

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	17 July 2019
<b>Subject:</b>	Performance Management – Quarter 4 2018/19
<b>Report of:</b>	Chair of Overview and Scrutiny Committee
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Members:</b>	Lead Member for Commercial Transformation
<b>Number of Appendices:</b>	Seven

## **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 18 June 2019, consideration was given to the 2018/19 final quarter of 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 2-7.

## **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 examine the work of the Executive Committee and hold 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 18 June 2019, consideration was given to the final quarter of 2018/19 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 2-7.

**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** The majority of actions are progressing well and key activities to bring to Members' attention since the last performance report include:

- Garden Waste renewals continue to perform strongly with over 17,000 stickers sold generating £820,000 of income.
- Implementation of a trade waste marketing campaign.
- The Tewkesbury Supplementary Planning Document (SPD) was approved for adoption at Council in April.
- Spring Gardens project is progressing in accordance with key milestones with a report to Executive Committee in July.
- Input from Overview and Scrutiny Committee in the development and approval of a new Workforce Development Strategy.
- 'Place' approach seminar was held for Members in the final quarter of the year and the approach is now being tailored to what works most effectively in each of the three areas.
- The Council's car pool project has had a very strong start, with 4940 miles being travelled over 183 trips since it was launched in March. Phase two of the project is to look at the installation of electric charging points.
- Successful partnership working has led to 'Uncover the Cotswolds' being launched in April. This is a Discover England fund project to discover and promote new experiences to the travel trade.
- The Down Hatherley, Norton and Twigworth Neighbourhood Development Plan (NDPs) was 'made' at Council on 28 May. We now have a total of six 'made NDPs across the borough.
- A total of 277 affordable homes have been delivered in 2018-19, surpassing the target of 200.
- The Council successfully won its bid for Garden Town status for Tewkesbury Ashchurch area. A number of meetings have been held with Homes England to ascertain the best way to deliver the project.

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
Conduct a retail study in partnership with Cheltenham Borough Council and Gloucester City Council.	😞 Target date has been amended to July 2019. The consultants, GVA, are due to report back on the draft study by the end of June 2019.
Develop a programme with partners to progress Healings Mill and other key development opportunity sites to support the regeneration of Tewkesbury.	😞 Target date has been amended to reflect the request of a report to update O&S Committee in September 2019.
Review the tourism resources to maximise the tourist provisions in the borough.	😞 New target date of October 2019, to consider partnering options for the Old Hat Shop.
Develop a programme to work with landlords to ensure residents have a supply of rented properties to meet their needs.	😞 Target date amended from March 2019 to June 2019. To allow time for a report to be taken to Executive Committee on 12 June.
Implement the One Legal business review and associated case management system replacement.	😞 To allow time for the Public Sector Network (PSN) security compliance to be completed and approved (anticipated October 2019). Following this, work can commence on implementing a case management system. Target date has been amended to April 2020.
Explore options to provide online public access to interactive planning policy information maps.	😞 The interactive maps will be piloted on the website once the Tewkesbury Borough Plan policies have been adopted – so the date has been changed to March 2020 to reflect this.
Introduce the option for paperless billing for Council tax and business rates.	😞 The implementation stage is underway and due to go live with Council tax by the end of June.
Explore options and deliver a corporate-wide customer relationship management (CRM) system.	😞 A new target date of September 2019 reflects the amount of further work required to establish which system is most appropriate.

### 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 March 2019.

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

😊 (target achieved)	😐 (on par with target)	😞 (target not achieved)
9	2	6

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)
8	8	2

3.3 Key indicators of interest include:

- KPI 7- a total of 751 visitors entered the Growth Hub within the first two quarters of the hub opening.
  - KPI 12- a strong quarter four for the percentage of major applications determined within 13 weeks – at 100%. Overall for 2018/19 we determined 93.3% of major applications within the timeframe, which is above the council's 85% target and outturn for 2017/18.
  - KPI 14- the percentage of 'other' planning applications determined within eight weeks was 86.17% overall for the year. This is down from both last year's outturn of 91.32% and the 2018/19 target of 90%.
  - KPI 17- during 2018/19 CAB clients have benefited from £374,207 in financial gains, which is nearly £100,000 more than last year.
  - KPI 19- we supported 193 community groups with funding advice and this resulted in supporting groups raise £318,984 in external grants.
  - KPI 27- Average number of sick days per full-time equivalent is higher than the target of seven days due to long term sickness at the beginning of the year.
  - KPI 28- 52.6% of waste was recycled or composted during 2018/19, which is above our target but lower than last year's outturn of 54.55%.
  - KPI 31- We received 166 freedom of information requests within Q4. A total of 599 were received in 2018/19 - an increase of 224 requests from the previous year.
- KPI 32- We received 34 formal complaints during Q4. A total of 192 were received during 2018/19 – an increase of 35 from the previous year.

#### 4.0 FINANCIAL SUMMARY - REVENUE POSITION

4.1 In February 2019, the quarter three outturn position was reported to Executive Committee. The report confirmed a surplus of £664,478 for this period.

4.2 The final general fund revenue outturn position for the full year can now be reported as a £2.68m surplus. This is a significant increase against the quarter three position and can be primarily attributed to strong performance in treasury and commercial activities, additional business rates retention, including the impact of the successful 100% retention pilot and substantial external grant funding being received. The following paragraphs highlight this position.

4.3 The table below summarises the service performance which has generated the reported surplus. In addition, the table highlights the non-service related activity and other aspects of the overall budget to provide a whole view of the Council's general fund. The table concludes with the budgeted transfer to reserves of £777,720 and the actual transfer totalling £3,463,217.

#### 4.4 General Fund outturn summary

	<b>Full Year Budget</b>	<b>Outturn Position</b>	<b>Savings / (deficit)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Employees	9,319,411	9,159,512	159,899
Premises	610,297	533,937	76,360
Transport	165,777	135,772	30,005
Supplies & services	1,913,446	2,003,907	-90,461
Payments to third parties	5,438,570	5,982,432	-543,862
Transfer payments	4,382	-54,625	59,007
Income	-6,889,995	-8,370,713	1,480,718
<b>Service Total</b>	<b>10,561,888</b>	<b>9,390,223</b>	<b>1,171,665</b>
Treasury activity	117,260	46,502	70,758
Commercial activity	-1,928,859	-2,210,041	281,182
Corporate savings targets	-17,500	0	-17,500
New Homes Bonus	-3,179,723	-3,179,723	0
Business rates income	-2,694,620	-3,874,011	1,179,391
Other adjustments	-3,636,166	-3,636,167	1
<b>Council total / transfer to reserves</b>	<b>-777,720</b>	<b>-3,463,217</b>	<b>2,685,497</b>

4.5 The outturn position for direct service expenditure shows a positive variance of £1,171,665 and is mainly attributable to the major items outlined below:

- The employee's full year budget is underspent largely as a result of staff turnover and vacancies in most service groupings.
- Premises is underspent as a result of savings on utilities and the release of new homes bonus monies to support the asset maintenance programme in future years.
- Savings on transport have been generated across all service areas and result from reduced car allowance scheme costs plus reduced business mileage.

- Payments to third parties is showing a significant overspend and is as a result of the overspend on the Ubico contract (see information in paragraphs below) as well as payments for work undertaken in areas such as the Community Infrastructure Levy (CIL) and Joint Core Strategy (JCS) where partner finance or reserves exist to cover the cost.
- Council income is showing additional income levels of £1.48m over the budgeted provision. The majority of fees and charges budgets, with the exception of planning fees, have been delivered on budget during the year with a few areas, such as garden waste, being beyond expected levels. The large variance is therefore as a result of substantial external grant income being received during the year. The Council has received a number of new burdens grants from the government but has also attracted significant service specific grants particularly in relation to the delivery of the requirements for the JCS. In addition, the Council has attracted significant funding to support its housing and homeless activities.

**4.6** A full explanation of all variances exceeding £40,000 at a group subjective level is contained at Appendix 3. The Appendix also contains an explanation of the variance on the corporate codes with a more detailed explanation within Paragraphs 4.11 to 4.16.

**4.7** As highlighted previously and within Paragraph 4.5, the Ubico contract sum has been overspent in 2018/19 by £268,866. This is an increase of £37,979 on the reported position at quarter three of a deficit of £230,887. A full breakdown of expenditure by service on the contract sum, including a variance analysis by subjective heading, is contained at Appendix 6. In summary, the overspend can be analysed as follows:

Employment Costs	£108,980
Transport Costs	£93,765
Supplies & Services	£23,054
Statutory & Regulatory	-£3,951
Indirect Expenditure	£47,062
Income	-£46
<b>Total variance</b>	<b>£268,866</b>

**4.8** In terms of explanation of the overspend, the majority of the additional expenditure on employee costs can be attributed to the use of agency to cover an increased amount of sickness within the workforce. Additional costs were also incurred at the beginning of the year to meet the grounds maintenance requirements. In relation to the supplies and services overspend, this is mainly due to additional Personal Protective Equipment being purchased during the year. Indirect expenditure represents recharges from the fleet operation, the cost of senior management and general company costs. The overspend being reported under this heading includes further allocations from the workshops to cover small parts and general supplies, additional overtime incurred and the cost of a management restructure.

**4.9** Transport costs report an outturn overspend of £93,765, the majority of which is from an overspend on tyres of circa £61,000. Other contributing factors include the additional hire of vehicles, vehicle cleaning and directly attributable spare parts. The overspend on tyres was highlighted earlier in the year as an area of concern and Ubico has undertaken further analysis of the area to identify the main reasons behind the overspend. A briefing note has been produced and this is attached to the report at Appendix 7.

**4.10** Whilst this type of service can attract large overspends given the nature of the service provided, it was disappointing that quarter three position came as a surprise to the Council and was not supported by a detailed analysis and justification. As a result, Ubico has been working on an improvement programme within its operational and financial management to ensure timely communication of detailed information. This includes an overhaul of the reporting pack being issued, improved controls with regard to purchase ordering and financial training for supervisors and management. These improvements should ensure that future financial reporting does not contain any 'nasty surprises.'

- 4.11** Treasury performance has again been strong in 2018/19 with both investment and borrowing decisions contributing towards an overall surplus of £70,758. Of the surplus, circa £137,000 has been generated from investments. Whilst an increase in the portfolio balance and a slight increase in market rates has benefited the portfolio, the main reason for the surplus is the investment in the CCLA pooled property fund in May 2017 which is currently generating income returns of around 4.5%. Balances in this fund were increased to £4m within the year. An overspend on borrowing of £67,000 has occurred during the year as a result of the acquisition of two new commercial properties at a cost of £8.5m. This was more than budgeted for but the income from the properties has more than covered the borrowing overspend.
- 4.12** As highlighted above, the Council acquired a further two commercial investment properties in the year which has resulted in increased rental generation against budget of £281,000. The two properties, one an office building and one a retail outlet, have a combined yield in excess of the targeted yield and were purchased sooner than envisaged. The two new properties, combined with the existing units, will make a significant contribution to the Council's core budget in the coming years.
- 4.13** For the second year running, the Council is able to report a positive position on the retained business rates scheme. The Council has seen little impact on its position as a result of successful appeals in year partly as a result of a number of unsuccessful appeals but also because of the provisions it has made against successful appeals. Against this backdrop, additional income has been generated as a result of underlying growth and the Council has received substantial grants from central government to cover the cost of changes they have made to the scheme in recent years.
- 4.14** In addition to the base position with respect to retained business rates, Tewkesbury was a member of the 100% business rate retention pilot in Gloucestershire for 2018/19. This has allowed all authorities in Gloucestershire to retain additional rates this year. The outturn figures for the pilot highlight a net gain for Gloucestershire of £14.272m with the overall gain between the pilot and the base non-pooled 50% scheme being £17.347 million. Of this gain:
- £3.47m was allocated to the Strategic Economic Development Fund held by Gloucestershire Economic Growth Joint Committee.
  - £7.63m was allocated to Gloucestershire County Council.
  - £6.25m was allocated to be shared by the six districts in line with growth in individual areas.
  - Tewkesbury's additional windfall from the pilot was £882,000.
- 4.15** The final row in the table picks up all of the remaining items within the base budget to reconcile back to the budgeted transfer to reserves. This row mainly contains the precepts on the tax payer for both the Borough Council and Parish Councils but also contains other items such as the minimum revenue provision.
- 4.16** Overall, the Council is able to transfer to reserves a gross total of £3.46m.

## **5.0 CAPITAL BUDGET POSITION**

- 5.1** The Council has committed to a substantial capital programme in the last few years and this is highlighted in the level of capital expenditure incurred in 2018/19, totalling £10.67m. The bulk of the expenditure has been on the purchase of further investment properties (£8.5m), the refurbishment of the Public Service Centre (£1.1m) and disabled facilities grants (£0.5).

- 5.2** The capital programme saw over the purchase of two investment property in 2017 totalling £8.5m. This was less than the budgeted amount of £15.1m, hence a reported slippage on the land and buildings programme, but the balance of £6.6m has been carried forward to support the purchase of an industrial unit once sourced and secured in 2019.
- 5.3** An underspend of £182,236 (85%) is reported against the remaining capital balances from the community grants programme. The variance is outside of the Council's control as the draw down of awarded capital grants is subject to applicants progressing the agreed scheme. A report to Executive Committee on project progress is due to be presented in November 2019.
- 5.4** The summarised capital programme is shown at Appendix 3 to the report together with the sources of finance used. In summary, the Council expended £10.67m on capital projects in 2018/19 utilising £1.05m of capital reserves, £0.90m of capital grants, £0.20m of revenue contributions and £8.5m from borrowing. Following the allocation of capital receipts, primarily from right-to-buy receipts but also including some small asset sales such as the Staverton former garage site, the balance on capital reserves, both receipts and grants, has reduced to £1.2m as at 31 March 2019 with commitments totalling £9.29m over the next three years. The commercial property investment programme and the regeneration of Tewkesbury Town will require the council to borrow monies from external sources with the cost of borrowing being financed from new income streams associated with the capital investments. Capital grants are expected to continue to cover the annual cost of the Disabled Facility Grant programme.

## **6.0 RESERVES POSITION**

- 6.1** A breakdown of the reserves of the Council as at the 31 March 2019 is shown at Appendix 5 to the report. Also included is a breakdown of the previous year's reserves, under the same strategic headings, so as to inform Members about the movement on those reserves in the last two years.
- 6.2** Total revenue reserves of the Council stand at £14.69m as at the end of March 2019 and include earmarked reserves, planning obligations and the general fund working balance. The increase in overall revenue reserves totals £4.08m and is as a result of a number of factors:
- In year surplus within the general fund including external grant funding as highlighted in section two.
  - The net position on developer contributions, expenditure against contributions already received and expenditure on existing reserves of £615,042.
  - The budgeted transfer to reserves of £777,720 in respect of the vehicle fleet and the commercial property portfolio.
- 6.3** The significant surplus on the general fund revenue account has allowed the creation of new reserves and the topping up of existing reserves to meet future needs or specific projects. The proposals contained in Appendix 5 to the report include the following:
- Confirmation of the approved new £500,000 borough growth reserve.
  - An additional £250,000 allocated to the working balance of the Council.
  - An additional £133,000 allocated to the MTFS reserve.
  - In addition to the planned contribution of £400,000 to the vehicle replacement programme, a further sum of £200,000 is set aside.

- An additional sum of £200,000 for the business transformation programme of the Council.
- The planned contribution of £175,000 to the commercial property portfolio reserve.

**6.4** The reserves list also includes substantial set asides in relation to housing, homeless and the delivery of the JCS all of which have been financed from government grants received during the year. Other government grants received and new burdens funding which have now been carried forward include transparency funding, clean high streets, parks and play areas, exit from the European Union and various new burdens funding in relation to welfare reform.

**6.5** Where significant movements have occurred during the year, a note in Appendix 5 has been included, to explain the reason for the movement. Members are asked to approve the balances on the reserves for the new financial year.

## **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.

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**Background Papers:** None

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**Appendices:**

- 1 – Overview and Scrutiny Committee Review.
- 2 – Council Plan Performance Tracker Qtr 4 2018/19.
- 3 - Revenue Budget.
- 4 - Capital Budget.
- 5 – Reserves.
- 6 – Ubico Outturn.
- 7- Tyre Wear Briefing.