

BABERGH DISTRICT COUNCIL

FROM: Head of Finance and Head of Corporate Services

REPORT NUMBER **G81**

TO: **OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE**

DATE OF MEETING: 29 August 2007

FINANCE AND PERFORMANCE MANAGEMENT – QUARTERLY MONITORING REPORT

1. PURPOSE OF REPORT

- 1.1 This monitoring report aims to give the committee an integrated picture of the significant issues with regard to financial and performance information.
- 1.2 The format follows that of the Corporate Plan 2007/8 to improve the linkage to the council's corporate priorities.
- 1.3 There will be a full update on Risk Management at the next meeting of the Committee

2. RECOMMENDATIONS

- 2.1 That Members note the key points relating to variations against the 2007/8 Budget, Best Value Performance Indicators (BVPIs) and Local Performance Indicators (LPIs).
- 2.2 That Members scrutinise the financial and performance information set out in this report and appendices to determine where further work is required by officers, or recommendations made to the Strategy Committee or Council.
- 2.3 That key variations are reported to the Strategy Committee on the understanding that Action Plans will be drawn up to deal with the potential variations as appropriate, with this Committee monitoring these.

3. FINANCIAL IMPLICATIONS

- 3.1 It is difficult to produce a full year financial prediction based on first quarter information. However, based on the contents of this report and the appendix on budget monitoring, this indicates a potential position for the year as follows:
 - General Fund Revenue Budget – approaching a £200,000 net saving/underspend
 - Housing Revenue Account (HRA) – potential additional costs on void properties of between £50,000 and £100,000 for the year
 - Capital – HRA target of 97% of budget spend appears achievable: General Fund shortfall of approaching £600,000, most of which is likely slippage
- 3.2 The General Fund revenue savings would leave the Council with more in reserves, which could be used for other corporate priorities or to support the budget and financial strategy in future years.
- 3.3 The HRA had excess costs in 2006/07, some of which were to be recovered this year. A further overspend on void properties will make that difficult and the Housing Panel should be requested to

draw up an action plan to address the current position and any future changes that are felt to be appropriate.

- 3.4 The General Fund capital shortfall could result in the planned borrowing this year of around £500,000 not being required – the saving in borrowing costs is allowed for in the indicated £200,000 General Fund Budget saving/underspend.

4. **RISK MANAGEMENT**

- 4.1 This report links to Corporate Business Risk No.7 – Finance, Performance & Risk Management. Key risks are seen as:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
BVPI and LPI performance does not improve compared to previous years and LA's nationally	To be determined	Marginal	Regular monitoring to identify key variations.
Budgets are overspent, depleting reserves or requiring savings in other areas	Low (High on HRA voids)	Critical	Regular monitoring at officer & Member level with actions agreed to remedy the situation
Budgets are underspent or savings made	High	Marginal	As above. This early warning system will enable the Council to consider the implications in terms of future financial planning and management, both corporately and in specific areas

5. **KEY INFORMATION**

Overall context

- 5.1 It is important that Members have a clear picture of the linkages between finance, risk and performance. To this end, this report integrates summary financial and performance information.
- 5.2 This first quarterly report for 2007/08 aims to present Members with predictive financial information. With regard to Performance information a report outlining options for future monitoring of Performance Indicators follows this item on the agenda.
- 5.3 An overview of the potential outturn position on key budget risk areas is included as Appendix 2. Further commentary on this is provided later in the report.
- 5.4 The latest position on BVPIs and LPIs should be placed in the appropriate context. To this end, appendix 1 of this report provides a range of contextual information for each BVPI and LPI. This includes data from previous years, a set of comparative data, progress against our improvement targets (set by Strategy Committee on the 28th June) and our current direction of travel.

5.5 Priorities in the Corporate Plan that fall under the remit of this Committee are shown below together with the key performance highlights from this quarter:

Increase the supply of housing that local people can afford to rent or buy

- The target of 700 affordable homes to be built by April 2009 is on schedule. So far 229 properties have been completed with a further 248 at the post planning permission development stage.
- Average time taken to process new housing and council tax benefit claims are much improved. The council has reduced process time by a further 2.5 days since the previous year end figure and is now taking 4 days less than in quarter 1 last year. The end of year figure placed Babergh in the top quartile nationally.
- Change in circumstances processing times continues to steadily improve. It is now 9 days less than in the same period last year and on course to reach the target.
- Average process times for housing benefits top up applications are continuing to fall, although not as yet reaching the target set for the year end. Changes within the division will address this further and the expectation is that the year end target will be achieved.

Give easy convenient access to quality services

- Both council tax and non domestic rates payments are on target and performance is improved when compared with quarter 1 last year.
- The corporate PIs relating to top 5% of earners disability and ethnicity remain low performing. Targets have been set to address this. However the council's ability to affect change is limited as the top 5% of earners relates to just 15 posts.
- I.T. workstation costs continue to fall and currently exceed the target set. However the demand for higher specification PCs is expected to impact on this later in the year.
- Following the work carried out in previous years the standard searches processed within 10 days remains at 100%.
- The proportion of housing benefit overpayments recovered has improved and is on track to meet year-end target. Similarly, the proportion of overpayments written off continues to fall.
- The target for disabled access to all our buildings was achieved in 2006. This is still to be attained elsewhere in Suffolk.

Performance Information - Overall Position

5.6 The Corporate Plan contains a total of 91 BVPIs and 63 LPIs and the overall position is indicated in Tables 1 and 2 below.

5.7 Table 1 shows quarter 1 performance against the improvement targets set for 2007/08. 57% of the PIs are on or exceeding the level required to meet the target, 41% are below the target. Table 2 shows the direction of travel since 2006/07. 35% of PIs are improving, 29% are indicating declining performance, and 36% have stayed the same.

Table 1 – Q1 Performance v Target

Corporate Priority	On or exceeding target	Below target	No return	N/A¹	Total
Maintain a safe clean and sustainable environment	15	16	2	9	42
Increase the supply of housing that local people can afford to rent or buy	14	7	0	1	22
Promote healthy living and reduce health inequalities	9	6	0	3	18
Give easy convenient access to quality services	18	9	0	29	56
Raise individual and community ambitions and encourage active citizenship	5	5	0	6	16
Totals	61	43	2	48	154
Percentages (based on 106 PIs)	57%	41%	2%		

Table 2 – Q1 Performance v 2006/7 Year end

Corporate Priority	Improved	Worse	Same	N/A	Total
Maintain a safe clean and sustainable environment	9	10	11	12	42
Increase the supply of housing that local people can afford to rent or buy	6	5	5	6	22
Promote healthy living and reduce health inequalities	2	3	4	9	18
Give easy convenient access to quality services	13	3	10	30	56
Raise individual and community ambitions and encourage active citizenship	0	4	1	11	16
Totals	30	25	31	68	154
Percentages (based on 86 PIs)	35%	29%	36%		

5.8 Members should consider these summary tables with the caveat that, taken alone, they do not provide a measure of Babergh's performance *relative to other authorities*. For example, PIs

¹ This includes PIs where no data is available, contextual PIs, PIs that are collected annually, and new PIs where target has yet to be identified.

recorded as 'Below target' may be in the top quartile for district council's nationally and improving. Similarly PIs recorded as 'Improved' may remain bottom quartile nationally.

- 5.9 Appendix 1 provides a comprehensive set of contextual information for each BVPI and key LPI, allowing effective comparisons to be drawn. Suffolk and national comparisons relate to the most recently available audited data; end of year 2005/06. Audited data for 2006/07 will not be available until December. Sparsity Partnership for Authorities delivering Rural Services (SPARSE) data relates to the year-end 2006/07. SPARSE data provides benchmarking information for over 70 rural authorities across England.

O&S (Stewardship) Position

- 5.10 This committee has specific responsibility for a total of 45 BVPIs and 18 LPIs. These are shown at Appendix 1 and in Tables 3 and 4.
- 5.11 Table 3 shows quarter 1 performance against the improvement targets set for 2007/08. 70% of the PIs are on or exceeding the level required to meet the target set for 2007/8, 30% are below target. It should be noted that a significant proportion of the PIs falling under the remit of this committee are either contextual, new for 2007/8 or are not collected on a non-quarterly basis.

Table 3 – Q1 Performance v Actual

Corporate Priority	On or exceeding target	Below target	No return	N/A²	Total
Maintain a safe clean and sustainable environment	2	0	0	0	2
Increase the supply of housing that local people can afford to rent or buy	4	1	0	0	5
Promote healthy living and reduce health inequalities	0	0	0	0	0
Give easy convenient access to quality services	17	9	0	27	53
Raise individual and community ambitions and encourage active citizenship	0	0	0	3	3
Totals	23	10	0	30	63
Percentages (based on 33 PIs)	70%	30%	0%		

- 5.12 The PIs that are below target are:

BV8 – The percentage of invoices for commercial goods or services paid on time
 BV11b – The percentage of top 5% of earners that are from ethnic minorities
 BV11c – The percentage of top 5% earners who have a disability
 BV12 – The average number of days sick per member of staff
 BV14 – The percentage of staff retiring early as a % of the total workforce

² This includes contextual PIs, PIs that are collected annually, and new PIs where target has yet to be identified.

- BV16a – The percentage of staff with disabilities
- BV17a – The percentage of staff from ethnic minorities
- LPI17 – The average number of days to process applications for benefit top-up
- LPI49 – Overall user satisfaction with ICT service
- LPI51 – Support cost per workstation

5.13 Table 4 shows the direction of travel since 2006/07. 50% of PIs are improving, 9% are deteriorating and 41% have stayed the same.

Table 4 – Q1 Performance v 2006/7 Year end

Corporate Priority	Improved	Worse	Same	N/A	Total
Maintain a safe clean and sustainable environment	0	0	2	0	2
Increase the supply of housing that local people can afford to rent or buy	3	0	2	0	5
Promote healthy living and reduce health inequalities	0	0	0	0	0
Give easy convenient access to quality services	13	3	9	28	53
Raise individual and community ambitions and encourage active citizenship	0	0	0	3	3
Totals	16	3	13	31	63
Percentages (based on 32 PIs)	50%	9%	41%		

Financial Information -Overall Position

- 5.14 For this first quarter, the list of risk areas (risk of variation to the budget at the year end) has been produced through discussions with managers, using past experiences and current knowledge. Please see Appendix 2.
- 5.15 The key risks identified and reported in this first quarterly report will form the baseline for future monitoring and will need to be updated by officers as circumstances change.
- 5.16 The following key potential variations have been identified in quarter 1:

Revenue/General Fund

- Salaries, recruitment and corporate training costs (potential estimated total underspend of up to £150K)
- Borrowing costs (Saving of up to £25K, including a small amount on CAST, dependent on capital programme delivery – see later)

- Higher Investment income (between £50K and £100K) depending on interest rates and cashflows
- Possibility of lower income in some areas (car park fines, land charge searches, trade waste). To be investigated further and closely monitored to determine a more accurate outturn position.
- Concessionary Bus Fares scheme – budget could be exceeded due to higher take-up. Also, costs of implementing new scheme in April 2008 and Government grant towards these currently being assessed.

Housing Revenue Account (HRA)

The key risk area identified in quarter 1 is work on void properties. This year's position and the prospects for the rest of the year are being assessed further by officers. The Housing Panel will be considering the matter in the near future. It is currently possible that an outturn overspend of between £50K and £100K could arise.

Capital

- HRA – satisfactory progress and aim of delivering at least 97% of the programme should be achieved
- General Fund - An overall projected underspend of about £580K mainly due to slippage. Key projected variances are:
 - Joint refuse contract – new depot (£200K)
 - ICT (£230K, over 20% of the approved budget)
 - Private Sector Renewal grants/loans (£105K)

Budget Carry forwards from 2006-07

Officers also monitor spending against the approved Budget carry forwards from 2006-07. These totalled over £500K on revenue and £228K capital (this excludes council housing as there was nothing significant carried forward) – Appendix 3 provides details on the revenue budgets.

Earmarked Reserves

The overall position on these is also summarised in Appendix 2

Efficiencies

Based on this quarter's assessment it appears very likely that the Gershon efficiency forecast of over £400K is achievable. This will be at least £80k in excess of Babergh's annual Gershon efficiency target and we have already exceeded the 3-year cumulative target.

Significant Partnerships

The financial performance of significant partnerships is also monitored. These include the LAA and the two LSP's. In addition, there are clear governance arrangements in relation to the joint refuse contract and for monitoring the financial performance of the Leisure Trust. There are no matters to draw to the Committee's attention in relation to any of these, although it should be noted that the financial arrangements for the LAA are currently under review.

Members will be updated on any issues that arise in future quarterly reports

5.17 For Members information, key financial data for 2006/07 is also reported – see Appendix 4.

6. **APPENDICES**

Appendix 1 - Corporate Plan monitoring 2007/08 – BVPIs and LPIs Quarter 1. N.B. Indicators monitored specifically by the O&S (Stewardship) Committee are in standard text. Those monitored by O&S (Community Services) are highlighted in bold.

Appendix 2 - Projected monitoring report for the period ending June 2007

Appendix 3 - Carry forwards from 2006

Appendix 4 - Key financial outturn matters 2006/07

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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