Braintree District Council

First Quarter Performance Management Report

(1st April 2011 to 30th June 2011)

Second version: 4th August 2011

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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 July 2011) in relation to the publication of 'Our plans for the District 2011/2012' 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 2011/2012'

Corporate Priorities	Status of projects and actions			
The Environment is Clean and Green	0	6	0	0
Business is Encouraged and the Local Economy Prospers	0	4	0	0
Everyone can Enjoy a Healthy Lifestyle	0	4	0	0
Housing and Transport meet Local Needs	0	2	0	0
People take Pride in their Local Areas	0	2	0	0
We deliver Excellent, Cost-Effective and Valued Services	0	2	2	0
TOTAL	**0**	**20**	**2**	**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 2011/2012'.

Corporate Priorities	**Status of indicators**			
	✔	⚠	●	Data Only
The Environment is Clean and Green	3	0	0	0
Business is Encouraged and the Local Economy Prospers	-	-	-	-
Everyone can Enjoy a Healthy Lifestyle	0	1	0	3
Housing and Transport meet Local Needs	2	0	0	0
People take Pride in their Local Areas	-	-	-	-
We deliver Excellent, Cost-Effective and Valued Services	4	2	3	0
TOTAL	**9**	**3**	**3**	**3**

KEY:

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

The first quarter of the year for 2011/12 has been very challenging with some impact on performance. Services are embedding new ways of working with reduced staffing levels as a result of meeting financial savings which in some areas has affected meeting targets. It is anticipated the downturn in performance will be mitigated throughout the year as service areas look to improve processes and explore partnership working to improve the delivery of projects and become more efficient to achieve our corporate priorities.

Section 3: Delivering our Corporate Strategy

Project description and comments	Target Date	Status
The Environment is Clean and Green		
Introduce separate weekly food waste collections to 40,000 properties *Comments: Letters have been sent to all residents receiving the new weekly food waste collections advising of the new service and calendars have been ordered and are expected to be delivered by mid July. Drivers and loaders have been recruited and a training plan has been developed for their start. Bin production remains on track. Essential work to internal ICT systems has been completed.*	5th September 2011	
Involve high street fast food businesses and others in taking responsibility for the impact on their local area *Comments: Campaign materials delivered to fast food establishments. Campaign posters on display within establishments. Anti-littering messages on stickers will be placed on all take-away packaging for the duration of the campaign.*	31st March 2012	
Educate young people about the problem of litter and use enforcement to reinforce the educational message *Comments: Powers Hall Junior School are starting to create their "urban art" panels to improve the Spa Road Subway in Witham. Great Bradfords primary school pup competition (dog fouling) completed - winners announced and prizes distributed in a special assembly. The winning sign will be displayed along Fairview meadow. Bocking Church Street primary school signed up to Green Heart Champion scheme and started their volunteering activities with a school litter pick. Identified next wave of 10 schools to target to become Green Heart School champions based on the GROT SPOT list. Priorities are Tabor and Hedingham schools.* *You tube competition complete - winners announced and prizes awarded including a trip to Cineworld on the 27th June for the winning classes.*	31st March 2012	
Deliver programmed estate clean ups and targeted enforcement in partnership with Greenfields Community Housing and community led groups *Comments: Hatfield Road Estate clean up carried out on 14th April involving Enforcement Team, Greenfields Community Housing and local residents. The clean up resulted in 6 tonnes of rubbish cleared including fly tips and bulky waste, graffiti removed from garage areas and litter and dogs bins repaired or replaced.* *Meeting set up with Greenfields to arrange next clear up at Glebe Road Estate, Braintree*	31st March 2012	
To plant a legacy Jubilee Oak in every village and town in the district involving the local community in the location and care of the Oak tree *Comments: ECC to provide a Service Level Agreement for delivery of the project. Volunteers engaged to assist with planting. Project Packs to be issued to Town/Parish Councils and Wards in Braintree and Bocking from mid-July and expressions of interest to receive a tree to be received by end of July.*	31st March 2012	

Project description and comments	Target Date	Status
Reduce Braintree District Councils carbon footprint by 5% *Comments: Refurbishment of Causeway House is underway. The Operations department has relocated to Unit 4 from Millennium Tower, the move in itself has created carbon savings as the relocation is in to a smaller, more energy efficient building. Most of the other savings are tied in to the refurbishment of Causeway House including the proposal to install solar photovoltaic (PV) panels on the roof of Causeway House.*	31st March 2012	
Business is encouraged and the local economy prospers		
Commence construction of new business incubator units at Springwood Drive *Comments: Progress towards the merger of Braintree Development Services (BDS) and Braintree Enterprise Acorn Units (BEAU) is progressing with the first workshop having taken place on 30th June 2011. The scope of the project may change slightly based on some on the discussions as part of the merger as to what support is needed and what do businesses want. A 'hub' facility with meeting rooms and open space is seen to be important in attracting businesses and home workers. £150K has been allocated to the scheme from Growth Area Funding.*	31st March 2012	
Increase the prosperity of the three town centres by investing in improvements to attract new retailers and shoppers *Comments: Enhancement strategy went to cabinet on 9th June with details of the proposals for the Manor Street site. It also included plans for soft regeneration in the town centre and new locations for markets, pedestrianisation and bus stops etc. The delivery of the enhancement strategy is being pursued through a collaboration with the Braintree BID. Investment in the Braintree BID will provide a delivery forum for driving forward activity identified in the enhancement strategy.*	31st March 2012	
Undertake a broadband study across the district to establish the needs of businesses for funding to improve broadband speeds *Comments: This is in partnership with Haven Gateway. Recent activity has been to understand the many streams of activity taking place with relation to the broadband issue at local, county and national level. By attending some key local conferences and events, a good network of contacts has been developed to progress activity. Essex County Council are preparing a broadband plan which BDC will need to input into. The next steps will be to progress a digital strategy for the district which identifies where the 'not spots' are and to gain a comprehensive view from businesses on the challenges they face. This will identify where investment is required and give an idea of how much funding will be required locally.*	November 2011	
Work in partnership with retailers to establish and set up the 'Braintree Bid' for future improvements to the town centres *Comments: Paper is going to cabinet on 18th July to request for a capital contribution for each of the three towns to support town centre improvements through a BID in each town. This will be a contribution from BDC per business in the BID area. This would then enable the delivery of town centre improvements which are planned as part of the Town centre Enhancement strategy for Braintree as well as the BID activity.*	31st March 2012	

Project description and comments	Target Date	Status
Everyone can enjoy a healthy lifestyle		
Commence building the Witham Leisure Centre *Comments: Planning application due to go to committee on 2nd August 2011. Continuing to respond to Essex County Council and Sport England enquiries.*	31st December 2011	
Continue to improve the facilities in Witham Town Park *Comments: Stage 1 of the play area for 8 to 13 years has been completed. Stage 2 will complete the play proposals and planting due to start in the Autumn. Consultations taking place with Witham Town Council regarding the toilet and store requirements as they have agreed to take on the long term maintenance.*	31st March 2012	
Refurbish the remaining three play areas across the District: Clare Road, John Ray Gardens and Brooke Meadow *Comments: Consultation questionnaires have been sent out and to be returned by 8th July.*	31st January 2012	
Implement the older persons 'action plan' to improve access to information and services for older people *Comments: The Home Improvement Agency for the Mid Essex Area Braintree DC, Maldon DC and Chelmsford BC has awarded a contract to Swan Housing Association to help people over the age of 60 who want to remain independent and living in their home to carry out works within their home that will support them to live independently. The scheme is known as Swan Care and Repair. Benefit Services have planned a "Benefit and Information Day" at Braintree Town Hall on Wednesday 7th September. International Day of Older People is 1 October 2011and Community Awareness Days are being planned in support of this.*	31st March 2012	
Housing and Transport meets local needs		
Increase the number of passengers on our Community Transport Scheme by promoting and publicising the service *Comments: Project due to start in Q2 with visits to sheltered housing, lunch clubs and senior citizens together with promotional stands at three major supermarkets in the district.*	31st March 2012	
Provide a further 67 affordable homes across the district *Comments: Currently on track to deliver first completions of this year's programme by the end of September.*	31st March 2012	
People take pride in their local areas		
Establish a scheme and operate a fund to support and encourage enterprising communities to deliver more activities and services for themselves *Comments: On target. The Locality Working Group has drafted a scheme for Cabinet to approve on 1st September. If approved, the scheme will be launched on 1st October.*	31st March 2012	

Project description and comments	Target Date	Status
Deliver a devolutionary framework to engage local communities in decisions that affect them *Comments: On target. Discussions are continuing with the County Council in relation to highways and proposals are being developed with a view to establishing a neighbourhood level Community Budget. Witham Town Council has also indicated its interest in developing a process to enable further assets and services to be devolved to them and similar discussions will be taking place with Halstead Town Council in due course.*	31st March 2012	
We deliver excellent, cost effective and valued services		
Implement a new website to increase the number of services available on line and encourage more customers to use the web to carry out business with the Council *Comments: Lack of staff resource has caused delayed start to project. However new staff member starting beginning July, Project Initiation Document (PID) now produced and project to be progressed.*	31st March 2012	
Refurbish Causeway House to enable more efficient use and improved access to services *Comments: The first phase is over 4 weeks late for a number of reasons. Phases 2 & 3 are under review to consider how to minimise the impact on the original schedule.*	31st January 2012	
Reduce costs to achieve 0% council tax increase for the next two years *Comments: A number of savings have been identified in each service area and are currently being implemented. Services have been restructured and changes have been made working practices including exploring partnership working.*	31st March 2012	
Work with partnerships to deliver more efficient and improved services *Comments: Currently looking at a number of projects to deliver more efficient and improved services including regulatory services (ECC, Brentwood and Braintree), Payroll (Colchester and Braintree), ICT Contract (Castle Point, Rochford, Braintree and Colchester). Reports on the progress will be presented to September Cabinet.*	31st March 2012	

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 2011/12'. 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.

At the end of the first quarter:

The following table shows how the quarterly outturn figures compare with the performance at the end of the first quarter in 2010/11.

Trend compared with last year		**Status of indicators**				
					Data Only	***TOTAL***
↑	Performance has improved	4	0	0	3	***7***
↓	Performance has deteriorated	4	3	3	0	***10***
■	Performance is the same	1	0	0	0	***1***
	TOTAL	***9***	***3***	***3***	***3***	***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	99kgs				103kgs			
NI192 Percentage of household waste sent for reuse, recycling and composting	57.82%				56%			
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)	8.66				17			
NI195a Improved street and environmental cleanliness: levels of litter.	Measured in three tranches throughout the year to commence in July.				10%	n/a	n/a	
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	0.71				Data Only	n/a		
BV127a Violent Crime per 1,000 Population	2.33				Data Only	n/a		
BV174 Racial Incidents Recorded per 100,000 population	0.00				Data Only	n/a		

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	
NI184 Food establishments in the area which are broadly compliant with food hygiene law	91%				93%			The food inspectors have reported a significant amount of food business that have changed hands recently and it is a general theme that the new owners have had little experience in the food industry and have had let previous standards slip. 1109 out of 1215 premises are broadly compliant in the district. Performance achieved 93% this time last year.
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)	0				0			Not expecting any affordable housing to be delivered in Q1. On target to deliver first completions in Q2.
NI156 Number of households living in temporary accommodation	42				50			There were 39 cases this time last year. An increase in number of households living in temporary accommodation is expected due to the current economic climate
We deliver excellent, cost effective and valued services								
BV12 Working Days Lost due to Sickness Absence	1.35 days				2 days			
Sickness is broken down as follows								
Short Term Absence	0.6 days				0.86 days			
Long Term Absence (more than 20 days)	0.75 days				1.35 days			
CHLP3 Percentage of complaints responded to in 7 working days	85.4%				88%			In total for the quarter there are 140 out of 164 complaints dealt with in 7 working days. The target has not been met due to the number of complaints dealt outside the required time in May for Operations, Finance and Sustainable Development. Reasons for the delays in replying are being looked into.
CHLP5 Percentage Enquiries	79%				85%			The transfer of switchboard calls into the Customer

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	
resolved at first point of contact in the Customer Service Centre								Service Centre and the loss of one member of staff to realise savings has impacted on the performance for the quarter. Service improvements have been put into place and for June the CSC achieved 84% against the target of 85%. In total the CSC resolved 20175 calls at first point of contact in the first quarter.
CHLP7 Telephone response time in the Customer Service Centre	15 seconds				15 seconds			For the same period this time last year, performance stood at 10 seconds. Following the reduction in staff within the CSC as well as an increase in the services that the CSC provide (cover on Finance Reception and taking credit/debit card payments following the closure of the Cash Office and receiving switchboard calls), this has impacted on the call answering times. Target has still been met.
NI14 Avoidable contact: the proportion of customer contact that is of low or no value to the customer	n/a		n/a		Data Only	n/a	n/a	Reported twice yearly in Q2 and Q4
BV9 % of Council Tax collected	30.84%				29.90%			
BV10 Percentage of Non-domestic Rates Collected	30.72%				29.20%			Performance for the same period last year stood at 30.90%. This is not a significant deterioration in performance and the target has still been met.
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	8.33 days				8 days			Performance was off target for the month of May this resulted from a number of the reasons that also affected the performance on dealing with new claims in the first quarter, these being: the high number of non working days (bank holidays); instances of backlog with the scanning of benefit claims information (now resolved); and the bedding in of the changes made as a result of the savings/efficiency proposals to staffing (deletion of three posts and termination of one temporary contract effected during this period) and consequential changes to some duties and processes. Management anticipate that the target will be achieved during the remainder of the year.
BV204 Planning appeals allowed	40%				30%			The planning Inspectorate took a different view to the

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	
								Local Planning Authority (LPA) on 4 out of 10 appeals for the quarter. 2 appeals were allowed based on highways impact, 1 on the effect of character of a property and 1 relating to public open space contribution. For the same period last year, performance stood at 22.22% (2 out of 9 appeals allowed).
NI157b Processing of planning applications: Minor applications within 8 weeks	66.67%				77%			48 out of 72 applications have been determined in time. The Elections in May impacted on decisions due to there being no planning committee between 26th April and 1st June. Unilateral Undertakings have also caused delays to a number of applications where they are not received with the application causing unnecessary delays. Out of the 24 applications not dealt with in time, 8 were dealt with 8 days after the deadline achieving 77%. All causes for not meeting targets are being looked at and it is anticipated that outturn figures will improve throughout the year achieving target. For the same period last year, performance stood at 86.90% (73 out of 84 applications determined). However, this was before Unilateral Undertakings were required.

Customer Services & Views

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

Customer Service: Indicators of Performance	Q1	Q2	Q3	Q4	Quarterly Target
Percentage of enquiries resolved at first point of contact in the Customer Service Centre	79%				85%
Average telephone response time in the Customer Service Centre	15 secs				15 secs
Number of transactions carried out via the Council website	24,349				12,500
Number of unique visitors to the Council website	102,721				84,000
Percentage of customer complaints responded to in seven working days	85.4%				88%

Complaints

The quarterly complaints analysis for 2011/12 is detailed below. This is compared with 2010/11 figures shown in brackets.

Complaint Category	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q4 2011/12
Justified	**85 (90)**			
Not Justified	**63 (82)**			
Partially Justified	**16 (14)**			
Not known	**0 (0)**			
Total	**164 (186)**			

Comments
In all areas, complaints are down this quarter in comparison to quarter four of last year and for the same period last year. The majority of complaints in the first quarter of the year are regarding waste services in relation to missed bins and repeat calls for clear sacks.

A summary of the local ombudsman cases for the first quarter period is: 5
There were 5 cases determined by the Local Government Ombudsman during the first quarter of 2011/12. In four cases there was no or insufficient evidence of maladministration; and in the fifth case, the Local Government Ombudsman found that there had been an administrative fault. This complaint was settled by way of a written apology from the Council and a time and trouble payment of £150.00.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q4 10/11	Q1 11/12	Q2 11/12	Q3 11/12	Q4 11/12	Change on previous period	Target
Total headcount	503	480				-23	
Number of temporary staff	47	44				-3	
Total staff FTE	478.88	431.53				-47.35	
Permanent staff FTE	440.40	393.44				-4.7	
Temporary staff FTE	38.48	38.09				.39	
Level of employee turnover	1.13%	4.77%				+3.64%	
Number of vacant posts	12	15				-3	
Number of vacancies (FTE)	11.68	14.50%				-2.82	
Number of temporary leavers	5	5				0	
Number of permanent leavers	12	22				+10	
Number of starters	6	4				-2	
Working days lost to sickness per employee	2 days	1.35 days				-0.65 days	8.0 days
Number of learning days	1193	929.79				-263.21 days	
Average learning days per employee	2.25	1.94				- 0.31	≥3.5 days
Number of staff reaching retirement age in five years	8.11%	7.71%				-0.40%	

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	Q1	Q2	Q3	Q4	Trend	
	(2010/11 figure in brackets)					
Total number of reported accidents/ incidents, calculated from:	8 (5)				↓	
a. Accidents/ incidents to employees	8 (4)				↓	
b. Accidents/ incidents to contractors	0 (0)				■	
c. Accidents/ incidents to non-employees	0 (1)				↑	
Time lost in days due to employee accidents/ incidents	3 (5)				↑	
Number of reported verbal/ physical incidents to employees	1				n/a	Not reported last year
Number of near miss incidents	2				n/a	Not reported last year
Number of Accidents/ incidents resulting in insurance/ compensation claim	0				n/a	Not reported last year

Managing our Business Key Performance Indicators
Financial Performance

The projected outturn on General Fund services is a net spend of £16.598 million, compared with a budget of £17.18 million, giving a projected under spend of £582,190.

Since the end of the quarter an additional budget of £130,000 has been approved in recognition of higher net additional running costs of Mayland House in the current year.

During the quarter the Council also received one-off VAT and tax refunds, including statutory interest, amounting to £246,200.

The projected outturn for the Housing Revenue Account is a deficit of £198,240 compared with the original estimate for the year of a deficit of £180,000, giving a forecast adverse variance of £18,240.

General Fund Commentary:
The favourable variance for the General Fund is £582,190 or -3% against Budget. This is due to projected under spends across all service areas against expenditure budgets of £429,860 and over achievement of income by £152,330.

After allowing for decisions made to transfer a further £250,000 into the Enterprising Communities Fund and to recognise the extra cost of running Mayland House, along with the VAT and tax refunds, the projected movement on the General Fund balance for the year is currently a net addition of £448,390 giving an estimated year-end balance of £3.234 million.

Key Service Issues:
Key service issues that are contained within the outturn are:

Expenditure positive variances

- **Salaries** – across all services there is a projected salary under spend of £448,620 (or -3% against the gross salary budget of £14.218 million), which nets down to £215,710 after taking off the corporate efficiency factor of £232,910. Included within this net position is £171,620 that relates to the impact of profiled staffing savings being achieved earlier than originally anticipated and posts held vacant pending proposals being finalised by services to achieve their future profiled staffing savings required in the medium term financial strategy.

- **Corporate overheads** – across a range of corporate budgets savings and efficiencies are projected totalling a net £70,120. This includes: savings on external audit fees, telephony costs (due to a change in contracted supplier), postages, and member expenses (saving on special allowances during the period of the District elections). Again, some of these savings reflect earlier implementation of

future savings plans.

- **Council offices** – Running costs, including business rates and maintenance, of Causeway House are expected to be lower by a total of £61,000, mainly due to a reduction in non-essential maintenance and non-occupation of the first floor whilst the refurbishment works are carried out.

- **Operational services** – Forecast saving on recycling sacks of £32,200 – the number of sacks pre-delivered to households has been reduced, and whilst an increase in "on-demand" sacks is likely, the overall outcome is expected to be a lower number of sacks being used.

- **Business rates discretionary relief –** The Council's share of the cost of granting discretionary business rate relief is projected to be £20,000 lower than budget in line with last year's outturn. The value of relief granted will be affected by changes in business occupation as well as the revaluation of business rate properties that was effective from April 2010.

Income positive variances
Additional income above budget was received in the following areas:

- **Refuse & recycling** – The main reason for over achieved income is the introduction of payment to the Council for recycling materials delivered to external material recycling facilities – in previous years the was required to pay a gate fee although the base budget for the year provided for nil expenditure/ income. Based on estimated tonnage it is forecast that £205,480 of unbudgeted income will be received. Recycling and disposal credits are anticipated to be higher by £54,620. Income from trade waste and the special collection service is projected to be £25,000 higher than budget.

- **Car parks (pay & display/ season tickets)** – Although currently projected to be £718,000, which is slightly down on last year's outturn, this is still above the budget by £79,000. The slight reduction year-on-year would be consistent with the fact that the Council held prices even with the VAT increase to 20% resulting in a lower proportion of income being retained by the Council. The VAT element is paid over to HM Revenue & Customs (HMRC).

- **Land charges** – an increase in demand for full searches has led to a projected over achievement of £33,000 for the year.

Income negative variances
Although some service areas are experiencing increased income there are still a number of services where a shortfall is projected:

- **Development Control** – It is anticipated that there will be a shortfall in development control fee income of £154,000 giving a projected outturn of £477,000 against a base budget of £631,000. Application numbers are broadly in line with those of the previous year. Whilst this position persists in the short-term and needs to be recognised in the Council's financial plan, in the medium term it is expected that fee setting will be devolved locally which will allow the Council to set a scale of charges that will help the service move towards

achieving a break-even position.

- **Building control** – Early signs suggest that income will be down further this year than the previous year as the first quarter actual income fell short of that achieved over the last three years in the same period. The projected under achievement is £55,000, against a base budget of £430,000.

- **Other services** – A shortfall in income is anticipated in pest control – both from domestic and commercial clients (-£19,000), and cemeteries, where the impact of a relatively new private crematorium may now be having an impact (-£18,500). There is also a reduction on rent receivable for the second floor of Causeway House of £45,000 (see also comments under expenditure variances)

Income variance met from reserves

- **Treasury Management** – A gross under achievement on investment income of £30,000 is predicted as interest rates remain 'lower for longer'. This is shared between the Housing Revenue Account and General Fund, the latter's proportion being £16,400 which will be offset from the Treasury Management Reserve.

Breakdown of Spend by Service Area

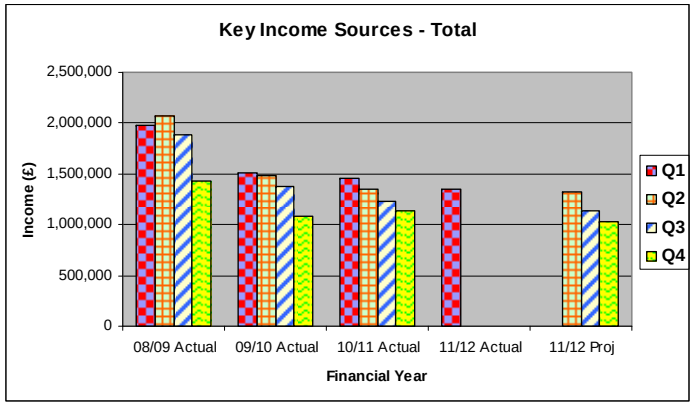
The following table provides a breakdown of the projected outturn by business plan service area.

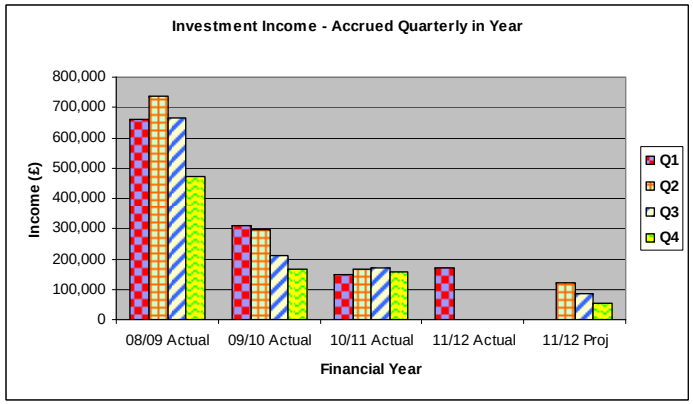
Business Plan	Original Controllable Budget £'000	Updated Controllable Budget £'000	Full year Net Spend £'000	Variance Exp. £'000	Variance Income £'000	Variance Adverse/ (Favourable) £'000	RAG Status
Business Solutions	1,810	1,810	1,738	(72)	-	(72)	-4%
Community Services	2,256	2,266	2,254	24	(36)	(12)	-1%
Corporate Management Plan	1,418	1,418	1,315	(103)	-	(103)	-7%
Environment	925	914	907	(72)	65	(7)	-1%
Financial Services	1,227	1,205	1,028	(165)	(12)	(177)	-15%
Housing Services	593	594	567	(31)	4	(27)	-5%
Operations	4,485	4,503	4,010	(183)	(310)	(493)	-11%
People & Democracy	1,916	1,916	1,898	(18)	-	(18)	-1%
Sustainable Development	723	727	811	(51)	135	84	12%
Service Total	**15,353**	**15,353**	**14,528**	**(671)**	**(154)**	**(825)**	**-5%**
Corporate Efficiency/ Vacancy Factor	(233)	(233)	-	233	-	233	-
Corporate Financing	2,060	2,060	2,070	8	2	10	-
Total	**17,180**	**17,180**	**16,598**	**(430)**	**(152)**	**(582)**	**-3%**

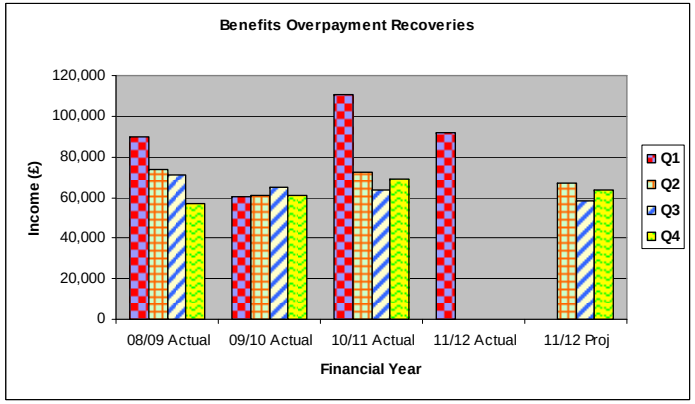
RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% or £50k adverse variance

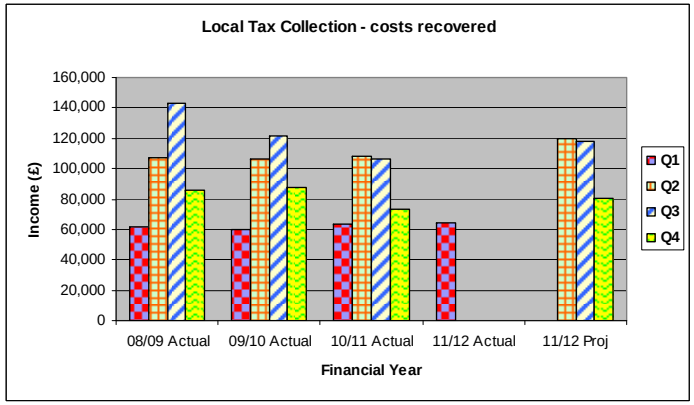
Income Streams

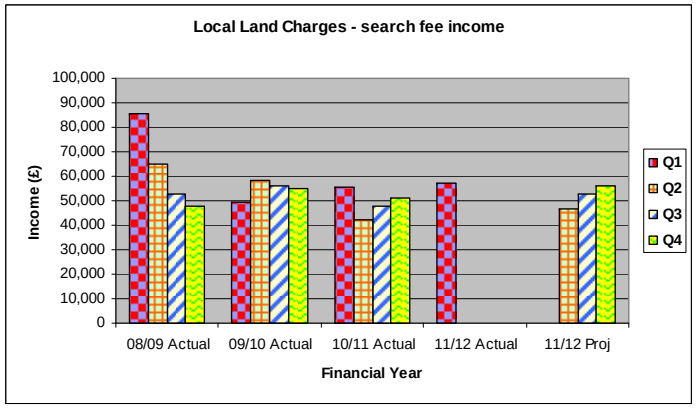
A significant proportion of the Council's budget is reliant on income. The following charts show the trend on the key income streams:

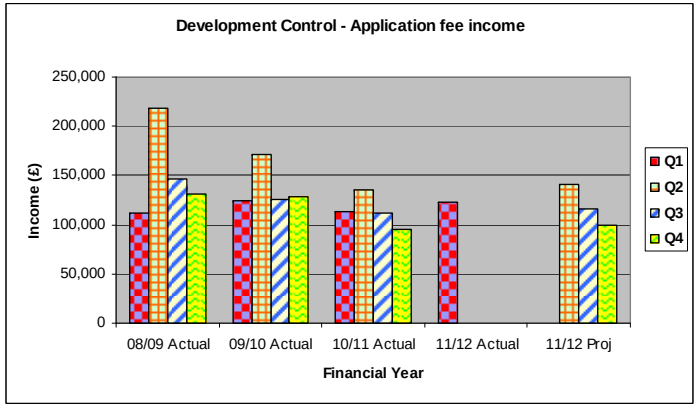


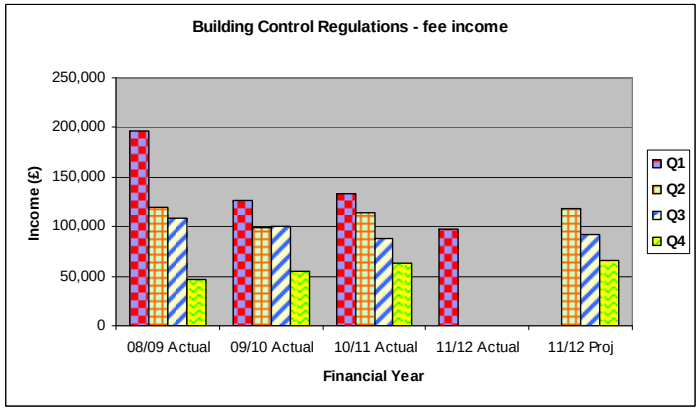


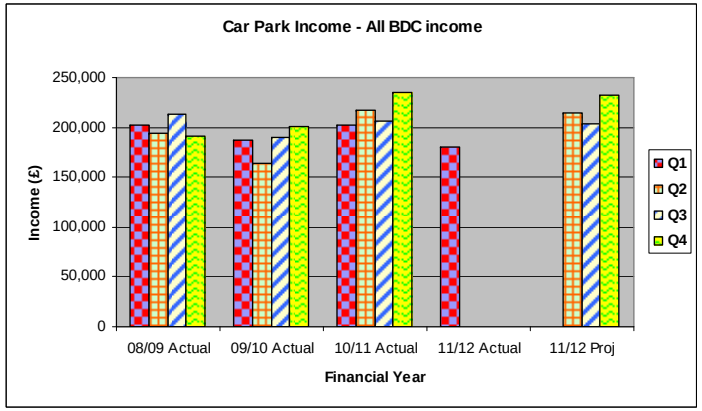


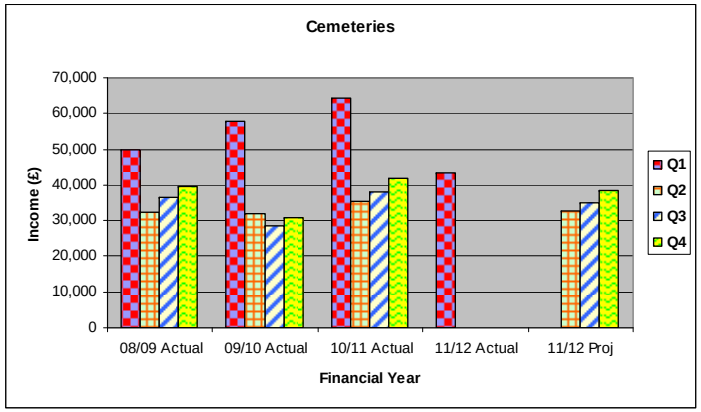


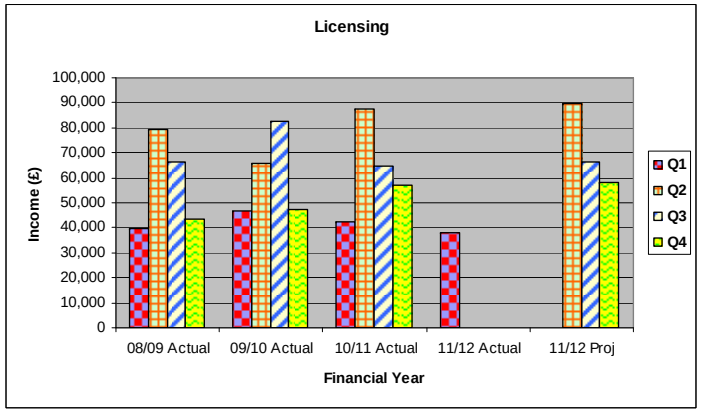

Local Land Charges - search fee income
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4

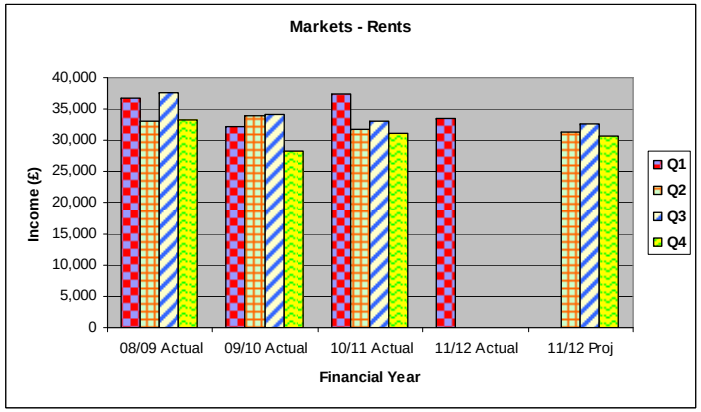

Development Control - Application fee income
250,000
200,000
150,000
100,000
50,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4

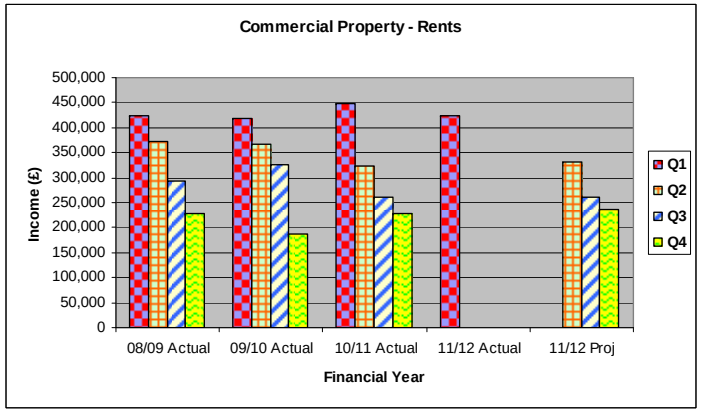

Building Control Regulations - fee income
250,000
200,000
150,000
100,000
50,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4


Car Park Income - All BDC income
250,000
200,000
150,000
100,000
50,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4


Cemeteries
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4


Licensing
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4


Markets - Rents
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4


Commercial Property - Rents
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Income (£)
08/09 Actual
09/10 Actual
10/11 Actual
11/12 Actual
11/12 Proj
Financial Year
Q1
Q2
Q3
Q4

VAT and Tax Refunds

During the quarter the Council received VAT and tax refunds (including statutory interest) from HMRC totalling £246,200. The main element of the refund (amounting to £212,871) was in relation to one of a number of claims made by the Council following the Fleming case - a tribunal case lost by HMRC where they had been found to have unlawfully applied EU VAT rules. The remainder of the total refund is in respect Class 1A national insurance contributions overpaid in previous years – again interest has also been paid by HMRC.

Housing Revenue Account Commentary:

The Council continues to maintain 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 £15,250.
- Contribution of £45,000 towards corporate overheads for on-going financial and housing management support, along with a charge of £238,500 for pensions fund costs relating to ex-employees and pensioners who had worked for services under the HRA.
- Investment income on HRA related balances net of management charges – credit of £100,510.
- Amortised debt costs of £918,300, offset by Government housing subsidy.

The current projected position for the HRA is a deficit of £198,240 – this is £18,240 higher than the original budget of £180,000. The principle reasons for the increased deficit are lower investment returns (-£13,600), and payment of an insurance excess on a recently settled claim which dates back to pre-housing stock transfer (£5,000).

The deficit on the HRA is met from the retained HRA balance.

General Fund and Housing Revenue Balances
Based on the projected outturn set out above, the movement on balances is as follows:

	General Fund £'000	Housing Revenue Account £'000
Balance b/fwd at 1 April 2011	**2,786**	**4,718**
Add:		
Projected under spend	582	-
VAT and tax refunds	246	
Less:		
Supplementary budget for Mayland House	(130)	
Transfer to Enterprising Community Fund	(250)	
Projected deficit for the year	-	(198)
Est. Balance at the year-end	**3,234**	**4,520**

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

- Projected full-year variance
- Addition of VAT and tax refunds in respect of prior years received in the year
- Supplementary budget approved Cabinet 18 July 2011 for higher net running costs of Mayland House
- Transfer to the Enterprising Community Fund approved by Council on 27 June 2011 (total allocated £500,000)

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 early trends in-year have been considered, however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the medium term financial strategy.

A major element of the projected under spend is linked to the arrangements disposal of recycling materials, which is subject to a negotiated contract that is influenced by market conditions 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.

Interest rates continue to remain "lower for longer" and counterparties restricted to a small core group of institutions and investment instruments. The financial impact of investments at risks is subject to the outcome of appeals to the Icelandic Supreme Court to be heard later this year.

Capital Programme and Resources

Capital spend for the year

The capital programme approved for the year was £2.661 million. The programme for reporting purposes is £9.213 million, including projects that have been profiled either from earlier years, or into future years:

	£'000s
Approved programme	**2,661**
Add:	
• Re-profiled from 2010/11	14,166
• Project approved in year (BDC capital resources)	2,404
• Projects approved in year (External/ revenue funding)	528
Less	
• Profiled into future years	(10,546)
Current Programme for 2011/12	**9,213**

Approved in year project refers to the wind turbine for which funding within the capital programme has been earmarked (Cabinet 18 July 2011) pending the outcome of the initial surveys and Members approving a preferred option. The majority of the amount set aside will be required for later construction and therefore has been profiled into future years.

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, 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 2011/12	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spent/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund	7,716	331	38	7,347	4.8%
Housing Investment	1,079	163	124	792	26.6%
Capital Salaries	418	105		313	25%
Capital Programme	**9,213**	**599**	**162**	**8,452**	**8.3%**

Major expenditure planned for later in the year includes completion of the Causeway House refurbishment and progress on construction of the new Witham leisure centre.

Capital resources

The main source of new capital resources anticipated for the year is from preserved right to buy receipts (£400,000), the Council's share of the VAT shelter established with Greenfields Community Housing (£1.7 million), and the New Homes Bonus (£421,000).

Greenfields CH have reported that there were 3 Right to Buy sales completed to the end of June 2011, generating £155,000 for the Council. VAT shelter monies in the first quarter totalled approx £611,000. There are no other significant capital receipts generated to date.