

Report to the Council

Committee: Cabinet

Date: 28 June 2011

Subject: Finance and Economic Development Portfolio

Portfolio Holder: Councillor Gagan Mohindra

Item: 6(d)

Recommending:

That the report of the Finance & Economic Development Portfolio

Holder be noted

Accountancy

In recent years the Accounts and Audit Regulations have required the approval at June Council of the draft Statutory Statement of Accounts. The latest update of the Regulations has removed this requirement so the Accounts will not be presented to Council until September, when the audited set will be on the agenda. The outturn reports for both revenue and capital were presented to the Finance and Performance Management Cabinet Committee on 20 June and the Finance and Performance Management Scrutiny Panel on 21 June. I do not want to repeat the contents of those reports but, as not all of you will have attended one of those meetings, it is worth giving you the headlines.

The revenue outturn showed that the additional focus on the need for savings proved more successful than had been anticipated. The revised estimates had reduced the anticipated use of reserves from £544,000 to £309,000 but the outturn actually saw £281,000 being added to the General Fund Reserve. These savings arose from a range of Council services including, building maintenance, utilities and waste management as well as the salary savings under the external recruitment freeze.

The capital outturn detailed spending of £9.9 million on a range of schemes, this was £1.5 million lower than the revised estimate. However, this was due to slippage on schemes rather than savings and so the budgets will be carried forward to complete the schemes in the current financial year. The largest underspends were on the Housing General Fund budgets as the Open Market Shared Ownership Scheme and the Affordable Housing Contributions to Housing Associations were both delayed.

Elsewhere on the agenda you will have seen the changes to the Treasury Management Strategy Statement. This is a preliminary step to put the Council in the position where it can take on the borrowing necessary when the Housing Subsidy System is reformed. The payment to the Government is likely to be in the order of £180 million but this will free the Council from the current requirement to make annual payments of £11 million. As the exact amount of borrowing is confirmed and the structure of it determined further reports will be made to Cabinet and Council.

Benefits

The performance data for 2010/11 was reported to the Finance and Performance Management Scrutiny Panel on 21 June and I would like to take this opportunity to highlight the improvements in the processing times. The average time taken to process a new benefit claim in 2009/10 was 33.41 days, performance for 2010/11 was more than 10 days better than this with an average of 22.96 days. There was a smaller improvement in processing changes of circumstance where the average time taken has reduced from 4.85 days in 2009/10 to 4.67 days in 2010/11. The targets for the year were to process new claims in 25 days and changes of circumstance in 8 days so these were both achieved.

Revenues

Collecting local taxes remains challenging in these difficult economic circumstances. The collection statistics for 2010/11 were also reported to the Finance Scrutiny Panel and 97.85% of Council Tax was collected in the year. This marginally exceeded the target of 97.8%. Performance on Non-Domestic Rates fell just short of the target of 98%, with 97.47% being collected. I should remind Members that these are just the in year collection rates and that the amounts not collected in year continue to be pursued.

Economic Development

A "London 2012 and Essex Procurement Business Breakfast" event is being held at Stansted on 30 June. This event is to show businesses how to register on *CompeteFor* the official 2012 system as there are still hundreds of 2012 contracts to be let. Essex County Council will also be explaining how businesses can get involved with supplying to them. There is a separate exhibition area where our staff and staff from Harlow and Uttlesford Councils will be engaging with businesses to discuss procurement opportunities. This event is being run in conjunction with the Federation of Small Businesses and Essex Chambers of Commerce.

Performance Management

(a) Key Performance Indicators 2010/11 - Outturn

The Finance and Performance Management Cabinet Committee and Scrutiny Panel have recently reviewed outturn performance against the Council's Key Performance Indicators (KPIs) for 2010/11. In adopting a suite of forty-eight KPIs for 2010/11, a target was set for at least 70% to achieve target performance by the end of the year.

The Secretary of State for Communities and Local Government announced changes to existing performance arrangements in October 2010, including the cessation of the National Indicator Set, a number of indicators from which were part of the KPI suite. Whilst the majority of the National Indicators continued until 31 March 2011, eight were subsequently ceased by the government, and the requirement for the Council to collect and report data against these indicators for 2010/11 was removed.

The outturn position with regard to the achievement of target performance for the remaining forty KPIs for 2010/11 is as follows:

- (a) 25 (62.5%) achieved the performance target for 2010/11;
- (b) 14 (35.0%) did not achieve the performance target for 2010/11;
- (c) 1 (2.5%) cannot currently be reported, as outturn performance is awaiting the completion of the final accounts process for the year.

The Council did not therefore achieve its overall aim of achieving target performance for at least 70% of the KPIs for 2010/11. However, of the 14 KPIs that did not achieve the performance target for 2010/11, the outturn for 7 (50.0%) indicators was within 5% of the target for the year.

The Cabinet Committee and the Scrutiny Panel have agreed proposals for a revised set of KPIs for 2011/12 and, at their respective meetings in late June 2011, considered a corporate KPI performance improvement target for the current year, which I will report to the Council.

(b) Corporate Strategy Tool 2011/12

The Finance and Performance Management Scrutiny Panel has received a demonstration of a new interactive 'Corporate Strategy Tool', which enables users to explore the Council's current Medium-Term Aims, Key Objectives and KPIs, and to examine current levels of performance.

The tool is designed to help users to understand the links and relationships between the authority's aims, objectives and indicators, and how these relate to the Sustainable Community Strategy, the Corporate Plan, and the Council's service directorates and portfolios. The tool can be used to view the most up-to-date quarterly performance reports for each of the KPIs, and to scrutinise indicator definitions and the current Business Plan for each directorate and service area.

The Corporate Strategy Tool was developed by the Performance Improvement Unit, and will be updated on an annual basis. The tool has recently been published on the Council's website, and supports the Medium-Term Aim of being recognised as an innovative and transparent authority.

Estates

There is a lot going on in the Estates Section currently but much of this is work in progress that it would not be appropriate to report on at this stage. One area where I hope to be able to report positive progress to Council in the near future is the Langston Road Development. A meeting is due to take place shortly with Essex County Council to take forward the highways issues and if these can be resolved it should allow the scheme to proceed to a subsequent meeting of the District Development Control Committee.

Having commented on a number of performance indicators already, there are two relating to Estates that are worth a mention. There is a Local Performance Indicator (LPI) that measures rent arrears as a percentage of rental income and at the end of 2010/11 this was 3.1%, down from 4.3% in 2009/10. The occupation rate for commercial and industrial property is also measured as a LPI and this has remained at the 2009/10 level of 97.63%.