

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR/S: Interim Chief Executive

9 February 2017

2016-17 THIRD QUARTERLY POSITION STATEMENT ON FINANCE AND PERFORMANCE

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 and Matrix attached at Appendix D-E.

Recommendations

3. Cabinet is invited to:
 - (a) consider, comment on and note the Council's provisional financial position together with the performance and risk matters and contextual information set out in the report and **Appendices A-C**, and
 - (b) approve the Strategic Risk Register and Matrix set out in **Appendix D-E**, noting the new risks identified in paragraph 27 of the report.

Reasons for Recommendations

4. These recommendations are required to enable Members 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.

Background

5. This is the third quarterly position statement for 2016-17, providing updates in respect of:
 - The Corporate Plan 2016-2021, agreed by Council in February 2016;
 - Key monthly, quarterly and annual Performance Indicators at 31 December 2016; agreed by EMT in consultation with Portfolio Holders,
 - The Financial Position at 31 December 2016, showing variance between 2016/17 original budgets and the provisional Outturn, and
 - The Strategic Risk Register.

Corporate Plan 2016-2021

6. The Corporate Plan 2016-2021 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.'

7. We are working to attain our Vision through three Strategic Aims around four strategic objectives: Living Well, Homes for our Future, Connected Communities, and an Innovative and Dynamic Organisation, and 21 accompanying actions. Detailed commentary on progress and achievements with each of the actions, bringing together relevant 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:

Living Well

- Roll-out of mental health awareness training of staff and partners.
- Cambourne West development makes provision for over £45 million of investment in facilities, including an athletics track and funding towards a new swimming pool.

Homes for our Future

- Planning Committee resolution to grant outline planning permission for 2,350 homes at Cambourne West, including 705 affordable homes.
- First planning permissions granted for self-build plots.
- Significant improvement in planning application determination performance

Connected Communities

- Next steps agreed on plans to tackle congestion in and around Cambridge, as part of City Deal.
- Devolution proposal for Cambridgeshire and Peterborough agreed by all authorities, which will transfer significant powers and funding locally.

An Innovative and Dynamic Organisation

- Commercial initiatives continuing to generate income: Ermine Street Housing (115 acquisitions at 31 December 2016), in-house Enforcement Agent (fee income of £18k), Equity Share (£51k profit on two sales during December).
- E-form for benefits applications has contributed to the average processing time halving, compared to the previous year.

Key Performance Indicators (KPI) and Corporate Plan outcome measures

8. Cabinet has agreed a suite of 36 key performance indicators (KPIs) to provide a strategic overview of organisational health. Performance against monthly Key Performance Indicators is set out in **Appendix B** attached, accompanied by owner narrative to provide context.
9. 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	Target met or surpassed;
Amber	Performance worse than target but equal to or better than intervention level
Red	Performance below the intervention level (the level, below which, performance becomes a matter for serious concern and concerted remedial action may be required).

10. The following specific performance issues are brought to Members' attention:

Determination of planning applications

11. Although performance has been very good over the past few months, we are currently at risk of Designation by DCLG due to speed of processing that was marginally below the threshold for major and non-major applications between October 2014 and September 2016. A workshop has taken place to understand the implications of possible designation (which could result in the Council's planning powers being removed) and we will also be able to put our case forward for avoiding Designation. We will find out the outcome of this in February; initial conversations with the Planning Advisory Service (PAS) indicate that we have a good case not to be Designated given the recent sustained performance improvement.
12. Within the service, lead officers are being given responsibility for reviewing and analysing performance (one officer looking at quality and a second at speed) on a weekly basis to ensure that action is taken where performance drops and current levels are sustained. This will be backed up by monthly Planning performance meetings to discuss key issues and identify areas for improvement.

Monitoring housing delivery

13. The Annual Monitoring Report (AMR) prepared by the Planning Policy Team each December monitors a number of housing and affordable housing indicators on an annual basis. More frequent monitoring is likely to have resource implications, although for the City Deal commitment to deliver 1,000 additional homes on rural exceptions sites, it is already agreed to provide a partial update on a quarterly basis to the City Deal Executive Board.
14. The AMR shows under delivery of housing against annual targets and less than a five-year housing land supply. In response to this, a housing delivery project is being established. It is recommended that the appropriate indicators for housing delivery, including affordable homes, are established through that project to provide more meaningful benchmarks moving forward. Outputs from this project should reflect that, whilst there are measures that the Council is taking improve housing supply, these are difficult to quantify as performance measures due to the number of factors affecting delivery which are outside of the Council's direct control.
15. Other Performance Indicators:
- CC302/303/307: Contact service performance shows sustained improvement, following the recruitment and training of a number of new staff. Revised arrangements for managing post will create additional capacity to cope with future periods of high demand, including the roll-out of new bin rounds from 27 February.

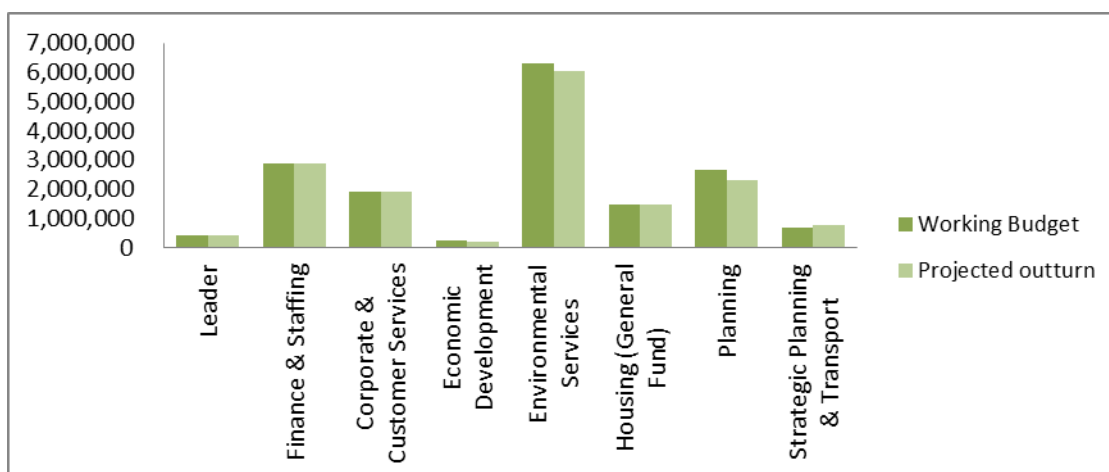
- *FS116 Staff sickness days per FTE and FS117 Staff Turnover:* Third quarter data was not yet available at the time of publication. Data will be reported verbally when it is available, and will be subject to a full report to the Finance and Staffing Portfolio Holder at a future meeting.
- *CC305 % of formal complaint responses sent within timescale:* A corporate project will review customer feedback performance.
- *SX025 Average Land Charges search response days:* There is sustained improvement in response performance, following the recruitment of staff and adoption of improved written procedures.
- *SF740 % Discretionary housing grant paid:* Specific staffing resources had been allocated to identifying households likely to be most impacted by welfare reforms. Officers are confident that Discretionary Housing Grant will be fully allocated by 31 March.

Finance: General Fund, Capital and HRA

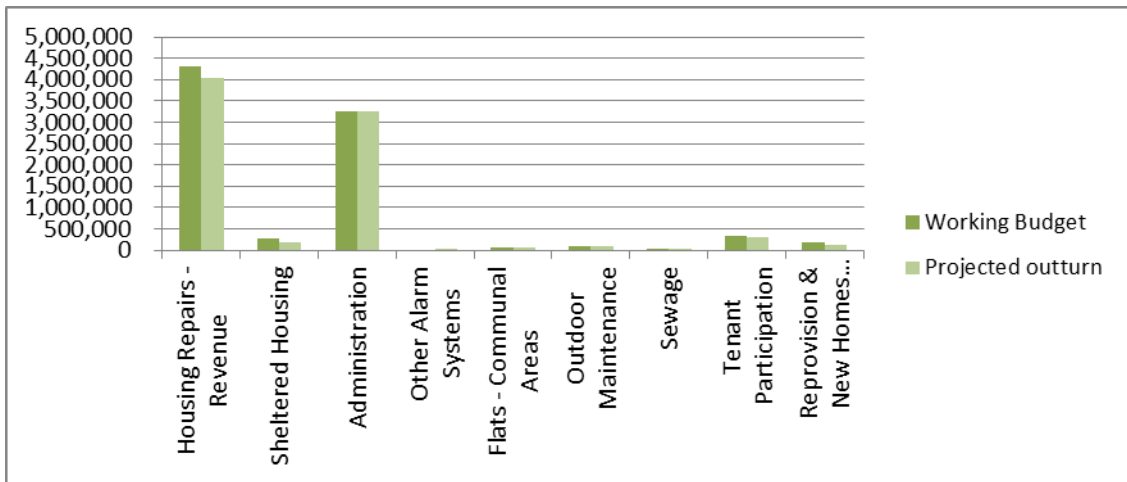
16. This position statement is reporting on the variance between the 2016/17 working budgets and the projected Outturn for the third quarter of the year – as at the end of December 2016. Below is a summary of the provisional outturns.

	Q3 Outturn Variance	
	Compared to Working Budget	
	£'000	%
General Fund	(479.6)	(1)
Capital	(2,600)	(14)
HRA	(655.5)	(7)

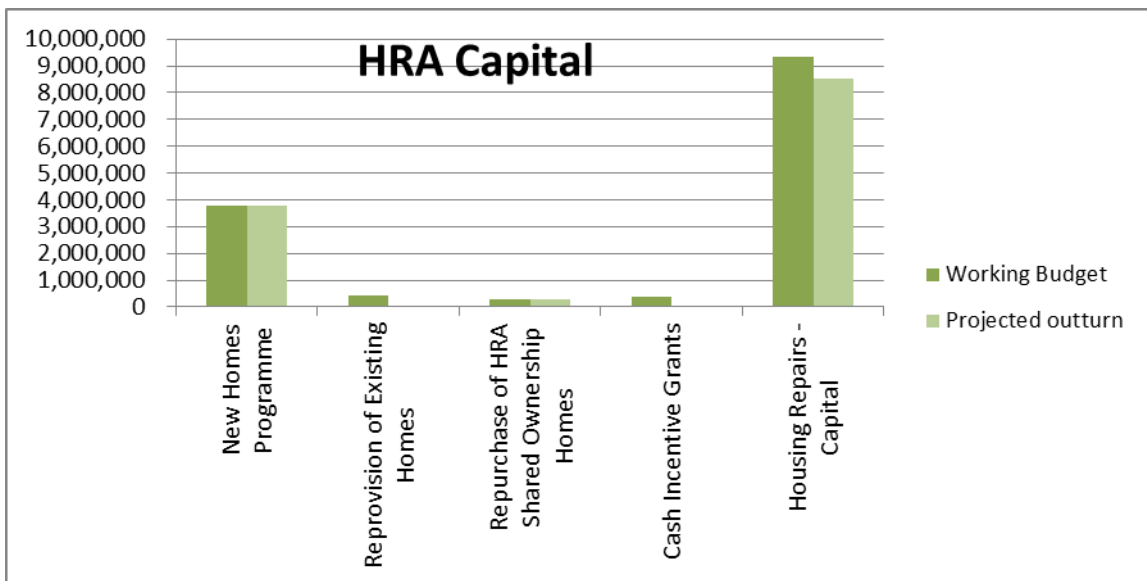
17. The General Fund variance is largely due to the £150K saving on the growth budget and other efficiencies within the Shared Waste Service, and additional Planning Fee income received in the year.

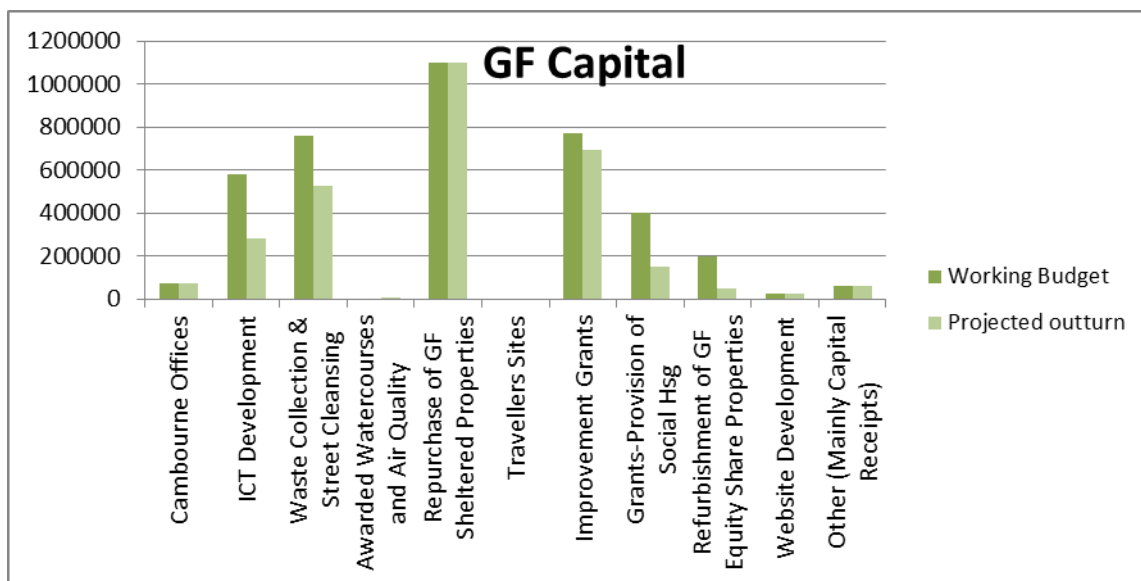


18. The HRA variances relate to savings on the new contract for Cyclical Maintenance works and higher than anticipated rental income.



19. The Capital variance relates to the late start to the building work on Robinson Court, Gamlingay and delays to the improvements work on the non-traditional housing, which is now likely to rollover into the next year as well as unutilised grants received at the start of the year. An additional saving of £300K is anticipated on transfer of the ICT function to the Shared Services.





20. A Summary position statement is provided at **Appendix C**.
21. The Summary statement in **Appendix C** shows a projected General Fund underspend of £564,628, including both Service and Staffing costs. Despite overall underspend, some overspends are in place in staffing lines, primarily due to:
- the use of Agency Staff within Development Control to carry out work outstanding from previous years, and to cover unfilled vacancies across a number of units
 - unbudgeted market supplements on vacancies to improve staff retention, and
 - a number of new posts not included in the original estimates.
22. Work continues to process actual staff costs for the year to date through the service accounts.

Income

23. 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	Period	Actuals	Variance
	2016/17	Budget	For Dec 16	(positive)/
		For Dec 16		negative
	£	£	£	£
Land Charges	(254,360)	(196,072)	(202,024)	(5,952)
Paper Recycling (a)	(294,800)	(171,980)	(191,349)	(19,369)
Taxi Licensing Fees and Charges	(157,930)	(122,610)	(145,133)	(22,523)
Licences under Acts - Fees and Charges	(113,650)	(90,660)	(87,919)	2,742
Travellers Sites Rents	(154,510)	(78,120)	(78,396)	(276)
Development Control Fees	(1,200,000)	(900,000)	(1,208,585)	(308,585)
Development Control Pre-App Fees	(120,000)	(90,000)	(127,394)	(37,394)
New Communities Charges for Services (b)	(565,000)	(423,760)	(264,167)	159,593

- (a) Now a shared service with Cambridge City Council - figures represent those attributable to SCDC only.
- (b) Includes budgets for Pre-App Fees

Risk Management

24. Risk management best practice is that the executive and governance roles should be carried out separately. These roles have been allocated between the Executive and Audit and Corporate Governance Committee, as follows:
 - agreement and ownership of the strategic risks facing the Council - the executive role - to the Executive, led by the appropriate portfolio holder;
 - approval of the risk management strategy; advice and assurance regarding the adequacy and effectiveness of risk management - the governance role - to Audit and Corporate Governance Committee.
25. Cabinet, led by the designated portfolio holder for risk management, therefore takes executive responsibility for management of the strategic risks facing the Council, including review of the Strategic Risk Register.
26. The Strategic Risk Register has been reviewed with the nominated risk owners and considered at EMT's meeting on 25 January 2017. Changes proposed to risk descriptions, control measures / sources of assurance and timescales to progress are highlighted in the draft Strategic Risk Register, attached as **Appendix D**. The Strategic Risk Matrix, attached as **Appendix E**, shows risk impact and likelihood scores in tabular form. There are no changes to likelihood and impact scores.
27. Following a workshop between Cabinet and Management Team (EMT), the following specific risks were identified around strategic partnerships and managing economic growth, in particular:
 - Failure of partnerships, which could arise from lack of shared objectives, capacity to deliver or effective governance arrangements.
 - Negative impact of growth, and/or a failure to distribute its benefits to residents, which could arise from a failure to manage growth effectively
 - Economic vulnerability, which could arise if the local economy is not sufficiently diverse.
 - Failure to deliver growth and associated benefits, which could arise from external political and economic factors.

The future inclusion of these risks on the Strategic Risk Register is likely to have implications for current risks, and how they are monitored and mitigated in future. Detailed recommendations will be brought forward as part of the next review, which will coincide with a review of the Risk Management Strategy and reporting system.

Consultation responses (including from the Youth Council)

28. 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.
29. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate. The report was submitted to the Scrutiny and Overview Committee at its meeting on 7 February 2017. The Committee's recommendations will be reported to Cabinet.

Effect on Strategic Aims

30. Timely and robust consideration of the Council's corporate plan is vital to ensure corporate priorities are met and strategic risks involved in delivering these identified and managed proactively.

Conclusion

31. The Council continues to reach important milestones against Corporate Plan objectives, notably committing to a county-wide Devolution deal which will unlock significant new funding, whilst its commercial initiatives continue to generate surpluses. 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), and there is sustained improvement in customer contact service and Land Charges response performance. Planning application determination times continue to show improvement, although the Council is currently responding to the risk of Designation arising from historic underperformance against national targets.

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