

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Scrutiny and Overview Committee
Cabinet

5 September 2013
12 September 2013

AUTHOR/S: Executive Director (Corporate Services)

POSITION STATEMENT ON FINANCE, PERFORMANCE AND RISK

Purpose

1. To provide Members with a statement on the Council's position with regard to its General Fund, Housing Revenue Account and Capital budgets, corporate objectives, performance indicators and strategic risks. Integrated reporting in this way provides the opportunity to examine any areas of concern and decide on the appropriate action. The report also sets out contextual information in terms of the district, and the current and future challenges facing it, which can be used, alongside current performance, to shape future priority-setting and resource allocation.
2. The report is for Cabinet's receipt and information following consideration by Scrutiny and Overview Committee on 5 September 2013 – specific comments or recommendations from that meeting will be reported to Cabinet. As such, there are no key decisions directly from it, although there may be specific feedback in respect of performance issues which will be built into future service and resource planning and may be subject to future key decisions.

Recommendations

3. Cabinet is invited to:
 - (a) consider, comment on and note the Council's provisional outturn position together with the performance and risk matters set out in the report and appendices;
 - (b) authorise the Finance and Staffing Portfolio Holder to make representations to Government expressing the authority's concerns regarding National Non-Domestic Rate appeals and requesting urgent action to address the issue.

Comments and recommendations from the Scrutiny and Overview Committee following consideration at its meeting on 5 September 2013 will be reported to Cabinet.

Reason for Recommendations

4. This recommendation is required to enable Cabinet to maintain a sound understanding of organisational performance which forms part of the evidence base for the concurrent annual review of priorities and will allow it, where appropriate, to redirect resources to address underperformance and reflect emerging priorities.

Background

5. This report provides updates in respect of:

- The Financial Position at 30 June 2013;
- The Corporate Plan 2013-18 as at the report publication date;
- Key Performance Indicators by portfolio at 30 June 2013 (Quarterly Indicators) or 31 July 2013 (Monthly Indicators); and
- The Strategic Risk Register, as approved by the Corporate & Customer Services Portfolio Holder at Cabinet on 27 June 2013.

Summary Position

Finance

6. This position statement is reporting on the variance between the working budgets and the projected Outturn at the end of June 2013. An analysis is attached for information at **Appendix A**; a summary of the provisional outturns and for comparison purposes the corresponding May 2013 projections is set out below:

	June's Projected Outturn		May's Projected Outturn		Movement
	Compared to Working Estimate Overspend / (Underspend)				
	£	%	£	%	£
General Fund	372,700	2.32	(93,400)	(0.59)	466,100
Housing Revenue Account (HRA)	(300,100)	(1.11)	(34,500)	(0.13)	(265,600)
Capital	(1,000)	(0.01)	(1,500)	(0.01)	500

7. Significant movement on the General Fund position is largely attributable to a number of refunds on bills issued to Non-Domestic Ratepayers as agreed by the Valuation Officer relating to previous years. Previously these would have been pooled nationally but under the current funding regime these are borne predominately by us. An analysis of previous years refunds indicates a potential overspend of £450,000 which has been included in this report. However, if no further refunds were to be made then an underspend of approximately £280,000 would result. So as can be seen this item is very volatile and is dependent on how quickly the Valuation Officer resolves the outstanding appeals and the outcome of these appeals. The Executive Director Corporate Services has conveyed our concerns to the Valuation Officer about the length of time it takes to resolve the appeals.
8. Given the potential significance of this item to the Council's continuing financial resilience, Cabinet is requested to authorise the Finance and Staffing Portfolio Holder to make representations to Government expressing local concerns and requesting action to address the issue without delay.
9. The favourable movement on the Housing Revenue Account (HRA) position has arisen largely because voids turn-round has improved (13 days compared to the target of 20), thus increasing rental income, and the rents chargeable following the properties being re-let are consequently greater than the original budgeted rental amount. The combined effect of these is a projected income increase of £250,000.

Performance

10. The Council is progressing key Actions within its Corporate Plan, agreed in February 2013. The plan period runs between 2013-18, to reflect that many of the key objectives within it will be implemented to deliver benefits over a medium to long term time frame. As such, the plan is in its early stages, with several of the actions comprising major programmes and projects which are works in progress. Full updates against each Action are set out in **Appendix B** attached; key achievements between April-August 2013 are as follows (Council Action reference in brackets):
 - Launch of first tranche of Business Improvement and Efficiency Programme projects (A4)
 - Preparation of a draft South Cambridgeshire Local Plan, currently subject to full public consultation (A7)
 - Cross-authority in-principle agreement to contribute funding to enable the A14 improvement scheme to go ahead (B6)
 - Completion of 28 affordable housing units at Papworth and purchase of three market homes to use as temporary accommodation (A6, B8)
 - Carried out a successful Best Kept Garden competition for council tenants and leaseholders, won by Miss Jo Stellitano of St Andrews Way, Impington (C7)
 - The annual Park Life event attracted a record 5,000 visitors to Milton County Park (C7)
 - Re-accreditation against the Elected Member Development Charter (A1)
 - Launch of shared Internal Audit service with Peterborough City Council (A3)

11. Cabinet have agreed in principle to focus on a key range of performance indicators to assist in maintaining a strategic overview of organisational health. The full suite of indicators is set out in **Appendix C** attached; Cabinet should note that Scrutiny and Overview Committee intends to review the scope of these performance indicators. During 2013-14 to date, the council has performed strongly in the following areas:
 - Rent collection (96.6%)
 - Ongoing reduction in staff sickness absence (0.6 days per employee)
 - Contact Centre first time call resolution (84%)
 - Determining non-major planning applications (85% within target)
 - Days to re-let General Needs housing (13 days)
 - Payment of undisputed invoices within ten days (82%)

12. Contact Centre staff continue to achieve a high first-time resolution rate in response to customers' enquiries – 84% in June 2013 against a target of 80%. However, call waiting time performance reduced between June-July 2013, averaging 3 minutes 32 seconds - this was largely attributable to sickness absence over and above scheduled staff leave and the Contact Centre has put together an action plan to address this. Self-service kiosks are now open for business in the Reception area, providing speedy customer access to all our on-line services.

13. In August 2013 the Government published league tables for decision making timeliness and quality on major planning applications, which indicate that this authority is not at risk of being put into special measures for performing badly. (The league tables also show that only 15 second tier districts (out of over 200) determined more than our 90 major applications.)

14. The Council's key indicators relating to preventing homelessness and the use of temporary accommodation are below target, due in part to the impact of Welfare Reform (specifically, changes to the Local Housing Allowance) on the affordability of private rented accommodation. The council is using other forms of temporary accommodation to avoid Bed and Breakfast, and is pursuing a number of initiatives to increase supply in future years.

Risk

15. The Council's Strategic Risk Register contains six risks which, following evaluation in terms of their impact and likelihood, are above the tolerance level. These are set out below, together with the Council Actions to which they relate, and key performance indicators to monitor effectiveness of control measures:

Strategic Risk	Council Actions	Performance Indicators
Medium Term Financial Strategy	A2, A3, A4, A9	SF 772 - General Fund overspend (£) SF 773 - Capital Programme overspend (£) SF 774 - Housing Revenue Account overspend (£) SF 707 - General Fund budget variation SF 749 - Capital Budget variation SF 748 – Housing Revenue Account budget variation
Welfare Reform	A9, B3	NI 181 - Benefit claims process days BV213 – Households helped to prevent homelessness NI156 – Households in temporary accommodation BV010 – National Non Domestic Rates collection BV066a – Rent collection BV009 – Council Tax collection
Lack of land supply to enable development	A7, B6	Addressed through delivery of the South Cambridgeshire Local Plan and major development sites
Illegal Traveller encampments	A7, C4	The Council's draft Local Plan proposes provision for additional permanent Gypsy and Traveller pitches
Housing Revenue Account Business Plan – change in government policy	A2, A6, B8, B9, B10, C2, C9	NI155 – Affordable Homes delivered SF 774 - Housing Revenue Account overspend (£) SF 748 – Housing Revenue Account budget variation
Increased numbers in Bed and Breakfast accommodation	A6, A9	BV213 – Households helped to prevent homelessness NI156 – Households in temporary accommodation

Other key projects

16. The majority of key projects are concerned with the implementation of Council Actions and therefore summarised in Appendix B. The following are major projects

which are not separate Council Actions in themselves but which nevertheless contribute towards achieving service and corporate objectives:

- **Supporting People contract:** The service has been restructured in readiness for negotiations with the county council on the Supporting People contract.
- **Equality Framework for Local Government (EFLG):** The Equality and Diversity Steering Group has re-formed to carry out initial work to review the council's equalities work against the national EFLG benchmark. Early indications are that we can draw upon many new and updated examples of good practice since our recognition as an 'Achieving' authority for our equalities work in 2010, whilst there are likely to be development and improvement areas in respect of knowing our communities and using their feedback to shape service delivery.
- **Development Control improvement programme:** A programme was launched in July 2013 to review and improve work processes within the Development Control service.
- **Information governance:** The completion date for this project has been put back to March 2014 due to vacancies within the ICT service. Critical tasks will nevertheless be completed within original timescales, including the staff training programme.
- **Depot relocation:** Building work is continuing towards completion and handover during October 2013.
- **Community Right to Bid:** Fifteen applications have listed as Assets of Community Value since the beginning of 2013, made up of a wide range of important local amenities including pubs, village shops, play areas and sporting facilities. Should listed assets come to be sold, a moratorium on the sale (of up to six months) may be invoked, providing local community groups with a better chance to raise finance, develop a business plan and to make a bid to buy the asset on the open market.

Reviewing the Corporate Plan and Medium Term Financial Strategy

Setting the Scene: District Profile

17. The Council's Medium Term Financial Strategy (MTFS) already plans for a substantial reduction in the amount of government grant received. The Chancellor's spending review, announced on 26 June 2013, is likely to mean additional budget reductions will be required, over and above those already planned. The review set out proposals for local government to bear a 10% real terms cut in funding from 2015-2016, whilst at the same time preventing council tax increases above 2% without prior approval in a referendum. The government has since announced that a proportion of New Homes Bonus will be top-sliced to fund Local Enterprise Partnerships, thus further increasing the challenge of maintaining service delivery and a balanced financial strategy.
18. The detailed implications of the review announcement for the council will not be known until the full and final financial settlement is announced towards the end of 2013. The Council's MTFS and Corporate Plan are already aligned to the current and anticipated financial situation containing, as they do, key actions to carry out a Business Improvement and Efficiency Programme to deliver £900,000 of savings or new income, and commitments to explore income generation through the new housing company and efficiencies through shared services and strategic waste partnerships.

19. In this context, it is anticipated that the revised Corporate Plan, to be presented in draft form to Cabinet in November 2013, will contain a number of themes to represent issues of importance and reflect the emerging local and national picture. Work to develop these themes is underway and will be informed by portfolio holder-led Member workshops during September-October 2013.
20. The Local Futures consultancy has provided background information in the form of an updated District Profile in terms of the district's economy, society and environment, bringing together over 200 indicators from many different sources. The full report will be circulated to Members separately; a summary of key headlines is set out at **Appendix D** attached, indicating a healthy and affluent district characterised by:
- A growing and increasingly diverse population: The 2011 Office for National Statistics mid-year estimates showed an increase in population from 149,800 to 151,000 between June 2011 – June 2012. 87.3% of residents identified themselves as White British, low compared to comparable rural districts (2011 Census).
 - High proportions of skilled employment and educational attainment, and a healthy business survival rate, yet a corresponding shortage of lower and unskilled jobs and unaffordable house prices for those on lower incomes.
 - Low and falling crime rates; South Cambridgeshire is one of the safest places to live in England.
 - Predominantly good health and high life expectancy.
21. In addition, analysis by Local Futures in partnership with The Municipal Journal showed that South Cambridgeshire was the second best place in England to do business, while a new UK Peace Index resulting from research by the Institute for Economics and Peace declared South Cambridgeshire to be one of the most peaceful districts in Britain.
22. The principal challenges that such profiles, analysis and research present are around maintaining a healthy economy and attractive environment whilst identifying what are often small and highly-localised pockets of deprivation and providing services which meet the needs of these communities.

Implications

Financial

23. 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.

Legal

24. There are no specific legal implications arising from this report and recommendations.

Staffing

25. There are no direct staffing implications arising from this report and recommendations.

Risk Management

26. Risk Management information is set out in the main body of the report and Strategic Risk Register. Strategic risks may, if realised, affect the ability of the Council to provide services to its residents.

Equality and Diversity

27. There are no direct equality and diversity implications arising from this report and recommendations.

Climate Change

28. There are no specific climate change implications arising from this report and recommendations.

Consultations

29. These performance reports were considered by Executive Management Team (EMT) at its meeting on 21 August 2013.
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. The Council's Consultation Panel and Youth Council will be consulted on the key areas they feel the Council should be focussing on in terms of planning and delivering services and measuring effective performance; feedback from these exercises will inform the ongoing review of the Corporate Plan and performance management framework.

Effect on Strategic Aims

31. The contents of this report will have an impact on all the strategic aims but particularly providing first class services. The financial/performance/risks position identified in this report may affect the ability of the Council to deliver planned services.

Conclusions/Summary

32. The forecast outturn on the General Fund is a net overspend of £372,700, which amounts to 2.32% of Net District Council Expenditure. The HRA predicted underspend of £300,100 equates to 1.11% of gross expenditure. Capital has a predicted underspend of £1,000, which is 0.01% of gross expenditure.
33. The Council is making good progress in implementing its Corporate Plan and is achieving strong performance in the majority of performance indicators. Taken alongside what is known about the district and the context in which the council is operating, this provides a strong base to inform the upcoming refresh of the Corporate Plan and MTFs.
34. The Council's Strategic Risks continue to be proactively managed through control measures to reduce their likelihood and mitigate their impact.

Background Papers: the following background papers were used in the preparation of this report:

Original Estimates 2013/14
Summary Place Profile

Strategic Risk Register (presented to Cabinet, 27 June 2013) (Item 9 refers)

Contact Officers: John Garnham – Head of Finance, Policy and Performance
Telephone: (01954) 713101

Richard May – Policy and Performance Manager
Telephone: (01954) 713366

Graham Smith – Principal Accountant (General Fund and Costing)
Telephone: (01954) 713077