

**Report To:** Leader and Cabinet

11 September 2014

**Lead Officer:** Executive Director, Corporate Services

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## **POSITION STATEMENT: FINANCE, PERFORMANCE AND RISK 2014/15 Q1**

### **Purpose**

1. To provide Scrutiny and Overview Committee and 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 determine the appropriate action. The report also gives contextual information about the district, in the latest Area Key Statistics and Health Profile.
2. There are no key decisions arising directly from the report, although any specific feedback in respect of finance, performance and risk issues may 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 financial outturn position, together with the performance and risk matters and contextual information set out in the report and appendices A-G;
  - (b) approve the Strategic Risk Register and Matrix set out in Appendices E-F.

### **Reasons for Recommendations**

4. These recommendations enable Members to maintain a sound understanding of the organisation's financial position and performance. This forms part of the evidence base for the annual review of priorities and will allow, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.
5. The Strategic Risk Register and Matrix forms the record of corporate risks the Council currently faces in the achievement of strategic aims and the delivery of services, together with control measures to address / sources of assurance over the risks.

### **Background**

6. This is the first position statement for 2014-15, providing updates in respect of:
  - the Corporate Plan 2014-2019, agreed by Council in February 2014;
  - key Performance Indicators, agreed by Executive Management Team (EMT) in April 2014,
  - the Financial Position at 30 June 2014;
  - the Strategic Risk Register, and
  - the latest Area and Health Profiles for the district.

## Executive Summary

### Corporate Plan

7. The Council is progressing twelve key Objectives within its Corporate Plan 2014-2019. Detailed commentary on progress with each of the actions, bringing together relevant finance and performance information, is set out in **Appendix A**. The appendix presents updates in terms of achievements to date and work still to do, reflecting that the plan period runs from 2014-2019, 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.

### Key Performance Indicators (KPI)

8. The Council monitors a suite of 31 key performance indicators to assist in maintaining a strategic overview of organisational health. Of these, 12 have been identified as outcome measures of success linked to the principal Corporate Plan themes of Engagement, Partnerships and Wellbeing. Performance information against the full suite of key indicators is set out in **Appendix B**; the 12 Corporate Plan KPIs are also noted at the end of Appendix A.

### Financial Summary: General Fund, HRA and Capital

9. This position statement is reporting on the variance between the 2014-15 original budgets and the projected Outturn at the end of June 2014, summarised below:

	June 2014's Projected Outturn, compared to Original Estimate	
	Adverse / (Favourable)	
	£	%
General Fund	(910,500)	(5.71)
Housing Revenue Account (HRA)	(29,600)	(0.10)
Capital	(3,000)	(0.01)

10. The summary position statement provided at **Appendix C** indicates that, overall, the General Fund is projected to have a deficit of £835,500, but of this £1,746,000 relates to prior year items that have an accounting effect in this financial year. This means that the working position is a £910,500 favourable variance, equivalent to 5.71% of the Net District Council General Fund Expenditure. There are small favourable variances on the HRA and Capital Accounts.
11. The General Fund variance is mostly because of additional Planning Application Income, above what was originally estimated, in respect of solar farms. The HRA and Capital variances mainly reflect the temporary effect of short-term staffing vacancies. Significant items are listed in **Appendix D**, and cross-referenced where linked directly to the achievement of Corporate Plan objectives.

## **Risk Management**

12. 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 risk register, attached as **Appendix E**. The draft Strategic Risk Matrix, attached as **Appendix F**, shows risk impact and likelihood scores in tabular form.
13. A particular risk to note is **STR05, Lack of Land Supply**. The Council has lost two planning appeals at Waterbeach based on the lack of 5 year land supply. Planning agents and developers have indicated that they are preparing major planning applications for submission during Autumn 2014. The Likelihood score has therefore been increased from 4 (Likely) to 5 (Almost certain) and additional control measures have been put in place to address the risk.
14. 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.

## **Considerations – Performance, Finance and Risk**

The following considerations are brought to Members' attention, linked to specific Corporate Plan objectives:

15. *Objective (1) Develop the property company pilot scheme into a full business plan to deliver affordable housing and generate income*

South Cambs Limited has entered a five-year lease arrangement with the Ministry of Defence for the rent of 27 properties at Park Crescent, Waterbeach. The project generates surpluses, helping to fund the pilot scheme.

16. *Objective (2) Improve Efficiency and Value for Money within a viable financial strategy*

The General Fund projected full-year working surplus is £910,500 (5.71%). Budget holders continue to actively 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 continue to be delivered and performance maintained.

The **Customer Contact Service** achieved its best ever answer time of under two minutes during Period 19 (16 June – 11 July 2014), whilst maintaining an average first time call resolution rate of 81% through Periods 17-19 (21 April – 11 July 2014).

**Planning Income** is expected to be £600,000 more than originally estimated because of a number of large fees relating to planning applications for solar panel developments. The tariffs for feeding into the national grid will change in April 2015 and, to receive the enhanced tariffs, developments have to be built by this date. Fees for these applications are only expected to continue until the autumn 2014 and this is reflected in the projection. However, if the level of new planning applications results in new work, then some of this income may be required to fund additional resources.

**Planning Performance:** The determination of 'Minor' and 'Other' planning applications fell below target timeframes during the first quarter of 2014-15. Relevant

factors included some use of and handover between temporary staff. For Q2, several permanent staff are joining teams to fill vacancies, including a Team Leader, and more stable cover arrangements are in place while the remaining vacant posts are recruited to. Enhanced performance management has also been put in place.

The proportion of planning appeals allowed was outside target in the first quarter of 2014-15 (9 appeals allowed out of 14, 64%); however, performance against this indicator will vary depending on how many appeals are lodged and what they relate to – for example, in Q1 of 2013-14, only 22% of appeals were allowed (2 out of 9), but 81% were allowed in Q2 (13 out of 16). Of the 9 appeals allowed in Q1 2014-15, two were significant in terms of 5 year land supply and two were Traveller appeals.

**Refuse Collection & Recycling Service:** Successful over-achievement of trade waste income against profiled budget, flexible working arrangements and reduced staff sickness levels, and lower fuel costs than planned for, are resulting in a positive variance against profiled budget estimated at £157,000 for the year.

17. *Objective (5) Build new Council Homes to provide affordable accommodation to meet the needs of local communities*

21 new affordable homes were completed between April-June 2014.

18. *Objective (6) Ensure best of use of Council assets and benefit from opportunities to achieve efficiencies from partnership working*

City Deal partners signed the deal document at a session with the Minister of State for the Cabinet on 19 June 2014. The Deal is bigger in scope and potential impact than any other across the country. Cambridge University has since announced that it is putting additional resources into infrastructure and investment, and positive meetings have been held with the University about extending partnership working.

19. *Objective (8) Work with RECAP waste partners to reduce costs, carbon impact and waste sent to landfill*

The Recycling in Cambridgeshire and Peterborough (RECAP) Waste Partnership has agreed its cross-border collection approach and is working-up an implementation plan. SCDC will contribute to this through its work with Cambridge City to develop a business case for a single, shared waste service which will include redesign of collection rounds across both Councils' areas.

RECAP has also awarded a joint- materials recycling facility contract for the processing of dry recyclate ("blue bin") waste, the first time all RECAP Councils (including SCDC) have done this together. This will result in reduced costs and increased income to SCDC as a result of all the Councils pooling their 70,000 tonnes of recycling material to increase certainty and value to the commercial market.

RECAP has also agreed a joint vehicle specification which can potentially save up to £262,000 across the partnership over the next 3 years. SCDC will save around £20,000 this year, increasing as we purchase further vehicles.

20. *Objective (9) Work with GPs and partners to link health services and to improve the health of our communities*

Following the work of the Member-officer task group, on 10 July 2014 Cabinet agreed detailed priorities for Ageing Well, Health and Wellbeing and Children, Young People

and Families. Work is underway to develop detailed action plans to deliver outcomes.

21. *Objective (10) Ensure the impacts of welfare reform are managed smoothly and effectively*

The Finance and Staffing Portfolio Holder considered a report reviewing the operation of the Local Council Tax Support (LCTS) scheme on 15 July 2014, recommending to Council that the current scheme is retained for 2015-16.

The LCTS scheme remains financially viable; the cost was below estimate during 2013-14, and this is also forecast to be the case during 2014-15. The number of residents receiving LCTS has decreased by more than 300 since April 2013, whilst the total number of properties in the district has increased.

The Council maintained performance in processing Benefits Claims despite continued high demand. Rent collection levels have been maintained during the first quarter for 2014-15, achieving 95.48% in June 2014 against a target of 92.82%.

### **Area and Health Profiles**

22. The **Area Profile** document for the district has been updated and will shortly be published on the website, In-Site and paper copy. The latest version shows:
- The district's population is 151,400 (an increase of 0.02% between 2012 and 2013 Office for National Statistics (ONS) Mid-Year estimates).
  - This population continuing to age: numbers in the 15-44 category have reduced by 0.7% between 2012 and 2013 (ONS Mid-Year); those aged 45 and over, have increased by the same proportion during this period.
  - The proportion of economically active males has risen from 85.2% to 88.1% of the total population aged 16-64, between January-December 2013 and April 2013 – March 2014. The number of Jobseeker's Allowance Claimants continues to fall, from 745 in April 2014 to 593 in June 2014 (363 male, 230 female)
  - The proportion of the population employed in administrative and secretarial occupations has increased from 9.3% (January-December 2013) to 13.1% (April 2013 – March 2014) of all people in employment. The proportion in skilled trades fell from 8.4% to 6.4% over the same period.
23. The latest South Cambridgeshire **Health Profile** has recently been published and is attached at **Appendix G**. It confirms that the district remains a predominantly safe and healthy place, albeit with highly-localised pockets of ill-health and specific issues for vulnerable groups which the council is working with partners to address as part of its strategic objectives around access to health services and improving the health of our communities:
- The high reported incidence of malignant melanomas in the District has been researched by Public Health and reflects high awareness of health issues amongst residents and high rates of melanoma reporting and visits to GPs for early treatment. This is to be encouraged and means that there are few deaths related to this disease.

### **Implications**

24. 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***

25. 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***

26. The Strategic Risk Register is reviewed 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***

27. The report is primarily for information and as such has no direct equality impacts.

### **Consultation responses (including from the Youth Council)**

28. Corporate Plan aims and actions, and the allocation of resources to deliver them, are based on assessed need and priorities and were subject to consultation prior to adoption.
29. The comments of cost centre managers and directors were requested on the June 2014 financial position and projected out-turn and have been reflected in the report and in Appendix D. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate.
30. Risk owners and members of EMT were consulted regarding the draft Strategic Risk Register and their responses have been incorporated where appropriate.
31. The report was considered by EMT at its meeting on 20 August 2014 and will be considered by Scrutiny and Overview Committee on 4 September 2014.

### **Effect on Strategic Aims**

32. 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.

### **Background Papers: None**

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