



Report To: Scrutiny and Overview Committee
Cabinet

6 November 2014
13 November 2014

Lead Officer: Alex Colyer – Executive Director, Corporate Services

Quarterly Position Statement on Finance, Performance and Risk

Purpose

1. To provide the 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 decide on the appropriate action.
2. To recommend approval of the Strategic Risk Register to the Cabinet, led by the Corporate & Customer Services Portfolio Holder.
3. There are no recommendations giving rise to key decisions in 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

4. *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-C;
 - (b) approve the Strategic Risk Register and Matrix set out in Appendices D-E.
5. *Scrutiny and Overview Committee* will consider this report at its meeting on 6 November 2014. Specific comments and recommendations will be reported to Cabinet.

Reasons for Recommendations

6. 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.
7. 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

8. This is the second position statement for 2014/15, providing updates in respect of:
 - The Financial Position at 31 August 2014;
 - The Corporate Plan 2014-2019, agreed by Council in February 2014;

- Key Performance Indicators, agreed by EMT in April 2014, and
- The Strategic Risk Register.

Executive Summary

Corporate Plan

9. 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 attached**. The appendix presents updates in terms of achievements to date and work still to do, reflecting that the plan period runs from 2014-19, 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. A revised and updated Corporate Plan, reflecting these priorities, is presented for Members' consideration a consultation draft, elsewhere on this agenda.

Key Performance Indicators (KPI)

10. 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 attached**; the 12 Corporate Plan KPIs, on page 14 of Appendix A.

Finance: General Fund, HRA and Capital

11. This position statement is reporting on the variance between the 2014/15 original budgets and the projected Outturn at the end of August 2014. Below is a summary of the provisional outturns and, for comparison purposes, the corresponding July 2014 projections.

Projected Outturn compared to original estimates	July 2014		August 2014		Movement (Appendix A)
	Adverse / (Favourable)				
	£	%	£	%	£
General Fund	(870,200)	(5.46)	(953,600)	(5.98)	(83,400)
Housing Revenue Account (HRA)	(72,500)	(0.25)	(50,600)	(0.18)	21,900
Capital	(1,003,600)	(3.88)	(1,002,600)	(3.87)	1,000

12. Overall, the General Fund is projected to have a deficit for 2014/15 of £792,400; however, of this, £1,746,000 relates to prior year items that have an accounting effect on the General Fund this financial year. This means that the working position is a £953,600 favourable variance, equivalent to 5.98% of Net District Council General Fund Expenditure.
13. The General Fund variance is mainly because of additional planning application income, above what was originally expected, in respect of solar farms. There is a small variance of £50,600 on the HRA, which relates to the apportionment of

departmental accounts. Capital accounts have a projected variance of £1,002,600, most of which relates to New Homes Programme projects which will be required in 2015/16.

14. A summary position statement is provided at **Appendix C**.

Risk management

15. 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.
16. The Strategic Risk Register is arranged in order of priority of assessed risks, so that risks with the highest current risk scores are shown first. The colour shading enables monitoring of movement in risk scores, where Red / Amber / Green means

	For risks previously above the Council's risk tolerance line	For risks previously below the Council's risk tolerance line
Red	The score has increased	The score has increased to above the line
Amber	The score has not changed, or has decreased but stays above the line	The score has increased but stays below the line
Green	The score has decreased to below the line	The score has not changed, or has decreased

17. A particular item to note is STR27, a new risk added to reflect potential risks relating to the various shared services initiatives taking place with other authorities. It has been initially assessed as Impact 3 (Medium), Likelihood 3 (Possible).
18. 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 and Finance

19. The following considerations are brought to Members' attention, linked to specific Corporate Plan objectives:
20. *Objective (1): Develop the property company pilot scheme into a full business plan to deliver affordable housing and generate income*
- Cabinet, at its September 2014 meeting, approved the investment in South Cambs Ltd of up to £7 million for the acquisition of up to 40 properties. The investment comprises a mix of equity investment up to 45% with the balance being loan finance from the Council.
21. *Objective (2) Improve Efficiency and Value for Money within a viable financial strategy*

The General Fund projected full-year working surplus is £953,600 (5.98%)

The projected net saving arising from **Departmental Accounts**, taking into account the use of temporary staff to manage turnover and cover vacancies, is £111,500.

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 and this is reflected in the projection. Some of this income, combined with income projected from future major applications, will be used to fund additional resources (see below).

Planning Performance: The determination of planning applications fell below target in all categories during the second quarter of 2014-15 (although only one application fell within the 'Major major' category). There are a number of contributory factors including a focus on improving the way we handle pre-applications. We are recruiting for two additional experienced planning officers and a new post of Business Excellence Manager and it is expected that these staff will help to ensure improved performance during the latter part of the year. In addition, the Council has been awarded Site Delivery grant Funding to strengthen our capacity to bring major planning applications to 'start on site'. The Council will receive £30,000 for 2014/15, and £20,000 for 2015/16.

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

Challenges at the planning application stage of some **New Homes Programme** new build projects mean that approximately £1m of expenditure may be deferred into 2015/16.

24 new affordable homes were completed between April-September 2014, compared to the target of 40. Two sites didn't complete until October so slipped into next quarter: Milton (35 units) and Fulbourn (32 units). These units will be included in the third quarter figure, to be reported in January 2015.

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

Cabinet has agreed a governance framework for the City Deal, consisting of a five-person Executive Board (the Leader of the Council representing SCDC), supported by a 15-person Assembly comprising a mix of elected Members and wider stakeholders.

SCDC and Huntingdonshire District Council (HDC) formally agreed the development of a strategic partnership at their Cabinet meetings on 10 July 2014. SCDC's Cabinet received a progress report regarding proposed ICT and Legal Services sharing proposals on 16 October, agreeing general principles including lead authorities, location and cost-sharing arrangements. These proposals are anticipated to generate total annual savings of around £1.25m.

A new risk (STR27) has been added to reflect potential risks relating to the various shared services initiatives taking place with other authorities – see paragraph 17 above.

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

Changes to bin collection working arrangements were implemented on 1 September. This initiative is the first to actively implement the wider RECAP Partnership “Whole System Approach” to waste management.”

Missed bins per 100,000 increased to 183.8 in September 2014, against a target of 50. This increase was anticipated as part of implementation planning for revised waste collection arrangements launched on 1 September 2014. It is wholly consistent with the magnitude of the service changes introduced, is being actively managed and is reducing.

Cabinet (16 October) agreed to create a Single Shared Waste Service based at Waterbeach, with a single management structure and workforce, aiming to cut costs by 15% over three years.

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

Rent collection levels have been maintained during the first quarter for 2014-15, achieving 97.54% in September against a target of 92.82%.

26. *Objective (11) Establish successful and sustainable New Communities with housing and employment at Northstowe and the major growth sites, served by an improved A14*

The Northstowe Phase 2 planning application has been received, including 3,500 homes, the town centre, retail and commercial properties, the secondary school, sports hub, two primary schools and public open spaces.

A Planning Performance Agreement has been negotiated to provide additional staffing resources to accelerate the North-West Cambridge (University) development.

Implications

27. 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

28. 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.

Equality and Diversity

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

Risk Management

30. The Council’s Strategic Risks continue to be proactively managed through control measures to reduce their likelihood and mitigate their impact.

Consultation responses (including from the Youth Council)

31. 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.

32. The comments of the cost centre managers and directors were requested on the financial position and projected out-turn. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate.
33. Risk owners and members of EMT have been consulted regarding the draft Strategic Risk Register and Matrix and their responses have been reflected and incorporated where appropriate.
34. The report was considered by EMT at its meeting on 22 October 2014 and will be considered by Scrutiny and Overview Committee on 6 November 2014.

Effect on Strategic Aims

35. Timely and robust consideration of the Council's budgets and corporate plan 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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