



AGENDA ITEM: 15

SUMMARY

Report for:	Cabinet
Date of meeting:	17th September 2013
PART:	1
If Part II, reason:	

Title of report:	Performance & Budget Monitoring Report – Quarter 1
Contact:	Cllr Neil Harden – Portfolio Holder Residents & Regulatory Services Cllr Nick Tiley – Portfolio Holder Finance & Resources Sally Marshall – Corporate Director Finance & Governance (Section 151)
Purpose of report:	<ol style="list-style-type: none"> 1. To provide Members with an update on the various types of performance and details of the forecast outturn position as at the end of Quarter 1 2013/14. 2. Part A – Quarter 1 Performance Report 3. Part B – Quarter 1 Budget Monitoring Report
Recommendations	<ol style="list-style-type: none"> 1. That the Cabinet considers and notes the Quarter 1 report on targets and performance and notes progress towards the achievement of the Council's Priorities and Vision. 2. That Cabinet note the Forecast outturn position.
Corporate objectives:	Effective service and financial performance supports all five of the Council's strategic objectives.
Implications:	<p><u>Financial</u></p> <p>A summary of the Council's financial position for quarter 1 2013/14 is included at Part B.</p>

'Value For Money Implications'	<p><u>Value for Money</u></p> <p>In order to achieve 'value for money' services must demonstrate economy, efficiency and effectiveness. Performance information enables members to review hoe effectively services are performing.</p>
Risk Implications	<p>Failure to meet corporate objectives and performance targets would have an adverse effect on the Council's performance management objectives and the Council's reputation.</p>
Equalities Implications	<p>None</p>
Health And Safety Implications	<p>None</p>
Monitoring Officer/S.151 Officer Comments	<p>Deputy Monitoring Officer:</p> <p>No comments to add to the report</p> <p>Deputy S.151 Officer</p> <p>This is a S151 Officer report.</p>
Consultees:	<p>Portfolio Holder Residents & Regulatory Services Portfolio Holder Finance & Resources Chief Executive, Directors, Assistant Directors, Group Managers and Budget Holders</p>
Background papers:	<p>None</p>
Glossary of acronyms and any other abbreviations used in this report:	<p>CSSG – Capital Strategy Steering Group EDRMS – Electronic Document Recovery Management System HRA – Housing Revenue Account</p>

BACKGROUND

1. This report contains both performance and budget monitoring reports for Quarter 1 2013/14.

PART A:

2. The Quarterly Performance Report (Appendix A) shows summary information, with exceptions reported in full. The Quarter 1 Performance Indicators Report (Appendix B) shows the full range of performance information collected in quarter 1 and a comparison to the relevant quarter 4 2012/13 outturn figures.
3. The overall direction of travel shows a score of 7.75 across the Council, compared to 5.41 in quarter 4 2012/13 (based on the same set of indicators). This is a significant improvement in performance, moving from amber to green – the optimum position on CorVu comparing targets to actual performance achieved being 6.66.

Environmental Performance

4. The Environmental Performance report (Appendix C) has been developed to give more detailed information on energy, water and paper consumption across the Council's services.
5. Members can access more detailed performance information on all of the individual service areas and all performance indicators by logging onto the CorVu system.

PART B:

1. Introduction

- 1.1 The purpose of this report is to outline Council's forecast outturn for 2013/14 as at 30 June 2013. The report covers the following budgets:
 - General Fund
 - Housing Revenue Account (HRA)
 - Capital Programme

2. General Fund Revenue Account

- 2.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 6).
- 2.2 Appendix D separates expenditure into controllable and non-controllable categories in order to focus scrutiny on those controllable areas that officers are able to influence.
- 2.3 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges. These are required to show the true value of resources used to provide the Council's services, but do not result in

a cash charge to taxpayers. As costs will not be known until year-end, the forecast outturn for all areas is shown as on budget.

- 2.4 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

	Revised Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Finance & Resources	11,679	12,224	545	4.7%
Strategic Planning & Environment	6,343	6,114	(229)	-3.6%
Housing & Communities	1,841	1,839	(2)	-0.1%
Total	19,863	20,177	314	1.6%

- 2.5 The current budget is the original budget approved by Cabinet in February 2013 plus the following approved amendments:

Amendments	£000	Approved
2013/14 Original budget	19,473	
Transfer from Car Park Reserve	60	Audit Committee May 2013
Transfer from Management of Change Reserve for EDRMS	203	Cabinet April 2013
Transfer from Technology Reserve for IT	102	Cabinet March 2013
Transfer from Management of Change Reserve for Apprentices	25	Cabinet May 2012
2013/14 Current Budget	19,863	

3. Finance & Resources

Finance & Resources	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	11,081	11,148	67	0.6%
Premises	2,399	2,424	25	1.0%
Transport	44	43	(1)	-2.3%
Supplies & Services	4,960	5,463	503	10.1%
Third-Parties	266	216	(50)	-18.8%
Transfer Payments	47,209	47,209	0	0.0%
Income	(54,280)	(54,279)	1	0.0%
	11,679	12,224	545	4.7%

3.1 Employees – £67k over budget (0.6%)

The employees forecast outturn reflects three main variances:

- A £48k pressure is forecast within Legal Governance due to Agency costs required to cover a maternity leave.
- A £67k pressure within Human Resources is forecast due to increased recruitment costs and the extension of a temporary post. This is to assist with ongoing key projects such as the Customer Service Unit.

Partly offset by:

- A £104k saving is projected within Financial Services due to two long-term vacancies and three short-term vacancies. This is linked to the Government Procurement Card (GPC) project and will be considered during the budget process.

3.2 Supplies and Services – £504k over budget (10.16%)

There are two major variances:

- A £614k pressure was projected as a result of the outsourcing of Customer Services Unit. The additional costs are caused by one-off contract mobilisation and project costs and the fact that the major savings are delivered in the later years of the contract. A supplementary estimate was approved by Cabinet in July 2013 meaning this pressure will not appear in future monitoring reports.

Partly offset by:

- A £93k underspend is forecast in Revenues Benefits and Fraud. This relates to the transfer of spend for discretionary rate relief to the collection fund. This is a requirement under the new scheme for managing business rates.

3.3 Third Parties – £51k under budget (19%)

A £51k saving has been achieved from the change of internal audit provider.

4. Strategic Planning & Environment

Strategic Planning and Environment	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	8,237	8,229	(8)	-0.1%
Premises	846	849	3	0.4%
Transport	1,383	1,413	30	2.2%
Supplies & Services	5,138	5,137	(1)	0.0%
Third-Parties	84	84	0	0.0%
Income	(9,345)	(9,598)	(253)	-2.7%
	6,343	6,114	(229)	-3.6%

4.1 Transport - £30k over budget (2.1%)

There are two major variances:

- A £50k pressure within Fleet Management (Vehicle Repair Shop) due to increased repairs to ageing vehicles and more reliance on sub-contractors. A review of the Fleet management strategy is underway and replacement vehicles are expected to be provided within the next 12 months.

Partly offset by:

- A £17k saving within Waste and Recycling following the installation of fuel tanks at Cupid Green Depot. Fuel usage is currently expected to be consistent with last year's usage and budget, but fuel is being purchased at 6-7p less per litre than the pump price using the new fuel system.

4.2 Income - £253k over achieved (2.7%)

There are two main areas where income is greater than budgeted:

- The current projection for car parking income is for £220k more than budgeted. This is based on actual income and a trend analysis from previous years.
- An additional £120k income is projected from large planning applications and £20k from land charge search fees.

This is partly offset by a projected under achievement from Recycling income. There are two main reasons:

- A £47k pressure is projected because of a reduction in the price achieved for plastics. This is expected to improve during the year but not sufficiently to meet the budget set.
- The second is a £53k pressure projected because of a reduction in the amount of paper recycled. The tonnages recycled in the 1st quarter are significantly lower than budgeted reflecting lower usage of paper generally e.g. transition to online newspapers and magazines etc.

5. Housing & Community

Housing & Community	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	2,960	3,065	105	3.5%
Premises	398	415	17	4.3%
Transport	57	46	(11)	-19.3%
Supplies & Services	2,198	2,213	15	0.7%
Third Parties	25	25	0	0.0%
Transfer Payments	4	4	0	0.0%
Income	(3,801)	(3,929)	(128)	-3.4%
	1,841	1,839	(2)	-0.1%

5.1 Employees - £105k over budget (3.5%)

- A £46k pressure is projected within Strategic Housing. This is due to temporary posts for Housing Options Officers. There is grant available within earmarked reserves for this and the pressure will be removed if members approve its use.
- A £51k pressure is projected due to Agency staff costs in Building Control to undertake additional checking following an increase in the number of applications received and maternity leave cover within Development Management.

5.2 Income - £128k over budget (3.36%)

There are three main variances:

- £65k from the provision of homelessness accommodation at Leys Road Hostel;
- £120k recovered housing benefit to off-set the cost of providing homelessness accommodation through private providers (Bed & Breakfast).

Partly offset by:

- A £63k underachievement within Regulatory Services due to the cessation of drainage service provision to the HRA following the retirement of an employee.

6. Housing Revenue Account (HRA)

- 6.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix E.
- 6.2 The projected HRA balance at the end of 2013/14 is £2.549m. The forecast operating deficit is £228k – a change of £413k compared to the surplus of £185k originally budgeted. Significant variances are as follows:
- 6.3 **Repairs and Maintenance - £410k over budget: (8.87%)**

The repairs and maintenance budget is projecting an overspend due to an increase in responsive repairs and void repairs. There has been a sharp increase recently in the number of voids, which is attributed to the welfare reform changes and an increase in the number of tenants requesting to downsize. A review of planned maintenance projects is underway to try and identify savings to bring the overall budget back on track.

7 Capital Programme

- 7.1 The table below summarises forecast outturn for the capital programme by scrutiny committee. The detailed capital programme by scheme is set out at Appendix F.

	Current Budget £000	Forecast Outturn £000	Forecast Slippage £000	Forecast Variance	
				£000	%
Finance & Resources	9,486	6,492	2,954	(40)	-0.4%
Strategic Planning & Environment	2,797	2,759	0	(38)	-1.4%
Housing & Community	5,336	5,376	0	40	0.7%
G F Total	17,619	14,627	2,954	(38)	-0.2%
HRA Total	27,180	27,180	0	0	0.0%
Grand Total	44,799	41,807	2,954	(38)	-0.1%

- 7.2 The forecast variance is based upon the capital budget approved by Cabinet in February 2013 adjusted for slippage brought forward at outturn and items approved in year. The changes are detailed in the table below:

Amendments	£000	Approved
2013/14 Original Budget	38,731	
Affordable Housing Development Fund	524	Portfolio Holder Decisions
Slippage carried forward from 2012/13	2,775	Audit Committee - June 2013
Highbarns Land Stabilisation Project	750	Cabinet (CSSG) June 2013
St Nicholas Nursery - Structural Repairs	60	Cabinet (CSSG) June 2013
Entropy Management Software	38	Cabinet (CSSG) June 2013
Plant replacement at Commercial Properties	57	Cabinet (CSSG) June 2013
Legal Case Management Software	14	Cabinet (CSSG) June 2013
Play Area Refurbishment Programme	100	Cabinet (CSSG) June 2013
General Fund Adjustments	4,318	
Estate Improvements	750	Cabinet April 2013
Balcony Repairs	1,000	Cabinet April 2013
HRA Adjustments	1,750	
2013/14 Current Budget	44,799	

7.3. Major scheme variations are explained below:

Berkhamsted Sports Centre – Roof Replacement

The scheme has not been progressed as other options for the centre are currently being considered. The scheme is expected to slip into 2014/15

Fleet Replacement Programme

Work is currently in progress to revise the way the Council provides Waste Services. An integral part of the project is establishing and then procuring the appropriate vehicles to deliver the new service. It is expected that the majority of this cost will be incurred next year, hence the forecast slippage of £2.5m. When more details are known a report will be taken to cabinet as part of the new waste service project.