



**Report To:** Leader and Cabinet  
**Lead Officer:** Executive Director, Corporate Services

12 February 2015

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## QUARTERLY 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, Housing Revenue Account (HRA) and Capital budgets, corporate objectives, performance indicators and strategic risks, for consideration. Integrated reporting in this way gives Members the opportunity to examine any areas of concern and decide on the appropriate action.
2. To approve the Strategic Risk Register.
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

### Reasons for Recommendations

5. 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 ongoing review of priorities and will allow, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.
6. 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

7. This is the third position statement for 2014/15, providing updates in respect of:
  - The Financial Position at 30 November 2014;
  - The Corporate Plan 2014-2019, agreed by Council in February 2014;
  - Key Performance Indicators at 31 December 2014 (or the latest data available), agreed by EMT in April 2014, and
  - The Strategic Risk Register.
8. The Strategic Risk Register and Matrix form the record of corporate risks the Council currently faces in the achievement of strategic aims delivery of services, together with control measures to address / sources of assurance over, the risks.

## 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 2014-2019, 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)

10. The Council monitors a suite of 31 key performance indicators (KPIs) 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 17 of Appendix A.
11. At the time of publication, performance updates at 31 December 2014 were awaited in respect of the following:
- FS110 Staff sickness days per employee
  - FS111 % Turnover (Voluntary)

Performance data relating to these indicators will not be available until 4 February 2015. Subject to verification, figures will subsequently be notified to Scrutiny and Overview Committee and Cabinet.

### Finance: General Fund, HRA and Capital

12. This position statement is reporting on the variance between the 2014/15 original budgets and the projected Outturn at the end of November 2014. Below is a summary of the provisional outturns and, for comparison purposes, the corresponding August 2014 projections, reported in the last quarterly Position Report.

Projected Outturn compared to original estimates	August 2014		November 2014		Movement (Appendix A)
	Adverse / (Favourable)				
	£	%	£	%	£
General Fund	(953,600)	(5.98)	(1,168,500)	(7.33)	(214,900)
Housing Revenue Account (HRA)	(50,600)	(0.18)	(157,100)	(0.55)	(106,500)
Capital	(1,002,600)	(3.87)	(2,504,500)	(9.68)	(1,501,900)

13. Overall, the General Fund is projected to have an adverse variance of £577,500, 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 £1,168,500 favourable

variance, which is 7.33% of the Net District Council General Fund Expenditure. The General Fund variance is mostly because of additional Planning Application Income, above what was originally estimated, relating to solar farm proposals.

14. The Capital Accounts have a projected favourable variance of £2,504,500 but this is offset by a funding reduction of £1,700,000. This together with additional income from land sales gives a net overall favourable variance of £1,638,000.
15. A more detailed position statement is provided at **Appendix C**.

**Risk management**

16. 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.
17. 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 <b>above</b> the Council's risk tolerance line	For risks previously <b>below</b> the Council's risk tolerance line
<b>Red</b>	The score has increased	The score has increased to above the line
<b>Amber</b>	The score has not changed, or has decreased but stays above the line	The score has increased but stays below the line
<b>Green</b>	The score has decreased to below the line	The score has not changed, or has decreased

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*

Property acquisition has commenced and at 30 January 2015 Ermine Street Housing had bought 13 properties, with 12 further purchases pending. Of the properties purchased, seven have agreed let dates.

There is likely to be £100,000 additional interest income available for the General Fund resulting from these acquisitions.

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

The General Fund projected full-year working surplus is £1,168,500.

An analysis of Departmental Accounts compared to the original estimates indicates that vacancies and other changes to staffing budgets are projected to result in savings of £114,900.

**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 only continued until autumn 2014, as 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:** Although performance remains below target for Major, Minor and 'Other' planning applications, the determination of planning applications within target timescales improved in all categories during the third quarter of 2014/15. As reported last quarter, there are a number of contributory factors including a focus on improving the way we handle pre-applications. Two additional experienced planning officers have been appointed and we are recruiting to a new post of Business Excellence Manager and it is expected that these staff will help to ensure continued improved performance during the rest 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. The Council has also been awarded £143,000 from Capacity Funding.

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

Previously it was envisaged that £1m of expenditure on the New Homes Programme new build projects would be deferred into 2015/16; however, alternative schemes have been purchased in December and a significant land purchase is expected to be completed before the year end.

94 new affordable homes had been completed by 31 December 2014, including 70 during the quarter. This surpassed the target of 80.

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

Following endorsement by the City Deal Executive Board on 28 January 2015, work will begin to develop specific infrastructure schemes in advance of the first tranche of £20 million government grant being due on 1 April 2015.

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 has agreed the principles for shared ICT and Legal Services, subsequently agreeing the formation of a shared Building Control Service with HDC.

24. *Objective (7) Move to a commercial approach to service delivery*

Project initiation documents are being prepared following the approval of business cases for commercialisation projects with objectives to:

- Create a joint business hub

- Provide an in-house enforcement agents service
- Expand the Trade Waste service
- Create a Housing Delivery Vehicle
- Generate energy from the council's properties, and
- Extend the Lifeline Plus Supported Housing service.

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

Changes to bin collection arrangements have been implemented and are on course to deliver projected annual savings of £400k.

Successful over-achievement of trade waste income, new working arrangements, reduced staff sickness levels, and lower fuel costs are estimated to achieve savings of £147,100.

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

Rent collection levels have been maintained during the third quarter for 2014/15, achieving 97.97% in December 2014 against a target of 97.3%.

The Benefits Team has received an unqualified audit report for 2013/14. Of £30 million paid out in housing benefit to around 7,000 households, the adjustment required to the return was below £200.

By proactively engaging with tenants it is estimated that £30,000 of Discretionary Benefit Payments will now not be required.

27. *Objective (12) Increase the range and supply of temporary accommodation to help minimise the use of bed and breakfast accommodation for homeless households*

43 households were in temporary accommodation at 31 December 2014, a reduction from 56 in the previous quarter and within our target of 50 households.

### **Customer Service Performance**

28. The Council received 45 complaints during Quarter Three, 11 of which (24%) were upheld. 53% of registered complaints were responded to within timescale, compared to 42% during the previous quarter. Performance remains substantially below the target of 80%. Health and Environmental Services has amended its internal procedures to improve response rates, whereby waste-related complaints are now forwarded to all supervisors and copied to the Duty Officer. Early anecdotal evidence suggests this is beginning to have a positive effect on the response rate. Responses in Planning and New Communities have been affected by the departure of the Development Control Manager and staffing changes within the Resource Team co-ordinating complaint responses. The new Interim Manager has now taken up post and responsibility for co-ordination reallocated, so that improvements here should also follow.

29. 19 compliments have been received between 1 October – 31 December 2014. This compares to 32 received in the previous quarter, and 37 during the corresponding period of 2013-14. Compliments often form the basis for Going the Extra Mile scheme nominations, in order to recognise and celebrate excellent customer service by individuals and teams.

30. The *Customer Contact Service*'s performance is showing improvement as the comprehensive improvement plan is implemented. During 2014, the service:
- Handled 76.81% of 174,919 total calls, improving from 69% in August 2014 to 91% in December 2014.
  - Answered calls in an average of 3:04 minutes. Answer time reduced from 4:34 minutes to 1:05 minutes between October-December 2014.
  - Resolved 82.46% of answered calls first time.

A full report is available elsewhere on the [Scrutiny and Overview Committee Agenda](#).

31. Web usage figures show that, whilst visitors appear to be able to access the 'Contact Us' form easily, less than a third are proceeding to complete it. We are reviewing this page to increase the proportion of visitors completing forms, as part of the wider drive to improve web self-service through the Digital by Default project. Going forward, qualitative customer feedback on the effectiveness of the Council's website will also be required.
32. Other e-forms continue to grow in popularity; for example, the Council Tax house move notification form was completed 1523 times between October-December 2014.

### **Implications**

33. 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***

34. 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***

35. 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)**

36. 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.
37. 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.
38. 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.
39. The report was considered by EMT at its meeting on 28 January 2015 and will be considered by Scrutiny and Overview Committee on 10 February 2015.

## **Effect on Strategic Aims**

40. 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

**Report Authors:** John Garnham – Head of Finance, Policy and Performance  
Telephone: (01954) 713101  
[John.garnham@scambs.gov.uk](mailto:John.garnham@scambs.gov.uk)

Richard May – Policy and Performance Manager  
Telephone: (01954) 713366  
[Richard.may@scambs.gov.uk](mailto:Richard.may@scambs.gov.uk)

Graham Smith – Management Accountant  
Telephone: (01954) 713077  
[graham.smith@scambs.gov.uk](mailto:graham.smith@scambs.gov.uk)