

CABINET

Corporate Performance and Financial Monitoring 2015/16 – Quarter 2

03 November 2015

Report of the Chief Officer (Governance) and Chief Officer (Resources)

PURPOSE OF REPORT				
To present the corporate financial monitoring report for Quarter 2 of the 2015/16 monitoring cycle and provide an update on improvements being made in corporate performance management, monitoring and reporting and the effective use of business intelligence to inform decision-making.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public				

OFFICER RECOMMENDATIONS

- (1) That Cabinet considers the corporate financial monitoring report and appendices and makes any recommendations as appropriate.
- (2) That Cabinet notes the measures being taken to further develop the corporate performance management arrangements, and develop a corporate approach to service modelling and business improvement.

1. *Corporate Financial Monitoring*

- 1.1. The corporate financial monitoring report for Quarter 2 is attached at **Appendix A**, and the headline variances and projections are as following:

- Current General Fund underspend of £769K, projected to increase to £842K by the end of the year.
- Housing Revenue Account overspend of £55K, project to reduce to £41K by the end of the year.
- Estimated Council Tax surplus of £458K, of which the Council's share would be £60K.

- 1.2. The General Fund full year projected underspend has significantly increased from projections made at the end of Quarter 1, increasing by £289K from £553K to £842K. The main reasons for this are set out in section 2.1 of Appendix A, but key areas include:

- Increased salary savings - £120K
- Savings on the Revenues & Benefits management fee (incl. corporate anti-fraud being externally funded in year 1) - £112K
- Additional planning fee income - £121K
- Additional Salt Ayre Sports Centre income - £42K

- 1.3. This builds on the messages and actions considered by Cabinet in September. Whilst there are some areas of overspending, some one-off windfall savings and some delays being experienced in recruitment and other service activities, there is a huge amount of work being done proactively to save money, generate more income, and strengthen the budgeting approach – which inevitably means accepting higher financial, operational and reputational risk. Indications are that Officers are managing services and taking operational decisions accordingly, in context of them being tasked with identifying £4M of savings options for December time.
- 1.4. Cabinet Members may recall that in provisionally updating the General Fund budget forecasts, ongoing savings of £400K were allowed for, drawing on last year's outturn and this year's early monitoring. Work is well underway on the detailed review of the budgetary position and the aim is to report on this in December.
- 1.5. All the above fits with the Council reviewing and refocusing on its affordable priorities for the medium term, in order to establish a sustainable budget going forward.
- 1.6. On a separate note, the latest update on treasury management report is included at **Appendix B**.

2. Corporate Performance Management

- 2.1. In early September, Cabinet, and subsequently Budget and Performance Panel, endorsed the revised *Performance Management Framework* which set out the requirements for effective performance management within a framework that helps to integrate planning, service review, financial management and business improvement that results in action being taken in response to actual performance.
- 2.2. Management Team have called for a plan of action to be developed so that performance management arrangements are implemented and corporately established, with a view to Members being provided with '*meaningful performance reporting*'. This action is echoed by the Budget and Performance Panel and identified in the Local Government Association (LGA) Peer Review by April 2016.
- 2.3. Key activities have now been identified and the programme of work needed to further develop the Council's performance management arrangements, in line with the framework will be reported to, and monitored by, the Budget and Performance Panel going forward.
- 2.4. The performance management action plan, which recognises the points raised in the recent peer review and the Management Team draft Peer Review Action Plan is being developed and will be submitted to Management Team for approval. These actions will strengthen the Council's existing Performance Management arrangements. The Council's business improvement activities will also be enhanced following the adoption of a new Service modelling (review) process. Once embedded the revised performance management framework will provide:
 - a refreshed approach to Service reviews;
 - a more detailed understanding of the performance of Services;
 - a platform for closer involvement in strategic decision making and the consideration of future options and service delivery models;
 - the ability to drilldown into value for money issues and performance comparison with other local authorities;

- a comprehensive suite of management information and business intelligence metrics to identify service improvement opportunities;
 - a clearly defined structure of accountability;
- 2.5. Some of these will be fairly labour-intensive from both within Services and through support from Human Resources and Organisational Development (HR&OD), and the pace of implementation needs to be managed to ensure meaningful progress is made in a timely manner with the resources available. . As the LGA Peer review pointed out, however, this approach will realise benefits by unlocking the *'right capacity and skills to deliver the future priorities of the council'*.
- 2.6. Since September, a refreshed service modelling approach has been developed and is currently being tested as part of a review of Regeneration and Planning Services, specifically Development Management that, with the vital practical and operational knowledge of service managers and team members, will develop an accurate service model based on:
- a 'Service process inventory' of all work and related process maps;
 - a single view of customer demand and contact methods;
 - a skills matrix of staff capability and competency and the identification of training needs if there are any significant skills gaps, and;
 - a review of management information and performance measures
- 2.7. The model aims to allow for key details of an operation or service to be considered at a glance and provide a means for:
- investigating the root cause of issues;
 - identifying risks and opportunities, and;
 - forecasting the outcome of changes
- 2.8. The impact of, and lessons learned from, the Regeneration and Planning Service Review will be monitored and the approach applied across all Council Services and fully completed by March 2017. The first part of this is the compilation of the Service process inventory which will be completed by April 2016 and provide the means for providing Members with meaningful performance monitoring reports.
- 2.9. The LGA Peer review identified that there is a genuine appetite amongst management and staff to develop further the Council's Performance management and service improvement arrangements. The enhanced arrangements that are being developed will, as stated by the LGA Peer Review enable the Council to more efficiently to *'...explore how services can be delivered differently in the future and [to] examine how income generating opportunities can be generated'*.
- 2.10. Early work has commenced between HR&OD and Internal Audit to jointly take forward a revised and proportionate approach to the management of risk - another action identified in the draft action plan resulting from the LGA Peer Review - acknowledging the common ground between this and performance management when considering the potential threats and opportunities involved in any new service developments and improvements.

Other activity

- 2.11. HR&OD working with consultants from the Association of Public Service Excellence (APSE) and council staff have recently undertaken a review of Environmental Services, Repairs and Maintenance (RMS). Using an approach involving similar tools and techniques to that employed (in house) by HR&OD, the APSE review involved a diagnostic of available data and

management information compared to benchmarking data submitted to the APSE Performance Networks benchmarking service and a workshop where high level key processes (voids management and responsive repairs) were 'mapped'. This helped to clarify and verify opportunities for improvement and redesign and establish where changes to operational systems will improve outcomes and reduce cost. A report from APSE, setting out the detailed findings of the review and possible actions for improvement is expected by the end of October.

- 2.12. Data extracted from the telemetry system, Ctrack, has been used to establish utilisation of the Council's vehicle fleet, identifying opportunities for further work to introduce an effective vehicle booking system and realise further savings and efficiencies in the use of the fleet.
- 2.13. An analysis has been completed of the first three months of operation of six pool cars to the end of September. Data has been drawn from a combination of the online booking system and the telemetry units fitted to each vehicle. Overall, the analysis suggests that the initiative has been a success so far with a reasonable balance of utilisation against availability. The detailed findings will be reported to Management Team in November and will continue to be monitored throughout the year.

3. Conclusions

- 3.1. Financially, the Quarter 2 results help to strengthen the Council's financial position and its ability to tackle future funding reductions and balance its ongoing budget. It provides evidence that Officers are doing what has been asked of them – to save money, generate income, and be less cautious (but still reasonable) in reviewing budget forecasts and in operational terms. This is to be welcomed. Inevitably there are also other budgetary variances - either way - driven by unforeseen circumstances but these will always happen to some degree.
- 3.2. With regard to performance, following the adoption of the Performance Management Framework in September, work has been undertaken to develop a performance management action plan. The steps being taken also address a number of matters identified in the Peer Review and the subsequent draft action plan, developed by Management Team. These actions will strengthen the Council's existing performance management arrangements. The Council's business improvement activities will also be enhanced by the use of a new approach to Service modelling (review) that will realise a number of benefits for Members and management.
- 3.3. Progress against the implementation of the performance management plan will be reported to both Cabinet and Budget and Performance Panel in line with their relevant terms of reference.

RELATIONSHIP TO POLICY FRAMEWORK

This report is a requirement of the council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework and specifically in the Corporate Plan 2015-18.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly arising from this report.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS**Human Resources / Information Services / Property / Open Spaces:**

References and any related implications contained within the report and related appendices.

SECTION 151 OFFICER'S COMMENTS

Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Corporate Plan 2015 – 18

Performance Management Framework

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