

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE RESOURCES AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

7 DECEMBER 2016

REPORT OF THE CHIEF EXECUTIVE

COUNCIL PERFORMANCE AGAINST ITS COMMITMENTS AND A SUMMARY OF ITS FINANCIAL POSITION AT QUARTER 2 OF 2016-17

1. PURPOSE OF REPORT

- 1.1 This report provides the Committee with an overview of the Council's performance in 2016-17, as of Quarter Two. It compares this performance with the commitments to delivering the improvement priorities in the Corporate Plan for 2016-20.
- 1.2 This report also provides the Committee with an update on the financial position as at 30th September 2016.

2. CONNECTION TO CORPORATE IMPROVEMENT PLAN / OTHER PRIORITIES

- 2.1 The information in this report relates directly to the Council's Corporate Plan 2016-20, which sets out the Council's improvement priorities and identifies actions to realise those priorities and its Medium Term Financial Strategy 2016-17 to 2019-20.

3. BACKGROUND

- 3.1 In March 2016, the Council published its new Corporate Plan for 2016-20. The Plan defined 46 commitments to deliver the three new Improvement Priorities and set out 59 outcome-focused indicators to measure the progress for the financial year.
- 3.2 At the same time the Council reviewed and published its Medium Term Financial Strategy (MTFS), setting out how it would use its reduced resources to support the improvement priorities. Council approved a net revenue budget of £254.891 million for 2016-17 along with a capital programme for the year of £43.553 million, which was revised to £46.412 million. The MTFS was updated in a report to Cabinet in July 2016 to include the 2020-21 financial year. This identified the need to develop recurrent budget reduction proposals, based on the most likely budget scenario, amounting to around £36.9 million over the next four years.
- 3.3 Directorate Business Plans were developed to define service actions to carry out the 46 corporate commitments. Those plans also identified performance indicators for the year. In all, 149 indicators have been nominated by directorates to report to the Corporate Performance Assessment (CPA) Panel.
- 3.4 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. Performance against the commitments and performance indicators in the Corporate Plan is monitored regularly by Directorate Management Teams and quarterly by the Council's CPA Panel consisting of Cabinet, Corporate Management Board and Heads of Service.
- 3.5 The Corporate Resources and Improvement Overview and Scrutiny Committee has a role in monitoring and scrutinising both the financial performance of the authority

against budget and the progress of the delivery of improvement objectives to deliver efficient services.

4. CURRENT SITUATION / PROPOSAL

4.1 Summary of Performance in delivering Corporate Plan commitments

4.1.1 Commitments

4.1.1.1 Data collected for the half-year returns suggests that the Council is on track to deliver 39 (85%) of its commitments to its Improvement Priorities (green). The other 6 (13%) are missing some of their milestones (amber), with one (2%) commitment falling significantly behind schedule.

4.1.2 Indicators

4.1.2.1 Data were submitted for 63 of the 149 indicators, of which 45 (71.4%) are on target (green), 9 (14.3%) are off target by less than 10% (amber) and 9 (14.3%) missed the target by more than 10% (red).

4.1.2.2 Comparable data against the same period (Q2) of last year is available for 37 of the 63 quarterly PIs. Of these, 28 (75.7%) have shown an improvement; performance has stayed the same for 2 (5.4%); and performance dropped since last year for 7 (18.9%). Overview information about commitments and indicators is set out in Part A of the *Annex*, with Directorate dashboards Appendices 2 to 6 providing more detailed analysis.

4.1.3 Sickness Absence

4.1.3.1 The half-yearly data suggests that the Council as a whole is likely to miss its target of 8.5 days FTE. As of quarter two, cumulative days lost per FTE were 4.71 days, which is an improvement compared with 5.02 days for the same period last year. It should be noted that 76% of the Council's sickness absence is long-term, which is the same as the same quarter last year.

4.1.3.2 Sickness in relation to industrial injury at the half year shows that the number of absences due to industrial injury was 15, below the half yearly target of 26, which is an improvement on the same period last year, where the number of absences was 31. The number of days lost per FTE due to industrial injury was also below its target of 0.105 days per FTE at 0.09 days. Detailed information is included in Part B of the *Annex*.

4.2 Summary of Financial Position at 30th September 2016

4.2.1 Revenue Budget

4.2.1.1 The overall projected position as at 30th September 2016 is an under spend of £3.677 million on the Council's net revenue budget, comprising £333,000 net under spend on directorates and £3.344 million under spend on corporate budgets.

4.2.1.2 Directorate Budgets

The main contributors are projected under spends on the Operational and Partnership Services and Chief Executive and Finance directorates and a projected over spend on the Communities and Social Services and Wellbeing directorate. In addition there is a projected under spend on Capital Financing, the Council Tax

Reduction Scheme (CTRS) and other corporate budgets. An overview of the position is set out in Part C of the Annex, with a detailed analysis of the more significant projected Directorate under and over spends set out in each of the Directorate dashboards, Appendix 2 to 6.

4.2.1.3 Council wide Budgets

The council wide budget total is £42.117 million and the projected outturn is £38.773 million, resulting in a projected under spend of £3.344 million. The main variances are detailed below:

Council Wide Budgets	Net Budget	Outturn	Variance Over/ (under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	10,128	8,834	(1,294)	-12.8%
Council Tax Reduction Scheme	14,304	13,654	(650)	-4.5%
Other Corporate Budgets	6,114	4,714	(1,400)	-22.9%

Capital Financing

- The projected under spend of £1.294 million is as a result of an under spend on interest paid due to lower borrowing than anticipated, because the Council has used its own internal resources in the first instance to fund major schemes within the capital programme. A review will be undertaken during quarter 3 to identify any debt repayment opportunities.

Council Tax Reduction Scheme

- The projected under spend of £650,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This is a demand led budget which is based on full take up but actual take up is not known until year end. The projection is based on take up at the end of September 2016. Budget reductions are planned for future years.

Other Corporate Budgets

- The under spend of £1.4 million is a combination of:
 - Reduced requirement from Directorates in relation to pay and prices, including superannuation and National Insurance increases.
 - Lower than expected in-year cost of implementing auto enrolment for new entrants. This cost is due to increase incrementally as the Council works towards September 2017.
 - Projected under spends on other corporate budgets e.g. redundancy budget, funding held centrally for budget pressures.

4.2.1.4 It should be noted that this projection could change significantly during the financial year, depending on the total cost of redundancies incurred during the financial year, the extent of inclement weather, inflationary changes, and demands on the Council Tax Reduction Scheme. At this point in the financial year it is prudent to assume that all other budgets will be fully spent by year end.

4.2.1.5 These budgets have been reviewed as part of the MTFS 2017-18 to 2020-21 and will be subject to significant reductions over the life of the MTFS.

4.2.1.6 The budget was set on the assumption of full implementation of the current year budget reduction requirements across the Council's budget which amount to £7.477

million. However, where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year.

4.2.2 **Budget Reductions 2015-16**

4.2.2.1 A report was presented to Cabinet on 5th July 2016 on Financial Performance 2015-16. In the report it was highlighted that, of the £11.225 million budget reduction proposals for 2015-16, £2.692 million were not met in full, with a shortfall of £1.909 million. The report stated that these proposals would continue to be monitored alongside current year proposals, with mitigating action to achieve them identified. Whilst positive progress has been made, there remains an ongoing total shortfall of £1.167 million in 2016-17. These are set out in each of the Directorate dashboards.

4.2.2.2 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 12 states that *“Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency will be maintained”*. Further to this, a MTFS Budget Reduction Contingency was established as an earmarked reserve and is being used to partly mitigate the shortfalls on the following budget reduction proposals in this financial year.

COM 1	MREC	£150,000
COM 11	Blue Badges	£83,000
CH 9	School Transport	£100,000

Directorates are seeking to identify mitigating actions to meet the balance of the budget reduction shortfalls in this financial year. However, now the position on some of the proposals is clearer, consideration will be given by the Section 151 Officer to further allocations from the MTFS Budget Reduction Contingency in quarter 3 to meet some of these shortfalls. In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from this contingency fund will be made as part of the overall review of earmarked reserves.

4.2.3 **Budget Reductions 2016-17**

4.2.3.1 The budget approved for 2016-17 included budget reduction proposals totalling £7.477 (compared with the budget reduction requirement for 2015-16 of £11.225 million. At quarter 2, 83% (£9.301 million) of the total value of proposals were green, 8% (£894,000) amber and 9% (£1.03 million) red). For 2016-17 Amber and Red proposals account for one third of overall proposals, with the total value of these (£2.540 million) higher than for 2015-16, despite the lower overall savings requirement. This is also higher than in quarter 1 following an update to the budget reduction projections and RAG status as the year progresses. Given the scale of budget reductions, any non-achievement will have a significant impact on the outturn position.

4.2.3.2 Six of the proposals are currently RED, totalling £1.202 million. Three are in the Education and Family Support Directorate, totalling £450,000. Two proposals are in the Social Services and Wellbeing Directorate, totalling £457,000 and one is in the Communities Directorate, totalling £195,000. There are 14 savings proposals which

are AMBER, totalling £1.338 million. Detailed information on these is included in each of the Directorate dashboards, Appendix 2 to 6.

4.4 Capital programme monitoring

4.4.1 The original capital programme budget approved by Council on 10th March 2016 was further revised and approved by Council in May, July and October to incorporate budgets brought forward from 2015-16, budgets carried forward into 2017-18, and any new schemes and grant approvals. Since then, only one additional scheme has been built into the programme which is funded through external resources (Section 106 and insurance). The revised programme now totals £47.102 million of which £31.940 million is met from BCBC resources with the remaining £14,162 coming from external resources. There are no significant underspends or overspends at this point of the year.

4.4.2 At this point in the financial year and following discussions with directorates, it is assumed that all other projects will be in line with the revised budget. However, this will depend upon any inclement weather experienced during the last two quarters, which may place additional pressure on project timescales.

4.5 Review of earmarked reserves

4.5.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFS includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and Earmarked Reserves. A quarter 2 review of the particular pressures that were to be covered by earmarked reserves was undertaken, and Directorates have drawn down the following funding:-

Directorate	Period 6 Drawdown £'000
Education & Family Support	90
Social Services & Wellbeing	72
Communities	859
Operational and Partnership Services	311
Chief Executives & Finance	18
Total	1,350

4.5.2 This was broken down into £856,000 from Corporate Reserves and £494,000 from their specific earmarked reserve. These are detailed in each of the Directorate dashboards.

4.5.3 A full breakdown of total movement on earmarked reserves at 30th September is set out below:

Opening Bal 1.04.16 £'000	Reserve	Movement as at Quarter 2		Closing Bal 30.09.16 £'000
		Additions/ Reclassification £'000	Drawdown £'000	
	Corporate Reserves:-			
10,874	Major Claims Reserve	-	-	10,874
5,833	Capital Programme Contribution	612	(357)	6,088
5,625	Service Reconfiguration	1,000	(54)	6,571
2,500	Digital Transformation	-	-	2,500
2,035	Insurance Reserve	-	-	2,035
1,950	Change Management	-	(165)	1,785
1,491	Asset Management Plan	-	(76)	1,415
715	ICT & Finance Systems	-	(62)	653
631	Capital Feasibility Fund	(374)	(46)	211
500	Welfare Reform Bill	-	-	500
356	Building Maintenance Reserve	(238)	(23)	95
234	Property Disposal Strategy	10	-	244
103	DDA Emergency Works	-	(23)	80
92	Waste Management Contract	-	(50)	42
-	MTFS Budget Contingency	1,000	-	1,000
32,939	Total Corporate Reserves	2,010	(856)	34,093
	Directorate Reserves:-			
1,409	Wellbeing Projects	-	-	1,409
1,368	Directorate Issues	-	(287)	1,081
824	Looked After Children	-	-	824
692	Highways Reserve	-	(125)	567
623	Car Parking Strategy	-	(82)	541
285	School Projects Reserve	-	-	285
76	Porthcawl Regeneration	-	-	76
66	Partnership Reserve	-	-	66
48	Donations Reserve Account	-	-	48
31	Community Safety Reserve	-	-	31
26	Webcasting Reserve	-	-	26
5,448	Total Directorate Reserves	-	(494)	4,954
38,387	Total Usable Reserves	2,010	(1,350)	39,047

4.5.4 During the first half of the year, £1 million was transferred to the Service Reconfiguration Reserve in accordance with the MTFS for Extra Care Housing Schemes and a further £1 million was used to create the MTFS Budget Reduction Contingency identified within MTFS Principle 12. The final addition to the reserves of £10,000 is for the Property Disposal Strategy and represents the de-minimis capital receipts received during the period April to September 2016.

5. EFFECT UPON POLICY FRAMEWORK & PROCEDURE RULES

- 5.1 Monitoring the Council's performance against its Corporate Plan forms part of the Council's Performance Management Framework.
- 5.2 As required by section 3 (budgetary control) of the Financial Procedure Rules, Chief Officers in consultation with the appropriate cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary.

6. EQUALITY IMPACT ASSESSMENT

- 6.1 There are no implications in this report.

7. FINANCIAL IMPLICATIONS

- 7.1 These are reflected in the body of the report.

8. RECOMMENDATION

- 8.1 The Committee is requested to consider the half year performance against the Corporate Plan and note the projected financial position for 2016-17.

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Background Papers

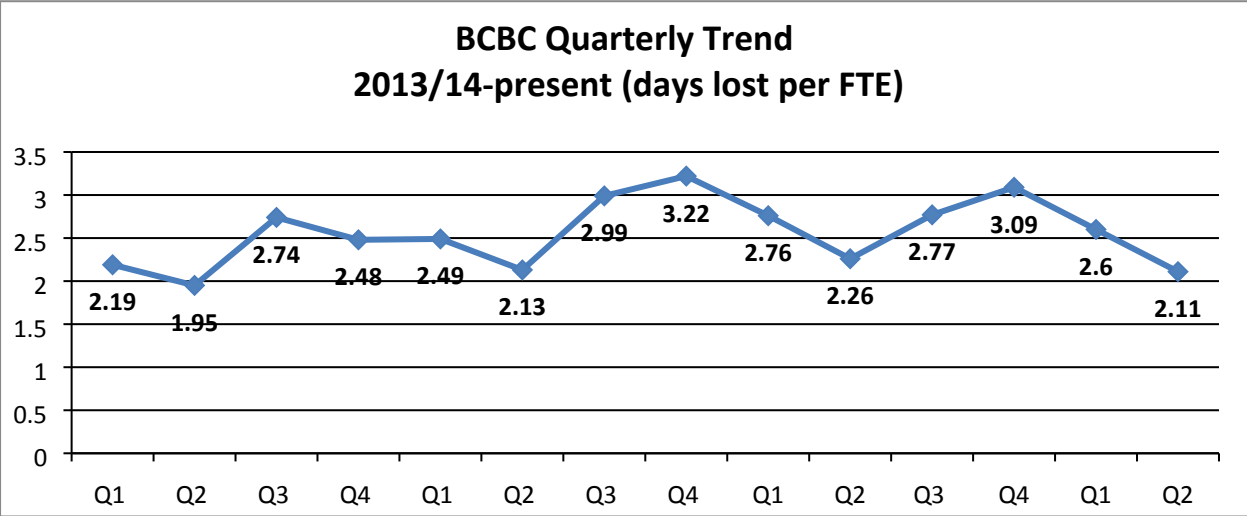
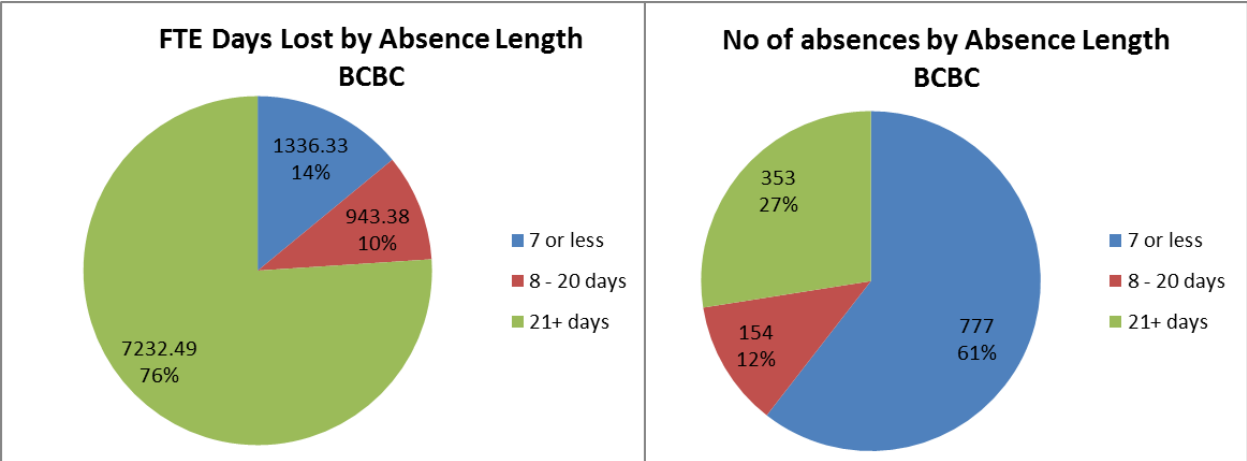
Individual Directorate Monitoring Reports
Report to Council 10 March 2016
Report to Council 6 May 2016
Report to Council 6 July 2016
Report to Council 5 October 2016

Part (A) – Performance Summary

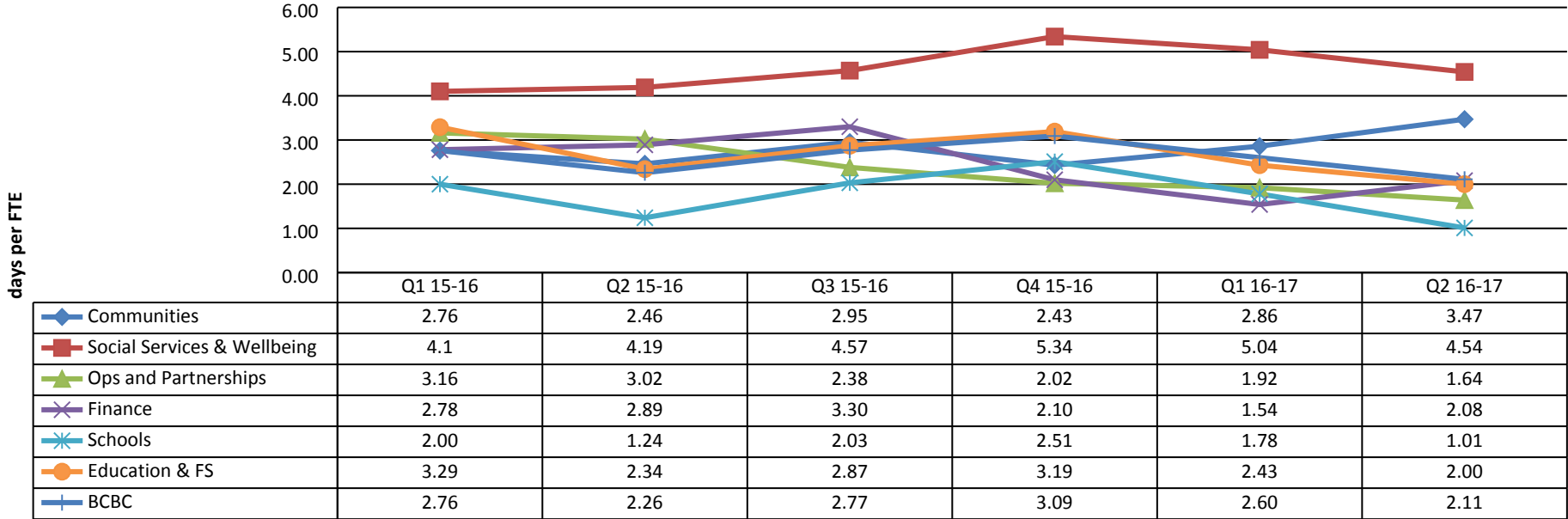
Improvement Priorities	Commitments				Indicators (Q2)			
	TOTAL	R	A	G	TOTAL	R	A	G
Priority One: Supporting a successful economy	17	0	1	16	8	0	1	7
		0%	6%	94%		0%	12.5%	87.5%
Priority Two: Helping people to be more self-reliant	13	0	2	11	25	6	4	15
		0%	15%	85%		24%	16%	60%
Priority Three: Smarter use of resources	16	1	3	12	15	2	2	11
		6%	19%	75%		13.3%	13.3%	73.3%
Total for all Improvement Priorities	46	1	6	39	48	8	7	33
		2%	13%	85%		16.7%	14.6%	68.8%
Other Directorate Priorities					15	1	2	12
						7%	13%	80%
Total					63	9	9	45
						14.3%	14.3%	71.4%
No data available					86			
Grand Total					149			

Part (B) Sickness Absence

CHROO2 (PAM)- SICKNESS – Number of working days/shift per FTE lost due to sickness absence	Annual Target 16-17	Q2 Cumulative Target 16-17	Q2 16-17 Cumulative Actual & RAG v Target	Trend v Q2 Cumulative 15-16	2015-16 Actual (NSI/PAM only)	Wales Average 15-16	Rank 15 – 16	
	8.5	4.25	4.71	↓	5.02	10.70	10.2	14
(CORPDRE5.3.13) Number of working days lost per FTE due to industrial injury	0.21	0.105	0.09	↑	0.12	n/a	n/a	n/a
(CORPDRE 5.3.13ii) Total number of individual injury incidences	52	26	15	↑	31	n/a	n/a	n/a



Trend of Directorate days lost per FTE by quarter



Part (D) – Revenue Budget 2016-17

Directorate	Revised Budget 16-17 £'000	Projected Outturn 16-17 £'000	Projected over/(under) spend Q2 16-17 £'000	Projected over/ (under) spend Q1 £'000
Education and Family Support	108,209	108,273	64	287
Social Services and Wellbeing	60,534	61,277	743	249
Communities	24,765	25,570	805	406
Operational and Partnership Services	14,935	13,370	(1,565)	(127)
Chief Executives and Finance	4,331	3,951	(380)	(251)
Total Directorate Budgets	212,774	212,441	(333)	564
Council-wide Budgets				
Capital Financing	10,128	8,834	(1,294)	0
Precepts and Levies	6,959	6,959	0	0
Sleep Ins	765	765	0	0
Council Tax Reduction Scheme	14,304	13,654	(650)	(400)
Insurance Costs	1,559	1,559	0	0
Building Maintenance	894	894	0	0
Centrally held Budget Pressures	1,394	1,394	0	0
Other Corporate Budgets	6,114	4,714	(1,400)	0
Total Council Wide Budgets	42,117	38,773	(3,344)	(400)
Total	254,891	251,214	(3,677)	164