

## **Report to Finance and Performance Working Group**

Date of meeting 17<sup>th</sup> February 2016

By the Head of Finance

### **INFORMATION REPORT**

Not exempt



**Horsham  
District  
Council**

## **REPORT ON HDC'S DISTRICT PLAN PRIORITIES AND FINANCE AND PERFORMANCE FOR QUARTER 3 2015/16**

### **Executive Summary**

This reports progress against Council priorities listed in Year 5 of an extended 4 year District Plan. Priorities where there has been significant progress over the last quarter include the adoption of the Horsham District Planning Framework (HDPF); plans for the Broadbridge Heath Leisure Centre; development of Horsham Town Vision and the redevelopment of the Hop Oast Depot.

Financial performance is on target for the third quarter of 2015/16. Key income areas are performing well and income from planning fees and green waste for example are running ahead of budgeted levels. At Quarter 2, we were projecting an over spend of £129k at year-end. At Quarter 3, we are now projecting a £247k underspend, which is reduced to a £73k under spend at year-end after forecast overspends on revenues and benefits and Census ICT are included in the overall total. Alongside several smaller movements in both directions, the single largest reason for this change is on savings against the repairs and maintenance budget of around £120k which were not previously forecast.

An analysis of performance demonstrates that 61% (20) of indicators met or exceeded targets set; 24% (8) were close to target, and 15% (5) fell outside of the target range.

Positive improvement over the previous quarter was seen for households in bed and breakfast and the number of complaints recorded.

### **Recommendations**

It is recommended that Members note the contents of this report.

### **Reasons for Recommendations**

Performance Indicators are provided as part of the duty of Best Value to drive up service improvement.

**Consultation:** SLT

**Wards affected:** All

**Contact:** Gillian Bloomfield ext. 5450

### **Background Papers:**

Appendix A: Q3 2015/16 District Plan Priorities and Key Tracked Projects reporting (Year 5)

Appendix B: Balance Sheet 31 March 2015

Appendix C: Q3 Capital Budget Monitoring

Appendix D: Q3 Monitoring of Budget and Key Performance Indicators Report

Appendix E: Q3 Revenue Summary

Appendix F: New Homes Bonus

## **Background Information**

### **1. MONITORING OF PERFORMANCE**

- 1.1** The Working Group meets on a quarterly basis to deal with the main items of regular business for both finance and performance matters. The Working Group reviews progress in meeting the District Plan priorities, financial performance and key performance indicators and progress reporting for major projects.

### **2. MONITORING OF DISTRICT PLAN PRIORITIES 2015/16**

- 2.1** The District Plan Priorities monitoring report for Quarter 3, 2015/16 is appended to this report at Appendix A. This reports progress against an interim District Plan. A draft Corporate Plan for the three years 2016-19 was agreed by Cabinet on 28 January 2016 and is to be considered at Council in February 2016.
- 2.2** Priorities where there has been significant progress over the last quarter include the adoption of the Horsham District Planning Framework (HDPF); plans for the Broadbridge Heath Leisure Centre; development of Horsham Town Vision and the redevelopment of the Hop Oast Depot. Key tracked projects monitoring is included within Appendix A.

### **3. FINANCIAL PERFORMANCE**

- 3.1** The balance sheet, provided at Appendix B, sets out the position from 31 March 2015 which has net assets of £111m. A significant number of the entries in the balance sheet are only updated at year-end and we will provide an updated balance sheet as part of the year-end outturn.
- 3.2** Cumulative spend of £3.7m (£3.3m at Q2) on capital at quarter three is only 12.5% of the £29.9m full year planned capital programme which included unspent budgets of £7m from 2014/15. The capital outturn is forecast at £8.2m (£12m at Q2). It is recognised that schemes will not progress as far as expected in this financial year. In total, £21.7m (73%) will slip into 2016/17. The detailed capital programme is provided at Appendix C.
- 3.3** In addition to the main areas of slippage of the 2015/16 element of significant schemes into future years as previously reported (Hop Oast depot redevelopment £4.5m, Broadbridge Heath Leisure centre £12.3m, build of temporary accommodation at the Bishopric £2.9m, the £7m loan for a third party housing association and full use of the £5m commercial property investment fund), capital expenditure has slipped further as a result of postponing some vehicle replacement whilst reviews are carried out and the commercial property investment purchase opportunity being smaller in value than the revised M6 budget had anticipated.
- 3.4** The third quarter financial projections for revenue are largely in line with forecast budgets. The net revenue expenditure position is £7.2m. We are projecting an overall underspend of £247k, which is reduced to a £73k underspend after forecast overspends on revenues and benefits and Census ICT are included in the overall total. This is an overall movement of £202k from Quarter 2 when we were projecting a slight overspend of £129k at year end. Along with a number of small movements in both directions, the single largest reason reflects savings of £120k against the budget for repairs and maintenance which were not previously forecast. The £120k

underspend has emerged now that a history of transactions with the maintenance contractor has built up and the outturn forecast can be projected forward with more certainty following the property and facilities department restructure earlier in the year. Appendix B sets out the actual gross and net income and expenditure outturns against the revenue budget and forecasts. The detail can be found in Appendix E.

- 3.5** Cumulative gross income is £14.8m and forecast to be £782k higher than budget at year-end. Despite some areas where income is lower than budgeted such as the rent reduction at Rookwood and the loss of income for the delay in the opening of the High Ropes in Horsham Park, our key income areas are performing well and income from planning fees and green waste for example are running well ahead of budgeted levels. We remain a little concerned about the impact the new parking at John Lewis/Waitrose will have on our parking income although this seems to be stable so far and overall slightly better than budgeted for.
- 3.6** Cumulative gross expenditure is £22.0m and forecast to be £535k over spent at the year-end which reflects higher than budgeted costs on external consultant costs on development and the estimated additional costs as a result of £330k of planning appeal costs awarded against the Council, which are under negotiation. Staffing costs are currently £32k (1.8%) below budget at Q3 excluding Census. The saving on vacancies of £786k are offset by higher than budgeted overtime (£62k overspend), agency (£136k overspend) and temporary staffing (£555k). It is anticipated that the present staffing costs position will be broadly similar at out-turn.
- 3.7** Overspends on expenditure are being monitored and the year-end forecast position reflects officers taking action to mitigate and reduce overspend where possible. However, the year-end forecast outturn will include some overspends such as the £32k overspend on leisure centre legacy repairs and the £19k overspend on porta-loos at Southwater Country Park Dinosaur Island that will not reduce. Some costs such as those on higher consultancy costs £295k for planning and development and will be more than offset from higher planning fees income. Spend in these consultancy areas though should not be as high in future as vacancies are filled with experienced staff. Cumulative appeal costs paid to quarter 3 totalled £63k, of which £52k were costs of appeals and £11k were adverse costs awarded.

#### **4. Performance Monitoring**

- 4.1** An analysis of performance demonstrates that 61% (20) of indicators met or exceeded targets set; 24% (8) were close to target, and 15% (5) fell outside of the target range. Detail can be seen in Appendix D.
- 4.2** Areas where targets have not been met include percentage of planning appeals allowed, staff turnover levels and recycling rates. The speed of processing changes to circumstances of Housing and Council Tax Benefit claims performance is below target but changes to process will see improvements and expect to achieve target by the year end.
- 4.3** The cost of planning appeals continues to be an area of concern and a further performance measure is being reported on to identify the number of planning appeals cost awards.

**4.4** Positive improvement over the previous quarter was seen for the number of households in bed and breakfast and the number of complaints recorded.

## **5 OUTCOME OF CONSULTATIONS**

**5.1** SLT have considered the review of Financial Monitoring and Key Performance Indicators; the District Plan Priorities and Tracked Key Projects Report for 2015/16.

## **6. OTHER COURSES OF ACTION CONSIDERED BUT REJECTED**

**6.1** Not appropriate; Council needs to be seen to effectively monitor its performance.

## **7. STAFFING CONSEQUENCES**

**7.1** There are no staffing consequences associated with this report.

## **8. FINANCIAL CONSEQUENCES**

**8.1** There are no direct financial consequences as a result of this report

## Appendix 1

### Consequences of the Proposed Action

What are the risks associated with the proposal?  Risk Assessment attached Yes/No	None
How will the proposal help to reduce Crime and Disorder?	Managing finance and performance will help identify areas where the Council can provide better crime and disorder reduction initiatives
How will the proposal help to promote Human Rights?	Managing finance and performance will help identify areas where the Council can promote Human rights initiatives
What is the impact of the proposal on Equality and Diversity?  Equalities Impact Assessment attached Yes/No/Not relevant	Service and performance improvements will ensure that our work reaches out to more local residents and meet the requirements as set out by the Equality Act 2010.  No Equality Impact Assessment (EIAs) required at this level (EIAs will be carried out at more strategic opportunit
How will the proposal help to promote Sustainability?	Performance against sustainability issues are reviewed regularly through Performance Management Working Group

### Statutory and Policy Background

Statutory Background	'Best value' (Local Government Act 1999) is the statutory basis on which councils plan, review and manage their performance in order to meet the needs and expectations of their citizens who use their services. The aim is to deliver continuous improvement in all their services.  The principles involve local accountability, breaking departmental and organisational boundaries, partnership, performance measurement and management, comparability and continuous improvement
Relevant Government policy	Duty of Best Value.  'Taking the Lead' and 'Sector Led Improvement'. The LGA is to maintain an overview of the performance of the sector in order to identify potential performance challenges and opportunities
Relevant Council policy	The Performance Management Framework, 'Performing to Win', supports how we will achieve this.