



Subject:	Quarterly Performance Report (Q2 –July to September 2014)
Officer:	Peter Flynn
To:	Overview and Scrutiny Committee, 11 December 2014.
Purpose:	To consider the performance for the second quarter of the year 2014-15.

Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 2.

The detailed information showing all performance is available for Members to review at the eMembers room.

The headline performance information is set out in the following Annexes:

Key Service Indicators	Annex 1
Capital Budget Monitoring	Annex 2
Revenue Budget Monitoring	Annex 3
Internal Audit	Annex 4
Risk Management	Annex 5

Recommendation

The Committee is requested to review the performance update, consider any advance questions received in relation to strategic issues and make any observations to the Executive.

KEY SERVICE INDICATORS

Headline Information

Of the key service indicators for which information was available, six were on target or within agreed tolerances. Two were off target at the end of the reporting period.

Major variances (those off target)

KSI 7: Percentage of Planning appeals allowed by Planning Inspectors (low is good)	
Target for quarter	Actual
30%	37%

Management comments/action

6 appeals allowed out of total of 16 appeal decisions. Previous outcomes review did not identify any action needed regarding policy or assessments.

KSI 9: Percentage of Non Domestic Rates due for the financial year which were received by the authority	
Target for quarter	Actual
61.00%	59.81%

Management comments/action

Internal target has been revised to 61.00%. Still below target as around 10% of companies have elected to pay their Business Rates over 12 months, which they have been able to do from 2014/15.

eMembers room information

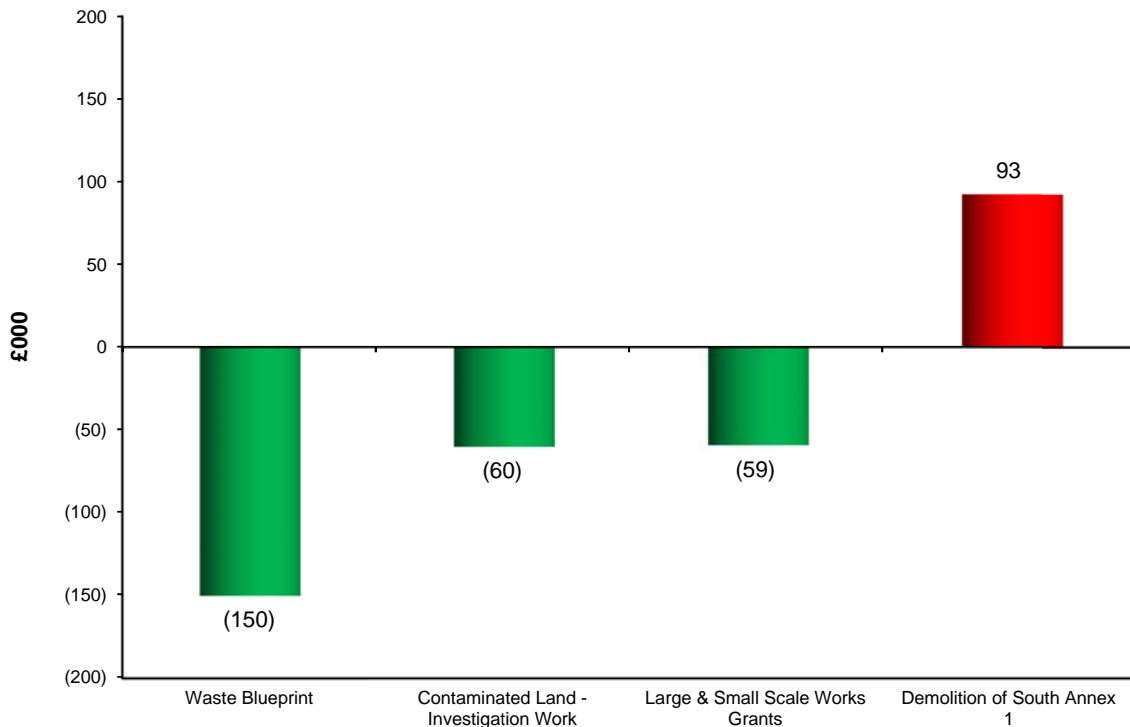
A copy of the full schedule can be found in the eMembers room.

CAPITAL BUDGET MONITORING

Headline 2014/15 Capital Budget information

■	Current budget:	£ 21,640,000	
■	Forecast expenditure:	£ 21,296,000	
■	Projected underspend:	£ 343,000	(or 1.6 % of budget)

Table 1: MAJOR CAPITAL VARIANCES



Major Variances

A number of individual projects, totalling £3.7 million, have been re-profiled into future years following the reported position in Quarter 1. These are set out in detail in Capital Annex 1 and mainly relate to slippage of regeneration projects. In addition, a number of new projects, totalling £4.9 million have been added following Executive approval. This mainly relates to the purchase of Linden House in Reigate. These additions are also detailed in Annex 1.

The major variances are set out below:

- **Waste Blueprint:** Only phase 1 of 5, of the planned delivery of kerbside service to flats, will take place in 2014/15. As a result an underspend of £150,000. Phases 2 to 5 are now expected to take place in 2015/16. The budget will be reprofiled for Quarter 3 to reflect the change in phasing of the project.
- **Contaminated Land - Investigation Work:** The underspend of £60,000 is as a result of no planned contaminated land investigation activity in 2014/15.
- **Large & Small Scale Works Grants:** Historically spending for this capital project has been at £40,000 to £50,000 which is in line with the current year forecast. The budget will be reduced to reflect actual spending trends for Quarter 3.
- **Demolition of South Annex 1:** As part of the demolition of South Annex 1 actual asbestos levels were found to be higher than expected. This additional asbestos drove a variation to contract, which has resulted in an overspend of £93,000.

eMembers' Room Information

Further information has been provided in the eMembers' room to support the Committee's consideration of the monitoring report as follows:

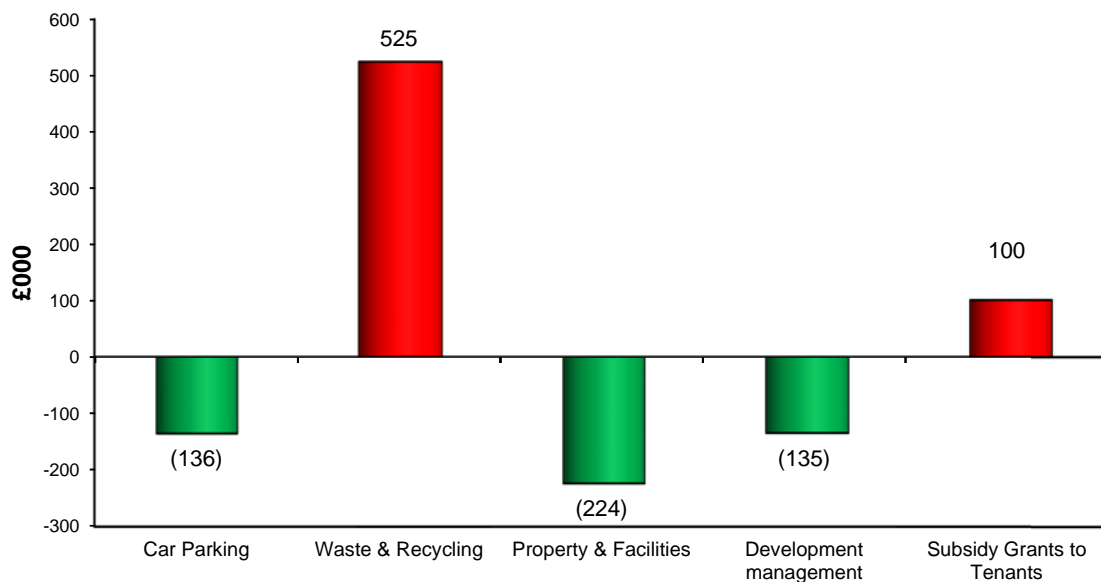
- Reconciliation of Capital Programme to Approved Budget (**Capital Annex 1**)
- Budget Monitoring Summary (**Capital Annex 2**)

REVENUE BUDGET MONITORING

Headline Revenue Budget information

■ Management budget:	£16,796,800	
■ Forecast expenditure:	£16,780,800	
■ Projected over-recovery/underspend:	£16,000	(or 1% of the budget)

Table 1: MAJOR REVENUE VARIANCES



Major Variances

- **Car Parking:** Forecast over-recovery of income mainly from off-street parking pay and display income.
- **Waste & Recycling:** A significant overspend is forecast. This is due to both the under-recovery of income and expenditure overspends. Income is under-recovering by £364,000, which is mainly due to paper recycling prices falling and lower trade waste customers than budgeted. Additional disposal costs of for mixed recyclates are being incurred.
- **Property & Facilities:** Recent property activity has generated additional income. The acquisition of Linden House in Reigate has generated £169,000 and the re-negotiated rent review of the Warwick Quadrant has raised a further £45,000.
- **Development Management:** An over-recovery of planning fee income due to a number of large applications received.

- **Subsidy Grants to Tenants:** These are rental subsidies given to RBBC tenants. This forecast is based on 2013/14 outturn and is currently unbudgeted.

eMembers' Room Information

Further information has been provided in the eMembers room to support the Committee's consideration of the monitoring report as follows:

- Reconciliation of Original Budget to Management Budget (**Revenue Annex 1**)
- Budget Monitoring Summary (**Revenue Annex 2**)
- Analysis of Key Variances (**Revenue Annex 3**)
- Impacts on Reserves (**Revenue Annex 4**)

INTERNAL AUDIT

Background

The Annual audit plan is agreed by the Overview and Scrutiny Committee.

SCORING

RED	Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
AMBER/ RED	Action needs to be taken to ensure this risk is managed. Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organization relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed
AMBER/ GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk organisation.
GREEN	Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Headline Information

During the last quarter the following internal audits have been completed

Name of Audit	SCORE
Planning and Building Control	AMBER/GREEN
Compliance with s106 requirements.	AMBER/RED

Recommendations with a high priority

None.

Management action

N/A

eMembers room information

Copies of the full report and individual audit reports.

RISK MANAGEMENT

Introduction

The report covers the two aspects of risk management:

Strategic Risks

Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and the Medium Term Financial Strategy. The Management Team has shared responsibility for the Strategic Risks.

Operational Risks

Operational risks are those short term risks that are encountered in the course of the day to day delivery of services and functions. Individual operational managers will have responsibility for their own operational risks. The Management Team will be responsible for monitoring the operational risk registers.

Risk Rating

Each risk is scored using the potential Impact of the risk and the likelihood of the risk happening. The risk score then determines the level of management action required, see table below.

Risk	Action
Red risk	Where management should focus attention. Should have immediate actions identified and plans in place to reduce risk as a priority .
Amber risk	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus
Yellow risk	These should have basic mechanisms in place as part of the normal course of management.
Green risk	Where risk is minimal if does not demand specific attention but should be kept under review.

Strategic Risks

DESCRIPTION	Risk rating
<p>Financial sustainability</p> <p>As the Government is reducing grant funding over the medium term, the Council needs to be less reliant on this funding. We also need to ensure that income fluctuations are well managed. If we do not then this could lead to unplanned reductions in services / service delivery standards and/or failure to deliver on all our corporate objectives.</p>	Amber

<p>Drafting of new Corporate Plan 2015/16</p> <p>We are in the process of drafting a new Corporate Plan covering the period 2015-20. This draft needs to be in place in time to inform the Service and Financial planning process for 2015/16. If it is not in place then we will not be able to produce a budget or service plans that reflect the corporate objectives.</p>	<p>Green</p>
<p>Joint Law enforcement Pilot</p> <p>We are currently implementing a pilot to test the integrated of law enforcement at a borough/district council level. The work will be carried out by a dedicated team drawn from Reigate and Banstead, Spelthorne, Surrey Police and Surrey County Council. As this is a high profile pilot, with a number of partners, there is a risk of reputation damage, if the pilot is seen to fail. We therefore need to have clearly defined measure of what the success factors are for the pilot are in order to control expectations.</p>	<p>Amber</p>
<p>Welfare reform</p> <p>The Government are introducing a number of welfare reforms. We need to provide support to any vulnerable residents who are affected by these welfare reforms particularly, changes to benefits. Without this support there is a risk of an increase in homelessness in the borough which would incur further costs to the Council through emergency/temporary accommodation, which would be ongoing if alternative social housing is not available. There is also a likelihood of an increase in local hardship and a greater need to rely on voluntary organisations which could become unsustainable. There is also a reputational risk for the Council if adequate support is not made available.</p>	<p>Amber</p>
<p>Property investment</p> <p>Due to the predicted budget gap we will face in future years we need to have a well-defined and resourced Corporate Asset management Plan. This needs to be a programme of investments, developments and acquisitions either by ourselves or in joint working arrangement within and outside the Borough. If not we will not have sufficient funds and we will be unable to fulfil any of our ambitions Corporate objectives.</p>	<p>Amber</p>
<p>Core strategy</p> <p>If we fail to adopt the Core Strategy in a timely manner then we will be unable to progress the Community Infrastructure Levy which will affect our availability to collect funds to deliver the appropriate infrastructure.</p>	<p>Closed</p>
<p>Management action</p> <p>No red risks to report</p>	

Operational Risks

Exception reporting

This report highlights those risks that have been rated as **RED**. All risks are actively monitored by the Management Team to ensure that all appropriate controls are in place to ensure that the risk rating does not change over time.

The headline risk information is set out in the following tables:

Red Risk The red risk is as follows

RISK

Homelessness

Currently there is an increase in demand for temporary homelessness accommodation. There is also a reduction in the supply of suitable affordable temporary and permanent accommodation. At the same time we have difficulty recruiting and retaining suitable qualified staff. These factors combine to mean that we are at risk of failing to fulfil our statutory requirement which could result in a judicial review, a fine and damage our reputation.

CONTROL

There are a number of early intervention actions in place to try to help reduce homelessness before it occurs.

In order to increase the supply of temporary accommodation we are;

- Considering the use of S106 money – Executive has approved the use of S106 money, and initial projects are being prepared. Initially refurbishment of one property, and building of two new homes. Consider other use of S106 money with housing providers
- Negotiating with housing providers – Raven have agreed to allocate all units at the newly built Colne House to RBBC without reducing other TA. This will significantly reduce B&B numbers and cost. Meetings with six other providers have been set up during October/November
- Working with Partners like SCC to identify suitable accommodation – SCC are keen to use some of their existing empty properties for young people. We need to approach their Property team, and potentially use some S106 money
- Working with the private sector – we have agreed a Guarantor Scheme, and initial pilots are underway

More effective Housing Options/Homelessness Team – vacant posts have been filled, and processes being reviewed to allow officers more time to investigate cases

eMembers room information

Full descriptions of these strategic and operational risks and their control are available in the eMembers room.