



**Report To:** Cabinet  
**Lead Officer:** Chief Executive

13 July 2017

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## 2016-17 YEAR-END POSITION STATEMENT ON FINANCE, PERFORMANCE AND RISK

### Purpose

1. To provide Cabinet with:
  - A provisional 2016-17 outturn position statement on General Fund, Housing Revenue Account (HRA) and Capital expenditure, including requests for budget rollovers from 2016-17 to 2017-18;
  - A statement on the 2016-17 year-end position statement with regard to the Council's corporate objectives and performance indicators, and
  - The Strategic Risk Register.

Integrated reporting in this way gives EMT and Members the opportunity to examine any areas of concern and decide on the appropriate action.

2. Approval of capital and revenue budget rollovers constitutes a key decision, notice of which was first published in the March 2017 Forward Plan..

### Recommendations

3. Cabinet is requested to:
  - (a) Consider, comment on and note the Council's provisional financial outturn position, together with the overview of Corporate Plan 2016-2021 achievements and performance against key performance indicators set out in the report and appendices **A-D attached**;
  - (b) Approve budget rollovers totalling £3,149,007 as detailed in **Appendices D(1) General Fund Revenue, D(2) HRA Revenue and D(3) Capital**, to be carried forward into the 2017-18 financial year, and
  - (c) Approve the Strategic Risk Register at **Appendix E attached**.

### Reasons for Recommendations

4. These recommendations are required to enable Cabinet to understand the organisation's financial position and performance. This contributes to the evidence base for the ongoing review of priorities and enables, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.
5. Rollovers are required to be submitted to Cabinet as, subject to approval, they will result in increases in 2017-18 budget estimates for specific, exceptional items that were originally included in the 2016-17 estimates but will now fall in 2017-18. Rolling over revenue and capital budgets will allow the re-phasing of specific expenditure into 2017-2018 as stated in proposal forms, summarised in **Appendices D(1), D(2) and D(3) attached**.

6. The Strategic Risk Register and Matrix form the record of corporate risks the Council currently faces in the achievement of strategic aims delivery of services, together with control measures to address / sources of assurance over the risks.

### **Background**

7. This is the final position statement for 2016/17, providing updates in respect of:
  - The Corporate Plan 2016-2021, agreed by Council in February 2016; and
  - Key monthly, quarterly and annual Performance Indicators at 31 March 2017; agreed by EMT in consultation with Portfolio Holders.

### **Corporate Plan 2016-2021**

8. The Corporate Plan 2016-2021 sets out the following Vision for the Council:

'South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.'

9. We worked to attain our Vision through three Strategic Aims around four strategic objectives: Living Well, Homes for our Future, Connected Communities, and an Innovative and Dynamic Organisation, and 21 accompanying actions. Detailed commentary on progress and achievements with each of the actions, bringing together relevant performance information, is set out in **Appendix A attached**. Whilst many of the aims and objectives within the plan reflect ongoing long-term priorities, we have reached significant achievements and milestones during the year, including:

### **Living Well**

- 177 families supported by Together for Families programme
- Active 4 Life GP exercise referral scheme has seen 272 clients starting the scheme and 112 completing a course during the year
- Well attended sports camps, including: netball (392 children aged 7-15); athletics (340 children aged 7-15); rounders/kwik cricket camp (30 children aged 7-15); Paddleboarding (368 children, young people and adults) and a women's netball league (120 women, 15 teams)
- Working with Parish Councils to secure around £3 million of developer contributions that will be payable to Parish Councils in future years to fund improvements to recreation grounds, pavilions, play areas and village halls.

### **Homes for our Future**

- Issued planning permissions for 6,675 new homes.
- HRA-funded developments completed at Swavesey (20 Units), Linton (4) and Foxton (15).
- First homes at Northstowe occupied in April 2017.
- Significant improvement in planning application determination performance

### **Connected Communities**

- A10 foot and cycle way opened in March 2017 connecting village of Melbourn to the A10.
- The new Cambridge North station at Chesterton opened May 2017.

- Combined Authority for Cambridgeshire and Peterborough launched, unlocking £600 million for infrastructure investment across the county.

### ***An Innovative and Dynamic Organisation***

- Ermine Street Housing generated income of around £680k for the Council..
- Launched cross-border bin rounds on 27 February, which will reduce crews' mileage by 20,000 per year and contribute to savings of £700,000 over three years.

### **Key Performance Indicators (KPI) and Corporate Plan outcome measures**

10. Cabinet has agreed a suite of 38 key performance indicators (KPIs) to provide a strategic overview of organisational health. Performance against Key Performance Indicators is set out in **Appendix B** attached, accompanied by narrative for each KPI. For the year end performance report, narrative is split into three sub-headings explaining how we did during the year in relation to target and intervention levels, what the context was for levels of performance and what the outlook is for 2017-18.
11. The data in Appendix B shows actual performance against target and intervention levels, which were agreed at the beginning of the year by directors in consultation with Portfolio Holders. The Council uses a 'traffic light' system to denote performance, whereby:
- **Green** signifies performance targets which have been met or surpassed;
  - **Amber** denotes performance below target but above intervention level. It is the responsibility of service managers to monitor such performance closely, putting in place remedial actions at the operational level to raise standards as required.
  - **Red** denotes performance below the intervention level. This represents underperformance of concern, and should prompt interventions at the strategic level which are likely to involve the reallocation of resources and proposals to redesign how services are provided.

### **Financial Outturn**

12. This position statement is reporting on the variance between the 2016/17 working budgets and the provisional outturn at the end of March 2017. A summary is below;

<b>Projected / Provisional Outturn variance to Working Budget</b>	<b>March 2017</b>	
	<b>£</b>	<b>%</b>
General Fund	(404,828)	(3)
Housing Revenue Account (HRA) *	(4,632,928)	(125)
Capital	(4,853,856)	(21)

\*It should be noted that £3,252,137 of the underspend showing in the Housing Revenue Account above is a direct result of delays in capital investment, where revenue funding was not required when anticipated, and therefore shows as a positive variance in both revenue and capital, but actually relates to the same

underspending. The HRA revenue variance is £1,380,791 (37%), if Direct Revenue Financing (DRF) of capital expenditure is excluded.

13. The provisional General Fund outturn as at March 2017 is positive due largely to the staff underspends in Corporate and Customer Services and Finance and Staffing, various savings in Health and Environmental Services and additional Planning Fee Income, which was higher than had previously been forecast.
14. As explained in the note above, the provisional HRA outturn underspend is predominantly due to delayed capital expenditure funded from revenue, which was lower than estimated, due to:
  - (a) Delays in the delivery of some of the new build programme;
  - (b) Savings in the work to refurbish non-traditional dwellings; and
  - (c) No identified need to invest funds held for the re-provision of existing dwellings in 2016/17.Savings in revenue repairs, partly due to cyclical maintenance contract savings were also realised in 2016/17.
15. The provisional Capital outturn includes underspending in Housing Capital, where planned expenditure did not occur, with some delays because of factors outside the Council's control.
16. A summary position statement is provided at **Appendix C**. Significant variances are listed in **Appendices C1, C2 and C3**.

### **Rollovers**

17. Budget rollover rules are governed by the budget and policy framework rules, as follows:

“Rollover of unspent budget provision from the previous financial year to the current year will only be permitted in exceptional cases (excluding employees). A list of rollovers will be completed and reported for approval to the Finance (and Staffing) Portfolio Holder by 31 July each year. Rollovers may then only be used with the approval of the Section 151 Officer, approval being on an individual basis during the year, when the director/cost centre manager can demonstrate that the current year's budget is fully spent/ committed and that there are no other sources of funding, including virement. Rollovers are for specific items and cannot be vired.”
18. The items in the 2016-17 budget, listed in **Appendices D(1), D(2) and D(3)**, were underspent at the end of the 2016-17 financial year, but the expenditure will now fall within 2017-18. If approved by the Finance and Staffing Portfolio Holder, the relevant estimate provisions will be rolled forward into 2017-18, only if, or when the S151 Officer is satisfied that the relevant 2017-18 budget has been fully committed. Each of these rollovers will have been approved by the relevant Director and Portfolio Holder before being presented to the Finance and Staffing Portfolio Holder.
19. The rollover requests listed in **Appendices D1, D2 and D3**, total £249,597 on General Fund revenue budgets, £800,110 on Housing Revenue Account revenue budgets and £2,099,300 on the Capital Programme.
20. Subject to approval, the March 2017 provisional outturn figures need to be adjusted for rollovers requested. The table below shows the adjusted net March 2016 provisional outturn figures, taking rollover requests into account:

Outturn compared to working budget	Provisional Outturn variance March 2017		Rollover requests	Adjusted Outturn variance March 2017	
	£	%	£	£	%
General Fund	(404,828)	(3)	249,597	(155,231)	(1)
Housing Revenue Account (HRA)	(4,632,928)	(125)	800,110	(3,832,818)	(103)
Capital	(4,853,856)	(21)	2,099,300	(2,754,556)	(15)

## Income

21. With declining resources from Government funding, ensuring that income targets are met becomes more important. Itemised below is the current position on significant income sources.

	Budget	Actuals	Variance
	2016/17	2016/17	(positive) / negative
	£	£	£
Land Charges	(254,360)	(274,746)	(20,386)
Refuse Recycling Credits (a)	(1,120,520)	(1,161,101)	(40,581)
Paper Recycling (a)	(294,800)	(345,692)	(50,892)
Taxi Licensing Fees and Charges	(157,930)	(198,627)	(40,697)
Licences under Acts - Fees and Charges	(113,650)	(115,691)	(2,041)
Travellers Sites Rents	(104,130)	(104,879)	(749)
Development Control Fees	(1,200,000)	(1,507,532)	(307,532)
Development Control Pre-App Fees	(120,000)	(177,272)	(57,272)
New Communities Charges for Services (b)	(565,000)	(414,870)	150,130
<b>TOTAL</b>	<b>(3,930,390)</b>	<b>(4,300,410)</b>	<b>(370,020)</b>

- (a) Now a shared service with Cambridge City Council - figures represent those attributable to SCDC only.
- (b) Includes budgets for Pre-App Fees. Income target increased sharply last year.

## Additional income/savings requirement

22. A target was set for additional income within the 2016/17 budget, including from Commercialisation projects. Actual income and expenditure from these initiatives have been accounted for within the Portfolio actuals, but an extract is presented below:

Source of saving	Net Savings Requirements	Actual Savings in the year	Narrative
	2016-17	2016-17	
	£000	£000	
Single Shared Waste Service: round optimisation.		38	The saving (SCDC share) was made a year early; it is budgeted that a saving of £75K (SCDC share) will be made in the following year.
South Cambs Ltd, trading as Ermine Street Housing (ESH)	250	680	It was anticipated that lending to ESH would be raised through external borrowing. No external borrowing has been required to date.
Commercialisation Programme	50	47	See below
<b>Total savings requirement</b>	<b>300</b>	<b>765</b>	This value is part of the General Fund Savings of £750k, the other £450K being Reduction for vacancies. These Savings requirements were shown separately in the budget, but the actuals are accounted for within Portfolio actuals.
Other	150	425	See below
<b>Total savings</b>	<b>450</b>	<b>1,190</b>	
<b>Commercialisation Programme:</b>			
- In-house Bailiff Service	30	20	
- Business Hub	20	27	
<b>Total Commercialisation Programme</b>	<b>50</b>	<b>47</b>	
- GF shared equity properties	150	425	This was budgeted for within the Housing Portfolio.
<b>Total Other</b>	<b>150</b>	<b>425</b>	

## Risk Management

23. Risk management best practice is that the executive and governance roles should be carried out separately. These roles are allocated between the Executive and Corporate Governance Committee, as follows:
- (a) agreement and ownership of the strategic risks facing the Council - the executive role - to the Executive, led by the appropriate portfolio holder;

- (b) approval of the risk management strategy; advice and assurance regarding the adequacy and effectiveness of risk management - the governance role - to Audit and Corporate Governance Committee.
24. Cabinet, led by the designated portfolio holder for risk management, therefore takes executive responsibility for management of the strategic risks facing the Council, including review of the Strategic Risk Register.
25. The Strategic Risk Register has been reviewed with the nominated risk owners and other members of EMT. Changes proposed to risk descriptions, control measures / sources of assurance, timescales to progress or likelihood / impact scores are highlighted in the draft Strategic Risk Register is attached as **Appendix E**. The draft Strategic Risk Matrix, attached as **Appendix F**, shows risk impact and likelihood scores in tabular form.
26. Particular risks to note are:
- (a) **STR03, Re-titled Gypsy and Travellers and those not meeting new planning definition (previously Illegal Traveller encampments or developments)**. Risk cause and consequences revised significantly.
  - (b) **STR05, Re-titled Failure to meet Housing Need (previously Lack of Land Supply)**. Risk and controls wording is revised significantly.
  - (c) **STR32, Re-titled Inadequate Development Management Performance (previously Risk of Designation as Poorly Performing Planning Authority)**. This risk was identified for possible inclusion in the Strategic Risk Register since the last review. It is therefore proposed that this be included on the register, with initial assessments of Impact 4 (High) and Likelihood as 3 (Possible).
  - (d) **STR30, Devolution Risk - Failure of implementation programme to deliver on scope, time, quality and cost.**  
This risk was included in the Strategic Risk Register during the last review. With the Combined Authority now successfully set up it is proposed that this risk is removed.
  - (e) **STR26, Business Improvement & Efficiency, Development Control Improvement, Working Smarter and Commercialisation Programmes.**  
With increased focus on Commercialisation and reduction in government funding, it is proposed that impact of the risk is increased from 3 (Medium) to 4 (High).
27. In reviewing the Strategic Risk Register and Matrix Cabinet could:
- (a) add to, delete from, or make other changes to risks, in terms of either the title or detail of the risks or control measures / sources of assurance;
  - (b) alter the assessment scores of risks, in terms of either their impact or likelihood.

#### **Consultation responses (including from the Youth Council)**

28. Corporate Plan aims and actions, are based on assessed priorities and are subject to consultation each year prior to adoption.
29. Updates within this report have been prepared in liaison with lead officers in each directorate. The report was submitted to Executive Management Team on 21 June 2017, and will be submitted to Scrutiny and Overview Committee on 6 July 2017. Any recommendations from the Committee will be reported at the meeting.

## **Effect on Strategic Aims**

30. Timely and robust consideration of the Council's corporate plan is vital to ensure corporate priorities are met and strategic risks involved in delivering these identified and managed proactively.

## **Conclusion**

31. The Council reached important milestones against each of the four Corporate Plan objectives during the year, notably launching cross-border bin rounds, which will result in significant crew mileage and financial savings, and contributing to the successful implementation of a Devolution deal which will unlock hundreds of millions of new funding to address the strategic housing and transport challenges of the area. Strong performance has been maintained in key frontline and support areas of the business, including rent, Council Tax and Business Rate collection and the customer contact service which, aided by the introduction and take-up of an increasing range of e-forms, handled additional enquiries generated as a result of the major bin round collection change project. Improvement in development control planning application determination periods continues to be sustained.
32. The Council demonstrated sound financial management during the course of the year, delivering underspends against General Fund, HRA and capital budgets and delivering significant income and savings to support service delivery and contribute to maintaining a balanced MTFs. Budget holders continue to actively manage costs down, leading to favourable variances, either one-off in-year, or that continue to have an ongoing effect in future years. Services continue to be delivered and performance maintained, as described throughout this report and appendices.

## **Background Papers:** Corporate Plan 2016-2021

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