

SUBJECT:	HIGH PERFORMING SERVICES/TOWARDS FINANCIAL SUSTAINABILITY ANNUAL REPORT
DIRECTORATE:	CHIEF EXECUTIVE'S
REPORT AUTHOR:	ANGELA ANDREWS, CHIEF EXECUTIVE & TOWN CLERK

1. Purpose of Report

- 1.1 To update Performance Scrutiny Committee on progress with the Vision 2020 objective of maintaining 'Professional High Performing Service Delivery' during the year 2018/19, which includes an update on the Towards Financial Sustainability (TFS) programme for the same year.

2. Executive Summary

- 2.1 TFS programme - In the current 2018/19 financial year the council is forecasting to achieve 99.4% of the £3,850,000 target with just £21,950 not yet confirmed.

The High Performing Services (HPS) programme is contains the 14 HPS projects identified in Vision 2020 years 1 and 2, as well as a number of projects highlighted throughout the year as areas of general performance that can be improved. Of the 14 Vision 2020 projects – one is complete, one is amber and the rest are ongoing.

3. Background

- 3.1 Vision 2020, published in January 2017, contains four strategic priorities and underpinning these strategic priorities is a strand of work ensuring that we continue to deliver high performing services - through:

- ✓ Creating a skilled and adaptable workforce
- ✓ Ensuring efficient, high quality services
- ✓ Providing high performing services
- ✓ Delivering the Towards Financial Sustainability programme

The Corporate Management Team sits on the High Performing Services (HPS) Board to consider a holistic view of progress and performance across the organisation.

The key aim of the Board is to develop and deliver innovative programmes of work, which allows the council to protect and invest in the public services our customers rely on. To do this the council will continue to review performance, costs and opportunities for investment in new areas, as well as investment in our staff.

- 3.2 This includes the work of the Towards Financial Sustainability Board which is responsible for ensuring that the council develops savings/income plans which are designed to meet the financial gaps identified within the Medium Term Financial

Strategy (MTFS).

4. TOWARDS FINANCIAL SUSTAINABILITY

4.1 Austerity and the subsequent government spending reviews have meant ever decreasing central funding provision for local authorities. These have mainly impacted the council's General Fund.

4.2 Subsequent to the Autumn Budget Statement and the funding settlement figures released in December 2018, changes in our financial position have meant that a review of the savings target was required and new targets have been approved by Executive 25th February 2019 as:

2018/19 £3.85m pa;
2019/20 £4.65m pa
2020/21 £5.25m pa
2021/22 £5.25m pa
2022/23 £5.25m pa

(Note these are NOT cumulative targets)

4.3 During the year the team has continued to identify and deliver savings and additional income under the three strands:

- Asset Rationalisation
- Commercialisation
- Cost Reduction/Shared Services/Managing Demand

The sections below provide summary information on the progress made under each strand.

4.4 Asset Rationalisation – Target £500k

This strand covers a review of our existing assets as well as a requirement to seek out appropriate opportunities for investment to bring additional new income streams. Any options taken up will be regulated by internal investment guidelines undertaken with appropriate due diligence and risk assessment and are approved individually by Executive.

This year there have been 3 further successful opportunities realised. These are:

- DTZ Stargas contract is now complete, which will achieve savings of around £100k per annum
- Travelodge is now completed and operating well as an investment property and in addition has provided a number of jobs for local people.
- A rent review has increased rents at the two NCP car parks which were purchased in the first phase

In addition to the above the following two asset rationalisation opportunities will be completed in the very near future:

- Acquisition of the Deacon Road retail development site will be completed in March 2019
- The Aldi land sale was approved by Executive on the 29th October 2018 and will be completed by the end of March 2019.

In summary – the 2018/19 the asset rationalisation activity has delivered £520k additional income generated from investment capital of £26m. This is a £20k overachievement on the £500k target set.

The TFS-Programme Team continue to investigate other purchase opportunities. The council is aware that the Government may put forward barriers on local authority property acquisitions and relevant officers have ensured that all purchases will meet any known legal requirements as well as meeting the council's own investment guidelines. As part of this and in light of the recent CIPFA guidance and best practice, a new Investment Strategy is currently being developed.

4.5 Commercialisation: Target £20k

This strand is aimed at developing commercial opportunities from our existing services or assets. Initially the concentration has been on developing advertising income – however in the longer term the council wants to look at other commercial opportunities.

As noted in more detail in section 4.9 initial focus has been on developing new income streams from the bus station. Local advertisers have been approached with a number taking up advertising slots on the main screen and the totem poles.

In addition an initial tender document for sponsorship of the Christmas Market went out in April 18, but yielded no bids. Investigations found that for most of the responses this was just simply a timing issue. A second round of bids then commenced in August 18, but unfortunately also yielded no responses.

The Procurement Manager contacted all firms expressing initial interest, but there was no commonality amongst the reasons for not following the tender bid through. Reasons ranged from thinking it was to manage the event rather than to organise sponsorship – to insufficient staff to take on the size of the task.

The team is now planning extensive communications of the 2018 event, so that a future round of bids would be in a position to show a really positive outcome from the Market and the opportunities it brings.

4.6 Cost Reduction/Shared Services/Managing Demand: Target £150k

This aspect of the TFS programme is considering all kinds of service reviews – from shared service, to contract reviews.

Key options that have been explored and have completed or commenced are:

- Review of the Lincoln BIG VIC for 2019 – commencing March 2019
- Restructure of Financial services – temporarily delayed (see s4.9)

- Set up Council Community Lottery to take over and expand some of the small grant funding. Complete – now achieving c£42k pa for good causes with around £11k pa in a central pot for distribution
- Development of a new website in partnership with the County Council
- Completion of final savings arising from the Birchwood Leisure Centre refurbishment

4.7 In terms of achievement against the £3.85m 2018/19 target – the council is forecasting to achieve 99.4% of the £3,850,000 target with just £21,950 not yet confirmed.

Looking further ahead, the 2019/20 target has risen to £4.65m and a new phase 6 programme has been developed to tackle the gap to target. This is currently under discussions with Portfolio Holders.

4.8 In terms of the projects progressed in 2018/19: 12 of the 18 Phase 5 projects are now completed, 4 projects have a green status and will either be carried forward to Y6 or transferred to service business as usual; 2 of the projects are considered as Amber – i.e. there are some delays but the project will still complete, there are no red projects to report.

Appendix A shows a brief summary of all projects.

4.9 Amber projects:

- 1) **T5-4 Advertisement Income:** Target £20k. The project was to review whether it would be possible to implement a new income stream from advertising (some to be allocated to bus station costs). The aim was to use as many of our existing and new assets as possible to provide sites for advertisements and to actively seek advertisers either ourselves or through a media agency. Initial focus has been on the new bus station screen, which has seen some success. However in addition the team has looked at the possibility of extending advertising on bus stops/roundabouts – this has proved to be resource hungry and less profitable, but work does still continue. Finally the council has signed up to the Council Advertising Network (CAN), which will generate a further small annual income of around £1.2k. So in summary the forecasted additional income from this year is £16k, which is a little short of the £20k target
- 2) **T5-10 Financial Services restructure:** Target £50k. It has been agreed that due to the loss of two senior members of the Financial Services team, this review will be deferred until after the year end budgets are completed. However, it is still anticipated that the target will be achieved.

4.10 **HIGH PERFORMING SERVICES**

The council will do all it can to minimise the effects of the financial challenges it faces on our residents. We will prioritise services that are needed the most and ensure that we deliver effective and efficient services to all.

There are 14 Vision 2020 projects detailed in **Appendix B** which are monitored on a regular basis by the HPS Board. Many of these projects are expected to be long

lasting projects – covering the three year Vision and beyond. The appendix shows more detail plus any budget allocation and spend for each project.

In summary – of the 14 Vision 2020 projects in 2018/19

- There are twelve projects on target to expectations
- There is one completed project
- There is one amber project

The amber project is:

Delivery of a new Communications Strategy – whilst this strategy has been drafted and agreed at officer level, it has not yet been taken through Policy Scrutiny and Executive.

In addition there are a further eight activities in **Appendix B** (part ii) which have been added throughout the year, from various sources such as quarterly performance reports, audits on services, risk registers and opportunities within the Business Development work-plan. These aim to ensure that poor performance or opportunities to improve services are not missed.

In summary – of the eight other activities:

- There are three completed activities
- There are five activities on target to expectations

4.11 **People Strategy**

One of the key projects of focus for 2018/19 was the People Strategy and action plan which has been implemented across the Council. The key purpose of which is to support the delivery of High Performing Services.

The Strategy is divided into three key themes which support the Council's strategic objectives:-

- Deliver professional high performing services and becoming high performing teams
- There is focus on the promotion of health and wellbeing initiatives that supports healthier lifestyles
- Ensuring the highest standards of leadership and management throughout the organisation to support a motivated and engaged workforce.

Performance

The appraisal system has been re-branded to “Your Performance Matters”. This has involved training sessions for appraisers and the development of a toolkit.

Following the re-branding of the appraisal system in 2017 a target of 95% was set for appraisal completion rates. The completion rate for the City of Lincoln Council was 86.02% during 2017 and has seen an increase to 90.2% during 2018.

A quality audit has been carried out by Human Resources which consisted of a dip sample of 20% of all appraisals returned and feedback requested from service managers. This has shaped and informed the refresher training for the 2018/19

appraisals.

Health and Wellbeing

A Health and Wellbeing Strategy and action plan has been developed and implemented to promote healthier lifestyles, provide prevention, intervention and rehabilitation.

A “Your Health Matters” section has been developed on City People which has a variety of tools, self-assessments and podcasts to provide information and support on healthy eating, stopping smoking, physical activity and mental health. A Health and Wellbeing guide has been developed which supports a pro-active approach to employee health and wellbeing and to use as a reference tool. National campaigns are highlighted through various communications. A health and wellbeing group has been formed with representation across the Council, HR and Trade Union Representatives to adopt best practice and to consider and discuss new initiatives. This pro-active approach has seen a reduction in sickness absence recently.

The Council has successfully signed up to and awarded “Mindful Employer” status.

The Sickness Absence and Managing Stress policies have both been reviewed and updated. Training has been delivered to those with line management responsibilities in relation to the updates, the completion of stress risk assessments and an overview of the mental health first aider training.

The Council has signed up to the Global Corporate Challenge again this year which is a 100 day event and beyond focussing on increased activity, improved nutrition, sleep and psychological wellbeing. 196 employees took part last year on a virtual journey with the aim of completing 10,000 steps each day.

A staff recognition scheme and staff awards ceremony is in place to recognise the contribution of staff and ensure that they feel valued.

Leadership and staff engagement

Staff engagement and leadership development activities are being developed to support the delivery of high performing teams. This includes the development of a coaching programme where twenty four members of staff have had the opportunity to take part in a coaching session.

A staff engagement strategy, action plan and staff charter is also in development to support the culture we aspire to.

4.12 In conclusion

Across High Performing Services and Towards Financial Sustainability a lot has been delivered in the past year:

- The Phase 5 TFS programme has been completed and the financial target achieved at 99.4% by February 2019 (S 4.7/8)
- The council has delivered a significant programme of commercial activity to

ensure that it remains financially stable. This has been rewarded by having been shortlisted in the LGC awards 2019 for Entrepreneurial Council of the year (S 4.4/5)

- Significant levels of staff welfare support have been introduced over the last year, which has shown results through the decreasing sickness levels in 2018/19 – (S4.11)
- The council has proposed a new and innovative Phase 6 TFS programme for delivering income and savings for the next MTF5, as well as a programme for improving our performance and thus services delivered to our customers.

However – there is still more to tackle in the coming year:

- There remains a £700k financial target to achieve either through savings or new income streams (We need to deliver the Phase 6 programme)
- As part of the Phase 6 TFS plan – the council will drive towards a “One Council” approach, which whilst achieving some de-duplication savings more importantly will place the council in the best position to tackle challenges and maintain key services in the future
- The HPS Board will continue to focus the skills of the Business Development Team to those Vision 2020 and TFS projects needing support
- Focus will also be on equipping staff with the right skills and tools to deliver success, and the physical and mental resilience to work through change

5. Strategic Priorities

5.1 Let's drive economic growth; Let's reduce inequality; Let's deliver quality housing; Let's enhance our remarkable place:

There could be positive effects on all priorities.

5.2 High performing services

As the aim of the work done through HPS/TFS is all towards maintaining financial sustainability and improving performance, there could be positive effects on any Vision 2020 priorities, projects or services impacted.

6. Organisational Impacts

- 6.1 Finance (including whole life costs where applicable) – All financial aspects will be detailed within each project plan or activity undertaken
- 6.2 Legal Implications including Procurement Rules - Any legal implications will be detailed within each project plan or activity undertaken
- 6.3 Equality, Diversity & Human Rights (including the outcome of the EA attached, if

required) – All E&D aspects will be detailed as either an Equality Analysis or comment within each project plan or activity undertaken

6.4 Human Resources - there are no direct implications.

6.5 Land, Property and Accommodation - there are no direct implications.

6.6 Significant Community Impact - there are no direct implications.

6.7 Corporate Health and Safety implications - there are no direct implications.

7. Risk Implications

7.1 (i) Options Explored – N/A

7.2 (ii) Key risks associated with the preferred approach – N/A

8. Recommendation

8.1 Performance Scrutiny Committee is asked to review and comment on the content of the report

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Two

Appendix A – Summary of the TFS phase 5 results
Appendix B – Summary of the HPS 18/19 results

List of Background Papers:

None

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