

Second Quarter Performance Management Report

(1st July 2010 to 30th September 2010)



Contents

Section 1: Introduction and Summary	page	Section 4: Managing the business	page
• Purpose of the Report	3	• Performance Indicator overview	10
• Summary of the Projects	3	• Performance Indicators in detail	11
• Summary of the Performance Indicators	4	The Environment is Clean and Green	11
		Business is encouraged and the local economy prospers	11
		Housing and Transport meets local needs	12
		We deliver excellent, cost effective and valued services	12
Section 3: Delivering our Corporate Strategy	5	• Customer Services and views	14
• Projects in detail	5	• Complaints	15
The Environment is Clean and Green	5	• Our Organisation	16
Business is encouraged and the local economy prospers	6	• Health and Safety	17
Everyone can enjoy a healthy lifestyle	7	• Financial Performance	18
Housing and Transport meets local needs	7	General Fund Commentary	18
People take pride in their local area	8	Housing Revenue Account	26
We deliver excellent, cost effective and valued services	9	Capital Programme and resources	29

Section 1: Introduction and Summary

Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council for the second quarter of the year (July to September 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 second quarter

The following table provides updates for the second 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	-	5	-	-	
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	24	0	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 second quarter

The following table shows the performance for the second 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	4	0	0
Business is Encouraged and the Local Economy Prospers	-	-	-
Everyone can Enjoy a Healthy Lifestyle	0	1	0
Housing and Transport meet Local Needs	1	0	1
People take Pride in their Local Areas	-	-	-
We deliver Excellent, Cost-Effective and Valued Services	8	1	3
TOTAL	13	1	4



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 second quarter indicates that we are maintaining our position in the majority of areas with many performance indicators still achieving or exceeding targets. All key corporate projects remain on track with other key activities within the council being managed effectively. The only area of current concern is around sickness as levels have increased. This is being monitored by our HR department and managed by their respective line manager in cases of long term sickness.







The Green Heart of Essex Campaign continues to be a success with over 3.8 miles of the A120 cleaned picking up 4 tonnes of rubbish on the way. 66 fixed penalty notices have been issued to people dropping litter and the businesses at Galleys Corner have formed a partnership to tackle Green Heart issues.





The next quarter will be a challenging one, dealing with the impact of the spending review resulting in difficult decisions that may have to be taken on the services we provide.






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. This quarter saw 3 tonnes of litter picked from the A12 and 4 tonnes of litter picked from the A120. All major roads are litter picked every week. The campaign has targeted people who throw litter from cars together with people who just drop litter and a total of 66 fixed penalty notices have been issued since the launch of the campaign.</i></p> <p><i>All three town centres, Braintree, Witham and Halstead are cleaned into the evenings and at weekends and staff have responded to 1,195 'see-it, report-it' calls received with all of the reports being cleared within the target response time. 20 new volunteers have been signed up as Green Heart Champions helping to tackle litter in the district and the businesses at Galleys Corner have formed a partnership to tackle all green heart issues.</i></p> <p><i>In October, we will be launching the grot spot campaign, targeting 50 areas in the district and cracking down on offenders who do not clean up after their pets.</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 2010. Orders have now been placed for 240,000 bulbs for planting to take place later in the year. Planting will be carried out by a volunteer programme on BDC or Parish land.</i></p>	31 st March 2011	
<p>Improve the biodiversity of the District by providing 30 more allotments</p> <p><i>Comments: Works order placed with successful contractor and site visit held with developers of Riverside site to confirm exact line of Western boundary. Project expected to be completed in November</i></p>	1 st November 2010	
<p>Improve the biodiversity of the District by planting at least 5,000 trees</p> <p><i>Comments: Current grant applications already approved will deliver a total of 5417 trees planted</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: The opening of the new Household Waste and Recycling centre at Springwood Drive, Braintree provides a more central facility within the district and will help to reduce the amount of waste going to landfill. At the end of the second quarter, the estimated recycling rate is over 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: Quotes being obtained for borehole to supply fresh water. The boiler and heating system replacement, Cavity wall insulation, low energy replacement lighting and replacement of double glazing is tied into the refurbishment work planned for Causeway House. Efficiency controllers for the boilers at the Town Hall and Museum will be fitted after Christmas.</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: The Council's consultants, Cushman & Wakefield, have been instructed to identify a retail development partner who can work with BDC to deliver the scheme required by the Council. 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 Precinct. The property developer, Churchmanor Estates Company plc, has also expressed an interest in working with BDC to regenerate the Shopping Precinct.</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: Potential site for Community Centre identified. Further works required to assess financial feasibility and this has delayed the end date of this project from the original date of September to December. An update report will be taken to Cabinet in November. To be considered as part of the regeneration programme for Halstead.</i></p>	30 th December 2010	
<p>Develop a revised specification for the Braintree town centre development behind the town hall and appoint a developer</p> <p><i>Comments: The Braintree Town Centre Regeneration project is now moving into Phase III, which involves seeking a development partner in the market-place. 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: Businesses are continuing to receive business start up advice and support. Officers have been working with BDS board members to identify opportunities for the start up service to engage with the Kent-Greater Essex Local Economic Partnership, and for new income streams which will address the financial needs of their new 4-year business plan. Officers have also provided evidence on the need for business start up support to representatives from the Department for Business, Innovation and Skills (BIS).</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: Initial consultation has begun on the Witham market options / potential change of location. Witham shoppers' guide has received a 50% return of entries to be included in the guide and a reminder has been sent to all remaining businesses. This has been linked to a consultation questionnaire on local conditions. Continental street markets to take place in October for Halstead & Braintree with similar proposed for Witham in the new year.</i></p>	31 st March 2011	
Everyone can enjoy a healthy lifestyle		
<p>Commence building the Witham Leisure Centre</p> <p><i>Comments: On track for report to November Cabinet to agree cost estimates and specification for the new facility. The report will also set out the high-level timetable for the procurement, planning and construction of the new facility.</i></p>	31 st March 2011	
<p>Improve the facilities in Witham town park</p> <p><i>Comments: 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. A proposal regarding the choice of equipment has been submitted for approval.</i></p>	31 st March 2011	
<p>Replace the synthetic pitch at Braintree Leisure Centre</p> <p><i>Comments: Handover of all facilities now complete, minor snagging items to resolve with contractors</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: Design selection meetings have been held for 5 sites. The chosen designs have been confirmed and orders placed. The refurbishment of the 6th & final site (Witham Town Park) is still awaiting final confirmation of additional funding from the Play Builder Fund.</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: Representations on Pre-Submission Draft Core Strategy considered by Local Development Framework Panel on 22nd September. Focused changes approved by Council on 27th September to be published in October for public consultation until 19th November.</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: A total of 89 affordable homes have been provided so far with 64 delivered In the second quarter, across the district as follows:</i> 55 units at Helen Court, Witham 4 Home Buyers Direct (HBD) units at Ivory Place, Rifle Hill, Braintree 2 HBD units at Parsonage St, Halstead 2 rented at Surrex, Coggeshall 1 mortgage rescue scheme It had been anticipated that a further 21 rental units at Rifle Hill would be available at the end of Q2. However, problems with the services provided by Anglian Water have delayed works and completion is now expected December 2010.</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 key product is the Housing, Help and Work Advice Interactive Web Tool. This will be launched on 15th October 2010. Statutory and voluntary organisations are being encouraged to use this with their clients over the next few months so we can ensure the information in the system is correct and learn from their feedback.</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: Goldingham Hall transferred 1/10/10. Glebe Hall transfer to take place at the end of the year. Discussions continue with local community groups on the transfer and local management of other halls. There will be a meeting held with users of Silver End Village Hall at the end of November. A report on all community halls is being taken to Cabinet in November '10.</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 to encourage them to be involved and offer support. Each Local Committee has confirmed its arrangements for the Green Heart Local Awards and the launch to Parish Councils, Community Groups, Schools and the public has been completed.</i></p>	31 st March 2011	

Project description and comments	Target Date	Status
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: Space plans have been displayed for comment by staff with over 30 pages of comments and feed-back, suggestions, etc. received. These are currently being reviewed. A number of suggestions have been made on the floor layouts with alternative proposals being made. These are under review and the more realistic ones will be discussed with City Space to consider viability and cost implications. In addition a number of additional operational requirements (e.g. security and H&S changes) have been identified which will require inclusion in the future.</i></p> <p><i>The refurbishment works will be managed by external contractors which will be put out to tender in October for organisations to declare expressions of interest. This overall process will take 8-10 weeks.</i></p> <p><i>Proposals for the 2nd floor had been received from ECC and BDC have provided counter proposals. We are awaiting their response. Initial meetings have been held to discuss joint reception and office space.</i></p>	31 st March 2011	
<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:</i></p> <p><i>Colchester – considering shared technical solutions in their computing and network arenas as well as HR and an integrated payroll system.</i></p> <p><i>Uttlesford – Looking at shared waste management service comprising of management, supervision, back office staff, depot accommodation as well as running a pilot with Essex County Fire and Rescue Service to share vehicle maintenance</i></p> <p><i>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: Training sessions have taken place for Halstead Library staff at the end of September. 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: Online application form available and working for staff testing. Testing ongoing but still are unable to trace claim through system due to pdf file problems identified in testing at the end of September. The project timescales have been affected by the ongoing testing and the end date of the project has been moved to 30th November from the 31st August.</i></p>	30 th November 2010	

Section 4: Managing the Business







Performance Indicator Overview

The information in the tables below details the performance for the second 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 second quarter:

















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

Trend compared with last year		Status of indicators			
					<i>TOTAL</i>
	Performance has improved	9	0	0	9
	Performance has deteriorated	4	1	4	9
	Performance is the same	0	0	0	<i>0</i>
<i>TOTAL</i>		13	1	4	18

Our Performance Indicators in Detail

Performance Indicator	2010/11							Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Quarterly Target	Status at the end of the quarter 2	Compared with this time last year	
The Environment is Clean and Green								
NI191 Residual household waste per household	93 kgs	84 kgs			107 kgs			The outturn figures need to be confirmed by ECC Cumulative is 177 kgs against a target of 214 kgs
NI192 Percentage of household waste sent for reuse, recycling and composting	57.65%	55.05%			53.00%			The outturn figures need to be confirmed by ECC Average recycling rate cumulatively is 56.35%
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)	10.75	12.70			20			Cumulative figure is 11.72
NI195a Improved street and environmental cleanliness: levels of litter.	N/A	8%			12%			Measured in three tranches throughout the year which commenced 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	1.06	1.24			N/A	N/A		Outturn figures provided by Essex Police
BV127a Violent Crime per 1,000 Population	2.96	2.47			N/A	N/A		Outturn figures provided by Essex Police

Performance Indicator	2010/11							Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Quarterly Target	Status at the end of the quarter 2	Compared with this time last year	
BV174 Racial Incidents Recorded per 100,000 population	1.4	0			N/A	N/A		There were no racial incidents reported in Q2
NI184 Food establishments in the area which are broadly compliant with food hygiene law	93%	91%			93%			Over the last quarter the Food Team have had to deal with a great deal of new "home based food businesses ventures". The majority of these new businesses have been set up by persons who have had no or very little experience in the food trade, therefore many of the inspections carried out have returned that the premises has not been compliant with the food hygiene regulations
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)	25	64			81			Cumulative figure is 89. It had been anticipated that a further 21 units would be available at the end of Q2. However, problems with the services provided by Anglian Water have delayed works and completion is now expected December 2010. Expect to achieve annual target of 113.
NI156 Number of households living in temporary accommodation	38	37			57			
We deliver excellent, cost effective and valued services								
BV12 Working Days Lost due to Sickness Absence	2 days	2.23 days			2 days			Cumulatively, the working days lost to sickness amounts to 4.22 days against a cumulative target of 4 days.
BV12a Working Days Lost due to Sickness Absence: Short Term	0.7 days	0.95 days			0.86 days			
BV12b Working Days Lost Due to Sickness Absence: Long Term	1.3 days	1.28 days			1.14 days			There are 23 cases of long term sickness of which 12 have already returned to work. The 11 remaining cases, are being closely monitored by the line manager and HR.

Performance Indicator	2010/11							Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Quarterly Target	Status at the end of the quarter 2	Compared with this time last year	
CHLP3 Percentage of complaints responded to in 7 working days	89.8%	89.7%			88%			A total of 157 out of 175 complaints were responded to with in 7 working days
CHLP5 Percentage Enquiries resolved at first point of contact in the Customer Service Centre	92.6%	94.67%			85%			
CHLP7 Telephone response time in the Customer Service Centre	10.secs	10.secs			15.secs			
NI14 Avoidable contact: the proportion of customer contact that is of low or no value to the customer	3.6%	N/A			N/A	N/A	N/A	Sampling across the authority takes place every six months and will be reported on in Q3
BV9 % of Council Tax collected	30.84%	59.67%			59.66%			
BV10 Percentage of Non-domestic Rates Collected	30.90%	59.71%			59.02%			includes deferment scheme
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	7.7 days	7 days			8 days			
BV204 Planning appeals allowed	22.22%	21.43%			25.90%			Q2 figure represents 3 out of 14 appeals. Cumulative figure is 21.74%
NI157b Processing of planning applications: Minor applications within 8 weeks	86.90%	87.50%			87.00%			Q2 - 63 out of 72 applications determined in time Cumulative figure is 87.18%
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	N/A	£1232			N/A	Data Only	N/A	The figure is rounded to the nearest thousand. This represents Actual gains achieved since 1 April 2009 up to the end of the previous financial year.

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%	94.67%			85%
Average telephone response time in the Customer Service Centre	10 secs	10 secs			15 secs
Number of transactions carried out via the Council website	21,391	24,649			8,750
Number of unique visitors to the Council website	96,887	94,587			84,000
Percentage of customer complaints responded to in seven working days	91.1%	89.7%			88%

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	90	79	79	181		143	
Not Justified	50	82	79	70	79		75	
Partially Justified	12	14	11	26	22		22	
Not known	1	0	0	0	0		0	
Total	111	186	169	175	282		240	

Comments – Overall, there was a slight decrease (6%) in complaints this quarter compared with the last quarter. Operations complaints (including waste management and street scene) decreased by 19%. Finance recorded 38% fewer.

The following services – Business Solutions, Chief Exec's (Stage 2 and 3 complaints), Community Services, District Development, Housing Services, People and Democracy – all recorded a higher level of complaints, but complaints for these services are generally running at a low level.

A summary of the local ombudsman cases for the second quarter period is: 2

There were two cases determined by the Ombudsman during the second quarter of 2010/11. In one case there was no or insufficient evidence of maladministration; and in the second case, the complainant had a separate right of appeal to the independent planning inspectorate.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1	Q2	Q3	Q4	Change on previous period	Target
Total headcount	530	517			-13	n/a
Number of temporary staff	47	47			0	n/a
Total staff FTE	478.88	463.81			-15.07	n/a
Permanent staff FTE	440.40	425.49			-14.91	n/a
Temporary staff FTE	38.48	38.32			-0.16	n/a
Level of employee turnover	1.13%	3.86%			-2.73%	n/a
Number of vacant posts	12	21			9	n/a
Number of vacancies (FTE)	11.68	19.65			7.97	n/a
Number of temporary leavers	5	6			1	n/a
Number of permanent leavers	12	14			2	n/a
Number of starters	6	7			1	n/a
Working days lost to sickness per employee	2 days	2.23 days			0.23 days	8.0 days
Number of learning days	1193	936			-257 days	n/a
Average learning days per employee	2.25	1.81			-0.44	≥3.5 days
Number of staff reaching retirement age in five years	8.11%	7.93%			-0.18%	n/a

Year on Year Headcount Analysis	2006/07	2007/08	2008/09	2009/10	2010/2011
	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%	2.72%			Q1 – 4 accidents/incidents Q2 – 15 accidents/incidents
Number of reported accidents/incidents to contractors	0	1			Head injury to agency staff working on waste
Number of reported accidents/incidents to non-employees	1	2			For Q2, One person felt dizzy whilst visiting the museum and a child fell off the bench outside the museum.
Number of health and safety inspections/tours/fire risk assessments/audits carried out	5	9			
Number of non-conformances with legal or corporate standards in safety	0	0			
Time lost in days due to employee accidents/incidents	5	36			For Q2, the main cause of days lost was due to sprains and strains
Expenditure incurred in allocating additional resource due to accidents/incidents	£200	£1440			Based on number of days times average of £40 per day

Managing our Business Key Performance Indicators

Financial Performance

The projected outturn on General Fund services is a net spend of £18.223 million, compared with a budget of £18.901 million, giving an overall projected under spend of £678,460. This is a net increase in the projected under spend from that forecast at the first quarter of £163,250 – a significant element of which relates to removing the financial provision originally made in the budget for a staff pay award in the current year.

The projected outturn for the Housing Revenue Account is a deficit of £217,851 compared with the original estimate for the year of a deficit of £91,750, resulting in a forecast adverse variance of £126,101 (this is slightly worse than the £114,012 variance reported at the first quarter).

General Fund Commentary:

The favourable variance for the General Fund is £678,460 or 4% against budget. This is mainly due to a projected net under spend against expenditure budgets of £609,160, and a net over achievement of income of £69,300.

The overall position has changed from that forecast at the first quarter with the net under spend increasing by £163,250. The main factors contributing towards this change are:-

- Removal of pay award provision – saving £149,500
- Net increase in projected income from across a number of service areas - £95,370 additional income forecast
- Offset by profiling into budgets a further £70,400 of the corporate efficiency target that is to be achieved (total included to the end of the quarter is £141,000 out of an annual target of £281,960)

The approved budget assumed a nil drawdown from balances, however, a number of allocations have been agreed covering: the holding costs of Mayland House and premises at 19/21 Bocking End from balances – currently estimated at £297,000 and £80,000 respectively, and provision set aside to support the Braintree Museum Trust (£50,000). This means that taken with the projected under spend; a net addition to General Fund balances of £251,460 is currently forecast for the year-end.

Key Issues:

Key service issues that are contained within the projections are:

Expenditure positive variances

- **Salaries** – across all services a net under spend on staff salaries are projected of £296,260, after offsetting £141,000 of the annual efficiency target. The total budget for salaries is £15.1 million and the variance represents nearly a 2% saving. The single key factor in the under spend is the removal of the financial provision for a pay award in the current year, potentially saving £149,500. This is in line with the position taken by the National Employers' Association. The balance of the under spend is due to a variety of reasons, such as; vacancies held over, delayed appointments, reductions in hours and other staffing efficiencies as close scrutiny continues to be exercised by directors over staffing requirements.
- **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 £269,190 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 combined gate/ transport fees have been in excess of £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 £101,800 (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 £35,600) – 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.

Expenditure negative variances

- **Housing benefits** - the above under spends are offset by a projected increase in the cost of housing benefit payments of £50,000. 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 £6.413 million, to a total forecast payment of £49.995 million for the year.
- **Depot operating costs** - increased cost of operating extended facilities at Cordons Farm plus the overlap in taking on new facilities at Lakes Road in advance of vacating Millennium Towers means that there is a net predicted additional spend of £50,520 in the current year. In future, savings are anticipated from the overall rationalisation of depot and recycling facilities.
- **Corporate IT Systems** – increased cost of operating corporate ICT systems (human resources (HR), payroll, finance ledger, and committee system) totalling £16,000. Mainly due to a delay in bringing about savings from a joined up HR/ payroll system which is currently being investigated for a shared service with Colchester Borough Council.
- **Development Control** - Costs associated with pursuing a planning appeal through the High Court – whilst some of the related costs can be covered by the service budget, it is still anticipated that there will be a need to commit further additional expenditure (£31,000). It is currently assumed that all costs will be incurred in the current year, however, it is possible that some may fall into the next financial year depending upon court timescales.

Income positive variances

- **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 leading to a net increase in income for the year of £53,240. A grant of £32,778 has been received in respect of the 2009/10 performance (figure still to be finalised), with a payment of £79,450 in the current year forecast against the 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, albeit this is partially offset by a reduction in trade waste income (net total additional income of £45,160).
- **Benefit overpayment recoveries** – based on actual cash received to date and assuming a similar profile for the remainder of the year as in previous years, this suggests an extra £50,300 of recoveries in the year.
- **Car parking** – there are signs that income levels are recovering on car parking activities (pay & display, season tickets, and penalty charge notices) – following on from the increased tariffs introduced from April 2010. A projected over achievement of £44,000 is currently forecast. Income levels will be affected by the increase in VAT from January 2011 where a greater proportion of the fixed tariffs will need to be paid across to HM Customs & Excise.
- **All other services** - the net additional income is projected at £52,900, mainly reflecting higher cost recovery and therefore offsetting increased costs, and introduction of joint financing initiatives (e.g. combined operations with Uttlesford District Council).

Income negative variances

Shortfalls in income are projected on the following areas:

- **Development Control** – a shortfall of £117,700 is predicted for the year – this is an increase of £50,000 from that reported at the first quarter. Whilst the number of applications processed is similar to last year, the mix has shifted more towards domestic applications as opposed commercial/ retail applications and consequently fees charged to applicants are generally lower. The under achievement has been partly offset by a reduction in expenditure.
- **Community Halls** – letting income is projected to be £42,700 lower than anticipated – based on a 10% reduction compared with the same period last year. However, there are compensating expenditure reductions in this service area including vacant caretaker posts not being filled.
- **Pest control** – In the 2010/11 budget and subsequent years the service was set the aim of increasing income to “break-even”. At present income levels are below target (£26,900). An advertising campaign is being introduced seeking to attract commercial clients.

Income variance met from reserves

- **Treasury Management** – gross investment income is projected to be £158,700 less than budget due to the “lower for longer” interest rate environment and a limited counterparty list concentrating investments in only the highest rated UK financial institutions (with explicit government support), highly rated money market funds (triple A) and direct with the UK Government. Whilst this remains a significant reduction, it does represent an improvement of £82,000 from that forecast at the first quarter of £240,700. 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 £103,600 (Q1 £173,000) which can be met from the treasury management reserve.

Breakdown of Projected Variance by Service Area

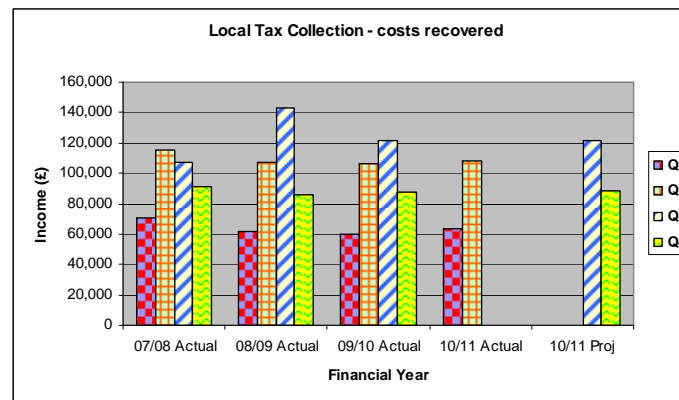
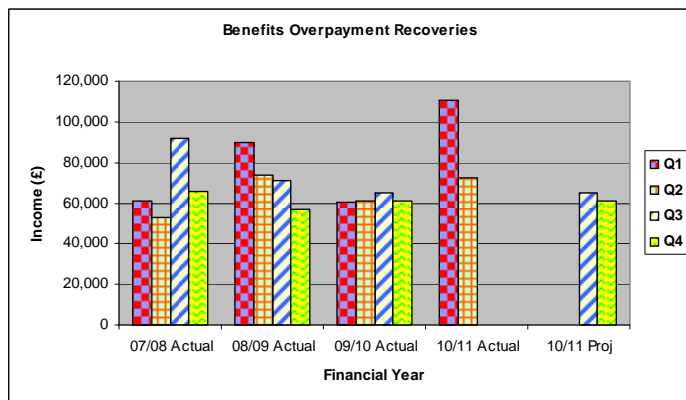
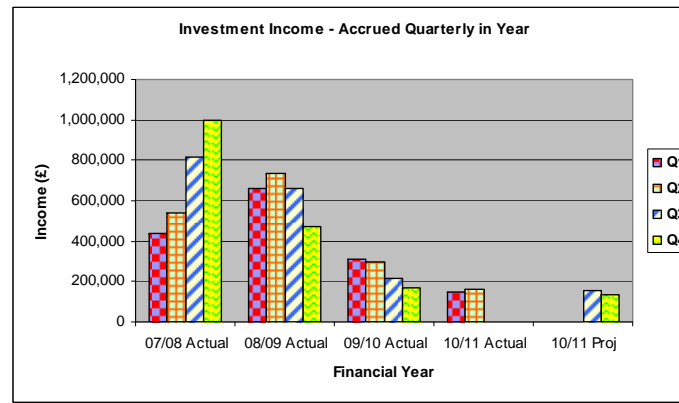
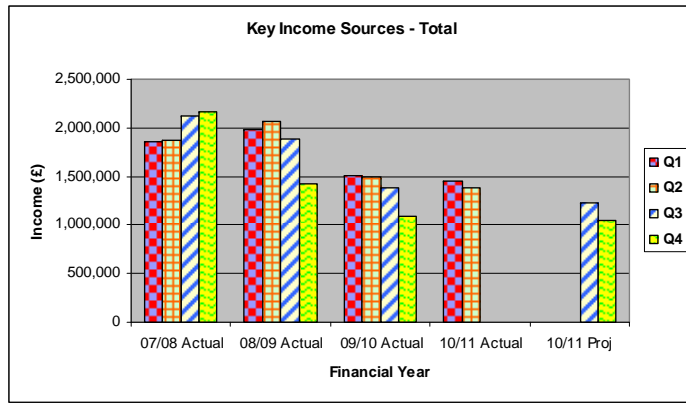
The following table provides a breakdown of the projected variance by service area, and is aligned to the new organisation structure and responsibilities:

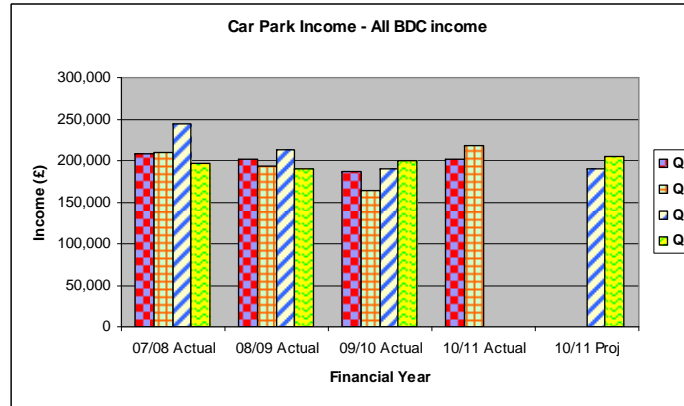
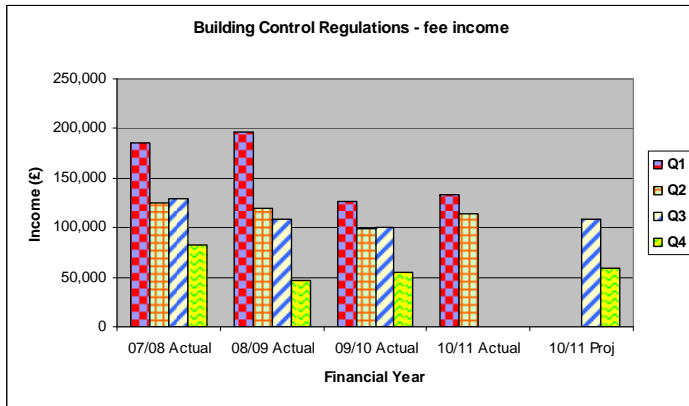
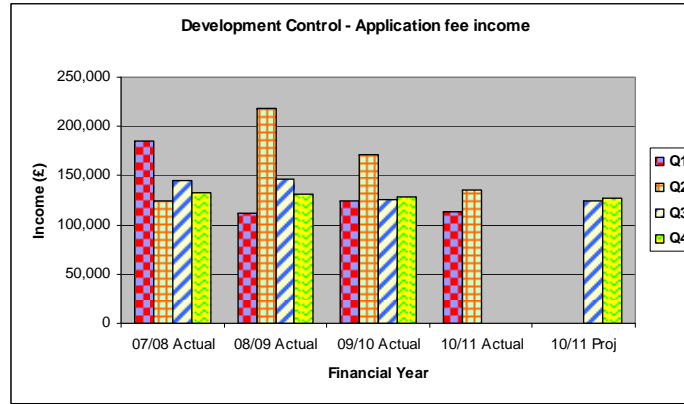
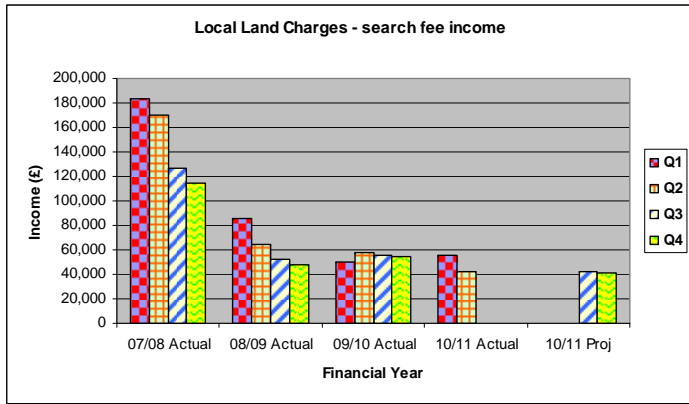
Business Plan	Original Controllable Budget £'000	Updated Controllable Budget £'000	Full year projection £'000	Variance Exp. £'000	Variance Income £'000	Variance Adverse/ (Favourable) £'000	RAG Status
Business Solutions	2,114	2,114	2,078	(36)	-	(36)	-2%
Community Services	3,457	3,458	3,429	(75)	46	(29)	-1%
Corporate Management Plan	686	747	724	(23)	0	(23)	-3%
Environment	957	957	899	(75)	17	(58)	-6%
Financial Services	928	928	855	(36)	(37)	(73)	-8%
Housing Services	803	803	708	(90)	(5)	(95)	-12%
Operations	5,113	5,079	4,602	(268)	(209)	(477)	-9%
People & Democracy	2,034	2,060	2,034	(28)	2	(26)	-1%
Sustainable Development	983	1,218	1,230	(112)	124	12	1%
Service Total	17,075	17,364	16,559	(743)	(62)	(805)	-5%
Corporate Efficiency Target	(291)	(282)	(141)	141	-	141	
Corporate Financing	2,117	1,819	1,805	(7)	(7)	(14)	-1%
General Fund Total	18,901	18,901	18,223	(609)	(69)	(678)	-4%

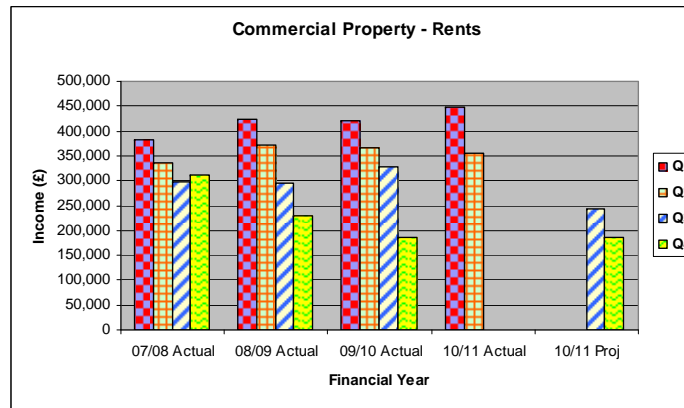
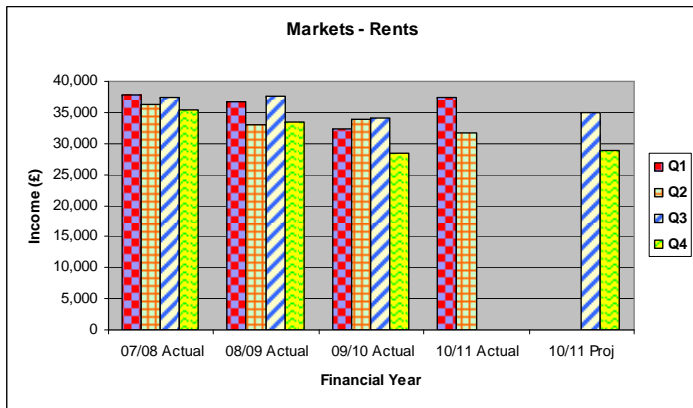
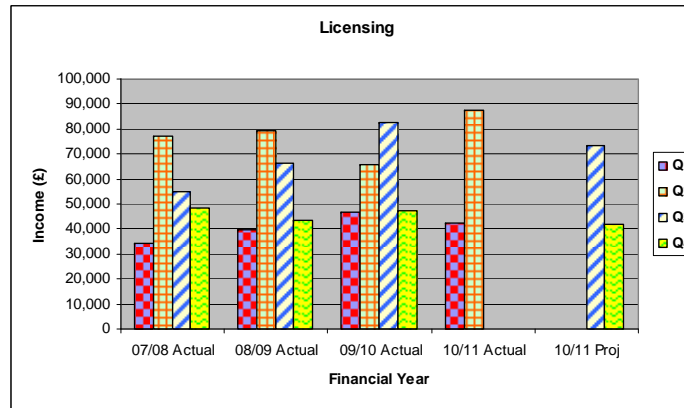
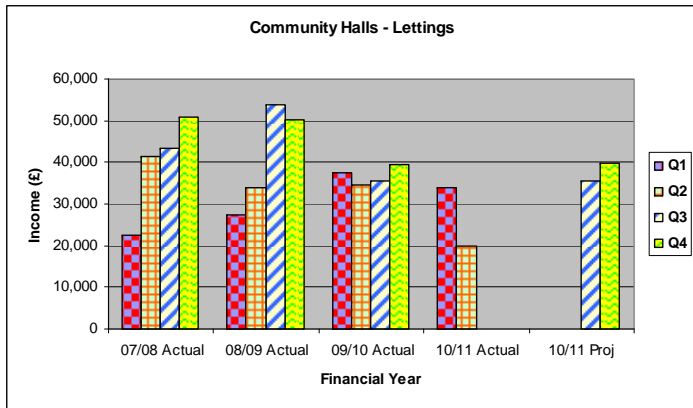
RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% or £50k adverse variance

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 Council continues to run a Housing Revenue Account (HRA) until such time all subsidy entitlement has been claimed, i.e. up to end of March 2012.

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 £44,331.
- Contribution of £50,000 towards corporate overheads for on-going financial and housing management support, along with a charge of £268,630 for pensions and redundancy costs relating to ex-employees and pensioners who had worked for services under the HRA.
- Investment income on HRA related balances and mortgage interest net of management charges – credit of £185,500.
- Amortised debt costs of £1.14 million, offset by Government housing subsidy.

The overall projection for the HRA is a deficit of £217,851 compared to a budgeted deficit of £91,750 – an adverse variance of £126,101. The principle reasons for the increased deficit are lower investment returns, contribution towards in-year redundancy costs, and higher net operating costs for the small number of dwellings retained which have required additional maintenance spending to meet current housing standards.

The deficit on the HRA will be met from the retained HRA balance.

Earmarked Reserves

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

- Treasury management reserve – drawdown of £103,600 against the General Fund share of the overall investment income shortfall. Costs relating to the recovery of sums at risk with Icelandic banks are also expected to be met from the reserve.
- Management of change - £215,074 drawdown to meet cost of redundancies/ retirements approved to achieve longer-term staffing cost reductions. A further £171,720 of costs is currently predicted to be incurred in the current year, after which the balance on the reserve will be £335,542 (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	2,845	5,008
Add:		
Projected under spend	678	-
Less:		
Projected deficit		(218)
Mayland House costs (est.)	(297)	-
19/21 Bocking End costs (est.)	(80)	-
Museum Trust provision	(50)	-
Est. Balance at the year-end	3,096	4,790

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

- Projected year-end under spend as at the second quarter review.
- Holding costs associated with Mayland House, and 19/21 Bocking End (pending review of future use)
- Provision agreed by Council to support the Museum Trust

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.

The provision for a pay award effective from April 2010 has been removed based on the position taken by the National Employers Association.

The Council has an annual efficiency target of £281,960 of which £141,000 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 £140,960 of efficiencies will be identified over and above those currently projected. If services cannot identify these further efficiencies the

impact would be to reduce this quarter's reported variance by an equivalent sum and reduce the overall addition to General Fund balances.

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.

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 substantially utilised.

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 £7,817 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)	6,618
• Projects approved in year (External/ revenue funding)	83
<u>Less</u>	
• Re-profiled into 2011/12 (Causeway House & Witham Leisure Centre)	(9,744)
Current Programme for 2010/11	7,817

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	Actual spend to end of quarter	Grants approved but not yet claimed	Budget Remaining	Spent/ Grants approved at end of quarter %
	£'000	£'000	£'000	£'000	
General Fund	5,965	1,651	121	4,193	30%
Housing Investment	1,461	739	338	384	74%
Capital Salaries	391	196		195	50%
Total	7,817	2,586	459	4,772	39%

The programme for 2010/11 includes the Causeway House Refurbishment project (£1.145 million of a total £3.8 million budget), scheduled to start in January 2011 and completing over 40 weeks, and the New Witham Leisure Centre (£939,000 of a total £7.939 million budget).

The purchase of Whitehorse Lane car park was completed on 9th July at a cost of £807,000.

A new synthetic pitch at the Braintree Leisure Centre has been completed at a cost of £247,000 and handed over for management by the leisure management operator. Condition surveys to public halls have recently identified approximately £81,000 of works that are required, including £44,000 on halls that are to be transferred to third party management by March 2011.

Tenders for the first phase of the depot relocation have recently been received and which are being reviewed as they are higher than originally anticipated.

At the last quarter it was reported that a claim for a further advance of £203,000 had 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 has now been

assessed and is awaiting some final clarification from Home Group before payment can be released. A second payment to the Hanover Housing Association of £425,000 has been paid in respect of the Riverview social housing scheme.

Capital resources

The main source of new capital resources anticipated for the year was £4.46 million from the sale of assets (Riverside and Millennium Towers), 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 September were 8 houses and 1 shared ownership, generating £630,000 (against a budget forecast of £400,000) VAT shelter receipts due to the Council currently total £741,000, with a full-year projection of £1.535 million allowing for the increase in VAT rate to 20% from January 2011. Other capital receipts generated from disposals total £2.032 million, including the sale of the former Riverside Centre site.