

**Report To:** Leader and Cabinet

12 November 2015

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

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## **2015-16 SECOND 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. 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.

### **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-D, and:
  - (b) approve the Strategic Risk Register and Matrix set out in Appendices E-F.

### **Reasons for Recommendations**

4. These recommendations are required to enable Members to maintain a sound understanding of the organisation's financial position, performance and risk, and the local context in which it operates. 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.

### **Background**

5. This is the second quarterly position statement for 2015/16, providing updates in respect of:
  - The Financial Position at 31 August 2015, showing variance between 2015/16 original budgets and the provisional Outturn;
  - The Corporate Plan 2015-2020, agreed by Council in February 2015;
  - Key monthly, quarterly and annual Performance Indicators at 30 September 2015; agreed by EMT in consultation with Portfolio Holders, and
  - The Strategic Risk Register.
6. 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.

## **Corporate Plan 2015-2020**

7. The Corporate Plan 2015-2020 sets 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.'
8. We are working to attain our Vision through three Strategic Aims around the themes of Engagement, Partnerships and Well-being. 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**. Whilst many of the aims and objectives within the plan reflect ongoing long-term priorities, we have reached significant milestones during the year to date, including:
  - Launched a consultation on bus priority measures along the A428/A1303 corridor as part of the Greater Cambridge City Deal;
  - E-form for benefits applications going live;
  - The Joint Development Control Committee resolving to grant planning permission for 3,500 homes and associated infrastructure at Northstowe (Phase 2);
  - Holiday sports camps have generated an additional £16k income above that originally estimated;
  - Successful completion of a major upgrade to the planning system (APAS)
  - Launched shared ICT, Building Control and Legal Services;
  - Obtaining the Gold Award of the Investors in People standard
  - Launch of Key Account Management arrangements to provide support to major businesses and organisations in the district;

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

9. Cabinet has agreed a suite of 36 key performance indicators (KPIs) to provide 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 these indicators is set out in **Appendix B attached**.
10. The data in Appendix B shows 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 interventions 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**

11. This position statement is reporting on the variance between the 2015/16 working budgets and the projected Outturn at the end of August 2015. Below is a summary of the provisional outturns. July's figures are included for comparison purposes

	July's Projected Outturn		August's Projected Outturn		Movement
	Compared to Working Budget		Compared to Working Budget		Appendix B
	£	%	£	%	£
General Fund	(173,900)	(1.07)	(309,600)	(1.90)	(135,700)
Housing Revenue Account (HRA)	(30,100)	(0.10)	(17,300)	(0.06)	12,800
Capital	0	0.00	(1,775,000)	(8.31)	(1,775,000)

12. The General Fund variance is mostly because of additional Planning Fee Income.
13. The HRA variances mainly relate to savings in Tenant Participation budgets.
14. The Capital Variances relate to Housing Capital spending that will not occur this year as programmes have had to be delayed because of factors outside SCDC control.
15. A summary position statement is provided at **Appendix C**. Highlighted below are the significant items. Significant items are listed in **Appendix D**.

**Income**

16. With declining resources from Government funding, ensuring that income targets are met becomes more important. Itemised below is the current position on major income sources.

	Budget 2015/16	Period Budget	Actual	Forecast Outturn Variance
	£	£	£	£
Refuse Recycling – Credits	(660,000)	(165,000)	(299)	0
Trade Waste – Income	(635,000)	(635,000)	(682,100)	(47,100)
Paper Recycling – Credits	(384,000)	(96,000)	72,417	0
Development Control – Fees	(900,000)	(375,000)	(747,255)	(500,000)
Development Control - Pre-App Fees	(60,000)	(25,000)	(81,706)	(100,000)
Building Control – Fees	(340,000)	(155,000)	(164,548)	0
Land Charges – Fees	(297,360)	(127,350)	(130,323)	0
New Communities - Charges for Services	(195,000)	(85,000)	(21,909)	0
Taxi Licensing - Fees & Charges	(155,230)	(64,740)	(69,030)	0
Licences under Acts - Fees & Charges	(113,650)	(15,060)	(33,024)	0
Travellers Sites – Rents	(109,420)	(43,200)	(32,805)	0
Cambourne Offices – Rent	(60,000)	(30,000)	36,590	0

**Risk Management**

17. The Strategic Risk Register has been reviewed with the nominated risk owners and other members of EMT, and considered at EMT's meeting on 28 October 2015.

Changes proposed to risk descriptions, control measures / sources of assurance or timescales to progress are shown as highlighted text in the draft Strategic Risk Register, attached as **Appendix E**. The draft Strategic Risk Matrix, attached as **Appendix F**, shows risk impact and likelihood scores in tabular form.

18. Particular risks to note are:
- (a) **STR08, Medium Term Financial Strategy**. Risk added regarding increased uncertainty in budget setting due to commercial activities' exposure to market competition and commodity price trends, could lead to reduced income / increased costs above those forecast in the MTFS.
  - (b) **STR25, Increase in cost of managing Homelessness**. Risk changed from 'Increase in numbers in Bed & Breakfast accommodation', with new risk description wording.
  - (c) **STR24, HRA Business Plan**. The risk score has been changed to a composite score from the HRA Business Plan risk register, and reflects changes announced in the Government's July 2015 Budget.
  - (d) **STR26**. Updated to include the Working Smarter programme.
  - (e) **STR19, Demands on services from an ageing population**. Stephen Hills added as joint officer risk owner.
  - (f) **STR22, Safeguarding the Council's services against climate change**. Member risk owner updated to Cllr Peter Topping, Corporate and Customer Services Portfolio Holder.
19. A Risk Management training event was held for Members on 25 September 2015, including a workshop to identify strategic risks over the next five years. Departments and directors are considering the implications and will bring recommendations back to EMT and Members as part of the next review of the Strategic Risk Register.
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 scores of risks, in terms of either their impact or likelihood.

### **Feedback and Complaints**

21. The Council received 33 complaints between 1 July – 30 September 2015, compared to 59 during the corresponding period of 2014-2015. A full report on feedback, complaints and customer satisfaction will be submitted to the next meeting.

### **Implications**

22. 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**

23. 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**

24. 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)**

25. 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.
26. This report was considered by Executive Management Team on 28 October 2015 and will be considered by Scrutiny and Overview Committee on 5 November 2015. Any recommendations by the committee will be reported at the Cabinet meeting.

#### **Effect on Strategic Aims**

27. 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**

28. The Council has reached further important milestones against Corporate Plan objectives during the second quarter of 2015-2016, and its revenue, Capital and HRA budgets are projected to remain within acceptable variation levels at the mid-point of the financial year. Strong performance has been maintained in key frontline and support areas of the business, (Council Tax and housing rent collection, percentage of waste diverted from landfill, Customer Contact Service) and, whilst significant performance issues remain within the Development Control service, a successful recruitment campaign and system upgrade will move us towards improvements to performance and the customer experience. We have reviewed the impact of recent government announcements and legislation on the future delivery of key objectives, and will reflect these in forthcoming reviews of our corporate and financial strategies.

**Background Papers:** None

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