

**BODY:** CABINET

**DATE:** 2<sup>nd</sup> September 2015

**SUBJECT:** Corporate Performance - Quarter 1 2015/16

**REPORT OF:** Chief Finance Officer and Head of Corporate Development

**Ward(s):** All

**Purpose:** To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for Quarter 1 2015/16.

To inform Cabinet of the Council's provision financial outturn for Quarter 1 2015/16.

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**Recommendations:** Members are asked to:

- i) Agree the performance against national and local Performance Indicators and Actions from the 2010/15 Corporate Plan (2014 refresh).
- ii) Agree the General Fund, HRA and Collection Fund financial performance for the quarter ended June 2015, as set out in sections 3 & 4
- iii) Approve the amended capital programme as set out in Appendix 3.
- iv) Approve an exemption to the Council's contract procurement rules in relation to the appointment of agents and architect for the Seahouses Square project funded from Coastal Communities Grant and managed by EHL.
- v) Agree the Treasury Management performance as set out in section 7.

## **1.0 Introduction**

1.1 The 2010/15 Corporate Plan was refreshed in 2014 and sets out a number of key actions and indicators to deliver and measure progress against key priorities. Throughout the year, performance against these key indicators and milestones is reported to Cabinet and Scrutiny committees on a quarterly basis and to Scrutiny monthly.

- 1.2 The information in these performance reports is collected and managed using the Covalent performance management system. Further detail behind the report and evidence providing a full and robust audit trail for the performance information presented is available to view within the online system. Members are invited to contact the Corporate Development Team at any time to arrange individual training support on using the system if required.
- 1.3 In the absence of a National Performance Framework it is important that the authority continues to strengthen its own performance management procedures particularly in relation to the use of robust local indicators and meaningful reporting against actions and activities. The actions, milestones and performance indicators in the Corporate Plan refresh 2014 have been chosen to reflect this year's priority activities and objectives with a view to realising the longer term vision set out in the Corporate Plan.
- 1.4 Due to operational improvements made to our activity reporting procedures in Quarter 3 2014/15, we made a change to one of the reported performance indicators. CS\_012 "Calls Handled at First Point of Contact" has now been replaced with CS\_012a "Telephone Calls handled at first point of contact." This new version of the indicator focuses solely on phone scripts.
- 1.5 Following changes to crime reporting procedures, it was decided to change the crime related PIs from targeted to data only as the previous targets are no longer relevant to the data being reported. These PIs will be reviewed and revised for the next iteration of the Corporate Plan.

## **2.0 Performance Overview**

- 2.1 **Appendix 1** is a detailed report on the activities and outturns of the performance indicators listed within the current Corporate Plan. This report shows the latest available outturns for the local performance indicators featured in the 2010/15 Corporate Plan broken down into themed areas.
- 2.2 Each project has been allocated a number of in-year actions and milestones to be completed in order to progress the project efficiently. Some projects may be fully completed within the year whereas larger scale priorities will be delivered over a longer period. **The first section of Appendix 1 lists all the Corporate Plan priority actions whose in-year milestones have already been fully completed this year.** Full details of the specific milestones and commentary for these actions is available on request or directly via the Covalent Performance Management System.
- 2.3 The second section of Appendix 1 lists the ongoing actions showing all milestones that were scheduled for completion within this period and any outstanding milestones along with commentary to explain the context behind them.
- 2.4 Chapter summary text has been supplied by the relevant Heads of Service to provide added context for the performance reported in each section. This commentary highlights important achievements and challenges for the reporting period and can be found at the start of each chapter.

- 2.5 The PI tables show which indicators related to the priority projects are performing on target (green tick icon), failing to reach target (red octagonal icon) or are near misses (amber triangle icon). Relative performance is based on quarterly targets as set by the managers of each area using past performance, available benchmarking and planned service developments.
- 2.6 The current outturn for each PI is shown on the performance gauges in column 4 – Year to date. The gauges show visually how the level of performance compares to targets (green zones) and near miss levels (amber zones). Amber zones have been reviewed to reflect appropriate levels of performance expectation and any national targets which are lower than our own local aspirations.
- 2.7 The bar charts in column 6 show comparative performance against previous quarters/years as appropriate. This enables an at a glance indication of whether performance is improving or not and will help identify potential trends and seasonality of performance.
- 2.8 Commentary has been included in the action and indicator outturn tables where supplied. This provides some contextual background to the performance and this function and is backed up by the online evidence collation facility of the Covalent system.
- 2.9 Of the 25 Key Performance Indicators reported in the Corporate Plan this quarter, **2 are currently showing as Red, 11 are showing as Green, 6 are showing as Amber and 6 are data only or contextual PIs.** The off target PIs are...
- DE\_011 – Number of reported fly-tipping incidents reported
  - CS\_010 Calls to 410000 answered within 30 seconds
- 2.10 We have the capability within Covalent to analyse performance data via dashboard reporting. This allows us to look beyond green – amber – red performance reporting and drill down more into the data and what it is telling us. The following PIs are showing as the relatively best performing according to the latest confirmed data available:

...	Code & Title	Gauge	Value	Target
✓	TL_008 Conference delegates		14,775	12,000
✓	CD_155 Number of affordable homes delivered (gr...		70	30
✓	DE_192 Percentage of household waste sent for re...		40.13%	35.00%
✓	CS_011 Telephone call abandonment rate		3.43%	5%
✓	CS_003 Sickness absence - average days lost per ...		1.02 days	1.45 days

*\*The data in this table is based on the latest reported out-turns including annually reported indicators so may include PIs where data is from the 2014/15 out-turn.*

### 3.0 Financial Performance – General Fund

3.1 General Fund performance of the quarter is shown in the table below:

Department	Full Year Budget £'000	Profiled Budget £'000	Actual to 30 June 15 £'000	Variance to date £'000
<b>SUMMARY</b>				
Corporate Services	11,648	4,392	4,399	7
Community Services	(2)	40	46	6
Tourism & Leisure Services	3,084	1,072	1,083	11
<b>Total Service Expenditure</b>	<b>14,730</b>	<b>5,504</b>	<b>5,528</b>	<b>24</b>
Contingencies etc	(448)	38	5	(33)
Capital Financing and Interest	1,892	69	69	-
Contributions to/(from) Reserves	(929)	(39)	(39)	-
<b>Net Expenditure</b>	<b>15,245</b>	<b>5,572</b>	<b>5,563</b>	<b>(9)</b>

Service Details are shown at **Appendix 2**.

The departmental split shown above is based on the council's structure pre Future Model 2 implementation. The Finance team are currently working on the budget realignment and allocation of the savings target shown within the contingencies figure. This work will be reflected as from quarter two.

- 3.2 The position at the end of June shows a small variance of £24,000. This relates to several areas of minor under and over spends which are being carefully monitored.
- 3.3 The contingency fund currently stands at £132,250, which is available to fund inflationary increases and any future unforeseen one off areas of expenditure during the year.

### 4.0 Financial Performance – HRA

4.1 HRA performance for the quarter is as follows:

	Current Budget £'000	Profiled Budget £'000	Actual to 30 June 15 £'000	Variance to date £'000
<b>HRA</b>				
Income	(15,749)	(4,045)	(4,051)	(6)
Expenditure	14,669	2,048	2,004	(44)
Contribution to Reserves	1,080	-	-	-
<b>Total HRA</b>	<b>-</b>	<b>(1,997)</b>	<b>(2,047)</b>	<b>(50)</b>

- 4.2 HRA performance is currently above target by £50k this is mainly as a result of the slow take up of the under occupation scheme (£16k) and the lower provision for bad debts required (£20k). Other small variances are carefully being monitored.

## 5.0 Financial Performance – Capital Programme

- 5.1 The detailed capital programme is shown at Appendix 3. Actual expenditure is low compared to the budget. There are no significant variances identified and expenditure is in line with traditional patterns of spend as at quarter one. Expenditure is expected to increase as schemes progress throughout the year.
- 5.2 The capital programme has been amended from that approved by Council in February to reflect the final outturn re-profiling of schemes between years.
- 5.3 Cabinet is requested asked to approve an exemption to the Council’s contract procedure rules in relation to the appointment of Pierce Hill as employer’s agent and architect for the Sea Houses Square project funded from Coastal Communities Grant and managed by EHL.

The value of this contract is below the £50,000 limit required for a full tender exercise and could have followed the Request to Quote process.

However a “tender like” process was followed but not strictly adhered to in respect of administrative processes that would normally be applied to a full tender. Therefore whilst a higher level of competitive process was followed than necessary it was not technically compliant with the Councils own rules.

## 6.0 Financial Performance – Collection Fund

- 6.1 The Collection Fund records all the income from Council Tax and National Non-Domestic Rates and its distribution to the major precepting authorities
- 6.2 The projected Collection fund for the year is as follows:

	<b>Council Tax £'000</b>	<b>Business Rates £'000</b>
Balance B/fwd 1.4.15	(447)	1,789
Deficit recovery	447	(1,295)
Debit due for year	(54,658)	(34,362)
Payments to preceptors	53,953	34,399
Transitional Relief		(24)
Allowance for cost of collection		127
Allowance for appeals		(62)
Write offs and provision for bad debts	615	181
<b>Estimated balance 31.3.16</b>	<b>(90)</b>	<b>753</b>
Allocated to:		
CLG	-	377
East Sussex County Council	(65)	68
Eastbourne Borough Council	(12)	301
Sussex Police	(8)	-
East Sussex Fire & Rescue	(5)	8
	<b>(90)</b>	<b>753</b>

- 6.3 The allocations to preceptors reflect the operation of the Collection Fund for Council Tax and retained Business Rates which are distributed on different bases under regulations. The distributions of the estimated balance calculated at quarter 3 will be made in 2016/17. Any changes after that date will be made in 2017/18.
- 6.4 Council Tax is currently showing a £90,000 surplus a variance of 0.16% of the total debit due for the year.
- 6.5 The Business Rates deficit of £753,000 is as a result of a bigger than anticipated provision made in 14/15 for outstanding appeals, giving rise to a higher than budgeted for balance carried forward as at 1.4.15. There were 112 appeals received since 1.4.15 with a total rateable value of £10,695,000. The total number of properties with appeals outstanding as at 30.6.15 was 236 with a total rateable value of £20,152,010. The uncertainty of the potential value of successful appeals is a major risk to the Collection Fund at this time. The deficit represents 2.19% of the total debit for the year.
- 6.6 Collection performance is as follows:

<b>Cash Collection Rates</b>	<b>Council Tax</b>	<b>Business Rates</b>
Q1 Actual	29.33%	29.07%
Q1 Target	30.68%	29.54%

## **7.0 Treasury Management**

- 7.1 A detailed report on Treasury Management activities for 2014/15 is included elsewhere on the agenda. That report includes the current economic background and interest rate forecasts. Interest rates are expected to remain low for the remainder of 2015/16 and start to increase after quarter two 2016
- 7.2 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2015/16, which includes the Annual Investment strategy, was approved by the Council on 4 February 2015. It sets out the Council's investment priorities as being:

- Security of Capital;
- Liquidity;
- Yield.

A full list of short term investments held as at 30 June 2015 is shown in the table below.

Counterparty	Amount £	Interest Rate %	Maturity
Santander	5,000,000	0.80	Call

Nationwide B/Soc	1,000,000	0.66	6.11.15
	6,000,000		

In addition a sum of £1m is invested with Lloyds Bank at a rate of 3.03% maturing on 23.1.19. This investment is held as part of the LAMS scheme and all interest earned will be transferred into a reserve set up to mitigate any financial risks.

No approved limits within the Annual Investment Strategy were breached during the quarter end 30 June 2015.

Investment rates available in the market have continued at historically low levels. Funds are available on temporary basis for investment and arise mainly from the timing of the precept payments, receipts of grants and progress on the capital programme.

### 7.3 Investment performance

Investment performance for the quarter ending 30 June 2015 is as follows:

Benchmark	Benchmark Return	Council Performance	Interest Earning
7 day	0.36%	0.78%	£13,600

As Illustrated, the authority outperformed the benchmark by 0.42%. The Council's budgeted investment return for 15/16 is £50,000 and performance for the year is in line with this budget.

### 7.4 Borrowing

No borrowing or debt re-scheduling was undertaken during the quarter.

Cash flow predictions indicated that further borrowing will be required towards the end of the year, depending on the timing of capital expenditure. The exact timing and nature of this borrowing will be consider at that time, however to maintain a sustainable maturity profile it is anticipated that new borrowing will be at maturity dates in excess of 25 years.

### 7.5 **Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the quarter to 30 June 2015 the Council has operated within all the other treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

## 8.0 Consultation

8.1 Not applicable

## **9.0 Implications**

9.1 There are no significant implications of this report.

## **10.0 Conclusions**

- 10.1 This report provides an overview of performance against the authority's priority actions and indicators as at Quarter 1 2015/16. Progress against the key projects and indicators is updated on the online Covalent system on a regular basis and provides a "live" view of the Council's performance accessible at any time.
- 10.2 Both the General Fund and HRA budgets are on target, capital expenditure is low but this is to be expected as some of the major schemes are yet to commence.
- 10.3 The Collection Fund forecast for Council Tax is indicating a surplus of £90,000 and a deficit for Business Rates of £753,000. This will be allocated to or collected from preceptors during 2015/16 and 2016/17.
- 10.4 Treasury Management performance is on target and all activities were within the approved Treasury and Prudential Limits

**William Tompsett**  
**Senior Corporate Development Officer**

**Pauline Adams**  
**Financial Services Manager**

### **Background Papers:**

The Background Papers used in compiling this report were as follows:

*Corporate Plan 2010/15 (2014 refresh)*

*Covalent performance management system*

*Budget Monitoring working papers 2015/16 June 2015*

*Council Tax and Business Rates Collection Fund monitoring working papers 2015/16*

To inspect or obtain copies of background papers please refer to the contact officer listed above.