

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Cabinet

11 September 2008

**AUTHOR/S:** Policy & Performance Manager and Corporate Manager for Finance and Support Services

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### INTEGRATED BUSINESS MONITORING REPORT FIRST 4 MONTHS (APRIL 2008 TO JULY 2008)

#### Purpose

1. To provide cabinet with the first 2008/09 monitoring report against budgets and the Corporate Plan performance measures.

#### Executive Summary

2. This integrated report brings together the two key performance management elements of:  
Finance (**Appendix 1 and 2**)  
Corporate Plan Performance (**Appendix 3**).
3. Work will continue throughout the year to identify areas where finance and performance can become more integrated.

#### Financial Performance

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 28<sup>th</sup> February 2008 adjusted for approved virements and roll-overs.

a. General Fund	£ 98,400;	0.69%
b. Housing Revenue Account (HRA)	£(15,700): and	(0.07%)
c. Capital	£(26,400)	(0.41%)

5. 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.

#### Corporate Plan Performance

6. At this early stage in the year most measures are reported to be on target. There have therefore been limited opportunities to consider where finance might be used to improve performance.
7. There are some operational performance related issues that need to be resolved but there is nothing that need cause Portfolio Holders any concern at this stage.

## Other Performance Matters

9. CorVu – There have been and continue to be some technical problems with implementing this new web-based performance management system. However it is anticipated that the original project timescales can be caught up by December 2008. By that time Officers and Members will be able to drill down through corporate objectives etc to view performance and to identify areas of strength and weakness.

## **Background**

### **Financial Position**

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

## **Revenue**

### General Fund

11. In the items below a number of areas have predicted overspends primarily due to economic pressures. Cost Centre managers will be working with Accountants to minimise the impact of these pressures which will be reflected in future reports;
12. An analysis of the under/over spends for Salary related costs, as compared to the working estimates, is attached in **Appendix 2**, which indicates a net underspend of £27,900 a reduction of £6,600 from that in June;
13. Land charges income is currently £21,000 less than the profiled budget and if this continues for the rest of the year there will be a shortfall of £54,600. If the housing market downturn has an increasing impact this figure could rise, however this is difficult to predict;
14. Net HRA Recharges are expected to be more than originally estimated because part of the increase in interest is attributable to increased HRA balances. This is partially offset by the contribution from the General Fund to supported housing not having to be as much as originally estimated due to the predicted underspend on that service;
15. Development Control has incurred significant expenditure on cost of appeals in respect of the appeals re Arbury Park & West Wickham. Advice on current applications has also incurred expenditure on consultants because of vacancies in the development control section. It is estimated that this will lead to a projected overspend of £60,000;
16. Development Control income is lower than estimated due to the slow down in the housing market and consequential effect on major and minor developments. The current shortfall projected forward gives an overspend of £225,000;
17. Preliminary data from the bus operators indicates the 2008/09 budget, is estimated to underspend by £180,000. This position may change because the data only covers the first quarter of the year and later in the year the Cowley Road Park & Ride Site will transfer into our boundary. This position will be monitored and updated in future reports;
18. Planning policy currently has a negative expenditure position due to the fact that accruals for planning inspector's fees were allowed for in 2007/08 for which we have not received invoices. However, £20,000 in the 2008/09 budget for Joint Working & Statutory Consultation will not be done this year but will be required in 2009/10;

19. Council Tax Summons income is 28% lower than the same period in the last financial year. This is because customer payment patterns have improved resulting in fewer summonses being issued. If this trend continues there could be a shortfall of approximately £44,000 against the income target;
20. The Gershon 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 £139,100 as previously reported to SMT. Work is on-going to identify further savings to meet this shortfall;
21. Interest on balances is predicted to be £220,000 greater than the estimate This is due to increased balances and rates rising whilst the economic forecasts assumed they would fall;
22. We have received £545,870 more than budgeted for from Central Government, for the revenue element of Housing & Planning Delivery Grant. It is anticipated that this will be used towards any income shortfall on planning, however this is not included within the current forecast position;

#### **Housing Revenue Account (HRA)**

23. The in-house Building Maintenance Contractor (DLO) is currently predicted to overspend by £58,700 due to fuel price rises, additional expenditure on the implementation of the electronic materials ordering/invoicing system and the inflation uplift on the repairs contract only being 2.3% whilst actual costs are increasing by 4.6%. A review of costs has been undertaken to reduce future expenditure so that that the DLO position improves, however it is too early to assess what impact this may have;
24. Supported Housing salaries are currently underspent by £26,000 because of vacancies, which have now been appointed to. This is offset by an overspend on repairs to give a net underspend of £20,000;
25. Rent Income is currently £25,000 greater than that budgeted, because this can vary considerably it has not been assumed that this will continue in future periods. This position will be monitored and updated in future reports;

#### **Capital**

26. It is too early in the year to get a reliable indicator of the capital position because of the irregular nature of the payments. The slight overall overspend is due to the estimated proportion of salary under/over spends that will be recharged at the end of the year to capital.

## **Corporate Plan Performance**

### **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)**

27. No significant delays have been identified.
28. The only measure that may be subject to a slight delay concerns the agreement on the outline Northstowe Heads of Terms S.106, which was due by March 09 but is likely not to be agreed until May 09.
29. A new performance indicator is being created (SX054) to help monitor our performance for this priority area. It is intended to be able to provide updates on the number or % of permissions (outline and/or detailed) that have been given against the total requirement to build 23,500 dwellings over the period 2001 to 2021. The reasoning is that it is considered more appropriate to monitor permissions given, which are under our total control, rather than completions, which are largely out of our control.

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

30. There are no unforeseen delays and the project is being effectively and proactively project managed.

#### **Priority 3 – Waste and Recycling (Appendix 3)**

31. It is anticipated that there will be a slight delay in completing a strategic procurement options appraisal for the provision of waste, recycling and street cleansing services by December 08. It is now anticipated that the review will be completed by March 09.
32. The introduction of a plastics recycling scheme is on target for October.
33. There was no planned survey to identify the data required for the PIs NI195a-d and NI196.

#### **Priority 4 – Tackling Climate Change (Appendix 3)**

34. The bid for £250k for capital funding from the LPSA Reward Grant to fund the parish-focused sustainable energy pilot is awaiting approval by the LSP and LAA Board.
35. The Turbine has been erected at Arbury Park and, subject to technical interfacing issues being resolved with the electricity system, this project will be completed ahead of schedule.

#### **Additional Priority – Affordable Housing (Appendix 3)**

36. The number of affordable homes built is slightly below the first quarter target but it is anticipated that this situation will be remedied by the year-end.
37. Development Control have not yet been able to implement an automated method of identifying the % of affordable housing planning permissions (SH320) as a % of all permissions. A modification to the Devcon system is being considered, which would provide this information automatically.

38. The challenging voids turn round target (i.e. 15 days) has not yet been achieved but it is hoped to achieve it for the year-end. However it should be noted that the average turn round time in 07/08 was 41 days and for the first quarter of 08/09 it was 19 days. Given the poor history of the voids turn round times, this improvement in performance must be seen as excellent and all staff should be congratulated.

**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)

39. The original programme of completing six service reviews in the year has had to be amended because of the vacancy in the post of Business Analyst. The post was filled in August 2008 and the new programme for 08/09 will be to complete the ICT review and commence the HR review.

Priority 6 – Improved Customer satisfaction (Appendix 3)

40. It will be nearer the year-end before the main measures are in place but everything is reported to be on target.

Priority 7 – Develop equalities practice (Appendix 3)

41. Significant training has taken place to skill up officers to enable them to carry out equality impact assessments, which will be rolled out during the year. Other activities are on target.

**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)

43. As planned the public engagement strategy will be in place by the year-end.

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

44. The Scrutiny Committee process has been streamlined and joint working with the Cabinet has laid foundations for further improvement.
45. In the first quarter, Scrutiny Committee did not make any recommendations for Cabinet to consider.

Priority 10 – Promote Economic Development (Appendix 3)

46. The appointment in May of the new post of Economic Development Officer has meant that this important area of work can now move forward. All actions are reported to be on target.

Other performance Management Issues

CorVu

47. Appendix 3 is the first automated report that has been produced using CorVu. Cabinet's views on the layout and content will be appreciated e.g. the appendix could be in colour or viewed electronically at Cabinet meetings.

48. SCDC Firewall Issue – There have been connectivity bandwidth problems, which has significantly hampered effective implementation. The ICT team have carried out various tests

and have also employed an external consultant to investigate the issue. It now appears that the councils internet gateway/CCN may be the issue. Further tests are being carried out, by the consultant, to remedy the situation.

49. Hosting Issues – Our CorVu application is being hosted by the County Council. This has meant that we have had to rely on their ICT department to help us to remedy faults. There have been various technical issues, which we are currently working to resolve at the earliest opportunity. A meeting has been arranged with the County Council to see if the hosting situation can be improved.
50. CorVu the supplier - In general the supplier has not been as responsive as we would have liked. This tardiness has been reported to the highest level at CorVu and the situation has now improved.
51. One of the key modules (CorPortfolio) has not being available to us at all and it is that module that will enable us to create the web views that Members will need to use to enable them to drill down through the Corporate Objectives and priorities. CorVu rectified this situation on the 21<sup>st</sup> August and we are now looking to develop that key element as fast as possible.
52. However a great deal has been achieved and we will be able to launch the new system for all officers and Members to see before December. Workshops were held during the week beginning 21<sup>st</sup> July to introduce officers to CorVu. Since then we have been meeting with individual officers to train them on how to input data. Within this first month, 60% of the first quarter data that needed to be input has been input.
53. Despite the technical problems, we are essentially on target to launch the product to all officers and Members by December 08. This year should be seen as the development year with a view to maximising the use of CorVu in 2009/10.

### Implications

54. 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.

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

56. Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future	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.
Deliver high quality services that represent best value and are accessible to all our community	
Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work	

## **Conclusions/Summary**

### Finance

57. The forecast overspend on the General Fund as compared to the original estimates adjusted for approved virements and roll-overs is a net overspend of £98,400 on the General Fund, which amounts to 0.69% of Net District Council Expenditure.
58. It should also be noted that the overspending areas are mainly due to economic conditions, which have either resulted in increased costs e.g. fuel or reduced income because of the housing market.
59. The HRA predicted underspend of £15,700 equates to 0.07% of total expenditure.
60. Capital has a predicted underspend of £26,400 equating to 0.41% of net expenditure.

### Performance

61. Performance is on target in most areas and where it is not, there are no major concerns at this time. The Policy and Performance team will be working with some officers to help resolve the few areas, which need some support.

### CorVu

62. There have been some technical issues with the new system but these are gradually being overcome. CorVu is now developing well and beginning to work effectively. It will become a very valuable performance management tool over the next 12-months.

## **Recommendations**

63. Cabinet is requested to: -
  1. Note the projected expenditure position and to refer the report to the next meeting of the Finance Portfolio Holder for more detailed consideration.
  2. Agree that the first call on the additional £545,870 revenue element of the Housing & Planning Delivery Grant is to address the potential planning overspends indicated in this report.
  3. Comment on the format and content of the CorVu report (Appendix 3).

**Background Papers:** the following papers were used in the preparation of this report:

Estimate Book 2008/09,  
Financial Management System Reports.  
Cabinet report 8<sup>th</sup> May 2008

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