

First Quarter Performance Management Report

(1st April 2010 to 30th June 2010)



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Section 1: Introduction and Summary

Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council for the first quarter of the year (April to June 2010) in relation to the publication of 'Our plans for the District 2010/2011' which sets out our key activities and measures used to check our performance for the forthcoming year and along with the Corporate Strategy 2008-2012 sets out the priorities we are working towards. Further detail is given in relation to an evolving set of business performance indicators covering finances, customer focus, our people and health and safety.

This report does not contain details of the numerous activities on going in each service area that also contribute to delivering what is important and will make a difference to all in the district. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the first quarter

The following table provides updates for the first quarter in relation to the key activities in 'Our plans for the District 2010/2011'

Corporate Priorities	Status of projects and actions			
	✔	▶	▲	●
The Environment is Clean and Green	1	5	-	-
Business is Encouraged and the Local Economy Prospers	-	4	1	-
Everyone can Enjoy a Healthy Lifestyle	-	4	-	-
Housing and Transport meet Local Needs	-	3	-	-
People take Pride in their Local Areas	-	2	-	-
We deliver Excellent, Cost-Effective and Valued Services	-	5	-	-
TOTAL	1	23	1	0



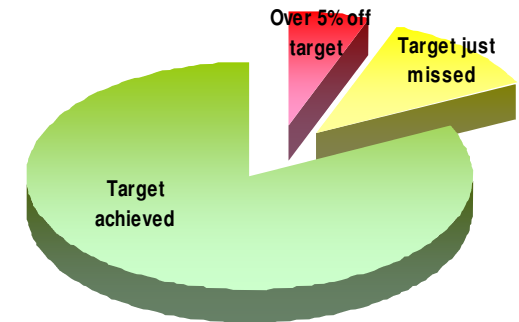
KEY:

- ✔ Project completed
- ▶ Project on target
- ▲ Project scope/target date requires amendment
- Project aborted or closed

Summary of the Performance Indicators position for the first quarter

The following table shows the performance for the first quarter in relation to the quarterly reported Performance Indicators that have targets set as defined in 'Our plans for the District 2010/2011'.

Corporate Priorities	Status of indicators		
	✔	⚠	✖
The Environment is Clean and Green	3	0	0
Business is Encouraged and the Local Economy Prospers	-	-	-
Everyone can Enjoy a Healthy Lifestyle	1	0	0
Housing and Transport meet Local Needs	2	0	0
People take Pride in their Local Areas	-	-	-
We deliver Excellent, Cost-Effective and Valued Services	8	2	1
TOTAL	14	2	1








KEY:






- ✔ Performance Indicator has achieved target
- ⚠ Performance Indicator is up to 5% below target
- ✖ Performance Indicator is 5% or more off target







The performance of the Council in the first quarter indicates that we are off to a good start with many performance indicators achieving or exceeding targets whilst also improving on their performance compared with the first quarter of 2009/10. There have been numerous activities assisting in the successful launch of the Green Heart of Essex Campaign to transform the district into one of the cleanest and greenest in the country and the majority of all other activities are on track.






Nevertheless, we need to be mindful that performance will be affected with the challenges that lie ahead in dealing with the severe constraints on public expenditure including funding, resulting in difficult decisions that may have to be taken on the services we provide for the Council to play its part in helping to restore the country's public finances.





Section 3: Delivering our Corporate Strategy

Project description and comments	Target Date	Status
The Environment is Clean and Green		
<p>Improve the appearance of the District by raising our cleansing and litter picking standards</p> <p><i>Comments: This forms part of the Green Heart Of Essex Campaign launched on the 18th June. A Green Heart clean team carry out a scheduled programme of cleaning alongside a rapid response team who deal with reports of any problems. Town centre clean teams are visible in Braintree, Halstead and Witham town centre and cleansing times have been increased working longer hours into the evening and at weekends to make sure that they are there cleaning up when littering increases. Work will be carried out along a 3.8 mile stretch of dual carriageway between Coggeshall Road / Tesco and London Road / Galleys Corner. Grit and debris will be swept from the carriageways and gulleys by specialist contractors. Litter will be removed by hand from the central reservation carried out by a small team of workers who will remove the vast quantities of rubbish that have blown into the central reservation, out of reach of road sweepers. New and larger litter bins will be installed in the route's lay-bys to replace existing smaller bins during August. The Clean Team's enhanced Saturday and Sunday working hours mean that these bins can now be emptied daily. In the week after the Green Heart launch, the 'see-it, report-it' incidents almost doubled from 52 a week to 93 a week.</i></p>	31 st March 2011	
<p>Improve the appearance of the District by planting more bulbs and shrubs</p> <p><i>Comments: This forms part of the Green Heart of Essex Campaign launched on the 18th June. This project is currently on track for planting to take place in planting season later in the year.</i></p>	31 st March 2011	
<p>Improve the biodiversity of the District by providing 30 more allotments</p> <p><i>Comments: Consultations have been carried out and the design is currently being prepared for work to commence in August.</i></p>	1 st November 2010	
<p>Improve the biodiversity of the District by planting at least 5,000 trees</p> <p><i>Comments: Discretionary activity is currently taking place regarding grant applications. Planting will start in the autumn.</i></p>	30 th April 2011	
<p>Reduce the amount of waste going to landfill and increase recycling performance to 53%</p> <p><i>Comments: This forms part of the Green Heart of Essex Campaign launched on the 18th June. A new improved recycling centre due to open at the end of July at Springwood Drive, Braintree will make it easier for residents to recycle with easy access and increasing the goods that can be taken to be recycled. At the end of the first quarter, the estimated recycling rate is 55%</i></p>	30 th April 2011	

Project description and comments	Target Date	Status
<p>Reduce our carbon footprint by a further 5%</p> <p><i>Comments: Staff awareness campaign launched and travel plan survey carried out. Products identified for harvesting rainwater at Causeway House. The works planned for Causeway House are partially dependent on the accommodation refurbishment. The window replacement programme at the Town Hall is dependent on the internal and external works planned for that building.</i></p>	31 st March 2011	
Business is encouraged and the local economy prospers		
<p>Develop and agree plans for improvements to the Newlands Shopping Centre in Witham town centre</p> <p><i>Comments: Cushman & Wakefield have been instructed to establish an acquisition price for the Newland Shopping Centre and identify a retail development partner who can deliver the scheme required by the Council. Glanmore, the owners of the Newland Shopping Centre, still have not indicated whether or not they will sell the Centre or at what price. Charville Estates, who own the Grove Centre in Witham, has approached BDC with a view to entering into a joint venture arrangement to acquire and redevelop the Newland Shopping Centre. The property developer, Churchmanor Estates Company plc, has also expressed an interest in working with BDC to regenerate the Centre. Churchmanor are currently analysing the existing tenants and income at the Newland Shopping Centre before coming back to BDC with a proposal. Once this proposal has been received then both proposals from Charville Estates and Churchmanor can be presented to Members – this is anticipated to be around August/September 2010.</i></p>	31 st March 2011	
<p>Develop plans for Halstead town centre and Community Centre in partnership with Halstead residents</p> <p><i>Comments: Specification currently being prepared and on track for discussion at Leadership in August.</i></p>	30 th September 2010	
<p>Develop a revised specification for the Braintree town centre development behind the town hall and appoint a developer</p> <p><i>Comments: Dialogue has now commenced with the four selected bidders/ developers regarding the submission of Detailed Solutions. Meetings have been arranged for the bidders to meet with planners and highways representatives at the end of June. Final tenders are due in August 2010 and these will be subject to public consultation in September 2010. The successful bidder will be selected October 2010 and the contract will be awarded in November 2010.</i></p>	30 th November 2010	
<p>Develop partnership working with Business Development Services</p> <p><i>Comments: In the first quarter 5 local businesses were supported through Performance Reward Grant (LSP) funding. 43 business start ups were supported through the Business Link East e-voucher scheme. 10 new clients completed the PRG funded Business Planning Course. The monthly client networking evenings now has a membership of 40. A 3-day Jobs Fare was held at SR Technics, Stansted Airport, where some 380 jobs were lost through company relocation.</i></p> <p><i>PRG funding will impact on the longer term future of the business support service. There is a significant risk that the advice and monitoring service will close early if PRG funding is withdrawn.</i></p>	31 st December 2010	

Project description and comments	Target Date	Status
<p>Increase the prosperity and vitality of the three town centres through the provision and promotion of events to encourage visitors and shoppers</p> <p><i>Comments: events held include:</i></p> <ul style="list-style-type: none"> o Retail customer service workshops in Halstead – to encourage sharing of best practice among local retailers. 2 sessions attended by 10 local businesses. o Continental market 'Wish you were here' in Halstead – as part of the 'Wish you were here' shop locally campaign o Continental market – three days in June in Braintree - Highly successful event o Business Breakfast network meeting of all four local chambers of commerce - supported by BDC and attended by over 50 local businesses. o Meet the buyers event at the College in Braintree: with capacity for over 100 companies and a programme of business development seminars running in parallel in partnership with BDS. 	31 st March 2011	
Everyone can enjoy a healthy lifestyle		
<p>Commence building the Witham Leisure Centre</p> <p><i>Comments: Design spec and costings are being prepared for discussion with Leadership in August for Cabinet in September.</i></p>	31 st March 2011	
<p>Improve the facilities in Witham town park</p> <p><i>Comments: Report prepared for Witham Local Committee in July. Many sources of external funding have been identified for the new toilet/store and play areas for children of all ages including children with disabilities.</i></p>	On-going process	
<p>Replace the synthetic pitch at Braintree Leisure Centre</p> <p><i>Comments: Tender interviews have taken place in June. Favourable contractor will be selected in the coming months and timetable of works agreed.</i></p>	31 st March 2011	
<p>Refurbish six play areas across the District: Beckers Green, Twelve Acres, Notley Community Hall, Witham Town Park, Kings Road Park and Mill Chase</p> <p><i>Comments: 5 out of the 6 consultations have been completed. The site at Witham Town Park may be delayed by the progress of a funding bid and project delivery for additional play facilities for the 8 – 13 age group being undertaken by colleagues from the Forward Planning Team</i></p>	28 th February 2011	
Housing and Transport meets local needs		
<p>Produce a vision for the sustainable growth of the District over the next 15 years which will set out the social, economic, and environmental priorities for the people and communities within the District</p> <p><i>Comments: Carried out pre submission consultation from 10th May 2010 to 8th July 2010.</i></p>	30 th April 2011	

Project description and comments	Target Date	Status
<p>Provide at least 113 Affordable homes across the District</p> <p><i>Comments: In the first quarter, a total of 25 affordable homes have been delivered across the district as follows: 2 rental units and 1 shared ownership at Rayne Foundry 5 Home Buyer Direct (HBD) units @ Larksfeld, Witham, 7 HBD units at Ivory Place, Braintree 4 HBD units at Parsonage St, Halstead 5 HBD units at Bocking Mill, Braintree 1 mortgage rescue scheme</i></p>	31 st March 2011	
<p>Work with our partners to improve access to housing options information, this includes an electronic toolkit which interprets customers needs and problems</p> <p><i>Comments: The Computerised web based toolkit is continuing to be developed and is now branded as the “Housing Help & Work Advice” web tool. The plans are to launch this to partners in August and September through a series of events across the sub-region. As part of the project, Babergh DC on behalf of the sub-region are coordinating the input of data onto the website. On track for the tool to be live in September.</i></p>	31 st March 2011	
People take pride in their local areas		
<p>Transfer local community facilities to groups in the community</p> <p><i>Comments: Transfer has taken place of Goldingham Hall and there is good progression of the other halls to take place in this financial year.</i></p>	31 st March 2011	
<p>Develop and run a campaign on raising the awareness of the role of the Councillor</p> <p><i>Comments: Increasing the understanding of the Councillor role is currently taking place through the Green Heart of Essex Campaign launched to members at the last Members Evening to encourage them to be involved and offer support. Members invited to public launches and requested to create a personal green heart pledge.</i></p>	31 st March 2011	
We deliver excellent, cost effective and valued services		
<p>Reorganise our workforce, working methods and structure, seek tenants to share offices and reduce running costs to ensure that we provide the best value for money</p> <p><i>Comments: Project plan has been drafted and managers appointed for the main work streams of Meeting Room Requirements, Reception/Front Desk structure and set-up, Mobile working & options, Communications, Corporate Infrastructure and Joint Accommodation requirements. Meeting room requirements are being produced. A layout for the reception has been proposed and initial discussions have taken place with ECC and Finance to review the management of the front desk. Colchester BC has been approached to look at their experience and to identify potential for sharing corporate infrastructure.</i></p>	31 st March 2011	

Project description and comments	Target Date	Status
<p>Continually review all our services to ensure that we are delivering services that are considered to be value for money by our users and residents</p> <p><i>Comments: A fundamental review of all services is being undertaken as part of the budget setting process for 2011/12</i></p>	31 st March 2011	
<p>Become more efficient as an organisation by identifying joint working and management opportunities</p> <p><i>Comments: Joint working and management opportunities are being explored across all areas including the following: Colchester – considering shared technical solutions in their computing and network arenas as well as HR and an integrated payroll system. Uttlesford – A service level agreement is in place with regards to undertaking their climate change strategy and a senior management post is currently shared for waste management and street cleaning services. Additional research projects are on-going looking at combining services.</i></p>	31 st March 2011	
<p>Improve access to Council services by providing points of contact in the libraries across the District jointly with Essex County Council</p> <p><i>Comments: Project has been jointly scoped and planned with ECC and the Service level agreement is being drawn up. Negotiations with Halstead Town Council are underway regarding Halstead Library and looking at interview facilities for benefits surgery. Working towards November deadline for opening at Halstead. Other libraries to fall in behind this.</i></p>	31 st December 2011	
<p>Improve accessibility to the benefits service by implementing an on-line system to allow customers to apply for benefits</p> <p><i>Comments: The customised Application Form, Change of Circumstances Form and Trial Calculator have been agreed. The Required software has been loaded onto Open Exec server which will process information obtained. An Interim web site has been set up and Web links from forms have been agreed. A “Web Enhancement Team” from within the Exchequer service is redesigning Exchequer Web pages to accommodate the online forms. Works to be progressed include applying security levels and deciding on the hosting location.</i></p>	31 st August 2010	

Section 4: Managing the Business







Performance Indicator Overview

The information in the tables below details the performance for the first quarter of the year based on the basket of performance indicators detailed in 'Our plans for the District 2010/11'. Where possible, the table that provides detailed performance information contains monthly data as well as quarterly data. Not all performance indicators have targets set and the outturn figures are for information purposes only. Currently no outturn information is available for annually reported indicators.










A sample of performance indicators have been checked to ensure data quality.

At the end of the year:











The following table shows how the quarterly outturn figures compare with the performance at the end of the first quarter in 2009/10.

Trend compared with last year		Status of indicators			
					<i>TOTAL</i>
	Performance has improved	13	1	1	15
	Performance has deteriorated	1	1	0	2
	Performance is the same	0	0	0	0
<i>TOTAL</i>		14	2	1	17

Our Performance Indicators in Detail

Performance Indicator	April 2010	May 2010	June 2010	Q1 2010/11				Comments
	Outturn	Outturn	Outturn	Outturn	Quarterly Target	Status at the end of the quarter	Compared with this time last year	
The Environment is Clean and Green								
NI191 Residual household waste per household	36 tonnes	31 tonnes	32 tonnes	99 tonnes	107 tonnes			The outturn figures need to be confirmed by ECC
NI192 Percentage of household waste sent for reuse, recycling and composting	54.86%	56.39%	55.00%	55.42%	53.00%			The outturn figures need to be confirmed by ECC
BV86 Cost of household waste collection	Annually reported Indicator							
WCLP1 The number of missed bins not collected within 24 hours of being reported (per 100,000 collections)	13.2	9.4	9.7	11.3	20			
NI195a Improved street and environmental cleanliness: levels of litter.	Measured in three tranches throughout the year to commence in July.							
Business is encouraged and the local economy prospers								
NI171 New business registration rate	Annually reported Indicator							
NI163 Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 2 or higher	Annually reported Indicator							
NI151 Overall Employment rate (working-age)	Annually reported Indicator							
Everyone can enjoy a healthy lifestyle								
BV126 Domestic burglaries per 1,000 households	Not measured for Months			1.06	N/A	N/A		Outturn figures provided by Essex Police
BV127a Violent Crime per 1,000 Population	Not measured for Months			3.0	N/A	N/A		Outturn figures provided by Essex Police
BV174 Racial Incidents Recorded per 100,000 population	Not measured for Months			1.4	N/A	N/A		

Performance Indicator	April 2010	May 2010	June 2010	Q1 2010/11				Comments
	Outturn	Outturn	Outturn	Outturn	Quarterly Target	Status at the end of the quarter	Compared with this time last year	
NI184 Food establishments in the area which are broadly compliant with food hygiene law	Not measured for Months			93%	93%			
NI112 Under 18 conception rate	Annually reported Indicator							
Housing and Transport meets local needs								
NI154 Net additional homes provided	Annually reported Indicator							
NI155 Number of affordable homes delivered (gross)	Not measured for Months			25	3			2 rental units and 1 shared ownership at Rayne Foundry, 5 Home Buyer Direct (HBD) units @ Larksfeld, Witham, 7 HBD units at Ivory Place, Braintree, 4 HBD units at Parsonage St, Halstead, 5 HBD units at Bocking Mill, Braintree, and 1 mortgage rescue scheme
NI156 Number of households living in temporary accommodation	Not measured for Months			38	57			
We deliver excellent, cost effective and valued services								
BV12 Working Days Lost Due to Sickness Absence	Not measured for Months			2 days	2 days			
BV12a Working Days Lost Due to Sickness Absence: Short Term	Not measured for Months			0.7 days	0.86 days			
BV12b Working Days Lost Due to Sickness Absence: Long Term	Not measured for Months			1.3 days	1.14 days			The overall sickness target for the quarter has been achieved. There are 11 cases of long term sickness of which 4 have already returned to work. Out of the 7 remaining cases, one is due to return to work shortly and the other six are being closely monitored by the line manager and HR.
CHLP3 Percentage of complaints responded to in 7 working days	87.8%	90.4%	96.3%	91.1%	88%			A total of 164 out of 180 complaints were responded to within 7 working days
CHLP5 Percentage Enquiries resolved at first point of contact in the Customer Service Centre	90%	93%	94.8%	92.6%	85%			
CHLP7 Telephone response time in the Customer Service Centre	13.secs	9.secs	8.secs	10.secs	15.secs			
NI14 Avoidable contact: the	Not measured for Months			3.6%	N/A	N/A		The NI 14 outturn figure reflects calls and e-mails

Performance Indicator	April 2010	May 2010	June 2010	Q1 2010/11				Comments
	Outturn	Outturn	Outturn	Outturn	Quarterly Target	Status at the end of the quarter	Compared with this time last year	
proportion of customer contact that is of low or no value to the customer								received in the Customer Service Centre and face to face visitors at reception. Sampling across the authority takes place every six months
BV9 % of Council Tax collected	9.78%	20.12%	30.84%	30.84%	30.85%			The target has been missed by 0.01% and we expect to make this up throughout the year.
BV10 Percentage of Non-domestic Rates Collected	9.84%	19.98%	30.90%	30.90%	30.87%			includes deferment scheme
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	8 days	8 days	7 days	7.7 days	8 days			
BV204 Planning appeals allowed	Not measured for Months			22.22%	25.90%			2 out of 9 appeals allowed
NI157b Processing of planning applications: Minor applications within 8 weeks	Not measured for Months			86.90%	87.00%			73 applications out of 84 determined within 8 weeks. Cumulative figure 86.90%. The target has been missed by 0.1% and we expect to make this up throughout the year.
NI179 Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year	Half yearly reported Indicator							

Customer Services & Views

The following is a selection of our customer service performance measures:

Customer Service: Indicators of Performance	Q1	Q2	Q3	Q4	Target
Percentage of enquiries resolved at first point of contact in the Customer Service Centre	92.6%				85%
Average telephone response time in the Customer Service Centre	10 secs				15 secs
Number of transactions carried out via the Council website	21,391				8,750
Number of unique visitors to the Council website	96,887				84,000
Percentage of customer complaints responded to in seven working days	91.1%				88%
Percentage of positive articles reported in the local press	66%				N/A
NI 14 – the proportion of customer contact that is of low or no value to the customer	3.6%				N/A

Complaints

Quarterly category analysis trend for 2010/11 compared with 2009/10

Complaint Category	Q1 2009/10	Q1 2010/11	Q2 2009/10	Q2 2010/11	Q3 2009/10	Q3 2010/11	Q4 2009/10	Q4 2010/11
Justified	48	88	79		181		143	
Not Justified	50	78	79		79		75	
Partially Justified	12	14	11		22		22	
Not known	1	0	0		0		0	
Total	111	180	169		282		240	

Comments – There is a noticeable increase in the number of complaints in the first quarter compared with the first quarter in 2009/10. The complaints for the first quarter relate to the increase in car parking charges, and grave maintenance charges. The increase in grave maintenance charges has subsequently been reviewed and the level of increase reduced. There has also been an increase in the number of waste management complaints compared to the same period last year, but fewer compared with the Q4 figures for 2009/10.

A summary of the local ombudsman cases for the first quarter period is: 4

There were four cases determined by the Ombudsman during the first quarter of 2010/11. In one case there was no or insufficient evidence of maladministration; in one case the complaint was settled locally on the basis that the Council agreed to serve a breach of condition notice within a specified timescale; in one case the complaint was premature, and the Council was requested to put the complaint through its complaints procedure first; and in one case the Ombudsman used his discretion not to pursue the complaint.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q4 09/10	Q1	Q2	Q3	Q4	Change on previous period	Target
Total headcount	541	530				-11	n/a
Number of temporary staff	43	47				+4	n/a
Total staff FTE	487.46	478.88				-8.58	n/a
Permanent staff FTE	452.45	440.40				-12.05	n/a
Temporary staff FTE	35.01	38.48				-3.47	n/a
Level of employee turnover	3.51%	1.13%				-2.38%	n/a
Number of vacant posts	16	12				-4	n/a
Number of vacancies (FTE)	15.15	11.68				-3.47	n/a
Number of temporary leavers	9	5				-4	n/a
Number of permanent leavers	10	12				+2	n/a
Number of starters	9	6				-3	n/a
Working days lost to sickness per employee	2.57 days	2 days				-0.57 days	8.0 days
Number of learning days	1059.5	1193				+133.5 days	n/a
Average learning days per employee	1.96	2.25				+0.29	≥3.5 days
Number of staff reaching retirement age in five years	8.13%	8.11%				-0.02%	n/a

Year on Year Headcount Analysis	2006/07	2007/08	2008/09	2009/10
	772	586	567	541

Health & Safety

The following is a selection of our Health and Safety performance measures. There are no targets; the data is for information purposes only.

Health & Safety: Indicators of Performance	2009/10				
	Q1	Q2	Q3	Q4	Notes
Percentage of reported accidents/incidents to employees	0.76%				This relates to 4 accidents/incidents
Number of reported accidents/incidents to contractors	0				
Number of reported accidents/incidents to non-employees	1				
Top category of cause of accident	Cut				
Number of health and safety inspections/tours/fire risk assessments/audits carried out	5				
Number of non-conformances with legal or corporate standards in safety	0				
Time lost in days due to employee accidents/incidents	5				
Expenditure incurred in allocating additional resource due to accidents/incidents	£200				

Managing our Business Key Performance Indicators

Financial Performance

The projected outturn on General Fund services is a net spend of £18.386 million, compared with a budget of £18.901 million, giving an overall projected under spend of £515,210.

The projected outturn for the Housing Revenue Account is a deficit of £205,762 compared with the original estimate for the year of a deficit of £91,750, providing a forecast adverse variance of £114,012.

General Fund Commentary:

The favourable variance for the General Fund is £515,210 or 3% against budget. This is mainly due to a projected net under spend against expenditure budgets of £541,280, with only a small variation of income of a net under-achievement of £26,070.

The approved budget assumed a nil drawdown from balances, however, it has since been agreed to meet the holding costs of Mayland House and premises at 19/21 Bocking End from balances – currently estimated at £297,000 and £80,000 respectively. This means that taken with the projected under spend; a net addition to balances of £138,210 is forecast for the year-end.

Key Issues:

Key service issues that are contained within the projections are:

Expenditure variances

- **Salaries** – across all services a net under spend on staff salaries are projected of £141,300, after offsetting a quarter of the annual efficiency target. The total budget for salaries is £15.1 million and the variance represents nearly a 1% saving. The main reasons for the under spend are due to vacancies held over, delayed appointments, reductions in hours and other staffing efficiencies reflecting the continued close scrutiny by directors over staffing requirements. The provision for a pay award effective from April 2010 is still included whilst matters remain outstanding to be settled nationally between the

National Employer's Association and Unions.

- **Recycling** – following renegotiation with one of the external material recycling facilities (MRF) a new gate fee has been agreed from May 2010. The fee is now £9 per tonne (previously £15 per tonne) but this is also inclusive of haulage costs which were previously paid for separately by the Council. This agreement means the predicted costs for dealing with recycling material is reduced by £269,500 against budget. Whilst the projection assumes this arrangement will continue for the rest of the financial year, fees are subject to conditions in the recyclates' market and either party could seek to vary the fees paid – in the past gates fees have been as high as £40 per tonne.
- **Council office and depot running costs** – in line with last year's outturn it is predicted that utility costs on Causeway House and Millennium Towers depot will be less than budgeted by £94,500 (mainly on electricity and gas), offset by an increase in business rates of £28,100 following the new Rating List 2010 (subject to the outcome of any subsequent appeal the Council may lodge). The projections assume that the present occupation arrangements continue until the end of the year.
- **Corporate costs** – across a range of corporate budgets it is projected that there will be an under spend of £85,200 – the drivers for these cost reductions include; lower transaction volumes following cessation of service level agreements with Greenfields CH (postages, banking services), corporate subscriptions where the budget was out of line with actual commitment (Local Government Association, East of England Regional Assembly, and the Local Government Information Unit), cessation of external inspection regimes (Best Value Inspectorate), savings from joint procurement for insurance premia, and under spends on costs of democracy (room hire for meetings and member travel expenses), electoral registration and costs of promoting local democracy in line with the previous year's outturn.
- **Housing** related (total under spend of £35,500) – reduction in payments for rent deposits as alternative schemes are deployed to secure housing provision for homeless persons/ families, coupled with lower running costs of the Choice Based Letting system.
- **Housing benefits** - the above under spends are offset by a projected increase in the cost of housing benefit payments of £66,000. This is due to a lower than expected recovery of costs via government subsidy (from 99.78% to 99.68% based on the provisional final subsidy return for 2009/10 which is still subject to audit), coupled with an expected increase in gross benefit payments of £6.319 million, to a total forecast payment of £49.901 million for the year.

Income variances

During 2009/10 a number of the Council's income streams (building control, treasury management, car parking, asset rentals and land search charges) were reduced as a result of either the economic conditions or changes in the regulatory charging regime. As a consequence, the 2010/11 Original Budget made substantial provision for reduced levels of income across a number of these income heads on the expectation that economic conditions were unlikely to improve. Due to this action the overall income variations are predicted to be lower this year. The key variances projected are as follows:

- **Recycling** – due to the performance of the Council's recycling rates this has led to performance grant being achievable under the Waste Management Inter-Authority Agreement with the County Council. A grant of £33,790 is currently expected in respect of 2009/10 performance (figure still to be finalised), with a grant predicted for the current year of £78,010 as opposed to an original estimate of £60,000. This assumes a 53% recycling rate is achieved, and is also subject to the volume of household waste and the rate per tonne to be paid by the County Council, which will not be fixed until the year-end. In addition, the recycling performance is expected to generate additional income from recycling credits and sale of materials (net total additional income of £48,800).
- **All other services** - the net additional income is projected at £48,030, mainly reflecting higher cost recovery and therefore offsetting increased costs, and introduction of joint financing initiatives (e.g. operations shared management with Uttlesford District Council).

Shortfalls in income are projected on the following areas:

- **Development Control** – a shortfall of £67,700 is predicted for the year. This is based on achieving similar level of income to last year (£550,000) albeit at the end of the first quarter actual income is down on the same period for the previous year by around 9%. Income levels are inherently difficult to predict as applications are made from both private households and commercial developers, and in-year profiles are difficult to anticipate. The under achievement has been partly offset by a reduction in expenditure.
- **Building Control** – although there are some signs that work may be picking up in this area, at the present time income is expected to be around the level achieved last year resulting in a predicted shortfall of £41,300 against budget. The position will be reassessed at the 2nd quarter, however, the position is being managed by not filling a staff vacancy and the use of

specialist consultants being minimised.

- **Community Halls** – letting income is projected to be £39,200 lower than anticipated – based on a 10% reduction in the first quarter compared with the same period last year. However, there are compensating expenditure reductions in this service area including vacant caretaker posts not being filled.
- **Treasury Management** – gross investment income is projected to be £240,700 less than budget due to the “lower for longer” interest rate environment and a limited counterparty list concentrating investments in the highest rated UK financial institutions (with explicit government support), highly rated money market funds (triple A) and direct with the UK Government. The interest is shared between funds: General Fund, Housing Revenue Account, and capital funds received from developers under planning gain agreements. The shortfall in income to the General Fund is estimated to be £173,000 against which £147,000 can be met from the treasury management reserve leaving a net shortfall to be met from general balances of £26,000.

Breakdown of Projected Variance by Service Area

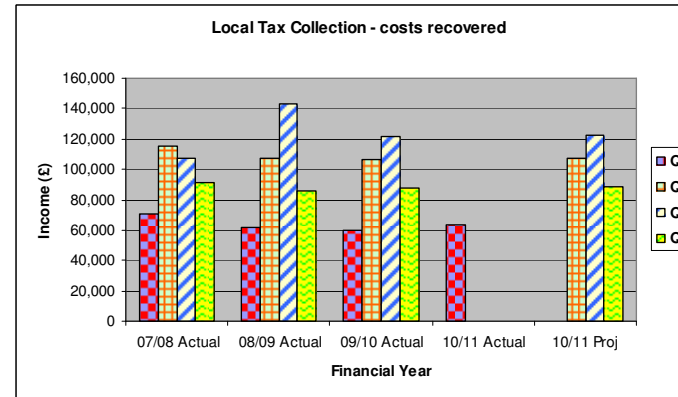
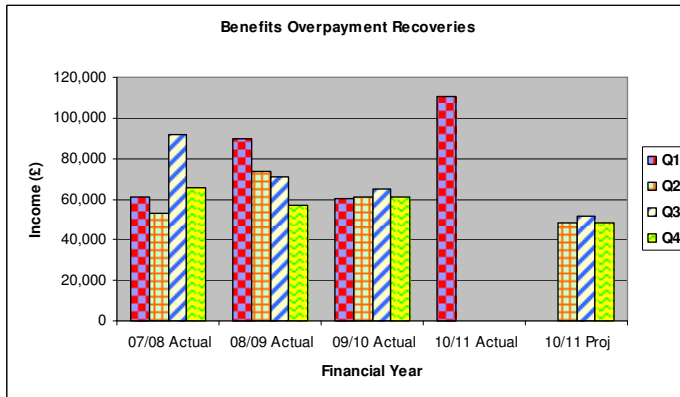
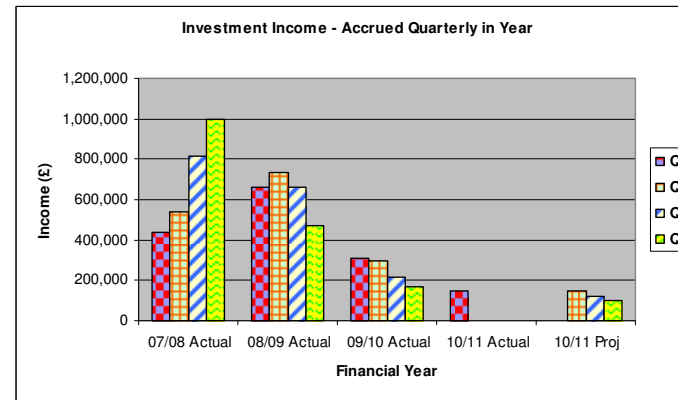
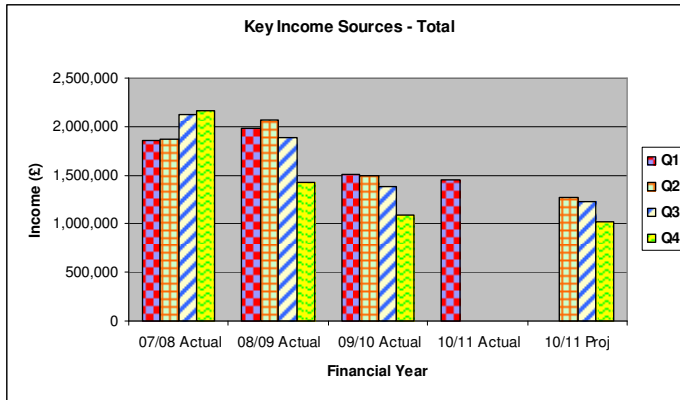
The following table provides a breakdown of the projected variance by service area:

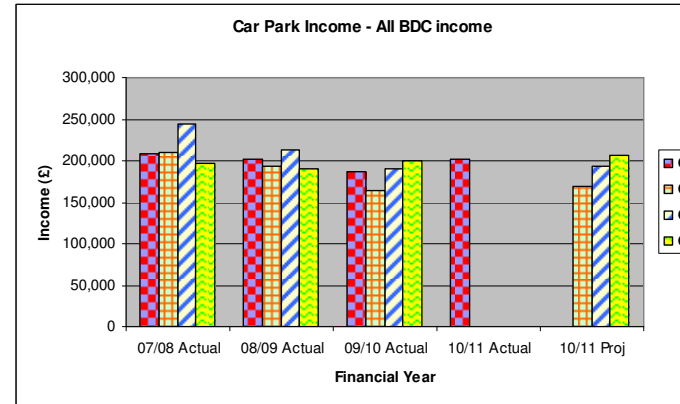
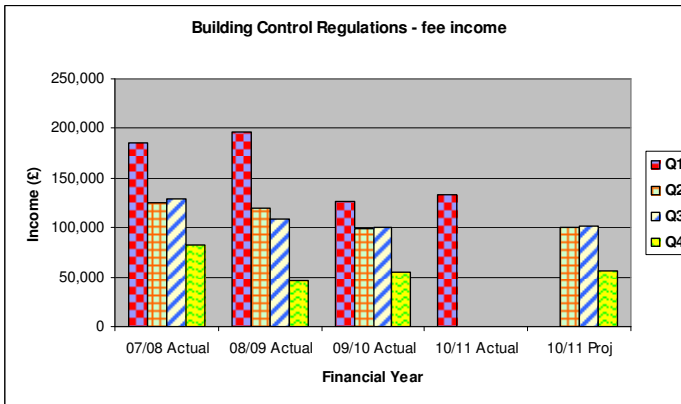
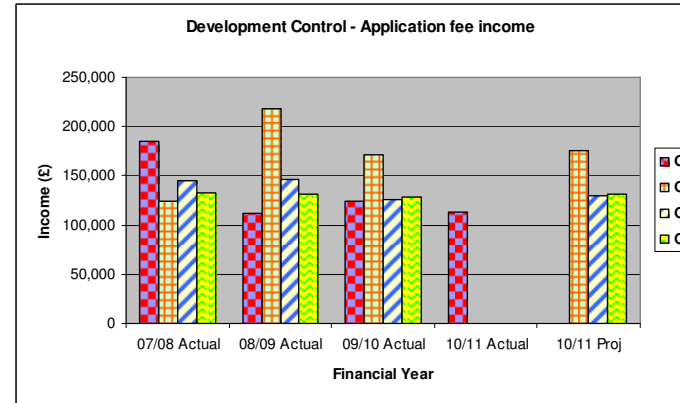
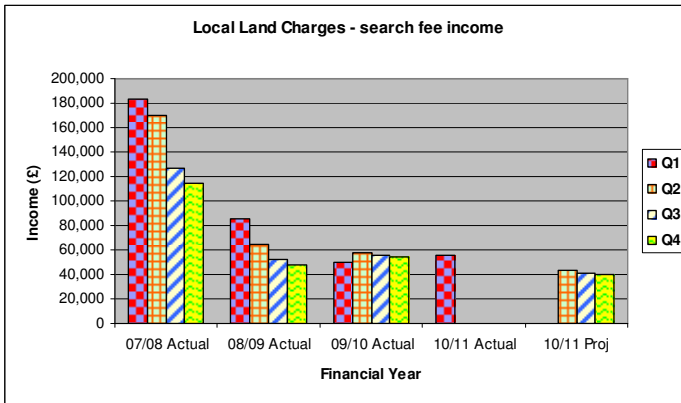
Business Plan	Original Controllable Budget £'000	Updated Controllable Budget £'000	Full year projection £'000	Budget Exp. £'000	Variance Income £'000	Variance Adverse/ (Favourable) £'000	RAG Status
Community Services	1,813	1,814	1,818	(30)	34	4	-
Corporate Management	686	686	668	(18)	-	(18)	-3%
Customer and ICT	2,114	2,114	2,080	(34)	-	(34)	-2%
District Development	894	894	928	(34)	68	34	4%
Enterprise, Culture and Leisure	1,806	1,806	1,794	(12)	0	(12)	-1%
Environmental Health	957	957	947	(66)	56	(10)	-1%
Financial Services	856	854	810	(71)	27	(44)	-5%
Housing Services	802	802	735	(62)	(5)	(67)	-8%
Operations	5,113	5,079	4,667	(256)	(156)	(412)	-8%
People and Democracy	2,034	2,060	2,033	(29)	2	(27)	-1%
Service Total	17,075	17,066	16,480	(612)	26	(586)	-3%
Corporate Efficiency Target	(291)	(282)	(211)	71	-	71	
Corporate Financing	2,117	2,117	2,117	-	-	-	
General Fund Total	18,901	18,901	18,386	(541)	26	(515)	-3%

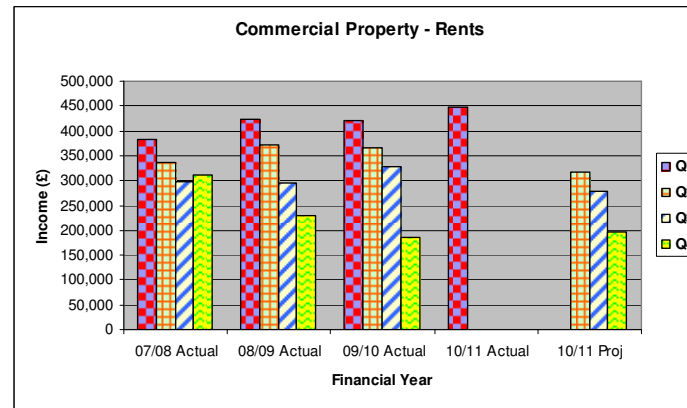
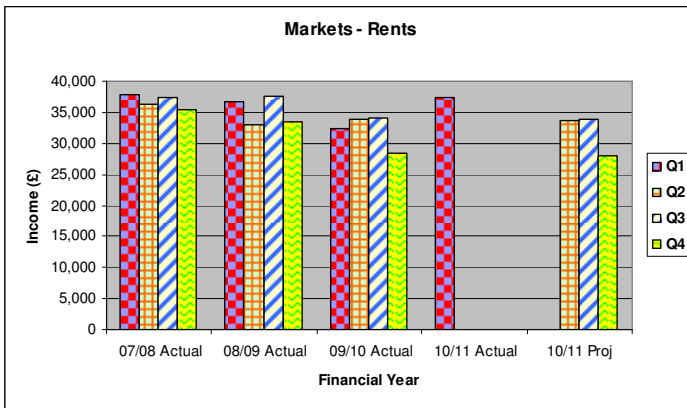
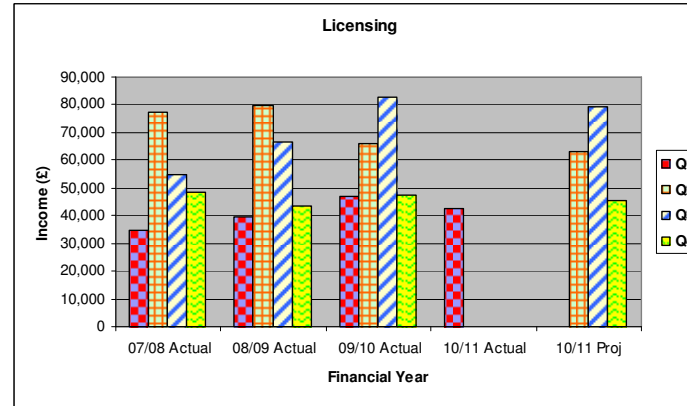
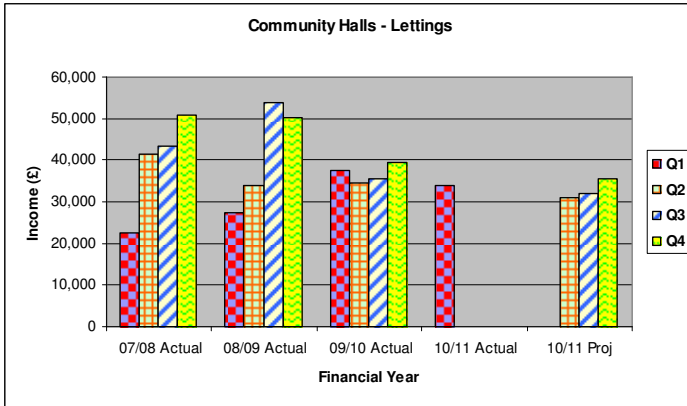
RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% or £50k adverse variance

Income Streams

A significant proportion of the Council's budget is reliant on income. The following charts show the trend on the key income streams:







Housing Revenue Account Commentary:

The main transactions projected for the year include:

- Income and expenditure relating to the management and maintenance of the small number of properties retained by the Council. – Net expenditure of £15,972.
- Contribution towards corporate overheads for on-going financial and housing management support, along with a charge for pensions relating to ex-employees and pensioners who had worked for services under the HRA – overall charge £322,400.
- Investment income on HRA related balances and mortgage interest net of management charges – credit of £135,710.
- Amortised debt costs of £1.14 million, offset by Government housing subsidy.

The net effect of these transactions is a projected deficit for the year of £205,762. This compares with an original estimated deficit of £91,750. The increase in projected deficit reflects lower investment income anticipated (£67,700), a contribution towards redundancy costs (29,600), higher maintenance spend on retained properties and a small adjustment to non-dwelling rental income (combined total £16,712).

Earmarked Reserves

Use of reserves (other than service specific reserves) assumed within the projections:

- Treasury management reserve – drawdown of £147,000 against the General Fund share of the overall investment income shortfall.
- Management of change - £218,000 drawdown to meet cost of redundancies/ retirements approved to achieve longer-term staffing cost reductions. A further £354,000 of costs is currently predicted to be incurred in the current year, after which the balance on the reserve will be £249,000 (this is the balance of £1 million set-aside from general balances in 2009/10).

General Fund and Housing Revenue Balances

Based on the outturn set out above, the movement on balances is as follows:

	General Fund	Housing Revenue Account
		£'000
	£'000	
Balance b/fwd at 1st April 2010	2,828	5,023
Add:		
Projected under spend	515	-
Less:		
Projected deficit		(206)
Mayland House costs (est.)	(297)	-
19/21 Bocking End costs (est.)	(80)	-
Est. Balance at the year-end	2,966	4,817

Movements shown on the General Fund balance are in respect of:

- Projected year-end under spend as at the First Quarter review.
- Holding costs associated with Mayland House (pending conclusion of letting agreement or otherwise sale), and 19/21 Bocking End (pending review of future use)

Risks and Assumptions to the Projected Outturn

The quarterly projections reflect the service managers' "best estimate" of the predicted outturn for the year. Previous year outturn and in-year trends have been applied, however, as always these are subject to changing circumstances and unforeseen events. Expenditure remains under scrutiny to ensure that only unavoidable costs are incurred without detriment to services, along with control over staffing vacancies.

Provision is retained for a pay award equivalent to 1% effective from April 2010. Currently National Employers have proposed a nil increase for 2010/11 which if finally implemented would save a further £150,000 in the current year across all services.

The Council has an annual efficiency target of £281,960 of which £70,490 has been offset against the projected under spend on salaries reflected in this quarter's projections. The assumption is that over the remainder of the year a further £211,470 of efficiencies will be identified over and above those currently projected.

A major element of the projected under spend is linked to a single contractual arrangement for disposal of recycling materials, as well as under pinned by assumptions regarding recycling performance and how this will be rewarded. Both aspects are subject to a range of variables and market conditions which are not within the direct control of the Council.

Service income levels are inherently difficult to predict as substantially they are demand led and impacted by external factors such as the rate of economic recovery. Land search income is also subject to recent regulatory changes which may have a retrospective and on-going impact on fees charged for certain parts of the service which is currently difficult to anticipate as advice is sought and there are changes within the market e.g. cessation of the Home Information Packs and reduction in number of search agencies involved.

Interest rates continue to remain "lower for longer" and counterparties restricted to a small core group of institutions and investment instruments. In addition, cash balances are susceptible to capital cash flows – both major project expenditure and capital receipts. The treasury management reserve is anticipated to be fully utilised and therefore any downside risk to the current projections will impact further on general balances.

Grant reductions announced by the Government are being addressed through cessation of expenditure (e.g. withdrawal of free-swim, stopping partnership funded projects/ staff posts) and utilising brought forward reserves to meet immediate commitments whilst the longer term implications are addressed as part of the medium term financial strategy.

No allowance has been made in respect of the change of VAT from January 2011. As the Council currently recovers all its VAT incurred on expenditure the change in rate should not have any impact on costs. Income invoiced from January will automatically be billed at the new rate of VAT, however, where fees are charged VAT inclusive, there will be an impact (albeit not significant in this financial year) on the Council's income unless prices are changed accordingly, for example, car parking charges. It is feasible that some services may benefit in demand for services in the lead up to the VAT increase as service users seek to minimise their outlay.

Capital Programme and Resources

Capital spend for the year

The capital programme approved for the year was £11.311 million. The programme for reporting purposes is currently £9.148 million, determined as follows:

	£'000s
Approved programme	11,311
<u>Less:</u>	
Projects still be approved:	
• Subject to Cabinet approval (Growth Fund Projects & Depot Relocation)	(2,260)
<u>Add:</u>	
• Re-profiled from 2009/10	1,809
• Projects approved in year (BDC capital resources)	
• Projects approved in year (External/ revenue funding)	6,618
	-
<u>Less</u>	
• Re-profiled into 2011/12 (Causeway House & Witham Leisure Centre)	(8,330)
Current Programme for 2010/11	9,148

The capital programme is reported over two themes:

- General Fund – Spending on Council owned assets and supporting local communities through local area committee grants
- Housing investment – mainly spent on partnership schemes with social landlords (e.g. Bailey Bridge Road, Riverview), and providing disabled facilities grants and home improvements grants.

Progress with the delivery of the major capital projects is monitored regularly by the Programme Boards, with the Local Development Framework Panel responsible for determining priorities for use of Growth Area Funding.

The current spend against the programme for the year is as shown in the table below:

	Programme 2010/11 £'000	Actual spend to end of quarter £'000	Grants approved but not yet claimed £'000	Budget Remaining £'000	Spent/ Grants approved at end of quarter %
General Fund	7,296	405	214	6,677	8.5%
Housing Investment	1,461	128	230	1,103	24.5%
Capital Salaries	391	98	-	293	25%
Total	9,148	631	444	8,073	11.8%

The programme for 2010/11 includes the Causeway House Refurbishment project (£2.47 million of a total £3.8 million budget), scheduled to start in October and completing over 40 weeks, and the New Witham Leisure Centre (£939,000 of a total £7.939 million budget to be spent in the latter part of this year).

Subsequent to the quarter end, further capital expenditure of around £1 million has been spent up to the end of July including completion of the purchase of Whitehorse Lane Car Park at a total cost of £807,000 (£77,000 deposit had already been paid).

A claim for a further advance of £200,000 has been received from a partner registered social landlord in respect of the Bailey Bridge Road social housing development. Previously Council agreed to earmark a sum of money to support the scheme, a significant proportion of which has already been paid. The additional sum is requested as the scheme is reported to have made an overall financial loss for the partner due to the downturn in the housing market. This claim is currently being assessed and a further report will be made to Cabinet in due course.

Capital resources

The main source of new capital resources anticipated for the year was from the sale of assets, including preserved right to buy receipts, and the Council's share of the VAT shelter established with Greenfields Community Housing.

Greenfields CH has reported that right to buy sales completed to the end of June were 3 houses and 1 shared ownership, generating £320,000 for the Council against the annual estimate of £400,000. Sale of the Riverside site was completed on 3rd August, resulting in a further receipt of £2 million.

Following the Government's announcement to increase the rate of VAT from January 2011, the benefit to the Council from the VAT shelter could increase by around £238,000 on a full-year basis (£60,000 in 2010/11).