

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**REPORT TO:** Leader and Cabinet

13 November 2008

**AUTHOR/S:** Chief Executive

### INTEGRATED BUSINESS MONITORING REPORT FIRST 6 MONTHS (APRIL 2008 TO SEPTEMBER 2008)

#### Purpose

1. To provide Cabinet with the 2008/09 mid-year Budgets and Corporate Plan performance monitoring report.

#### Executive Summary

2. This integrated business monitoring report brings together the two key management elements of finance performance (**Appendix 1 and 2**) and performance against the 08/09 Corporate Plan priorities (**Appendix 3**).
3. Despite current economic factors, overall net expenditure is in line with projections. At the end of September net expenditure compared with original estimates (as approved by Council on 28<sup>th</sup> February 2008 adjusted for approved virements and roll-overs) was as follows -

	Variation (£000s)	Percentage
General Fund	36	0.26
Housing Revenue Account	(45.7)	(0.21)
Capital	(23)	(0.37)

4. Performance in relation to Corporate Plan priorities is largely on target, with 35 (66%) of 53 measures on Green. The following table identifies the number and % of measures in each traffic light category:

Performance Summary Traffic Light Colour	Number	% of total
Green	35	66 %
Amber	17	32 %
Red	1	2 %
Totals	53	

5. The one measure that is identified with a RED traffic light is the receipt of the revised Northstowe planning submission from the developers and partners by January 2009. The joint promoters have now advised SCDC that they will not submit the revised planning submission until between February and April 2009. High-level discussions are taking place via the Delivery Board to improve this situation.
6. The implementation of CorVu (the computerised performance management system) has been delayed by about two months as a result of technical problems in relation to the ICT systems of the Council and the County Council (who are hosting the implementation of CorVu on their server). This has delayed the launching of CorVu on the intranet, where Officers and Members will be able to view performance, drilling down through the Golden Thread (i.e. 3As). This delay has also resulted in a

consequential delay in building and launching CorRisk, which will now not take place until 2009.

### **Financial Position**

7. A summary position statement is provided at **Appendix 1** and a more detailed breakdown of departmental salary underspends is provided at **Appendix 2**. 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.

### General Fund Revenue

8. **General Economic factors.** 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.
9. **Salary costs.** 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 £20,500; a reduction in the underspend of £2,000 from that in August.
10. **Land charges income** is currently £36,400 less than the profiled budget and if this continues for the rest of the year there will be a shortfall of £67,400. If the housing market downturn has an increasing impact, this figure could rise; however, this is difficult to predict.
11. **Net HRA Recharges** are expected to be more than originally estimated because part of the increase in interest (see paragraph k below) 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.
12. **Development Control appeals.** Significant expenditure has been incurred on the cost of appeals 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 £45,000 but no allowance has been made for any further expenditure on appeals that are not currently on-going.
13. **Development Control income** is lower than estimated due to the slow down in the housing market and consequential effect on major developments. The current shortfall equates to an overspend of £175,000. This is a reduction on the previously reported figure of £225,000 because a large amount was received in respect of a major development in September.
14. Data from the bus operators indicates the 2008/09 budget, is estimated to underspend by £180,000 after making some adjustments for the future transfer of Cowley Road Park & Ride Site into our boundary and additional costs. This position will be monitored and updated in future reports.
15. **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 and to date we have not received any invoices. A budget of £20,000 for Joint Working & Statutory

Consultation was included in the 2008/09 budget but will not now be spent this year leading to an underspend of £20,000. However, this sum will be needed in 2009/10.

16. **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.
17. **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 £128,400. A progress report goes to SMT every month and work is on-going to identify further savings to meet this shortfall.
18. Interest on balances is predicted to be £231,000 greater than the estimate This is due to increased balances and rates rising whilst the economic forecasts assumed they would fall.

#### Housing Revenue Account (HRA)

19. The in-house Building Maintenance Contractor (DLO) is currently predicted to overspend by £67,900 due to fuel price rises, long term sickness, 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. This has led to a reduction in the predicted overspend of £27,100. Further savings initiatives are being explored in order to reduce this figure further.
20. Supported Housing salaries are currently underspent by £30,000 because of vacancies, which have now been appointed to. This is offset by an overspend on repairs to give a net underspend of £26,600.
21. Rent Income is currently £40,000 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

22. 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 underspend is due to the estimated proportion of salary under/over spends that will be recharged at the end of the year to capital.

#### **Performance Against the Corporate Plan**

23. The following paragraphs refer to **Appendix 3**; the reporting categories (Green, Amber and Red) are explained in the Appendix.

*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

24. Seven of the nine measures are estimated to be on target. One measure is at Amber as follows:
  - Cambourne S106 and outline planning permission by March 2009
25. The Cambourne S106 application was received later than expected and officers are currently aiming for Planning Committee in April 2009 with completion by July 2009. However this will be dependent on receipt of satisfactory amended plans and heads of terms for S106 applications.
26. One measure is on Red, which is:
  - Receive the revised Northstowe planning submission from Gallaghers and partners by January 2009
27. The joint promoters have advised SCDC that they will not submit the revised planning submission until between February and April 2009. In reality it is considered that a February submission is unlikely. High-level discussions are taking place via the Delivery Board to try to improve this situation.

### Priority 2 – Securing a sustainable future for council housing

28. All five measures are on target to be completed in accordance with the project programme.

### Priority 3 – Waste and Recycling

29. Plastics recycling collection arrangements have been successfully implemented on time and on budget with no service disruption to residents. The price review agreement for the dry recycling contract has also been successfully negotiated into the overall plastics recycling variation. Plastic bottles are now being collected as part of the green-box recycling scheme.
30. The strategic procurement options appraisal for the provision of waste, recycling and street cleansing is now to be carried out in-house. As a result the December milestone will not be met and the deadline has been amended to end March 2009.
  - NI 195 Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting).
31. This is a new indicator, which replaced BV199. Clear guidance for the new NI was published after targets had been set in the 2008/09 Service Plan and significant changes have resulted in our targets having to be revised.
32. Using the 2007/08 BV199a raw survey data and applying the new weighting system it has been possible to calculate revised 2008/09 NI 195 targets equivalent to those in the 2008/09 Service Plan. The revised targets are: NI 195 Litter 1%, NI 195b Detritus 33% (combined Litter and Detritus 16%), NI 195c Graffiti 4% and NI 195d 2%.
33. The first of three statutory 2008/09 street cleanliness surveys, at intervals specified by DEFRA, has been completed. The survey results are:
  - NI 195a - Litter – 0% – Green

- NI 195b – Detritus – 27% – Green
- NI 195c – Graffiti – 2% – Green
- NI 195d – Fly-Posting – 5% – Amber. Historically, fly posting has not been removed by street cleansing operations. However, new street cleansing working arrangements have been introduced to assist in the identification and removal of fly posting. The fly posting result from the first survey was heavily influenced by Hanley Grange protest material in the south of the district where the first survey was required to be carried out.

34. Overall the results from the first survey are very encouraging in relation to litter, detritus and graffiti, but the impact of the Hanley Grange protest material could adversely affect the fly posting end of year result. It should be noted however that these results give no more than an indication at this stage, as the end of year results will be heavily dependent upon the results of the remaining two surveys.

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

35. Six measures have been achieved or are estimated to be on target and one of these is worthy of special mention:

- Secure £250k capital funding for Parish-focused energy pilot

36. The grant request was recommended by the LSP board for LPSA reward funding for £200k, which was £50k less than requested but is still excellent funding. The request was then approved by the Cambridgeshire Together board and finally by the County Council Cabinet. The Climate Change Working Group is to be commended for the work put in to gain approval of this bid.

37. This new funding has not been included in Appendices 1 and 2 as it was only approved on 16 October. Discussions are now taking place to clarify the draw-down requirement, which may be in small or larger blocks. At that stage the funding will appear in our expenditure accounts.

38. Two measures, which are shown as being on Amber are:

- Trumpington Meadows: Achieve exemplar level of Code for Sustainable homes and renewable energy provision by October 2008

39. It is anticipated that the S106 agreement will theoretically be ready to sign off, slightly late at the end of November 2008, but this sign-off will still be subject to developer agreement, which is not assured.

- Work with 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 2009

40. Success in this measure will be subject to satisfactory amendment of outline application proposals and binding Memorandum of Understanding to substantively take forward site renewable energy options.

### Affordable Housing

41. The average number of days to re-let voids is on Green because it has now come down to the 08/09 target of 15 days. This excellent performance compares very favourably with the 07/08 average performance figure of 43 days.
42. Five other measures are at Amber:
- Three measures, related to affordable homes completions (SH311, 311a and SH311b) are all at Amber. Each remains below the target figure but it is hoped that this situation will be remedied by the year-end. It is proving difficult to obtain firm commitments from the RSL's but planned completions would still enable us to achieve the targets.
  - The % affordable housing planning permissions (SH320) is currently below the target level of 25% at 20%. In the first 6 months there were 45 affordable permissions out of the total of 227 permissions. Additionally there were 26 new Traveller/Gypsy pitches approved. It is not felt appropriate to include these as affordable homes for the purpose of this target, but if they had been then the performance would have risen to 29%.
  - The number of households in temporary accommodation (SH329) has increased because the demand for temporary accommodation is increasing. This change is due to more homeless applications as a result of the current economic climate. The end of year target is now estimated to be slightly missed and therefore to be at Amber.

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

### Priority 5 – Improve service delivery

43. The revised programme of service reviews (i.e. to complete the ICT review and commence the HR review) is on target.

### Priority 6 – Improved Customer satisfaction

44. All five measures are on target to be completed by the year-end.

### Priority 7 – Develop equalities practice

45. All six measures are on Amber because the work is largely on hold following the sad loss of the Equality and Diversity Officer. The post has been advertised and interviews will take place in mid November. An experienced equalities officer is currently being engaged to produce a position statement and work programme to enable work to proceed quickly when the new equalities officer is in post. Other options are being pursued to boost short term capacity (for example in relation to the programme of Equality Impact Assessments).

*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

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

#### Priority 9 – Develop the role of Scrutiny

47. The facilitated workshops with Cabinet and Cabinet/Scrutiny were completed successfully and the other two measures are on target. The September and November meetings of Scrutiny Committee were cancelled due to lack of business. The Task and Finish group review of Finance is ongoing.

#### Priority 10 – Promote Economic Development

48. The three measures are on target.

#### **CorVu – New Performance Management System**

49. Progress continues to be made in implementing this system which it is expected will transform our approach to performance management by providing much more relevant and transparent performance data to Members, managers and teams.
50. However, ICT problems not related to the CorVu software but to the Council's Firewall, its Sophos software; and to the County Council's server (on which the software is hosted) have hampered development. Our ICT team are continuing to carry out various tests on the Firewall and have also employed an external consultant to investigate the problem. The Sophos problem, which was causing the CorVu system to collapse (with loss of input performance data) has now been addressed and officers are being actively encouraged to catch up on their inputting.
51. It appears that we will now be able to move forward again with the development and it is hoped to make up for the time lost. Work is proceeding with service managers to clarify the performance information they want to be included on the system and to produce the performance reports they need. The next major milestone will be to launch CorVu on the Intranet with the facility to drill down the golden thread from the Council's priorities to service or team targets.
52. A great deal has been achieved and officers across the authority are now inputting data on a monthly or quarterly basis. However the Intranet launch is needed to ensure that data inputting is recognised as providing worthwhile benefits in terms of useful performance data.
53. The technical problems have had a knock on effect on the implementation of the CorRisk (Risk Management) module. The CorRisk development start date has had to be put back again to the next calendar year. Once we start to implement this part of the project it will involve a significant amount of staff resource. However, a new version of the CorRisk module will be available in the new year which might reduce the implementation effort.
54. Over the past two months the performance of the supplier has significantly improved and we are not experiencing any technical or support issues that require their input.

#### **Implications**

55. 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.

56	Financial	As detailed in the report.
	Legal	None.
	Staffing	No immediate impact.

Risk Management	As Above.
Equal Opportunities	None.

57	<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

58. 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 £36,600 on the General Fund which amounts to 0.26% of Net District Council Expenditure for the financial year ending 2008/09.
59. 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.
60. The HRA predicted underspend of £45,700 equates to 0.21% of total expenditure.
61. Capital has a predicted underspend of £23,500, which is 0.37% of net expenditure.

### Performance Management

62. Performance in achieving the Corporate Plan priorities is largely on target (66%) and where it is not, there is only one major strategic concern.
63. The area of strategic concern involves the revised Northstowe Planning submission, which is subject to a delay of a few months. High-level discussions are taking place via the Delivery Board to try to improve the situation.
64. Full implementation of CorVu is now about 2-months behind, largely because of ICT technical issues involving the SCDC Firewall. We are working to make up for the time lost. However, the launching of CorRisk has had to be delayed until 2009

## Recommendations

65. Cabinet is recommended to note the:
- a) projected expenditure position and to refer the report to the next meeting of the Finance Portfolio Holder for more detailed consideration,
  - b) delay to the receipt of the revised Northstowe Planning submission,
  - c) success of the Climate Change Working Group in gaining £200k funding for the Parish focussed energy pilot, and
  - d) success of the Affordable Homes service in reducing void turn-round times to 15 days.



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

Estimate Book 2008/09,  
Financial Management System Reports.  
Corporate Plan 2008/09

**Contact Officers:**

Ian Salter- performance Improvement Officer Telephone: (01954) 713018  
Rob Bridge – Corporate Manager for Finance Support Services Telephone: (01954) 713397  
Graham Smith – Best Value/Management Accountant Telephone: (01954) 713126