

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	3 April 2019
Subject:	Performance Management – Quarter 3 2018/19
Report of:	Chair of Overview and Scrutiny Committee
Corporate Lead:	Chief Executive
Lead Members:	Lead Member for Organisational Development
Number of Appendices:	Five

Executive Summary:

New Council Plan priorities (2016-20) were approved by Council on 25 April 2018. Supporting the priorities is a set of objectives and actions. Progress in delivering the objectives and actions are reported through a Council Plan Performance Tracker. The tracker is a combined document which also includes a key set of performance indicators. The report also includes the Revenue Budget Summary Statement, the Capital Monitoring Statement and the Reserves Position Summary.

At Overview and Scrutiny Committee on 12 March 2019, consideration was given to the 2018/19 quarter three performance management information. The observations made by the Committee can be found in Appendix 1. The performance management documents presented at Overview and Scrutiny Committee can be found in Appendices 2-5.

Recommendation:

To scrutinise the performance management information and, where appropriate, require action or response from the Executive Committee.

Reasons for Recommendation:

The Overview and Scrutiny Committee examines the work of the Executive Committee and holds it to account in order to help the Council achieve its priorities.

Resource Implications:

None directly associated with this report.

Legal Implications:

None directly associated with this report.

Risk Management Implications:

If delivery of the Council's priorities is not effectively monitored, then the Council cannot identify where it is performing strongly or where improvement in performance is necessary.

Performance Management Follow-up:

Performance management information is reported to Overview and Scrutiny Committee on a quarterly basis. The outcome of each quarterly review is then reported to Executive Committee.

Environmental Implications:

None directly associated with this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** New Council Plan priorities (2016-20) were approved by Council on 25 April 2018. Supporting the priorities is a set of objectives and actions. Progress in delivering the objectives and actions are reported through a Council Plan Performance Tracker. The tracker is a combined document which also includes a key set of performance indicators. Also reported is financial performance, and this is reported through the Revenue Budget Summary Statement, the Capital Monitoring Statement, and the Reserves Position Summary.
- 1.2** At Overview and Scrutiny Committee on 12 March 2019, consideration was given to the 2018/19 quarter three performance management information. The observations made by the Committee can be found in Appendix 1. The performance management documents presented at Overview and Scrutiny Committee can be found in Appendices 2-5.

2.0 COUNCIL PLAN PERFORMANCE TRACKER

- 2.1** The Council Plan (2016-20) has four priorities which contribute to the overall Council Plan vision "*Tewkesbury Borough, a place where a good quality of life is open to all*". The priorities are:

- Finance and Resources.
- Promoting and Supporting Economic Growth.
- Growing and Supporting Communities.
- Customer Focused Services.

Each of the four priorities is supported by a number of objectives and actions which will focus activity on delivery of the priorities. The tracker has been developed and contains a set of key performance measures to monitor delivery of each Council Plan action. The actions are reviewed and, where appropriate, refreshed on an annual basis.

- 2.2** For monitoring the progress of the Council plan actions the following symbols are used:

☺ – action progressing well.

☹ – the action has some issues or delay by there is no significant slippage in the delivery of the action.

☹ – significant risk to not achieving the action or there has been significant slippage in the timetable or performance is below target.

Grey – project has not yet commenced.

✓ – action complete or annual target achieved.

For monitoring of key performance indicators, the following symbols are used:

↑ - PI is showing improved performance on previous year.

↔ - PI is on par with previous year performance.

↓ - PI is showing performance is not as good as previous year.

2.3 All actions are reported as progressing well. Key activities to bring to Members' attention since the last performance report include:

- Medium Term Financial Strategy was approved at Council in January. Tewkesbury remains the fifth lowest Council Tax nationally.
- A Commercial Strategy was approved by Executive Committee in November. This sets out commercial aspirations for the Council.
- Official launch of the Growth Hub took place on 21 November and in its first week of opening won 'highly commended' in the FSB Most Business-Friendly Council Award. It has received national recognition with features in the Municipal Journal and APSE magazines and online sites.
- The Lower Lode Depot car park has undergone extensive refurbishment and now provides a safe and secure place to park for the Public Services Centre.
- The car pool project is progressing well with a go live date of 26 March.
- Garden waste renewals are going well, with £250,000 collected in the first week.
- Total of 262 affordable homes have been delivered in 2018-19, so far against, a target of 200.
- Consultation on the Ashchurch Masterplan, the draft Supplementary Planning Document for Tewkesbury Town and the Tewkesbury Borough Plan all took place in this quarter.
- Our customer services team has undergone training to enable the Council to offer an assisted digital service for the EU Settlement Scheme.

2.4 Due to the complex nature of the actions being delivered, inevitably some may not progress as smoothly or quickly as envisaged. Actions with either a ☹️ or 😊 are highlighted below:

Action	Status and reason for status
Explore options for the regeneration of Spring Gardens.	☹️ Target date has been amended for this phase of the project to see formal reports be brought back to Members by the end of July 2019.
Explore with partners-including the Battlefield Society- the potential to increase the heritage offer at the Battlefield site.	☹️ A wider meeting will be held at the end of March, to discuss options, with the Council acting as facilitator. Date has been amended to reflect this.
Review the tourism resources to maximise the tourist provisions in the borough.	☹️ To consider the options for the Tewkesbury TIC date has been amended to June 2019.

With partners, explore options for the provision of modular and innovative housing to meet housing needs.	 Number of sites have been identified. This is now with developers to draw up options.
Produce a business case for improvements to the A40 at Longford, including improvements to Longford roundabout.	 Business case is scheduled for submission for LEP approval in July 2019.
Deliver short-term access improvements to the infrastructure around the Ashchurch Housing Zone.	 Due to the time taken to progress contracts the overall programme delivery has been extended to March 2022.
Implement the One Legal business review and associated case management system replacement.	 A new target date of June 2019 to take account of Public Sector Network compliance requirement.
Explore options to provide online public access to interactive planning policy information maps.	 Target date has been amended to allow time to deliver this project.
Introduce the option for paperless billing for Council Tax and business rates.	 A new target date of June 2019 to enable the contract to be finalised.

3.0 KEY PERFORMANCE INDICATORS (KPIs)

3.1 The set of Key Performance Indicators (KPIs) are a combination of contextual indicators and target related indicators. The set of KPIs must remain flexible to ensure they meet our needs. The data reported is the position at end of December 2018.

3.2 Of the 17 indicators with targets, their status as at the end of quarter two is:

 (target achieved)	 (target likely to be achieved by the end of the year)	 (target not achieved)
9	5	3

In terms of the direction of travel i.e. performance compared to last year, for all indicators (not all indicators have a target e.g. crime) the status is:

↑ (better performance than last year)	↓ (not as good as last year)	↔ (on par with previous year performance)
10	5	3

3.3 Key indicators of interest include:

- KPI 7- Within the first quarter of opening a total of 369 visitors to the Growth Hub.
- KPI 12 and 13 - Percentage of major and minor applications determined. Both the target and last year's outturn figures have been exceeded.
- KPI 16- 1,213 people within the borough have received advice from Citizen Advice Bureau.
- KPI 18- A total of 255 environmental crimes were reported, fly tipping being the highest reported totalling to 153.
- KPI 19- A further 36 community groups were assisted with funding advice. Supporting groups to raise over £587k in external grants.
- KPI 21- Average number of days to process new benefit claims has decreased since Q2 to 18 days. This remains slightly higher than the target of 15 days.
- KPI 27- Average number of sick days per full time equivalent is higher than the target of 7 days due to long term sickness at the beginning of the year.
- KPI 30- 3.9% of food establishments have been rated with a hygiene rating of three or below. This is below the target of 5%.
- KPI 31 – 126 Freedom of Information requests were received within Q3. A total of 433 have been received in total to date, compared to a full year total of 375 for 2017/18.
- KPI 32- all formal complaints (33) were answered within the required timescale. 155 complaints received in total to date, compared to a full year total of 157 for 2017/18.

4.0 FINANCIAL SUMMARY - REVENUE POSITION

4.1 The financial budget summary for Q3 shows a £664,478 (£572,086 at Q2) surplus against the profiled budget. Below is a summary of the expenditure position for the Council split out between the main expenditure types.

4.2 General Fund outturn summary

Services expenditure	Budget £	Budget Q3 £	Actual Q3 £	Variance £
Employees	9,319,411	6,794,546	6,456,586	337,960
Premises	610,297	406,726	395,732	10,994
Transport	165,777	123,846	93,006	30,840
Supplies & Services	1,913,446	1,101,203	1,063,560	37,643
Payments to Third Parties	5,438,570	1,022,267	1,224,160	(201,893)
Housing Benefit Service Cost	20,276,485	15,588,562	15,616,447	(27,885)
Income	(27,162,098)	(4,297,349)	(4,421,654)	124,305
	10,561,888	20,739,801	20,427,836	311,964

Corporate Codes

Treasury activity	117,260	87,945	56,885	31,060
Investment Properties	(1,928,859)	(1,663,612)	(1,699,944)	36,332
Corporate Savings Targets	(67,500)	(50,631)	0	(50,631)
New Homes Bonus	50,000	37,505	0	37,505
Business rates	(2,694,620)	0	(298,248)	298,248
	6,038,169	19,151,008	18,486,530	664,478

Note: With regards to savings and deficits, items in brackets and red are overspends

4.3 Surplus on service expenditure

The budget position in relation to the Heads of Service responsibility shows a budget surplus of £311,964 as at the end of December (£204,553 Q2).

As can be seen the majority of the savings, £337,960, are related to employee cost. Employee costs savings are being generated mainly through staff vacancies, particularly in One Legal and Development Services. Services have managed vacancies during the period by utilising current staff to cover work in the short term limiting, where possible, use of agency staff. Democratic Services has a vacant post which is maintained to offset overtime and other pressures during elections. Savings are being made against this post as there have been no significant elections so far this year.

A range of small savings are also being made across premises, transport and supplies and services against budget which is also contributing to the overall surplus being reported

The surplus on income for the Council is £124,305 (£26,297 at Q2). Of the surplus, £127,444 is from Community Services and is mainly in relation to the Garden Waste service bringing in income above target as a result of the implementation of the new sticker system and the fixed renewal date of 1 April. There is also additional income showing in Corporate Services relating to additional grant income for the Benefits team, received from central government, which had not been budgeted for. This money is to help with any cost of transition of claimants to Universal Credit.

The positive position on income is being offset by Planning application income being below the expected budget. This is a significant income stream for the Council and, although the service returned a surplus in the third quarter of £66,439, it is currently in a deficit of £67,163 (£133,602 Q2) against target. The service is confident of delivering the total income for the year and the third quarter performance hints at an upturn in income delivery.

4.4 Deficit on service expenditure

In terms of deficits being reported at Q3, the most significant overspend is in relation to the Ubico contract. Ubico are reporting that as at the end of December, there is a projected overspend of £230,887 (£141,622 at Q2). A pro rata sum was included at Q2 but given the significance of the overspend and the timing, the full projected overspend is now reflected in the overall budget position. It is hoped that the projected deficit position does not increase over the last three months of the financial year and indeed that the final position is a smaller deficit than currently being reported.

With regards to the reasons for the deficit being reported by the contractor, the main elements are as follows:

- i) Employee costs of £89,818 which is mostly in relation to using agency staff to cover an increased number of long-term sick; and
- ii) Transport costs are contributing £99,620 to the overspend of which the majority is relating to the maintenance of the recycling (£16,000) and grounds maintenance (£23,000) equipment and vehicles with increased fuel costs across all service areas and an overspend on tyres of £59,000.

In addition, there was increased cost associated with the grounds maintenance service as a result of the difficulties encountered at the start of the grass cutting season.

The projected full year overspend of £230,887 is being met by the surplus generated in other service areas and corporate activities. It is fortunate that within the current year, these expenditure saving and income generating activities are able to cover the deficit being incurred without needing to report a deficit and drawing down reserves to cover the increased cost of the service provision.

In addition, there is an overspend being shown against Benefit Claimant payments. The Q1 monitoring reported that the Housing Benefits team had processed higher than predicted level of overpayments going back over several years. Over the next six months there has not been any further significant levels of overpayments identified. The impact on the budget has been reduced by £34,000 to a predicted overspend of £26,000 by year end.

4.5 Attached to the report at Appendix 2 is a summary of the position for each Head of Service, which shows the current variance against their budget. Where the main types of expenditure headings within the Head of Service's responsibility have a variance over £10,000, a short explanation for the reason for the variance has been provided.

4.6 Corporate codes

The Corporate codes include the other sources of financing which are needed to balance the budget.

Treasury activity has been positive in the year to date, resulting in a net surplus of £31,060. Investment properties has also produced a healthy surplus of £36,332 in the first three quarters of the year as a result of securing additional investment properties sooner than expected.

The retained business rates scheme is also progressing very well this year although Members will be aware of the volatility of the scheme and therefore guarantees cannot be given about continuing positive performance into the final quarter of the year. However, significant growth and further compensation from the government for changes introduced at a national level have resulted in a retained surplus above budget of £298,248. This is the Council's position within the 50% individual Council scheme as information on the countywide 100% pilot is currently being collated for Q3. Whilst Tewkesbury is performing well, information on the other authorities is required in order to understand the likely windfall from being in the pilot.

The income that Tewkesbury is now receiving from the retained business rates scheme, as opposed to the significant losses it suffered in the early years, is encouraging and will support the Council's ambitions in developing its future communities. However, it should also be remembered that the national scheme is being amended from 2020 with a reset of the system potentially removing benefit from the growth currently being enjoyed. Therefore, any surplus generated in this or next year should be seen as a windfall amount until the national system is fully designed and understood.

- 4.7** The surplus on the general fund, together with a potentially significant windfall from the business rate pilot, puts the Council in a healthy position with regards to one-off monies available to it. These monies will be able to support some of the Council's strategic ambitions, such as supporting the delivery of the main growth allocations within the Joint Core Strategy, and also help to underpin its core financial stability by providing additional sums to its unallocated reserves and risk management reserves.
- 4.8** Whilst these one-off savings are welcome, there remains a significant deficit as far as the ongoing budget is concerned. The MTFs currently projects a five-year deficit of £3.5m and even at that level, a £2m annual use of New Homes Bonus remains supporting core service expenditure.

5.0 CAPITAL BUDGET POSITION

- 5.1** Appendix 3 shows the capital budget position as at Q3. This is currently showing an underspend against the profiled budget.
- 5.2** The main reason for the underspend is that the commercial property investment to date has been less than the profiled budget expectation. The £1.5m underspend can be combined with the £5m that was expected to be spent in Q4 to leave an authorised budget of circa £6.5m remaining. It is unlikely that this will be spent in the current financial year and will be rolled over into 2019/20 as we continue to look for advantageous opportunities to invest.

The refurbishment of the Council Offices is almost complete and is showing an overspend against the agreed budget. The overall costs increased due to issues such as the discovery of asbestos. Contributions from our partners and revenue resources are being used to offset this additional cost. In addition, the allocation between revenue and capital resources will take place at year end and reduce the cost currently shown on the capital programme.

The underspend on equipment is in respect of the budget to replace the one-legal case management system which has an allocated budget of £120,000. The budget profile expectation was that a system would have been identified and implemented by Q3 of 2018/19.

6.0 RESERVES POSITION

- 6.1** Appendix 4 provides a summary of the current usage of available reserves.
- 6.2** Reserves have been set aside from previous years to fund known future costs and the strategic planning of the authority's operation. The information in the appendix does not take account of reserves which have been committed, but not yet paid.
- 6.3** Whilst the Q3 position shows that there remains a significant balance on the reserves, the expectation is that the balances will be spent in the future. Finance has asked for updates from all departments about their plans to ensure that earmarked reserves are either used for their intended purpose or released back to the general fund.

7.0 OTHER OPTIONS CONSIDERED

- 7.1** None.

8.0 CONSULTATION

- 8.1** None.

9.0 RELEVANT COUNCIL POLICIES/STRATEGIES

9.1 Council Plan 2016-20.

10.0 RELEVANT GOVERNMENT POLICIES

10.1 None directly.

11.0 RESOURCE IMPLICATIONS (Human/Property)

11.1 None directly.

12.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

12.1 Linked to individual Council Plan actions.

13.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

13.1 Linked to individual Council Plan actions.

14.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

14.1 Council Plan 2012-16 approved by Council 25 April 2018.

Background Papers: None.

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Appendices:

- 1 – Overview and Scrutiny Committee Review.
- 2 – Council Plan Performance Tracker Qtr 3 2018/19.
- 3 - Revenue Budget.
- 4 - Capital Budget.
- 5 – Reserves.