

## Scrutiny Standing Panel Agenda



### **Finance and Performance Management Scrutiny Panel Tuesday, 10th February, 2009**

**Place:** Committee Room 1, Civic Offices, High Street, Epping

**Time:** 7.00 pm

**Democratic Services Officer:** A Hendry - The Office of the Chief Executive  
Tel: 01992 564246 Email: ahendry@eppingforestdc.gov.uk

**Members:**

Councillors D Jacobs (Chairman), G Mohindra (Vice-Chairman), K Angold-Stephens, J Collier, M Colling, J Hart, J Philip, W Pryor, A Watts and J M Whitehouse

**1. APOLOGIES FOR ABSENCE**

**2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)**

(Assistant to the Chief Executive) To report the appointment of any substitute members for the meeting.

**3. DECLARATION OF INTERESTS**

(Assistant to the Chief Executive). To declare interests in any items on the agenda.

In considering whether to declare a personal or a prejudicial interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 11 of the Code in addition to the more familiar requirements.

This requires the declaration of a personal and prejudicial interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 11 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

**4. MINUTES (Pages 3 - 18)**

To confirm the minutes of the meeting of the Panel held on 13 January 2009.

**5. TERMS OF REFERENCE / WORK PROGRAMME (Pages 19 - 24)**

(Chairman/Lead Officer) The Overview and Scrutiny Committee has agreed the Terms of Reference of this Panel and associated Work Programme. This is attached. The Panel are asked at each meeting to review both documents.

**6. KEY PERFORMANCE INDICATORS - QUARTER 3 - PERFORMANCE MONITORING (Pages 25 - 52)**

(Deputy Chief Executive) to consider the attached report.

**7. QUARTERLY FINANCIAL MONITORING (Pages 53 - 74)**

(Director of Finance and ICT) to consider the attached report.

**8. VALUE FOR MONEY COST AND PERFORMANCE ANALYSIS 2007/08**

To receive an oral report from the Chairman of the Scrutiny Panel in respect of the consideration of the Council's annual Value for Money Cost and Performance Analysis by the previously established Sub-Group comprising the Chairman and Councillors G. Mohindra and A. Watts.

**9. MEDIUM TERM FINANCIAL STRATEGY (Pages 75 - 80)**

(Director of Finance and ICT) to consider the attached report.

**10. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE**

To consider which reports are ready to be submitted to the Overview and Scrutiny Committee at its next meeting.

**11. ANY OTHER BUSINESS**

**12. FUTURE MEETINGS**

To consider the forward programme of meeting dates for the Panel.

31<sup>st</sup> March 2009

# Agenda Item 4

**EPPING FOREST DISTRICT COUNCIL**  
**NOTES OF A MEETING OF FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY**  
**PANEL**  
**HELD ON TUESDAY, 13 JANUARY 2009**  
**IN COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING**  
**AT 7.00 - 9.10 PM**

<b>Members Present:</b>	D Jacobs (Chairman), G Mohindra (Vice-Chairman), K Angold-Stephens, J Philip, A Watts and J M Whitehouse
<b>Other members present:</b>	R Bassett, M Cohen, Mrs D Collins, Mrs A Grigg, Mrs H Harding, Mrs M Sartin, D Stallan, Ms S Stavrou and C Whitbread
<b>Apologies for Absence:</b>	M Colling and J Hart
<b>Officers Present</b>	J Gilbert (Director of Environment and Street Scene), A Hall (Director of Housing), P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), P Maddock (Assistant Director Accountancy), B Moldon (Principal Accountant), R Palmer (Director of Finance and ICT), J Preston (Director of Planning and Economic Development), S Tautz (Performance Improvement Manager), S Dave (Senior Accountant), A Hendry (Democratic Services Officer) and S Mitchell (PR Website Editor)

#### **43. WEBCASTING INTRODUCTION**

The Chairman made a short address to remind all present that the meeting would be broadcast on the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

#### **44. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)**

The Panel noted that there were no substitute members.

#### **45. DECLARATION OF INTERESTS**

No declarations of interest were made.

#### **46. MINUTES**

The notes from the previous meetings held on 20 October and 11 November 2008 were agreed.

#### **47. TERMS OF REFERENCE / WORK PROGRAMME**

The Panel discussed if item 10 on the work programme, 'medium term financial strategy' should be taken off the programme as the figures were not available in time to go to the January meeting. The report went to the Cabinet Finance Committee and then to the full Cabinet meeting.

The Panel decided that they would like the report in February after it had been to the Finance Cabinet Committee.

#### **RESOLVED:**

- (i) That the medium term financial strategy report be put to the February meeting.
- (ii) That in future years if timescales allow, that the Finance and Performance Management Scrutiny Panel be consulted on the Medium Term Strategy in parallel with the Cabinet Finance Committee.

#### **48. DATA QUALITY STRATEGY - REVIEW**

The Panel considered the report on the review of the Council's Data Quality Strategy Review. The report was introduced by the Performance Improvement Manager, Mr S Tautz.

Members were advised that performance information was increasingly being used for the external assessment of the authority's performance and that the strategy set out a commitment to ensure arrangements for ensuring that the quality of key data met the highest standards.

It was noted that the Data Quality Assessment undertaken by the Council's external auditors was the first stage of an annual performance indicator audit. Although part of this assessment related to the quality of performance data, the audit also looked in detail at corporate data quality arrangements.

This was the first time that the Data Quality Strategy had been reviewed since its adoption in 2006. The review had been carried out not only to satisfy the recommendations of the Audit Commission following its data quality work in 2007/08, but also to identify opportunities for changes and improvements to the strategy in order to also address other data quality issues.

The following areas for improvement were detailed in the revised version of the strategy:

- the establishment of a formal timetable for the compilation and submission of relevant performance indicator data in a timely manner, to reduce gaps in completion rates and ensure that occurrences of incorrectly complete returns is reduced;
- regular analysis of performance indicator data to validate the existence of an effective audit trail and ensure the accuracy of each indicator and its supporting data;
- the incorporation of quality assurance procedures relating to the compilation and submission of performance indicator data into the Data Quality Strategy;
- the sharing of data quality good practice throughout the Council;
- the production of detailed guidance on the compilation and submission of performance indicator data, tailored to the Council's own information systems, for issue to operational staff; and
- the routine quarterly reporting of performance against performance indicators to the Corporate Executive Forum.

Councillor Philip commented that section 2.1 had to reference to a structured audit trail, should this not be part of the strategy. Mr Tautz replied that they had tried to weave in an audit trail throughout the document. They had also introduced a range of controls around the PIs so that Directors could sign off on them. Internal audit also carry out an annual audit, but he would add more references to the text.

Councillor Whitehouse asked if the TEN Performance Management system was only a single data entry system. He was told that it was, as the data was only inputted once by responsible officers within service directorates.

Councillor Angold-Stephens, referring to paragraph 5.8 of the strategy said that an officer should be identified to be responsible for the annual review. Mr Tautz was happy to take this suggestion forward.

In reference to paragraph 7.1, Councillor Angold-Stephens asked if any comparisons with any similar councils were undertaken and would we gain anything from doing this? Mr Tautz said that there were regular cross council performance officer meetings and that councils in Essex had likely adopted similar strategies. Any comparisons made would only be useful for Essex authorities.

Councillor Watts said his main concern was that the strategy was something in isolation and not something that could be related back to the day to day workings of the Council. He did not see enough of the daily output being linked to our daily systems and then into the final strategy outcomes. There needed to be an extra paragraph, perhaps in paragraph 2.1, to state the information being produced is for this strategy. Mr Tautz agreed to take this on board and add suitable text.

#### **RESOLVED:**

That, subject to the amendments proposed by the Scrutiny Panel, the review undertaken of the Council's Data Quality Strategy be endorsed.

#### **49. DETAILED BUDGET REPORTS**

The Director of Finance and ICT, Mr Palmer, introduced the draft detailed budgets for the General Fund and the Housing Revenue Account (HRA). It was intended that the recommendations from the Panel would go to the Overview and Scrutiny Committee on 29 January 2009 and then on to the Cabinet.

The Panel noted that the current year's estimates were prepared against the background of economic turmoil that had affected all local authorities. There had also been a poor settlement from the government for the support grant; this year was only 1%, next year 0.5% and the same for the year after.

There was still some items to come forward, so the draft budget was still very much a work in progress. The Council was looking to add about half a million pounds to the reserve. The Council's Policy is that we return a general fund reserve of 25% of the total budget.

Councillor K Angold-Stephens said that the Council Tax target had been set at 2.5%, was that still the case? Mr Palmer replied that the Finance Cabinet Committee, in December 2008 had confirmed that the Council Tax would be set at 2.5%.

Councillor Whitehouse wanted to know what assumptions the officers had made about salaries and inflation for the year. He was told that officers had assumed a 2.5% increase on salaries and a 2.5% increase in inflation.

The Panel then went through the various portfolio holders estimates. The attending portfolio holders introduced each section.

**Leaders Portfolio:**

Councillor Mrs Collins introduced the Leaders portfolio estimates. The key points being:

## Total Portfolio Budget –

- Original estimate 2008/09 £2.728m, revised 08/09 to £2.542m and 09/10 £2.489m.
- Year on year reduction of £239,000 that was due to a CSB saving of £144,000 from the top management restructure; and
- A DDF saving of £90,000 as there were no District elections next year.

## Growth Items –

- CSB growth items of £42,000 to fund increase in member's allowances recommended by the independent remuneration panel; and
- £10,000 for ongoing work on the development of the Community Strategy.
- Main item of DDF spend was the improvements to the main reception area, which had been re-phased with £11,000 in 08/09 and £20,000 in 2009/10.

The Panel noted that:

## Elections –

£35,000 reduction year on year due to £90,000 DDF.

There were saving from having no District elections next year being off-set by an increase in recharges from the Policy Unit.

## Corporate Activities –

£43,000 reduction year on year due to the savings from the top management restructure. These savings had been reduced by increased recharges to Corporate Policy Making and CSB growth of £10,000 was included for work on the Community Strategy.

## Member Activities –

A £146,000 reduction year on year, due to significant fall in support service recharges following the management and portfolio restructure.

## Other activities –

This area has also benefited from a reduction in support service recharges and had reduced from £46,000 to £31,000.

## Support Services –

A £45,000 year on year reduction included a £10,000 CSB saving on consultation budget. This saving arose from bringing together activities previously performed separately in the Performance Management Unit and Public Relations.

Councillor Philip asked if the County and European elections were being fully reimbursed why was a spend still showing. He was told that the budget still had to cover staff costs.

Councillor Whitehouse asked if the increase in member allowances included member travel costs. He was told that they were included.

**Community Wellbeing Portfolio**

Councillor Ms S Stavrou introduced the Community Wellbeing portfolio estimates. The key points being:

Total Portfolio Budget –

- Original estimate for 2008/09 shown as £1.034m, with revised 08/09 £1.089m and 09/10 £1.167m.
- A reduction of £683,000 on the published 08/09 budgets had resulted from the transfer of Concessionary Fares to the Civil Engineering and Maintenance Portfolio.
- The year on year increase on the amended figures of £133,000 was primarily due to inflation and changes in staff time allocations.

Growth Items –

- CSB growth of £115,000 for Safer Communities had been included in the original budget, but due to the time taken to recruit to new posts this growth had now been re-phased.
- A CSB saving of £16,000 had arisen from the furniture exchange scheme coming to an end.
- DDF spending had been increased by £5,000 in 08/09 and £11,000 in 2009/10 for a new Safer Communities project in association with the Home Office.

The Panel noted that:

Emergency Planning –

Year on year increase of £27,000 arose from changes in support service allocations. There was no CSB growth or savings items and no DDF items either. The joint arrangements with Essex County Council remain in place and the post of Emergency Planning Officer, previously added to the establishment, should ensure that the Council was able to meet its duties under the Civil Contingencies Act.

Voluntary Sector –

Year on year reduction of £5,000. The saving of £16,000 from the end of the furniture exchange scheme had been offset by inflationary increases to grants budget, Voluntary Action Epping Forest and Citizens Advice Bureaux.

Safer Communities –

The annual increase in budget of £111,000 was mainly due to the increase in recharges to this area. This was in line with the significant increase in activity in this area as part of the Safer, Cleaner Greener initiative.

CSB growth of £115,000 in the original budget had increased to £128,000 and was now split over 08/09 and 2009/10. This was due to the time taken to recruit to new posts and their higher than anticipated scoring through job evaluation.

The only additional DDF item was a Home Office project, the funding for which was received in 2007/08.

Other key spending areas in 2009/10 included £94,560 contribution towards the provision of 6 Police Community Support Officers and £46,130 for graffiti removal.

Welfare Transport –

This budget was unchanged at £18,000.

Councillor Whitehouse reminded the Panel that the furniture exchange scheme had not been discontinued, just suspended. He then asked if the graffiti removal budget

was enough. He was told that the majority of the graffiti removal costs was met from the Housing Revenue Scheme, and that the budget was sufficient.

### **Corporate Support & ICT Services Portfolio**

Councillor M Cohen introduced the Corporate Support & ICT Services portfolio estimates. The key points being:

#### Total Portfolio Budget –

- Original estimate for 2008/09 now shown as net income of £601,000 with revised 08/09 £448,000 and 09/10 £335,000.
- This Portfolio did not exist when the original budgets for 08/09 was published and these amounts had been extracted from other portfolios.
- The most significant change that had contributed to the year on year decrease in net income of £266,000 was on Local Land Charges.
- The collapse in the property market had led to a reduction of £250,000 in income from Land Charges which had only been partially compensated for by a reduction of £31,000 in costs paid to Essex County Council for their contribution to searches.

#### Growth Items –

- Significant growth had also been necessary for utility costs and an additional £112,000 was split between CSB and DDF over 08/09 and 09/10.
- The split between CSB and DDF reflected advice from the Office for Government Commerce that wholesale energy prices had reduced considerably from their peak.
- The other new item of CSB growth was £18,000 for web casting, which had moved on from being a pilot project to now being part of the Council's core activities.

The Panel noted that:

#### Land and Property –

Net income was down £21,000 year on year. This was largely due to changes in staff time allocation that had seen gross expenditure increase by £42,000. This had been twice the increase in gross income of £21,000, from £1.080m to £1.101m.

#### Other Activities –

More than doubled from a cost of £173,000 in 08/09 to £400,000 in 09/10. This had largely been caused by the collapse of income for Local Land Charges, which was anticipated to fall by £250,000.

The other significant change was the inclusion of £50,000 of DDF for consultancy to help develop the future strategy for North Weald Airfield.

#### Regulatory Services –

No significant change as net expenditure moved from £6,000 up to £24,000. Due to uncertainty arising from changes in regulatory regimes additional income of £49,000 in 08/09 had been treated as DDF rather than CSB.

#### Legal & Administration Services –

Virtually unchanged year on year with the original estimate only moving by £3,000 from £1.453m to £1.450m. No CSB growth items in this area.



**Accommodation Services –**

Year on year spending down £141,000 from £1.920m to £1.779m. This was due to a reduction in DDF spending on office accommodation, which had fallen from £277,000 to £45,000.

The DDF reduction had more than outweighed the CSB growth of £62,000 included for higher utility costs in 08/09.

A further £50,000 had been allowed for utility costs in 09/10 in the DDF, as this was the portion of the price increase that was unlikely to be maintained in the long term.

**ICT & Other Support Services –**

Significant year on year reduction of £726,000 from £3.804m to £3.078m, although a large proportion of this had come from re-classifications of costs rather than absolute savings.

The Human Resources budget had reduced by £210,000, partly due to the Assistant Director for HR now being included in the Corporate Support Policy Group but a post was deleted in HR as part of the restructuring.

The Estates & Valuation budget had reduced by £165,000 but this was mostly due to re-allocations to the new facilities management cost centre.

The ICT budget had reduced by £286,000 as cost savings were achieved through the restructure and also through changing the network maintenance arrangements. As ICT was now part of the Directorate of Finance & ICT the Assistant Director of ICT post was now included in the Financial Policy Group and this had reduced the costs shown.

It was an inevitable consequence of any restructuring that in the first year it would be more difficult to make comparisons between estimates. These comparisons should be more meaningful next year when the estimates would be prepared on a consistent basis.

Councillor Angold-Stephens noted that the licensing and registration had a loss of £57k; could the Council do anything to put it back into balance? He was told that fees were fixed by statute.

**Finance and Performance Management Portfolio**

Councillor C Whitbread introduced the Finance and Performance Management portfolio estimates. The key points being:

**Total Portfolio Budget –**

- Original estimate for 2008/09 now shown as £1.969m, with revised 08/09 £1.504m and 09/10 £1.561m.
- An increase of £761,000 on the published 08/09 budgets had resulted from the transfer of Corporate Support Services and ICT to a new separate Portfolio.
- The year on year decrease on the amended figures of £408,000 resulted primarily from the removal of the £175,000 contingency and DDF changing from a spend of £61,000 on the 08/09 original to a net credit of £13,000 in 2009/10.

**Growth Items –**

- There was a net year on year CSB reduction of £334,000, although if the CSB fall in investment income of £217,000 were shown within the portfolio figures the overall movement in CSB would be substantially reduced.
- The main CSB increases was £93,000 on pension costs and £22,000 due to lower government support for benefit administration.

## DDF –

- The DDF had benefited from some significant additional income. The largest single item was a transfer of £460,000 from the Insurance Fund, as the balance on that fund was deemed excessive.
- A credit of £264,000 was included for additional investment income, although this position reverses dramatically over the next couple of years.

The Panel noted that:

## Housing Benefits –

Gross expenditure in 2009/10 in this area would be £39m, although the vast majority of this was recovered from Government grant.

Year on year there was a net CSB reduction of £9,000; this had been achieved despite the government reducing support for benefit administration by £22,000 in 08/09 and a further £33,000 in 09/10.

Significant DDF spending is included in 08/09 for the implementation of the new Revenues and Benefits software. While the software was being changed in January there would be a period of time during which no claims could be processed. This position had been exacerbated by the large increase in claims resulting from the current economic downturn.

To deal with the backlog of claims when the new system goes live and minimise delays experienced by the public £35,000 of DDF money had been made available to fund a short term “Hit Squad”.

## Local Taxation –

Net expenditure up £74,000 year on year, which was mainly due to inflation as there were no significant CSB growth items.

As for Benefits, there was significant DDF expenditure in 08/09 on the new software system. However, no additional resource is currently planned for 09/10.

## Other Activities –

Moved from net cost of £66,000 on 08/09 original to net income of £392,000 in 09/10.

The majority of this difference (£420,000) arose from the time lag between setting the support service recharges and completing the budget.

Calculating recharges was a time consuming process that provided the foundations that the budgets are built on. However, the need to use initial estimates to produce the recharges meant that it was inevitable that by the end of the budget process some of the initial figures would have changed. These differences were grouped for estimate purposes, although the recharges for the final accounts was based on actual costs. Normally there was little overall fluctuation in this figure; however this had changed from a debit of £250,000 in 08/09 to a credit of £170,000 in 09/10 to produce the overall movement of £420,000.

## Support Services –

These costs were all recharged and the year on year increase from £1.557m to £1.669m included no significant growth items.

The largest single reason for the increase was the change in Finance General Admin from £117,000 to £188,000. This was because under the organisational restructuring the ICT admin team, previously included as part of Corporate Support, was combined with the Finance admin team.

## Interest Earnings –

Officers and Councillors were all aware of the turbulence that had been seen in financial markets and the substantial reductions in interest rates. The exceptionally

high rates seen during 08/09 meant that despite the recent falls overall interest earnings this year would exceed the original estimate and £264,000 would be added to the DDF.

However, the effect of the much lower rates would be felt in 09/10 and CSB growth of £217,000 had been allowed for this.

Further growth was also included for subsequent years as the long-term deals at higher rates expire.

Councillor Philip noted that the bad and doubtful debts had been retained at £20k into the new year. Mr Palmer noted that every effort was being made to pursue the debts, but with the current financial situation it was likely to affect a lot more people. This was kept under constant review, but this level seems prudent for now.

Councillor Angold-Stephen asked why the Council had not budgeted for an increase in District Auditor fees in 2009/10. Mr Palmer replied that with the Comprehensive Area Assessment replacing some of what was done, there was not likely to be a cost increase in 2009/10.

### **Planning and Economic Development Portfolio Holder**

Councillor Mrs Griggs introduced the Planning and Economic Development Portfolio estimates. The key points being:

Total Portfolio Budget –

- Original estimate for 2008/09 now shown as £2.744m, with revised 08/09 £2.502m and 09/10 £2.940m.
- A reduction of £136,000 on the published 08/09 budgets had resulted from the transfer out of Countrycare and the transfer in of Environmental Co-ordination.
- The year on year increase on the amended figures of £196,000 was primarily due to a higher level of DDF spending in 2009/10, as this had increased from £427,000 to £644,000.

Growth Items –

- Few net changes to CSB as this only moved £21,000 between the years.
- High level of DDF spending in 09/10, with £432,000 allocated to the Local Development Framework.
- In view of the costs of lost planning appeals in 08/09 a contingency of £100,000 has been included in the DDF for 09/10.

The Panel noted that:

Direct Services –

£123,000 net increase year on year due to work on Local Development Framework. This was a vast project for the service and in total £1.137million of DDF had been allocated to the LDF to the end of 2011/12.

In the revised estimates for 2008/09 Forward Planning also had £66,000 of DDF for design briefs for Loughton Broadway and Epping.

The other increase worth noting was on Economic Development where two vacant posts had been filled.

Regulatory Services –

£73,000 net increase year on year. An increase has been seen in the number and cost of planning appeals and this had been reflected in the shift in recharges. This

had caused a reduction in the Development Control budget but an increase in the Planning Appeals budget.

This budget had also been increased by the inclusion of the £100,000 contingency for appeal costs mentioned earlier.

The Building Control Ring Fenced account was also shown in this section. This account was required to break even on a rolling three-year basis. To achieve this it was necessary to increase fees by 8% from April 2009, as the account was currently in deficit.

Support & Trading Services –

£23,000 net decrease year on year not significant and no CSB growth items.

Councillor Whitehouse wanted to know what Developing Business Networks and Enhanced Business Contacts covered. The Director of Planning and Economic Development, Mr J Preston said that they were using staff to enhance business contacts. The budget was also used for developing systems and events with the business community, such as a business breakfast.

Councillor Mrs Grigg informed the Panel that the Epping Design brief and Loughton Broadway were likely to be completed this year. The Local Development Fund had been more work than anticipated. A report in November 08 indicated that an additional resource was not required, but it was to be in six months. It now appeared that more resources would be needed.

In response to a query from Councillor Whitehouse about the contingency appeal fund, Councillor Mrs Grigg said that the Council had not been too successful in its appeals last year and had put in a contingency of £100k in place as a DDF and not a CSB as they had hoped it would not continue indefinitely.

Councillor Jacobs asked if the £143,000 Local Development Framework expenditure for 2009/10 included any grant money. Mr Preston said that there were no grants available at present.

### **Leisure and Young People Portfolio**

Councillor Mrs Harding introduced the Leisure and Young People Portfolio estimates. The key points being:

Total Portfolio Budget –

- Original estimate 2008/09 £3.569m, revised 08/09 £3.615m and 09/10 £3.796m. So year on year increase of £227,000, of which £199,000 was on Leisure Facilities.

Growth Items –

- Main CSB growth followed from the extension of the contract with SLM to manage Epping Sports Centre. As the contract extension starts in January the growth was split over two years and totals £140,000. This had been partly offset by withdrawal from the joint use agreement for Waltham Abbey, which should save £68,000 in 09/10.
- The level of DDF spending in 08/09 had increased from £5,000 to £82,000. This was due to the loss of income from Hangar 1 during the first three quarters of the year.

- The largest item in the DDF programme for 09/10 was £55,000 for possible redundancies arising from the changes at Epping and Waltham Abbey sports centres.
- Temporary support for Limes Farm hall was also included at a cost of £48,000.

The Panel noted that:

#### Leisure Facilities –

Year on year increase of £199,000, although £70,000 of this was DDF rather than CSB. The primary cause of the increase was the extension of the contract for Epping Sports Centre mentioned above. When the management of the leisure centres was externalised a seven-year contract was entered into, although in anticipation of possible changes in service provision the Epping Sports Centre was only on a three-year contract. The anticipated changes had not materialised and so it had been necessary to negotiate an extension with SLM to put Epping on the same basis as the other centres.

The decision had also been made to withdraw from the joint use agreement for Waltham Abbey sports centre; although a feasibility study was being conducted into the provision of additional facilities at Waltham Abbey Swimming Pool.

#### Arts & Museum –

Year on year decrease of £40,000. This was due to a reduction in staff time allocations to Community Arts. There was no growth or savings items.

#### Parks & Grounds –

Year on year increase of £34,000, as savings on other budgets had offset an increase of £40,000 on Open Spaces Maintenance. Half of this increase was due to increased insurance premiums with the remainder coming from increased grounds maintenance and nursery recharges.

#### North Weald Centre –

Little movement year on year but net income in 08/09 down £82,000 on revised budget. As mentioned earlier no income was received for Hangar 1 for most of 08/09 and the lack of a tenant also left the Council responsible for the National Non-Domestic Rates.

#### Sports Development & Miscellaneous –

Most significant change was the addition of £48,000 net DDF to support Limes Farm Hall in 09/10.

#### Support & Trading –

Year on year change of only £8,000, no CSB or DDF items.

Councillor Philip asked why there was an increase in the Youth Council budget. Councillor Mrs Harding replied that when they started, they had access to a lot of external funding, but not any more, so the Council had to make up the difference.

Councillor Jacobs asked about the free public swimming. He was told that it was a national scheme introduced for the over 60's.

### **Civil Engineering and Maintenance Portfolio**

Councillor Bassett introduced the Civil Engineering and Maintenance Portfolio estimates. The key points being:

## Total Portfolio Budget –

- Original estimate for 2008/09 now shown as £1.792m, with revised 08/09 £1.331m and 09/10 £1.620m.
- An increase of £911,000 on the published 08/09 budgets had resulted from the transfer of Concessionary Fares and Countrycare to this Portfolio.
- The year on year decrease on the amended figures of £172,000 was primarily due to reduction in the net cost of concessionary fares.

## Growth Items –

- CSB growth items were largely unchanged from original to revised 08/09, with no new growth items in 09/10.
- An additional saving in 08/09 of £20,000 has been generated by increased MOT income.
- The DDF was now shown as a credit for 08/09 as the specific grant for the national travel scheme was likely to exceed the increase in expenditure.
- In 2009/10 there was £148,000 of spending on remedial works to watercourses, although this was a re-phasing and not a new scheme.

The Panel noted that:

## Highways –

Net decrease year on year of £27,000 due to a reduction in staff time allocations.

## Car Parking –

Year on year increase in net income of £55,000. This had arisen through increased season ticket sales and higher usage levels. As part of the measures to support the local economy, the parking tariffs had not been increased for 09/10.

## Land Drainage &amp; Sewerage –

Net increase year on year of £47,000, due to DDF spend on watercourse works increasing from £90,000 in 08/09 to £148,000 in 09/10.

## Countrycare –

Year on year reduction of £25,000, due to deletion of a temporary and a trainee post.

## Concessionary Fares –

Year on year reduction of £112,000. With the introduction this year of the national scheme the government provided specific grants to fund these changes.

To date the additional take up of passes has been considerable but less than anticipated.

## Support &amp; Trading Services –

These costs were all recharged and the year on year decrease was £166,000 from £1.79m to £1.624m.

The largest saving comes from the removal of two posts in Engineering as part of the corporate restructure.

These figures also benefited from the £20,000 of additional MOT income mentioned earlier.

Councillor Watts asked why there was £30,000 under the Countrycare heading. Councillor Bassett said that they had a trainee and a temporary post which had not been filled and these were rolled over into the next year. Councillor Watts said it would be good if officers could look at government funding for this as it would be

good if at least the trainee post could be reinstated. Mr Preston was happy to look into the availability of government funding.

Councillor Angold-Stephen noted that DEFRA had taken over responsibility for water courses and that the Council had lost a post last year because of this.

### **Environmental Protection Portfolio**

Councillor Mrs Sartin introduced the Environmental Protection Portfolio estimates. The key points being:

#### **Total Portfolio Budget –**

- Original estimate for 2008/09 now shown as £6.465m, with revised 08/09 £6.6m and 09/10 £7.054m.
- A reduction of £98,000 on the published 08/09 budgets had resulted from the transfer of Environmental Co-ordination and Licensing to other Portfolios.
- The year on year increase on the amended figures of £589,000 had arisen through increases in both Environmental Health and Waste Management budgets.

#### **Growth Items –**

- A decision was still to be taken on the changes to the Waste Management service but as it was clear that some change will occur, £150,000 had been included in both CSB and DDF for 2009/10.

The Panel noted that:

#### **Environmental Health –**

Net expenditure up £265,000. Neighbourhoods & Rapid Response had increased by £422,000 to £516,000. This increase was partly offset by reductions in other areas as staff allocations within the Environmental Health Group had changed to reflect the emphasis on this new area. This was a key part of the Safer, Cleaner Greener initiative and it was now fully operational.

#### **Waste Management –**

The revised estimate for 08/09 was up £62,000 on the original as the DDF item of £162,000 for additional sacks was only partly offset by the additional recycling credit income of £124,000.

Net expenditure was up £324,000 year on year.

Negotiations are ongoing with Sita and Essex County Council about the development of the service.

It was acknowledged that the current method of collecting green waste with biodegradable sacks was costly and unsustainable. Exactly how this will be resolved had not yet been determined and is likely to involve CSB, DDF and capital resources. In view of this, CSB growth of £150,000 had been included in both 2009/10 and 2010/11 and a DDF allocation of £150,000 had been made for 2009/10.

An additional Cabinet meeting had been called for 19 January to consider a number of different alternatives, although it was hoped to contain any proposals within the CSB and DDF amounts already included in the budget.

#### **Support & Trading Services –**

No significant changes, no CSB growth and no DDF expenditure.

Councillor Philip noted that the budget for Contaminated Land and Water Quality had almost doubled. The Director for the Environment and Street Scene, Mr J Gilbert said there was a shake up in allocations and staffing changes. There was also a lot of research work on potential sites for land contaminants and government legislation on water courses had caused an increase in the budget.

Councillor Whitehouse asked when the neighbourhood rapid response vehicle would be available. He was told that the vehicle was due in March 09, when the staff would need training on it.

Councillor Angold-Stephens asked about waste management. The council was in discussions with SITA over the existing contract and about sacks. Had any of these thoughts been factored into the figures or would there be new bids. Councillor Mrs Sartin said that they had been factored into the figures.

### **Housing Portfolio, General Fund**

Councillor Stallan introduced the Housing, General Fund Portfolio estimates. The key points being:

#### **Total Portfolio Budget –**

- Both original and revised estimates for 2008/09 £1.941m and 09/10 £1.323m. So year on year reduction of £618,000 with largest movements being Affordable Housing Grants, which were down by £723,000.

#### **Growth Items –**

- There was no new CSB growth for 09/10 as the £12,000 shown as growth was a re-phasing of growth previously allowed for a staff appointment to a new post.
- DDF funding of £20,000 has been included in 09/10 to support the rental loan scheme.

The Panel noted that:

#### **Private Sector Housing –**

Net expenditure had decreased year on year by £214,000.

The first significant change was to Private Sector Grants, which had now been re-phased over future years to better reflect the Council's capacity to implement these works. This had reduced year on year expenditure by £259,000.

In part this had been balanced by an increase of £67,000 in the Care & Repair budget.

The increase arose from changes to salary and overhead allocations.

#### **Homelessness –**

Net expenditure up £48,000 year on year. The homelessness sub-category had increased by £25,000 and this was mostly due to £20,000 of DDF funding for the rental loan scheme.

Bed & Breakfast accommodation had increased by £23,000, the largest single reason for which is the increase in room rental costs.

#### **Other Activities –**

Net expenditure down £452,000 year on year. The main constituent of this relates to Affordable Housing Grants.



The budget can fluctuate significantly and indeed there was a large variation between the Original 08/09 and Revised 08/09. This was due to the uncertainty around the timing of the various capital schemes.

This was capital expenditure but as no Council owned asset was created it had to be written off to the revenue account. The amount was reversed out in the overall estimate summary and so despite the distortion caused to the Housing General Fund estimates there was no net effect.

Councillor Philip asked why the Bed and Breakfast budget for 2009/10 was going down. He was told that there was now a reduced reliance on the use of B&B accommodation. The homeless were dealt with much earlier so that it did not result in homelessness.

### **Housing Portfolio, Housing Revenue Account Estimate 2009/10**

The Panel noted that:

That the allocation was governed by legislation.

The estimated expenditure for 2008/09 was £33,740,000, revised to £34,272,000, and for 2009/10 was £34,562,000; a year on year increase of £858,000.

The contributions to repairs fund had reduced by £400,000.

The Council was expected to pay £11,193,000 in housing subsidy payable to the government. This had been increased by £351,000; a better settlement than expected when the 5 year forecast was done in March 2008.

The budget proposed was prepared on the basis of a 4% rent increase.

The government had effectively put rent restructuring on hold for 2 years and stated that we should not increase our rate by 7%, particularly in the current financial climate.

A 4% increase would bring the deficit in 2009/10 to £388,000. If there was a lower figure for the rent increase then the deficit would be larger, around £650,000.

The net expenditure under the supervision of management had decreased year on year to £61,000.

Cost to sheltered units had increased year on year by £374,000, the substantial part of this increase relates to energy costs.

There was a net increase year on year of £9,000 on rent and rates and taxes.

The net income from interest reduced year on year by £694,000, substantially lower than expected in the original 5 year forecast.

Councillor Whitehouse asked if the commercial income that comes into the HRA, rents etc., was predicting no change. Was that a prudent approach based on the current economic climate. He was told that it was.

#### **RESOLVED:**

That the draft detailed budget for the general fund and the HRA had been considered and noted by the Panel.

#### **50. ANY OTHER BUSINESS**

It was noted that there was no other urgent business for consideration by the Panel.

#### **51. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE**

To report back to the Overview and Scrutiny Committee with a general update on the panel's discussion on the Budget reports.

**52. FUTURE MEETINGS**

The schedule for future meetings were noted.

## TERMS OF REFERENCE - STANDING PANEL

<b>Title: Finance and Performance Management</b>
<b>Status:</b> Standing Panel
<b>Terms of Reference:</b>  <b>Performance Management</b> 1. To review statutory and local performance indicator outturns for the previous year at the commencement of each municipal year, and to determine the following on an annual basis:  (a) A basket of 'Key' Performance Indicators (KPIs) important to the Council's core business and corporate priorities; and  (b) The monitoring frequency of the KPIs identified by the Panel for the year;  2. To monitor performance against the adopted KPIs throughout the year; and to make recommendations for corrective action in relation to poorly performing indicators;  <b>Council Plan</b> 3. To undertake an annual review of performance against objectives, targets and actions contained in the Council Plan for 2006 to 2010;  <b>Public Consultation</b> 4. To develop arrangements to directly engage the community in commenting on and shaping the future direction of services to make them more responsive to local needs, including the development of proposals for effective consultation through an annual community conference;  5. To annually review the consultation exercises undertaken by the council over the previous year.  <b>Finance</b> 6. To consider the draft budgets for each portfolio and in so doing to evaluate and rank proposals for either enhancing or reducing services. Members will need to ensure consistency between wider policy objectives and financial demands.  7. To consider financial monitoring reports on key areas of income and expenditure for each portfolio.  <b>ICT</b> 8. To monitor and review progress on the implementation of all major ICT systems: <ul style="list-style-type: none"><li>• Review of the Web-Casting System.</li></ul>

**Value For Money**

9. To consider the annual Value for Money Analysis, and to identify any areas where further detailed analysis may be required to be undertaken by a Task and Finish Panel during the year.

**Essex Local Area Agreement**

10. To monitor performance against the performance indicators contained within the second Essex Local Area Agreement, that the Council 'has regard to'; and to make recommendations for corrective action in relation to poorly performing indicators.

**Equality and Diversity**

11. To undertake an annual review of progress towards the implementation of the Council's Race Equality, Gender Equality, and Disability Equality Schemes, and performance in relation to other equality and diversity issues.

**Chairman:** Cllr Derek Jacobs

Finance and Performance Management Standing Panel			
Item	Report Deadline/ Priority	Progress / Comments	Programme of future meetings
(1) Best Value Performance Plan 2007/08	Report considered annually	<b>Completed:</b> The Summary BVPP and arrangements for consideration of full BVPP for 2008/09 agreed on 11 February 2008. The statutory requirement to produce an annual BVPP has been revoked as part of the new performance framework for local government, and the performance plan for 2008/09 will be the last to be produced in the current form.	<del>17 June 2008</del> <del>19 August</del> <del>20 October</del> <del>11 November</del>  13 January 2009 10 February 31 March
(2) Key Performance Indicators - Performance Monitoring	Performance reports considered on a quarterly basis.	Quarterly KPI performance reports will be considered at the meetings to be held on 19 August 2008, 11 November 2008 and 10 February 2009. An extra meeting was arranged on 20 October 08 to consider Qtr 1.	
(3) Quarterly Financial Monitoring	Reports to be considered on a quarterly basis.	First Quarter information was considered on 19 August '08, 2 <sup>nd</sup> Quarter on 11 November '08 meeting and the 3 <sup>rd</sup> Quarter to go to the February 09 meeting.	
(4) Performance (Services to be scrutinised in Rotation)	Ongoing	The Panel looked at the Council's land and accommodation strategy at its meeting in November 2007. Further issues for consideration may be identified during the year.	
(5) Essex Local Area Agreement	Performance reports considered on a quarterly basis	<b>Completed:</b> Outturn report in respect of the first Essex Local Area Agreement (LAA) was considered during 2008/09. Quarterly performance reports in respect of the performance indicators within the second Essex LAA that the Council 'has regard to' will be considered at the meetings to be held on 19 August 2008, 11 November 2008 and 10 February 2009.	

(6) Council Plan 2006-2010 – Performance Monitoring	Performance report considered on an annual basis.	<b>Considered at August 08 meeting.</b> Annual performance report was considered at the meeting held on 19 August 2008.	
(7) Annual Value for Money Analysis	Value for Money Analysis updated on an annual basis to reflect latest available cost and performance information	The Value for Money Analysis was considered at the meeting to be held on 19 August 2008, to identify any areas where further more detailed and targeted analysis may be required to be undertaken by a Task and Finish Panel during the year. <b>A Sub Group has been constituted.</b>	
(8) Annual Consultation Plan	Report considered on an annual basis. Considered at the August 08 meeting.	<b>Completed August 08.</b> Consultation Plan considered at first meeting of each municipal year. Next report due May/June 2008	
(9) Detailed Portfolio Budgets	To go to the January 2009 meeting.	Annual review of the Portfolio holders budgets	
(10) Medium Term Financial Strategy	To go to the February 2009 meeting.	To review the Council's medium term financial strategy.	
(11) Race Equality Scheme Monitoring and Progress with Equalities Work	Report considered on an annual basis.	Monitoring report in respect of the Race Equality Scheme and progress with other equality issues to be made to the meeting to be held on 31 March 2009.	
(12) Gender Equality and Disability Equality Schemes – Monitoring	Report considered on an annual basis	Monitoring report in respect of the Gender Equality and Disability Equality Schemes to be made to the meeting to be held on 31 March 2009.	
(13) Capital Outturn 2007/08 and use of transitional relief in 2008/09	To go to June 2008 meeting.	<b>Considered</b> at the June 2008 meeting.	
(14) Provisional Revenue Outturn 2007/08	To go to the June 2008 meeting	<b>Considered</b> at the June 2008 meeting.	

(15) Fees and Charges	Report considered at the November 08 meeting.	<b>Completed.</b>	
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## **Report to: Finance and Performance Management Scrutiny Panel**

**Date of Meeting: 10 February 2009**

# SCRUTINY



**Portfolio:** Finance and Performance Management (Councillor C. Whitbread)

**Subject:** Key Performance Indicators 2008/09 – Quarter 3 Performance Monitoring

**Officer contact for further information:** S. Tautz (01992 564180)

**Democratic Services Officer:** A. Hendry (01992 564246)

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### **Recommendations/Decisions Required:**

**That the Scrutiny Panel consider the Council's performance for the first nine months of 2008/09, in relation to the Key Performance Indicators adopted by the Cabinet for the year.**

1. (Deputy Chief Executive) As the Scrutiny Panel will be aware, a range of twenty-nine Key Performance Indicators (KPIs) for 2008/09 was adopted by the Cabinet at its meeting on 10 June 2008. Details of the KPIs are attached as Appendix 1 to this report.
2. The KPIs are crucial to the Council's core business and its corporate priorities, and comprise a mixture of statutory National Indicators (NIs), Local Performance Indicators (LPIs) (a number of which are former statutory Best Value Performance Indicators (BVPIs)), and other locally determined indicators that the Council has 'had regard to' in the second Local Area Agreement (LAA) for Essex. The aim of the KPIs is to focus improvement on key objectives and achieve comparable performance with that of the top performing local authorities (where appropriate), and to then maintain or improve further on that level of performance. In adopting the KPIs for 2008/09, the Cabinet set a target for at least 75% to achieve target performance by the end of the year.
3. Annual improvement plans are produced for the majority of the KPIs, setting out actions to be implemented in order to achieve or maintain target performance, and to reflect year on year changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are considered and agreed by the Corporate Executive Forum.
4. Progress in achieving target performance in respect of the KPIs that are suitable for monitoring on a quarterly basis is reported to the Scrutiny Panel and the relevant Portfolio Holder at the conclusion of each quarter. Performance reports for the relevant KPIs for the period from 1 April to 31 December 2008 are therefore attached as Appendix 2 to this report. In accordance with previously agreed arrangements, performance reports in respect of all other quarterly monitored NIs and LPIs will be deposited in the Members' Room.
5. A number of the NIs introduced from April 2008 are designed to be reported annually at year-end only, and members have also previously agreed that performance in relation to some of the LPIs (in their previous incarnation as BVPIs) also be subject to detailed scrutiny at year-end only, as little change is likely over each three month quarterly period. Members will also be aware that targets have not been set for several NIs for the current year, and that

performance monitoring for these indicators for 2008/09 will be used to develop baseline information for future improvement and target setting. Extensive guidance has been issued by the Department for Communities and Local Government in relation to individual NIs, and a copy of the full guidance document has previously been placed on deposit in the Members' Room.

6. CEF has recently agreed proposals for the alignment of the Council's business, budget, and workforce planning and development processes into a clear framework to enable the authority to focus on key priorities, improve performance and the way that performance is managed, and to improve communication and consultation on key priorities. As part of this process, it is intended that the suite of KPIs will in future be determined at the end of the preceding year rather than in June as has traditionally been the case, and will be linked to provisional targets so that the new KPIs can be determined early in each new municipal year.

7. The Scrutiny Panel is requested to consider the Council's performance for the first nine months of 2008/09 in relation to the KPIs for the year. Service Directors will be in attendance at the meeting to respond to any issues in respect of current performance against specific indicators.

#### **Resource Implications:**

The respective Service Director will identify the resource requirements for any proposals for corrective action in respect of KPI areas of current under-performance set out in this report.

#### **Legal and Governance Implications:**

There are no legal implications or Human Rights Act issues arising from the recommendations in this report, which ensure that the Council monitors progress against its aim of achieving target performance for 75% of its KPIs for 2008/09, and that proposals for corrective action are considered in respect of areas of current under-performance.

#### **Safer, Cleaner and Greener Implications:**

The respective Service Director will have identified any implications arising from proposals for corrective action in respect of KPI areas of current under-performance set out in this report, in respect of the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative, or any Crime and Disorder issues within the district.

#### **Consultation Undertaken:**

The targets and performance information set out in this report have been submitted by each appropriate Service Director, and have been reviewed and considered by the Corporate Executive Forum.

#### **Background Papers:**

Quarter 3 KPI calculations and submissions held by the Performance Improvement Unit.

#### **Impact Assessments:**

The respective Service Director will have identified any risk management issues or equality implications arising from any proposals for corrective action in respect of KPI areas of current under-performance set out in this report.

## KEY PERFORMANCE INDICATORS 2008/09

<b>ESSEX LOCAL AREA AGREEMENT 2008-2011 INDICATORS</b>	
1.	NI 8 - Adult participation in sport*
2.	NI 11 - Engagement in the arts*
3.	NI 17 - Perceptions of anti-social behaviour*
4.	NI 20 - Assault with injury crime rate*
5.	NI 195(a), (b), (c) and (d) - Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly-posting);
6.	NI 186 - Per capita CO <sup>2</sup> emissions in the local authority area*
7.	NI 188 - Adapting to climate change*
8.	NI 191 - Residual household waste per head
9.	NI 192 - Household waste recycled and composted
10.	NI 197 - Improved local biodiversity - active management of local sites*
11.	LPI 03 – People feeling safe outside after dark*
12.	LPI 12 – Affordable homes built and acquired
<b>NATIONAL INDICATORS</b>	
<b>Housing Portfolio</b>	
13.	NI 158 - Percentage of decent council homes*
14.	NI 160 - Local authority tenants' satisfaction with landlord services*
<b>Planning and Economic Development Portfolio</b>	
15. -17.	NI 157 (a), (b) and (c) - Processing of planning applications as measured against targets for 'major', 'minor' and 'other' application types
<b>LOCAL PERFORMANCE INDICATORS</b>	
<b>Housing Portfolio</b>	
18.	LPI 04 - Rent collected as a proportion of rents owed on housing revenue account dwellings
19.	LPI 11 - Average number of single homeless households placed in bed and breakfast accommodation
<b>Environmental Protection Portfolio</b>	
20.	LPI 42 - Percentage of households served by kerbside collection of recyclables
<b>Community Wellbeing Portfolio</b>	
21.	LPI 02 (a), (b) and (c) - Licence applications processed within targets
<b>Finance and ICT Portfolio</b>	
22.	LPI 13 - Percentage of invoices paid within 30 days of receipt
23.	LPI 14 - Percentage of Council Tax collected
24.	LPI 15 - Percentage of non-domestic rates collected
25.	LPI 16 - Average time for processing new benefit claims
26.	LPI 17 - Average time for processing notification of changes of circumstance for benefit claims

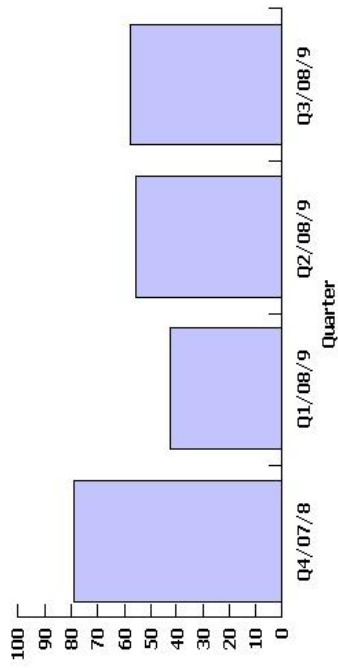
<b>Corporate Support Services Portfolio</b>	
27.	LPI 28 - Number of working days lost due to sickness absence
<b>Leisure and Young Persons Portfolio</b>	
28.	LPI 49 - Number of pupils visiting museums and galleries in organised school groups
<b>Planning and Economic Development Portfolio</b>	
29.	LPI 44 - Achievement of milestones within Local Development Scheme

\*Performance against these Key Performance Indicators is monitored annually at year-end only. Performance against all other indicators is monitored on a quarterly basis.

**NI157a Processing of planning applications - 'major' application types (Quarterly)**

Responsible officer: John Preston  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:  Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	80.71%	57.69%	✘
Q2/08/9	80.71%	55.56%	✘
Q1/08/9	80.71%	42.86%	✘
Q4/07/8	74.75%	79.07%	✔

Is it likely that the target will be met at the end of the year? No

**Comment on current performance:**

Performance on major applications is volatile due to the low number of applications involved. Particular issues affecting this application type include the final decision being made on old cases that were awaiting Section 106 agreements, which has distorted the figure to a degree. Business processes have been amended to resolve this issue on newer applications. Investigation is underway on other means to improve underlying performance, but progress on this may be dependent upon changes to the scheme of delegation. There has also been ongoing staffing level issues due to recruitment until late in Q3, and also an ongoing sickness affecting the assistant director, which has resulted in work being passed onto the team leaders.

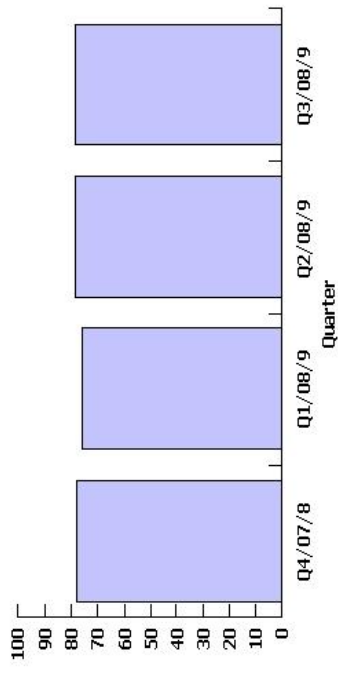
**Corrective action proposed (if required):**

KPI Improvement Plan considered by the Corporate Executive Forum on 28 January 2009. Director of Planning and Economic Development to report.

**NI157b Processing of planning applications - 'minor' application types (Quarterly)**

Responsible officer: John Preston  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:  Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	83.66%	78.49%	✗
Q2/08/9	83.66%	78.41%	✗
Q1/08/9	83.66%	75.82%	✗
Q4/07/8	80.39%	78.05%	✗

Is it likely that the target will be met at the end of the year? No

**Comment on current performance:**

Performance is up on 2007/08, but still behind target. A major contributory factor appears to be cases which go to committee as a result of objections from the public or local councils. Investigation is underway on other means to improving this performance, but progress on this may be dependent upon changes to the scheme of delegation. There has also been ongoing staffing level issues due to recruitment until late in Quarter 3, and also an ongoing sickness affecting the assistant director, which has resulted in work being passed onto the team leaders.

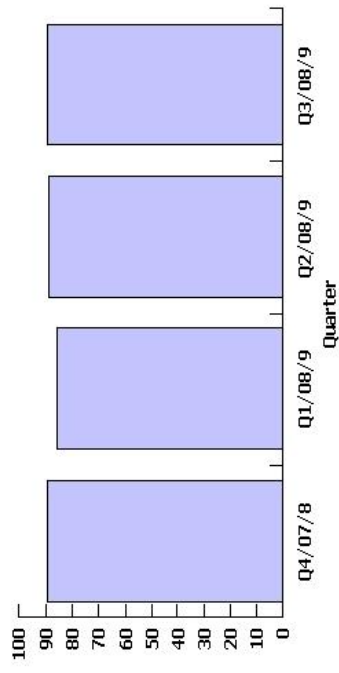
**Corrective action proposed (if required):**

KPI Improvement Plan considered by the Corporate Executive Forum on 28 January 2009. Director of Planning and Economic Development to report.

**NI157c Processing of planning applications - 'other' application types (Quarterly)**

Responsible officer: John Preston  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:  Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	92.57%	89.54%	✗
Q2/08/9	92.57%	88.86%	✗
Q1/08/9	92.57%	85.87%	✗
Q4/07/8	91.61%	89.27%	✗

Is it likely that the target will be met at the end of the year? Uncertain

**Comment on current performance:**

Performance is marginally up on 2007/08, but still behind target. A major contributory factor appears to be cases which go to committee as a result of objections from the public or local councils. Investigation is underway on other means to improving this performance, but progress on this may be dependent upon changes to the scheme of delegation. There has also been ongoing staffing level issues due to recruitment until late in Quarter 3, and also an ongoing sickness affecting the assistant director, which has resulted in work being passed onto the team leaders.

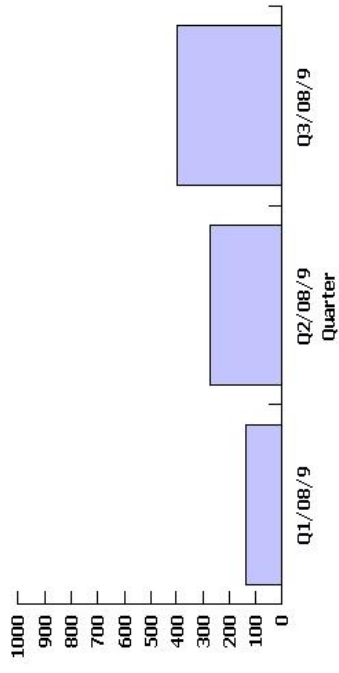
**Corrective action proposed (if required):**

KPI Improvement Plan considered by the Corporate Executive Forum on 28 January 2009. Director of Planning and Economic Development to report.

**NI191 Residual household waste per household (Quarterly)**

**Responsible officer:** John Gilbert  
 Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:



Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	415.50	401.00	✓
Q2/08/9	277.00	278.00	✗
Q1/08/9	138.50	140.00	✗

**Is it likely that the target will be met at the end of the year?** Yes

**Comment on current performance:**

Target for year-end is 554.00. Performance on target at Quarter 3.

**Corrective action proposed (if required):**

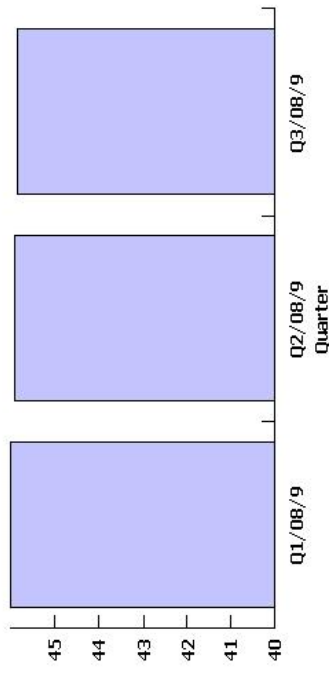
Director of Environment and Street Scene to report as necessary.



**NI192 Percentage of household waste sent for reuse, recycling and composting (Quarterly)**

**Responsible officer:** John Gilbert  
 Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:



Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	40.00%	45.85%	✓
Q2/08/9	40.00%	45.90%	✓
Q1/08/9	40.00%	45.98%	✓

**Is it likely that the target will be met at the end of the year?** Yes

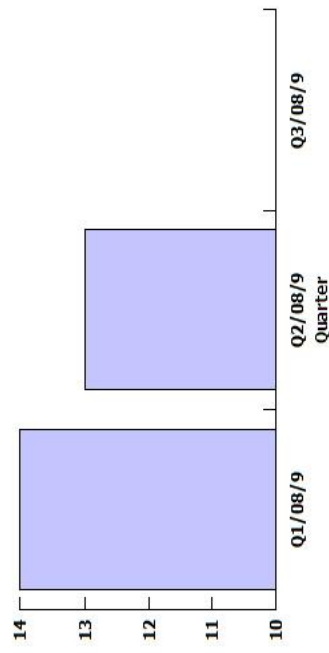
**Comment on current performance:**  
 Performance on target.

**Corrective action proposed (if required):**  
 Director of Environment and Street Scene to report as necessary.

**NI195 (a) Improved street and environmental cleanliness (levels of litter) (Quarterly)**

**Responsible officer:** John Gilbert  
 Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:  Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	10.5%		
Q2/08/9	10.5%	13.0%	✘
Q1/08/9	10.5%	14.0%	✘

**Is it likely that the target will be met at the end of the year?** Uncertain

**Comment on current performance:**

The calculation for this indicator is required to be completed on a four-monthly basis (April to July, August to November, and December to March), and does not therefore reflect quarterly monitoring arrangements. The three four-month periods are reflected as Quarters 1, 2 and 3 in this report.

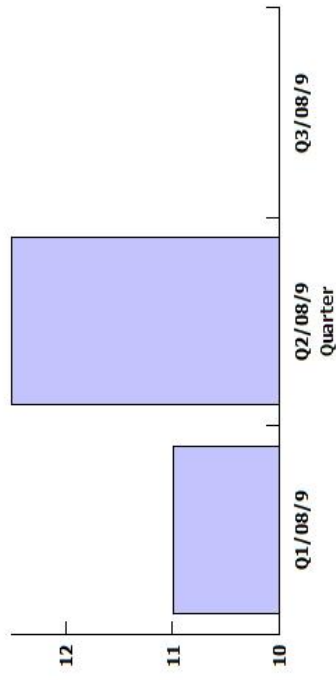
**Corrective action proposed (if required):**

Director of Environment and Street Scene to report as necessary.

**NI195 (b) Improved street and environmental cleanliness (levels of detritus) (Quarterly)**

**Responsible officer:** John Gilbert  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:



Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	15.0%		
Q2/08/9	15.0%	12.5%	✓
Q1/08/9	15.0%	11.0%	✓

**Is it likely that the target will be met at the end of the year?** Uncertain

**Comment on current performance:**

The calculation for this indicator is required to be completed on a four-monthly basis (April to July, August to November, and December to March), and does not therefore reflect quarterly monitoring arrangements. The three four-month periods are reflected as Quarters 1, 2 and 3 in this report.

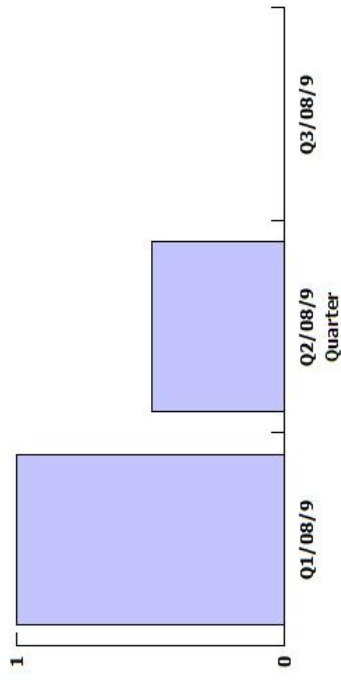
**Corrective action proposed (if required):**

Director of Environment and Street Scene to report as necessary.

**NI195 (c) Improved street and environmental cleanliness (levels of graffiti) (Quarterly)**

**Responsible officer:** John Gilbert  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:



Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	5.0%		
Q2/08/9	5.0%	0.5%	✓
Q1/08/9	5.0%	1.0%	✓

**Is it likely that the target will be met at the end of the year?** Yes

**Comment on current performance:**

The calculation for this indicator is required to be completed on a four-monthly basis (April to July, August to November, and December to March), and does not therefore reflect quarterly monitoring arrangements. The three four-month periods are reflected as Quarters 1, 2 and 3 in this report.

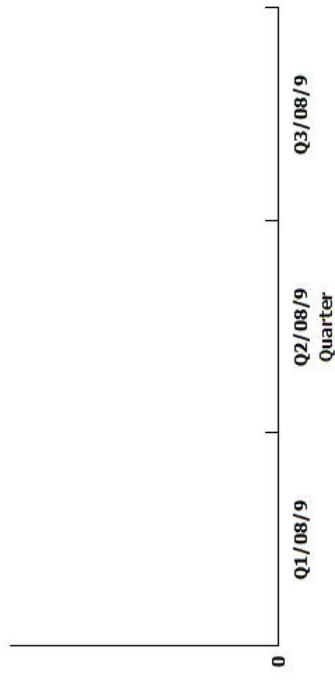
**Corrective action proposed (if required):**

Director of Environment and Street Scene to report as necessary.

**NI195 (d) Improved street and environmental cleanliness (levels of fly posting) (Quarterly)**

**Responsible officer:** John Gilbert  
Additional Information

**Chart - Current and previous quarters**



Direction of improving performance:



Cumulative data?:

**Table - Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	5.0%		
Q2/08/9	5.0%	0.0%	✓
Q1/08/9	5.0%	0.0%	✓

**Is it likely that the target will be met at the end of the year?** Yes

**Comment on current performance:**

The calculation for this indicator is required to be completed on a four-monthly basis (April to July, August to November, and December to March), and does not therefore reflect quarterly monitoring arrangements. The three four-month periods are reflected as Quarters 1, 2 and 3 in this report.

**Corrective action proposed (if required):**

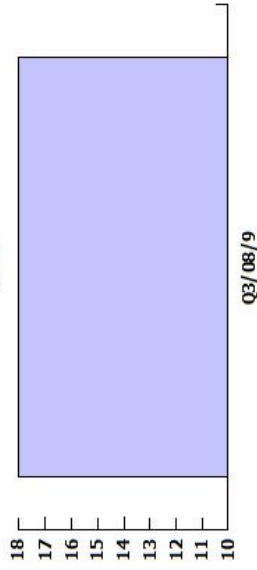
Director of Environment and Street Scene to report as necessary.

**LPI 02a Average time (days) to determine a Premises Licence**

**Responsible officer:** Colleen O'Boyle  
 Additional information:

Direction of improving performance:  Cumulative data?:

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	30.00	18.00	✓

**Is it likely that the target will be met at the end of the year?**  Yes

**Comment on current performance:**

Indicator adopted by Finance and Performance Management Scrutiny Panel in November 2008. No previous data available.

**Corrective action proposed (if required):**

No corrective action required at this stage.

**LPI 02b Average time (days) to determine a Temporary Event Notice**

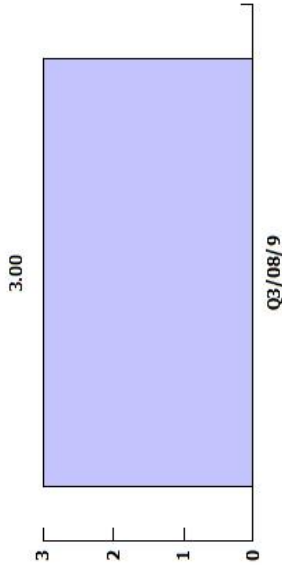
**Responsible officer:** Colleen O'Boyle  
 Additional information:

Direction of improving performance:



Cumulative data?:

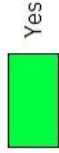
**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	5.00	3.00	✓

**Is it likely that the target will be met at the end of the year?**



**Comment on current performance:**

Indicator adopted by Finance and Performance Management Scrutiny Panel in November 2008. No previous data available.

**Corrective action proposed (if required):**

None required at this stage.

**LPI 02c Average time (days) to determine hackney carriage & private hire licences under delegated authority**

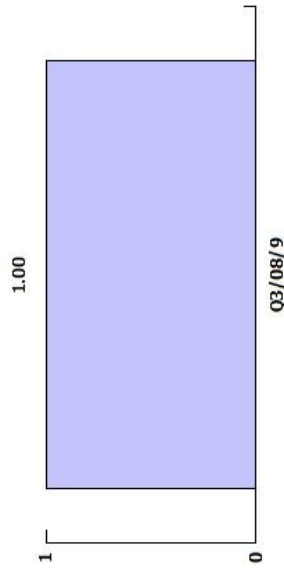
**Responsible officer:** Colleen O'Boyle  
 Additional information:

Direction of improving performance:



Cumulative data?:

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	5.00	1.00	✓

**Is it likely that the target will be met at the end of the year?**



Yes

**Comment on current performance:**

Indicator adopted by Finance and Performance Management Scrutiny Panel in November 2008. No previous data available.

**Corrective action proposed (if required):**

None required at this stage.



**LPI 04 Rent collected as a proportion of rents owed on housing revenue account dwellings**

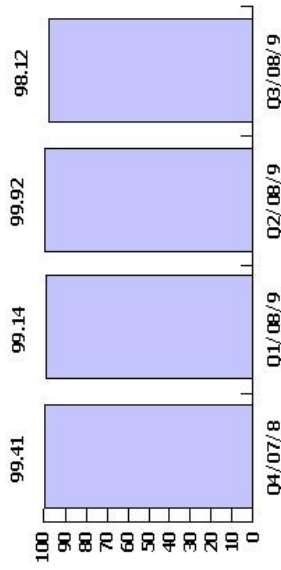
**Responsible officer:** Alan Hall  
**Additional information:**

**Direction of improving performance:**



**Cumulative data?:**

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	98.81	98.12	X
Q2/08/9	98.81	99.92	✓
Q1/08/9	98.81	99.14	✓
Q4/07/8	98.84	99.41	✓

**Is it likely that the target will be met at the end of the year?**



Uncertain

**Comment on current performance:**

The introduction of the new housing benefits system has led to a cessation of new Housing Benefit claims during the transition period.

**Corrective action proposed (if required):**

Director of Housing to report as necessary.

LPI 11 Average number of single homeless households placed in bed and breakfast accommodation to whom we owe a duty.

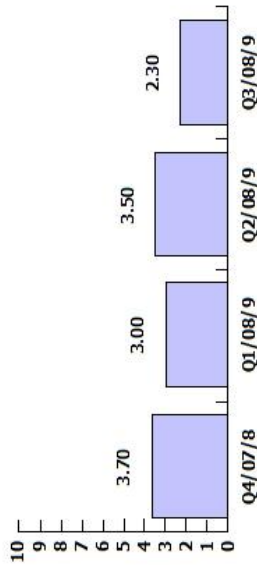
Responsible officer: Alan Hall  
Additional information:

Direction of improving performance:



Cumulative data?:

Current and previous quarters

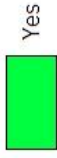


Current and previous quarters

Quarter	Target	Actual	Target Met?
Q3/08/9	3.50	2.30	✓
Q2/08/9	3.50	3.50	✓
Q1/08/9	3.50	3.00	✓
Q4/07/8	6.00	3.70	✓

Comment on current performance:

Is it likely that the target will be met at the end of the year?



Corrective action proposed (if required):

**LPI 12 Affordable homes built and acquired**

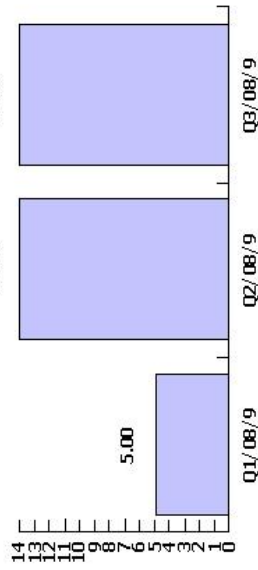
**Responsible officer:** Alan Hall  
**Additional information:**

**Direction of improving performance:**



**Cumulative data?:**

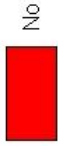
**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	45.00	14.00	X
Q2/08/9	45.00	14.00	X
Q1/08/9	45.00	5.00	X

**Is it likely that the target will be met at the end of the year?**



No

**Comment on current performance:**

The target of 66 homes was based on all of the affordable homes in phase 1 of the Epping Forest College development, completing in 2008/09, however this is no longer the case - only 14 have been handed over (with 44 in 2009/10 and 36 in 2010/11). Therefore only 34 properties (total) will be achieved in 2008/09 (including 20 on former council sites).

**Corrective action proposed (if required):**

No action possible to meet the target due to long lead in time. However, if all the developments with outline planning permission complete within anticipated timescales, (which is unlikely - especially within the current market), a further 242 affordable homes would be completed in 2009/10 and a further 83 by April 2012.

**LPI 13 Percentage of invoices paid within 30 days of receipt**

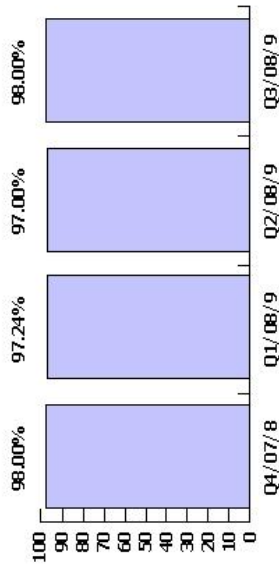
**Responsible officer:** Bob Palmer  
**Additional information:**

**Direction of improving performance:**



**Cumulative data?:**

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	97.00%	98.00%	✓
Q2/08/9	97.00%	97.00%	✓
Q1/08/9	97.00%	97.24%	✓
Q4/07/8	98.00%	98.00%	✓

**Comment on current performance:**  
 Performance on target for year-end.

**Is it likely that the target will be met at the end of the year?**



Yes

**Corrective action proposed (if required):**  
 Director of Finance and ICT to report as necessary.

**LPI 14 Percentage of Council Tax collected**

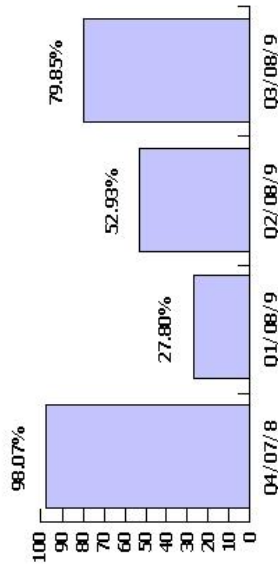
**Responsible officer:** Bob Palmer  
**Additional information:**

**Direction of improving performance:**



**Cumulative data?:**

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	73.89%	79.85%	✓
Q2/08/9	49.26%	52.93%	✓
Q1/08/9	24.63%	27.80%	✓
Q4/07/8	98.53%	98.07%	✗

**Is it likely that the target will be met at the end of the year?**



Uncertain

**Comment on current performance:**

The figures are estimates based on the best information available. At the time of their compilation, the data conversion to the new Council Tax system was underway and the IT system was not available. Actual figures will be available for Quarter 4. The estimated figures show that collection is 0.03% down on the same stage last year. The impact of the current economic conditions and the effect of the conversion will have an impact in Quarter 4 which may lead to a slight fall in in-year collection, estimated to be between 0.5 to 1.0%. This is not lost revenue as the collection and recovery of the income will be potentially deferred until the following Quarter 1 of 2009/10.

**Corrective action proposed (if required):**

Recovery procedures will re-commence once the new system has gone live in mid-January.

**LPI 15 Percentage of non-domestic rates collected**

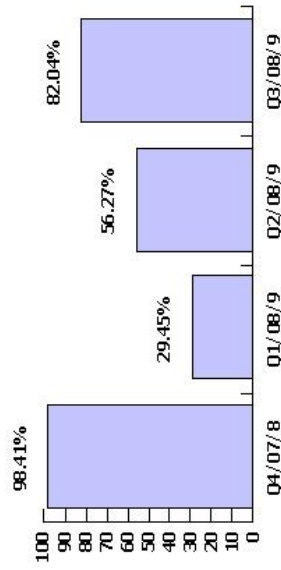
**Responsible officer:** Bob Palmer  
**Additional information:**

**Direction of improving performance:**



**Cumulative data?:**

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	74.46%	82.04%	✓
Q2/08/9	49.64%	56.27%	✓
Q1/08/9	24.82%	29.45%	✓
Q4/07/8	99.30%	98.41%	✗

**Is it likely that the target will be met at the end of the year?**



Uncertain

**Comment on current performance:**

The performance is 1.14% down on the same stage last year. The causes of the reduction in collection levels remain the same as the first and second quarters. From 1 April 2008 the Government changed the legislation on most empty business premises in that a full rates is now due where previously a 100% or 50% reduction applied. This was to encourage owners to bring empty premises back into occupation. Inevitably non-payment has increased in this area accentuated by the current economic climate which is also affecting general collection levels. Collection levels for non-domestic rates are falling nationally due to the reasons outlined above.

**Corrective action proposed (if required):**

The section is continuing with recovery action to collect the outstanding debt.

**LPI 16 Average time (days) for processing new benefit claims**

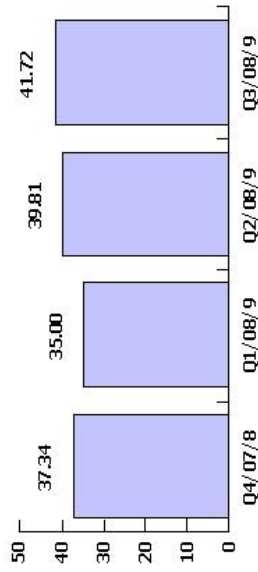
Responsible officer: **Bob Palmer**  
 Additional information:

Direction of improving performance:



Cumulative data?:

Current and previous quarters



Current and previous quarters

Quarter	Target	Actual	Target Met?
Q3/08/9	30.00	41.72	<b>X</b>
Q2/08/9	30.00	39.81	<b>X</b>
Q1/08/9	30.00	35.00	<b>X</b>
Q4/07/8	25.50	37.34	<b>X</b>

Is it likely that the target will be met at the end of the year?



No

**Comment on current performance:**

Performance has been affected by the conversion of the benefit IT system. Resource has had to be used for conversion issues and staff training has taken place meaning that less time has been spent on assessment. In addition there has been a significant increase in new claims this year.

**Corrective action proposed (if required):**

As the Revenues and Benefits IT system was unavailable for 6 weeks in December and January, no improvement will be possible. Contractors have been employed to help clear the backlog in order that the situation can be improved for the start of the new financial year.

**LPI 17 Average time (days) for processing notification of changes of circumstance for benefit claims**

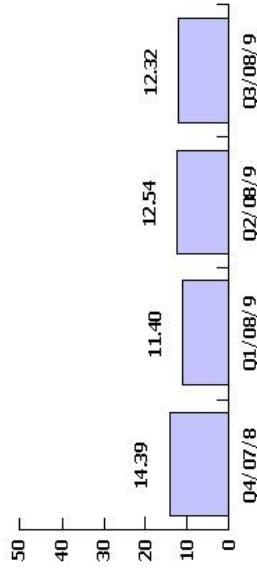
Responsible officer: **Bob Palmer**  
 Additional information:

Direction of improving performance:



Cumulative data?:

**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	11.00	12.32	<b>X</b>
Q2/08/9	11.00	12.54	<b>X</b>
Q1/08/9	11.00	11.40	<b>X</b>
Q4/07/8	8.50	14.39	<b>X</b>

Is it likely that the target will be met at the end of the year?



**Comment on current performance:**

Performance has been affected by the conversion of the benefit IT system. Resource has had to be used for conversion issues and staff training has taken place meaning that less time has been spent on assessment. However, processing performance for changes in circumstances continues to be better than performance in previous years and a slight improvement was made in Q3.

**Corrective action proposed (if required):**

As the Revenues and Benefits IT system was unavailable for 6 weeks in December and January, no improvement will be possible. Contractors have been employed to help clear the backlog in order that the situation can be improved for the start of the new financial year.



**LPI 28 Number of working days lost due to sickness absence**

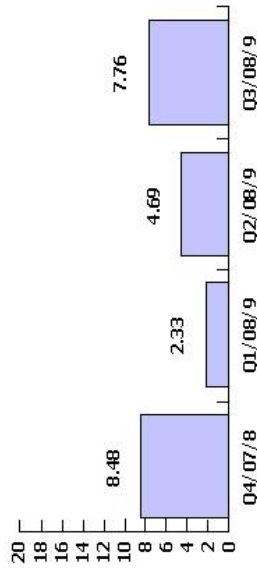
Responsible officer: Colleen O'Boyle  
 Additional information:

Direction of improving performance:



Cumulative data?:

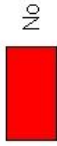
**Current and previous quarters**



**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	6.00	7.76	X
Q2/08/9	4.00	4.69	X
Q1/08/9	2.00	2.33	X
Q4/07/8	8.29	8.48	X

Is it likely that the target will be met at the end of the year?



No

**Comment on current performance:**

The Council has not reached district top-quartile targets for this indicator in any year, however there was a significant improvement in 2007/08 of a decrease of over an average of two days sickness absence per employee. The 2008/09 target corresponds with the eight-day trigger level of the Council's Managing Absence Policy. This is the third quarter that sickness absence levels have increased. There was an increase in the number of incidents of flu/chest infections/colds and included employees who do not have time off. A detailed report was presented to the Corporate Executive Forum in November 2008.

**Corrective action proposed (if required):**

A detailed report in this respect will be made to the cabinet in March 2009. A temporary part-time officer has been appointed to provide monitoring reports and work with managers on absence cases. Training for managers will be tailored and relaunched in February/March 2009.

**LPI 42 Percentage of households served by a kerbside collection of recyclables**

Responsible officer: John Gilbert

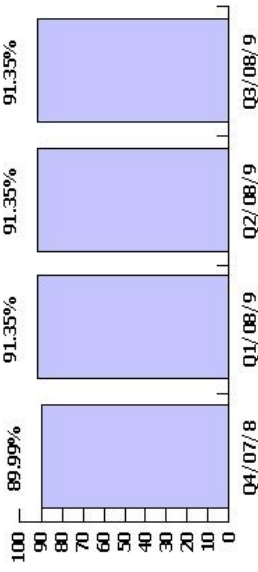
Additional information:

Direction of improving performance:



Cumulative data?:

Current and previous quarters



Current and previous quarters

Quarter	Target	Actual	Target Met?
Q3/08/9	95.00%	91.35%	X
Q2/08/9	95.00%	91.35%	X
Q1/08/9	95.00%	91.35%	X
Q4/07/8	95.00%	89.99%	X

Is it likely that the target will be met at the end of the year?



No

**Comment on current performance:**

It should be noted that different doorstep services are provided in different areas. However, for the purpose of this indicator the doorstep dry recyclable collection service is used as the basis.

**Corrective action proposed (if required):**

Director of Environment and Street Scene to report as necessary.

**LPI 44 Achievement of milestones within Local Development Scheme**

Responsible officer: **John Preston**  
 Additional information:

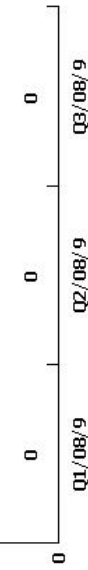
Direction of improving performance:



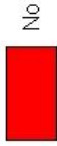
Cumulative data?:

**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	1	0	<b>X</b>
Q2/08/9	1	0	<b>X</b>
Q1/08/9	1	0	<b>X</b>



Is it likely that the target will be met at the end of the year?



**Comment on current performance:**

Statement of Community Involvement - the new PPS12 has changed the consultation requirements for the production of Development Plan Documents - a "preferred options" stage is no longer mandatory. There are also indications that the Government intends to introduce a statutory "duty to inform" the local community about local authority services, programmes, policies, strategies and priorities etc. This should mean that a duty to consult or involve the community will become a more corporate function. The Planning Bill currently being considered by Parliament removes the need for SCIs to be subject to independent examination.

**Corrective action proposed (if required):**

A report has been made to the Portfolio Holder that these changes justify starting again with the preparation of the SCI, and this was considered at the Advisory Group meeting on 30 October 2008. Other milestones - these will be established when the LDS is reviewed in March 2009.

**LPI 49 Number of pupils visiting museums and galleries in organised school groups**

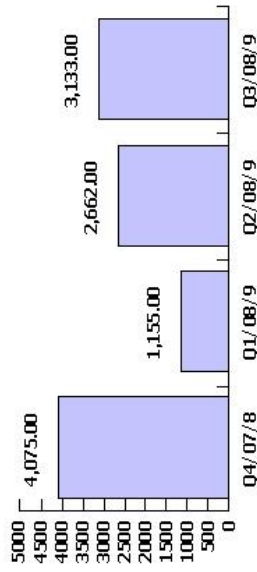
Responsible officer: **Derek Macnab**  
 Additional information:

Direction of improving performance:



Cumulative data?:

**Current and previous quarters**

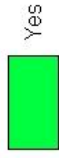


**Current and previous quarters**

Quarter	Target	Actual	Target Met?
Q3/08/9	3,075.00	3,133.00	✓
Q2/08/9	2,050.00	2,662.00	✓
Q1/08/9	1,025.00	1,155.00	✓
Q4/07/8	3,302.00	4,075.00	✓

**Comment on current performance:**  
 Performance on target for year-end.

Is it likely that the target will be met at the end of the year?



Yes

**Corrective action proposed (if required):**  
 Deputy Chief Executive to report as necessary.

## **Report to the Finance & Performance Management Scrutiny Panel**

**Date of meeting: 10 February 2009**

**Portfolio: Finance & Performance Management**

**Subject: Quarterly Financial Monitoring**



**Officer contact for further information: Peter Maddock (01992 - 56 4602).**

**Democratic Services Officer: Adrian Hendry (01992 – 56 4246)**

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### **Recommendations/Decisions Required:**

**That the Panel note the revenue and capital financial monitoring report for the third quarter of 2008/09;**

### **Executive Summary**

The report provides a comparison between the profiled budgets for the period ended 31 December 2008 and the actual expenditure or income as applicable.

### **Reasons for proposed decision**

To note the third quarter financial monitoring report for 2008/09.

### **Other options for action**

No other options available.

### **Report:**

1. The Panel has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure for each portfolio. This is the third quarterly report for 2008/09 and covers the period from 1 April 2008 to 31 December 2008.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area in which large under spends have been seen. The salaries data is held by Directorate rather than by portfolio, although there are clearly some Directorates that are linked closely to particular portfolios.

### **Revenue Budgets (Annex 1 – 10)**

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £344,000. A 2.45% pay increase has now been implemented, however the award itself is still with arbitration. Assuming that the arbitration process leaves the award at 2.45% the underspend above is genuine saving however there is obviously a possibility that arbitration could recommend a higher award which would then eat into these savings. Most of this saving will fall on the General Fund with the Planning Services Directorate being underspent by some £144,000. The underspend is a little higher than at this stage last year.
4. Income budgets are looking increasingly volatile, more so than in 2007/08. Development Control income at Month 9 is now £17,000 below expectations. This is entirely down to pre-application fees not reaching expectations. These fees were introduced in July

2007 on the basis that the income would finance any consultancy advice required in relation to the said applications. Whilst the fee levels have not been achieved the related expenditure has also not been incurred and both budgets have been reduced to more realistic levels in the revised estimates. As regards Development Control income generally November and December saw particularly low income levels when compared to the three year average. Income in January has so far held up well and the budgeted income level is still expected to be achieved.

5. Building Control Income shows an under achievement of £53,000, Income levels will not reach originally predicted levels and the revised budget has therefore been prepared on the basis of an income loss of £80,000. A reduction in the use of consultants has been made in an effort to make the account breakeven in 2008/09.

6. Land Charge search income at month 9 is £187,000 below the expected level. A Income loss of £250,000, (£175,000 CSB and £75,000 DDF), has been placed in the revised budget and based on current information this does look likely though the exact CSB/DDF split is only an estimate at this stage.

7. Hangar no. 1 has now been let, however due to the delays in agreeing a lease, DDF of £64,000 for the lost rental income and £13,000 empty property rates are included in the revised estimate.

8. Income from car parking is higher than expectations mainly due to additional season tickets issued to Essex County Council. This additional income has been included in the revised estimates.

9. Since the last Scrutiny Panel meeting in November 2008 interest rates have plummeted dramatically. During October 2008 rates available on investments for 6 months were around 6.5%, however by mid-January rates of only 1.8% were available on 3 month deposits. The council's investment income will still exceed original expectations as much of the cash is locked into deals struck prior to the drop in rates. The additional income shown in the tables relates to both the General Fund and HRA however the effect of low interest rates will eat into this additional income over the remaining three months of the financial year. As regards the Council's investment of £2.5 million with the Heritable Bank, there has been a creditors meeting since the last Scrutiny panel and an initial report from the administrators suggests that unsecured creditors should get most of their investment back, the timing of this though is still unclear.

10. The Housing Repairs Fund also shows an underspend. Much of this again is due to late invoicing by the gas servicing contractor.

11. Expenditure on Recycling sacks will be higher than originally expected. Equally recycling credits are also higher than expectations. A DDF item of £162,000 for sacks and CSB growth of £124,000 for Recycling Credits have been included within the revised estimates.

12. The payments to Sports and Leisure Management Ltd are lagging behind the profiled budget, this is due to a delay in agreeing the November invoice.

13. Where income budgets are not likely to be met, or under and overspends are expected this is noted on the schedules. Where no comment exists the actual outturn, at this point in time, is expected to be broadly in line with budgets.

### **Capital Budgets (Annex 11-15)**

14. Tables for capital expenditure monitoring purposes (annex 11 -15) are included for the nine months to 31 December. The tables show the major schemes separately with other more minor items being summarised. There is a brief commentary on each item highlighting

the scheme progress.

15. The full year budget for comparison purposes is the updated budget as presented within the capital review to Cabinet on 6 October 2008.

16. The process of profiling capital budgets has now been completed and all variations relate to differences between actual and expected spending patterns.

### **Major Capital Schemes (Annex 16)**

17. Annex 16 looks at progress on those schemes with total budget provision in excess of £1m. The schedule monitors the schemes in total rather than by financial year. The total cost figures shown in columns six and seven therefore relate to two or more financial years. The original anticipated start dates where applicable are also included and where this was not achieved a revised or actual start date is given. There is also some commentary on the schemes for information.

### **Conclusion**

18. There is concern over the lower than originally anticipated levels of income from Building Control, Land Charges and North Weald Airfield rents. As regards Building Control, expenditure on consultants has been reduced and is expected to bring the account back into line. Land Charge income is going to fall short of the original budget by some £250,000 this has been taken into account within the revised estimate and a DDF/CSB split has been assessed though this is very much an estimate. With regard to Hangar no.1 a new tenant is now in occupation, however an additional District Development Fund (DDF) item relating to the lost income and empty property rates has been placed within the 2008/09 revised estimate.

19. Despite the above, there is currently a significant underspend on salaries expenditure and a £175,000 contingency included in the Original Budget has been removed from the revised budget. It is now predicted that a little over £500,000 will be added to General Fund balances compared to £219,000 in the original.

20. The panel is asked to note the position on both revenue and capital budgets as at Month 9 and the Major Capital Schemes monitoring schedule.

### **Consultations Undertaken**

This report has been circulated to Portfolio-holders. An oral update will be provided to cover any additional comments or information received from Portfolio-holders.

### **Resource Implications**

Additional resource requirements may arise due to shortfalls in income. These issues will be kept under review and necessary adjustments to income levels will be included within the revised estimates.

### **Legal and Governance Implications**

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

### **Safer, Cleaner, Greener Implications**

The Council's budgets contain spending in relation to this initiative.

### **Background Papers**

Various budget variance working papers held in Accountancy.

### **Impact Assessments**

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.



DECEMBER 2008 - SALARIES

<u>SERVICE</u>	<u>2008/09</u>		<u>2007/08</u>	
	<u>EXPENDITURE TO 31/12/08</u> £000	<u>BUDGET PROVISION (ORIGINAL)</u> £000	<u>EXPENDITURE TO 31/12/07</u> £000	<u>BUDGET PROVISION (ORIGINAL)</u> £000
		<u>VARIATION FROM BUDGET (ORIGINAL)</u> %		<u>VARIATION FROM BUDGET (ORIGINAL)</u> %
OFFICE OF THE CHIEF EXECUTIVE	640	639	636	693
DEPUTY CHIEF EXECUTIVE *	998	1,007	967	1,005
CORPORATE SUPPORT SERVICE DIRECTORATE	1,767	1,739	1,761	1,737
FINANCE & ICT DIRECTORATE *	2,787	2,897	2,758	2,829
HOUSING DIRECTORATE *	3,783	3,820	3,634	3,693
ENVIRONMENT & STREET SCENE DIRECTORATE	2,635	2,708	2,524	2,605
PLANNING & ECONOMIC DEVELOPMENT	1,592	1,736	1,632	1,633
<b>TOTAL</b>	<b>14,202</b>	<b>14,546</b>	<b>13,912</b>	<b>14,195</b>
		<b>-2.4</b>		<b>-2.0</b>

\* Agency costs are included in the salaries expenditure.

Please note a vacancy allowance has been deducted in all service budget provisions.

Major expenditure items:	08/09 Full Year Budget £'000		Third Quarter		07/08 Actual £'000	08/09 Variance Budget v Actual		Comments
	08/09 Budget £'000	08/09 Actual £'000	08/09 Budget £'000	08/09 Actual £'000		£'000	%	
Grants to Voluntary Groups	133	25	90	25	34	-65	-72.1	2008/09 actual includes a credit of £23,000 relating to grants approved in 2007/08 but which remain as yet unpaid. This is because payment is not made until the Council has received evidence that the grant has been applied in line with the grant conditions. This can sometimes be a considerable time after approval. Commitments in the current year amount to £75,000 of which £38,000 has been paid.
Voluntary Sector Support	161	147	147	147	150	0	0.0	
	294	173	237	173	184			

	08/09 Full Year Budget £'000	Third Quarter				08/09 Variance Budget v Actual		Comments
		08/09		07/08		Budget v Actual £'000	%	
		Budget £'000	Actual £'000	Budget Actual £'000	Actual £'000			
<u>Major expenditure items:</u>								
Bank & Audit Charges	243	102	96	125	-6	-5.9	The billing arrangements adopted by the external auditor (PKF) are different than those of the audit commission in previous years. To date, invoices have only been received for the first two quarters and for 26% of grant work.	
	243	102	96	125				
<u>Major income items:</u>								
Investment Income	3,069	2,302	2,723	2,297	421	18.3	Investment interest has exceeded expectations to date. The budget assumed that there would be a reduction in rates achieved during 2008/09. In the first three quarters an average rate of 5.81% was achieved as opposed to 5.25%. The final position will exceed the original budget though not by as much as expected at month 6.	
	3,069	2,302	2,723	2,297				

Major expenditure items:	08/09 Full Year Budget £'000		Third Quarter		08/09 Variance Budget v Actual		Comments
	£'000	£'000	08/09 Actual		£'000	%	
			08/09 Budget £'000	07/08 Actual £'000			
Information Technology	859	710	714	472	4	0.6	The budget and actuals for 2008/09 include centralised computer maintenance costs, a change from the previous year. A significant number of these maintenance agreements are payable annually in advance.
Telephones	223	168	107	161	-61	-36.3	The actual cost of call charges from Cable and Wireless is less than originally anticipated, the revised budget reflects these lower charges.
	1,082	877	821	633			

	08/09 Full Year Budget £'000	Third Quarter		07/08 Actual £'000	08/09		Comments
		08/09 Budget £'000	08/09 Actual £'000		Budget v Actual £'000	Variance Budget v Actual %	
<u>Major income items:</u>							
Hackney Carriages	143	111	138	125	27	24.3	Hackney carriage licensing applications have increased over the last three years, it is anticipated that the current economic climate will result in a further increase in the volume.
Licensing & Registrations	96	83	89	90	5	6.0	Licensing income in the third quarter has slowed down compared to the previous two quarters and is currently at the same level as the prior year. Currently income is anticipated to exceed the full year budget by £10,000
Local Land Charges	400	307	120	259	-187	61.2	The downturn in the property market coupled with the introduction of Home information packs, and the related movement to personal searches has lead to a significant shortfall in income. The projected shortfall in the current year is expected to be as much as £250,000 which is reflected in the revised 2008/09 budget.
Industrial Estates	872	820	846	855	26	3.1	The actuals include backdated rent increases at Oakwood Hill and therefore exceed the original budget. The revised budget reflects these higher rents.
Land & Property	208	115	126	108	11	9.6	The actual figure for 2007/08 commission relating to the David Lloyd Centre was better than anticipated with the additional income showing in the 2008/09 figures. The commission due for 2008/09 will not be received until June 2009, but is anticipated to be around £82,000. Rent arrears for the review of Greenyards, Waltham Abbey is also included where a new tenant has taken over the doctors surgery.
	1,719	1,437	1,318	1,438			

## 2008/09 PORTFOLIO FINANCIAL MONITORING - PLANNING &amp; ECONOMIC DEVELOPMENT

	08/09 Full Year Budget £'000		Third Quarter		07/08 Actual £'000		08/09 Variance Budget v Actual %		Comments
	08/09 Budget £'000	08/09 Actual £'000	08/09 Budget £'000	08/09 Actual £'000	07/08 Actual £'000		08/09 Budget v Actual £'000	08/09 Actual %	
					07/08 Actual £'000	07/08 Actual £'000			
<u>Major expenditure items</u>									
Forward Planning	368	122	81	122	9		41	50.6	A number of studies in relation to the LDF have been delayed due to the Gypsy and Traveller Consultation and will be carried out in 2009/10 with £216,000 of the DDF budget being carried forward. This has been reflected in the revised budget. The actuals also include expenditure of £45,000 for Town Centre Enhancement consultation, funding for which is included in the revised budget, but not in the Original budget shown.
Development Control	130	74	102	74	85		-28	-27.5	The expenditure on pre-application consultation has been less than anticipated and is closely correlated to the income received which is also lower than estimated, this is reflected in the revised budget.
	498	196	184	196	94				
<u>Major income items</u>									
Development Control	646	449	466	449	399		-17	3.6	Development Control income has suffered a slowdown in the third quarter, but remains on target for the full year. Income from pre-application consultation has been less than anticipated and is reflected in the revised budget.
Building Control Fee Earning	674	453	506	453	485		-53	10.5	Budgeted Building Control fee income was increased in 2008/09 after a particularly successful year in 2007/08 however it has suffered a considerable downturn in 2008/09 possibly due to the current instability of the economy. In order to bring the ring fenced account back into balance a reduction in the use of consultants has been made.
	1,320	901	972	901	884				

	08/09 Full Year Budget £'000	Third Quarter		07/08 Actual £'000	08/09 Variance Budget v Actual		Comments
		08/09 Budget £'000	08/09 Actual £'000		£'000	%	
<u>Major expenditure items:</u>							
Refuse Collection	1,856	1,255	1,074	1,673	-181	-14.42	Invoices for the contract are one month behind expectations. Safer, Cleaner, Greener initiatives were slightly delayed, this has been reflected in revised estimates.
Street Cleansing	1,305	872	776	1,272	-96	-11.01	Invoices for the contract are one month behind expectations.
Recycling	1,761	1,291	1,267	1,342	-24	-1.86	Invoices for the contract are one month behind expectations, although additional sack purchases have offset some of this underspend. This has been reflected in the revised estimates.
	4,922	3,418	3,117	4,287			
<u>Major income items:</u>							
Refuse Collection	151	86	53	85	-33	-38.37	There was a delay in receiving tipping away contributions from Essex County Council. This has now been resolved and will be paid shortly.
Recycling	760	506	547	434	41	8.10	Recycling credits are one month behind expectations, however, the credits have exceeded the original budget. This has been reflected in revised estimates.
	911	592	600	519			

	08/09 Full Year Budget £'000		Third Quarter		07/08 Actual £'000		08/09 Variance Budget v Actual £'000		Comments
			08/09 Actual £'000				%		
	08/09 Budget £'000	08/09 Actual £'000	08/09 Actual £'000	08/09 Actual £'000	07/08 Actual £'000	08/09 Budget £'000	08/09 Actual £'000		
<u>Major expenditure items:</u>									
Highways General Fund	356	252	226	226	226	15	6.3	The spending on trees has been higher in 2008/09 when compared to the same period in 2007/08 contributing to most of the variance. The final position however is likely to be in line with the budget.	
Off Street Parking	581	412	433	433	433	-20	-4.63	} The contractor has not met its performance in line with the specification resulting in the costs being lower than anticipated. The Off Street	
On Street Parking	384	234	238	238	238	-25	-9.65	} Parking maintenance budget for 2008/09 has been fully spent off-setting some of the saving	
Concessionary Fares	698	436	714	714	714	-49	-10.10	} Expenditure has reduced in the current year due to a change in the method of calculating payments. There is also an element of contingency within the budget which may become payable but this is dependant on the outcome of any bus company appeals.	
	2,019	1,334	1,611	1,611	1,611				
<u>Major income items:</u>									
Off Street Parking	1,058	852	759	759	759	66	8.40	} Income streams are 12% and 14% better than at the same point last year. It is likely that this will continue. The main cause of this is increased Season Ticket income and the increased number of on-street pay-and-display machines in the High Street in Loughton.	
On Street Parking	547	386	338	338	338	12	3.21		
	1,605	1,238	1,097	1,097	1,097				



	08/09 Full Year Budget £'000	Third Quarter				08/09 Variance Budget v Actual		Comments
		08/09 Budget £'000	08/09 Actual £'000	07/08 Actual £'000	£'000	%		
							£'000	
<u>Major expenditure items:</u>								
Museum	115	78	78	60	0	0.00		
Playgrounds & Open Spaces	204	153	144	156	-9	-5.88	Grounds Maintenance underspent, however it will be spent by the end of 2008/09.	
North Weald Centre	314	204	194	204	-10	-4.90	Additional Non Domestic Rates have been incurred due to the vacancy of Hangar 1. However Fixed Plant, Runway and Building Maintenance are currently underspent.	
	633	435	416	420				
<u>Major income items:</u>								
North Weald Centre	1,296	1,077	999	1,140	-78	-7.24	Income is below expectations due to Hangar 1 being unoccupied between April and December 2008.	
<u>Contract cost Monitoring</u>								
<u>Leisure Facilities:-</u>								
Loughton Leisure Centre	13	9	13	31	4	44.44	}	
Epping Sports Centre	144	96	88	80	-8	-8.33	}	
Waltham Abbey Swimming Pool	425	283	256	260	-27	-9.54	}	
Ongar Sports Centre	270	180	165	202	-15	-8.33	}	
	852	568	522	573				

	08/09 Full Year Budget		Third Quarter		07/08 Actual		08/09 Variance		Comments
	£'000		£'000		£'000		Budget v Actual		
	Budget	Actual	Budget	Actual	Budget	Actual	£'000	%	
<u>Major expenditure items</u>									
Bed & Breakfast Accommodation	123		92	99		85	7	7.61	Expenditure is slightly higher than expected against original estimates, however, this has been reflected in the revised estimates.
<u>Major income items</u>									
Bed & Breakfast Accommodation	155		116	93		114	-23	-19.83	There has been a delay in some housing benefits claims being processed.
	155		116	93		114			



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	08/09 Full Year Budget		Second Quarter		08/09 Variance		Comments
	£'000		£'000		Budget v Actual		
	Budget	Actual	08/09 Budget	08/09 Actual	£'000	%	
<b><u>Finance &amp; Performance Management</u></b>							
Youth Sports Facilities	64		55	55	0	0	Payments to Buckhurst Hill and Roydon Parish Councils have now been made for £35,000 and £20,000 respectively. Efforts are being made to allocate the remaining £8,400 by the end of this financial year.
General Capital Contingency	177		0	0	0	0	This unallocated budget is automatically profiled into month 12 unless authority is granted to use it on a specific scheme. It is then moved to the relevant General Fund Capital heading.
<b>Total</b>	<b>241</b>		<b>55</b>	<b>55</b>			
<b><u>Corporate Support Services &amp; ICT</u></b>							
Planning Service Accommodation Works	15		8	0	-8	-100	The majority of the work has been undertaken and the invoices will be paid in the next few weeks.
Civic Office Works	170		68	36	-32	-47	A recent revision of the five year Planned Maintenance Programme has reduced the estimated outturn to £170,000. This covers work on 10 schemes; 2 of which are complete, 2 are commencing in January, and a further 4 expected to be carried out by the end of the financial year. It is likely that the remaining 2 schemes, estimated at £21,000, will have to be carried over to 2009/10.
ICT Projects	493		370	320	-50	-13	All ICT projects are progressing on target. The new Revenue & Benefits system went live in January 2009.
<b>Total</b>	<b>678</b>		<b>446</b>	<b>356</b>			

	08/09 Full Year Budget £'000	Second Quarter		08/09 Variance Budget v Actual		Comments
		08/09 Budget £'000	08/09 Actual £'000	£'000	%	
<b><u>Leisure</u></b>						
N W Airfield Market Improvements and Fire Cover Vehicle	76	12	3	-9	-75	As part of the Capital Review, £170,000 was carried forward to 2009/10 primarily relating to the one off project originally planned to resurface the meadow. It is thought that a further £50,000 is likely to be carried forward. The fire cover vehicle is expected to be purchased this financial year.
Leisure Centre Works	84	48	2	-46	-96	The work at Loughton Leisure Centre is due to be finalised this year. Feasibility studies are being undertaken in respect of works to the playing field at Ongar and sports facilities at Waltham Abbey Sports Centre.
Childrens Play Facilities	160	64	58	-6	-9	Expenditure on the Play Programme has now commenced but it is unlikely that any more work will be undertaken this financial year; the remaining £102,000 will therefore need to be carried forward.
<b>Total</b>	<b>320</b>	<b>124</b>	<b>63</b>			
<b><u>Environmental Protection</u></b>						
Bobbingworth Tip	539	404	245	-159	-39	The scheme has slipped and a carry forward of between £250,000 and £300,000 is anticipated. For additional information see comments on major schemes schedule.
Other Environmental works	68	32	26	-6	-19	Most of the original £20,000 allocation for purchasing large refuse bins for flats has been spent. However, the additional £25,000 contribution expected from ECC has not been received yet and therefore no expenditure has been made against this. The Safer Cleaner Greener vehicle has now been purchased and the equipment is expected to be bought before the end of the year.
<b>Total</b>	<b>607</b>	<b>437</b>	<b>271</b>			

	08/09 Full Year Budget £'000		Second Quarter		08/09 Variance Budget v Actual		Comments
	Budget £'000	Actual £'000	08/09 Budget £'000	08/09 Actual £'000	£'000	%	
<b>Planning &amp; Economic Development</b>							
TCE: Loughton Broadway Works	800		80	44	-36	-45	With regard to timing, it thought that slippage of approximately £550,000 to £650,000 is likely from 2008/09 to 2009/10. For further information see comments on major schemes schedule.
PDG/HPDG	72		28	28	0	0	Planning Delivery Grant (PDG) of £41,000 was carried forward from 2007/08, £28,000 of which has been spent. The remaining £13,000 is likely to be carried forward into 2009/10. The new Housing and Planning Delivery Grant (HPDG) allocation of £31,000 is also expected to be carried forward into the new year.
<b>Total</b>	<b>872</b>		<b>108</b>	<b>72</b>			
<b>Civil Engineering &amp; Maintenance</b>							
Car Parking & Traffic Schemes	170		85	-20	-105	-124	The negative actual spend relates to expenditure due to Essex County Council charged to 2007/08 but not paid to date. Officers are pursuing the outstanding invoices as well as estimates in respect of current and future commitments.
Flood Alleviation Schemes	62		5	5	0	0	Further work on flood alleviation schemes is being reassessed and it is likely that a saving will be suggested in a future report.
Grounds Maintenance Vehicles & Plant	22		17	13	-4	-21	The programme of vehicle/plant replacement is on target and the full budget is expected to be spent by the end of the year.
<b>Total</b>	<b>254</b>		<b>107</b>	<b>-2</b>			

<b><u>Housing General Fund</u></b>	08/09 Full Year Budget £'000		Second Quarter		08/09 Variance Budget v Actual		Comments
			08/09 Budget £'000	08/09 Actual £'000	£'000	%	
Contributions to Affordable Housing	930		698	585	-113	-16	This initiative is progressing well and the first payments relating to each of the Estuary HA schemes have now been made. A further payment of £85,000 has also been made to London & Quadrant HA from Section 106 monies.
Disabled Facilities Grants	400		300	248	-52	-17	Grant payments tend to occur in peaks and troughs during the year primarily because expenditure is dependant on the numbers of referrals from Occupational Therapists. The Occupational Therapy teams have been restructured recently, which has resulted in a reduction in the numbers of referrals, and consequently Grant applications, during the last 12 months. As a result expenditure has been lower than expected and it is anticipated that the full budget is unlikely to be spent by the year-end.
Other Private Sector Grants	280		210	239	29	14	Expenditure was relatively low in the first quarter of the year but it has now picked up. It is anticipated that the budget will be exceeded and that it will be necessary to bring forward some of the Capital contingency from 2009/10.
Home Ownership Schemes	102		68	68	0	0	Two of the Home Ownership Grants have been paid so far this year and one more is expected to go through by the end of January 2009. There is also a chance that the fourth could complete by the end of this financial year, requiring a sum of £34,000 to be brought forward from 2009/10.
Alfred Road Drainage Works	9		0	0	0	0	There has been no progress on this scheme and it is doubtful whether there will be in the near future.
<b>Total</b>	<b>1,721</b>		<b>1,276</b>	<b>1,140</b>			



<u>Housing Revenue Account</u>	08/09 Full Year Budget £'000	First Quarter		08/09 Variance Budget v Actual		Comments
		08/09 Budget £'000	08/09 Actual £'000	£'000	%	
Springfields, Waltham Abbey	3,113	1,868	1,079	-789	-42	Significant slippage is expected on this scheme likely to be in excess of £1,000,000. See comments on major schemes schedule.
Heating/Rewiring	1,070	598	606	7	1	Heating and rewiring works started in September, and good progress is being made on the programme of works.
Windows/Roofing / Asbestos / Water Tanks	810	579	555	-24	-4	Both roofing contracts are underway and on programme, the water tank replacement programme has commenced along with works on windows and doors. Costs are now coming through on all these scheme.
Other Planned Maintenance	687	203	168	-35	-17	The improvement work on the kitchens at Norway House has been completed and the bathroom upgrades are underway. Door entry works are due to start in mid February 2009 and are expected to be completed by the end of the financial year. Energy efficiency works and communal TV upgrades have commenced and costs are coming through. Slippage is expected on the TV upgrades and also on the drainage works; it is estimated that the slippage will be between £150,000 and £200,000.
Other Capital Works	2,527	1,216	1,139	-77	-6	The three year bathroom and kitchen replacement programme re-commenced in August and works are on programme. Heavy demand for disabled adaptations continues, with a strict waiting list operating due to budgetary constraints. The DLO vehicle replacement programme is complete. The structural repairs Framework Agreement was let in December 08 and works have therefore only just commenced . However, invoices are now being received for completed works on this contract and other structural works. Slippage is expected on structural repairs, small capital works and some other capital works in this section, anticipated to total between £400,000 and £500,000.
<b>Total</b>	<b>8,207</b>	<b>4,463</b>	<b>3,547</b>			

Capital Project	Original Start Date	Latest Est/ Actual Start Date	Original Finish Date	Latest Est/ Actual Finish Date	Original Total Project Cost £'000	Latest Total Project Cost £'000	Variance %	Actual Exp To Date £'000
<b>Bobbingworth Tip</b>	May-05	Mar-07	Nov-05	Aug-09	1,107	2,492	125%	2,218
<p>The soil importation task has been completed but the final restoration of the site has been delayed until the summer. This has meant that grass seeding and planting on the surface has not been achieved. Officers are working on completing the capital phase of the scheme by August 2009, after which the final account will be presented to Cabinet. Before the last monitoring report, Cabinet approved a supplementary capital budget of £112,000 bringing the total scheme budget to £2,492,000. This sum excludes the £20,000 contribution from Essex County Council for tree planting.</p>								
<b>Loughton High Road Town Centre Enhancement</b>	Jul-05	Aug-05	Mar-06	Nov-06	996	1,532	54%	1,532
<p>This scheme is complete and the final account has been presented and approved by Cabinet. The final payment of £31,000 to Ms Paradigm Limited, Project Managers has now been paid.</p>								
<b>Loughton Broadway Town Centre Enhancement</b>	Jul-06	Oct-06	Oct-06	To be re-assessed	3,003	3,631	21%	1,295
<p>Phase 1 of this scheme is complete and phase 2 commenced in November 2008. After a Christmas trading closure period of one month, construction re-commenced on 5 January 2009. All consents and approvals have been obtained from Essex County Council and work has now started on the east-bound carriageway on the Broadway. The Director of Environment and Street Scene will be submitting a report to Cabinet in the near future.</p>								
<b>Customer Services Transformation Programme</b>	n/a	n/a	n/a	n/a	2,500	2,500	n/a	0
<p>In view of the work of the Customer Transformation Task and Finish Panel, expenditure has been re-phased into 2009/10 and 2010/11 as part of the Capital Review.</p>								
<b>Springfields Improvement Scheme Works (HRA)</b>	Jul-04	Nov-07	Nov-07	To be re-assessed	4,033	4,124	2%	2,090
<p>Construction work commenced on 5 November 2007 and is progressing on all five blocks, however, the contractor is behind schedule. Contributions to this delay include poor co-operation from virgin media who provide the TV infrastructure to the estate, groundwater, foundation, drainage and other ground problems, window and door seals to the top balconies as well as design changes to overcladding and overroofing instigated by the contractor. Greater than expected concrete repairs have also been required. General slow progress has further contributed to delays. The contractor has recently applied for a 12 week extension of time and has issued a programme to reflect this. However, this claim has been refuted in part. Costs have risen, contingency monies absorbed and a contract overspend is anticipated; A report will be submitted to Cabinet once the position has been re-assessed.</p>								

## **Report to the Finance & Performance Management Scrutiny Panel**

**Date of meeting: 10 February 2009**

**Portfolio: Finance & Performance Management**

**Subject: Medium Term Financial Strategy**

**Officer contact for further information: Peter Maddock (01992 - 56 4602).**

**Democratic Services Officer: Adrian Hendry (01992 – 56 4246)**

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### **Recommendations/Decisions Required:**

**That the Panel note the medium term financial strategy for the period ended 201/13;**

### **Executive Summary**

The report provides a brief introduction to the medium term financial strategy.

### **Reasons for proposed decision**

To note the medium term financial strategy.

### **Other options for action**

No other options available.

### **Report:**

1. The Panel requested at its last meeting to see the medium term financial strategy for the four-year period to the end of the financial year 2012/13. The attached appendix contains a brief commentary together with two tables showing the expenditure and financing for the period in question. The strategy itself is an important document that sets the financial framework for the medium term with a view to managing future budgets and identifying necessary savings early so that these can be managed in a controlled way.

2. The strategy is updated annually and was originally considered in September 2008 with the financial issues paper that forms the start of the budget process. The updated strategy was then considered by the Finance & Performance Cabinet Committee at its meeting on 26 January 2009.

### **Conclusion**

The medium term financial strategy was requested by this panel and is presented for information.

### **Consultations Undertaken**

The strategy has previously been presented to the Finance & Performance Management Cabinet Committee and will form the part of the budget papers to be considered by both the Cabinet and Full Council report has been circulated to Portfolio-holders.

### **Resource Implications**

No additional implications.

### **Legal and Governance Implications**

Financial forecasting is recognised as good practice and is a key element of the Council's Governance Framework.

### **Safer, Cleaner, Greener Implications**

The Council's budgets contain spending in relation to this initiative.

### **Background Papers**

Various budget working papers held in Accountancy.

### **Impact Assessments**

The medium term financial strategy plays a key part in managing the financial risks faced by the Council.

## **Medium Term Financial Strategy**

### **Introduction**

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to not only remain a low tax authority but to ultimately have the lowest Band D charge in Essex. This ambition is unlikely to be realised until 2010/11, although it is anticipated that the gap will narrow considerably in 2009/10. The Council currently has the second lowest charge and last year set the lowest increase in Essex.
4. At its 22 September 2008 meeting the Finance and Performance Management Cabinet Committee decided that communication of the revised medium term financial strategy to staff, partners and other stakeholders be undertaken by way of publishing key bullet points in appropriate publications.

### **Previous Medium Term Financial Strategy**

5. That meeting of the Finance and Performance Management Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. The effects of the "Credit Crunch" were starting to be seen, but month-by-month the overall economic picture has worsened and the impact on the Council's property related and investment income has become more serious. There were also questions over developments in the waste and leisure services and the impact of the new national concessionary fares scheme.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £17.6m for CSB expenditure for 2009/10 and maintained the requirement for annual CSB savings until the end of the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing throughout the period of the forecast.
7. At that time the predicted General Fund balance at 1 April 2012 of £7.1m represented nearly 40% of the anticipated Net Budget Requirement (NBR) for 2011/12 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be only £124,000 left in the DDF at 1 April 2012.

## Updated Medium Term Financial Strategy

8. As the effects of the “Credit Crunch” and the changes in the waste and leisure services became clearer it has been necessary to keep the CSB target for 2009/10 under review. The meeting of the Finance and Performance Management Cabinet Committee on 8 December considered a draft General Fund summary together with growth lists of both CSB and DDF items. This meeting decided to revise the CSB target upwards by £0.3m to £17.9m. However, the worsening economic position has necessitated a re-examination of some estimates and the CSB total for 2009/10 is now £18.1m. To reflect these budget increases a revised medium term financial strategy has been prepared and is attached as Annexes 13 a and b. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
- a) CSB Growth – net growth for 2009/10 has been included at a total of £641,000. For 2010/11 growth items of £102,000 have currently been identified. In common with the earlier version of the strategy, target CSB savings are included for the period 2010/11 to 2012/13. Given the decision to provide a stimulus to the local economy with the 2009/10 budget, greater savings are needed in subsequent periods. Consequently annual savings targets of £300,000 have been included from 2010/11.
  - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £619,000 is still available. The improved position has arisen due to some substantial income items in 2008/09, including a transfer from the Insurance Fund of £460,000 and investment income of £264,000. The Local Development Framework (LDF) is still the largest project, using up £1.14m of DDF resource over the forecast period. It is hoped that the new Housing and Planning Delivery Grant will provide funds that can be used for the LDF and £62,000 of income has been included in the revised 2008/09 figures.
  - c) Grant Funding – the provisional settlement figures have been included for the CSR period of 2008/09 to 2010/11. Once provisional figures have been announced it is unusual for them to change significantly. For 2011/12 and 2012/13 it has been assumed that there will be a 1% increase in the base grant but that there will be no floor support.
  - d) Council Tax Increase – Members have confirmed they wish to limit rises to 2.5% and this constraint has been applied to all years.
9. This revised medium term financial strategy has deficits in the next three years of the period, although these are reducing and break even is achieved in the final year of the period. The predicted revenue balance at the end of the period is £6.475m, which represents 35% of the NBR for 2012/13 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that target savings of £300,000 are necessary in each of the final three years of the strategy and in approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the September 2009 meeting of the Finance and Performance Management Cabinet Committee.

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2008/09 - 2012/13

ORIGINAL 2008/09	REVISED				
	FORECAST 2008/09	FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
17,173 Continuing Services Budget	16,909	17,433	18,361	18,316	18,341
-344 CSB - Growth Items	-387	641	102	33	0
0 Net saving	0	0	-300	-300	-300
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16,829 Total C.S.B	16,522	18,074	18,163	18,049	18,041
1,078 One - off Expenditure	217	1,181	654	245	0
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17,907 Total Net Operating Expenditure	16,739	19,255	18,817	18,294	18,041
-1,078 Contribution to/from (-) DDF Balances	-217	-1,181	-654	-245	0
218 Contribution to/from (-) Balances	525	-763	-605	-228	84
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17,047 Net Budget Requirement	17,047	17,311	17,558	17,821	18,125
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<b>FINANCING</b>					
9,020 Government Support (NNDR+RSG)	9,020	9,195	9,379	9,473	9,567
302 RSG Floor Gains/(-Losses)	302	173	36	0	0
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9,322 Total External Funding	9,322	9,368	9,415	9,473	9,567
7,725 District Precept	7,725	7,943	8,143	8,348	8,558
0 Collection Fund Adjustment	0	0	0	0	0
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To be met from Government 17,047 Grants and Local Tax Payers	17,047	17,311	17,558	17,821	18,125
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Band D Council Tax	143.01	146.61	150.30	154.08	157.95
<b>Percentage Increase %</b>		2.5	2.5	2.5	2.5

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2008/09 - 2011/12

	REVISED FORECAST 2008/09	FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13
	£'000	£'000	£'000	£'000	£'000
<b>REVENUE BALANCES</b>					
Balance B/forward	7,462	7,987	7,224	6,619	6,391
Surplus/Deficit(-) for year	525	-763	-605	-228	84
Balance C/Forward	7,987	7,224	6,619	6,391	6,475
<b>DISTRICT DEVELOPMENT FUND</b>					
Balance B/forward	2,916	2,699	1,518	864	619
Transfer Out	-217	-1,181	-654	-245	0
Balance C/Forward	2,699	1,518	864	619	619
<b>CAPITAL FUND (inc Cap Receipts)</b>					
Balance B/forward	26,823	23,329	16,126	13,168	11,937
New Usable Receipts	227	273	273	273	273
CR Used to Fund Capital Expenditure					
- Transitional Relief Receipts	-500	0	0	0	0
- Other Capital Receipts	-3,221	-7,476	-3,231	-1,504	-914
Balance C/Forward	23,329	16,126	13,168	11,937	11,296
<b>TOTAL BALANCES</b>	34,015	24,868	20,651	18,947	18,390