



**Report To:** Leader and Cabinet

9 July 2015

**Lead Officer:** Alex Colyer – Executive Director, Corporate Services

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## 2014-15 YEAR-END POSITION STATEMENT ON FINANCE, PERFORMANCE AND RISK

### Purpose

1. To provide Cabinet with:
  - A provisional 2014-15 outturn position statement on General Fund, Housing Revenue Account (HRA) and Capital expenditure
  - Requests for budget rollovers from 2014-15 to 2015-16; and
  - An overview of performance and achievements against the Corporate Plan 2014-2019 and associated key performance indicators.

Integrated reporting in this way gives EMT and Members the opportunity to examine any areas of concern and decide on the appropriate action.

Approval of capital and revenue budget rollovers constitutes a key decision, notice of which was first published in the March 2015 Forward Plan.

### Recommendations

2. Cabinet is invited to:
  - (a) Consider, comment on and note the Council's provisional financial outturn position, together with the overview of Corporate Plan 2014-2019 achievements and performance against key performance indicators set out in the report and appendices A-E, and
  - (b) Approve the capital and revenue budget rollovers totalling £8,480,664, as listed in Appendix F, to be carried forward into the 2015-16 financial year.

### Reasons for Recommendations

3. These recommendations are required to enable Cabinet to maintain a sound understanding of the organisation's financial position and performance. This contributes to the evidence base for the ongoing review of priorities and enables, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.
4. Rolling over revenue and capital budgets will allow the re-phasing of specific expenditure into 2015-2016 as stated in the proposal forms, summarised in **Appendix F** attached.

### Background

5. This is the final position statement for 2014/15, providing updates in respect of:
  - The Financial Position at 31 March 2015, showing variance between 2014/15 original budgets and the provisional Outturn;
  - The Corporate Plan 2014-2019, agreed by Council in February 2014; and

- Key Performance Indicators at 31 March 2015; agreed by EMT in consultation with Portfolio Holders.

## **Executive Summary**

### ***Corporate Plan***

6. The Council has worked towards twelve key Objectives within its Corporate Plan 2014-2019. A summary of achievements against our Vision and strategic aims is provided in the main body of the report, below. Detailed commentary on progress and achievements 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 and work still to do, reflecting a number of ongoing priorities, which have been retained in the current Corporate Plan 2015-2020, agreed by Council in February 2015.

### ***Key Performance Indicators (KPI)***

7. 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 against Corporate Plan indicators is set out in **Appendix B** attached, including commentary on reasons for, and plans to address, performance below target during the year. Performance information against the full suite of key indicators is set out in **Appendix C** attached.
8. The graphs in Appendix B show actual performance against target and intervention levels, which were agreed at the beginning of the year by directors in consultation with Portfolio Holders. The Council uses a 'traffic light' system to denote performance, whereby:
  - **Green** signifies performance targets which have been met or surpassed;
  - **Amber** denotes performance below target but above intervention level. It is the responsibility of service managers to monitor such performance closely, putting in place remedial actions at the operational level to raise standards as required.
  - **Red** denotes performance below the intervention level. This represents underperformance of concern, and should prompt intervention at the strategic level which are likely to involve the reallocation of resources and proposals to redesign how services are provided.

**Finance: General Fund, HRA and Capital**

9. This position statement is reporting on the variance between the 2014/15 original budgets and the provisional Outturn. Below is a summary of the provisional outturns and for comparison purposes the corresponding February 2015 projections reported to EMT.

Project Outturn compared to original estimates	February 2015		Provisional Outturn 2015		Movement (Appendix D)
	Adverse (Favourable)				
	£	%	£	%	£
General Fund	(1,034,400)	(6.49)	(1,196,000)	(7.38)	(161,600)
Housing Revenue Account (HRA)	(218,900)	(0.76)	(376,500)	(1.31)	(157,600)
Capital	(2,813,700)	(10.87)	(10,395,400)	(40.17)	(7,581,700)

10. 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, and £117,800 relates to adjustments on Retained Business Rates and Revenue Support Grant. The working position is therefore a £1,196,000 favourable variance, which is 7.38% of the Net District Council General Fund Expenditure. Of the £1,196,000 General Fund favourable variance, £106,700 is being requested to be rolled over into 2015-2016, giving a net true variance of £1,089,300 (6.72%). It should be noted that budget holders actively manage costs down, leading to favourable variances, either one-off in-year, or that continue to have an ongoing effect in future years. Services continue to be delivered and performance maintained, as described elsewhere in this report.
11. There is a projected favourable variance of £376,500 on the HRA, which is 1.31% of total expenditure.
12. The Capital Accounts have a projected favourable variance of £10,395,400 but this is offset by a funding reduction of £8,648,700. This, together with additional income from land sales, gives a net overall favourable variance of £2,382,900. Of the £10,395,400 Capital Accounts favourable variance, £8,374,000 is being requested to be rolled over into 2015-16 and will be offset by the funding also occurring in 2015-16, giving a net true variance of £2,227,900 (8.61%).
13. A summary position statement is provided at **Appendix D**. Significant items are listed in **Appendix E**, with new items underlined. Requests for rollovers are set out in **Appendix F** attached. These total £106,664 on General Fund revenue budgets and £8,374,000 in the Capital Programme. Non-approval would cause overspendings in the current year in those particular areas, unless virement can be found from elsewhere, which is not likely at this stage of the financial year. The additional requirement to demonstrate the funding need to the section 151 Officer (i.e. the Executive Director Corporate Services) before adding the rollover to the current budget, should minimise any risk of under spending.
14. A report going to the Planning Portfolio Holder's meeting on 9 July 2015, considers serving an urgent works notice on Sawston Tannery Drying Shed and applying to Historic England for a grant to underwrite the costs, currently estimated at approx.

£200,000 of which the grant would cover 80% and the remaining 20% can include the cost of officer time. It is possible that Historic England would make the funding available up front.

### **Corporate Plan 2014-2019: Working towards our Vision for the district**

15. The Corporate Plan 2014-2019 set out the following Vision for the Council:

‘South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.’

We have worked to attain our Vision through three Strategic Aims around the themes of Engagement, Partnerships and Well-being. Our key achievements under each aim are summarised below.

16. *Engagement: We will engage with residents, parishes and businesses to ensure we deliver first class services and value for money*

To meet this aim we have:

- Set up a housing company (Ermine Street Housing) to help meet local private and affordable needs, whilst generating a financial return for the council: as part of a pilot scheme, the company has bought and let 30 properties on the open market, of which 28 have been let, and is managing the letting of rental properties at Waterbeach to local people on behalf of the Ministry of Defence.
- Delivered major projects as part of a Business Improvement and Efficiency Programme (BIEP) to generate savings and implement better ways of working, including the introduction of new waste collection arrangements which will save £400k.
- Agreed a balanced financial strategy for the next five years and delivered a favourable year-end General Fund budget variance of over £1 million.

17. *Partnerships: We will work with partners to create opportunities for employment, enterprise and world-leading innovation*

To meet this aim we have:

- Signed a ground-breaking City Deal with government, since identifying transport infrastructure priority projects and outlining proposals to deliver up to 8,000 affordable homes and improve skills and digital connectivity.
- Agreed a strategic partnership with Huntingdonshire District Council and developed full business cases for shared Building Control, ICT and Legal Services. We are also developing a shared waste service with Cambridge City Council.
- Begun a commercialisation programme to identify and deliver income for the Council
- Increased the percentage of household diverted from landfill
- Ensured the completion of over 200 new affordable homes.

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

To meet this aim we have:

- Enabled preliminary works on the Northstowe Phase One development to begin and granted Outline planning permission for Phase Two (3,500 homes)
- Helped 218 households prevent homelessness during 2014/15, reduced average monthly expenditure on Bed & Breakfast accommodation from £2,075 during 2013/14 to £919 for 2014/15 and opened refurbished hostel accommodation at Robson Court.
- Operated a local council tax support scheme which has protected our most vulnerable residents whilst collecting 98.8% of housing rent and 99.2% of all Council Tax due.

#### **Feedback and Complaints**

19. The Council received 223 complaints during 2014/15, compared to 227 during the previous year. 61% of registered complaints were responded to within timescale, substantially below the target of 80%. A full report on feedback, complaints and customer satisfaction will be submitted to the Corporate and Customer Services Portfolio Holder in July 2015.

#### **Implications**

20. 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***

21. 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***

22. 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)**

23. 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.
24. 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.
25. The report was considered by EMT at its meeting on 24 June 2015 and will be considered by the Scrutiny and Overview Committee on 7 July 2015.

### **Effect on Strategic Aims**

26. 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.

### **Conclusion**

27. During 2014-2015 we have made good progress towards addressing the strategic housing and transport challenges required to deliver our Vision, underpinned by the delivery of efficient, effective, innovative and high quality services by a well-governed organisation which provides sound stewardship of public resources.

### **Background Papers:** None

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

John Garnham – Principal Accountant (General Fund and Projects)  
Telephone: (01954) 713101  
[John.garnham@scambs.gov.uk](mailto:John.garnham@scambs.gov.uk)

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