

BODY: CABINET

DATE: 3rd September 2014

SUBJECT: Corporate Performance - Quarter 1 2014/15

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 2014/15.

To inform Cabinet of the Council's provision financial outturn for Quarter 1 2014/15.

Contact: William Tompsett, Strategic Performance Manager
Tel 01323 415418 or internally on ext 5418

Pauline Adams, Financial Services Manager
Tel 01323 415979 or internally on ext 5979.

Recommendations: Members are asked to:

- i) Agree the performance against national and local Performance Indicators and Actions from the 2010/15 Corporate Plan (2013 refresh).
- ii) Agree the General Fund, HRA and Collection Fund financial performance for the quarter ended June 2014, as set out in sections 3 & 4
- iii) Approve the amended capital programme as set out in Appendix 3.
- iv) Agree the Treasury Management performance as set out in section 7.

1.0 Introduction

- 1.1 The 2010/15 Corporate Plan was refreshed for 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. 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 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 As part of the 2014 refresh we have removed a number of Performance indicators which were either not directly related to Eastbourne Borough Council activity, are no longer related to our priority activities or are measured in a different way.

The removed PIs include:

- JSA Claimant Count
- Towner Visitors
- Online accommodation referrals made
- Number of incidents of homelessness prevented and relieved
- Number of homeless applications
- Number of homes where category 1 hazards have been remedied
- Number of young people engaged in positive activities
- Number of people engaged in the Youth Forum
- Number of buildings tackled with success

A new PI has been added to measure environmental crime:

- Reduction in the number of reported fly-tipping incidents

2.0 Performance Overview

2.1 **Appendix 1** is a detailed report on the 2014/15 activities and outturns of the performance indicators listed within the 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 the first quarter of the 2014/5 year 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 27 Key Performance Indicators reported in the Corporate Plan this quarter, 7 are currently showing as "Red," 13 are showing as "Green," 5 are showing as "Amber" and 2 are "data only" or contextual PIs. The off target PIs are...
- DE_011 - Reduction in the number of reported fly-tipping incidents
 - CD_008 - Decent Homes programme
 - CD_056 - Average number of days for assistance with adaptations
 - CD_156- Number of households living in temporary accommodation
 - ECSP_002 - Shoplifting rate compared to 2013/14
 - ECSP_004 - Violent crime in a public place
 - ECSP_016 - Serious Acquisitive Crime (robbery, car crime and burglary dwelling) rate compared to 2013/14
- 2.10 We now 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. This showed that the following PIs were the best performing:

Best Performing (PIs)	Value	Target	Gauge
TL_005 Marketing campaign value for money	£0.60	£0.88	
CS_011 Telephone call abandonment rate	2.68%	6%	
CD_181 Time taken to process Housing Benefit/Coun...	4.4 days	10.0 da...	
CD_050 Empty privately owned homes returned to oc...	49	30	
TL_017a Redoubt visitors - paying visitors	5,126	3,200	
TL_008 Conference delegates	14,800	13,000	
CS_003 Sickness absence - average days lost per emp...	1.18 da...	1.45 da...	
TL_026 Total number of theatre users	75,860	63,000	
DE_194 Missed collections	1,260	1,350	

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 14 £'000	Variance to date £'000
SUMMARY				
Corporate Services	11,797	3,711	3,730	19
Community Services	36	12,384	12,402	18
Tourism & Leisure Services	2,866	1,188	1,210	22
Total Service Expenditure	14,699	17,283	17,342	59
Contingencies etc	170	43	1	(42)
Capital Financing and Interest	1,664	86	86	-
Contributions to/(from) Reserves	478	63	63	-
Net Expenditure	17,011	17,475	17,492	17

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

3.2 The position at the end of June shows a small variance of £17,000. This relates to several areas of minor under and over spends which are being carefully monitored. These include:

- Additional grant income (£40k)
- Dotto Train income not met £65k

3.3 There are a number of risks around the Revenues and Benefits area, which include staff resources, additional work with the implementation of the new Revenues and Benefits computer system and the introduction of universal credit. Recovery work has been put on hold over the last month whilst data was migrated to the new system, which may have implications for collection rates in the short term. This is being monitored and any variances will be reported in the Quarter two monitoring report.

3.4 The contingency fund currently stands at £170,000, of which £5,000 is currently committed, leaving a balance of £165,000, 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	Profiled Budget	Actual to 30 June 14	Variance to date
	£'000	£'000	£'000	£'000
HRA				
Income	(15,356)	(3,677)	(3,686)	(9)
Expenditure	14,548	1,992	1,991	(1)
Contribution to Reserves	500	-	-	-
Total HRA	(308)	(1,685)	(1,695)	(10)

4.2 HRA performance is currently above target by £10k this is as a result of a number small variances which 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 and expenditure is in line with traditions 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.

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:

	Council Tax	Business Rates
	£'000	£'000
Balance B/fwd 1.4.14	79	3,048
Deficit recovery	(100)	(2,065)
Debit due for year	(52,648)	(34,084)
Payments to preceptors	52,355	33,155
Transitional Relief	-	(28)
Allowance for cost of collection	-	127
Write offs and provision for bad debts	304	381
Estimated balance 31.3.15	(10)	534
Allocated to:		
CLG		
East Sussex County Council	8	267
Eastbourne Borough Council	1	214
Sussex Police	1	48
East Sussex Fire & Rescue	-	5
	10	534

- 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 2015/16. Any changes after that date will be made in 2015/16.
- 6.4 Council Tax is currently showing a £10,000 surplus a variance of 0.02% of the total debit due for the year.
- 6.5 The Business Rates deficit of £534,000 is as a result of a bigger than anticipated provision made in 13/14 for outstanding appeals, giving rise to a higher than budgeted for balance carried forward as at 1.4.14. There were 106 properties with appeals outstanding with a total rateable value £18m. The valuation office is expecting to settle all these claims within the next 12 months. The uncertainty of the potential value of successful appeals is a major risk to the Collection Fund at this time. The deficit represents 1.57% of the total debit for the year.
- 6.6 Collection performance is as follows:

Cash Collection Rates	Council Tax	Business Rates
Q1 Actual	29.33%	30.68%
Q1 Target	30.19%	31.85%

7.0 Treasury Management

- 7.1 A detailed report on Treasury Management activities for 2013/14 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 2014/15 and start to increase after quarter one 2015.
- 7.2 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2014/15, which includes the Annual Investment strategy, was approved by the Council on 5 February 2014. 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 2014 is shown in the table below.

Counterparty	Amount £m	Interest Rate %	Maturity
Santander	2,300,000	0.80%	Call
RBS	2,700,000	0.70%	Call
RBS	100,000	0.55%	90 days notice

TOTAL	5,100,000	0.74%	
--------------	------------------	--------------	--

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 2014.

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 2014 is as follows:

Benchmark	Benchmark Return	Council Performance	Interest Earning
7 day	0.34%	0.73%	£8,600

As Illustrated, the authority out performed the benchmark by 0.39%. The Council's budgeted investment return for 14/15 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 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.

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 2014 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.

3.0 **Consultation**

3.1 Not applicable

4.0 Implications

4.1 There are no significant implications of this report.

5.0 Conclusions

5.1 This report provides an overview of performance against the authority's priority actions and indicators as at Quarter 1 2014/15. 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.

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 (2014 refresh)
Covalent performance management system reports

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