



**Report To:** Leader and Cabinet

11 February 2016

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

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## **2015-16 THIRD 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 EMT and 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 third quarterly position statement for 2015/16, providing updates in respect of:
  - The Financial Position at 31 October 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 31 December 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 an on-line form for benefits applications and a new public website;
  - Completed a consultation on bus priority measures along the A428/A1303 corridor as part of the Greater Cambridge City Deal;
  - Begun work on the construction of new Council homes at Swavesey, Foxton and Linton.
  - Completed, and agreed to extend, a successful housing company trial, providing much-needed local housing for rent whilst generating financial returns;
  - Completed, and began consultation upon, modifications to our draft Local Development Plan
  - Agreed 'Primary Authority' arrangements to provide regulatory support and advice to Aldi and John West Tuna
  - Roll-out of Key Account Management arrangements with major businesses and organisations in the district;
  - Obtaining the Gold Award of the Investors in People standard
  - The Joint Development Control Committee resolved to grant planning permission for 3,500 homes and associated infrastructure at Northstowe (Phase 2);
  - Submitted a successful application for an Enterprise Zone including key sites in the district, which would further stimulate the local economy.
  - Co-located Cambridge City Council waste operations at the Waterbeach Depot;
  - Launched shared ICT, Building Control and Legal Services;

### **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 October 2015. Below is a summary of the provisional outturns. September's figures are included for comparison purposes

	September's Projected Outturn		October's Projected Outturn		Movement
	Compared to Working Budget		Compared to Working Budget		Appendix C
	£	%	£	%	£
General Fund	(413,090)	(2.54)	(231,490)	(1.43)	161,600
Housing Revenue Account (HRA)	(13,200)	(0.05)	15,500	0.06	28,700
Capital	(4,460,000)	(20.87)	(4,460,000)	(20.87)	0

12. The General Fund projected outturn as at October 2015 is mainly because of additional Planning Fee Income; the movement from the previous month is because of delays in receiving an outline planning application and in a development.
13. The HRA movement relates to changes in Administration and Rent Income projected outturn.
14. The Capital outturn relates 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**. 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 and where appropriate further details are provided in **Appendix D**.

	Budget 2015/16 £	Budget to 30.10.15 £	Actual £	Forecast Outturn Variance £
Refuse Recycling – Credits	(660,000)	(165,000)	(173,060)	0
Trade Waste – Income	(635,000)	(635,000)	(682,326)	(44,090)
Paper Recycling – Credits	(384,000)	(160,000)	(169,479)	0
Development Control – Fees	(900,000)	(525,000)	(1,018,123)	(500,000)
Development Control - Pre-App Fees	(160,000)	(93,330)	(103,025)	0
Building Control – Fees	(340,000)	(190,000)	(195,042)	0
Land Charges – Fees	(297,360)	(183,500)	(188,946)	0
New Communities - Charges for Services	(195,000)	(120,000)	(48,440)	115,000
Taxi Licensing - Fees & Charges	(155,230)	(95,370)	(98,110)	0
Licences under Acts - Fees & Charges	(113,650)	(26,330)	(62,247)	0
Travellers Sites – Rents	(109,420)	(58,400)	(40,281)	0
Cambourne Offices – Rent	(60,000)	(45,000)	(32,152)	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 27 January 2016. 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. A particular risk to note is:
- (a) **STR25, Increase in cost of managing Homelessness**. None of the potential causes seem to be going away, and nearly all of our mitigation factors are being undermined by national policy developments:
- King St is not taking on any more private landlords and there is a real prospect of losing those we do have – Local Housing Allowance (LHA) rates do not match rents that landlords can achieve in the market;
  - Our new build programme is essentially over following the 1% rent cut;
  - New affordable housing coming through the system from providers will slow right down and Starter Homes are unusable for our homeless cases;
  - The rent deposit scheme is essentially redundant as private sector rents are so high compared with the LHA rate;
  - Forced council house sales will reduce our stock further – possibly 40% of all relets each year;
  - The proposed introduction of LHA rate only for supported housing could see the closure of our newly built hostel (it would revert to general needs tenancies).
- (b) The only two measures we have left are an ever stretched Discretionary Housing Payment and the ability to use our new relets only for homeless households at the expense of everyone else, which in turn may have an impact on some of our preventative work;
- (c) It is therefore recommended that the Likelihood score is increased from 4 (Likely) to 5 (Almost certain).

19. 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.

### **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. This report was considered by Executive Management Team on 27 January 2016 and will be considered by Scrutiny and Overview Committee on 4 February 2016. Any recommendations by the committee will be reported at the Cabinet meeting.

### **Effect on Strategic Aims**

25. 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**

26. The Council has reached further important milestones against Corporate Plan objectives during the third quarter of 2015-2016, and its revenue 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), whilst improvement measures within the Development Control service, have begun to show positive impacts on performance. We have reviewed the impact of recent government announcements and legislation on the future delivery of key objectives, and are reflecting these in concurrent reviews of our corporate and financial strategies, as well as within the Strategic Risk Register.

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