

REPORT TO: Leader and Cabinet

10 July 2014

LEAD OFFICER: Executive Director

POSITION STATEMENT: FINANCE AND PERFORMANCE 2013/14 – Q4

Purpose

1. To provide Cabinet with:
 - a provisional 2013-14 outturn position statement on General Fund, Housing Revenue Account (HRA) and Capital expenditure and requests for budget rollovers from 2013-14 to 2014-15; and
 - a statement on the 2013-14 year-end position with regard to the Council's corporate objectives and performance indicators.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 2013-14 outturn position statement, together with the performance information, determining, where appropriate, any actions required to address issues contained in this report, and
 - (b) approve the capital and revenue budget rollovers totalling £1,020,110, as listed in Appendix C, to be carried forward into the 2014-15 financial year.

Reasons for Recommendations

3. These recommendations enable Members to maintain a sound understanding of the authority's financial position performance, contributing to the evidence base for the ongoing review of priorities and enabling, where appropriate, redirection of resources to address areas of concern and reflect emerging priorities.
4. Rolling over the revenue and capital budgets requested will allow the re-phasing of specific expenditure on particular projects beyond the end of the 2013-14 financial year.

Background

5. This report provides updates in respect of:
 - the year-end provisional outturn position at 31 March 2014;
 - requests for budget rollovers from 2013-14 to 2014-15;
 - the Corporate Plan 2013-18, agreed by Council in February 2013;
 - key Performance Indicators, agreed by EMT in April 2013 (12-month performance).

Considerations

Finance

6. This position statement is reporting on the variance between the working budgets and the provisional outturn. Below is a summary of the provisional outturns and for comparison purposes the corresponding February 2014 projections reported to EMT:

	Provisional Outturn		February's Projected Outturn		Movement
	Compared to Working Estimate		Compared to Working Estimate		Appendix A
	Adverse + / Favourable ()				
	£	%	£	%	£
General Fund	(601,400)	(3.75)	(497,000)	(3.10)	(104,400)
Housing Revenue Account (HRA)	(239,600)	(0.88)	(277,900)	(1.03)	38,300
Capital	(1,086,200)	(7.25)	(217,400)	(1.44)	(868,800)

7. On General Fund, £96,000 is being requested to be rolled-over into 2014-15 giving a net true variance of (£505,400) (3.15%). Similarly on capital, £924,110 is being asked to be rolled-over, giving a net true variance of (£162,090) (1.08%). It should be noted that budget holders are actively trying to manage costs down, which leads to favourable variances, either in-year one-off, or that continue to have an ongoing effect in future years. Services have continued to be delivered and performance maintained, as outlined later in this report.
8. A summary position statement is provided at **Appendix A**. Significant items are listed in **Appendix B**. Highlighted below are the main contributors (the paragraph letters refer to the particular line in Appendix A):

General Fund

- a. An analysis of the **Departmental Accounts** compared to the working estimates indicates that vacancies and other in year changes to staffing budgets has resulted in savings of £218,100, after taking into account the use of agency staff to manage turnover and cover vacancies and allowing for the reduction of £500,000 for vacancies which was included in the estimates;

Finance & Staffing

- b. Improving economic conditions have resulted in lower payments than anticipated to **Benefits** claimants. With recovery of amounts previously paid, to which there was no entitlement, and other income, this has resulted in a £295,200 saving to the Council; this demonstrates that the Council has implemented benefits reform smoothly and effectively, in accordance with its stated strategic objective (Council Action A9).

Environmental Services

- e. The **Refuse Collection & Recycling Service** reduced staffing/fuel costs through managing staff numbers and flexible working and increased trade refuse income, resulting in savings against budget of £60,500. The expected procurement of in-cab technology to facilitate round optimisation will now take place in 2014-15, for which a roll-over request of £58,700 has been submitted;

Planning and Economic Development

- j. **Planning Income** is £746,800 more than originally estimated because of a number of large fees relating to planning permission for solar panels developments. This was because of a legislation change on 1st April 2014, which meant that applications were submitted before this change came into effect;

Unallocated

- l. The effect of the new **Retained Non-Domestic Rates System**, the operation of which was devolved to councils for the first time in 2013-14, has been £550,000 more than estimated, mainly because of refunds to ratepayers as agreed by the Valuation Officer relating to previous years;

Housing Revenue Account (HRA)

- p. **General Administration:** Payments to tenants for moving to enable re-development were £191,700 less than estimated in year. These re-developments will occur in future years and budget provision will be allowed for in the relevant year;
- r. Additional **Income** of £207,300 has been received, because of a combination of better void turn-around (reduced from average 25 to 16 days) and re-let properties rental amounts being higher;
- s. As Right to Buy Sales have been greater than anticipated this has meant that £1,378,000 of Capital expenditure has not had to be **funded from Revenue**;
- t. These have enabled £1,500,000 to be **transferred to the Investment Reserve**;

Capital

- u. The **New Homes Programme** is scheduled to take place over several years and continues to be developed. The Linton scheme was completed in year, other schemes are being prepared and a further new scheme has been identified for 2014-15. £742,100 was not required to be drawn down in 2013-14 and has been requested to be rolled-over into 2014-15 to allocate towards these schemes (Commentary against Council Actions B8-B9 provides further details – see Appendix D);
- v. Some **ICT** projects were postponed due to awareness that the vendor is making changes to the product/service, making it more viable to defer and buy the updated version when available. Delays in recruiting to some vacant posts, while providing an in year revenue saving, impacted on resources available to deliver some capital projects within previously anticipated

timeframes. The government delayed the need for us to provide upgrades to Cabinet Office requirements for PSN compliance. As a result, work to the value of £142,000 is now expected to be undertaken in 2014-15 and has been requested to be rolled over;

9. **Appendix C** details the rollover requests, which total £96,000 on General Fund revenue budgets and £924,110 on the Capital Programme.

Performance

10. The Council has progressed key Actions within its Corporate Plan 2013-18. Detailed commentary on achievements against each action, bringing together relevant finance, performance and risk information, is set out in **Appendix D attached**. The appendix presents updates in terms of achievements to date and work still to do, reflecting a medium term plan delivery period. As such, several of the actions comprise major programmes and projects which are works in progress. Some key achievements during 2013-14 set out below (Council Action reference in brackets):
- Generated £36,000 more rental income from external users of the Cambourne offices than allowed for in original estimates (A3)
 - Agreed recommendations arising from Business Improvement and Efficiency Programme review of agency staff usage (A4)
 - Draft South Cambridgeshire Local Plan submitted to Secretary of State (A7)
 - Launched business register and business e-newsletter; held eight further business support workshops, attended by 75 people (B2)
 - Deputy Prime Minister signed Memorandum of Understanding to progress City Deal (B5)
 - Purchase of further market homes to use as temporary accommodation (A6, B8)
 - New Council houses at Chalklands, Linton, completed and occupied, part of the biggest building programme since the 1950s (B9)
 - Successful Park Life event attended by over 5,000 people (C7)
11. 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 E attached**. During 2013-14, SCDC has performed strongly, meeting and surpassing targets for:
- Rent collection (98.8%)
 - Council Tax collection (99.25%)
 - Benefits processing (average 12 days)
 - Customer Contact Service first time call resolution (82.3%)
 - Determining 'Other' (householder) planning applications (80% within eight-week target)
 - Helping households avoid homelessness (147)
 - Reducing staff sickness absence (7.42 days per employee)
 - Missed bins per 100,000 (43.4)
 - Number of affordable homes delivered (increased from 101 to 158)
 - Average days to re-let General Needs housing (reduced from 25 to 16 days), contributing to additional income of £207,300 received during the year (see paragraph 8r above)
12. Performance was below target and intervention levels in respect of the following items:

13. **Staff Turnover** (12.47% against 7% target): 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, along with temporary external recruitment freezes. 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.
14. The impacts of the job evaluation exercise on staff turnover have also been taken into account, in anticipation of the pay protection period, which ended on 31 March 2014 for staff facing salary cuts. These impacts were reported to the Finance and Staffing Portfolio Holder during the year, including a package of support measures tailored to the needs of the individuals affected. The impact of higher turnover on service area capacity is considered by EMT as a corporate risk, with appropriate measures identified to mitigate impacts on service delivery. It is difficult to pinpoint a best practice staff turnover target: voluntary turnover should be neither too high as to effect negatively the running of the business nor too low to prevent career development and innovation. It is considered that the target of 10% agreed for 2014-15 best achieves this balance.
15. **Households in Temporary Accommodation** – This figure includes all temporary accommodation including units within our own housing stock, hostel accommodation and B&B. The target set was the same as the end of year figure for 2012-13 with the aim of maintaining current levels, whilst knowing this would be challenging in the current climate. Unfortunately the number of households in temporary accommodation has risen during the year, with 11 more households in temporary accommodation at the end of 2013-14 (53, compared to 42 at the end of 2012-13). However, when compared with the increasing numbers accepted as homeless, where the increase has been much larger (127 accepted in 2013-14 compared to 102 in 2012-13 – showing an increase of 25 households), the team have worked hard to minimise the use of temporary accommodation wherever possible. A corporate target was also set to increase the provision of temporary accommodation in order to reduce the use of B&B and reduce expenditure by half – this was met and in fact expenditure on this type of temporary accommodation is approx. a quarter of that spent in the previous year.
16. **% of Household waste for reuse, recycling and composting** (56.7% against 60% target) - The prolonged wet Winter adversely affected the ability of Cambridgeshire County Council to compost green waste materials, resulting in lower green waste diversion rates, similar to the situation which occurred during 2012-13. Longer term options are being explored with RECAP¹ partners as part of the Optimum Service Design project work. Performance remained within expected levels and exceeded the 2012-13 figure of 55.86%, comparable with RECAP partners. In addition, based on the latest available benchmarking data produced by the Rural Services Network, SCDC remains within the top 20 performing districts in England.

Implications

17. 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:

¹ RECAP stands for Recycling in Cambridgeshire and Peterborough

Financial

18. 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.

Consultation responses

19. Corporate Plan aims and actions, and the allocation of resources to deliver them, were based on assessed needs and priorities and were subject to consultation prior to adoption.
20. The comments of cost centre managers and directors have been reflected in the provisional outturn statement. Corporate Plan and Performance Indicator updates have been prepared in liaison with lead officers in each directorate.
21. This report was considered by Scrutiny and Overview Committee at its meeting on 3 July 2014. Comments and recommendations from the Committee will be reported to Cabinet at the meeting.

Effect on Strategic Aims

22. Review of the Council's finances and Corporate Plan is important to ensure the Council's priorities are met and resourced.

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

Original Estimates 2013/14,
Financial Management System Reports
Summary Place Profile

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