

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Overview and Scrutiny Committee
<b>Date of Meeting:</b>	10 March 2020
<b>Subject:</b>	Performance Management – Quarter 3 2019/20
<b>Report of:</b>	Head of Corporate Services
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Members:</b>	Lead Member for Commercial Transformation
<b>Number of Appendices:</b>	4

## **Executive Summary:**

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 (Appendix 1). The tracker is a combined document which also includes a set of Key Performance Indicators (KPIs). The report also includes the Revenue Budget Summary Statement (Appendix 2), the Capital Monitoring Statement (Appendix 3) and the Reserves Position Summary (Appendix 4). This performance information is reported to the Overview and Scrutiny Committee on a quarterly basis and the outcome is then reported to the Executive Committee by the Chair of the Overview and Scrutiny Committee.

## **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 Terms of Reference require it to review and scrutinise the decisions and performance of the Council and its Committees.

## **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** 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 (Appendix 1). The tracker is a combined document which also includes a set of Key Performance Indicators (KPIs). The report also includes the Revenue Budget Summary Statement (Appendix 2), the Capital Monitoring Statement (Appendix 3) and the Reserves Position Summary (Appendix 4). This performance information is reported to the Overview and Scrutiny Committee on a quarterly basis and the outcome is then reported to the Executive Committee by the Chair of the Overview and Scrutiny Committee.
- 1.2** This is the third monitoring report for 2019/20. The majority of information within the performance tracker reflects the progress of Council Plan actions as at the time of writing the report. The KPI information is of a statistical nature so represents the position as at the end of December 2020 (Quarter 3). The tracker includes actions that have been refreshed to ensure the Council Plan is a 'live' document. The refreshed plan was approved by Council on 16 April 2019. This is the last year of the four year plan. A new Council Plan (2020-24) was approved by Council on 28 January 2020.

**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** This report presents the second quarter of the final year of the current plan. Key successful activities to bring to Members' attention since the last performance report include:

- A full review of the bulky waste service has commenced. This includes a review of the pricing policy, service provider, lead times, booking system and ability to recycle.
- The Medium Term Financial Strategy (MTFS) was approved at Council in January 2020.
- Given its success, the pool car pilot has been signed off and is now part of routine Council business.
- Electric charging points have been installed in the Council's staff car park, which can be used by staff and the public.
- A new Business Transformation Team has been implemented, which will help support internal service improvements, particularly around digitalisation.
- Council approved a Council Tax increase of £5; despite the increase, the Council remains the fifth lowest in the country at £119.36 (Band D).
- The Growth Hub celebrated its first year following the launch in November 2018; 1696 businesses have benefited from the support the hub provides.
- A project delivery plan was agreed by Homes England which set outs the key components to deliver the Garden Town at Ashchurch, Tewkesbury.
- A strategic Tewkesbury Locality Partnership group has been established following a successful workshop with health and wellbeing partners.
- A review of the Council's website was endorsed by Transform Working Group.

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
Disposal of the Ministry of Agriculture, Food and Fisheries (MAFF) site.	☹️ Disposal is on hold pending the outcome of the Spring Gardens regeneration project and the Parking Strategy Review to understand any potential requirements arising from the projects. The target date has been amended <b>twice</b> previously.
Work with the Local Enterprise Partnership (LEP) and other partners to contribute to the Local Industrial Strategy (LIS).	☹️ Date has been amended from <b>December 2019 to June 2020</b> to account for the final publication of the LIS.
Deliver employment land through the Joint Core Strategy (JCS) and Tewkesbury Borough Plan.	☹️ Target date for the Tewkesbury Borough Plan has been amended from <b>December 2019 to Spring 2021</b> . This to allow for the final stages; examination in public and the production of the inspector's report. The target date has been amended <b>four times</b> previously.
Prepare and adopt the Tewkesbury Borough Plan.	☹️ Target date for the Tewkesbury Borough Plan, has been amended from <b>December 2019 to Spring 2021</b> . This to allow for the final stages; examination in public and the production of the inspector's report. The target date has been amended <b>four times</b> previously.
Ensure land is allocated for housing as part of the Junction 9 masterplan.	☹️ Target date has been amended from December 2019 to Summer 2020 to seek the wider Garden Town at Tewkesbury as a strategic allocation. The target date has been amended <b>one time</b> previously.
With partners, explore options for the provision of modular and innovative housing to meet housing needs.	☹️ Date has been amended from December 2019 to March 2021. This has been extended to allow Rooftop Housing further time to allocate modular housing and the Council to explore more options. The target date has been amended <b>two times</b> previously.

<p>Ensure adequate land is allocated within the JCS and Tewkesbury Borough Plan to meet housing need.</p>	<p>☹️ Target date for the Tewkesbury Borough Plan has been amended from <b>December 2019</b> to <b>Spring 2021</b>. This to allow for the final stages; examination in public and the production of the inspector's report. The target date has been amended <b>two times</b> previously.</p>
<p>Integrate Community Infrastructure Levy (CIL) into community planning.</p>	<p>☹️ Date has been amended to <b>June 2020</b> from <b>December 2019</b>, to allow time for the governance arrangements for spending of CIL to be considered by all three JCS authorities.</p>
<p>Achieve the Council's affordable homes target by working with local housing providers.</p>	<p>☹️ Whilst 142 affordable homes have been delivered it is highly unlikely the target of 220 will be met by the end of Q4.</p>
<p>Develop a programme to work with landlords to ensure residents have a supply of rented properties to meet their needs.</p>	<p>☹️ Target date has been amended from December 2019 to November 2020. Soft launch has taken place and will be run as a pilot scheme for the first six months. Date has been amended to reflect the funding of the officer in post to continue until the end of November 2020. The date for this action has been amended <b>three times</b> previously.</p>
<p>Review our Advice and Information Centres (AICs).</p>	<p>☹️ Date to review the AICs has been programmed into the Overview and Scrutiny Work Programme for June 2020. The target date has been amended from <b>April 2020</b> to <b>June 2020</b>.</p>

### 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 2019.

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

 (on target)	 (below target but confident annual target will be achieved)	 (below target and target unlikely to be achieved)
10	3	4

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:

<b>↑ (better performance than last year)</b>	<b>↔ (on par with previous year performance)</b>	<b>↓ (not as good as last year)</b>
9	2	8

3.3

KPI's where the direction of travel is down ↓ and/ or KPI is either a  or  are highlighted below:

KPI No.	KPI description	Reason for  ,  or ↓
5	Number of visitors to Tewkesbury Tourist Information Centre (TIC).	↓  Footfall is down compared to last year and is unlikely to achieve its target of 28,000 by the end of the year as a result of the time of year and poor weather.
12	Percentage of 'major' applications determined within 13 weeks or alternative period agreed with the applicant.	↓  Figure is down compared to the outturn of 2018/19, from 93.3% to 81%. This is a result of four major applications missing the target timescale during Q3. Bringing it also below the local target of 85%.
13	Percentage of 'minor' applications determined within 8 weeks or alternative period agreed with the applicant.	↓  Due to the complexity of the issues needed to address some of the 'minor' applications, it has taken longer for nine minor applications to be determined within the agreed timescale during Q3.
14	Percentage of 'other' applications determined within 8 weeks or alternative period agreed with the applicant.	 The Q3 cumulative figure, 87%, is below the 2019/20 target of 90% due to 11 applications being answered outside of the agreed timescale.
18	Number of reported environmental crimes.	↓  282 crimes were reported in Q3 making it 907 for the year, compared to a total of 1,089 reported in 2018/19.

26	Number of overall crime incidents.	↓ There has been an increase in the number of overall crime incidents of 5.43% during 12 month period.
27	Average number of sick days per full time equivalent (FTE).	↓ 😞 The number of sick days in Q3 increased, making the outturn of Q3 9.87 days, which is over the 8 days target for the year.
29	Residual household waste collected per property in kgs.	😞 During Q2 there were some waste which was diverted during the commissioning stage of Javelin Park energy which saw a slight increase but at the end of Q3 the plant was made fully operational.
31	Percentage of Freedom of Information (FOI) requests answered on time.	↓ Whilst the target of 80% has been achieved, the quarterly figure has dropped when compared to the outturn (92%) for 2018/19. This is due to 11 responses not meeting the 20 working day timescale in Q3.
32	Percentage of formal complaints answered on time.	↓ The accumulative figure for the year, 90%, is slightly lower when compared to last year's outturn figure of 92% as a result of 16 complaints out of 160 received during 2019/20 not being answered within the 20 working day timescale. Two complaints were answered late during Q3.

Areas where KPIs are performing particularly well, include:

- KPI 7: 1077 visitors entered the Growth Hub during 2019/20, achieving its target of 1000 visitors.
- KPI 22: The number of days to process change in circumstances has also improved as a result of new ways of working from five days to three days.
- KPI 23: with an additional 659 dwellings being added to the valuation list the percentage of Council Tax collected remains on target to meet the 98.3% by the end of the year.
- KPI 24: Business rates collection is on target to meet the end of year collection rate of 98.5%
- KPI 28: An increase of food waste, on average 10 tonnes per month, has helped increase the percentage of waste recycled or composted to 53.13% above the 52% target and last year's outturn of 52.59%.

#### 4.0 FINANCIAL SUMMARY - REVENUE POSITION

4.1 The financial budget summary for Q3 shows a £310,256 surplus against the profiled budget, a significant improvement on the reported deficit of (£18,530) as at Q2. Below is a summary of the expenditure position for the Council split out between the main expenditure types.

4.2	Services expenditure	Budget	Budget Q3	Actual Q3	Variance
		£	£	£	£
	Employees	9,864,860	6,646,370	6,498,019	148,351
	Premises	640,349	528,913	549,734	(20,822)
	Transport	157,779	112,337	98,358	13,979
	Supplies & Services	1,985,608	1,190,880	1,264,113	(73,232)
	Payments to Third Parties	5,497,115	3,953,328	4,168,301	(214,973)
	Transfer Payments - Benefits Service	13,611,266	10,499,730	10,529,730	(30,000)
	Income	(21,474,965)	(5,496,230)	(5,850,992)	354,763
		<b>10,282,012</b>	<b>17,435,329</b>	<b>17,257,263</b>	<b>178,066</b>
	<b>Corporate Codes</b>				
	Interest Received	(394,822)	(296,117)	(378,433)	82,316
	Interest Costs	650,500	487,875	345,546	142,329
	Investment Properties	(2,753,605)	(2,268,096)	(2,010,845)	(257,251)
	Corporate Savings Targets	(7,500)	0	0	0
	RSG and other grant funding	(36,565)	(27,428)	(31,097)	3,669
	New Homes Bonus	(3,273,399)	(2,455,050)	(2,455,049)	(1)
	Business rates	(2,497,557)	0	(161,129)	161,129
		<b>1,969,064</b>	<b>12,876,513</b>	<b>12,566,257</b>	<b>310,256</b>

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

#### 4.3 Position on Service Expenditure

The budget position in relation to service expenditure shows an overall budget surplus of £178,066 as at the end of December 2019 (deficit at Q2 of £70,705).

#### 4.4 Employee Costs – surplus of £148,351

These savings are being generated mainly through staff vacancies, across most services, with Corporate Services generating the most savings at £56,000. Services have managed vacancies during the period by utilising current staff to cover work in the short term and limiting, where possible, use of agency staff. In addition, savings are arising on the Chief Executive post following a decision to grant flexible retirement.

#### 4.5 Supplies & Services – deficit of (£73,232)

There is a deficit being reported on Supplies and Services which is in relation to European and Parliamentary elections (which is also affecting the deficit position on payments to third parties). The Council receives grant income to cover the cost of the elections and therefore an income surplus within Democratic Services matches off this expenditure. The Borough election expenditure is also contained within Democratic Services and this is matched through one-off funding from reserves and New Homes Bonus. Overall, Democratic Services is in a cost neutral position.

#### **4.6** Payments to Third Parties – deficit of (£214,973)

- 4.6.1** Community Services is reporting a deficit of (£200,929), which mainly relates to the delivery of the contract sum with Ubico. At the end of quarter 2, we reported a half year deficit position on the contract sum of (£99,536), with a projected year end overspend of (£199,072). As at quarter 3, this has now increased to a deficit of (£204,643) and a projected year end overspend of (£272,857).
- 4.6.2** We have previously reported the increased resources being deployed in the grounds maintenance service and the increased cost of depot rental at Swindon Road, Cheltenham. The additional spend in these areas will be covered by contribution from reserves for the year. There have also been additional costs of hire vehicles and repairs to vehicles, as reported in Q2.
- 4.6.3** The Council has now received notification that previous finance reports presented had focussed on the contract specific costs, overlooking the corporate costs of the business and the potential cost of these to shareholder councils. This issue has now been reviewed and a significant overspend identified. This can be broken down into four key categories:
1. Insufficient recovery rate at budget setting for 19/20, previously agreed at 5.8% of contract sums.
  2. 19/20 budget deficiencies for items such as ICT support and absence management systems.
  3. Shareholder agreed increased costs such as the appointment costs of Non-Executive Directors and the Financial Director.
  4. Cost movements during year such as support costs from Publica.
- 4.6.4** As a result of this review, an additional £77,000 of costs relating to the corporate core of Ubico has been added to the Tewkesbury contract. All Ubico contracts have been affected by this issue.
- 4.6.5** Senior management at Ubico have frozen all non-essential spending across the organisation in order to reduce costs. This may have some small beneficial effect to the contract sum at year end. In addition, a value for money review of all elements of expenditure throughout the organisation has been started, which may lead to reduced cost in future years.
- 4.6.6** Ubico have given assurance that the budget for 2020/21 will not be increased as a result of the additional corporate costs, and it will present cost reduction proposals to cover the additional expenditure.
- 4.6.7** S151 Officers of all shareholding Councils have agreed to support Ubico, in particular the newly appointed Financial Director, in a review of the corporate costs of the organisation. This will include the allocation basis, which is currently based on turnover.

#### **4.7** Transfer Payments – deficit of (£30,000)

- 4.7.1** The deficit on transfer payments relates to expenditure on Housing Benefit and recovery of subsidy from the Government.
- 4.7.2** During the year several significant overpayments relating to claimant error, which go back over several years, have been identified. This has reduced the subsidy that can be recovered from government, leading to the deficit position. The forecast full year deficit being reported as at this quarter end is a significant improvement on the previously reported position of a forecast overspend of £130,000 and reflects the positive direction of travel over the last three or four months.

**4.7.3** The Council aims to recover 100% of the debt from the claimant, therefore, in the long run the deficit on the Housing Benefit claim could be eradicated. Unfortunately recovering significant overpayments can take time.

#### **4.8** Income – net surplus of £354,763

**4.8.1** Current year income is showing a surplus position of £354,763. This surplus includes the following:

- £194,000 of grant funding for European Elections as discussed above.
- £55,000 of grant funding for the revenues and benefits service.
- £41,000 gain from the garden waste service.
- £22,000 gain on car parking income.
- £26,000 of various other Government grant funding.
- £19,000 surplus on building regulations.

**4.8.2** This positive position is being offset by a deficit (£105,000) on planning income at the end of December 2019. The expectation is that by the year end, planning applications received may reduce the deficit to (£77,000). Planning expect applications not submitted in the current financial year to be submitted in 2020/21 instead. The budgeted income target for 20/21 has been set and reduced for next financial year and, should larger applications be delayed until 20/21, we would expect surpluses to be generated within this service area.

**4.8.3** There is also a deficit (£81,000) on the amount of recycling credits received. This is due to the actual level of recyclate being collected being less than was included in the budget. It has also been identified that the budget did not include a sufficient allowance for non-recyclable material in the system and, therefore, overestimated the recycling credits due. This means that we are receiving less income than predicted. The Community team are working with the contractor, Suez, to manage the level of rejected materials to maximise the income received from recycling credits.

**4.9** Attached 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 Services' responsibility have a variance over £10,000, a short explanation for the reason for the variance has been provided.

#### **4.10** Corporate codes

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

**4.10.2** There is a significant budget deficit being shown on investment properties which is due to the inability to secure another commercial property during the year as expected. Paragraphs 3.2 and 3.3 provide more information on this. This has meant that the income expected to be received in rent has not been achieved; however, this loss has been mitigated to a large extent by treasury management costs having been reduced through less borrowing and no minimum revenue provision being made.

**4.10.3** Business rates is showing a surplus of £161,129 at December 2019. In addition, the Council is a member of the Gloucestershire business rates pool. The pool's latest position shows a positive return and it is expected that a windfall surplus of circa £250,000 can be delivered by the year end.

**4.11** Management Team is pleased with the reported surplus at the end of the third quarter, particularly considering the deficits reported in the two previous quarters. It is expected that the position will remain positive over the final quarter. Despite the likelihood of a surplus at outturn, there are still significant deficits as far as ongoing budgets are concerned. The Medium Term Financial Statement currently projects a five year deficit of £5m. It would be prudent to set aside reserves for future financial sustainability.

## **5.0 CAPITAL BUDGET POSITION**

**5.1** Appendix 3 shows the capital budget position as at Q3. This is currently showing a surplus against the profiled budget of £12,027. The saving is being generated from a slippage in spend on community grants scheme. The Executive Committee reviewed the position on the two outstanding schemes at the meeting on the 8 January 2020 and allowed an extension of time to complete the schemes. This is being offset by incurring a higher than predicted expenditure on Disabled Facilities Grants; however, as we have a large grant allocation from central government to pay for these, it is not depleting the Council's capital allocation.

**5.2** The capital programme still includes a budget of £6.6m to secure a commercial investment acquisition which is now profiled to happen in the final quarter of the financial year. The Council has reviewed a number of opportunities in the current year and made a decision to bid on two specific properties. Unfortunately, it has failed to secure either of these properties as the first one was withdrawn from sale by the vendor and the Council was outbid on the second property. Other properties have also passed the Council's due diligence processes but again have failed to come to market due to vendors withdrawing the properties from the market.

**5.3** The market for investment properties, specifically in the industrial or alternative sector which the Council requires for a balanced portfolio, has become increasingly competitive with less high quality investments coming to the market. The Council continues to work with its advisors to source and secure new property and hopes to conclude a suitable investment within the calendar year. An opportunity within the industrial sector has recently been identified and due diligence is currently taking place.

**5.4** Other capital schemes are progressing in line with budgets.

## **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.

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**Background Papers:** None

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**Appendices:** Appendix 1 – Council Plan Performance Tracker Quarter 3 2019/20  
Appendix 2 - Revenue Budget  
Appendix 3 - Capital Budget  
Appendix 4 - Reserves