



Report To: Leader and Cabinet

7 February 2018

Lead Officer: Executive Director, Corporate Services

2017-18 THIRD 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.

Recommendations

2. Cabinet is requested to:
 - (a) review the provisional outturn position together with the performance and risk issues contained in this report and **Appendices A-C (attached)** determining, where appropriate, any actions, including redeployment of resources, required to address issues identified, and
 - (b) approve the Strategic Risk Register and Matrices (**Appendices D-E1/E2**).

Reasons for Recommendations

3. 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

4. This is the third 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 31 December 2017; (**Appendix B**),
 - The Financial Position at 30 November 2017, showing variance between original budgets and the provisional Outturn (**Appendix C**), and
 - The Strategic Risk Register and Matrices (**Appendices D-E1/E2**);
5. 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.

6. 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

7. 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.'

8. 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**.
9. Whilst many of the aims and objectives within the plan reflect ongoing long-term priorities, working with partners we have reached significant achievements, milestones and strong service performance in the last quarter, including:

Living Well

- Agreement signed with parish and county councils to deliver £45 million of community and sporting facilities alongside new homes at Cambourne West including an athletics track and swimming pool.
- Construction started on new ice rink, part-funded by SCDC loan
- 187 referrals to the Active and Healthy 4 Life Scheme during 2017-18, with 86 completions;
- Community energy grant scheme agreed by Cabinet.

Homes for our Future

- First community-led development fund grant of £4,500 was awarded to Cottenham Community Land Trust;
- Neighbourhood Planning standard support toolkit for parishes agreed by Planning Committee and put into practice;
- First two self-build plots in the district have planning permission
- 169 households helped to prevent homelessness between April-December 2017 (target 90).

Connected Communities

- Plans for a comprehensive redevelopment of Sawston Trade Park approved, which are expected to lead to the creation of 1,400 new jobs;
- Possible rural travel hub locations identified at Oakington, Sawston and Whittlesford;
- Report published by Greater Cambridge Partnership and County Council recommending a £500 million upgrade to the A10 north of Cambridge

An Innovative and Dynamic Organisation

- Feasibility work has been carried out to make a business case for the potential acquisition and development of a Build to Rent scheme at Orchard Park.;
- Collected 99.55% of all bins on the due date in December 2017;
- Contact Service answered 92% of all calls in December 2017.

Key Performance Indicators (KPI)

10. CMT has previously identified key performance indicators (KPIs) which 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.
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.

Finance: General Fund, HRA and Capital

12. This position statement is reporting on the variance between the 2017/18 full year working budgets and outturn forecast for the year based on Q3 results (30 November 2017). Below is a summary of these variances.

	Outturn projection	
	Compared to Working Budget	
	£'000	%
General Fund	(35)	0
Housing Revenue Account (HRA) Expenditure	(655)	(2)
Housing Revenue Account (HRA) Income	(351)	1
Capital – GF Expenditure	(60)	(1)
Capital – HRA Expenditure	(850)	(5)

13. A Summary position statement is provided at **Appendix C**, whilst significant items of variance are listed in **Appendices C1 and C2**.

Risk Management

14. Risk management best practice is that the executive and governance roles should be carried out separately. These roles are allocated between the Executive and Audit 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.
15. 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.
16. The Strategic Risk Register has been reviewed by the nominated risk owners and other members of EMT. This is attached as **Appendix D**.
17. Changes to risk ratings are shown by arrows on the Gross Risk Ratings and Net Risk Ratings matrices with arrows attached at **Appendices E1-E2**. Further, on the Gross Risk Ratings matrix, risks where rating has changed have been shown twice, both times in bold, with grey shading over the text of the risk's former position.
18. Particular risks to note are:
 - (a) STR 27. Mare Fen Bank Improvement Project. This is a new risk proposed for inclusion in the Strategic Risk register with gross rating of 16 and net rating of 12;
 - (b) STR 28. Failure to produce / late certification / approval of accounts and/or to obtain unqualified audit opinion. This is a new risk proposed for inclusion in the Strategic Risk register with gross rating of 20 and net rating of 12;
 - (c) STR 5. Welfare Reform. Gross rating of this risk has been increased from 16 to 20, net rating remained the same;
 - (d) STR 3. Failure to meet Housing Need. Net rating of this risk has been increased from 10 to 12, gross rating remained the same;
 - (e) STR 2. Gypsy and Travellers and those not meeting new definition. Gross rating of this risk has been increased from 9 to 12, net rating remained the same;
 - (f) STR 25. Risk of Designation as Poorly Performing Planning Authority. Gross rating of this risk has been decreased from 20 to 9, net rating was also decreased from 12 to 9;
 - (g) STR6. Demands on services from an ageing population. Net rating of this risk has been decreased from 9 to 6, gross rating remained the same;
 - (h) STR7. Partnership with Cambridgeshire County Council. Net rating of this risk has been decreased from 9 to 6, gross rating remained the same;
 - (i) STR12. Shared Services initiatives with other authorities. Net rating of this risk has been decreased from 9 to 6, gross rating remained the same;
 - (j) STR 14. Access to Primary Care in Growth Areas. Net rating of this risk has been decreased from 9 to 6, gross rating remained the same.
19. 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

20. 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

21. 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

22. 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)

23. 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.
24. Updates within this report have been prepared in liaison with lead officers in each directorate. The report was submitted to Scrutiny and Overview Committee on 6 February 2018. Any recommendations from the Committee will be reported at the meeting.

Effect on Strategic Aims

25. 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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