

REPORT TO: Leader and Cabinet
LEAD OFFICER: Head of Finance, Policy and Performance

10 July 2014

CORPORATE PLAN FORWARD LOOK AND STRATEGIC RISK REGISTER

Purpose

1. This report sets the scene for the refresh of the Corporate Plan and Medium Term Financial Strategy (MTFS) marking the beginning of, and recommending improvements to, the annual Corporate Cycle, bringing together:

Part One - The financial and policy context

- An assessment of the national picture
- Updated profiles of district's population, health, qualifications and economy
- An updated Strategic Risk Register and Matrix
- Local priorities – the Corporate Plan 2015-2020

Part Two – Review of Corporate Cycle

- Timetable for the preparation of, and consultation on, refreshed MTFS and Corporate Plan, linking to the service planning process.

It also recommends approval of the Strategic Risk Register. This is not a key decision.

Recommendations

2. It is recommended that Cabinet:
 - (a) Note the policy and financial context for the annual refresh of the Corporate Plan and MTFS;
 - (b) Endorse the provisional priority areas identified in paragraph 21;
 - (c) Agree the Corporate Cycle as referred in paragraphs 22-27 and Appendix F attached, and
 - (d) Approve the Strategic Risk Register and Matrix (appendices D-E).

Reasons for Recommendations

3. These recommendations are required to provide Members with an overview of the evidence base for the annual refresh of its key strategies and enable improvements to service plan preparation as part of the Corporate Cycle.
4. The Strategic Risk Register and Matrix form 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

5. The Council refreshes its rolling five-year Corporate Plan and MTFS annually. Achievements against the 2013-2018 Corporate Plan are reported in the 2013-14

Year-End Position Report elsewhere on this agenda, with ongoing priorities reflected in the current Corporate Plan 2014-2019, agreed in February 2014.

6. Cabinet, led by the designated portfolio holder for risk management, has responsibility for management of the strategic risks facing the Council, including review of the Strategic Risk Register. Corporate Governance Committee monitors the review and approval of the Strategic Risk Register on an annual basis.

Considerations

PART ONE – THE FINANCIAL AND POLICY CONTEXT

National picture

7. The Queen has set out the Government's legislative programme for 2014-15. The programme comprises 11 new Bills, six carried over from the previous parliamentary session and three draft Bills proposed for pre-legislative scrutiny. It reflects that the principal legislation to implement Coalition policy was passed during the first four years of the current Parliament, but nevertheless contains proposals with important implications for local authority services, principally:
 - The Deregulation Bill
 - Infrastructure Bill
 - Small Business, Enterprise and Employment BillFurther details of these are provided in **Appendix A** attached.
8. The Local Government Association and the Chartered Institute of Public Finance and Accountancy are looking to influence political party manifestos in the run-up to the 2015 General Election, through their Commission on Local Government Finance, which seeks to provide practical and pragmatic solutions which could be adopted by the next Government. The Commission will issue its findings in January 2015, having addressed its perception of the major policy problems confronting local government:
 - Housing supply;
 - Economic growth
 - Integrated health and care
 - Welfare reform
 - Supporting families through early intervention.
9. Whilst the likelihood is that the deficit reduction policy will continue to result in reductions in funding, irrespective of which party/ies form the next Government, local government leaders are sensing opportunities to make the case for substantial further devolution from the centre to communities on key issues such as local taxation, adult social care and transport. This Council's contribution to the City Deal proposal to release capital funding for local housing, jobs and infrastructure put it at the forefront of this agenda.

Profile of the district

10. 'Proxy indicators' of the health of the district in terms of its economy, environment and society have been obtained from a variety of sources. Grant Thornton (formerly Local Futures) has produced an updated District Profile, which brings together over 200 indicators from many different sources to paint a picture of the district. The full report will be circulated to Cabinet members under separate cover, with a summary of key headlines set out at **Appendix B** attached.

11. The Finance, Policy and Performance team also produces and updates a Key Statistics paper, setting out key demographic information about the district. The latest version is attached at **Appendix C**. It is intended to publish this profile internally and on the Council's website.
12. The summary confirms the picture of a healthy and affluent district characterised by:
 - a growing and increasingly diverse population: The 2011 Office for National Statistics (ONS) mid-year estimates showed an increase in population from 149,800 to 151,000 between June 2011 – June 2012. 5.0% of residents identified themselves as White Other (7,396), and 3.7% as Asian (5,540) (2011 Census)
 - high proportions of skilled employment and educational attainment (55.1% qualified to NVQ Level 4 and above, compared to 35.2% nationally), 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 continuing falling crime rates (31 total crimes per 1,000 population compared to 49 in Cambridgeshire); South Cambridgeshire is one of the safest places to live in England;
 - predominantly good health and high life expectancy.
13. The principal challenges these figures 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 an ageing population. For example, the 2011 Census identified 27.9% of pensioners living alone, giving rise to feelings of loneliness and social exclusion and contributing to wider mental and physical health problems: addressing this issue has been provisionally identified as a key priority by the Portfolio Holder task group identifying positive future outcomes for older people. The Census also identifies links between the age and the health of specific Wards, demonstrating that those Wards with older age profiles contain higher proportions of residents in poor or very poor health.

Medium Term Financial Strategy (MTFS) / Business Improvement and Efficiency Programme (BIEP)

14. The MTFS approved at Council in February 2014 modelled a 32% cut in Revenue Support Grant for 2015-16, resulting from the 2013 local government finance settlement. Additional income/savings of £300k were required in the current financial year, with further ongoing annual income/savings of £790k needed from 2015-16, in order to maintain a balanced strategy. An revised MTFS will be reported to Cabinet in September 2014, with the underlying assumptions refreshed and updated to reflect, among other things:
 - the 2013-14 financial outturn (set out in the year-end Position Report elsewhere on this agenda);
 - the outcome of the first year of retained business rates, informing future projections, but with remaining levels of uncertainty caused by the number of outstanding valuation appeals;
 - Projected income and savings resulting from BIEP and other projects (see para 16 below).
15. Several projects are already underway to identify and implement initiatives to achieve additional income / savings. A summary of these is given below with indicative targets; projects will be scheduled over realistic timeframes and figures included in the relevant years of the MTFS as part of the next update in September 2014:

- Waste & Recycling: £200k in 2014-15; £400k from 2015-16 (current initiatives); £200k from new initiatives.
 - Goods and Services: Savings from procurement exercises - £50k
 - Systems Contract Terminus Reviews: Efficiencies / savings on software licencing costs - £50k
 - Development Control Improvement Programme: savings / income - £100k
 - Space Management: Additional income - £50k
 - Shared Services / Commercialisation Programme - £150k
16. The Local Council Tax Support Scheme was introduced with effect from 1 April 2013 and retained for 2014-15. The scheme is being reviewed for 2015-16 and will be reported to the Finance & Staffing Portfolio Holder. Indications are that the scheme continues to have less of an impact on the Council's General Fund than originally anticipated. It is therefore unlikely that any changes to the scheme will be proposed, so the current categories of protection (pensioners, carers, disabled people and lone parents with children under five) are expected to remain. Any proposals for change would be subject to consultation and require Council approval in January 2015.

Risk Management

17. The Council has a responsibility to consider risks involved in providing or enabling service delivery, both in fulfilment of its statutory obligations, achievement of current and planning of future, strategic aims. The Strategic Risk Register records the top risks facing the Council from a corporate perspective.
18. A risk register has also been prepared for the housing company pilot project, which shows separately risks the Council faces in relation to the company, and risks the company itself faces. This will be developed as the pilot project progresses and be incorporated in the regular reviews of risk registers.
19. 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 timescales to progress or impact / likelihood scores 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 score in tabular form. A particular risk to note is:
- **STR15, Welfare Reform:** Several previous control measures / sources are now embedded in processes and reviews and the potential outcomes have not impacted as severely as feared in the first year of the new regime. The Executive Director (Corporate Services) has therefore reduced the Likelihood score from 5 (Almost certain) to 4 (Likely).
20. In reviewing the Strategic Risk Register and Matrix Cabinet 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.

Local Priorities – the Corporate Plan

21. Taking into account the contextual position set out above, the Corporate Plan 2014-2019 sets out the Council's strategic approach to meeting its Vision whilst continually seeking innovative ways of delivering high quality, cost-effective services. As above, several of these initiatives will contribute to meeting future MTFS income generation

and savings requirements and reflect ongoing priorities beyond March 2015. Subject to consultation and engagement (see Part Two below), it is anticipated that the revised Corporate Plan, to be presented in draft form to Cabinet in November 2014, will retain a number of consistent themes. Taken together, building on current year aims, strategic priorities are likely to include, though may not be confined to:

Engagement: Engage with residents, parishes and businesses to ensure we deliver first class services and value for money

- South Cambs Limited: implementation of business plan and exploration of mixed tenure options to improve housing affordability;
- Business support initiatives delivering outcomes: Business Register, Key Account Management, Business Hub
- Supporting communities to implement Neighbourhood Planning and protect key local amenities.

Partnerships: Work with partners to create opportunities for employment, enterprise, education and world-leading innovation

- Business transformation to deliver the commercial approach; implement BIEP savings and efficiencies proposals, develop strategic partnership with Huntingdonshire DC
- City Deal: governance (combined authority), transport infrastructure, housing and skills.
- RECAP waste partnership: shared waste service (Cambridge City Council), county-wide integration and joint commissioning opportunities.

Wellbeing: Ensure that South Cambridgeshire continues to offer an outstanding quality of life for our residents

- Delivering positive health and well-being outcomes for children and young people and older people;
- Continue to align resources to manage the impacts of welfare reform, provide much-needed affordable housing and maximise the supply of temporary accommodation.
- Take forward the growth agenda: Northstowe, Wing and other fringe sites, Local Plan implementation.

PART TWO – REVIEW OF CORPORATE CYCLE

22. The Corporate Plan was extensively redesigned in 2013, with the capability of being refreshed each year without requiring radical overhaul. It is therefore proposed that the corporate cycle remains largely unchanged, with a draft revised plan, taking into account the key issues identified in paragraph 21 above, to be submitted to Scrutiny and Overview Committee and Cabinet in November 2014 following consultation between portfolio holders, scrutiny committee and directors.
23. Officers have explored undertaking a budget simulation exercise to shape the revised plan. Budget simulation exercises allow greater stakeholder participation in the identification of budget and policy priorities whilst enhancing understanding of the cost and complexity of local service delivery; however, they offer only limited options in a district council context, where SCDC already has programmes and projects in place to deliver significant change and achieve additional income and savings.
24. Budget simulators simplistically and misleadingly assume that cuts in funding equate to a cut or withdrawal of service, failing to take into account the ‘more for the same’, ‘more for less’ and invest to save ethos which has served SCDC well in recent years.

Any exercise asking stakeholders to rank services in order of perceived importance to them can, if not planned properly, be an arbitrary exercise which fails to reflect the different nature of local authority functions, for example between universal services such as waste collection, regulatory functions such as planning and licensing, services based on individual need such as supported housing and 'Back Office' services

25. Any response to a model is likely to be from a self-selecting sample of parties who may be pursuing particular agenda, therefore the results are unlikely to be representative. A modelling exercise would also be very resource intensive, in terms of compiling financial and service data, which there is currently no capacity to meet. Whilst there is merit in using the principles of a budget simulator to raise knowledge and awareness of budget issues with Members and officers, an external exercise is not considered to add sufficient value to the process to justify the resources which would be required to deliver it effectively.

Service Plans

26. Annual Service Plans are key documents articulating how Corporate Plan objectives will be delivered by our four directorates, and how outcomes for the organisation and community will be measured. Following the approval of service plan priorities by Portfolio Holders by 31 October 2014, plans should be developed in the context of the draft Corporate Plan, and informed by staff and stakeholder input, prior to being approved by Portfolio Holders in February, alongside the Corporate Plan and MTFS. This enables any final amendments to be incorporated prior to publication by 1 April 2015.
27. Taking into account the requirement for final service plans to be approved at an earlier stage, and by Portfolio Holders, a revised Corporate Cycle is set out at **Appendix F attached.**

Implications

28. Financial and risk implications are described fully in paragraphs 14-20 above. There are no direct legal, staffing, equality and diversity or climate change implications arising from this report and recommendations.

Consultation responses (including from the Youth Council)

29. There has been no direct consultation on this information report.

Effect on Strategic Aims

30. The Council needs an overview of the policy and financial context and an effective corporate cycle for strategic aims to be developed, consulted upon, delivered and reviewed.

Background Papers:

District Place Profile for South Cambridgeshire (Grant Thornton, June 2014)
Health and Wellbeing within South Cambridgeshire (Local Government Association, 2014)

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