Performance indicator report Annex C - Revenue Summary and Variances Annex D - Summary of gross capital expenditure
Recommendation/s	<i>That the Committee reviews overall progress on the Council priorities, service delivery and financial performance for 2020-21 Q3.</i>
Corporate priorities	Deliver services to the highest standards Respond to the climate crisis Provide socially rented homes Make our Local Plan green to the core Support health and well-being Enable a vibrant economy
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None

I. BACKGROUND

- 1.1. In September 2019, the Council adopted the high level council aim and priorities. The more detailed work was partly delayed by the impact of Covid-19 but presented an opportunity to re-examine the Council's priorities as part of the Covid-19 recovery work. The recovery work has been embedded within the new Corporate Plan 2020-24 which was adopted by the Council in September 2020.
- 1.2. A new performance management framework is being developed; a much broader framework than previous frameworks. It sets out six key strands of information on which assurance needs to be provided, with a key shift in focus from performance monitoring to performance management:
 - Business analytics and service assurance
 - Place based measures and comparators
 - Business Plan strategic actions
 - Council Plan priority actions
 - Project and programme management assurance
 - Risk and opportunity management
- 1.3. The performance report will continue to evolve in line with the emerging Performance Management Framework as well as feedback from senior officers and Members.
- 1.4. A high level commissioning statement was approved by Cabinet in January 2020 which sets out the relationship between Publica and the Council and their respective responsibilities. The Executive Director (Commissioning) is accountable to the Council for the services commissioned from Publica, and also for the services commissioned by Publica from third parties on behalf of the Council. Publica must ensure that it provides the necessary information to the Council so it can assess whether the commissioned services are being delivered in accordance with the agreed quality and standard. The Council's Chief Executive is responsible for reviewing and approving the information provided in this report prior to its publication.
- 1.5. The Council's Chief Executive has received a report on progress towards achieving the Council's priorities and service performance. He has assessed performance in line with the high level commissioning statement, and confirms that overall, services have been delivered to the agreed quality and standard. He has also noted the continued impact of Covid-19 on communities, businesses, customers, services, and staff as the nation moves between response and recovery, and response again. He has drawn particular attention to the following:
 - The preparation for a second wave of Covid-19 in the Autumn has meant there was no requirement to redeploy staff during the subsequent lockdowns. He recognises that many services continue to support residents, communities and businesses that have been impacted by Covid-19 as part of their everyday job. Enormous efforts continue to be made by a number of services in supporting businesses to access grants;
 - The Council's leisure centres re-opened on 1 August 2020, but were required to close down again in line with the government announcement of a second lockdown between 5 November and 2 December 2020. Facilities were re-opened in the lead up to

Christmas but as Gloucestershire moved into Tier 4 on 31 December 2020, all leisure facilities have remained closed from this date. A contract variation and further financial recovery packages have been agreed to cover the period until March 2021;

- The Council's business rates collection figure is being severely impacted by Covid-19 as is the case with other councils throughout the country. Government has gone some way in helping certain businesses with 100% business rate relief, but there are still those businesses which have seen an impact on their out turn and which have not received any assistance and are therefore struggling financially;
- Parking income continues to be significantly affected by the reduction in car park usage during the lockdowns;
- The delivery of affordable housing, one of the Council's priorities, was impacted by the first lockdown, but has recovered well with 42 affordable homes delivered in Q3 which included five homes for social rent in Tetbury and Moreton-in-Marsh, and four bungalows in Chipping Campden. However, the lower number of commencements against the forecast for this financial year due to Covid-19 restrictions will impact on the completions in the next financial year.

2. COVID-19 UPDATE

2.1. The Council is continuing to support local businesses who are having to adapt to changing Covid-19 restrictions, and multiple lockdowns. It is responsible for distributing the large range of business grants made available by central government. Financial support is also available to those individuals having to self-isolate under the Test and Trace support payment.

2.2. During Q3, the following business grants were awarded:

- Local Restrictions Support Grant (closed) – a total of £1,581,488 was paid out to 1,005 businesses in retail, leisure, hospitality, and events which were mandated to close between 5 November and 2 December. Further retrospective applications have since been received;
- Additional Restrictions Grant (discretionary) – a total of £107,040 was paid out to 67 businesses from November to the end of Q3. This grant is available for businesses that do not have a business rate assessment of their own, and would include charity properties and regular market traders;
- Christmas Support Payment for wet-led pubs funding – grants of £1,000 were paid to six businesses during December. This fund closes on 28 February 2021;
- Local Restrictions (closed) – a total of £11,338 was awarded to eight businesses that were mandated to close either under the Tier system or current lockdown; the fund opened on 2 December;
- Local restrictions (sector) – a total of £4,571.42 was awarded to two businesses; this grant is for businesses such as nightclubs.

2.3. The administration of business grants and the Test and Trace isolation payments have impacted on resources across a wide range of services including ICT, Accountancy and Accounts Payable, and Revenues and Customer Services. New online application forms have been created and a new process built in Salesforce; and additional returns have been completed on the value of grants paid for each scheme for government reporting. The

Revenues and Customer Services teams have supported businesses in responding to their enquiries on the grant process and grant applications. Although additional resource has been made available, from an employment agency, to help administer the grants, existing resources have been utilised to support and provide training to them.

- 2.4. In early November 2020, the nation entered a second lockdown and whilst shielding was not reintroduced, people who were classed as Clinically Extremely Vulnerable (CEV) were advised to avoid leaving home. The Council undertook an exercise to email, text and telephone the 4,166 residents in the District that are CEV to check if they had access to the support they needed. This resulted in a number of residents being directed to specific services and support via the Council's Help Hub team. The Help Hub team continues to receive daily notifications of residents seeking support, not just those who are CEV.
- 2.5. The Council's support to its communities continues to flex between response, providing critical support to vulnerable residents during lockdowns and financial support to businesses, and recovery, with more strategic support to build resilience and help businesses to adapt.

3. COUNCIL PRIORITY REPORT

- 3.1. During Q3, the Council adopted the Green Economic Growth Strategy and the Sustainable Transport Delivery Strategy for Electric Vehicles; and work on the draft Housing Delivery Strategy and draft Leisure Strategy are progressing well. These should come forward during the next quarter; these strategies provide the frameworks and principles for the respective areas of work, and set the direction and priority action areas;
- 3.2. Covid-19 recovery work was largely embedded within the Corporate Plan. Much of the work in Q3 was focussed on supporting the high streets to re-open following the second lockdown; as well as continuing to support businesses including those in the visitor economy to increase their online presence;
- 3.3. A range of projects to tackle inequality including working with partners to get young people back into work, promoting healthy lifestyles, and raising awareness of domestic abuse are being progressed.
- 3.4. The Council Priority report is attached at Annex A.

4. SERVICE PERFORMANCE REPORT

- 4.1. Since the start of the pandemic, many services have been impacted by Covid-19. Some services have had to close during multiple lockdowns, while other services have experienced higher workloads due to demand or because colleagues were supporting residents, communities, and businesses through the crisis. The majority of staff continue to deliver services from home, which has meant that services have had to adapt and find new ways of working. Despite this, many services have performed well with no visible reduction in quality or standard; and customer satisfaction for services delivered by phone remains high at over 90%.
- 4.2. A full report is attached at Annex B.

5. FINANCIAL PERFORMANCE

- 5.1. **FINANCIAL PERFORMANCE**

Financial Performance (Revenue)

1. The Council set its budget for the 2020/21 financial year on 26th February 2020, just before the Covid-19 lockdown. Demand has been lower for many of the Council's income generating services, especially car parking, leisure services, planning and building control. In addition, the Council has faced pressures on its expenditure budgets. In particular, providing emergency accommodation for individuals and families facing homelessness, collecting additional waste and recycling materials, and ensuring that the Council's leisure contractor was able to fulfil its contractual obligations to ensure the Council's leisure centres and museum were adequately maintained and managed while they were closed to the public.
2. The Council has regularly reported the impact upon Covid-19 on its finances to the Government. In response, the Government has provided four tranches of grant funding in recognition of expenditure pressures; in the period to 31 December, £1,129,200 was paid. The Government has also provided additional funding to compensate for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services, in the financial year 2020/21. At the end of quarter three, the Council had received £551,325 for income losses for the period April to July 2020 and expects to receive £380,859 for the period August to November 2020, following the completion of a data collection exercise to MHCLG in December 2020. A third exercise will be undertaken after 31 March 2021 to cover losses in the December 2020 to March 2021 period.
3. In addition, a new burdens grant of £190,000 has been provided towards the cost of administering grants to businesses and a grant of £69,861 has also been provided to support the payment and administration of test and trace support payments. A grant of £34,218 has also been received for Covid-19 compliance and enforcement activity including Covid-19 Secure Marshals.
4. The financial impact of Covid-19 has been felt across the Council services and therefore across many of the service budgets. In response to the financial impact of the pandemic a revised budget for 2020/21 was prepared in consultation with the Council's key service delivery partners: Publica Group Ltd, Ubico Ltd and SLM. The budget revised income budgets to reflect forecast service income for 2020/21, revised expenditure budgets to reflect additional cost pressures and incorporated additional government funding for Covid-19. This budget was approved by Council in September 2020.
5. This report sets out the profiled income and expenditure variances for the period April to December 2020 against the revised budget.
6. At the end of December, the Council is reporting net expenditure of £4,313,777 against its profiled net budget of £5,118,543. This equates to an under spend against the revised profiled budget of £804,766.

7. The detailed budget variances and commentary for the period 1 April to 31 December 2020 are set out at **Annex C**. The most significant variances include:

Income

8. The impact of Covid-19 upon planning fee income and pre-application advice for the year was expected to be £450,000 and this was reflected in the revised budget for 2020/21; the position at Q3 is an overachievement of £209,803 against the profiled budget and an underspend of £37,999 in relation to appeals due to no large appeals costs to date. Income levels fell back to the original budgeted level during January.
9. The Council suspended charges in its car parks in March 2020 in response to Covid19. The increases to car parking charges approved as part of the budget process in February 2020 were deferred until September 2020. The revised budget assumed that income from car parking for the year would be around £1,680,000 lower than the original budget. Income from car park fees, permits and excess charges was £201,000 higher than the profiled revised budget at the end of Q3 reflecting a higher demand than forecast despite further restrictions in Q2. There was a further national lockdown implemented in January 2021 which will impact upon car park income. Overall income is expected to exceed the revised budget.
10. Ubico worked with the Council's commissioning team and the Cabinet Member for Environmental Services to deliver the Council's priority services during the Covid-19 pandemic. As a result, the Council's garden waste collection service was suspended during the period from late March to mid May. The Council therefore decided to maintain the fee for the service at £30 for the year rather than increase to £35 as per the Council decision in February 2020. This resulted in the income budget being reduced by £79,000 as part of the revised budget process. At the end of Q3 £54,000 more income has been received in respect of green waste annual subscriptions in comparison to the revised budget as a result of higher take up than anticipated.
11. Income from the collection of bulky waste has performed better than expected due to increased demand with £35,618 more income received than was forecast in the profiled revised budget, this has also resulted in a corresponding £26,757 increase in expenditure.
12. The investment portfolio has a mixture of investments. Longer term with a fixed level of return to guarantee a certain level of performance, plus bonds, pooled funds, and shorter-term Money Market Funds to ensure an element of the portfolio is liquid. Interest received in respect of investments includes a £169,000 variance to profiled budget due to the ongoing impact of the pandemic on global financial markets. The forecast year-end position based on current performance is £133,000 below budget due to improving market conditions for property, bond and equity investments and equates to a 1.56% return on investment.

Expenditure

13. Leisure and museum services operated by an external contractor, SLM, closed from late March to early August, and have been subject to social distancing and additional health and safety requirements, which reduce capacity. SLM have been unable to generate sufficient income to break even. The centres re-opened on 1 August 2020, but were required to close down again in line with the government announcement of a second lockdown between 5 November and 2 December 2020. Facilities were re-opened in the lead up to Christmas but as Gloucestershire moved into Tier 4 on 31 December 2020, all leisure facilities have remained closed from this date. The Council has worked with SLM to manage the financial impact of Covid-19. The Council approved an interim financial arrangement with SLM for the period from April to the end of October 2020. SLM are operating under open book arrangements and report actual financial performance to the Council. The Council's estimated liability for this period was £296,141. Payments made to SLM under open book accounting of £268,053 were £28,088 lower than forecast for the period to 31 October 2020.
14. A further capped financial package of support for SLM of £291,146 was approved by Council in October for the period November 2020 to March 2021. Payments made to SLM under open book accounting between November and December of £96,382 were £48,411 lower than the cap for this period of £144,793. The revised profiled budget set in September 2020 included expenditure of £600,105 for the period 1 April 2020 to 31 December 2020, £364,959 was payable to SLM resulting in an underspend against the revised budget of £235,191.
15. A further financial support package is likely to be required for a period during 2021/22. There is some contingency in the 2021/22 budget. Any additional support will be subject to a Cabinet or Council decision.
16. There is an underspend of £17,759 against the revised budget respect of street naming. Any underspend at year-end will be carried forward to 2021/22 to fund new Cotswold signs in the District.
17. Expenditure on Community Activity Support Grants is lower than budgeted at the end of quarter 3 by £39,532. This scheme has been reviewed and 'Spacehive' (a civic crowdfunding platform for projects aimed at improving local civic and community spaces) has been procured and went live in January 2021. This budget is now funding community projects through the Spacehive platform.
18. Expenditure related directly to the impact of covid-19, and funded from the Government Covid-19 grant, has exceeded the profiled budget by £297,345. The largest impact is from Ubico. As Ubico is a wholly local authority owned company, the Council pays for the actual cost of service delivery. Additional costs incurred by Ubico for agency staff, hire vehicles and personal protective equipment are therefore passed through to the Council. For the period April to December, additional costs have amounted to £386,000. It is likely that these and other costs

associated with Covid-19 will continue, as social distancing is likely to continue through to the end of the financial year. Grants received from the Government and contributions from the County Council exceeded the budget by £201,245 resulting in a net overspend of £96,100 at the end of Q3.

19. At the end of Q3 Publica is estimating an underspend on its contract sum. This Council's share of the underspend is £150,000, this has not been included within the Q3 outturn but will be allocated across services at the end of the financial year when the final outturn position is reported.

Forecast

20. Overall the position at the end of the third quarter is positive with a variance of £804,776. This provides the Council with some contingency to manage the impact of Covid-19 for the remainder of the year.
21. Income from car parking, planning and green waste is expected to perform favourably against the revised budget across the year. Support provided to SLM is significantly lower than budgeted. Expenditure will exceed budget in respect of the Ubico contract and associated increased costs although this can be met through Government Covid-19 grant funding.
22. Annex C provides a forecast year-end position. This indicates that income performance is expected to continue to exceed additional cost pressures. The Council has a contingency of around £520,000 to manage the impact of Covid-19 for the remainder of the financial year.

Capital Activity

23. The Council's revised capital budget for 2020/21 is £11,063,000. A total of £2,257,408 has been spent against these schemes at the end of Q3 with a further £1,694,219 committed.
24. A full breakdown of the schemes for the year and expenditure at Q2 is set out at Annex D.

Capital receipts and disposals

3. There were no capital receipts or disposals made during quarter three.

6. CABINET

- 6.1. This summary performance report will be reviewed by the Cabinet at its meeting on 1 March 2021; and any comments from this Committee will be reported to the Cabinet.

7. FINANCIAL IMPLICATIONS

- 7.1. As described in section 5 of the report.

8. LEGAL IMPLICATIONS

8.1. None.

9. RISK ASSESSMENT

9.1. Contained within the report

10. ALTERNATIVE OPTIONS

10.1. None.

11. BACKGROUND PAPERS

11.1. None.

(END)