



**Report To:** Leader and Cabinet

16 November 2017

**Lead Officer:** Alex Colyer – Executive Director, Corporate Services

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## **2017-18 Second Quarterly Position Statement on Finance, Performance and Risk**

### **Purpose**

1. To provide Cabinet with a statement on the Council's position with regard to its General Fund, Housing Revenue Account (HRA) and Capital budgets, corporate objectives, performance indicators and strategic risks. Integrated reporting in this way gives Members the opportunity to examine any areas of concern and decide on the appropriate action.
2. To approve the Strategic Risk Register and Matrix attached at **Appendices D-E**.

### **Recommendations**

3. Cabinet is invited to:
  - (a) review the provisional outturn position together with the performance and risk issues contained in this report and **Appendices A-C** determining, where appropriate, any actions, including redeployment of resources, required to address issues identified, and
  - (b) approve the Strategic Risk Register and Matrix (**Appendices D-E**).

### **Reasons for Recommendations**

4. These recommendations are required to enable Cabinet to understand the organisation's financial position, performance and risk. 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.

### **Background**

5. This is the second quarterly position statement for 2017/18, providing updates in respect of:
  - The Corporate Plan 2017-2022 (**Appendix A**);
  - Key monthly and quarterly Performance Indicators at 30 September 2017; (**Appendix B**),
  - The Financial Position at 30 September 2017, showing variance between original budgets and the provisional Outturn (**Appendices C-C2**), and
  - The Strategic Risk Register and Matrix (**Appendices D-E**);
6. The Strategic Risk Register forms the record of corporate risks the Council currently faces in the achievement of strategic aims and delivery of services, together with control measures to address / seek assurance over the risks.
7. For ease of reference and to assist the integrated reporting of Finance, Performance and Risk, key related performance indicators, strategic risks, service groupings and items of significant variance have been cross-referenced within the performance

report (**Appendix B**) and significant items of variance tables (**Appendices C1 and C2**).

### ***Corporate Plan 2017-2022***

8. The Corporate Plan 2017-2022 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 22 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**.
10. Whilst many of the aims and objectives within the plan reflect ongoing long-term priorities, working with partners we have reached significant achievements and milestones during recent months, including:

#### ***Living Well***

- 120 referrals to the Active and Healthy 4 Life Scheme during quarters one and two, with 48 completions;
- Over 100% increase in hospital discharges and referrals to Handyperson scheme during 2017/18 to date;
- Housing Portfolio Holder has agreed changes which will increase community use of Sheltered Housing Communal Rooms and reduce social isolation including actively promoting usage by community-based organisations.

#### ***Homes for our Future***

- Successful placement of first tenants in the Private Sector Leasing (PSL) scheme homes has taken place, under the name of the new company, Shire Homes Lettings Limited;
- Neighbourhood Planning standard support offer to parishes agreed by Cabinet;
- Sites in Papworth, Melbourn and Willingham are among 11 locations across Cambridgeshire and Peterborough receiving funds as part of the first wave of housing schemes. Construction work is expected to start before the end of March 2018.

#### ***Connected Communities***

- Planning permission granted for Babraham Institute expansion to create 450 new jobs and contribute £200k towards local cycling links;
- Successful rural travel hub engagement event held;
- Combined Authority has submitted £200 million bid to Housing Infrastructure Fund (SCDC is leading housing programme).

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

- Business Case for Shared Planning Service approved by SCDC and City Councils in July 2017. Staff consultation concluded;
- Agreed new recycling arrangements and collected 99.55% of all bins on the due date;
- Sustained high levels of Customer Contact Service performance, whilst there has been an increase in the number of e-forms being submitted since measurement began in Apr 2016.

### Key Performance Indicators (KPI)

11. The Council monitors a suite of key performance indicators (KPIs) to provide a strategic overview of organisational health. Of these, 17 are measured and reported monthly, whilst the remaining 11 are monitored quarterly. Performance against these indicators is set out in **Appendix B** attached, with accompanying commentary.
12. 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.
13. As part of investigations into continuing underperformance against the Council's target to pay 98.5% of undisputed invoices within 30 days, service areas with the highest number of late invoices have reported on action taken to improve performance:

*Facilities Management – 19 late invoices between 1 April – 31 July 2017, with a total value of £43,012*

The Facilities Team has introduced a new process to ensure prompt payment. Since this new process was introduced there has been a significant reduction in the number of late payments, and with no late payments recorded in August.

*Shared Waste Service – 23 late invoices between 1 April – 31 July 2017, with a total value of £52,718*

Staff have been reminded about the importance of signing off or disputing invoices in a timely manner. We are working with the Resource team to look at our system for managing invoices until the new Financial Management System (FMS) is in place.

14. Invoice payment performance was below target (although above intervention) in September 2017 (96.6% against an intervention of 96.5% and target of 98.5%). The Council is increasing its use of digital and electronic processing, including implementing a new a FMS. Once the FMS is fully rolled out the definition for this KPI

will be reviewed to reflect improvements from increased electronic invoice receipting and processing.

15. Only 62% of formal complaint responses were sent within timescales in September against a target of 80%. Heads of Service in the directorates concerned have been requested to identify reasons and details of any remedial actions to improve performance. In the longer term an Action Learning Group has reviewed the complaints process and is preparing a commissioning document for a wider review of the customer experience.
16. Cabinet is asked to note significant improvement in benefits claim processing, sustained improvement in Land Charges average search response days and continuing strong performance in Council Tax, Housing Rent and NNDR collection. CMT welcomed the inclusion of data to measure the percentage of new homes permitted that are affordable homes (PN518).
17. Quarter 2 data relating to staff sickness (FS116) and turnover (FS117) is subject to verification and will be reported to the Finance and Staffing Portfolio Holder on 21 November 2017.

#### **Finance: General Fund, HRA and Capital**

18. This position statement is reporting on the variance between the 2017/18 full year working budgets and outturn forecast for the year based on Q2 results. Below is a summary of these variances.

|                               | Outturn projection         |        |
|-------------------------------|----------------------------|--------|
|                               | Compared to Working Budget |        |
|                               | £'000                      | %      |
| General Fund                  | (74)                       | (0.41) |
| Housing Revenue Account (HRA) | (611)                      | (339)  |
| Capital                       | (850)                      | (3)    |

19. Cabinet is asked to note progress on the delivery of financial and non-financial benefits for the 3C ICT shared service. The aspirational savings target of achieving 15% savings in year one (as set out in the original business cases) was found to be unrealistic, especially during a period of major change. The 15% savings are seen as a realistic in the longer term as efficiencies and savings are driven out of the service. Modelling these savings over a 3 year period would in hindsight have been more achievable and realistic. The focus remains on providing value for money for the three authorities. Further details about the impacts of the financial remodelling that has taken place are set out in Appendix C(1) below.
20. A Summary position statement is provided at **Appendix C**, whilst significant items of variance are listed in **Appendices C1 and C2**.

#### **Risk Management**

21. 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.
22. 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.
23. The Strategic Risk Register has been reviewed by the nominated risk owners and other members of EMT. This is attached as **Appendix D**.
24. Cabinet is asked to note that risks STR3 (Failure to meet housing need), STR5 (Welfare Reform) and STR10 (Homelessness) are particularly closely linked and should be considered in combination; cross-references have been added to the risk definition for STR10 to identify specific linkages.
25. As changes to the Risk Register are now input directly by the Risk Managers, it is not practical to track changes made by the database users. However, the accompanying matrix at **Appendix E**, has been updated to show direction of travel where it is proposed to change the risk score.
26. In reviewing the Strategic Risk Register and Matrix Cabinet could:
- (a) propose additions, deletions, or other changes to risks, in terms of either the title or detail of the risks or control measures / sources of assurance;
  - (b) propose alterations to the assessment scores of risks, in terms of either their impact or likelihood.

### **Implications**

27. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

#### ***Financial***

28. The Council needs to ensure that it spends within its budgets, because of the impact on the level of balances and the implication for the Medium Term Financial Strategy.

#### ***Risk Management***

29. The Council's Strategic Risks continue to be proactively managed through control measures to reduce their likelihood and mitigate their impact.

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

30. Corporate Plan aims and actions, and the allocation of resources to deliver them, are based on assessed need and priorities and are subject to consultation each year prior to adoption.

31. The comments of the cost centre managers and directors were requested on the financial position and projected out-turn. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate.
32. The comments provided within the performance report have been provided in consultation with Performance Indicator Owners.  
**Effect on Strategic Aims**
33. Timely and robust consideration of the Council's budgets and corporate plan is vital to ensure corporate priorities are met and strategic risks involved in delivering these identified and managed proactively.

**Background Papers:** None

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