

BODY: **Scrutiny**

DATE: **6 February 2012**

SUBJECT: **Corporate Performance - Quarter 3 2011/12**

REPORT OF: **Deputy Chief Executive and Chief Finance Officer**

Ward(s): All

Purpose: To update Members on the Council's performance against Corporate Plan Priority actions, indicators and milestones for 2011/12.

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Recommendations: Members are asked to:

- i) Note the performance against national and local Performance Indicators from the 2010/15 Corporate Plan (2011 refresh)
- ii) Note the financial performance on the General Fund, Housing Revenue Account, Treasury Management and Capital programme position as at 30.12.11.

1.0 Introduction

- 1.1 The 2010/15 Corporate Plan was refreshed for 2011 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 will be reported to Cabinet on a quarterly basis.
- 1.2 The information in these performance reports is collected and managed using the Covalent performance management system and has been compiled and checked by the Strategic Performance Officer. 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. Two Member training sessions dedicated to accessing and using Covalent are already scheduled but Members are invited to contact the Strategic Performance Team at any time to arrange individual training support on using the system if required.
- 1.3 With the removal last year of National Indicators, 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.

2.0 Performance Overview

- 2.1 **Appendix 1** is a detailed report on the Quarter 3 activities and outturns of the performance indicators listed within the Corporate Plan. This report shows the latest available outturns for the National and 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 completed within the year whereas larger scale priorities will be delivered over a longer period. **The summary action table at the beginning of each section shows the percentage of in-year actions/milestones completed so achieving 100% will not necessarily equate to final completion of the whole project.** The specific milestones for Quarters 1, 2 and 3 are set out in the Actions report in Appendix 1 and details of the milestones for the whole year are available on Covalent or can be supplied on request. In order to provide a full picture of current performance, any milestones from Quarter 4 that have already been completed have also been included in this report.
- 2.3 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.
- 2.4 The actual outturn for each PI is shown on the performance gauges and 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.
- 2.5 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.
- 2.6 Priority theme summary comments have been included at the beginning of each section to provide some contextual background for the performance in that area.

3.0 Financial Performance – General Fund

- 3.1 General Fund Revenue performance for quarter three is set out at Appendix 2 and is summarised at table 1 below:

Table 1 General Fund Summary as at 31.12.11

Department	Full Year Budget	Profiled Budget	Actual to 31 Dec 11	Variance to date	Projected Outturn Variance
	£'000	£'000	£'000	£'000	£'000
SUMMARY					
Corporate Services	5,787	4,659	4,505	(154)	(79)
Community Services	497	854	692	(162)	(204)
Development and Environment Services	7,263	4,989	4,983	(6)	8
Tourism & Leisure Services	3,228	2,647	3,027	380	280
Contingencies	87	-	-	-	-
Total Service expenditure	16,862	13,149	13,207	58	5
Capital Financing and Interest	739	1,714	1,714	-	-
Contributions to/(from) Reserves	(912)	(912)	(912)	-	-
Net Expenditure	16,689	13,951	14,009	58	5

3.2 The position to the end of December shows a negative variance of £58,000 which is a reduction of £1,000, compared to the position reported at the end of September. This is as a result of a number of variance the major items being improved performance in housing benefit overpayments of £80,000, additional expenditure offset by a short fall in lettings at the Towner of £123,000.

3.3 The projected outturn shows a negative variance of £5,000. a £98,000 improvement on the position at the end of September. This improvement is as a result of management action including the subsequent reversal of £62,000 for bad debt provision for Treasure Island no longer required less additional costs and shortfall in income at the Towner.

3.4 The audit of the Housing Benefit Claim for 2010/11 is almost complete and will lead to a technical adjustment in the region of £260,000 going back to 2001/02.

Over the last two years the council has overachieved on the Housing Benefit Budget by over £800,000. The total value of the government housing benefit subsidy is over £50m per annum.

It is probable that the adjustment will be partially offset by increased performance from housing benefits overpayments in 2011/12, over that already included in the provision outturn. The final position will be reported as part of the final outturn report.

3.5 Currently the 2011/12 outturn does not include any surpluses expected from Solarbourne. The financial implications will be quantified once the scheme is completed and will be included in the budget for 2013/14.

- 3.6 The effects of the current economic climate are still a risk to the budget outturn and income levels below the budget target are reflected in the provisional outturn figures, despite reductions already built into the base budget. Details of all variances are included in Appendix 2.
- 3.7 The contingency allowance of £101,000 has now been fully allocated.
- 3.8 There are no virement requests for this quarter.

4.0 Financial Performance HRA

- 4.1 HRA performance for the quarter is as follows:

Table 2 HRA Summary as at 31 December 2011.

	Current Budget	Profiled Budget	Actual to 30 Sept	Variance to date	Projected Outturn Variance
	£'000	£'000	£'000	£'000	£'000
HRA					
Income	(14,874)	10,584	10,672	(88)	-
Expenditure	14,613	(5,446)	(5,472)	26	-
Total HRA	(261)	5,138	5,200	(62)	-

The HRA is on target.

5.0 Capital Programme

- 5.1 The updated capital programme is shown at Appendix 3 and reflects changes for the re-profiling of the capital programme between 2011/12 and 2012/13 reported as part of the budget report elsewhere on this agenda.

Actual expenditure is lower than would be expected by quarter three particularly in the following areas:

Housing Decent homes and sheltered accommodation
Solarbourne
Agile Phase 2

However all these projects are in progress and are expected to achieve the revised budget by the end of March.

6.0 Treasury Management

- 6.1 Economic background

Details on the current economic background is provided as part of the treasury management strategy for 2012/13 that is being considered elsewhere on this agenda

The outlook remains uncertain with growth in the UK economy expected to be weak over the next two years. At the centre of this uncertainty is the

ongoing Eurozone sovereign debt crisis being the focus of market concerns. .

6.2 Investments

A full list of investment held as at 31 December 2011 is shown in the table below.

Table 3 Investments held as at 31 December 2011.

Counterparty	Amount £m	Interest Rate %	Maturity
Santander UK	3.00	0.80	Call
Lloyds TSB Bank	2.00	0.75	Call
Royal Bank of Scotland	4.00	0.85	Call
Nationwide Building Society	1.00	0.60	Fixed to 4/01/12
Lloyds TSB Bank	1.00	1.42	Fixed to 31/01/12
Lloyds TSB Bank	1.00	1.80	Fixed to 06/02/12
Co-op Bank PSR account	2.11	0.56	Overnight
	14.11		

The average funds available from cash flow timing of precept payments, receipt of grants and capital spending, during the quarter was £15.1m

6.3 Investment performance for the quarter ended 31 December 2011

The authority outperformed the benchmark by 0.39% as illustrated at table 4 below. The revised budgeted investment return for 2011/12 is £96,000. However the final outturn could exceed this figure depending on the capital spending for the rest of the year.

Interest rates available in the marked has continued at historically low levels and Sector's interest rate forecasts suggests that bank rated will remain at its current level until the third quarter of 2013/14.

Table 4 Investment performance against benchmark.

Benchmark	Benchmark Return	Council Performance	Interest Earning
7 day	0.48%	0.87%	£90,994

6.4 Borrowing

There has been no new external borrowing undertaken to date, but it is anticipated that temporary short term market borrowing will be undertaken later this financial year in accordance with cash flow requirements. This will allow conversion into longer term borrowing in 2012/13 at the most appropriate time taking into account interest rates and cash flow predictions.

The HRA self financing debt settlement is due to take place on 28 March 2012 when £30.17m of the council's PWLB debt will be repaid. The result will

be to decrease the Council's total borrowing indebtedness to £33.5m

A sum of £4m of PWLB debt is due to mature on 22 March 2012, in order to maximise the effect of the HRA settlement on interest rates this will be replaced by temporary borrowing until 2012/13.

No debt rescheduling has been undertaken place as opportunities for doing so have been limited by the current economic climate and consequent structure of interest rates.

6.5 Compliance with Treasury and Prudential Limits

During the financial year to date the Council has operated within the 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.

7.0 Consultation

7.1 Not Applicable

8.0 Implications

8.1 There are no significant implications of this report.

9.0 Conclusions

9.1 This report provides an overview of performance against the authority's priority actions and indicators as at the end of the third quarter of 2011/12. 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.

9.2 Both the general fund and housing revenue account are on target to deliver outturns which are broadly on target. There is however still some risks to the budgets which are being carefully monitored.

9.3 Capital Expenditure is low compared to the budget but it is expected that the final outturn will be on target.

9.4 Treasury Management performance is on target and within the approved Treasury and Prudential limits.

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Strategic Performance Manager

Pauline Adams
Financial Services Manager

Background Papers:

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

Corporate Plan 2010/15 (2011 refresh)
Covalent performance management system reports
Budget Monitoring working papers 2011/12

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