

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

10 September 2009

AUTHOR/S: Chief Executive

INTEGRATED BUSINESS MONITORING REPORT FIRST QUARTER (APRIL 2009 TO JUNE 2009)

Purpose

1. To enable Cabinet to consider the performance of 2009/10 measures as set out in the 2009/10 Corporate Plan.

Quarterly reporting 2009/10

2. Integrated (i.e. Finance and Performance) quarterly reports will continue to be made to Cabinet in 2009/10.
3. The 2009/10 Corporate Plan has 74 measures that can be monitored, which is more than the 54 measures in 2008/09. Council Actions are included in the Corporate Plan and will therefore be reported on in this report.
4. In light of the previous years' underspendings the methodology for selecting the areas to be individually reported has been reviewed. The individual budgets identified in **Appendix 1** have been selected on the basis of either the size of the budget, the risk associated with that budget, or on the basis of previous over/under spending.

Financial Position – April to July 2009 and Projected Outturn

Financial Position – Executive Summary

5. The Finance and Staffing Portfolio Holder receives a monthly position statement on the General Fund, Housing Revenue Account (HRA) and Capital Expenditure.
6. The information in this report indicates the following projected (under)/overspends as compared to the working estimates. These are the original estimates as approved by Council on 26 February 2009 adjusted for approved virements and additions to cash limits as approved by Council.

Area of Expenditure	July's Projected Outturn		June's Projected Outturn	
	£	%	£	%
General Fund	669,100	4.36	311,100	2.03
Housing Revenue Account (HRA)	(28,000)	(0.12)	(14,600)	(0.06)
Capital	(20,300)	(0.19)	(4,500)	(0.04)

7. The large change from the previously reported figure is mostly due to the fact that the previously reported position assumed that the balance of the Housing & Planning Delivery Grant at 31 March 2009 could be used to offset the Development Control shortfall. However, this has been earmarked to fund posts in 2009/10 in later years.

Performance – Executive Summary

8. At this very early point in the performance year, officers are predicting a very successful year. Only 1 (1%) of the Corporate Plan measures year-end targets are predicted to fail to be achieved but even this is subject to a caveat that it is too early to provide a reliable estimate.

Considerations

Financial Position - Considerations

9. A summary position statement is provided at **Appendix 1**.
10. Highlighted below are the significant items.

Revenue

General Fund

- a. An analysis of the under/over spends for Salary related costs, as compared to the working estimates indicates a net underspend of £66,500 an increased underspend of £56,800 from the June's reported underspend. This is mainly due to anticipated virements being identified to offset overspending areas;
- b. **Land Charges** income is greater than expected and this is predicted £36,000 more than the estimate;
- c. **Development Control Expenditure** is predicted to overspend by £40,000 because of £20,000 additional expenditure on the Wadlow Wind Farm appeal and £20,000 on judicial review costs;
- d. **Development Control income** is lower than estimated owing to the slow down in the housing market and consequential effect on income. The current shortfall equates to a predicted overspend of £400,000. This projection assumes that the current downturn in income will continue for the rest of this financial year. When setting the budget back in January 2009, the assumption then was that income would return to normal levels in the second half of 2009/10 - this now seems unlikely. It has also been assumed that there will be no income this year from pre-application fees, which was estimated to be £20,500.

There is expected to be a balance on the Housing & Planning Delivery Grant Reserve of £152,000 at the end of March 2010 and this could be used to partly offset the above projected overspend. However, this has been earmarked to fund current established posts in Planning and other services. If these funds are used to offset the loss of income then other savings would need to be found in later years or met from reserves such that the underlying balance on the General Fund assumed in the Medium Term Financial Strategy of £2.5 million at the end of March 2014 would have to be reduced. The minimum balance on the General Fund was increased temporarily from £1.5 million to £2.5 million specifically to take account of the uncertainties caused by the economic downturn;

- e. **Building Control** fee income is less than estimated. The current shortfall equates to a predicted overspend of £170,000. However, this will be offset at the end of the financial year by a transfer from reserves;

f. **Concessionary Fares**

2008/09

The County Council has not yet submitted final invoices for the cost of reimbursing bus operators for 2008/09. Anticipated outturn figures reported previously were based on information provided by the County Council in April at which time invoices for the last two periods of the financial year were still awaited from operators. The County Council provided updated figures at the end of June based on final invoices from all operators, which show the final cost of reimbursement is now expected to be £451,201, £22,700 higher than the previously reported figure thus leading to an overspend in 2009/10.

2009/10

A major operator has increased fares for 2009/10 by between 8% and 10% and this will increase the cost of reimbursement for 2009/10. The budget for 2009/10 was set at £588,000 in comparison to £433,000 in 2008/09 to allow for increased passenger journeys resulting from the new park and ride at Milton and the introduction of the guided bus way, plus other potential variations such as fare increases. It is considered to be too early in the year to predict whether this fare increase will result in an overspend of the current budget, but the position will continue to be monitored;

- g. We are expecting to receive £91,900 **Local Authority Business Growth Incentive** grant which has been assumed to offset current planned expenditure and thus will be a corresponding underspend;
- h. Work is on going within services to identify where the **Savings Target** of £325,000 can be made. To date £215,600 of savings has been identified. Further work is being undertaken to identify savings to make up the balance of £109,400. An updated position will form a separate report at a future Finance & Staffing Portfolio Holder meeting;
- i. **Interest on Balances** has an expected shortfall of £300,000 of which £11,500 will be a reduction in interest attributable to the HRA balances. This is due to the rates being lower than those predicted when the budget was set;

Housing Revenue Account (HRA)

- j. The **Building Maintenance Contractor** is predicted to have a surplus of £2,400 due to the fact that they have won additional work than that budgeted for, offset by additional expenditure;
- k. **Supported Housing** is underspent by £50,000 due to vacancies but part of this will be recharged to the General Fund, thus giving a net underspend of £35,000;
- l. **Outdoor Maintenance** is expected to underspend by £50,000 due to a reduction in the number of grass cuts and only doing essential other works. Part of this is attributable to the General Fund leaving a net underspend of £25,000;

Capital

- m. **Acquisition of Existing Dwellings** is lower than expected and is predicted to be £100,000 less than planned;

- n. There has been no **Right to Buy Sales** so far this year. It has been assumed that this will mean a shortfall of £800,000 capital receipts this year but a net £200,000 overspend once the reduced **transfer to the DCLG** is taken into account: and
- o. The HRA Capital Programme allowed for £115,000 of unidentified expenditure. In light of the potential shortfall above, this amount has been used to offset the above.

Performance Management – Corporate Plan 2009/10 Considerations

11. At this very early point in the year, performance of the 74 Corporate Plan 2009/10 measures is as follows:

1 ST Quarter Performance (As at June 30 th 2009)			End-Of-Year Estimate Performance		
RAG	Number	%	RAG	Number	%
Green	59	80 %	Green	63	85 %
Amber	13	17 %	Amber	10	14 %
Red	2	3 %	Red	1	1 %
Grey	-	-	Grey	-	-
Total	74	100 %	Total	74	100 %

12. Traffic lights (i.e. Red, Amber, Green, which are known as RAGs) are used to identify the performance for each measure (**Appendix 2** refers). The definition of each traffic light colour is:

Green	G	Target achieved or exceeded
Amber	A	Target not achieved but not missed by a significant amount.
Red	R	Target not achieved and is being missed by a significant amount

Note: Grey is used to identify a measure for which data is not yet available.

13. During the annual service planning process, officers, with the appropriate Portfolio Holder, set targets for each measure. With the implementation of CorVu there is now a need to identify the level of performance, which will trigger a RED traffic light i.e. a significant difference. For 2009/10 it was not possible to fully include the PFHs in this particular part of the process. It will be important for the PFH to be included in this part of the target setting process for the 2010/11 Service Plans.
14. Of the 74 measures, 20 are yearly National Indicators (NIs) measures. This makes reporting through the year problematical as the actual and end-of-year estimate figures are the March 2009 figures. However the comment box has been used by officers to provide an update. If this is not found to be suitable then it will be necessary to make such measures quarterly, which would facilitate a more robust means of monitoring performance. An alternative method would be to create new sub-measures to monitor the activity that is taking place to achieve the overall targets.
15. After the first 3-months, 2 measures (3%) are shown as being Red and another 13 on Amber. The two measures on red, after 3-months, are:
- NI181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events
 - NI123 - 16+ current smoking rate prevalence (i.e. number giving up smoking)

15. However officers are looking to improve on this performance and their end-of-year estimates only show 1 on Red and a further 10 on Amber. The only measure on red for the year-end is:
- NI123 - 16+ current smoking rate prevalence (i.e. number giving up smoking)
16. A short commentary will now be made on the measures, which at this early stage give rise to some concern i.e. not every Amber measure will be commented on as it is felt that the position has time to improve. It is important to note that it is very early in the annual process and that the 2nd quarter will provide a much clearer picture. The 5 Aims, as set out in the Corporate Plan 2009/10, are used as sub-headings.

Aim A - We are committed to being a listening council, providing first class services accessible to all.

- NI157a - Processing of planning applications as measured against targets for 'major types. (Monthly)

Current Target	= 71%	Current Performance = 61% (AMBER)
End of Year Target	= 71%	End-of-Year Estimate = 61% (AMBER)

17. This measure is on AMBER after 3-months, which is due to only one major application being determined in June and the timescale was not achieved. This single application adversely affects the end of year performance, which is reflected in the current end-of-year estimate, which is shown as AMBER. However at this early stage in the year it is not possible to give a reliable end-of-year estimate.

- NI181 - Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (Monthly)

Current Target	= 13 days	Current Performance = 19 days (RED)
End of Year Target	= 13 days	End-of-Year Estimate =13 days (GREEN)

18. This measure is on RED after 3-months, which is due to the current economic recession. The recession is resulting in increasing numbers of claims for all types of benefit, as the number of people unemployed or on reduced income has increased. However, following the employment of an agency worker and other remedial actions the performance as at 31 July is 12 days. There will be continuing pressure on the team but there remains sufficient time for remedial actions to take effect and to meet annual targets. However this measure will be kept under close review by SMT.

Aim B - We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family.

- NI123 - 16+ current smoking rate prevalence (i.e. number giving up smoking) (Yearly)

08/09 County Target	= 3,496	08/09 County Actual = 3,049 (RED)
09/10 County Target	= 654	00/10 County Estimate = Unknown (RED)

19. This is an annual countywide measure and the results above are the Cambridgeshire countywide figures as at March 2009. However the SCDC 08/09 figures have been identified, which were 462 quitting smoking against a target of 502, which mirrors the county position. A new complication is that the definition has been amended by the

government and therefore the year on year figures will not be comparable. SCDC agreed actions are being implemented to try to improve the 09/10 position e.g. leaflets sent out with benefits letters etc.

Aim C – We are committed to making South Cambridgeshire a place in which residents can feel proud to live.

- ACTION 13 - Set up a forum of parish councils, housing associations and others by September 2009 to examine the workings of our exception sites policy in light of recent experience and current market conditions. (Quarterly).

Target = September 2009 Estimate = Autumn (AMBER)

20. This Council Action will be implemented but with a slight delay and is therefore shown as being on AMBER. Meetings have taken place with the Portfolio Holder and senior managers to develop the way forward and it is anticipated that this action will be successfully implemented in the autumn.
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- NI155 - Number of affordable homes delivered (gross) (Quarterly)

Current Target	= 129	Current Actual	= 78 (RED)
End of Year Target	= 296	End-of-Year Estimate	=296 (GREEN)

21. The 1st quarter target was not met, which has resulted in a RED performance. However there is reason to believe the end of year target will be achieved but the 2nd quarter position will facilitate a more informed judgement. However this measure will be kept under close review by SMT.
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- ACTION 22 - Introduce our own Best Kept Village Competition by December 2009 (Quarterly)

Target = December 2009 End-of-Year Estimate = Unsure (AMBER)

22. This Council Action is shown as being on AMBER as it is possible that the December target date will not be achieved. Exploratory investigations and discussions have taken place to identify the most appropriate way forward. Assuming an appropriate competition is identified, there may be a delay in implementation, which would affect the December 2009 timescale.
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Aim D - We are committed to assisting provision of local jobs for you and your family

23. There are currently two measures on AMBER but there are no issues of concern, worthy of note at this very early stage.
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Aim E - We are committed to providing a voice for rural life

24. All measures are on GREEN.

Performance Management – Other Considerations

25. SMT has requested a monthly report on measures that are causing concern. This will ensure a more rigorous monitoring of those areas, which should help to focus available resources on improving those areas.

26. Using CorVu, there is now much more transparency with performance information and the Performance Improvement Officer is available to provide one-to-one tuition on the use of the Portal to each Portfolio Holder.
27. The Scrutiny and Overview Committee will be viewing a hard copy report from the Portal at its meeting on the 3 September, when it interviews the Planning Portfolio Holder.
28. Members do not currently have access to the Portal from home but it is expected that this will be rectified by the end of September. Cllr Wotherspoon has been asked to test remotely accessing Corvu over the secure system. Once this testing has been successfully completed then further introductory CorVu sessions will be arranged for Members, including the one-to-one sessions.

Implications

29. The Council needs to ensure that it spends within its budgets, because of the impact on the level of balances and the implication for the Medium Term Financial Strategy.

30. Financial	As detailed in the report.
Legal	None.
Staffing	No immediate impact.
Risk Management	As Above.
Equal Opportunities	None.

Consultations

31. None.

Effect on Strategic Aims

32.	Commitment to being a listening council, providing first class services accessible to all.
	The effect of any under or overspending on the achievement of corporate aims, service priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	See above
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	See above
	Commitment to assisting provision for local jobs for all.
	See above
	Commitment to providing a voice for rural life.
	See above

Conclusions/Summary

33. The forecast overspend on the General Fund as compared to the working estimates is a net overspend of £839,100. Using the balance on the Building Control Reserve will reduce this by £170,000 to give a net overspend of £669,100. This net overspend amounts to 4.36% of Net District Council Expenditure for the financial year ending 2009/10.
34. The HRA predicted underspend of £28,000 equates to 0.12% of gross expenditure.

35. Capital has a predicted underspend of £20,300, which is 0.19% of gross expenditure.
36. CorVu is now in use and will increasingly becoming the single source of performance management information. This improved transparency will enable the authority to look much closer at its performance management processes with a view to targeting those performance areas that require closest attention.

Recommendations

37. Cabinet is requested to
 - a) Note the projected expenditure position.
 - b) Use the CorVu performance system to enable them to more closely monitor performance issues across the authority.

Background Papers: the following background papers and technology were used in the preparation of this report:

Original Estimates 2009/10,
Financial Management System Reports.
CorVu

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