

**BODY:** CABINET

**DATE:** 4<sup>th</sup> February 2015

**SUBJECT:** Corporate Performance - Quarter 3 2014/15

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

**Ward(s):** All

**Purpose:** To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for Quarter 3 2014/15.

To inform Cabinet of the Council's financial outturn for Quarter 3 2014/15.

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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 December 2014, as set out in sections 3, 4, 5 & 6.
- iii) Approve the transfers from reserves as set out in Appendix 3
- iv) Approve the amended capital programme as set out in Appendix 4.
- v) 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. 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 Due to operational improvements made to our activity reporting procedures, we have 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 has been 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 revised for the next iteration of the Corporate Plan.

## **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 three quarters 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 25 Key Performance Indicators reported in the Corporate Plan this quarter, 4 are currently showing as Red, 12 are showing as Green, 3 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
  - CD\_008 - Decent Homes programme
  - CD\_055 – Number of completed adaptations (Disabled Facilities Grants)
  - CD\_181 – Time taken to process Housing Benefit/Council Tax Benefit new claims and change events
- 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:

Best Performing (PIs)	Value	Target	Gauge
TL_005 Marketing campaign value for money	£0.60	£0.88	
CS_011 Telephone call abandonment rate	2.99%	6%	
TL_017a Redoubt visitors - paying visitors	14,039	7,800	
TL_008 Conference delegates	14,800	13,000	
CD_051 Number of difficult problem properties reme...	35	22	
CD_056 Median average number of days for assistan...	84 days	100 days	
CD_050 Empty privately owned homes returned to oc...	118	90	
CS_003 Sickness absence - average days lost per emp...	3.98 da...	4.35 da...	
DE_194 Missed collections	3,531	3,850	
DE_192 Percentage of household waste sent for reus...	36.87%	35.00%	
DE_007 EBC Carbon Footprint - Vehicles	28 ton...	30 ton...	

*\*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 2013/14 out-turn.*

### 3.0 Financial Performance – General Fund

3.1 General Fund performance for the year to 31 December 2014 is shown in the table below:

Department	Full Year Budget £'000	Profiled Budget £'000	Actual to 31 Dec 14 £'000	Variance to date £'000	Projected Outturn £'000
<b>SUMMARY</b>					
Corporate Services	11,952	8,880	8,723	(157)	(137)
Community Services	304	37,230	37,266	36	(16)
Tourism & Leisure Services	2,940	2,509	2,586	77	39
<b>Total Service Expenditure</b>	<b>15,196</b>	<b>48,619</b>	<b>48,575</b>	<b>(44)</b>	<b>(114)</b>
Contingencies etc.	113	85	30	(55)	(73)
Capital Financing and Interest	1,699	1,076	1,076	-	-
Contributions to/(from) Reserves	255	(283)	(283)	-	-
<b>Net Expenditure</b>	<b>17,263</b>	<b>49,497</b>	<b>49,398</b>	<b>(99)</b>	<b>(187)</b>

Service Details are shown at **Appendix 2**

3.2 The position to the end of December is a positive variance of (£99,000) on net expenditure which is a movement of (£176,000) compared to the position at the end of the second quarter in September. Service expenditure shows a variance of (£44,000) mainly as a result of:

- Additional corporate income (£77k)
- Refuse Collection contract savings (£71k)
- One off backdated rental income (£35k)
- Rental income from 1 Grove Road and Town Hall (£31k)
- Dotto Train £65k
- Summons Income reduction £50k
- Development Control Legal and Consultants fees £41k
- Downs Water Supply new contract £39K

3.3 The projected outturn shows a favourable variance of (£187,000). This is within 1.1% of the net budget and is within an acceptable tolerance level. However management continues to manage this position to ensure that this is achieved.

3.4 The contingency allowance currently stands at £112,950 an amount of £40,000 has been earmarked for use; therefore a balance of £72,950 is available for funding any future unforeseen one off areas of expenditure during the remainder of the year.

3.5 Member's approval is also sought for the transfer from reserves as set out in **Appendix 3**. These transfers are in line with the approved financial strategy.

## 4.0 Financial Performance - HRA

4.1 HRA performance for the year to 31 December 2014 is as follows:

	<b>Current Budget</b>	<b>Profiled Budget</b>	<b>Actual to 31 Dec 14</b>	<b>Variance to date</b>	<b>Projected Outturn</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>HRA</b>					
Income	(15,413)	(11,610)	(11,612)	(2)	14
Expenditure	8,237	5,762	5,676	(86)	(118)
Capital Financing & Interest	6,369	-	-	-	-
Contribution to Reserves	500	-	-	-	-
<b>Total HRA</b>	<b>(307)</b>	<b>(5,848)</b>	<b>(5,936)</b>	<b>(88)</b>	<b>(104)</b>

4.2 HRA performance is currently above target due to a number of factors including underspending on council tax for void properties and the new insurance contract.

Rental income is down as a result of a reduced number of properties from Right to Buys and a delay in opening Winchester Court sheltered accommodation following refurbishment; this is offset by an increase in service charge income following the 13/14 year end reconciliation.

4.3 The projected outturn is showing a surplus of £104,000 due to the full year effect of the issues highlighted in the above paragraph.

## 5.0 Financial Performance – Capital Expenditure

5.1 The detailed capital programme is shown at **Appendix 4**. Actual expenditure at 47% of the budget is lower than expected as a number of schemes have been delayed in starting or have not yet started in particular in the following areas, but expenditure is expected in the next quarter:

- Housing Major Works schemes
- Support Housing in Eastbourne Programme
- Coastal Defence Works
- Resurfacing Tennis Courts
- Carbon Reduction Programme
- Customer Contract Centre
- Devonshire Park
- Congress Theatre.

Comments are included in the Appendix on the progress of each of these schemes.

5.2 The 2014/15 programme will be re-profiled to reflect start dates and planned works.

## 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. With the introduction of the new system for the local retention of business rates, the performance of the Collection Fund is now included as part of the performance monitoring and the results shared with the major preceptors.

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 1.4.14	79	3,048
Deficit recovery	(100)	(2,065)
Debit due for year	(53,531)	(32,672)
Payments to preceptors	52,355	33,155
Transitional Relief	-	18
Allowance for cost of collection	-	127
Allowance for appeals	-	(896)
Write offs and provision for bad debts	1,017	580
<b>Estimated balance 31.3.15</b>	<b>(180)</b>	<b>1,295</b>
Allocated to:		
CLG	-	647
East Sussex County Council	(130)	117
Eastbourne Borough Council	(25)	518
Sussex Police	(16)	-
East Sussex Fire & Rescue	(9)	13
	<b>(180)</b>	<b>1,295</b>

These figures show an improvement over the forecast over Qtr2 of £7k and £19k respectively.

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 regulation. The distribution of the estimated balance at quarter 3 will be made in 2015/16. Any changes after that date will be made in 2016/17.

6.4 Council Tax surplus of £180,000 is due to higher than budgeted number of chargeable properties and a reduction in the number of Single Person Discounts awarded.

The surplus represents 0.34% of the total debit due.

6.5 The Business Rates deficit of £1,295,000 is as a result of a bigger than anticipated provision made in 2013/14 for outstanding appeals, giving rise to a higher than budgeted for balance carried forward as at 1/4/2014.

Since January 2014 a total of 64 properties have had successful appeals with a total reduction of £1,083,100 in rateable value which represents 1.3% of the total rateable value of the authority. Currently there are 87 properties

with appeals outstanding with a total rateable value £6.8m.

The Valuation Office is expecting to settle all these claims within the next 12 months however the uncertainty of the potential value of successful appeals remains a major risk to the Collection Fund at this time.

The deficit represents 3.96% 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>
Q3 Actual	85.40%	82.28%
Q3 Target	83.88%	80.17%

## **7.0 Financial Performance – Treasury Management**

7.1 The Annual Treasury Management and Prudential Indicators 2015-16 are being considered by Cabinet elsewhere on this agenda, together with a summary of the current economic background and interest rate forecasts.

### **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 15 February 2014. It sets out the Council's investment priorities as being:

- Security of Capital;
- Liquidity;
- Yield

A full list of investment held as at 31 December 2014 is shown in the table below:

Counterparty	Amount £	Interest Rate %	Maturity
Santander	4,000,000	0.80	Call
Lloyds	880,000	0.40	Call
Royal Bank of Scotland	100,000	0.80	90 day Account
	4,980,000		

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 arising from that scheme.

No approved limits within the Annual Investment Strategy were breached during the quarter end 31 December 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 31 December 2014 is as follows:

Benchmark	Benchmark Return	Council Performance	Interest Earning
7 day	0.35%	0.65%	£29,006

As Illustrated, the authority outperformed the benchmark by 0.30%. The Council's budgeted investment return for 2014/15 is £50,000, current performance is below this target due to the continuous use of internal balances during the first 9 months thus keeping interest paid lower whilst borrowing rates are higher than investments

### 7.4 **Borrowing**

Two long term loans of £2m each were taken from the Public Works Loan Board firstly on 10 October for 47 years at 3.70% and then on 20 October for 41.5years at 3.54%.

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 and interest payments it is anticipated that whilst longer term borrowing remains low the new borrowing will be at maturity dates of between 40 and 50 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 31 December 2014 the Council has operated within all 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.

## 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 3 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.

- 10.2 The variances within both the General Fund and HRA budget are well within tolerance levels, however risks within the budget will continue to be carefully monitored.
- 10.3 Capital expenditure is low compared to the budget but this is expected as some major schemes have yet to commence
- 10.4 The Collection Fund forecast for Council Tax is indicating a surplus of £180,000 and a deficit for Business Rates of £1,295,000. These balances represent 0.34% and 3.96% of the gross debits due and will be allocated to or collected from preceptors during 2015/16.
- 10.5 Treasury Management performance is on target and all activities were 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 (2014 refresh)*  
*Covalent performance management system reports*  
*Quarter 3 2014/15 Budget monitoring working papers*

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