

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**REPORT TO:** Leader and Cabinet

12 February 2009

**AUTHOR/S:** Chief Executive / Corporate Managers for Community & Customer Services and Finance & Support Services

### 3<sup>RD</sup> QUARTER INTEGRATED BUSINESS MONITORING REPORT FOR APRIL 2008 TO DECEMBER 2008

#### Purpose

1. To provide Cabinet with the 2008/09 3<sup>rd</sup> quarter monitoring report for budgets and the Corporate Plan performance measures.

#### Executive Summary

2. This integrated report brings together three key performance management elements of:
  - Finance (**Appendix 1 and 2**)
  - Corporate Plan Performance (**Appendix 3**)
  - The national 2007/08 comparative Best Value (BV) indicator results (**Appendix 4**).
3. Work is continuing to identify areas where finance and performance can become more integrated e.g. introducing unit costs etc.

#### Financial Performance

4. The last report to Cabinet on 13 November 2008 provided a position report to September that was also updated to October on that agenda.
5. A report on the November's position was reported to the Finance Portfolio Holder and this report updates that report. A January position report will be tabled at the Cabinet meeting on 12 February. Below is a summary of December's projections and for comparative purposes the corresponding November's projections.

Funding Area	December's Projected Outturn		November's Projected Outturn
	£	%	£
General Fund	(480,800)	(3.35)	(70,900)
Housing Revenue Account (HRA)	(243,600)	(1.12)	(32,400)
Capital	(1,053,400)	(16.52)	(455,200)

6. There are significant changes from the previous month's report. The main items are: -

#### General Fund

- Planning Policy (£209,900);
- Council Tax Benefits (£103,800); and
- Departmental/Overhead Recharges (£132,500).

#### HRA

- Housing Repairs £165,000;

- General Administration £86,500;
- Housing Futures (£246,100): and
- Departmental/Overhead Recharges £246,400.

### **Capital**

- Housing Repairs Capital £389,000;
- Acquisition of Existing Dwelling (£1,000,000);
- Equity Share & Other Sales £348,400: and
- Departmental/Overhead Recharges (£184,850).

### Corporate Plan Performance

7. Officers have estimated that the end of year performance is either on target (57%) or the measures could still be achieved by the year-end or slightly miss the target (26%), which in those cases is considered acceptable.
8. Targets for nine measures (17%) are unlikely to be achieved.

### Other performance Management Matters

9. The launch of the CorVu Performance Management Portal is on target for April 2009.
10. When comparing the 2007/08 Best Value PI (BVPI) national results, the authority was above the District Council average, with 52% above the mid point.
11. South Cambs own year-on-year BVPI performance showed a 65% improvement from 06/07 to 07/08.

### **Financial Position**

#### **Background**

12. In light of the previous year's underspending 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.
13. During the first eight months of the financial year the budgets are those approved by Council in the previous February plus any approved additions, mainly rollovers. In November/December managers have the opportunity to revise their budgets, which are then compiled into the revised estimates.
14. This position statement is reporting on the variance between these revised budgets to be approved by Council and the working budgets i.e. the original estimates plus approved additions. Disappointingly there are large variations from the previous report. Some of this is due to the fact that Recharges and Benefit Holding accounts are only recalculated when the revised budgets are set. Notwithstanding this, further work needs to be done in order to make the reporting of variances more robust.

#### **Considerations**

15. A summary position statement is provided at **Appendix 1** and a more detailed breakdown of the Departmental Salary underspends is provided at **Appendix 2**.
16. Highlighted below are the significant items.

## General Fund Revenue

- a. The under/over spends for Departmental & Overhead Accounts, as compared to the revised estimates as reported to Cabinet on 11<sup>th</sup> December, is a net underspend of £128,750, which is available to offset spending pressures in other areas or for re-investment as indicated in that Cabinet report;
- b. **Land charges income** is currently £48,300 less than the profiled budget and if this continues for the rest of the year there will be a shortfall on the direct costs of the overall service of £66,900;
- c. **The Housing Futures recharge** from the HRA is now expected to be £246,100 more than the original estimate. The original figure was an indicative figure from the lead consultant for Phase 1 of this project which has now been revised in light of actual costs and a detailed assessment based on guidance from the DCLG;
- d. **Net HRA Recharges** are expected to be less than originally estimated mainly because of the contribution from the General Fund to supported housing not having to be as much as originally estimated owing to the predicted underspend on that service and revisions of time allocations;
- e. **Development Control** has incurred significant expenditure in respect of the appeals re Arbury Park & West Wickham. Employment of consultants to give advice on current applications, because of vacancies in the Development Control Section, has also increased expenditure. It is estimated that this will lead to a projected overspend of £120,400;
- f. **Development Control income** is lower than estimated owing to the slow down in the housing market and consequential effect on major developments. The current shortfall equates to a predicted overspend of £297,700;
- g. **Concessionary Fares** is estimated to underspend by £252,200 on receipt of data from the bus operators and county council, after making adjustments for the future transfer of Cowley Road Park & Ride Site into our boundary. This which may change during the last few months of the year;
- h. **Planning policy** is predicted to underspend by £229,900 partly due to the £124,000 rollover not now being required. This underspend is due to numerous external factors outside the control of the Council which include;
  - The Planning Inspectorate revising its examination processes;
  - The examination inspectors programming items over a longer time period;
  - Inspectors asking for additional work which has lead to adjournment and hence delays;
  - Delays in the adoption of the East of England Plan; and
  - Responding to changes in the Planning Act 2008;
- i. **Council Tax Benefits and Rent Allowances/Rebates** are £103,800 less than the original estimate because of an estimated increase in government grant;
- j. **The Efficiency target** for 2008/09 was £369,000. When the original budgets were set, £153,100 of savings were identified and taken out of those budgets bringing the target down to £215,900. Since that date further savings have been identified, which will be taken out of budget headings and have been reflected in this report. This leaves a current shortfall of £100,000. A progress report goes to

SMT every month and work is on-going to identify further savings to meet this shortfall;

- k. **Interest on balances** is predicted to be £180,000 greater than the estimate. This is because of increased working balances and delays in assumed rate cuts, which meant that investments achieved higher rates than those originally assumed. Base rate cuts have also not necessarily translated into reduced market rates because of the banking sector's liquidity problems;
- l. In formulating the revised estimates staff have the opportunity to change how they allocate their time to service departments. This has resulted in a switch from the General Fund and Capital Accounts to the Housing Revenue Account. There are two main reasons for this, because the Housing Futures project continues for the rest of the financial year and because of the decline in sales and repurchase of properties staff have obviously not spent as much time in these activities;

#### Housing Revenue Account (HRA)

- m. Due to additional demand for revenue repairs this budget has been increased by £165,000 to compensate for this. This has been possible because of the additional income available as detailed below in paragraphs (q) and (t);
- n. **The Building Maintenance Contractor (DLO)** is predicted to overspend by £31,200 due to costs increasing at a rate higher than that can be recovered by the annual indexing of charges;
- o. **Supported Housing** is underspent by a net £51,700 because of additional income in respect of service charges part of which has been used to fund additional repairs;
- p. **General Administration** has increased by £86,500 following the recent consultancy report on IT which recommended investment in the integration of various systems used by the Council and particularly the Housing Services;
- q. **The transfer payment to Government** is now almost £300,000 less than originally estimated because the methodology to be used by DCLG was not known at the time the original estimates were produced;
- r. **Rent income** is greater than originally planned due to a reduction in the void turnaround time;

#### **Capital**

- s. The main reason for the **Housing Repairs** increased expenditure is the addition of further properties to the Improvement to Non Traditional Houses so that all the properties in Fulbourn can be completed;
- t. **The acquisition of existing dwellings** is now expected to be £1,000,000 less than the original £3,000,000 estimate. The re-purchase of these properties is demand led and is difficult to estimate however, to date only £1.3m has been spent, as previously reported to the Housing Portfolio Holder, so prudently this budget has been reduced;
- u. **The ICT Development Programme** for HR/Payroll, Land Charges and the Contact Centre, in total £236,000, has slipped into 2009/10 because of resources not being available to progress the original programme and delays

with suppliers. These are projected to be required in 2009/10 and will be subject to a rollover request. Additionally, there is £60,000 for the development of the GIS system, which is funded by grant from Cambridge Horizon. These together with £15,000 of procurement savings give a net underspend of £191,000;

- v. There have been only three Right To Buy sales so far this year, which could be attributable to the economic climate. It is estimated the net receipts from **Right To Buy Sales** will be £1.4m less than the original budget. Similarly **Equity Share & Other Sales** are estimated to be approximately £350k lower than the original estimate. However, owing to the national pooling arrangements this is offset by a reduction in the amount payable to Central Government of £1.2m giving a combined approximate shortfall of £550,000;
- w. To date there have been **receipts for sale of assets**, totalling £386,100, which were not budgeted for. This is mainly in respect of a commercial property, which was originally expected to be sold to a Housing Association for a nominal amount, but owing to a lack of interest was sold on the open market resulting in a higher receipt.

### Corporate Plan Performance

- 17. **Appendix 3**, a CorVu performance report, provides a picture of estimated end-of-year performance. A summary of the Performance identified in the appendix reveals the following.

**Performance Summary (Appendix 3)**

Traffic Light Colour	Number	% of total	Number	% of total
	2 <sup>nd</sup> Quarter Position		3 <sup>rd</sup> Quarter position	
Green	34	63 %	31	57 %
Amber	19	35 %	14	26 %
Red	1	2 %	9	17 %
Totals	54		54	

- 18. There has been a fall in the estimated end-of-year performance position in that 83% of measures are projected to be achieved as against 98% after the second quarter.
- 19. 9 measures (17 %) are likely to fail to achieve their target. These nine can be categorised as follows:

Number of Measures	Classification	% of total measures
5	Developer Issues	9 %
2	Equalities	4 %
1	Service First	2 %
1	Street Cleanliness	2 %

- 20. The remainder of this section will largely focus on the measures that are Red. This is because the report also covers other significant Performance Management issues e.g. CorVu and the 2007/08 Best Value results.
- 21. The five developer issues are largely out of our control as they rely on the Developer putting in the amended Northstowe application. However it is believed that everything

that can be done is being done in readiness to receive the amended application. Efforts are also being made to influence the developer.

22. Two equality measures will not achieve their target date, which is largely due to the period when Equality Officer post was vacant.
23. The Service First team has amended one of their measures, which has resulted in it not being completed in 2008/09. A factor in this decision was the Customer Service Officer vacancy, as the previous post holder left the authority. A replacement is due in post in February 2009.
24. One of five street cleanliness measures is on Red. These measures are subject to three surveys in the year and following the results of the first two surveys it will now be possible to achieve one target for one of the five measures, whatever the result in the third survey.

**Corporate Objective 1 - Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future.**

Priority 1 – Delivering and managing Growth (**Appendix 3**)

25. Five measures are on target (Green) and one measure is at Amber. The remaining three measures are unlikely to achieve their end of year targets and are RED.
  - **Receive the revised Northstowe planning submission from Gallaghers and partners by January 2009**
26. The application was received later than expected and officers are currently aiming to receive the amended plans for the Northstowe application in April 2009 but this could slip to June. The Northstowe Board has discussed this matter but were unable to influence the situation due to issues of market and the global credit situation. In addition there was a high level meeting (W/B 5th Jan) to discuss the possibility of HCA taking over Gallaghers interests in Northstowe. As yet we have no details of the outcome but this may impact on the timetable.
27. The promoters did send in some initial informal information regarding the possible amendments in late September 2008. A formal initial response was submitted to the promoters in December, providing the promoters with an idea of what the initial thoughts of officers are. If the application formal amendments are submitted in June 2009 we will still be working to a target decision date in late 2009 or early 2010. However it has to be noted that until the amendments are received it is difficult to confirm things further. Further delays will clearly impact on decision dates, as there is a statutory process to be followed.
  - **Complete the Business Plan for the Northstowe Development Trust by February 2009**
28. The development of Northstowe has slipped due to the economic downturn. It is highly unlikely that the Northstowe Business Plan will be completed until 2009/10. However everything that could be done has been done to prepare for the Plan.
  - **Agreement on outline Northstowe Heads of Terms S.106 by March 09**
29. Following the completion of the 1st Draft head of terms for the Northstowe S106, the development partners have not been in a position to deposit the revised application (paras: 26 to 28 refer). The developers are currently not in a position to engage in

detailed discussions regarding the S106; hence it is not possible to satisfy the planned timescale.

Priority 2 – Securing a sustainable future for council housing (Appendix 3)

30. All five measures are on target (Green) for completion by the year-end.

Priority 3 – Waste and Recycling (Appendix 3)

31. Five measures are on target (Green) and one is on Amber. The remaining measure is Red because it cannot now achieve the end of year target.

➤ **NI195d - Improved street and environmental cleanliness – levels of litter**

32. The 3rd quarter actual is based on the results of the second of three surveys, which was carried out in the 2nd quarter. The results of the first and second surveys are such that the 2008/09 target of 2% (i.e. 2% of all areas surveyed being of a unsatisfactory standard (98% satisfactory) cannot now be achieved, even if the third survey produced a 0% result.
33. This position highlights the discrepancies in the previous BV199 indicator top quartile performance figures, upon which the 2008/09 targets were based, with the new NI 195 regime as outlined in the recent LEQSE report to the Health & Environmental Services Portfolio Holder on 06/11/2008. If the revised end-of-year estimate of 4% is achieved for fly posting it will still result in a 'Good' Overall Quality Standard Level, as defined by DEFRA, being achieved across the district, exceeding the current nationwide target indices in relation to fly posting.

Priority 4 – Tackling Climate Change (Appendix 3)

34. Three measures are on target (Green) and three are on Amber. The remaining two measures are Red as they are unlikely to be achieved in 2008/09.

➤ **Upper Cambourne: Achieve higher standards and appropriate community model for wind turbine option by March 09.**

35. Amendments to outline due Feb/March 2009 and planned to go to Committee in April. There is however unlikely to be any commitment to a wind turbine in the outline application. If pursued it would be via a separate planning application and the developer has yet to offer us any details on this matter.

➤ **Work with key partners to ensure the Northstowe development incorporates a robust approach to achieving exemplary standards in terms of low carbon living and climate change adaptation by March 09.**

36. The process has slowed considerably - amendments to outline not now expected until late summer/early autumn. Key to a robust low carbon living infrastructure will be the ability to bring forward a comprehensive site-wide renewable energy solution. This is being taken forward in parallel to the existing outline application - SCDC and partners (Horizons principal agent) pushing ahead with viability and drafting a Memorandum of Understanding to formalise partnership approach and commitment.

Additional Priority –Affordable Housing (Appendix 3)

37. All six measures are on target to achieve their end of year targets (Green).

**Corporate Objective 2 – Delivering high quality services that represent best value and are accessible to all our community.**

Priority 5 – Improve service delivery (Appendix 3)

38. The single measure is on Amber because the revised 2008/09 review programme of two service reviews (i.e. the ICT the HR reviews) will be delayed. The programme is not expected to be completed until June 2009.

Priority 6 – Improved Customer satisfaction (Appendix 3)

39. Three measures are on target (Green) and one is on Amber. The remaining measure is on RED and will not be achieved this year.

➤ **Arrange customer services workshops for all staff by December 08**

40. The Service First team has decided not to proceed with the workshops in 2008/09. Service First now plans to carry out a training needs assessment, with a view to informing the customer service strategy for 2009/10.

Priority 7 – Develop equalities practice (Appendix 3)

41. No measures are on target (Green) but four are on Amber. The remaining two measures are Red.

➤ **Adopt, following consultation with internal and external stakeholders, the Comprehensive Equalities Policy by May 08**

42. This will not be completed until June 2009.

➤ **Undertake six priority equality impact assessments by October 08**

43. These will not be completed until April 2009.

44. The position has improved since the second quarter as the new Equality and Diversity Officer is in post and is actively looking to catch up for lost time. However the period without an officer in will be difficult to fully recover from.

**Corporate Objective 3 – Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work**

Priority 8 – Enhance citizen engagement (Appendix 3)

45. The single measure is on Amber because there may be a slight delay in the Community Engagement Strategy being submitted to Cabinet for approval. However this delay is only expected to be until May 2009, which is not considered to be strategically important.

Priority 9 – Develop the role of Scrutiny (Appendix 3)

46. All three measures are on target (Green). The Scrutiny Committee and its scrutiny monitors' are growing in confidence, and the relationship with the Cabinet is improving. However, it is still a struggle to identify suitable topics on which the Committee can add value in a timely way.

Priority 10 – Promote Economic Development (Appendix 3)



47. One measure is on target (Green) and the other two are on Amber.

### **Other performance Management Issues**

#### CorVu

48. Staff are continuing to input data into the CorVu system on a monthly/quarterly basis and individual training is being given as new updates/owners are identified. Inputting is up-to-date for 2008/09.
49. The Performance Management Portal is on target to be launched in April 2009. This will enable all Members and officers to view current and passed performance from May 2009 on InSite. Further enhancements will be developed in 2009/10 (e.g. integrating databases and creating the Health Card), which will ensure best use is made of the technology. These steps will enable us to realise the ambition of creating a single source of performance management information over the next 2-years.

#### Best Value Indicators 2007/08

50. Since 2000/01 Best Value (BV) Indicators have been used by the Government to provide national comparative statistics. The 2007/08 results will be the last year these PIs will be used, as the Government has replaced them with National Indicators (NI). Very few of the BVs have been retained as NIs by the government.
51. Some of the BVPIs have provided South Cambs with useful comparisons with the performance of other authorities. As BVPIs are no longer national PIs there will be a period, over the next couple of years, when national comparators will not be available i.e. until the NIs become established.
52. The government published the 2007/08 comparative data on 19<sup>th</sup> December. There were 76 BV indicators for the year 2007/08 but one of these was only introduced in 2007/08. There are therefore 75 PIs, which can be compared with the results from 2006/07.
53. Amongst the 75 PIs there are 14 PIs where the government has not issued comparative data but we can compare our own year on year performance with 2006/07. The government has still not supplied data for two of the Benefits PIs. These can therefore not be compared with other authorities but we can compare our own 2006/07 performance against our 2007/08 performance.
54. The full list of the 76 PIs is shown at **Appendix 4**, by Corporate Area. Each BVPI is shown with the national comparative quartile data, which enables us to see how our performance compared with all English District Councils in 2007/08.
55. **Table 1** below identifies key facts from the information in **Appendix 4**.

**TABLE 1 – NUMBER OF PIS IN EACH QUARTILE**

<b>Quartile</b>	<b>Number</b>	<b>%</b>
Top Quartile	16	26.7%
2 <sup>nd</sup> Quartile	15	25%
<b>Top 2 Quartiles</b>	<b>31</b>	<b>52%</b>
3 <sup>rd</sup> Quartile	16	26.7%
Bottom Quartile	13	21.6%
<b>Bottom 2 Quartiles</b>	<b>29</b>	<b>48%</b>

N/A	14	
Not Known	2	

56. An average authority would have 25% of PIs in each quartile (i.e. 50% above the mid point and 50% below). The authority is slightly above average with 52% above the mid point.
57. Some BVPIs are recognised as being very important to our community and resources have been directed towards them to improve performance. One striking example is:

**Affordable Homes - BV212 – Average days to re-let Local Authority housing**

58. Performance improved slightly from 46 days in 2006/07 to 43 days in 2007/08. However as at December 2008 the performance has improved significantly to 12 days and it is expected that the end of year target of 15 days will be achieved.
59. **Table 2** below identifies the number of PI s where our own performance worsened/improved between 2006/07 and 2007/08.

**TABLE 2 – 2006/07 AND 2007/08 SCDC COMPARATIVE PERFORMANCE SUMMARY**

Performance	Number	%
Worsened from 06/07 to 07/08	19	25%
Improved from 06/07 to 07/08	49	65%

60. This analysis provides a very good picture of SCDC year on year improvement, with 65% of BVPIs improving. The PIs that have worsened have been shaded in **Appendix 4**.

**Implications**

61. 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.

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

63.	<p>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</p> <p>Deliver high quality services that represent best value and are accessible to all our community</p> <p>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</p>	<p>The effect of any under or overspending on the achievement of corporate objectives, service priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.</p>
-----	---	---

## **Conclusions/Summary**

### Finance

64. The forecast underspend on the General Fund as compared to the original estimates adjusted for approved virements and roll-overs is a net underspend of £480,800 which amounts to 3.35% of Net District Council Expenditure for the 2008/09 financial year.
65. The HRA predicted underspend of 243,600 equates to 1.12% of total expenditure.
66. Capital has a predicted underspend of £1,053,400, which is 16.52% of net expenditure.

### Performance Management Matters

67. Performance is largely on target (85%) but there are nine (17%) measures that will not achieve their target.
68. The launch of the Performance Management Portal is on target for April 2009.
69. When comparing the Best Value PI (BVPI) national results, the authority was above the District Council average, with 52% above the mid point. South Cambs own year-on-year BVPI performance showed a very creditable 65% improvement from 06/07 to 07/08

## **Recommendations**

70. Cabinet is requested to:
  - (a) Note the content of the report.
  - (b) Satisfy itself that everything that can be done is being done to reduce the delay to the receipt of the amended Northstowe Planning submission.
  - (c) Note that the launch of the Performance Management Portal is on target for April 2009.
  - (d) Note the favourable performance improvement picture that the 2007/08 BVPI results provide.

**Background Papers:** Estimate Book 2008/09; Financial Management System Reports and Corporate Plan 2008/09

**Contact Officers:** Ian Salter- performance Improvement Officer Telephone: (01954) 713018  
Graham Smith – Best Value/Management Accountant Telephone: (01954) 713126