

**AGENDA ITEM: 15**  
**SUMMARY**

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>11 February 2014</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Performance &amp; Budget Monitoring Report – Quarter 3</b>
Contact:	Cllr Neil Harden – Portfolio Holder Residents & Regulatory Services Cllr Nicholas Tiley – Portfolio Holder Finance & Resources Martin Hone – Corporate Director Finance & Operations (Section 151)
Purpose of report:	<ol style="list-style-type: none"> <li>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 3 2013/14.</li> <li>2. Part A – Quarter 2 Performance Report</li> <li>3. Part B – Quarter 2 Budget Monitoring Report</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. That the Cabinet considers and notes the Quarter 3 report on targets and performance and notes progress towards the achievement of the Council's Priorities and Vision.</li> <li>2. That Cabinet note the Forecast outturn position.</li> </ol>
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 3 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><b>Monitoring Officer:</b></p> <p>No further comments to add to this report.</p> <p><b>Deputy S.151 Officer</b></p> <p>This is a S151 Officer report</p>
Consultees:	<p>Portfolio Holder Residents &amp; Regulatory Services Portfolio Holder Finance &amp; 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>

1. This report contains both performance and budget monitoring reports for Quarter 3 2013/14.

**PART A:**

2. The Quarterly Performance Report Information Sheet shows summary information, with exceptions reported in full. The Quarter 3 Performance Indicators Report shows the full range of performance information collected in quarter 3 and a comparison to the relevant quarter 2 outturn figures. The overall direction of travel shows a score of 7.23 across the Council, compared to 7.06 in quarter 2 (based on the same set of indicators). This is a slight improvement in performance and remaining green – the optimum position on CorVu comparing targets to actual performance achieved being 6.66.

**Environmental Performance**

3. The Environmental Performance report has been developed to give more detailed information on energy, water and paper consumption across the Council's services. Environmental data for Quarter 3 was unavailable at the reporting date. Therefore a full report will be provided for both quarters 3 and 4 at the next relevant Cabinet meeting.

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 31 December 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 A 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.

	Current Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Finance & Resources	11,895	11,397	(498)	-4.2%
Strategic Planning & Environment	6,490	6,307	(183)	-2.8%
Housing & Community	1,884	1,816	(68)	-3.6%
<b>Total</b>	<b>20,269</b>	<b>19,520</b>	<b>(749)</b>	<b>-3.7%</b>

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

Amendments	£000	Approved
<b>2013/14 Original budget</b>	<b>19,117</b>	
Transfer from Car Park Reserve	60	Audit Committee May 2013
Transfer from Technology Reserve for IT	102	Council April 2013
Transfer from Planning and Regeneration Projects Reserve	20	Council July 2013
Transfer from Management of Change Reserve for EDRMS	203	Council July 2013
Transfer from Management of Change Reserve for Apprentices	25	Council July 2013
Transfer from reserves for the Customer Service Unit contract.	614	Council September 2013
Transfer from Reserves for Apprentice Scheme	128	Council September 2013
<b>2013/14 Current Budget</b>	<b>20,269</b>	

### 3. Finance & Resources

Finance & Resources	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	10,511	10,490	(21)	-0.2%
Premises	2,399	2,247	(152)	-6.3%
Transport	43	41	(2)	-4.7%
Supplies & Services	4,932	4,698	(234)	-4.7%
Third-Parties	1,431	1,402	(29)	-2.0%
Income	(7,421)	(7,481)	(60)	-0.8%
	<b>11,895</b>	<b>11,397</b>	<b>(498)</b>	<b>-4.2%</b>

### 3.1 **Employees – £21k under budget (-0.2%)**

The employees forecast outturn reflects three main variances:

- A £30k pressure is forecast within Legal Governance due to Agency costs required to cover a maternity leave.
- A £35k pressure is forecast within Central Admin due to redundancy costs following an Admin Review.
- A 20k pressure is forecast within Procurement relating to the additional costs of security for the CSU following the welfare reforms.

Offset by:

- A £110k 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 **Premises – £152k under budget (-6.3%)**

The underspend relates primarily to a reduction in Business Rates for empty Commercial Properties owned by the Council (£80k). A key factor in this is the continued increase in occupancy levels.

### 3.3 **Supplies and Services – £234k under budget (-4.7%)**

The forecast position reflects three main variances:

- A saving of £90k relating 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.
- A saving of £84k forecast within Central Admin for Members Allowances (£54k) and consultancy for the management of the Chalk mines project at Highbarns (£30k).
- A saving of £40k within Revenues Benefits and Fraud relating to Financial Services (bank charges and credit checks - £15k and £5k respectively) and Legal expenses (£20k).

### 3.4 **Third Parties – £29k under budget (-2%)**

The primary cause of this underspend is the saving arising 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	8,333	8,373	40	0.5%
Premises	877	865	(12)	-1.4%
Transport	1,383	1,450	67	4.8%
Supplies & Services	5,143	5,081	(62)	-1.2%
Third-Parties	131	153	22	16.8%
Income	(9,377)	(9,615)	(238)	-2.5%
	<b>6,490</b>	<b>6,307</b>	<b>(183)</b>	<b>-2.8%</b>

##### 4.1 Transport - £67k over budget (4.8%)

There are two major variances:

- An £80k pressure within Fleet Management (Vehicle Repair Shop) due to increased repairs to ageing vehicles. A review of the Fleet management strategy is underway and replacement vehicles are expected within the next 12 months.

Offset by:

- A £13k 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 but fuel is being purchased at 6-7p less per litre than the pump price.

##### 4.2 Supplies & Services - £62k under budget (-1.2%)

There are two major variances:

- A £40k pressure within Waste and Recycling relating to increased Landfill Tax following a change in the County Councils charging methodology.

Off-set by:

- An underspend of £114k within Spatial Planning relating to works on the Local Development Framework (LDF), which will now be undertaken in 2014/15. There are underspends on various elements of LDF work streams caused by a combination of external influences impacting upon timetable deadlines and internal capacity to complete work.

##### 4.3 Income - £238k over achieved (-2.5%)

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

- The current forecast for car parking income based on year to date trends is for £180k more than budgeted.

- An additional £97k income is projected from large planning applications and £50k from land charge search fees.

This is partly off set 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.
- The second is a £53k pressure projected because of a reduction in the amount of paper recycled. The tonnages recycled in the 1<sup>st</sup> 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	3,037	3,152	115	3.8%
Premises	398	396	(2)	-0.5%
Transport	58	44	(14)	-24.1%
Supplies & Services	2,196	2,146	(50)	-2.3%
Third Parties	20	20	0	0.0%
Transfer Payments	5	5	0	0.0%
Income	(3,830)	(3,947)	(117)	-3.1%
	<b>1,884</b>	<b>1,816</b>	<b>(68)</b>	<b>-3.6%</b>

### 5.1 Employees - £115k over budget (3.8%)

There are two main pressures:

- A pressure of £15k is projected within Strategic Housing due to temporary posts for Housing Options Officers.
- A pressure of £77k within Environmental Health relating to a Specialist Environmental Health Officer (£29k) and redundancy payments made by Regulatory Services and Environmental Protection (£25k and £23k respectively).

### 5.2 Income - £117k over budget (-3.1%)

There are two key variances:

- £65k from the provision of homelessness accommodation at Leys Road Hostel;
- £100k recovered housing benefit to off-set the cost of providing homelessness accommodation through private providers (Bed & Breakfast).

## **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 B.

6.2 The projected HRA balance at the end of 2013/14 is £2.718m. The forecast operating deficit is £59k – a change of £244k compared to the surplus of £185k originally budgeted. Significant variances are as follows:

### **6.3 Net Dwelling Rents - £350k underachievement: (0.7%)**

Income from Dwelling Rents is projected to be lower than budgeted due to a significant increase in the level of temporary void properties (as tenants seek to downsize following reductions to Housing Benefit following the implementation of the Social Size criteria policy) and the number of Right to Buy sales remaining high.

### **6.4 Repairs and Maintenance - £1.1m over budget: (10.2%)**

#### Day to Day Repairs

The current projected overspend of £500k on responsive (day to day) repairs is caused by an increase in demand. The volume of repairs carried out in the first six months of 2013/14 has exceeded predictions and is significantly up on last year. Work is taking place to analyse the types of repairs so that this can inform our future repairs policy, the new Total Asset Management Contract and future planned programmes.

It is felt that the increased activity since self financing on repairs, planned works, consultation and communication has resulted in increased expectations from our tenants and leaseholders. The consequence is that more tenants are choosing to report repairs with a confidence that they will be completed.

#### Empty Homes – Void Repairs

There is a projected overspend of approximately £543k. There are two main reasons for the projected overspend in this area:

- Lettings are projected to be approximately 10% higher than in 2012/13. This is attributed in part to the welfare reform changes, which results in an increase in the number of tenants wishing to move to a smaller home;
- The budget for 2013/14 was set using the empty homes standard for 2013/14 rather than the agreed revised standard. The difference is an average of around £500 per void repair;
- It is clear from DBC officer networks and from discussions with ARCH (Association of Retained Council Housing) that many authorities are experiencing similar pressures on their empty homes budget.

As the number of voids increases, so too does the demand for ancillary maintenance/repair work - garden clearance work is an example. There is a



projected pressure in the region of £200k arising from this trend.

### Planned Maintenance

A review of planned maintenance has been undertaken and total works of £157k identified that could be saved against the 2013/14 budget and completed in 2014/15.

#### **6.5 Revenue Contribution to Capital - £3.2m over budget (27.1%)**

The original budget has had two separate major amendments:

The first was the incorporation of an additional £5m contribution to capital for the acquisition of land for the new build programme. This was approved at Council in July and was funded from the Strategic Acquisition reserve.

The second amendment is made as a result of the projected overspends on the HRA, as these would result in the projected closing balance falling below the minimum target balance of 5% of turnover (around £2.7m). The level of Revenue Contribution to Capital has therefore been reduced in order to maintain the revenue balance at above the minimum target. The consequent shortfall in capital funding will be met through increased capital receipts from Right to Buy sales and the capital programme will not be affected.

#### **6.6 Supervision and Management - £500k over budget (5.6%)**

There are a number of projected overspends within Supervision and Management and these are outlined below

- Pension Backfunding is £57,000 higher than estimated.
- The budget for Cleaning is £104k higher than estimated due to additional overtime costs and a post that wasn't included in the original budget.
- The property and place budget is £109,000 overspent due to the costs of backfilling posts working on the new Total Asset Management (TAM) and delivering the increased capital programme set as a result of the new contract.
- The tenants and leaseholder management budget is overspent by £61k due to increased postage costs, uninsured losses and consultancy costs.
- The budget for Elderly Persons Dwellings is overspent by £156k due to the purchase of furniture, white goods and the replacement of carpets.

### **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 C.

	<b>Current Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Slippage £000</b>	<b>Forecast Variance</b>	
				<b>£000</b>	<b>%</b>
Finance & Resources	3,827	3,017	570	(240)	-6.3%
Strategic Planning & Environment	9,302	2,201	5,915	(1,186)	-12.7%
Housing & Community	10,978	8,718	1,839	(421)	-3.8%
<b>G F Total</b>	<b>24,107</b>	<b>13,936</b>	<b>8,324</b>	<b>(1,847)</b>	<b>-7.7%</b>
<b>HRA Total</b>	<b>32,180</b>	<b>29,038</b>	<b>3,142</b>	<b>0</b>	<b>0.0%</b>
<b>Grand Total</b>	<b>56,287</b>	<b>42,974</b>	<b>11,466</b>	<b>(1,847)</b>	<b>-3.3%</b>

- 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:

<b>Amendments</b>	<b>£000</b>	<b>Approved</b>
<b>2013/14 Original Budget</b>	<b>38,731</b>	
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	Council July 2013
St Nicholas Nursery - Structural Repairs	60	Council July 2013
Entropy Management Software	38	Council July 2013
Plant replacement at Commercial Properties	57	Council July 2013
Legal Case Management Software	14	Council July 2013
Play Area Refurbishment Programme	100	Council July 2013
Market Square & Bus Interchange	2,160	Council September 2013
Maylands Gateway	1,000	Council September 2013
Neighbourhood Centre Improvements	24	Council September 2013
Customer Service Unit	363	Council September 2013
Highbarns Land Stabilisation Project	2,942	Cabinet October 2013
<b>General Fund Adjustments</b>	<b>10,807</b>	
Estate Improvements	750	Council July 2013
Balcony Repairs	1,000	Council July 2013
Strategic Acquisitions	5,000	Council September 2013
<b>HRA Adjustments</b>	<b>6,750</b>	
<b>2013/14 Current Budget</b>	<b>56,288</b>	

- 7.3. A major review of the General Fund capital programme has been undertaken in preparation for the budget for 2014/15. The exercise has resulted in the re-scheduling of a significant number of schemes to reflect when they can be realistically delivered.

- 7.4 The result is slippage of schemes totalling £11.5m and a further £1.8m of schemes that have been removed from the programme. This was reported as part of the budget proposals at the Joint Overview and Scrutiny Committee on 5 February 2014 and 12 December 2013 and will be updated as part of the budget papers considered on this Agenda.