

Cherwell District Council

Budget Planning Committee

27 February 2018

<p>Quarter 3 2017-18 – Performance, Budget and Risk Monitoring Report</p>
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Report of the Executive Director of Finance and Governance and Director of Customers and Service Development

This report is public

Purpose of report

This report summarises the Council's Performance, Budget and Risk monitoring position as at the end of the third quarter of the financial year 2017-18 with relevant projections for the full year.

1.0 Recommendations

Committee is recommended:

- 1.1 To note the projected revenue, capital and reserves position at December 2017.
- 1.2 To note the performance position at the end of the third quarter.
- 1.3 To note the revised risk register.

2.0 Introduction

- 2.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue, capital and reserves position is formulated in conjunction with the senior leadership team, budget managers and reported formally to the Budget Planning Committee on a quarterly basis. The report is then considered by the Executive.
- 2.2 The revenue, capital and reserves position to the end of December has been subject to a detailed review by officers.

- 2.3 The Council's performance management framework sets out the key objectives, projects and programmes of work that contribute to the Council's corporate business plan, this plan sits alongside the council's budgets and risk registers.
- 2.4 The appendices to this report provide a full summary of the budget, performance and risk position for the Council at the end of the third quarter.

3.0 Report Details

Projected Revenue Outturn 2017-18

- 3.1 The details of income and expenditure variances to the end of December and projections to the year-end can be found at Appendix 1. It should be noted that this is the final report to be published in the old structure format. Q4 will be published in line with the new Corporate Management restructure.
- 3.2 The overall position for Q3 is a projected underspend of £79k, which is in line with the current year to date and represents a variance of 0.37%. There are a number of budget variances, which are set out below:

Chief Executive

There are no significant variances to report.

Chief Finance Officer

Finance – whilst the year to date is underspent there are additional temporary staffing costs ahead of the corporate management restructure. These total £73k.

Revenues and Benefits – The year to date is on track however there are additional one off costs relating to the previous outsourced services being taken back in house. These are mainly staffing costs and total £63k.

Assets and Facilities Management – the projected overspend is £69k and is due to a reduction in rental income from across the Council's portfolio. This is being reviewed in the light of the Castle Quay acquisition and will be updated and reported in full for Q4.

Housing and Regeneration – a projected overspend of £37k due to additional staffing costs which cannot be capitalised and delays in build completions (reduced rental income). Some of these additional costs may be recouped.

Strategy and Commissioning

There are no significant variances to report.

Operations and Delivery

Community Services – The main variance relates to more income than anticipated from Parkwood Leisure, and there are also salary savings due to vacant posts in both Housing and Leisure Services. The total underspend is projected to be £155k.

Environmental Services – The main variance relate to staffing savings due to vacant posts in Street Cleansing and Waste and Recycling. The total underspend is projected to be £116k, the net effect of salary savings and additional costs relating to Street Cleansing, Waste and Recycling.

Projected Capital Outturn 2017-18

3.3 Details of the Capital Programme and expenditure to the end of December are shown at Appendix 2. The overall capital programme budget is £116m with current expenditure of £28m. Whilst this is skewed by the acquisition of Castle Quay (£68m), which has been completed in Quarter 4 there is still a significant level of slippage anticipated £9.5m.

3.4 The Appendix provides detailed narrative on the reasons for variations and slippage. The main items to be slipped are set out below:

- NW Bicester Eco Centre £2.3m
- Build Programme Ph 1 £2.6m
- The Hill Community Centre £1.0m
- East West Railways Contribution £0.9m
- Disabled Facilities Grants £0.8m
£7.6m

Summary of Performance

3.5 This report illustrates the year to date position (at the end of quarter three), in terms of the Council's business plan and key measures, its performance framework. To measure performance a 'traffic light' system is used. Where targets are Green they are 100% on track, where targets are Amber they are 90% met, but performance is likely to recover, and where a target is Red performance is below 90%, and off track.

3.6 Detailed performance indicators with commentary are presented in the appendix to this report.

3.7 Of the 81 measures that comprise the performance framework there are 6 measures (7%) reporting as Red, 8 (10%) reporting as Amber and 67 (83%) reporting as Green.

3.8 The Council takes performance management seriously and where performance is off track actions are taken wherever possible to improve. The table below sets out key issues identified this quarter.

Business Plan Objective:	Working with partners to support financial inclusion
<ul style="list-style-type: none"> This has been highlighted in the commentary for previous reports as the Revenues and Benefits team have undertaken a number of major changes over the last 6 months including migration of data to a new software system and the insourcing of the Capita contract. Action plans have been implemented in all 3 measure areas and it is expected that an improvement in performance will be achieved by the end of the financial year. 	

Business Plan Objective:	Work to provide and support health and wellbeing across the district
<ul style="list-style-type: none"> The Council's judicial review of the Horton consultation process with its co claimants was dismissed in December 2017. This means that the proposals from Oxfordshire Clinical Commissioning Group (OCCG) to undertake a number of acute services at Oxford rather than the Horton will be implemented. This relates to acute stroke cases and level 3 critical care. The exception to this is the proposed obstetric service move to Oxford leaving only a freestanding mid wife led unit at the Horton, as this decision is subject to a referral to the Secretary of State for Health and will not therefore be implemented permanently until the Secretary has determined the matter. Workplace Wellbeing accreditation. The councils have been delivering this using a set of national standards. These standards have since been withdrawn and cannot be used by local authorities. We are working at county level and with Public Health England to establish a new set of standards. It is unlikely that this will be complete by March 31st therefore this objective cannot be achieved. This measure cannot be achieved for reasons beyond the Councils control therefore no improvement can be seen before March 31st, this measure is recommended to be closed. 	

Quarter Three Performance Highlights:

3.9 The Council's strategic objectives as set out in its business plan are largely on track, aside from the few exceptions noted above and those highlighted in the appendix. This quarter areas of particular achievement to note include:

Business Plan Objective:	Adoption of the Masterplan document to assist revitalisation of Bicester town centre
<ul style="list-style-type: none"> • A revised programme has been drafted for consultation and completion of the Masterplan. The emerging masterplan proposals have been reviewed to ensure alignment with adopted local plan policy. • The revised programme for adoption of the masterplan as a Supplementary Planning Document (SPD) has been put in place. Consultation will take place in Quarter 1 of 2018. This document is key to setting out the long term vision for the town centre. 	

Business Plan Objective:	Deliver at least 190 units of affordable housing
<ul style="list-style-type: none"> • Delivery remains strong and the third quarter target of 70 units has been exceeded by 24units. This figure includes 19 bungalows, 11 of which are included in a specialist supported housing scheme. 	

Business Plan Objective:	Implementing the actions set out in the new Asset management Strategy
<ul style="list-style-type: none"> • With the acquisition of Castle Quay and the investment made in the project, the council will generate additional revenue and support the long term sustainability of Banbury Town Centre. 	

Risk Management

- 3.10 The Council sets out its approach to the management of risk within its Risk and Opportunities Strategy that is reviewed on an annual basis. The Council's Executive leads on the review of risk and oversees the delivery of the risk strategy; risks are also reviewed by the Accounts, Audit and Risk Committee and are used to shape and inform the Council's internal audit plan. It is important that risk is considered alongside both budget and performance information to ensure there is a comprehensive approach to financial management, the delivery of services and strategic priorities and risks that may impact upon them thereby impacting on customers and local residents.
- 3.11 During the third quarter the Council has undertaken a management review and the new senior leadership team has taken the opportunity to fully review the risk strategy and register. This review has concerned the most significant and strategic risks to the organisation. This fully updated risk register is attached at appendix 5. It should be noted that given the shared service partnership with South Northants Council the risks identified are common to both authorities. The revised risk strategy will be presented in March 2018.

3.12 Risks are owned by Executive Members and each risk also has an accountable Director and senior manager, their role is to oversee, monitor and review the risk controls and mitigating actions. It should be noted that as well as the strategic risks reported in this document the Council has a series of service and project risk registers that manage risks in service or project areas. These are reviewed at an operational level.

3.13 All risks have been reviewed and updated and this takes place on a monthly basis. The risk register (attached as an appendix to this paper) sets out how risks are rated in terms of probability and impact, and the steps to be taken in relation to the control and migration of these risks. Of the twelve risks on the register, four have been scored as medium risks. These are:-

Risk	Score
L05 Business Continuity	12 Moderate risk
L07 Emergency Planning	12 Moderate risk
L08 Health & Safety	12 Moderate risk
L09 Cyber Security	15 Moderate risk

3.14 The remaining have been scored as 'lower risk'.

Risk	Score
L01 Financial Resilience	9 Low risk
L02 Statutory functions	9 Low risk
L03 Lack of management Capacity	6 Low risk
L04 CDC & SNC Local Plans	8 Low risk
L06 Partnering	9 Low risk
L10 Safeguarding the Vulnerable	9 Low risk
L11 Income Generation through council owned companies	8 Low risk
L12 financial sustainability of third party suppliers	9 Low risk

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of this report are noted.

5.0 Consultation

5.1 This report sets out budgetary, performance and risk information from the previous quarter and as such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2017-18 Financial Targets for Revenue and Capital and sets out the Council's position on Reserves, performance and strategic risk. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained in the body of the report. There are no direct costs or other direct financial implications arising from this report.

Comments checked by:

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Legal Implications

- 7.2 There are no legal implications. Presentation of this report is in line with the CIPFA Code of Practice.

Comments checked by:

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Risk management

- 7.3 This report contains a full update with regards to the Council's risk position at the third quarter 2017/8. A risk management strategy is in place and the risk register has been fully reviewed.

Comments checked by:

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Equality and Diversity

- 7.4 Impact assessments were carried out in advance of setting the 2017-18 budgets.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillors

Councillor Tony Ilott – Lead Member for Financial Management

Councillor Richard Mould – Lead Member for Performance Management

Document Information

Appendix No	Title
Appendix 1	Directorate Analysis of Revenue Expenditure 2017-18.
Appendix 2	Directorate Analysis of Capital Expenditure 2017-18.
Appendix 3	Reserves 2017-18.
Appendix 4	Performance Update
Appendix 5	Risk Register
Background Papers	
None	
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