

**BODY:** **SCRUTINY COMMITTEE**

**DATE:** **3<sup>RD</sup> September 2012**

**SUBJECT:** **Corporate Performance - Quarter 1 2012/13**

**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 financial targets for 2012/13

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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 (2012 refresh)
- ii) Note the General Fund and HRA financial performance for the quarter ended June 2012, as set out in sections 3 & 4
- iii) Note the use of reserves as set out in Appendix 3.
- iv) Note the amended capital programme as set out in Appendix 4.
- v) Note the Treasury Management performance as set out in section 6.

## **1.0 Introduction**

- 1.1 The 2010/15 Corporate Plan was refreshed for 2012 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 and Scrutiny committees on a quarterly basis.
- 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. Member training sessions dedicated to accessing and using Covalent have been carried out and 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 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 2012 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.

## **2.0 Performance Overview**

2.1 **Appendix 1** is a detailed report on the Quarter 1 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 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.

2.3 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 Quarter 1 are set out in the Actions report in Appendix 1 and details of the milestones for the whole year are available on Covalent and can be supplied on request.

2.4 The Council recently participated in a peer review conducted by the Local Government Association (LGA). Discussions with the Peer Team regarding Eastbourne's performance reporting structure highlighted the benefits of accessible summary information to support the comprehensive report. Many local authorities base their quarterly performance reporting solely on their key performance indicators and their performance against targets. This quarter, we have added a PI summary sheet to the beginning of the performance report. This highlights the performance of targeted PIs within the Corporate Plan and gives a general overview of our current performance overall. This summary is designed to complement the comprehensive report and Covalent system where further detail can be found.

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 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.

- 2.7 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.
- 2.8 Devolved Budget spend is reported at the end of the appended performance report. The table lists the projects supported and the individual spend per project.

### 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 31 Dec 11 £'000	Variance to date £'000
<b>SUMMARY</b>				
Corporate Services	5,434	1,892	1,931	39
Community Services	111	11,946	11,858	(88)
Development and Environment Services	7,274	1,716	1,671	(45)
Tourism & Leisure Services	3,259	1,091	1,189	98
<b>Total Service expenditure</b>	<b>16,078</b>	<b>16,645</b>	<b>16,649</b>	<b>4</b>
Contingencies etc	(135)	30	30	-
Capital Financing and Interest	748	115	115	-
Contributions to/(from) Reserves	(985)	-	-	-
<b>Net Expenditure</b>	<b>15,706</b>	<b>16,790</b>	<b>16,794</b>	<b>4</b>

Service Details are shown at **Appendix 2**

- 3.2 The variance to date includes a surplus of £86,800 from the Solarbourne project. Other variances (representing just 0.51% of the profiled budget) are being monitored over the next few months.
- 3.3 The contingency fund currently stands at £219,300 which is available to fund any future unforeseen one off areas of expenditure during the year.
- 3.4 Members are asked to note the transfer from reserves of £21,500 as detailed in Appendix 3.

### 4.0 Financial Performance – HRA

4.1 HRA performance for the quarter is as follows:

	<b>Current Budget £'000</b>	<b>Profiled Budget £'000</b>	<b>Actual to 30 Sept £'000</b>	<b>Variance to date £'000</b>
<b>HRA</b>				
Income	(14,250)	(3,753)	(3,752)	1
Expenditure	14,311	1,873	1,871	(2)
<b>Total HRA</b>	<b>61</b>	<b>(1,880)</b>	<b>(1,881)</b>	<b>(1)</b>

The HRA is on target.

## 5.0 Financial Performance – Capital Programme

5.1 The detailed capital programme is shown at Appendix 4. Actual expenditure is low compared to the budget, due to some major schemes that are still to commence.

5.2 The capital programme has been amended from that approved by Council in February to reflect the expected outturn on Solarbourne, the virement from the Invest to Save budget for new Planning Software and an emergency Server Replacement, Dilapidations at Saffrons Road funded from grant and the Street Market scheme approved by members at the 31 May Cabinet meeting. Members are asked to note the capital programme as set out at Appendix 4, totalling £17,838,000 for 2012/13.

## 6.0 Treasury Management

6.1 A detailed report on Treasury Management activities for 2011/12 is included elsewhere on the agenda. This report includes the current economic background and interest rate forecasts. Interest rates are expected to remain low for the remainder of 2012/13.

## 6.2 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2012/13, which includes the Annual Investment strategy, was approved by the Council on 22 February 2012. It sets out the Council's investment priorities as being:

- Security of Capital;
- Liquidity;
- Yield.

A full list of investments held as at 30 June 2012 is shown in the table below. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2012.

Counterparty	Amount £m	Interest Rate %	Maturity
Lloyds Bank	1,000,000	0.75	Call
Royal Bank of Scotland	3,950,000	0.85	Call
Co-Op	4,405,000	0.56	Overnight
Lloyds Bank	2,000,000	3.10	13.2.13
Nationwide Building Society	1,000,000	0.92	13.8.12
Lloyds Bank	1,000,000	2.00	15.2.13
	13,355,000		

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

### 6.3 Investment performance

Investment performance for the quarter ending 30 June 2012 is as follows:

Benchmark	Benchmark Return	Council Performanc e	Interest Earning
7 day	0.45%	1.39%	£28,500

As Illustrated, the authority out performed the benchmark by 0.94%. The Council's budgeted investment return for 2012/13 is £100,000 and performance for the year is in line with this budget.

### 6.4 Borrowing

Two new PWLB 5 year maturity loans of £2,000,000 each were taken in May at rates of 1.96% and 1.87% respectively.

Cash flow predictions indicated that further borrowing will be required later in the year. 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 between 8 and 10 years.

Earlier this month HM Treasury announced that as from 1 November it will introduce a 0.20% discount on PWLB loans (the Certainty Rate) under the prudential borrowing regime for those authorities providing improved information and transparency on long term borrowing and associated capital spending plans. This information is already available within existing prudential indicators.

### 6.5 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 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.

## **8.0 Conclusions**

5.1 This report provides an overview of performance against the authority's priority actions and indicators as at the end of the first quarter of 2012/13. 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.

5.2 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.

5.3 Treasury Management performance is on target and within the approved Treasury and Prudential Limits.

**William Tompsett**  
**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 (2012 refresh)*  
*Covalent performance management system reports*

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