

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE RESOURCES AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

11 JULY 2016

REPORT OF THE CHIEF EXECUTIVE

COUNCIL'S PERFORMANCE AGAINST ITS COMMITMENTS AND A SUMMARY OF ITS FINANCIAL POSITION AT YEAR END FOR 2015-16

1. PURPOSE OF REPORT

- 1.1 This report provides the Committee with an overview of the Council's performance in 2015-16. It compares this performance with the commitments to delivering the improvement priorities in the Corporate Plan for 2013-17.
- 1.2 This report also provides the Committee with an update on the financial position as at the year ended 31st March 2016.

2. CONNECTION TO CORPORATE IMPROVEMENT PLAN / OTHER PRIORITIES

- 2.1 The information in this report relates directly to the Council's Corporate Plan 2013-17, which sets out the Council's improvement priorities and identifies actions to realise those priorities and its Medium Term Financial Strategy 2015-16 to 2019-20.

3. BACKGROUND

- 3.1 In March 2015, the Council published its revised Corporate Plan for 2015-16. The Plan defined 58 commitments to the six Improvement Priorities and set out 76 outcome-focused indicators 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 £252.201 million for 2015-16 along with a capital programme for the year of £36.441 million. The capital budget was revised in the Medium Term Financial Strategy 2016-17 to 2019-20 (MTFS) in March 2016 to £31.689 million, and then in May 2016 to £26.698 million.
- 3.3 Directorate Business Plans were developed to define service actions to carry out the defined 58 commitments. Those plans also identified performance indicators for the year. In all, 158 indicators have been nominated by directorates to be monitored at the corporate level, by the Corporate Performance Assessment panel (CPA). Of those 158 indicators, 138 are directly related to the six improvement priorities and the rest are either national indicators or local key performance indicators (KPIs).
- 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 Corporate Performance Assessment 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 the improvement objectives to deliver efficient services.

4. CURRENT SITUATION / PROPOSAL

4.1 Summary of Performance in delivering Corporate Plan commitments

Commitments

4.1.1 The year-end data shows that almost 44 (76%) of the 58 commitments were completed, with another 12 (21%) achieving most of their milestones (amber), and only two (3%) missing most of its milestones.

Performance Indicators

4.1.2 Of the 158 indicators that are reported at a corporate level, forty one are National Strategic Indicators (NSI) / Public Accountability Measures (PAM) and the rest are local.

4.1.3 Data has been received for 152 indicators, of which 108 (71%) are on target, 24 (16%) are off target by less than 10% and 20 (13%) missed the target by more than 10%. It is important to note that data reported at this stage is subject to verification and may change prior to publication of the 2015-16 Annual Report on Council Performance. Overview information about commitments and indicators is set out in Part A of the Annex, with Directorate dashboards Appendix 1–5 providing more detailed analysis.

4.1.4 One hundred and thirty three (133) of the indicators have comparable data, of which 81 (61%) showed improvement over the previous year. The table below shows how the Council performed in the last three years.

Performance Indicators Trend vs previous year	13-14 vs 12-13		14-15 vs 13-14		15-16 vs 14-15	
	No.	%	No.	%	No.	%
Better than last year	83	63%	90	66%	81	61%
Same as last year	0	0%	8	6%	19	14%
Worse than last year	48	37%	39	28%	33	25%
Total	131	100%	137	100%	133	100%

4.1.5 Of the 76 indicators identified for the Corporate Plan, 72 can be compared against their target: 52 (72.2%) met their target, 12 (16.6%) were off target by less than 10% and 8 (11.2%) missed the target by more than 10%.

Long-term Outcome Indicators

4.1.6 This group of indicators are not directly influenced by the Authority, but they are chosen for the Corporate Plan because they give an indication of the socio-economic state of the borough.

4.1.7 There are 13 long term outcome indicators. Data is available for 10 of these indicators, with the latest published data showing that eight have shown an improvement

compared with the previous period, with a decline in performance for just two indicators. Detailed information is included in Part (B) of the Annex.

Sickness Absence

4.1.8 In 2015-16, the average number of days lost through sickness absence per FTE is 10.85 days, compared with 10.83 days lost for 2014-15, missing the target set for the year of 8.5 days per FTE. Long Term Sickness remains high at 69% compared with 72% last year, and the short-term sickness absence rate increased from 28% in 2014-15 to 30% in 2015-16. A range of measures, including new Absence Management Training for managers, revised absence reports and the implementation of any recommendations from the WLGA sickness absence benchmarking project will aim to reduce absence in 2016-17. The year-end data shows that the number of absences due to industrial injury was 58, exceeding the year-end target of 52. The number of days lost per FTE due to industrial injury also exceeded its target of 0.10 days per FTE at 0.23 days. Detailed information is included in Part (C) of the Annex.

4.2 Summary of Financial Position at 31st March 2016

4.2.1 Revenue Budget

4.2.1.1 The overall outturn at 31st March 2016 shows a balanced position. Directorate budgets provided a net under spend of £1.639 million (summary shown in Part D of the Annex) and corporate budgets a net under spend of £7.553 million.

4.2.1.2 Directorate Budgets

The under spend on Directorate net budgets for the year is a result of a number of factors including the maximisation of grant and other income, strict vacancy management, increased productivity on some trading accounts, savings resulting from improved systems and processes and delays in implementing some Directorate schemes. Directorates drew down £2.002 million in-year from approved earmarked reserves to meet specific one off pressures identified in previous years, including funding for transformation projects through the Change Fund, implementation costs for the new Shared Regulatory Services, costs of demolition work and service specific one-off pressures.

4.2.1.3 Corporate Budgets

The net budget for council wide services and budgets was £39.039 million and the actual outturn was £31.486 million, resulting in an under spend of £7.553 million. The most significant variances are detailed below:

CORPORATE BUDGETS	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	10,372	10,660	288	2.8%
Council Tax Reduction Scheme	13,869	13,348	(521)	-3.8%
Building Maintenance	767	583	(184)	-24.0%
Sleep-Ins	800	-	(800)	-100.0%
Other Corporate Budgets	4,685	392	(6,294)	-134.3%

- Capital Financing

The net over spend of £288,000 is mainly as a result of the repayment of additional premiums to reduce future financing costs, which were partly met from the draw down of earmarked reserves and partly offset by reduced capital financing costs generally.

- Council Tax Reduction Scheme

The under spend of £521,000 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. Budget reduction proposals of £300,000 in both 2016-17 and 2017-18 are built into the MTFS so this level of under spend is not expected to reoccur.

- Building Maintenance

The budget contains funding to repay prudential borrowing to fund the £1 million capital investment in parks pavilions in the capital programme. These works are now linked to Community Asset Transfer and consequently no spend has yet been incurred, and no funding drawn down. In addition, a number of schemes which received feasibility funding have slipped into 2016-17 so this funding has been used to establish an earmarked reserve and will be drawn down when spent.

- Sleep-Ins

A recurrent budget pressure was identified in the MTFS 2015-16 to 2018-19 to mitigate the potential cost of changes to salaries for staff undertaking sleep-ins, both for staff employed by the Council and those employed under contracts with the Council. To date this budget has not been spent, so this funding has been used to establish an earmarked reserve to mitigate future claims.

- Other Corporate Budgets

A net under spend of £6.294 million on other corporate budgets has arisen as a result of:

- Unwinding of earmarked reserves established in previous years following review of future requirements (£3.789 million).
- Less demand from Directorates to meet in year pay and price inflationary pressures such as energy and software costs;
- Lower inflation rates generally;
- Lower demand on price pressures than anticipated;

This under spend has enabled a number of new corporate earmarked reserves to be established to meet pressures in 2016-17, including contributions to the capital reserve, to support the capital programme and funding of demolition works, to avoid costs associated with vacant premises.

The under spend on Directorate budgets has also enabled a number of new Directorate earmarked reserves to be established, to meet service specific pressures that are anticipated to arise in 2016-17, many of which were originally planned to be undertaken in 2015-16.

As reported in the MTFS in March 2016, the under spend on accrued council tax income has been transferred into the service reconfiguration reserve to support the cost of transformation programmes, such as the Digital Transformation and Extra Care schemes.

Budget Reductions

4.2.1.4 The budget approved for 2015-16 included savings proposals of £11.225 million (5.27% of net service budgets). £1.909 million of these proposals were not realised in 2015-16, but the expenditure associated with them has been offset by vacancy management, and other savings elsewhere within the budget. Directorate dashboards provide a breakdown of those budget reductions not achieved in full. It also shows the current RAG Status of these proposals. As such there is still a recurrent pressure on 2016-17 budgets which will need to be addressed by implementing the proposals set out in the Directorate Dashboards Appendix 1-5 or by identifying and delivering alternatives. Future monitoring reports will review achievement against these targets in addition to current year budget reductions. A summary of the RAG status of the proposals is shown in the table in Part (E) of the Annex.

4.3 Capital programme outturn

4.3.1 The Council approved a revised Capital Programme in the MTFS in March 2016, which was then updated by Council in May 2016 with a budget of £26.698 million, to take account of new schemes and projected slippage into 2016-17.

4.3.2 The Directorate dashboards Appendix 1-5 provide a breakdown of those schemes within the capital programme with variances against budget available, compared with actual expenditure and where funding has slipped into 2016-17. For a number of schemes, funding slipped into 2016-17 in the May report has been brought back into 2015-16 to reflect actual expenditure, where expenditure was higher in 2015-16 than originally projected. Commentary is provided explaining reasons for any major variations in expenditure against budget or changes to budget. The total final budget for 2015-16 was £27.312 million, which takes account of additional approvals of £614,000 million since the report in May, and generally comprises schemes funded by external grant and other funding sources not previously included.

4.3.3 Total expenditure as at 31st March 2016 is £26.047 million, resulting in an over spend of £27,000 on BCBC resources, once further requests for slippage into 2016-17 of £1.292 million have been taken into account. Some of the schemes for which funding has slipped into 2016-17 include Bridgend and Porthcawl Townscape Heritage Initiatives, Housing Renewal Schemes, funding for Community Projects, Road Safety and to meet Care Standards. The small over spend will be met from general capital funding and directorate contributions.

4.4 Identification and allocation of reserves

4.4.1 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. During 2015-16, Directorates drew down funding from specific earmarked reserves and these were reported to Cabinet through the Monitoring Reports. At year end, the Protocol requires that the Chief Finance Officer will review existing earmarked reserves, requests from Directorates for new reserves or additional corporate reserves based on new risks or pressures.

4.4.2 A review of the Council's existing earmarked reserves has been undertaken together with an assessment of the risks and pressures that are sufficiently 'known' or 'probable' over the MTFS period and for which an earmarked reserve is therefore required. This review has identified the need for £9.597 million to create new or enhance existing corporate reserves to meet the cost of future service reconfigurations (including

severance payments), the Council's Digital Transformation programme, the estimated demolition costs of four Council buildings, potential costs arising from recent case law and inescapable capital investment works required to mitigate against health and safety risks.

- 4.4.3 In addition in accordance with the Council's Reserves and Balances Protocol, Directorates were able to submit applications for new Earmarked Reserves. In determining what Directorate earmarked reserves are required priority has been given to those demonstrating significant risk, those which are sufficiently 'known' or 'probable' and those for which funding needs to be set aside as a priority, with consideration given to any existing reserve balances. Total Directorate earmarked reserves including carry forward reserves amount to £3.271 million, of which new Directorates' reserves total £1.193 million.
- 4.4.4 During the financial year, Directorates drew down £524,000 of funding from the Directorate specific earmarked reserves that were created as part of the 2014-15 year-end process, which totalled £1.490 million. A balance of £792,000 was unwound as Directorates were able to meet the costs of the proposed earmarked expenditure from within their own budgets. Finally, new Directorate specific reserves of £1.193 million were created as part of the 2015-16 year-end process. This left a balance on the Directorate specific earmarked reserves of £1.367 million. There was a further balance of £1.904 million for other Directorate reserves for Looked After Children, Wellbeing Projects, Car Parking Strategy and Porthcawl Regeneration. Detail is shown in each of the Directorate dashboards, Appendix 1-5.
- 4.4.5 Directorates also drew down £1.246 million from Corporate Reserves including the Major Claims Reserve and the Change Fund. A full breakdown of the total movement on earmarked reserves as at 31st March is set out below. The remaining under spend of £154,000 was transferred to the Council Fund.

MOVEMENT IN RESERVES 2015-16

Opening Balance 1st April 2015	Reserve	Expenditure 2015-16	Additions 2015-16	Closing Balance 31st March 2016
£'000		£'000	£'000	£'000
7,450	Council Fund Balance	-	154	7,604
	Earmarked Reserves :-			
	Corporate Reserves			
702	Asset Management Plan	(430)	1,220	1,492
300	Building Maintenance Reserve	(30)	86	356
627	Capital feasibility fund	(208)	212	631
6,434	Capital Programme Contribution	(2,538)	1,555	5,451
2,398	Change Management	(448)	-	1,950
115	DDA Emergency Works	(12)	-	103
-	Digital Transformation	-	2,500	2,500
861	ICT & Finance Systems	(146)	-	715
3,177	Insurance Reserve	(1,166)	24	2,035

261	Invest to save / Joint projects	(261)	-	-
10,531	Major Claims Reserve	(3,162)	3,300	10,669
4,749	Service Reconfiguration	(206)	700	5,243
1,044	Treasury Management Reserve	(1,044)	-	-
210	Waste Management Contract	(118)	-	92
300	Welfare Reform Bill	-	-	300
30,848	Total Corporate Reserves	(9,769)	9,597	31,537
	<u>Directorate Reserves</u>			
1,490	Directorate Issues	(1,316)	1,193	1,367
824	Looked After Children	-	-	824
600	Wellbeing Projects	(67)	-	533
555	Car Parking Strategy	(84)	-	471
125	Porthcawl regeneration	(49)	-	76
31	Connecting Families	(31)	-	-
4,486	Total Directorate Reserves	(1,547)	1,193	3,271
	<u>Equalisation of Spend Reserves</u>			
201	Election costs	-	-	201
-	Special Regeneration Fund	-	149	149
92	Unitary Development Plan	-	49	141
10	Building Control	-	2	12
303	Equalisation of Spend Reserves	-	200	503
43,087	Total Usable Reserves	(11,316)	11,144	42,915

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.

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 control.

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 year end performance against the Corporate Plan and note the projected financial position for 2015-16. .

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Annex - Part (A) - Performance Summary against target

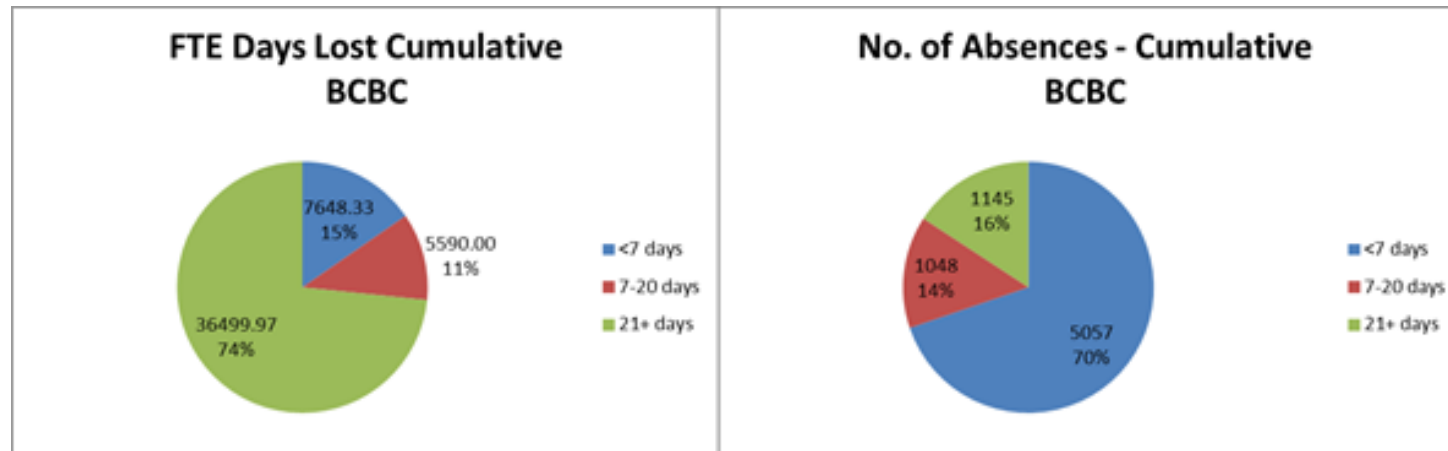
Improvement Priorities	Commitments				Indicators (Year End)			
	TOTAL	R	A	G	TOTAL	R	A	G
Priority One: Working together to develop the local economy	9		2	7	23	2		21
		0%	22%	78%		9%		91%
Priority Two: Raising Aspirations and driving up educational achievement	11	1	1	9	27	5	7	15
		9%	9%	82%		19%	26%	56%
Priority Three: Working with children and families to tackle problems early	4	1	1	2	25	4	8	13
		25%	25%	50%		16%	32%	52%
Priority Four: Working together to help vulnerable and older people to stay independent	9		3	6	26	4	3	19
		0%	33%	67%		15%	12%	73%
Priority Five: Working together to tackle health issues and encourage healthy lifestyles	13			13	20	3	1	16
		0%	0%	100%		15%	5%	80%
Priority Six: Working together to make the best use of our resources	12		5	7	14	2	1	11
		0%	42%	58%		14%	7%	79%
Total for all Improvement Priorities	58	2	12	44	135	20	20	95
		3%	21%	76%		15%	15%	70%
Other Directorate Priorities / socio economic indicators					17	0	4	13
Total					152	20	24	108
						13%	16%	71%
No data available					6			
Grand Total					158			

Part (B) – Long Term Outcome Indicators

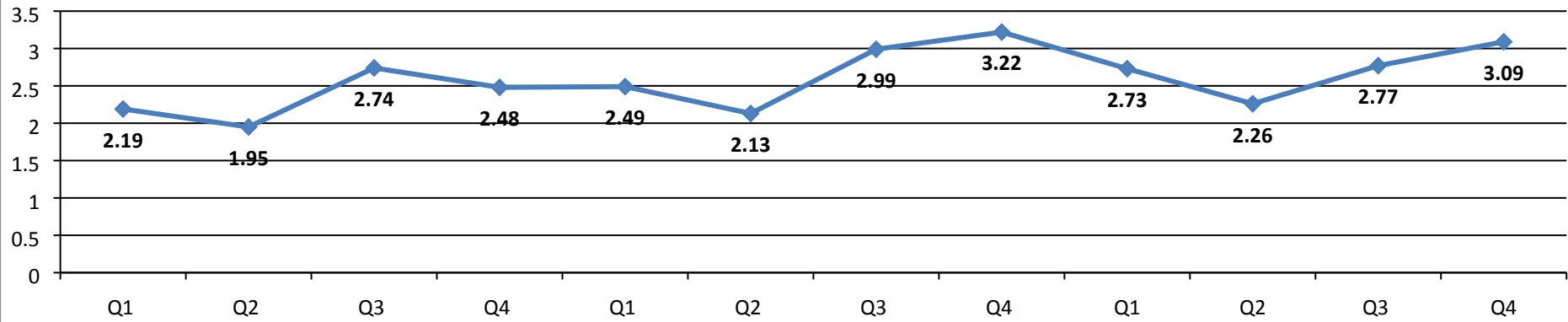
Performance Indicators (PIs)	Annual Target 15-16	Year End cumulative Actual & RAG vs Target	Trend vs Year End 14-15	Wales Average 14-15
Gross Value Added (GVA) per head (ONS)	Increase on previous year	£16,256 (2014)	↑ £15,593	£16,893
Gross Disposable Household Income (GDHI) per head (ONS)	Increase on previous year	£14,753 (2014)	↓ £14,868	£15,413
Percentage of working age population that is in employment (Labour Force Survey)	Increase on previous year	71.9%	↑ 69.8% (Dec 2013)	76.3% (Dec 2014)
Percentage of 16-24 year olds in employment (Labour Force Survey)	Increase on previous year	50.2% (Dec 2015)	↑ 47.9% (Dec 2014)	59.1% (Dec 2014)
Number of people claiming Job Seekers Allowance	Reduction on previous year	1.6%	↑ 2.2%	2.5%
Percentage of all children under 16 who are living in working age households with no one in employment (Annual Population Survey)	Reduction on previous year	17.3% (2014)	↑ 20% (2013)	16.5% (2013)
Percentage of children living in households below 60% median income	Reduction on previous year	No data	22.2% (HMRC, 2014)	Data not available
The Percentage of people who smoke	20%	18%	↑ 20%	21%
The Percentage of adults who are overweight or obese	Reduction on previous year	59%	↓ 58%	58%
The percentage of adults who report being physically active on five or more days in the past week	Increase on previous year	n/a	29%	30%
The percentage of adults who report binge drinking on at least one day in the past week	Reduction on previous year	25%	↑ 27%	25%
Variation in years in healthy life expectancy across our wards Male and Female	Reduction on previous year	No data	No data	No data
The percentage of adults reported being treated for any mental illness	Reduction on previous year	13%	↑ 14%	12%

Part (C) - Sickness Absence

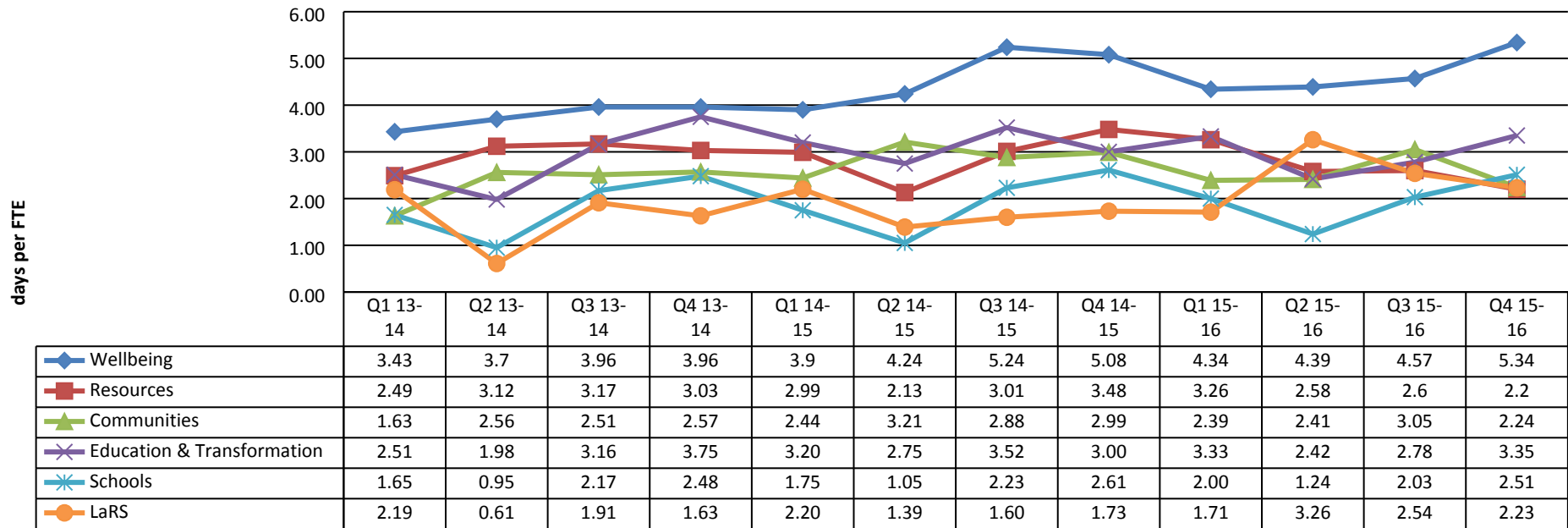
CHROO2 (PAM)- SICKNESS – Number of working days/shift per FTE lost due to sickness absence	Annual Target 15-16	Year End Cumulative Actual & RAG v Target	Trend v Year End 14-15	Wales Average 2014-15 Actual (NSI/PAM only)	Rank 14 - 15
	8.5	10.85	↓ 10.83	10.15	9.85
(CORPDRE5.3.13) Number of working days lost per FTE due to industrial injury	0.10	0.23	n/a	n/a	n/a
(CORPDRE 5.3.13ii) Total number of individual injury incidences	52	58	n/a	n/a	n/a



**BCBC Quarterly Trend
2013/14-present (days lost per FTE)**



Trend of Directorate days lost per FTE by quarter



Part (D) - Budget 2015-16

Directorate	Revised Budget 15-16 '000 (£)	Actual Outturn 15-16 '000 (£)	Actual over/(under) spend 2015-16 '000 (£)	Projected over/(under) spend Q3 15-16 '000(£)
Education and Transformation	105,995	105,667	(328)	(100)
Communities	25,228	25,014	(214)	134
Legal and Regulatory Services	6,082	5,685	(397)	(369)
Resources	14,572	14,058	(514)	(165)
Social Services and Wellbeing	61,285	61,099	(186)	(102)
Total Directorate Budgets	213,162	211,523	(1,639)	(602)

Part (E) – Budget reductions 2015-16

CORP6.1.1- Value of planned budget reductions achieved Total and (percentage)£000's	Annual Target 15-16	Year End Cumulative Actual & RAG v Target	Trend v Year End 14-15	2014-15 Actual (NSA/PAM only)	Wales Average 14-15	Rank 14 – 15
	11,225	9,316 (83%)	11,274	n/a	n/a	n/a

Value of planned budget reductions achieved (PI)	TARGET	Achieved	Variance
	'000 (£)	'000 (£)	'000 (£)
Education and Transformation	2,451	2,114	337
Communities	2,488	1,641	847
Legal and Regulatory Services	554	554	0
Resources	1,153	1,153	0
Social Services and Wellbeing	3,534	2,809	725
Corporate	1,045	1,045	0
BCBC Total	11,225	9,316	1,909

Part (F) - High risks 2015-16 (score 15 and above)

Risk	Improvement Priority	Likelihood	Impact	Total score	Risk Owner
Making the cultural change necessary to deliver the MTFS	6 – Best use of resources	6	4	24	Corporate Director Resources
Welfare Reform	All Priorities	6	3	18	Corporate Director Resources
The economic climate and austerity	1 – Develop local economy	4	4	16	Corporate Director Communities
Maintaining infrastructure	1 – Develop local economy	4	4	16	Corporate Director Communities
Supporting vulnerable children & their families	3 – Tackle problems early	5	4	20	Corporate Director Social Services and Wellbeing and Corporate Director Education and Transformation
The impact of homelessness	3 – Tackle problems early	5	3	15	Corporate Director Communities
Supporting vulnerable people	4 – Helping stay independent	5	4	20	Corporate Director Social Services and Wellbeing
Healthy lifestyles	5 – Healthy lifestyles	4	4	16	Corporate Director Social Services and Wellbeing
Disposing of waste	6 – Best use of resources	4	4	16	Corporate Director Communities
Equal pay claims	6 – Best use of resources	4	4	16	Corporate Director Resources
Local Government Reorganisation	All Priorities	6	4	24	Chief Executive