

Report to: Overview and Scrutiny

Date of Meeting: 13 September 2016

Report Title: Performance and Financial Monitoring Quarter 1 2016/17

Report By: Jane Hartnell
Director of Corporate Services and Governance

Purpose of Report

To advise Members of the performance against the 2016/17 targets and performance indicators in the corporate plan for quarter 1 (1st April to 30th June), to update members on other key areas of activity during quarter one and to provide associated financial information.

Recommendation(s)

1. That the Committee's comments on quarter 1 performance be addressed by the relevant Lead Member(s) with appropriate action and report back.
2. That staff be thanked for their hard work and achievements in this quarter.

Reasons for Recommendations

To assist the Council undertake performance management arrangements.

Introduction

1. The Council meeting on 24th February 2016 agreed the corporate plan for the period 2016/17 to 2018/19 – these documents set out the Council's strategic direction and outlines associated work areas for 2016/17.
2. Since then, the previous scrutiny committee structure has changed from two committees (Resources and Services) to one committee in line with broader transformation intentions of the Council.
3. This change coincides with a desire to continue to improve performance management arrangements and to test new ways of working detailed in the [Annual Overview and Scrutiny Work Programme report](#).

Directors reports

4. Based on the positive feedback from Members over the course of the 2015/16 Overview and Scrutiny meetings, Members will continue to receive Director reports highlighting significant areas for scrutiny consideration. Please see appendices A and B.
5. These reports will assist in steering the focus for scrutiny debate, covering key exceptions (performance shortfalls) and highlighting where there are deviations from expected performance against corporate plan targets, but also updating members on additional areas of activity absorbing officer time and resources.

Performance template

6. In response to the changes in scrutiny arrangements detailed in paragraphs two and three, we are continuing to refine the template (Appendix C) used to present performance information.
7. In order to give members a clearer line of sight of expected performance across the year, expected performance activities across the quarters are included relative to each key activity outlined.
8. Key activities and Performance Indicators are clustered under 11 work programme themes: Strategic business planning; income generation; economic growth; organisational transformation and development; heritage, culture and community; customer first and digital by design: a safer cleaner town; funding; a good place to live; leisure, health and wellbeing; and, governance, democracy and resilience.
9. Following quarter 4 meetings, Members have some familiarity with the following RAG (Red, Amber, Green) status and reporting of performance indicator information:

Targets 'on target' or 'achieved' are identified as Green.

Targets where there is 'slippage' or 'potential slippage' are identified as Amber.

Targets that 'will not meet target' are identified as Red.

Progress against Performances Indicators for the year up to the end of the quarter are shown as either 'Met' or 'Not Met'.

10. Two further additional columns have been included in Appendix A. These are Risk and Mitigation columns, flagging associated risk and mitigation relative to expected performance activity set out across the quarters.
11. In the main, targets have been agreed for completion within the 2016/17 year, but increasingly a number of targets activities may complete or extend within or beyond the 2016/17 year, examples of this are the Transformation Programme and EU funding programme

Summary of Council-Wide Financial Information

12. Revenue Budget – The current forecasted outturn position at quarter 1 as shown in the tables 1 & 2 below is an overall adverse variance to budget of £128,000. Quarter 1 is a difficult quarter as the financial year has only just started and projects and associated costs tend to slip to later in the year. The revised 2016/17 and 2017/18 budget process will commence shortly and this will incorporate the efficiency savings being identified as the Council's PIER and budget process progresses.

Revenue

Table 1: Corporate Services

Directorate	Original 2016/17 Net Budget	2016/17 Draft Forecast Outturn	Transfer from / to Reserves or Other Sources	Variance including use of Reserves	2016/17 Estimated Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Corporate Resources	5,733	5,709	(0)	(24)	(24)

13. Corporate Services are forecasting a small underspend overall which is made up of lots of small variances. However areas of notable variances are Digital by Design which is delivering transformational projects and currently forecasting an overspend of £84,000 but this overspend is being funded by underspends on Corporate Policy and Partnerships (£25,000) and the Contact Centre (£62,000). Accountancy and Exchequer Services are forecasting an overspend £29,000 mainly due to long term sickness cover.

Table 2: Operational Services

Directorate	Current 2016/17 Net Budget	2016/17 Draft Forecast Outturn	Variance	Transfer from / to Reserves or Other Sources	2016/17 Estimated Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Director of Operational Services	157	157	(0)	0	(0)
Environmental Health	821	846	25	0	25
Waste and Parking	2,679	2,661	(18)	0	(18)
Amenities	1,486	1,473	(13)	0	(13)
Housing and Built Environment	1,796	2,243	446	(285)	161
Marketing and Major Projects	637	642	5	0	5
Regeneration and Culture	1,789	1,778	(11)	0	(11)
Leisure Services	526	530	3	0	3
Resort Services	894	878	(16)	16	(0)
Unallocated	0	0	0	0	0
Total	10,786	11,208	421	(270)	152

14. Operational Services are forecasting an adverse variance of £152,000. There are numerous variances throughout the Directorate but the most notable of which are adverse variances on Selective Licensing £124,000 and the Housing Licencing Team £112,000. these are partially offset by £84,000 of favourable variances. Selective Licensing covers a 5 period and higher than anticipated early applications have led to an imbalance in the funding that will need to be addressed urgently through a step change in enforcement strategy. The Housing Licencing deficit is due to the scheme finishing in September 2016.
15. Capital Programme – As Table 3 below shows the Gross expenditure to 30th June 2016 was £6.5m with a full year forecast of £10.7m against a budget of £11.5m which includes £973,000 of carry forwards.
16. Corporate Services are showing additional costs on a number of projects such as the new factory unit £30,000, Town Hall works £26,000 and the Churchfield Estate factory block £20,000.
17. Operational services are forecasting an underspend due to a number of large projects such as the Restoration of Pelham Crescent (£227,000), Castle Access and Interpretation (£238,000) and Country park Interpretive Centre (£311,000) incurring delays in the programme. Some of these relate to timing of external funding decisions but it is anticipated by managers that the programmes will be delivered to budget.

Capital

Table 3: Corporate and Operational Services

Directorate	Original Budget 2016/17	Carry-forwards	Revised Budget	Spend to date including commitments 2016/17	QTR 1 Projected to year end	Qtr 1 Variance to Revised Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services	6,049	208	6,257	5,785	6,349	91
Operational services	4,522	765	5,286	736	4,344	(943)
	10,571	973	11,543	6,521	10,693	(852)

Wards Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix A – Briefing from Director of Corporate Services and Governance

Appendix B – Briefing from Director of Operational Services

Appendix C – Quarter 1 Exceptions Report

(Additional document providing full background on quarter 1 performance has been published for information)

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Appendix A – Briefing from Director of Corporate Services and Governance

Introduction

The first quarter performance review process provides an early snapshot of issues that may affect performance during the year. This first quarter is no exception with a limited number of areas that are not hitting profiled Qtr 1 targets. Those areas that are rated as either Red or Amber are discussed below.

My report also sets out additional information about work that has arisen which was unpredicted or was not expected to be undertaken in this period, these areas are likewise discussed below.

Overview and Scrutiny Committee are using the workplan summaries included in the Corporate Plan to assist with their own work planning, and this more structured approach to performance management and scrutiny will enable us to use our senior management resources more effectively and target their time more productively.

Review of Quarter 1: 1st April to 30th June 2016

Areas identified as exceptions:

- a. The following performance indicators in Revenues and Benefits are identified as Not Met:

6.1 Increase the % of Council Tax collected in year to 96.3% (Target Q1 – 35.4% Performance 34.5%)

6.2 Increase the % of non-domestic rates collected in year to 98% (Target Q1 – 35.0% Performance 33.3%)

6.3 Reduce the average number of days to process new housing benefits claims to 15 (Target Q1 – 15 Performance 15.2)

6.5 Reduce the average number of days to process new Council Tax Reduction claims to 15 (Target Q1 – 15 Performance 15.4)

Although these Qtr 1 targets have not been met, they are better than like for like performance in Qtr 1 last year. We have recruited an additional assessor and are undertaking more quality checks than other similar LAs – we do 10% whereas others do 5%. We anticipate these challenging targets will be met by year end.

We anticipate that the collection rate will likewise be on track by year-end.

- b. A number of sub-targets within the workplan for Revenues and Benefits are identified at Amber:

These mainly relate to the delayed introduction of the Benefits Cap (now November) and uncertainty about the roll out of Universal credit – work is underway with DWP to understand the timings, implications and impacts on us from December 2016.

Work on implementing the agreed recommendations of the outcome of the Benefits Review was delayed but the final report has now been received, officers and Lead Members will shortly be considering the draft action plan.

- c. The following target in People and Business Support are identified as Not Met:

7.1 Reduce the proportion of working days / shifts lost due to sickness absence to 6.25 (Target Q1 – 1.55 Performance 1.65)

The first quarter target has not been met, but is better than Q1 performance of last year of 1.98. HR seniors continue to work with service managers and a weekly sickness management meeting identifies hotspots and the trigger points are used to identify long term absences and cases of persistent short term absences, which in the main are in specific service areas. In an attempt to reduce the level of absenteeism in these areas HR work with managers to provide support and guidance to effectively manage absenteeism.

Sickness absence remains high in Qtr 1 due to respiratory, gastro intestinal problems and throat infections and a couple of cases of stress and anxiety mainly due to personal issues (some individuals presenting with these conditions have actually taken pre-booked leave during their absence and gone on holiday). These numbers seems high however, the service units are small with a few staff. This skews the absence statistics should one member of staff be absent on long term sickness or on several short term absences.

We have also signed a new OH provider and are progressing a couple of our more complex cases to capability (termination of employment) or ill health retirement. Other cases where it appears the individual on long term absence are in effect several short term absences and are being dealt with in accordance with our sickness absence policy.

Other areas of performance/exception which are of note are:

- d. Successful launch of new website and My Hastings version 2
- e. Completion and sign off of all major external refurbishment works and establishment of new working practices and facilities management arrangements are in place for our new Civic Centre including training for staff and members.
- f. Successfully delivered local elections and referendum – this always requires a massive corporate effort and is the council working at its One Team best.
- g. Significant work undertaken on workforce development including:
 - i. Skills matrices developed to identify future skillsets, training gaps.

- ii. Template designed to identify competencies for each role and level of competency required. Job profiling tool used to look at behaviours required within roles to be included in person specifications to aid recruitment and retention. This will assist in the development of service and personal development plans in Qtr2/Qtr3
- iii. Work is underway with LGA workforce adviser to progress change in Job evaluation system. Posts selected for benchmarking - one of each grade to be evaluated using LG system. Work is also ongoing to amend a significant number of job descriptions that are out of date and do not reflect current roles and responsibilities. These changes will also support effective performance management which is key to organisational performance.
- iv. Training undertaken during the quarter has included
 - 1. Resilience training
 - 2. Mental health awareness
 - 3. Finance for non-financial managers
 - 4. Practical steps in setting up a trading company.
 - 5. Thomas International Personality Profile
 - 6. Conflict Management
 - 7. Driver awareness
 - 8. Prevent Training
- h. A detailed update on the transformation programme will be given to Qtr 1 O & S Committee meeting
- i. The focus of legal work has been broad this quarter including significant support to colleagues to address anti-social behaviour issues including rough sleeping and abandoned vehicles, and the legal work required around the Pier case at the Supreme Court and actions required post the decision to prepare for arbitration. Other legal work and prosecutions have continued including:
 - Two breaches of planning conditions £1900 fine and £450 costs
 - Successfully applied for 2 Dog Control Orders
 - Received £10,300 in debt repayments, charged £27,000 of council tax on property, received £14,500 in council tax charges and £20,000 housing benefit overpayment has been agreed by attachment of earnings order and payment arrangements
 - 14 contracts have been drafted including Root 66, promenade works and grants funding such as CHART. 4 leases, 3 Licences and one Deed of Variation and 11 leases and 18 tenancy agreements for Social Lettings

Appendix B – Briefing from Director of Operational Services

Performance Issues

1. Failed Bin Collections

- a) Performance collection targets of 130 in every 100,000 bin collections has been missed with performance of 176. This represents a fall from the virtual achievement of this target in 2015/16 when 133/100,000 bins were missed on average.

The greatest concern currently is the number of repeatedly missed properties, particularly those on assisted collections. As a result, we have initiated a new weekly meeting with Kier management to discuss the levels of missed bins and Kier have expressed their commitment to reduce the number down to 50 per week and 0 assisted collections. A new system will be put in place, where the worst 20 repeatedly missed properties are highlighted and these properties put on an IC List (Intensive Care). These properties will require the chargehand on each round to confirm that collection has taken place at this address or highlight any issue as to why it wasn't collected (contaminated recycling for example). These properties will stay on the list until we are confident that residents are receiving the collections as they should. As properties are removed from the list, new properties will be added to ensure that repeat misses are rectified.

However, it is pleasing to note that both the recycling target and that for street cleanliness have been achieved. The street cleanliness target for Quarter 2 will include much of a very busy summer period and it will be interesting to see how performance bears up under this pressure. The East Sussex Waste Partnership continues to address performance issues with Kier which are reflected across the contract and not just in Hastings.

Planning Decisions

- b) Planning's Corporate Plan objective was to be achieving its expected performance levels by Q3. The Planning Services Manager has now presented lead members with her assessment of the challenges facing the service in the light of past performance issues and changes made by Government to the measures which will be applied to assess planning performance. There are resource implications to this which will be considered at Cabinet and, as agreed, she will outline the key issues and how they will be responded to at a future O&S meeting. For this first quarter the major applications at 33% out of a target of 90% is of concern. However, of the 3 major applications 2 were long outstanding applications (18 months plus). These are often delayed because of legal issues or developers delaying the signing off.

2. Licensing Schemes

The Council operates two discretionary licensing schemes. An additional scheme covering higher risk HMO in 4 wards and a selective scheme covering a range of rented property in 7 wards. The selective scheme introduced in April 2015 attracted a 6 month early bird discount. As a result, the Council has received over 3,000 applications against a target of just under 2,000 for the whole year. Whilst this is extremely positive it will require the 5 Year Business Plan to be adjusted to take account of the lower level of income received in year one. Officers will over the next 12 months be redoubling their efforts to pursue enforcement against the

owners of the 4,000 plus properties that remain unlicensed, to ensure that all properties are licenced and that the project is self-funded over the life of the scheme. Proposals for a replacement scheme to cover the ending of Additional licensing will come forward later in the year.

3. Implications of Brexit

There are two areas where the Council will have continuing concerns. Firstly how Hastings will be impacted by the ending of European funding and how the UK Government will address this. Secondly, there are national and local concerns about a rise in racist incidents following the decision and HBC will wish to continue to promote an inclusive welcoming town moving into the future.

3.1. Update on External Funding Bids

- The outcome of the referendum has resulted in considerable and continuing uncertainty over EU funded programmes and future funding opportunities for regeneration and economic development activity. At this stage it appears unlikely that there will be clarification from the UK government before the autumn financial statement. The Treasury has guaranteed funding for any European Structural Investment Framework (ESIF) projects that are approved and agreements signed before the autumn statement. The approved Interreg projects which have been approved, and which would fall within this guarantee, are CAN and SHINE. The two major projects which we are pursuing, FLAG2 (£800k value) and CLLD (£3.7m value), are less certain at this stage, but we have been encouraged to continue with our stage 2 applications and hope to have clarity about both before the end of October.
- Following notification in March that our expression of interest in Community Led Local Development (CLLD) was successful, there has been intensive engagement with local partners in the development of a local development strategy aimed at providing working age residents in the most disadvantaged parts of Hastings and Bexhill with workforce skills and employment opportunities, and opportunities for entrepreneurial activity.

3.2. Update on European funding for the new Visitor Centre at the Hastings Country Park

The advice we have received from Interreg is that we progress on a 'business as usual' approach until Article 50 is invoked. We have no date for this. Groundwork, our partners in working to deliver the new Centre continue to liaise with partners, UK and European, to get the Interreg application ready for the December submission. In summary;

- Since May, Groundwork have attended meetings in Brussels and Paris, with partners, to prepare the details of the application. Groundwork will attend a further meeting of partners in Germany on 17th August to finalise the application details for a December 2016 submission and a January 2017 decision.
- Groundwork are preparing a Heritage Lottery Bid in parallel to the Interreg bid. This is in two stages, first submission for December 2016, second submission six months later (approximately May/June 2017).
- It is proposed a Board meeting be arranged for October 2016. This meeting will seek approval and recommendation from the Board to progress to appropriate HBC committee for corporate approval to submit an application to Interreg.

3.3. Community Cohesion

In response to the potential for increased tension and hate crime the following may be helpful:-

- a) The Hastings Voluntary Action Hate Crime Service (which is grant aided by HBC) reported in July that there have been a couple of directly linked incidents and concern about offensive language on social media.
- b) There is long term concern amongst European nationals about how Brexit will impact upon their status. Although there has been assurances given by the Government these anxieties are unlikely to be resolved until formal arrangements are announced and this may be some time away.
- c) The Police have made it publically clear (including at LSP meetings) that they will react strongly to future incidents if they occur. There have been around 6 incidents up to July although this number now seems to have dropped away.
- d) An initial assessment carried out by Regeneration staff have identified potential future tensions, but many of these are also likely to be influenced by wider economic and housing issues.

The Brexit negotiations are likely to be protracted and have some periods of public dispute between the UK and the European Union. It is appropriate to continue to monitor tensions in conjunction with our partners.

3.4. A welcoming town

Hastings does not have the option (even if it wanted it) to turn it back on Europe or ignore the fact that economic growth depends upon being perceived as a town that welcomes diversity and change. The examples of this are the future of HE provision, the continuing success of foreign language schools and the creation of a cultural led approach to regeneration. I suggest this is something we will want to actively promote as Brexit negotiations develop to make it clear that the town seeks a future “connected” to people and markets elsewhere in Europe or who may wish to invest in or work here from different communities in the UK.

4. Progress on White Rock Area Action Plan

- White Arkitekter, an architectural firm based in Gothenburg, Sweden, with offices in London, has recently been appointed to undertake initial masterplanning work in the White Rock area. The outcome of this will help inform the Area Action Plan (AAP) for the Town Centre and White Rock area, and we anticipate that it will also lead to identification of some early improvement/development projects.
- The Conservation Studio has recently been appointed to carry out appraisals of the two Conservation Areas that lie within the AAP subject area, and this work will identify priorities for maintaining and enhancing heritage assets of particular importance that will also feed into the development of the AAP.

5. The Source and Hastings Pier

- This first quarter saw the official opening of the Hastings Pier which, together with the new Source Park in the converted White Rock Baths, has resulted in increased visitors and renewed vitality to the White Rock area of the seafront.