

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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REPORT TO: Leader and Cabinet

19 November 2013

AUTHOR/S: Executive Director (Corporate Services)

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### 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, HRA and Capital budgets, corporate objectives, performance indicators and strategic risks. Integrated reporting in this way gives EMT/Cabinet the opportunity to examine any areas of concern and decide on the appropriate action. The report also sets out the latest contextual information about the district, which is being used, alongside current performance, to shape future priority-setting and resource allocation as part of the concurrent Corporate Plan and Medium Term Financial Strategy (MTFS) reviews.
2. Information relating to finance and performance is for Cabinet's receipt and information. The Strategic Risk Register is presented for approval by the Corporate and Customer Services Portfolio Holder.
3. There are no key decisions directly from the report, although there may be specific feedback in respect of finance, performance and risk issues which will be built into future service and resource planning and may be subject to future key decisions.

#### Recommendations

4. *Cabinet* is invited to 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 A-G attached**.
5. *The Corporate and Customer Services Portfolio Holder* is recommended to approve the Strategic Risk Register and Matrix set out and **Appendices D-E attached**.
6. Scrutiny and Overview Committee considered this report at its meeting on 7 November 2013. The Committee asked questions and made comments on a number of aspects of the report but made no specific recommendations to Cabinet.

#### Reasons for Recommendations

7. These recommendations enable Members 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, where appropriate, the redirection of resources to address underperformance and reflect emerging priorities.
8. The Strategic Risk Register and Matrix forms the record of corporate risks the Council currently faces in the delivery of services and the achievement of strategic aims, together with control measures to address / sources of assurance over the risks.

## Background

9. This report provides updates in respect of:
  - the Financial Position at 31 August 2013;
  - the Corporate Plan 2013-18, agreed by Council in February 2013;
  - key Performance Indicators, and
  - the Strategic Risk Register.
10. The Corporate and Customer Services Portfolio Holder, as the designated lead executive Member for risk management, has responsibility for management of the strategic risks facing the Council and reviews the Strategic Risk Register quarterly. Corporate Governance Committee monitors the portfolio holder's review and approval of the Strategic Risk Register on an annual basis.

## Summary Position

### *Performance*

11. The Council is progressing key Actions within its Corporate Plan 2013-18. Detailed commentary on progress with each of the actions, bringing together relevant finance, performance and risk information, is set out in **Appendix A attached**. The appendix presents updates in terms of achievements to date and work still to do, reflecting that the plan period runs from 2013-18, with many of its key objectives being implemented to deliver benefits over a medium to long term time frame. As such, several of the actions comprise major programmes and projects which are works in progress. Some key achievements to date are set out below (Council Action reference in brackets).
  - Council's 2012-2013 accounts received an unqualified External Audit opinion (A2)
  - Launch of shared Internal Audit service with Peterborough City Council (A3)
  - Launch of Business Improvement and Efficiency Programme (paragraph 20 below and Action A4)
  - Preparation of, and subsequent consultation on, draft South Cambridgeshire Local Plan (A7)
  - Purchase of nine market homes to use as temporary accommodation (A6, B8)
  - Launched Apprenticeship programme to help young people onto the first rung of the career ladder (B3)
  - Topping out ceremony at Linton to mark the completion of the first new Council houses as part of the biggest building programme since the 1950s (B9)
  - Carried out a successful Best Kept Garden competition for council tenants and leaseholders (C7)
  - Annual Park Life event attracted a record 5,000 visitors to Milton County Park (C7)
12. The Council monitors a suite of key performance indicators to assist in maintaining a strategic overview of organisational health. Performance information against the full suite of key indicators is set out in **Appendix B attached**. During 2013-14 to date, SCDC has performed strongly in the following areas:
  - Rent collection (98%)
  - Contact Centre first time call resolution (86%)
  - Determining planning applications (within target for determining major, minor and other applications)
  - Days to re-let General Needs housing (16)

- Helped 67 households avoid homelessness and reduced number of households in temporary accommodation (52 in Q1 reduced to 48 in Q2)
13. Contact Centre staff continue to achieve a high first-time resolution rate in response to customers' enquiries – 86% in September 2013 against a target of 80%. Average call waiting time remained above three minutes in the monitoring period to 6 September 2013, largely attributable to scheduled staff leave, vacancies and the complexity of certain enquiries, particularly those responding to Council Tax reminder letters. The Contact Centre has put together a new rota and coaching programme to ensure adequate resourcing levels and reduce average waiting times.
  14. Performance on payment of undisputed invoices within 30 days remains below target; a presentation at the Corporate Brief for managers in September, re-emphasised the need to ensure timely processing of such invoices, and to ensure appropriate cover arrangements were in place to ensure business continuity for periods of planned and unplanned staff absence. It is hoped that the strong communication of this message will lead to improved performance, which will be kept under close review and reported to a future Corporate Brief.
  15. Numbers in temporary accommodation have increased due to an increase in homeless applications and greater difficulty preventing homelessness through the private rented sector. However, this quarter's figures are slightly lower than last quarter (48 compared to 52). In addition through increasing more appropriate forms of temporary accommodation, for example, through the Empty Homes Scheme, we have been able to reduce expenditure on bed and breakfast accommodation - during the last financial year this was approximately £8,000 per month, so far this financial year the average monthly expenditure has reduced to around £3,500 per month.
  16. Staff turnover rates have been well below industry averages in recent years, the national economic difficulties are likely to have been a contributory factor in this. Cumulative staff turnover of voluntary leavers at 30 September was 6.49%, and it is likely that the year-end target of 7% will be exceeded. A number of voluntary leavers are employees who have reached normal retirement or are able to access their pension early under pension scheme rules. Forthcoming changes to the pension scheme (LGPS) in 2014 have resulted in eligible staff considering their retirement options. Analysis of feedback from leavers' forms and exit interviews suggests that staff are also leaving to take up positions in the private sector as more private sector jobs are created.
  17. The impacts of the job evaluation exercise on staff turnover have also been taken into account, in anticipation of the pay protection period ending on 31 March 2014 for staff facing salary cuts. These impacts were reported to the Finance and Staffing Portfolio Holder, including a package of support measures tailored to the needs of the individuals affected. The impact of higher turnover on service area capacity has been considered by Executive Management Team as a corporate risk, with appropriate measures identified to mitigate impacts on service delivery.
  18. *Major non-compliance with statutory regulations* - Between July-September 2013, 16 Major non-compliances were identified, of which five have been resolved. Three cases remain active from the previous quarter and one open for more than three months (the company in charge of a raceway in Caxton when a teenager died during an out-of-hours go-karting accident in 2009 has since been successfully prosecuted for health and safety breaches). It is anticipated that the target of 90% will be reached and that at end of year no case will be open that is more than three months old.

19. All projects within the Business Improvement and Efficiency Programme are underway; savings proposals arising from it will be built into the revised Medium Term Financial Strategy. Details of the Programme have been displayed on notice boards around South Cambridgeshire Hall and are attached at **Appendix G**. Phil Bird took over from Paul Knight as Business Improvement and Efficiency Manager on 4 November 2013 and is responsible for delivery of the Programme.

### **Finance**

20. This position statement is reporting on the variance between the working budgets and the projected Outturn at the end of August 2013. A summary of the provisional outturns and for comparison purposes the corresponding July 2013 projections is set out below, with an analysis provided at **Appendix C attached**.

	August's Projected Outturn		July's Projected Outturn		Movement
	Compared to Working Estimate		Compared to Working Estimate		Appendix C
	Overspend + / Underspend ( )				
	£	%	£	%	£
General Fund	375,000	2.34	404,000	2.52	(29,000)
Housing Revenue Account (HRA)	(164,700)	(0.61)	(152,900)	(0.56)	(11,800)
Capital	(91,300)	(0.61)	(1,200)	(0.01)	(90,100)

21. As in previous reports, there is a predicted overspend on refunds on bills issued to Non-Domestic Ratepayers as agreed by the Valuation Officer relating to previous years of £450,000. However, if no further refunds were to be made then, based on the current information, an under spend of approximately £321,000 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;
22. The repurchase of HRA shared ownership properties so far this year has been less than estimated, therefore it is anticipated that there will be an underspend of £90,000.

### **Risk management**

23. 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 or timescales to progress are highlighted in the draft Strategic Risk Register, attached as **Appendix D**. The draft Strategic Risk Matrix, attached as **Appendix E**, shows risk impact and likelihood scores in tabular form. Particular risks to note are:
- STR26, Business Improvement & Efficiency Programme:** The Business Improvement & Efficiency Programme (BIEP) has its own associated risk register; it is considered that these are the only risks on it which also need to be included in the Strategic Risk Register.
  - STR24, HRA Business Plan:** The Affordable Housing Director has amended the Likelihood score of this risk from 3 (Possible) to 2 (Unlikely) in line with the Affordable Housing risk register reviewed by EMT last month; this takes the risk below the tolerance line.

24. In reviewing the Strategic Risk Register and Matrix, the Corporate & Customer Services Portfolio Holder 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 of risks, in terms of either their impact or likelihood.

#### **Other key projects**

25. The Council monitors key corporate and service projects through a central database available through its intranet (In-site). The majority of key projects are concerned with the implementation of Council Actions (principally the Business Improvement and Efficiency Programme) and are therefore summarised in Appendix A. The following are major projects which are not separate Council Actions in themselves but which nevertheless contribute towards achieving corporate and service objectives:
- **Equality Framework for Local Government (EFLG):** The Equality and Diversity Steering Group has reviewed the council's equalities work against the national EFLG benchmark. The group has identified many new and updated examples of good practice since our recognition as an 'Achieving' authority for our equalities work in 2010, with development areas around sharing information about our communities and using this to shape service delivery.
  - **Development Control improvement programme:** Further preparatory work has been undertaken to identify two tranches of key projects to be carried out between 2013-2015. The programme will be overseen by the Planning and New Communities Leadership Team and Planning and Economic Development Portfolio Holder.
  - **Information governance:** The project is making good progress, with Data Handling and Records Management policies recently agreed by EMT along with e-learning modules on Information Governance to be rolled out to staff; a bespoke module will be developed for Members.
  - **Community Right to Bid:** Five additional local amenities have been designated as assets of community value in September 2013 including village pubs in Swavesey and Hildersham. Listing provides a moratorium on the sale of up to six months in the events of the assets coming to be sold, giving local communities greater opportunity to consider bidding for ownership of the asset.

#### **Reviewing the Corporate Plan and Medium Term Financial Strategy**

26. Current performance has informed updates to the Corporate Plan and Medium Term Financial Strategy (MTFS), being presented to Cabinet in November 2013 for approval as consultation drafts.
27. Local intelligence, regularly updated, about the demography, economy and environment of the district, is available to view using this [link to the Council's website](#).
28. These pages will be updated to include the recently published Health Profile for the district (also **attached** as **Appendix F** to this report). Prepared by Public Health England. The profile confirms that the health of our residents is generally better than the England average, but life expectancy 4.3 years lower for men in the most deprived areas of the district than the least deprived, and rates of road injuries and deaths and malignant melanoma significantly worse than the national average.

29. The report was submitted to the Partnerships Review Committee as part of its recent consideration of Health and Well-being issues. The data takes the average picture of health across South Cambridgeshire and there will be variations between wards and within wards. It only measures certain health outcomes and does not look at the issues which may be important to our local residents such as access to health services, health and social care outcomes. Work continues to identify and address these issues in accordance with Council Action C3 and the work of the Local Health Partnership (see Appendix A for further details).
30. The latest statistics published by the Land Registry for England and Wales show the average house price in South Cambridgeshire was £291,990 (April to June 2013) based on 495 sales and representing an annual increase of 2.3%. The average price is over 9 times the average gross annual full-time salary of £31,938 (Office of National Statistics Annual Survey of Hours & Earnings 2012), confirming the lack of affordability for many residents on average incomes and providing further evidence in support of the Council's objectives to increase the supply of affordable homes and explore new and innovative ways to meet housing need in the market and social sectors.

### **Implications**

#### ***Financial, Legal and Staffing***

31. 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. Some control measures may have financial, legal or staffing implications; if so, these will be considered separately.

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

32. Risk management is undertaken regularly in order to minimise the possibility of the Council being adversely affected should either an unforeseen risk arise or an assessed risk not be properly planned for.

#### ***Equality and Diversity***

33. The report is primarily for information and as such as no direct equality impacts; however, equalities is included as a risk area on the Strategic Risk register

#### ***Climate Change***

34. There are no specific climate change implications arising from this report and recommendations; however, Climate Change adaptation is included as a risk area on the Strategic Risk Register.

### **Consultations**

35. 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.
36. The comments of the cost centre managers and directors were requested on the August financial position and projected out-turn. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate.

37. Risk owners and members of Executive Management Team (EMT) have been consulted regarding the draft Strategic Risk Register and Matrix and their responses have been reflected and incorporated where appropriate.
38. The report was considered by EMT at its meeting on 23 October and Scrutiny and Overview Committee on 7 November 2013.

#### **Effect on Strategic Aims**

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

#### **Conclusions/Summary**

40. The forecast outturn on the General Fund is a net overspend of £375,000, which amounts to 2.34% of the Net District Council Expenditure for the financial year ending 2013/14. The HRA predicted underspend of £164,700 equates to 0.61% of gross expenditure. Capital has a predicted underspend of £91,300, which is 0.61% of gross expenditure.
41. 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 concurrent refresh of the Corporate Plan and MTFs.
42. 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.

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