

**BODY:** CABINET

**DATE:** 14<sup>th</sup> September 2016

**SUBJECT:** Corporate Performance - Quarter 1 2016/17

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

**Ward(s):** All

**Purpose:** To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for Quarter 1 2016/17.

To inform Cabinet of the Council's provision financial outturn for Quarter 1 2016/17.

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**Recommendations:** Members are asked to:

- i) Agree the proposed framework for reporting on performance of the 2016-20 Corporate Plan going forward.
- ii) Agree the performance against national and local Performance Indicators and Actions from the 2016-20 Corporate Plan for Quarter 1.
- iii) Agree the General Fund, HRA and Collection Fund financial performance for the quarter ended June 2016, as set out in sections 3, 4 & 7.
- iv) Approve the virements and transfer to and from reserves as set out in Appendix 3
- v) Approve the amended capital programme as set out in Appendix 4.
- vi) Agree the Treasury Management performance as set out in section 7.

## **1.0 Introduction**

1.1 The Corporate Plan for 2016-20 was adopted by Council in May 2016 and sets out the priority visions for Eastbourne Borough Council to deliver over the 4 year period. These are broken down into 4 specific themes.

### 1.2 Prosperous Economy

- A great destination for tourism, arts, heritage and culture

- Supporting employment and skills
- Providing opportunities for businesses to grow and invest
- Investing in housing and economic development
- Supporting investment in infrastructure

### 1.3 Quality Environment

- A clean and attractive town
- Less waste and a low carbon town
- A range of transport opportunities
- High quality built environment
- Excellent parks and open spaces

### 1.4 Thriving Communities

- Keeping crime and anti-social behaviour levels low
- Meeting housing needs
- Improved health and wellbeing
- Resilient and engaged communities
- Putting the customer first

### 1.5 Sustainable Performance

- Making the best of our assets
- Managing people and performance
- Delivering in partnership
- Making the best use of technology
- Delivering a balanced budget

1.6 In order to deliver progress against these priorities, a list of key projects and performance indicators has been drawn up for each chapter to reflect the vision statements. A majority of these projects are managed through the council's Corporate Projects register. These projects are linked to the Corporate Plan themes on the council's performance management system "Covalent" and are available for members to view at any time at [www.eastbourne.covalentcpm](http://www.eastbourne.covalentcpm).

## **2.0 Performance Overview**

2.1 The council is currently in the process of aligning its project management reporting with the Corporate Plan. A more detailed report covering Quarters 1 and 2 performance will be available for Scrutiny and Cabinet in December.

2.2 Appendix 1 provides an overview of current Corporate Plan performance information in three parts: Corporate Projects, Performance Indicators and Devolved Budgets.

### 2.3 Corporate Projects

This section of the appendix lists the projects currently linked to the delivery of the four priority themes of the Corporate Plan. The tables show the title, description and desired outcomes of these projects as well as a simple progress bar. In future reports, there will be more detailed commentary attached to each of these to provide an update on activities, achievements

and challenges in each area.

## 2.4 Performance Indicators

The Corporate Plan 2016-20 currently has 27 performance indicators linked to the priority themes and visions which include a number of annual indicators that will be reported later in the year once they are available. The full list with live and historic data is available on Covalent.

Whilst we are in a period of development for reporting the thematic performance of the new plan in more detail, there are currently 11 indicators reported in this quarter split across three of the themes.

Of the indicators reported here, 5 are Green (on target), 1 is Amber (slightly off target), 4 are Red (off target) and 1 is Data Only.

The off target indicators are:

- TL\_017a Redoubt visitors – paying visitors
- CD\_056 Median average number of days for assistance with adaptations (Disabled Facilities Grants)
- CS\_010 Calls to 41000 answered within 30 seconds
- CS\_011 Telephone call abandonment rate

## 2.5 Devolved Budgets

This section of the report the current Devolved Budget spend by ward and the projects that have been supported through this scheme so far this year. Each ward has a total of £10,000 available to spend each year on schemes requested by the local community.

## 3.0 **Financial Performance – General Fund**

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

<b>Department</b>	<b>Full Year Budget</b>	<b>Profiled Budget</b>	<b>Actual to 30 June 16</b>	<b>Variance to date</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>SUMMARY</b>				
Corporate Services	5,703	2,445	2,522	77
Community Services	6,145	14,521	14,448	(73)
Regeneration, Planning & Assets	80	168	166	(2)
Tourism & Leisure Services	3,127	918	902	(16)
<b>Total Service Expenditure</b>	<b>15,055</b>	<b>18,052</b>	<b>18,038</b>	<b>(14)</b>
Contingencies etc	(437)	37	-	(37)
Capital Financing and Interest	1,868	-	-	-
Contributions to/(from) Reserves	(1,321)	-	-	-
<b>Net Expenditure</b>	<b>15,165</b>	<b>18,089</b>	<b>18,038</b>	<b>(51)</b>

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

- 3.2 The position at the end of June shows a small variance of £14,000 on service expenditure. This relates to several areas of minor under and over spends which are being carefully monitored.
- 3.3 The contingency fund currently stands at £147,350 which is available to fund inflationary increases and any future unforeseen one off areas of expenditure during the year. This may however be required to fund any underachievement in the JTP savings target for the year if financial benefits from the programme are delayed.
- 3.4 Financial procedure rules require all virement requests over £10,000 for revenue expenditure to be approved by Cabinet. These are set out in Appendix 3.
- 3.5 As part of the 15/16 final accounts audit, member's approval is sought to confirm the transfer from reserves as set out in Appendix 3. These transfers are in addition to those approved by Cabinet on 25<sup>th</sup> May and 13<sup>th</sup> July and are in line with the approved financial strategy.

#### 4.0 Financial Performance – HRA

- 4.1 HRA performance for the quarter is as follows:

	<b>Current Budget</b>	<b>Profiled Budget</b>	<b>Actual to 30 Jun 14</b>	<b>Variance to date</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>HRA</b>				
Income	(15,587)	(4,068)	(4,148)	(80)
Expenditure	12,561	1,859	1,831	(28)
Capital Financing & Interest	1,809	-	-	-
Contribution to Reserves	924	-	-	-
<b>Total HRA</b>	<b>(293)</b>	<b>(2,209)</b>	<b>(2,317)</b>	<b>(108)</b>

- 4.2 HRA performance is currently above target by £108k this is mainly as a result of the slow take up of the under occupation scheme (£10k), the lower provision for bad debts required (£37k) and rental income being higher than profiled (£83k).

- 4.3 Rent Collection rates

<b>Cash Collection Rates</b>	<b>Housing Rents</b>
Q1 Actual	£3,779,316
Q1 Target	£3,637,984

#### 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. There are no significant variances 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 new schemes approved by Cabinet 3 February, 23 March, 25 May and 13 July and 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:

	<b>Council Tax £'000</b>	<b>Business Rates £'000</b>
Balance B/fwd 1.4.16	(1,403)	1,609
(Deficit recovery)/Surplus distributed	1,359	(1,712)
Debit due for year	(58,617)	(34,875)
Payments to preceptors	57,669	34,948
Transitional Relief		(10)
Allowance for cost of collection		126
Allowance for appeals		57
Write offs and provision for bad debts	38	224
<b>Estimated balance 31.3.17</b>	<b>(954)</b>	<b>367</b>
Allocated to:		
CLG	-	184
East Sussex County Council	(696)	33
Eastbourne Borough Council	(127)	147
Sussex Police	(83)	-
East Sussex Fire & Rescue	(48)	4
	<b>(954)</b>	<b>367</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 2017/18. Any changes after that date will be made in 2018/19.

- 6.4 Council Tax is currently showing a £954,000 surplus a variance of 1.63% of the total debit due for the year.

- 6.5 The Business Rates is currently showing deficit of £367,000. The deficit represents 1.05% of the total debit for the year. The total number of properties with appeals outstanding as at 30.6.16 was 260 with a total rateable value of £23,098,000. The uncertainty of the potential value of successful appeals remains a major risk to the Collection Fund.

- 6.6 Collection performance is as follows:

Cash Collection Rates	Council Tax	Business Rates
Q1 Actual	29.20	37.26
Q1 Target	29.07	37.26

## 7.0 Treasury Management

7.1 A detailed report on Treasury Management activities for 2015/16 is included elsewhere on the agenda. That report includes the current economic background and interest rate forecasts.

7.2 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment strategy, was approved by the Council on 3 February 2016. 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 2016 is shown in the table below.

Counterparty	Amount £	Interest Rate %	Maturity
Nationwide Building Society	2,000,000	0.71	9.12.16
Santander	5,000,000	0.80	On call

The Council also has an interest bearing current account which pays interest at 0.4% (0.1% below Base Rate) and held balances of £7.7m as at 30.6.16.

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 2016.

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
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7 day	0.35%	0.60%	£13,272
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As Illustrated, the authority out performed the benchmark by 0.25%. The Council's budgeted investment return for 16/17 is £50,000 and performance for the year is in line with this budget.

#### 7.4 Borrowing

The following five long term loans were taken from the Public Works Loan Board:

Date	Amount	Int Rate	Yrs
07-Apr-16	£2m	2.87%	50
16-May-16	£2m	2.86%	47
03-Jun-16	£2m	2.78%	44
10-Jun-16	£2m	2.68%	48
20-Jun-16	£2m	2.49%	43

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 2016 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 The Corporate Plan represents the aims of the authority to help deliver the partnership vision for Eastbourne over the next 4 years. Effective monitoring and management of the projects and indicators within the plan will help ensure sustainable progress and identify key issues as they arise.

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 £953k and a deficit for Business Rates of £366k. This will be allocated to or collected from preceptors during 2016/17 and 2017/18.
- 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 2016-20*  
*Covalent performance management system reports*

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