

**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Integrated Performance Report 2019/20 - Quarter 3

Meeting/Date: Cabinet – 13th February 2020

Executive Portfolio: Councillor Jonathan Gray, Executive Councillor for Resources
Councillor Jon Neish, Executive Councillor for Strategic Planning

Report by: Business Intelligence and Performance Manager and Finance Manager

Wards 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 October to 31 December 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 31 December 2019. It provides outturn figures for revenue and the capital programme. Headlines are:

Revenue – the forecast outturn shows underspend of £0.569m

Capital programme – the forecast outturn shows a net underspend of £2.056m

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 3 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 December, 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 December.
- 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 18 projects which are open, pending approval or pending closure, and none logged which have recently closed.
- 2.3 This report also incorporates financial performance to the end of December. 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 3 will be submitted to Cabinet following the Panel's meeting on 5 February 2020.
- 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 3. **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 3 progress in delivering Key Actions for 2019/20:

| Status of Key Actions | Number | Percentage |
|------------------------------------|--------|------------|
| Green (on track) | 21 | 70% |
| Amber (within acceptable variance) | 9 | 30% |
| Red (behind schedule) | 0 | 0% |
| Awaiting progress update | 0 | 0% |
| Not applicable | 0 | |

Most key actions were on track at the end of Quarter 3. None were significantly behind schedule. Examples of recent progress on actions being delivered include:

- The adoption of the Huntingdon Neighbourhood Plan, with Bury moving towards a referendum (KA 6)
- An industrial estate litter audit and layby bin installations (KA 8)
- New Economic Development Officer and Economic Development Analyst roles filled (KAs 12 & 13)
- Feasibility reports completed on redevelopment of the Bus Station Quarters in St Ives and Huntingdon (KA 15)
- Business Case for St Neots Future High Street Funding being developed, with final submission due by the end of June 2020 (KA 19)
- Impressions Fitness Studio equipment replaced at St Neots, St Ives and Ramsey plus One Leisure Sawtry provision transferred and secured for two years (KA 21)
- Increased income from Phoenix Court industrial property lease renewals (KA 25)
- Funding from Local Government Association grant to support use of voice bot technology to improve customer access to information (KA 29)

3.5 Quarter 3 results for 2019/20 Corporate Indicators are shown in the following table, with full results shown in Appendix B:

| Corporate Indicator results | Number | Percentage |
|---|---------------|-------------------|
| Green (achieved) | 29 | 67% |
| Amber (within acceptable variance) | 9 | 21% |
| Red (below acceptable variance) | 5 | 12% |
| Awaiting progress update | 0 | 0% |
| Not applicable (annual/data unavailable) | 0 | |

The majority of performance indicators were on track at the end of Quarter 3. However, there were five where performance was below an acceptable variance.

The Red indicators related to a range of services. A brief summary is listed below, with more detail in Appendix B.

- PI 28. A cost award against the Council followed a successful appeal against a Development Management Committee refusal contrary to officer recommendation (the target was zero cost awards against us in these circumstances).
- PI 29. Energy use is 3.4% higher than at the same point last year and the year-end forecast is a 10% increase on total use last year (the target was a 5% decrease). Operations have linked this to colder weather so far this year.
- PI 34c. Only 21% of comparable results from the Staff Survey improved over the 2018 results, with 71% worse. While we missed our target for improvement in half of results, 86% of 2019 results remained better than recorded in 2017.
- PI 38. Avoidable contact has increased compared to last year. A delay in integrating forms for Operations services has affected performance. Future reductions in avoidable contact are expected through development of the Customer Portal.
- PI 43. There have been three late responses to Stage 2 complaints. Low numbers of Stage 2 complaints mean this indicator won't recover by the year end.

Indicators where services are performing better than target include the following:

- PI 1. The annual target for volunteering days has already been achieved with support from Countryside Services and One Leisure Active Lifestyles.
- PI 4. The Council is ahead of target on the number of successful homelessness preventions, contributing to fewer people needing to be housed in temporary accommodation (as per commentary against KA 5).
- PI 7 and PI 8. We are ahead of target in the number of sessions delivered at/by our One Leisure facilities and by our Active Lifestyles Team.
- PI 11. Sampling shows that 87% of areas have been graded as clean or predominantly clean compared to less than 78% at the same point last year, despite seasonal leaf fall affecting recent performance.
- PI 17. The proportion of household waste recycled/reused/composted is up on the previous year and currently ahead of target at 62.9%.
- PI 27. Over the last two years the Council has successfully defended up to 70% of planning application refusals at appeal and so far this year just 6% of appeals have been allowed against the Council.
- PI 30. Business rate collection remains ahead of target at 86% for the year to date.
- PI 33. Staff sickness levels remain better than target and the year-end outturn is forecast to be significantly lower than recorded in 2018/19.
- PI 35 and PI 36. Call Centre and Customer Service Centre satisfaction rates are high (89% and 95% respectively), reflecting positive feedback from individuals.

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

| Corporate project status | Number | Percentage |
|---|---------------|-------------------|
| Green (progress on track) | 10 | 56% |
| Amber (progress behind schedule, project may be recoverable) | 6 | 33% |
| Red (significantly behind schedule, serious risks/issues) | 2 | 11% |
| Pending closure | 0 | |
| Closed (completed) | 0 | |

There are six 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, two were Red at the end of Quarter 3; both were shared service projects. Unrealistic timeframes have been a common theme for amber/red flags, as well as a lack of up to date governance documentation. Reasons for not meeting original target dates have been explored at a joint session with all project managers and discussions have taken place regarding the 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 £16.588m which is an underspend of £0.569m. 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 £4.9m giving an underspend of £2.0m. 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 |
|-------------------------|------------------------|--|--|--|---|---|
| Chief Operating Officer | 4,260 | 3,812 | 105 | 3,917 | (343) | <ul style="list-style-type: none"> Additional Income from planning applications and licensing; salary savings due to vacancies |
| ICT | 2,145 | 2,118 | (50) | 2,068 | (77) | <ul style="list-style-type: none"> Contractual variations |
| Planning Policy Manger | 908 | 796 | (125) | 671 | (237) | <ul style="list-style-type: none"> Additional CIL income; additional funding secured for posts; salary savings |
| Housing Manager | 154 | 184 | (72) | 112 | (42) | <ul style="list-style-type: none"> Salary vacancies |
| Leisure and Health | (20) | 56 | 25 | 81 | 101 | <ul style="list-style-type: none"> Cost associated with transfer of Sawtry to CMAT |
| Operations | 3,852 | 4,573 | (210) | 4,363 | 511 | <ul style="list-style-type: none"> CCTV costs with BT due to termination of analogue CCTV network; Rental for 3rd floor as Pathfinder House; impact of free after 3pm during December |
| Resources | 5,144 | 4,595 | (53) | 4,542 | (602) | <ul style="list-style-type: none"> Increase rental income; reduction in MRP; transfer of consultancy costs to capital projects |
| Directors and Corporate | 815 | 788 | 0 | 778 | (37) | |
| Transformation | (101) | 381 | (325) | 56 | 157 | Impact of SLT restructure; off set by salary savings in Corporate and Chief Operating Officer |
| Total | 17,157 | 17,293 | (940) | 16,588 | (569) | |

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 £x.xm 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 £4.9m, an underspend of £2.0m. The gross expenditure to 31 December 2019 was £3.8m (37.7% of Budget, 75% 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 scheme spending profile, as per the contract, will result in a re-phase being required and this is shown in the re-phase section of this table.</p> | 728 |
| | <p>CCTV Camera Replacements and Wi-Fi</p> <p>This scheme has had to issue number of variation orders relating to the layout and capability of the control room, equipment and to the networking of all the cameras throughout the district (the original plan to use a cable network could not proceed and changes required to enable the cameras to run on a BT network increased costs).</p> | 105 |
| | <p>One Leisure Impressions Fitness Equipment</p> <p>Due to identified structural issues at OLSI to the load capacity of the floor and IT costs has added £38,500 to the cost of this project. Without the remedial structural improvements, the equipment installation would not have been possible.</p> | 39 |

| | | |
|---------------|---|------------|
| | Cash Receipting Software Work to complete touch-tone phone payments for customers to pay invoices. | 19 |
| | Oak Tree Development Work on the planning for the Oak Tree Development has commenced. Most of this is funded from grant but a small amount of additional expenditure is being incurred. | 19 |
| | Minor Scheme Overspends:- The following schemes are expected to show a small overspend on completion:- | 6 |
| | One Leisure St Neots Synthetic Pitch | 9 |
| | Commercial Property Roofs (Health & Safety Work) | 7 |
| | FMS Archive | 3 |
| | Insurance Settlement Eastfield House | 2 |
| | Fencing Work | |
| | Total Overspend | 937 |
| 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 |
| | 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. Based on the report, detailing the background to incursions and current challenges, £50,000 has been allocated for this scheme. However, delays in sourcing materials will mean that £20,000 will be spent in 2020/21 rather than in 2019/20 and this variance is included in the Rephase section of this table. | 50 |
| | Oaktree Centre Remedial Work The Council owns the Oak Tree Centre on the Oxmoor, with the property | 50 |

| | | |
|-------------------|--|--------------|
| | <p>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> <p>The link between this scheme and the Oak Tree Car Park development scheme has delayed the start and so most of the expenditure will now be in 2020/21</p> | |
| | <p>One Leisure St Ives Outdoor Fitness Offering</p> <p>The construction of the Training shed is well underway, with the new facility being opened on 15 March. Cabinet approved a new capital cost of £450K in June 2019 to reflect an enhanced facility with greater income generating potential. The total project cost is £500K but will be offset to £450K with the £50K CIL contribution.</p> | 200 |
| | Total Growth | 314 |
| | | |
| Underspend | | |
| | <p>Re-Fit Projects</p> <p>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> | (53) |
| | <p>Disabled Facilities Grants</p> <p>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 contributions from tenants and other organisations are forecast to be (£49,000). Based on commitments, a small saving on expenditure of £15,000 is expected.</p> | (249) |
| | <p>VAT Partial Exemption</p> <p>The current indication is that the authority will be below the HMRC threshold for exempt activity and so we will not have to pay this amount out.</p> | (169) |
| | <p>Minor Scheme Underspends</p> <p>The following schemes are expected to show a small underspend on completion:-</p> <ul style="list-style-type: none"> CCTV Pathfinder House Resilliance (8) One Leisure St Neots Pool (7) OL Ramsey 3G Pitch (7) Vehicle Fleet Replacement (10) Wheeled Bins (10) | |
| | Total Underspend | (513) |
| | | |

| Rephase | | |
|----------------|---|----------------|
| | Robotics It is now expected that £27k of expenditure will be incurred in 2020/21. | (27) |
| | Income Management Software Work on this project has not yet begun and will not start until 2020/21. | (62) |
| | Travellers Security Improvements This growth item is being re-phased due to problems sourcing materials | (20) |
| | One Leisure Improvements Some 2020/21 items, e.g. upgrade to fire alarms, have been brought forward to ensure compliance with the latest regulations and, in the case of the refurbishment of the Training Shed designated changing room, to improve the customer experience. | 40 |
| | Alms Close Development The scheme spending profile, as per the contract, will result in a re-phase being required into 2020/21. | (1,243) |
| | Oaktree Centre Remedial Work The link between this scheme and the Oak Tree Car Park development scheme has delayed the start and so most of the expenditure will now be in 2020/21 | (958) |
| | Energy Efficiency Works at Commercial Properties Delays in producing a schedule of works to meet EPC standards | (24) |
| | Parking Strategy The installation of the new equipment is taking longer than anticipated and so £64k of the scheme's budget will need to be re-phased to 2020/21. Currently, following negotiations with the contractor over costs, a small saving of £15k on this project is likely to be realised in 2020/21. | (64) |
| | Bridge Place Car Park Delay in agreeing the sale of Bridge Place car park so most of the scheme costs will be incurred in 2020/21 | (384) |
| | Operations Back Office Scheme is in progress but will not complete until 2020/21 | (29) |
| | Minor Scheme Rephases:- The following schemes are expected to require re-phasing to 2020/21:- Lone Worker Software Health & Safety Works at Commercial Properties | (20) (3) |
| | Total Rephase | (2,794) |
| | | |
| | Total Net Expenditure Overspend/Underspend() | (2,056) |

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 3, the financial projections for the CIS are:

| CIS Investments | Budget (£'000) | Outturn (£'000) | Variance (£'000) |
|-----------------------------------|-----------------------|------------------------|-------------------------|
| Cash Investments | | | |
| CCLA Property Fund | (162) | (165) | (3) |
| Total Cash Investments | (162) | (165) | (3) |
| Property Rental Income | (5,580) | (4,791) | 789 |
| MRP | 1,997 | 581 | (1,416) |
| Net Direct Property Income | (3,583) | (4,210) | (627) |
| Management Charge | 144 | 36 | (108) |
| Total Property Investments | (3,439) | (4,174) | (735) |
| TOTAL | (3,601) | (4,339) | (738) |

6.3 Investments

From October to December 2019, 41 properties have been investigated as potential CIS investment opportunities, bringing the total investigated for the year so far to 131. The purchase of Trilink 140 (Unit 4 Freeway Drive, Castleford), is the only acquisition completed this year. A number of in-district opportunities have been considered recently including two multi-let retail properties in Huntingdon, one of which is under consideration. 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

7. COMMENTS OF OVERVIEW & SCRUTINY PANELS

7.1 Comments from the Panel meeting on 5 February 2020 will be published as a supplementary agenda item for the Cabinet meeting on 13 February 2020.

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 December, 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 3, 2019/20

Appendix B – Corporate Plan Performance Report, Quarter 3, 2019/20

Appendix C – Project Performance, December 2019

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

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

Annex B – Capital Programme Provisional Outturn, December 2019

Annex C – Capital Programme Funding 2019/20

Annex D – Financial Dashboard, December 2019

Appendix E – Register of reviews of CIS investment propositions, Quarter 3, 2019/20

CONTACT OFFICERS

Corporate Plan Performance Monitoring (Appendices A and B)

Daniel Buckridge, Business Intelligence & Performance Manager ☎ (01480) 388065

Project Performance (Appendix C)

John Taylor, Chief Operating Officer ☎ (01480) 388119

Financial Performance (Appendices D and E)

Claire Edwards, Finance Manager ☎ (01480) 388822