

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

7TH MARCH 2007

INTEGRATED PERFORMANCE AND FINANCIAL MONITORING REPORT 3RD QUARTER 2006/07

Responsible Portfolio Holder	Councillor Margaret Taylor
Responsible Head of Service	Hugh Bennett -Assistant Chief Executive Jayne Pickering - Head of Financial Services

1. SUMMARY

- 1.1 This report is a development of the previous integrated finance and performance reports and aims to link objectives with service delivery and to report on the following:
 - 1.1.1 the 3rd quarter results across a range of performance indicators that relate to service delivery and corporate priorities so that Members can easily identify how different areas of performance contribute to our overall strategy and
 - 1.1.2 The interrelationship between our financial position in relation to both revenue and capital expenditure and operational performance and any associated action/improvement plans that may be required.

2 RECOMMENDATIONS

- 2.1 It is recommended that:
 - 2.1 Members note that 52% of indicators are improving or stable as at 31 December 2006 (68% if we take out those indicators that cannot be reported on). This is a small increase on last month's figures and is the same as at quarter 2.
 - 2.2 Members note that 47% of indicators are achieving their targets at December 2006 (61% if we take out those indicators that cannot be reported on), an improvement of 2 percentage points over November and a considerable improvement over the figure of 39% at quarter 2.
 - 2.3 Members note that 70% of indicators are projected to out-turn on or above target at the year-end (75% if we take out those indicators that cannot be reported on), compared to 59% in November. This particular analysis was only introduced in October 2006, so comparison to quarter 2 is not possible.

- 2.4 Members note that the projected outturn position in relation to other authorities (by comparing projected outturn to the quartile positions) is a significant improvement over last year. There is a 22% reduction in the number of indicators in the bottom two quartiles.
- 2.5 Members note the potential areas for concern set out in 4.7 and considers the corrective action being taken
- 2.6 the revenue financial underspend from April – December 2006 to budget of £331k be noted
- 2.7 the predicted revenue financial overspend of £65k be noted and Members to request Heads of Service to reduce the overspends where appropriate
- 2.8 the use of General Fund Revenue Balances and earmarked reserves be noted
- 2.9 The capital underspend of £1.098m against the Profiled Capital Budget to December 2006 be noted together with the progress made on capital schemes.

3 **BACKGROUND**

- 3.1 The key priorities for 2006/07 were used as the focus for the business and financial planning for this year. The current performance indicators and financial resources have been aligned to the delivery of these priorities. The monitoring of the improvements and achievements of the performance and finances contained within this report link with the priorities of:

- Healthy, caring and socially aware communities
- Clean, safe and attractive environment
- Protect and improve our environment and promote sustainable communities
- Foster and sustain a strong and expanding economy
- Provide sustainable culture and leisure opportunities
- To be an efficient and effective Council

4. **PERFORMANCE SUMMARY**

- 4.1 Appendix 1-8 contains the details for each service area delivered and the achievement of both performance and financial targets. Appendix 9 shows the monthly performance figures for each PI. In summary it can be seen that the monthly performance position is not significantly changed over November, with 57 PI's Improving or Stable (same as November) and 51 (52 in November) on target for the month. Five more PI's are declining (27 in total) compared to last month and 5 more (19) missed their monthly target by more than 10%. The number of PI's which can be reported on has increased by 5

4.2 Thirteen of the PI's (15%) have continued to improve in December having already improved in November. In addition 14 PI's have moved from a worsening position in November to an improving position in December.

4.3 Examples of considerable or continued improvement over the quarter include :-

- Improved performance on processing of planning applications has been maintained (BV 109)
- Time taken to process benefit claims performance in the month has improved from 34 days in September to 22 days in December.
- Recycling figures remain high, although a seasonal drop is coming into effect, and performance is well above the median figure for District Councils.BV82ai & BV82bi).
- Performance on dealing with abandoned vehicles remains high and is above the median for District Councils (BV218).
- There were 6 new business start ups during December, making a total of 31 already for the year, which already exceeds the annual target of 25 (Local Indicator).
- Missed waste collections for household and recycle collections have improved; the figures dropping from 111 in September to 91 in December for household and from 41 to 32 for recycle collections.
- The percentage of invoices paid on time has risen from 93.47% in September to 98.85% in December (BV8).
- Average speed of answering telephones in the Customer Contact centre has improved from 35 seconds in September to 25 seconds in December. At the same time the percentage of calls answered has improved from 75% to 87%.

4.4 Performance is now considerably improved over the position at the end of last financial year and the Councils performance now compares much more favourably when compared to all other District councils. The following charts show the proportion of our BVPI's in each of the four quartiles of all Districts Performance. The first shows the proportions as at the end of March 2006, the second shows the proportions using the December performance figures and the third shows the expected position as at March 2007. This shows a significant reduction in the proportion of PI's in the bottom quartile with a corresponding move into the second quartile. In particular the December snapshot shows that more than a quarter of our PI's are now performing in the top quartile and less than a quarter are in the bottom quartile. Thus the Council is now performing around the average for all Districts. Councils in the "Fair" CPA category will have a similar performance profile.

Chart 1

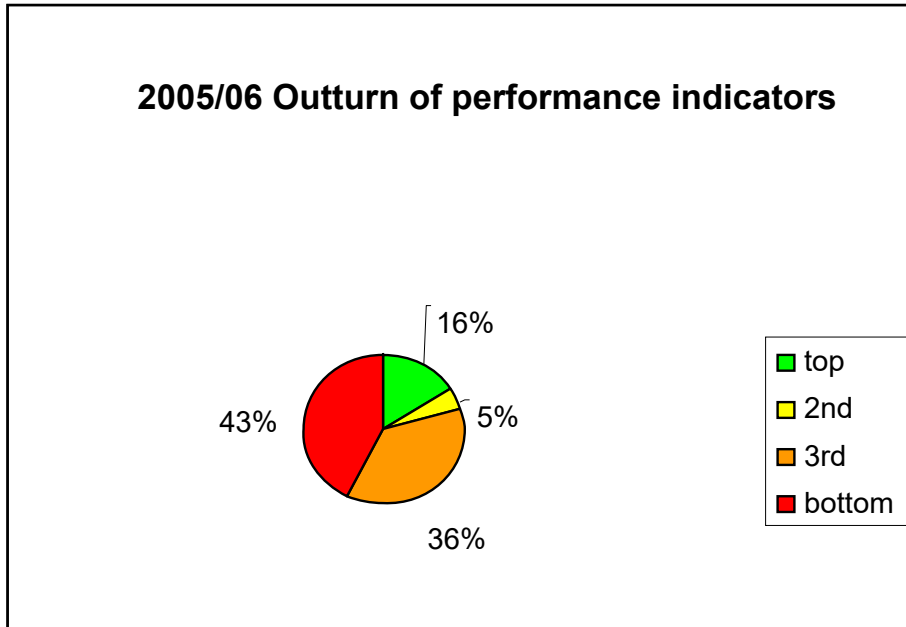


Chart 2

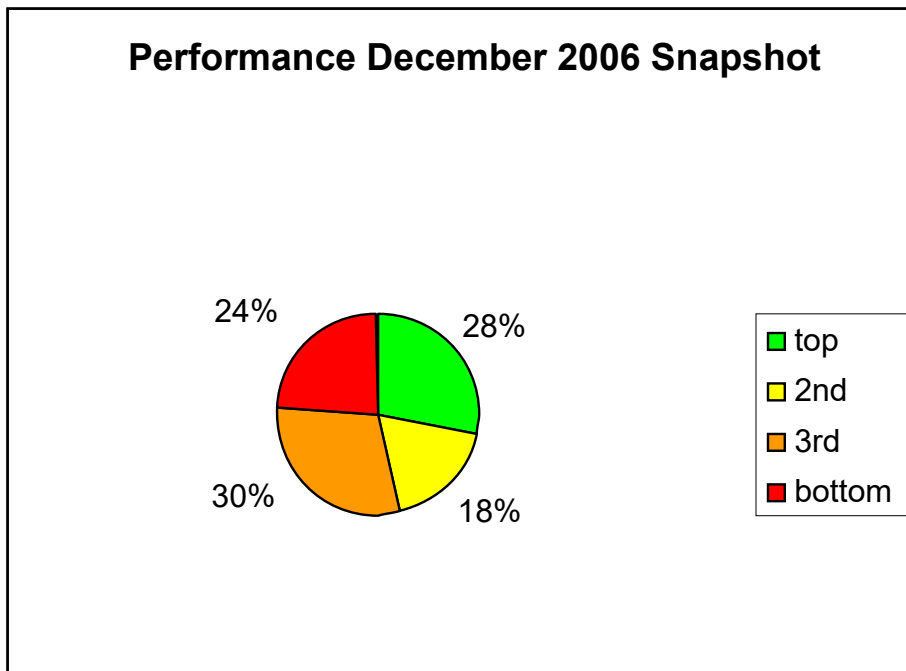
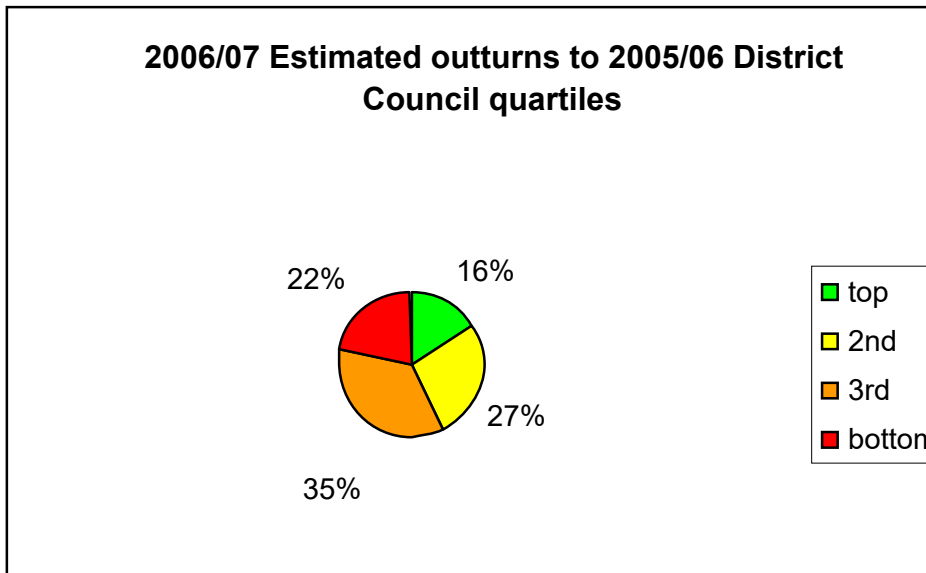


Chart 3



- 4.5 Heads of Service will be setting out their targets for performance indicators for the coming three years in their Business Plans. The expectation has been set that wherever possible targets should be above the median figure for District Councils. Achieving performance below the median is not necessarily a problem, as that might relate to areas of service that have been deemed to be not a priority. It is important that portfolio holders' sign off the Business Plans with Heads of Service and that they pay particular attention to targets which in appendix 5 of the Business Plans, which will be available in early February.
- 4.6 **December exceptions** - There are six indicators that have continued to worsen their performance in December, following a decline in November. In addition thirteen PI's have moved from improving to worsening during the month and six have moved from green to red in one month. However it should be noted that this could arise because of only a small change in performance and thus might not be a cause for concern. In addition fifteen PI's are currently projected to miss their target at the year end by more than 10%.
- 4.7 Full details of all of these indicators can be found in the appendices, but a list of exceptions is shown below. PI's will be shown on these lists if they meet the criteria that they are either worsening for a second successive period or they are forecast to miss target by more than 10% at the year end.

PI's continuing to worsen in performance		
PI Ref	PI Description	Explanation and/or corrective action
BV109c	Percentage of other planning applications determined in 8 weeks	85% for the month. 77 out of 91.
BV82bi	Percentage of household waste	Monthly total only 7.41% of green

	that has been composted	waste now green service is suspended - still awaiting bring bank tonnages
BV126	Number of domestic burglaries per '000 households	Performance and next years targets being discussed with police
BV128	Number of vehicle crimes per '000 population	Performance and next years targets being discussed with police
LPI Sports services	Dolphin Centre usage	Actual usages well ahead of monthly target due to a variety of promotions and events in what is the quietest month of the year.
LPI Sports services	Woodrush Sports centre usage	Cumulative performance ahead of target and on course to achieve annual target. Monthly trend down due to reduced Xmas hours and school holidays. Actual monthly usage ahead of monthly target

PI's predicted to miss year end target by more than 10%

PI Ref	PI Description	Explanation and/or corrective action
BV205	BV205 Percentage score against the quality of planning services checklist	No change possible until spatial project implemented.
BV214	BV214 Percentage of homeless households who suffer homelessness within 2 years	Figures adjusted on receipt of new figures from BDHT and are due to be discussed at the quarterly liaison meeting with them.
BV76b	BV76b Number of fraud investigators per 1,000 caseload	The post has been advertised - expectation for postholder to be appointed with start date April 07.
BV76d	BV76d Number of prosecutions and sanctions per 1,000 caseload	Slightly below target - cases awaiting outcome, most in court process on adjournment or warrants issued.
BV82aii	BV82aii Tonnage of household waste recycled	Slight decrease in recycling performance due to Christmas period - residents tend not to sort waste - still awaiting bring bank tonnages
BV82bii	BV82bii Tonnage of household waste composted	pervious tonnage collected during year is still keeping Cumulative total up on target for this month
BV170c	BV170c Number of pupils visiting museums and galleries in organised school groups	4 school group visits during month.
LPI Depot	- number of written complaints	Increase in number of complaints due to Xmas collection changes and green collections being stopped.
LPI	% response to excess charge	Annual outturn reflects the poor

transport services	appeals in 10 days	performance earlier in the year but targets are now being met in most months so outturn should improve by end of year. The dip in performance this month is due to absence of two members of staff over the Christmas period; which resulted in a short period when responses were not processed within timescale
BV11b	BV11b Percentage of top 5% of earners with a disability	The Council is working with TMP on its branding for recruitment to improve contact with all potential applicants
BV12	BV12 Average number of working days lost due to sickness	December figure shows a small improvement over November. The new sickness absence policy is now in place and all staff will have a return to work interview after a period of sickness.
BV156	BV156 Percentage of Authority's buildings public areas that are suitable and accessible to the disabled	Capital bid of £0.3m subject to approval by Cabinet on 21st February and Council on 27th February 2007
LPI CSC	LPI CSC Telephone service factor	TSF continues to show improvement and performance is increased by 16% on previous month. The trend is supported by overall falling call volumes, less working days and a reduction in staff sickness during this month
LPI CSC	LPI CSC Telephone service level	Since changing calculation methodology last month the positive improvement trend continues with an improvement of 6% compared to last month. Please note the average achieved across all hub partners this month is 49% indicating all are not reaching a very high target
LPI CSC	Percentage of calls answered	Tend of improvement continues this month and shows an 18% increase over last month. This is supported by the CSC being in a position to allocate more staffing resource at the incoming switchboard calls because of reduced face to face customer business at this time of year.

5 FINANCIAL PERFORMANCE - REVENUE

5.1 The Council approved a revenue service budget of £15.938m on 1st March 2006 including contributions to earmarked reserves. Approvals for transfer from balances in respect of the improvement plan and members expenses have been included in the revised budget as detailed at Table 1. The underspend to December within Service Areas is £6k and together with additional investment income of £326k gives a net underspend of £332k. The projected year end position is that there will be a total overspend of £65k. This overspend will have to be met from balances (see 8.1)

TABLE 1

	Revised Budget 2006/07	Profiled Budget 2006/07 April-Dec	Revised Actual 2006/07 April-Dec	Variance 2006/07 April-Dec	Projected Outturn 2006/07	Projected Variance 2006/07
Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services	1,253	883	847	-35	1,195	-58
Culture & Community	3,001	2,146	2,168	22	3,042	41
E-Government & Customer Services	56	4	3	-1	59	3
Financial Service	1,763	1,382	1,425	43	1,783	20
Legal & Democratic Services	851	606	542	-64	857	6
Human Resources & OD	35	-18	-83	-65	4	-31
Planning & Environment Services	4,453	3,326	3,045	-281	4,329	-124
Street Scene & Waste Management	4,913	3,668	4,044	376	5,454	541
TOTAL SERVICES	16,326	11,996	11,991	-5	16,723	398
Less:						
Asset Management	-4,194	-2,796	-2,796	0	-4,194	0
Investment Income	-765	-612	-938	-326	-1,098	-333
Amount to be met from Government Grants & Local Taxpayers	11,367	8,588	8,257	-331	11,431	65

5.2 Appendices 1-8 show the details of the services with the performance and the current financial position together with the estimated outturn for 2006/07.

- 5.3 Budget Holders meet on a monthly basis with their accountants to discuss financial performance and to highlight areas of concern and where relevant prepare action plans to bring expenditure in line with the approved budget.
- 5.4 In summary the major projected overspends for 2006/07 are due to;
- 5.4.1 Shortfalls on income generated from the leisure centre due to poor attendance for health and fitness activities. The current shortfall is £58k. The shortfall is significantly improved on the previous quarter due to increased marketing and promotion activity across the service, programme revision at sports centre's, increased delivery with in sport development and ensuring expenditure is minimized. The profiling of the year to date budget for income has also been reviewed to ensure seasonal variations are included. The poor income generation to budget has been included as a budget pressure in the Medium Term Financial Plan review 2007/08-2009/10.
- 5.4.2 An overspend of £67k in respect of gas and electric charges at the Council Offices, Dolphin Centre and Depot. The utility budget was increased by 10% however the actual charges are significantly higher than that estimated. This has been included as a budget pressure in the Medium Term Financial Plan review 2007/08-2009/10.
- 5.4.3 A significant shortfall on projected income for building regulation fees, planning applications and land charges for the third quarter (£115k). This is due to the planning moratorium and the slight decrease in the housing market during this year. It is anticipated that this trend will continue during 2006/07 as will result in a cumulative reduction in income generated of over £200k. It is anticipated that the current underspends will offset the impact of the shortfall in income for 2006/07. The income shortfall has been included as a budget pressure in the Medium Term Financial Plan review 2007/08-2009/10.
- 5.4.4 A shortfall in the income generated from car parking charges in the district. The budget was set using an average increase per ticket however the actual ticket sales has not resulted in the budgeted increase resulting in a total shortfall of approximately £200k. This has been included as a budget pressure in the Medium Term Financial Plan review 2007/08-2009/10.
- 5.4.5 Refuse collection has a current overspend of £177k and projected overspend for the year of £277k. This is due to overspendings on fuel (anticipated overspend to year end of £100k but prices are currently volatile), hire costs of trade waste and recycling vehicles and increased running costs of the fleet. There have been extra tipping costs of £35k associated with the Faun vehicles that officers are currently trying to recover through negotiation with the company. The pressures within Street Scene and waste management have been addressed as part of the review of the medium term financial plan.
- 5.5 Further details on the financial position and commentary for each service can be found in Appendices 1-8

6 FINANCIAL PERFORMANCE – CAPITAL

- 6.1 Council approved the original Capital Programme for 2006/07 of £5.726 million.
- 6.2 After adding the approved budget carry forwards and the approved changes to the original Capital Programme the Revised Capital Budget for 2006/07 now totals £7.957 million for capital monitoring purposes, and at December 2006 there is an underspend of £1.098m, and a projected year end underspend of £4.209m
- 6.3 Table 2 shows the summary position on the Capital Programme for the Council.

TABLE 2

CAPITAL PROGRAMME	Revised Budget 2006/07	Profiled Budget 2006/07 April-Dec	Revised Actual 2006/07 April-Dec	Variance 2006/07 April-Dec	Projected Outturn 2006/07	Projected Variance 2006/07
Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Culture & Community	2,824	1,068	617	-451	813	-2,011
E-Government & Customer Services	1,528	689	461	-228	837	-691
Financial Service	197	56	24	-32	159	-38
Legal & Democratic Services	97	66	84	18	121	24
Human Resources & Organisational Development	30	0	0	0	30	0
Planning & Environment Services	1,935	819	409	-410	960	-975
Street Scene & Waste Management	1,346	493	498	5	828	-518
TOTAL SERVICES	7,957	3,191	2,093	-1,098	3,748	-4,209

- 6.4 Further details of capital programme position for each Service Area can be found at appendices 1 – 8.

The main reasons for the underspend to budget is:

- 6.4.1 Dolphin Centre Phase II – Health & Fitness Suite (£1.192 million) has not been undertaken due to reviews being carried out into the delivery of services within the Culture and Community Service Area.

- 6.4.2 A number of play area schemes to be funded by S106 resources have been delayed due to the award of the Play Framework contract which has taken longer than originally anticipated.
- 6.4.3 The Spatial IT project has commenced, however because of the late start in the financial year a proportion of the funding will not be spent by the end of 2006/07 (£325k).
- 6.4.4 The scheme to replace the Academy Revenues & Benefits IT System (£400k) will not proceed because of the developments related to Shared Services for Revenues within Worcestershire. The contract has been extended for a further year to enable alternative methods of service delivery to be assessed.
- 6.4.5 The timescale in purchasing new vehicles has impacted on the ability to spend the capital funds within 2006/07 and there is an anticipated underspend to the year end of £519k in relation to the Street Scene and Waste Management projects.

7.0 TREASURY MANAGEMENT

7.1 Investment Interest

- 7.1.1 For the nine month period to December 2006 the Council received net investment income amounting to £938k against predicted year to date receipts of £612k. This income is a combination of interest earned on in-house managed funds (cash currently surplus to cash flow requirements that is placed on short-term deposit) and the investment income arising on the externally managed funds (Invesco and HSBC fund managers). The increased interest has arisen due to slippage on the capital programme which has made additional surplus cash available for deposit in the first half of the year.
- 7.1.2 The revised projection for 2006/07 investment income is £1,098k against a full year budget of £765k. The latter part of the year will see an increased cash requirement when monies are expended on the capital programme. However the reduced cash available is expected to benefit from higher returns following the recent base rate increases.

7.1.3 Details on the individual fund managers' performance is detailed below.

7.2 INVESCO

7.2.1 Investment Objectives

To optimise returns commensurate with the containment of risk and to achieve a target return of 110% of the benchmark, net of fees, over a 3 year rolling period.

7.2.2 Portfolio Performance

At 1 April 2006 the Council's investment was valued at £14.3 million. In the nine month period to December the investment earned income amounting to £447k and the Council withdrew funds totalling £2.0million.

Management fees applied to the portfolio for the period totalled £19k. The market value of the funds invested with Invesco was £12.74million as at 31 December 2006.

7.3 HSBC

7.3.1 Investment Objectives/Level of Risk

The investment objective is set out in the Client Agreement with HSBC with a portfolio mandate of short maturity with a medium level of risk.

7.3.2 Portfolio Performance

At 1 April 2006 the Council's investment was valued at £10.1 million. In the nine month period to December the investment earned income amounting to £355k. Management fees applied to the portfolio for the period totalled £38k. The market value of the funds invested with HSBC was £10.36 million as at 31 December 2006.

8 USE OF GENERAL FUND BALANCES AND EARMARKED RESERVES

- 8.1 The Council had Revenue balances of £2.282m as at 31st March 2006. Within the Medium Term Financial Plan 2006/07-2008/09 it has already been approved that £334k and £500k of balances will be used in 2006/07 and 2007/08 respectively. Further approvals of £350k in respect of the Improvement Plan and £38k for member's expenses will be funded from balances in 2006/07. This would further reduce the balances to £1.560m at 31st March 2007. The effect of the projected overspend in 2006/07 of £65k together with funding of projects carried forward from 2005/06 totalling £61k reduces the available balance as at 31st March 2007 to £1.434m.
- 8.2 The balance of the Planning Delivery Grant was £276k at 31st March 2006. It is anticipated that £123k will be utilised during 2006/07 to fund approved posts within the department. To date £121k has been received. The balance to carry forward will therefore equate to £274k.

9 FINANCIAL IMPLICATIONS

- 9.1 None other than those included in the report.

10. LEGAL IMPLICATIONS

- 10.1 No legal implications to the report

11. CORPORATE OBJECTIVES

- 11.1 The integration of financial and performance management is a key area within the improvement of the Council and the focus on the delivery of quality services to the customer.

12. RISK MANAGEMENT

- 12.1 The overspends have been mitigated as much as possible by positive actions within departments. The actions to improve performance are detailed to ensure managers remain focused on the key areas to improve.

13. CUSTOMER IMPLICATIONS

- 13.1 The improvements to performance have a direct impact on the customer as they demonstrate that the Council is achieving the targets set. The overspends to service will be contained within existing resources and will not impact on the customer

14. OTHER IMPLICATIONS

Procurement Issues N/A
Personnel Implications N/A
Governance/Performance Management N/A
Community Safety including Section 17 of Crime and Disorder Act 1998 N/A
Policy N/A
Environmental N/A
Equalities and Diversity N/A

15. OTHERS CONSULTED ON THE REPORT

Please include the following table and indicate 'Yes' or 'No' as appropriate. Delete the words in italics.

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

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16. APPENDICES

Appendix 1 - 8 Financial and performance management information –
Service Areas.

Appendix 9 – detailed monthly performance statistics

17. BACKGROUND PAPERS

Monitoring statements April- Dec
Performance Management information

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