

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Finance and Staffing Portfolio Holder Meeting	16 December 2009
	Policy and Performance Portfolio Holder Meeting	14 January 2010
AUTHOR/S:	Executive Director - Corporate Services & Corporate Manager - Community & Customer Services	

INTEGRATED BUSINESS MONITORING REPORT FIRST 6 MONTHS (APRIL 2009 TO SEPTEMBER 2009)

Purpose

1. To enable the Portfolio Holders to consider the current financial position (General Fund, HRA and Capital Expenditure) in the integrated format with the current performance of the measures from the 2009/10 Corporate Plan.

Quarterly Integrated reporting 2009/10

2. The report has been prepared in the knowledge that Members have access to CorVu and can view the relevant performance information. For this reason there is no hard copy CorVu Performance Report appendix to this report. However the report does provide a short commentary on those measures, which are causing some concern.
3. In light of the previous years' underspendings the methodology for selecting the financial 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.

Executive Summary

Financial Position – April to July 2009 and Projected Outturn

4. 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.

Area of Expenditure	September's Projected Outturn		August's Projected Outturn	
	£	%	£	%
General Fund	476,900	3.08	635,600	4.11
Housing Revenue Account (HRA)	(17,300)	(0.07)	(22,100)	(0.10)
Capital	(49,400)	(0.47)	(38,418)	(0.37)

Performance

5. Officers are predicting that 86 (i.e. 87 %) of the end of year targets, for the 99 measures in the Corporate Plan 2009/10, will be achieved.
6. 1 measure is projected to be on RED at the year-end and therefore miss its end of year target by a significant amount. That AIM C measure is:

- NI155 - Number of affordable homes delivered (gross)

Considerations

Financial Position

7. A summary position statement is provided at **Appendix 1**.

8. Highlighted below are the significant items.

9. 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 £9,400 a reduction of £18,900 from that reported in August;
- b. Additional expenditure of £10,000 has been incurred on buying a site-wide licence for the corporate time-recording system. This system is being reviewed to see if a cheaper solution can be found;
- c. **Land Charges** income is greater than expected and this is predicted to be £36,000 more than the estimate;
- d. **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;
- e. **Development Control income** is lower than estimated owing to the slow down in the housing market and the consequential effect on income. The current shortfall equates to a predicted overspend of £375,000.

This projection assumes some upturn towards the end of the financial year but not as great as that assumed when the estimates were set back in January 2009. It has also been assumed that there will be £5,000 income this year from pre-application fees due to come in to effect on 1st October compared to an estimate of £20,500. The projected overspend has reduced from that reported in August due to large development fees received in September being factored in.

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 in later years.

- f. **Building Control** fee income is less than estimated. The current shortfall equates to a predicted overspend of £160,000. However, this will be offset at the end of the financial year by a transfer from reserves. There may be an increased cost to the General Fund if staff time is reallocated from chargeable to non-chargeable work but this is currently being analysed;

g. **Concessionary Fares**

2008/09

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;

- h. We have received £91,900 **Local Authority Business Growth Incentive** grant which has been assumed to offset current planned expenditure and thus will be a corresponding underspend;
- i. Savings of £481,000 have been identified which exceeds the **Savings Target** of £325,000, as reported previously to SMT. This additional saving of £156,000 has now been incorporated into this position statement;
- j. **Interest on Balances** has an expected shortfall of £350,000 of which £13,500 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)

- k. **Supported Housing** is predicted to underspend by £30,000 due to vacancies;
- l. **Outdoor Maintenance** is expected to underspend by £20,000 due to a reduction in the number of grass cuts and only doing essential other works;

Capital

- m. **Acquisition of Existing Dwellings** is lower than expected and is predicted to be £100,000 less than planned;
- n. There has been one **Right to Buy Sales** so far this year. It has been assumed that this will mean a shortfall of £750,000 capital receipts this year but a net £190,000 overspend once the reduced **pooling payment to the Government** 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

10. The performance of the 99 Corporate Plan 2009/10 measures is as follows:

6-month Performance (As at September 30 th 2009)			2009/10 Projected Performance (as at March 31 st 2010)		
RAG	Number	%	RAG	Number	%
Green	79	80 %	Green	86	87 %
Amber	15	15 %	Amber	10	10 %
Red	5	5 %	Red	3	3 %
Measures updated	99	100 %	Updated	99	100 %
Grey	0	0 %	Grey	0	0 %
Total Measures	99	100 %	Total	99	100 %

Note: Grey RAG– Would indicate that CorVu had not been updated in time for this report.

11. Of the 99 measures, 79 (80 %) are currently on target and 5 (5 %) are on RED.
12. However officers are indicating that performance will have improved by the year-end and that 86 (87 %) will achieve their end of year target. At first sight there are three measures, which will be on RED at the year-end, but this can be reduced to 1, which is explained below.

Current Performance Position

13. At the 6-month point there are 6 measures, which are shown to be on RED, which are:

Aim A – Listening Council

1. Action 04 - Work with voluntary groups to provide information and advice at events in 20 villages a year by 2010.

Aim B – Safe and Healthy Place

2. NI123 -16+ current smoking rate prevalence

AIM C – Proud to Live

3. NI195b - Improved street and environmental cleanliness - levels of detritus
4. NI188 - Adapting to climate change

AIM D – Local Jobs

5. SP903 - Historic buildings at risk taken off the register as a % of all buildings at risk

14. However this paints an unsafe 2009/10 performance picture because of the nature of some of the 6 measures, which is as follows:

- NI123 & NI188 – These are yearly measures and so the most recent ‘current’ performance in CorVu is as at March 31st 2009. Yearly measures are therefore not appropriate for inclusion in future Corporate Plans. It would be more appropriate to use proxy measures (i.e. sub-measures that will help to improve the performance of the yearly measure). Such proxy measures would be capable of being monitored monthly or quarterly.

15. Therefore in reality there are only 3 measures that are currently on RED and those measures are:

- Action 04 - Work with voluntary groups to provide information and advice at events in 20 villages a year by 2010.

3 village events were attended in Q2, which was less than the original plan. However 11 events are planned for Q3 (in 7 different villages) and a final 6 events will take place in the final quarter, thus achieving the target.

- NI195b - Improved street and environmental cleanliness - levels of detritus

This is correctly stated to be currently RED, as it is behind schedule at the 6-month point. Officers are however projecting that the year-end position will be GREEN and therefore on target.

- SP903 - Historic buildings at risk taken off the register as a % of all buildings at risk

This is correctly stated to be RED, as it is behind schedule at the 6-month point. Officers are however projecting that the year-end position will be GREEN and therefore on target.

End-of-Year Projected Performance Position

16. Three measures are projected to be RED at the year-end and these are:
 - a. NI123 - CC - 16+ current smoking rate prevalence
 - b. NI155 - Number of affordable homes delivered (gross)
 - c. NI188 - SCDC- Adapting to climate change - South Cambs
17. However, as explained in paragraph 14, NI123 and NI188 are not true RED RAGs. Thus NI155, which is an AIM C measure, is the only measure that is causing concern for the year-end.

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

- NI155 - Number of affordable homes delivered (gross)

End of Year Target = 296. End of Year Estimate = 262 (RED)

18. This important measure is on AMBER at the 6-month point but is projected to slip to RED by the year-end because there is a possibility that two schemes (i.e. 34 units at Willingham and Impington) may slip into 2010/11. However it is not yet possible to be certain and officers will continue to monitor the situation.

Performance Management – Other Considerations

19. All Members are now able to remotely access CorVu from home. Portfolio Holders are using CorVu to obtain performance information and are increasingly requiring officers to produce CorVu performance reports, which can be used at performance review meetings.

Implications

20. 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.

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

Consultations

22. None.

Effect on Strategic Aims

23.	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

24. The forecast outturn on the General Fund as compared to the working estimates adjusted for approved virements and cash limit increase is a net overspend of £636,900. Using the balance on the Building Control Reserve will reduce this by £160,000 to give a net overspend of £476,900. This net overspend amounts to 3.08% of Net District Council Expenditure for the financial year ending 2009/10.
25. The HRA predicted underspend of £17,300 equates to 0.07% of gross expenditure.
26. Capital has a predicted underspend of £49,400, which is 0.47% of gross expenditure.
27. Performance, against the 99 measures in the Corporate Plan 2009/10, is predicted to result in 87 % being achieved, Only 1 measure is forecast to fail to achieve its target and to be on RED but there is still time for this to change.
28. CorVu is now established and will increasingly becoming the single source of performance management information. Portfolio holders are using CorVu to view their data and are requiring officers to produce CorVu reports at performance review meetings.

Recommendations

29. The Portfolio Holders are recommended to
- Note the projected expenditure position.
 - Note that the 6-month performance position provides a positive picture but that SMT will be keeping a close eye on measures of concern on a monthly basis.
 - Encourage all Cabinet members to use the CorVu performance management system to more closely monitor performance, without waiting for hard copy reports from officers.

- d. Require officers to produce CorVu reports for use at PFH performance review meetings.

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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