

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Integrated Performance Report, 2019/20 Quarter 2
Meeting/Date:	Cabinet, 21 November 2019
Executive Portfolio:	Councillor Jonathan Gray, Executive Councillor for Resources Councillor Darren Tysoe, Executive Councillor for Digital and Customer
Report by:	Business Intelligence and Performance Manager and Finance Manager
Ward(s) affected:	All

Executive Summary:

The purpose of this report is to brief Members on progress against Key Actions and Corporate Indicators listed in the Council's Corporate Plan 2018/22 for the period 1 July to 30 September 2019 and on current projects being undertaken. Scheduled performance clinics focus on delivering continuous improvements in all services.

Key Actions, Corporate Indicators and targets are as included in the Corporate Plan Refresh 2019/20, as approved by Council on 24 July 2019.

The report also incorporates Financial Performance Monitoring Suite information setting out the financial position at 30 September 2019. It provides outturn figures for revenue and the capital programme. Headlines are:

Revenue – the forecast outturn shows underspend of £0.328m

Capital programme – the forecast outturn shows a net overspend of £0.668m

An update on the Commercial Investment Strategy includes details of investments to date and the level of returns these are expected to generate, with information on potential investment opportunities reviewed in Quarter 2 attached at Appendix E.

Recommendations:

The Cabinet is invited to consider and comment on progress made against the Key Actions and Corporate Indicators in the Corporate Plan and current projects, as summarised in Appendix A and detailed in Appendices B and C.

The Cabinet is also invited to consider and comment on financial performance at the end of September, as detailed in Appendices D, and the register of reviews of Commercial Investment Strategy propositions at Appendix E.

1. PURPOSE

- 1.1 The purpose of this report is to present details of delivery of the Corporate Plan 2018/22, and project delivery, in the context of the Council's financial performance.

2. BACKGROUND

- 2.1 The Council's Corporate Plan is currently being refreshed and once adopted will set out what the Council aims to achieve in addition to its core statutory services. The information in the summary at **Appendix A** relates to Key Actions and Corporate Indicators and the performance report at **Appendix B** details all results at the end of September.
- 2.2 As recommended by the Project Management Select Committee, updates for projects based on latest approved end dates are included at **Appendix C**. Across all programmes there are currently 28 projects which are open, pending approval or pending closure, and one project logged which has recently closed.
- 2.3 This report also incorporates financial performance to the end of June. This performance was as shown in sections 4-6 below, with further details listed in **Appendix D**. Commercial investment propositions reviewed are at **Appendix E**.

3. PERFORMANCE MANAGEMENT

- 3.1 Members of the Overview and Scrutiny (Performance and Growth) Panel have an important role in the Council's Performance Management Framework and a process of regular review of performance data has been established. The focus is on the strategic priorities and associated objectives to enable Scrutiny to maintain a strategic overview. Their comments on performance in Quarter 2 will be inserted in section 7 following their meeting on 5 November 2019.
- 3.2 Progress against Corporate Plan objectives is reported quarterly. The report at **Appendix B** includes details of all Key Actions and Corporate Indicators at the end of Quarter 1. **Appendix C** provides information about projects, including the purpose of the project and comments from the Programme Office as to the current status of each project's SharePoint site as part of the new governance arrangements.
- 3.3 Performance Indicator data has been collected in accordance with standardised procedures.
- 3.4 The following table summarises Quarter 2 progress in delivering Key Actions for 2019/20:

Status of Key Actions	Number	Percentage
Green (on track)	24	80%
Amber (within acceptable variance)	5	17%
Red (behind schedule)	0	0%
Awaiting progress update	1	3%
Not applicable	0	

Most key actions were on track at the end of Quarter 2 and none were significantly behind schedule. Actions which have seen positive progress recently include:

- KA 1. The One Leisure Active Lifestyles team has worked with over 50 partners already this year, including schools and care homes, to deliver physical activity programmes that encourage local residents to be more active, more often.
- KA 6. The Huntingdon Neighbourhood Plan received an 87% 'yes' vote at referendum and an updated Neighbourhood Planning Guide has been adopted.
- KA 8. Operations have supported 40 community litter picks.
- KA 10. Community continue to take enforcement action against littering and flyposting offences, with prosecution costs and fines of £10k for one offender.
- KA 14. The Better Business For All initiative has launched.
- KA18. A Future High Street Funding bid for St Neots was successful.
- KA 23. A Housing Delivery Test Action Plan was endorsed by Cabinet in July.
- KA 24. Decisions on Community Infrastructure Levy spend were made by Cabinet in July which commit funding for a number of infrastructure projects in the district.
- KA 25. Additional income has been secured from our commercial property estate, with lease renewals alone generating an extra £21k a year for the Council and one-off income also raised from releasing restrictive covenants and granting wayleaves.

3.5 Quarter 2 results for 2019/20 Corporate Indicators are shown in the following table:

Corporate Indicator results	Number	Percentage
Green (achieved)	29	67%
Amber (within acceptable variance)	10	23%
Red (below acceptable variance)	2	5%
Awaiting progress update	2	5%
Not applicable (annual/data unavailable)	0	

The majority of performance indicators were on track at the end of Quarter 2, with only two Red as performance was below an acceptable variance. The Red indicators related to energy used in Council buildings (PI 29), which is below target partly due to higher heating demand linked to weather conditions in the first half of the year, and avoidable contacts (PI 38), which has not reduced as much as planned partly due to delays in integrating Streetscene services with the customer portal.

Indicators where services are exceeding their targets include the following:

- PI 2. The average number of days taken to process new Housing Benefit and Council Tax Support claims has been cut to 22.78 days from 24 days in Q1.
- PI 3. The average number of days taken to process changes of circumstance for Housing Benefit and Council Tax Support has fallen to less than 3.7 days.
- PI 4. Early interventions have helped to prevent homelessness, with 272 successful preventions in April to September compared to 153 for the same period last year.
- PI 6. One Leisure Active Lifestyles have attracted more users, with activities for young people in particular attracting a number of new participants.
- PI 11 & 12. Streetscene services have recorded high levels of performance in the cleanliness of sampled areas and the response times to street cleansing requests.
- PI 14 & 15. Grounds maintenance services also continue to exceed targets.
- PI 20. The increase in commercial properties liable for Business Rates had nearly exceeded the annual target by the end of Q2, although numbers can drop.

- PI 33. Staff sickness has continued to fall and is on track to come in under the 9 days per FTE target for the first time since 2013/14.

3.6 The status of corporate projects at the end of September is shown in the following table:

Corporate project status	Number	Percentage
Green (progress on track)	7	41%
Amber (progress behind schedule, project may be recoverable)	7	41%
Red (significantly behind schedule, serious risks/issues)	3	18%
Pending closure	2	
Closed (completed)	7	

The business case for two further projects have not yet been approved.

There are seven projects showing as Amber, usually as a result of slippage in the project, even when reported against revised dates. Of the projects currently in the delivery stage, three were Red at the end of Quarter 2; all of which were shared service projects.

The Project Management Governance Board has held one-to-one meetings with project managers which have identified that unrealistic timeframes have been a common theme for amber/red flags, as well as a lack of up to date governance documentation. The reasons for not meeting original target dates for projects were recently explored at a joint session with all project managers and included discussions on Project Initiation Documents (PID) and Business Cases where initial dates are set.

Governance arrangements are being reviewed, including the roles of Project Sponsors and Project Boards, to help ensure that projects run successfully to time and to budget. Lessons learned captured through closedown reports are also being shared with all project managers. Details of all projects can be found in **Appendix C**.

4. FINANCIAL PERFORMANCE

4.1 Financial Performance Headlines

The Management Accounts include the forecast outturn position for the current financial year and the impact of variations will be incorporated within the MTFS. Revenue statements show gross expenditure by service and where some costs are funded by reserves this is shown to provide the net position.

Revenue The approved Budget is £17.157m with the forecast outturn being £16.829m which is an underspend of £0.328m. The main reasons are shown on the next page.

MTFS The MTFS was updated as part of the 2019/20 Budget setting process and will again be updated as part of the 2020/21 Budget setting process which is now under way. The revision of the MTFS will include 2018/19 outturn variations and others occurring or foreseen in 2019/20 that have an impact on future years.

Capital The approved Budget is £7.7m plus the re-phasing of £2.1m giving a revised total Capital Programme of £9.8m. The net forecast outturn is £7.6m giving an overspend of £0.7m. The reasons for these variances are detailed in paragraph 5.6.

The Financial Dashboard at **Appendix D, Annex E** presents information on take-up of Council Tax Support, NDR and Council Tax collection, miscellaneous debt and New Homes Bonus funding.

4.2 Summary Revenue Forecast Variances by Service

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

	Budget £000	Forecast outturn gross £000	Transfers to / (from) reserves £000	Forecast outturn net £000	Forecast (underspend) / overspend £000	Main reasons for variance
Community	1,743	1,732	0	1,732	(11)	<ul style="list-style-type: none"> • Staff savings due to delay in recruitment • Additional costs in relation to Hamerton Zoo inquiry
Customer Services	2,768	2,605	107	2,712	34	<ul style="list-style-type: none"> • Increase in the net cost of rent allowances to payments not attracting 100% subsidy i.e. placements in short term accommodation where subsidy is capped.
ICT	2,145	2,128	(50)	2,078	(67)	
Development	1,010	686	(49)	637	(373)	<ul style="list-style-type: none"> • Staff savings due to delays in recruitment • Additional planning application fees
Leisure and Health	(20)	(42)	25	(17)	3	
Operations	3,744	4,385	(210)	4,175	432	<ul style="list-style-type: none"> • Increase in playground equipment maintenance • Staff Savings • Additional water standpipe costs not budgeted for • Reduction in expected efficiency savings on litter bin reductions • Reduction in expected income generation from replacement bins • Reduction in income from rental of 3rd floor at Pathfinder House
Resources	4,231	3,955	(113)	3,842	(389)	<ul style="list-style-type: none"> • Reduction in MRP costs during 19/20 due to slippage of capital programme in 18/19 • Staff savings not achieve due to delay in service restructure

	Budget	Forecast	Transfers	Forecast	Forecast	Main reasons for variance
	£000	outturn	to / (from)	outturn	(underspend)	
		gross	reserves	net	/ overspend	
		£000	£000	£000	£000	
						• Additional Income from Commercial Investments
Directors and Corporate	1,626	1,610	60	1,670	44	
Transformation	0	285	(285)	0	0	
Total	17,157	17,344	(515)	16,829	(328)	

4.3 Further analysis of the revenue variance and service commentary are at **Appendix D**. This provides the variances by service and where variances are greater than +/- £10,000 comments have been provided by the budget managers/Head of Service. Where there are adverse variances the budget managers have provided details of the actions they are undertaking to address the overspend.

4.4 **Medium Term Financial Strategy**

The actual outturn for 2018/19 showed an underspend of £0.248m which will have some impact on the MTFs. The new MTFs for the period 2020/21 to 2023/24 which will be compiled during the current budget setting process, will be updated where the 2018/19 outturn has an impact.

5. **CAPITAL PROGRAMME**

5.1 The approved gross Capital Programme 2019/20 is £7.7m plus the re-phasing of £2.1m giving a revised total Capital Programme for 2019/20 of £9.8m.

5.2 The forecast net expenditure outturn is £7.6m, an overspend of £0.668m. The gross expenditure to 30 September 2019 was £1.817m (18.5% of Budget, 50% of the year).

Variation Commentary Summary		£000s
Overspend		
	<p>Alms Close Development</p> <p>This project was tendered via the Procurement Portal, the tenders that have been received are in the region of £1.6m, with an additional £150,000 required for consultants fees, this amounts to a potential overspend on the budget of £728,000. There are council contingencies included of around £80,000 which may be utilised, but could amount to a saving on this sum if not required. If the contingencies were not required then the committed additional spend would be reduced to £648,000.</p> <p>The new Alms Close design has increased the useable floor space, and has built in additional floor space in the event tenants seek to construct mezzanine flooring. Additional mezzanine floor space would increase the overall floor space of each unit by 50% to 75% of the ground floor areas. The council could then obtain additional income through the lease in the event the tenant does add mezzanine flooring.</p> <p>The tenderer that has been advised by professional consultants, whilst not the lowest, it does though provide the council with minimal risk in relation to disputes regarding costs. When the lowest tender was reconciled several major works item that were missing, had to be added in, and to accept this tender would put the council at risk.</p> <p>The last steps prior to acceptance of the tender will be a costing exercise, whereby the council will have to undertake a costing exercise to calculate the investment return over the standard 20</p>	728

Variation Commentary Summary		£000s
	year period. As things stand the project is ready to proceed subject to financial approval.	
	Health and Safety Works, Roof Works Minor overspend expected on works to meet statutory requirements, and completion of roofing works (retention).	9
	Cash Receipting Software Work to complete touch-tone phone payments for customers to pay invoices.	13
	Total Overspend	750
Growth		
	Insurance Settlement – Eastfield House Fire A settlement has been agreed with the Council’s insurers to finance the replacement of IT equipment destroyed in the fire at Eastfield House, part of the equipment was replaced in 2018/19, the remainder will be replaced in 2019/20.	0
	Salix Building Efficiency Salix has indicated that the money paid back into the fund from previous projects and the rollover from last year’s budget is £62,000. They are expecting the council to invest a minimum of 75% (£46,000) in this financial year. The extra expenditure is funded from savings made in revenue (utilities) budgets.	14
	Oak Tree Development Work on the planning for the Oak Tree Development has commenced this is funded from grant.	0
	Travellers Security Improvements Huntingdonshire generally has a relatively low number of illegal traveller incursions but has seen a significant increase in numbers recently, with 13 incursions in the past 3 months including 6 in public parks. It has been noticeable that security measures currently in place in parks are being breached more often than in the past. Considerable work has been done in recent years to streamline eviction processes. Despite this, incursions are causing inconvenience to residents and significant costs to the Council in relation to eviction and clearance. A review of the approach we take to dealing with incursions has been carried out and a number of changes to approach are proposed, as noted below. A multi-strand approach is recommended, including security measures, trial of evictions, disruption of illegal activities, communicating with communities, and working in partnership with communities, other local authorities and the Police.	50

Variation Commentary Summary		£000s
	A report detailing the background to incursions, current challenges, options and a comprehensive cost schedule has been circulated to SLT and will be further circulated for approval at member level.	
	<p>Oaktree Centre Remedial Work The Council owns the Oak Tree Centre on the Oxmoor, with the property being principally let to the NHS.</p> <p>A few years ago it was established that there were significant 'build' issues that are affecting the structural integrity. The Council has already undertaken some 'urgent' remedial works but more significant works are required.</p> <p>The estimated cost of the remedial works included in the capital programme is £0.950m; but as previously reported to Treasury and Capital Management Group, the gross cost is expected to be around £2m. However, overall there is a net nil change to the capital and a marginal decrease, as consequence of lower MRP, cost to revenue (this is because the financing will utilise the Oak Tree Remedial Works Earmarked Reserve).</p>	50
	<p>One Leisure St Ives Outdoor Fitness Offering A report to Cabinet in June 2019 outlined the proposals for maximising the returns for the Outdoor Centre at St Ives by converting the squash courts to provide a new fitness offering on the site. Cabinet approved the new scheme subject to a full feasibility study being provided to the December 2019 meeting.</p> <p>The capital programme included a £250k estimate for this scheme however the option now proposed is likely to cost £500k. This cost is reduced by £50k from the application of CIL funding.</p>	200
	Total Growth	314
Underspend		
	<p>Re-Fit Projects The Project is scheduled to complete July 2019. Currently (prior to all variations being costed) £165889 is left to be paid. 2% of the total project costs must be kept as a retainer for 12 months following the completion of the project - approx £16,941.</p>	(58)
	<p>Disabled Facilities Grants Additional Better Care Fund grant has been received in excess of the approved budget (£95,000), SCDC has shared their excess grant with the council (£80,000), and contribution from tenants are forecast to be (£15,000). Additional expenditure</p>	(180)

Variation Commentary Summary		£000s
	based on commitments is forecast to be £10,000.	
	Wheeled Bins Detailed planning for this years requirements for wheeled bins, taking into account new housing developments and bin stock it is expected that fewer bins will be required this year.	(95)
	OL Ramsey 3G Pitch Additional grant received (£161,000) more than off-sets additional expenditure incurred £154,000.	(7)
	Parking Strategy Negotiations with the contractor over costs are producing a small saving of £15k on this project.	(15)
	Total Underspend	(355)
Rephase		
	Robotics It is now expected that £10k of expenditure will be incurred in 2020/21.	(10)
	Income Management Software Work on this project has not yet begun and so some costs are likely to be moved into 2020/21.	(32)
	Total Rephase	(42)
	Total Net Expenditure Overspend/Underspend)	667
Additional Information		
	Impressions Fitness Equipment Following tender analysis the preferred supplier for Lot A (the majority of the cost) would require additional capital expenditure but would have a saving on maintenance over 5 years of more than the additional capital spend. This additional could be up to £80,000.	

5.3 The net spend on the Council's Capital Programme is financed via borrowing which has a revenue implication through the Minimum Revenue Provision (MRP).

5.4 Appendix D, Annexes C and D provide the following information:

Annex C provides details by scheme with proposed rephasing, expenditure to date and forecast outturn.

Annex D details the financing of the Capital Programme showing the funding from grants and contributions, capital receipts, use of earmarked and capital reserves and internal borrowing.

6. UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY

6.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget, by 2023/24 it will have in part contributed in reducing this to £1.2m.

6.2 At the end of Quarter 1, the financial projections for the CIS are:

CIS Investments	Budget (£'000)	Outturn (£'000)	Variance (£'000)
Cash Investments			
CCLA Property Fund	(162)	(168)	(6)
Total Cash Investments	(162)	(168)	(6)
Property Investments			
Property Rental Income	(5,580)	(4,730)	850
MRP	1,997	678	(1,319)
Net Direct Property Income	(3,583)	(4,052)	(469)
Management Charge	144	144	0
Total Property Investments	(3,439)	(3,908)	(469)
TOTAL	(3,601)	(4,076)	(475)

6.3 Investments

Between July and the end of September 2019, 52 properties have been investigated as potential CIS investment opportunities. The purchase of Trilink 140 (Unit 4 Freeway Drive, Castleford), completed on 5th July, generates an annual gross income of £819k and net income of £500k p.a. Most of the quarter has been spent consolidating the three new properties and 14 new tenants into the portfolio and initiating active asset management over all CIS properties including rent reviews, investigating opportunities to re-gear leases and secure longer term or increased income and appointing managing agents to manage on site services. A number of in-district opportunities have been considered including a vacant industrial unit in Huntingdon (high effort and no diversity) and shops in St Neots and Huntingdon (pricing) but these have not been taken forward at this time. A summary of opportunities is included in **Appendix E**.

Returns from the CCLA property fund have remained at the 2016/17 level (circa 4.5%). Other investment vehicles such as bank deposits and money market funds interest rates increased when the Bank of England raised the base rate to 0.5% have now become stable.

To date the majority of the Council's investments have been funded from earmarked reserves or cash balances. Recent acquisition such as Fareham, Rowley Centre and Tri-Link have required loans from PWLB to fund their purchases; part of the purchase price and acquisition costs were met from earmarked reserves.

7. COMMENTS OF OVERVIEW & SCRUTINY PANELS

7.1 Comments will be inserted here after the Panel meeting on 5th November 2019.

8. RECOMMENDATIONS

- 8.1 The Cabinet is invited to consider and comment on progress made against Key Activities and Corporate Indicators in the Corporate Plan and current projects, as summarised in **Appendix A** and detailed in **Appendices B and C**.
- 8.2 The Cabinet is also invited to consider and comment on financial performance at the end of September, as detailed in section 4 and in **Appendix D**, and the register of reviews of Commercial Investment Strategy propositions at **Appendix E**.

9. LIST OF APPENDICES INCLUDED

Appendix A – Performance Summary, Quarter 2, 2019/20

Appendix B – Corporate Plan Performance Report, Quarter 2, 2019/20

Appendix C – Project Performance, September 2019

Appendix D – Financial Performance Monitoring Suite (FPMS) including:

Annex A – Revenue Provisional Outturn and Service Commentary, September 2019

Annex B – Capital Programme Provisional Outturn, September 2019

Annex C – Capital Programme Funding 2019/20

Annex D – Financial Dashboard, September 2019

Appendix E – Register of reviews of CIS investment propositions, Quarter 2, 2019/20

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