



Subject:	Quarterly Performance Report (Q3 –October to December 2014)
Officer:	Peter Flynn
To:	Overview and Scrutiny Committee, 5 March 2015
Purpose:	To consider the performance for the third quarter of the year 2014/15. To agree strategic and operational risks for 2015/16

Introduction

This report provides the headline issues on major variances in relation to the Council's overall performance for Quarter 3.

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 registers 2015/16	Annex 5

Risk Registers 2015/16

In addition to the performance information Annex 5 shows the proposed strategic and operational risks for 2015/16. This will be monitored during the year and report to this committee in Quarter 2 and 4.

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.

The committee agree the strategic and operational risks for 2015/16

KEY SERVICE INDICATORS

Headline Information

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

Major variances (those off target)

KSI 9 Percentage of Non Domestic Rates due for the financial year which were received by the authority.	
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Target for quarter:	Actual:
89.50%	86.82%

Management comments/action

Below 2013/14 collection rate by 3.46%. This is accounted for by 10% of companies and businesses opting to pay over 12 months instead of 10. Increased payments in Periods 11 and 12 should see the recovery rate reach the expected level.

eMembers room information

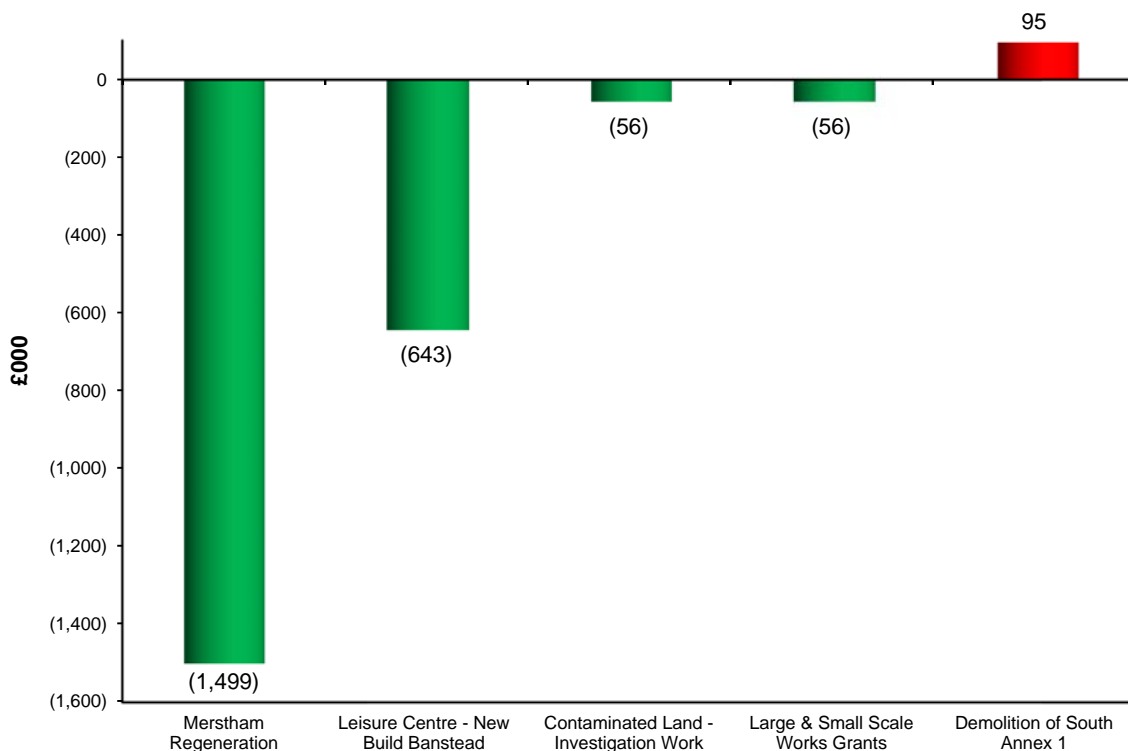
A copy of the full schedule can be found in the eMembers room.

CAPITAL BUDGET MONITORING

Headline Information

■	Current budget:	£ 21,442,000	
■	Forecast expenditure:	£ 19,000,000	
■	Projected underspend:	£ 2,442,000	(11% of budget)

Table 1: MAJOR CAPITAL VARIANCES



Major Variances

A number of individual projects, totalling £4.29 million, have been re-profiled into future years following the reported position in Quarter 2. 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 £5.25 million, have been added following 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 overleaf:

- **Merstham Regeneration:** Delays in the acquisition of the Traingle site, by Surrey County Council (SCC) from Raven Housing Trust, have resulted in a lag in the completion of legal documentation between SCC and RBBC. This has resulted in an expected year end underspend of £1,499,000. The budget will be reprofiled for Quarter 4 to reflect the change in phasing of the project.
- **New Banstead Leisure Centre:** The contractors overestimated activity up to Xmas. The budget profile will be changed to reflect the change in timing of on-site activity. This change will not impact the project completion date.
- **Contaminated Land - Investigation Work:** The underspend of £56,000 is as a result of limited 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 2015/16 budget has been reduced to reflect actual spending trends.
- **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 £95,000.

eMembers' Room Information

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

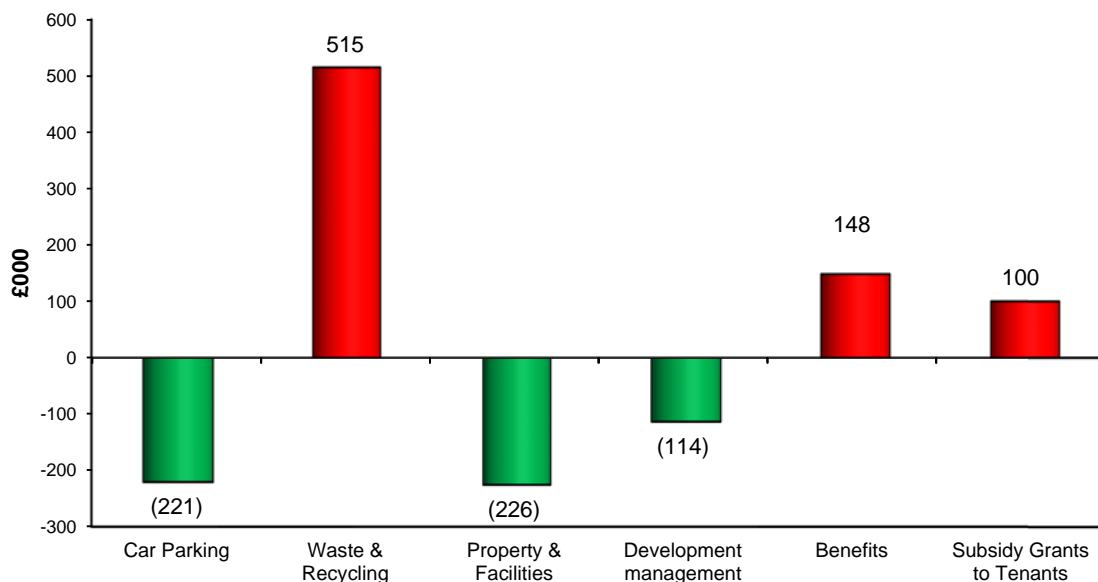
- Reconciliation of Capital Programme to Approved Budget (**Capital Annex 1**)
- Budget Monitoring Summary (**Capital Annex 2**)

REVENUE BUDGET MONITORING

Headline Information

■ Management budget:	£16,794,400
■ Forecast expenditure:	£16,902,400
■ Projected under-recovery/overspend:	£108,000 (<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 £343,000, 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 as RBBC have to pay for disposal rather than selling them due to market conditions.
- **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.
- **Benefits:** An overspend is expected due to increased rent allowance expenditure and the decrease in the rate of the government subsidy 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

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 organisation 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 materialising.
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 quarter the following internal audits have been completed

Name of Audit	SCORE
Customer Services (Wave 1 review)	GREEN

Number of High Recommendations – None.

Management action

N/A

eMembers room information

Copies of the full report and individual audit reports can be found in the eMembers room.

RISK MANAGEMENT 2015/16

The following are the new strategic and operational risks for the financial year 2015/16. These will form the bases for the performance reports during 2015/16 in Quarter 2 and Quarter 4.

Strategic Risks

Ref no	RISK DESCRIPTION 2015/6
SR01	<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>
SR02	<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>
SR03	<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>
SR04	<p>Commercial Partnership</p> <p>The Council has entered into a Partnership with Civica to become a Centre of Excellence to help generate additional income by carrying out services and activities for other Councils. If we are not successful in providing the required</p>

	standards to our customers there is a risk that we might suffer reputation damage.
SR05	<p>Development Management Plan</p> <p>The process for the allocation of specific sites for development will be politically sensitive and could result in negative publicity and impact on the Council reputation. Delay to formal allocation of development sites in an adopted plan increase the risk of speculative (particularly greenfield) planning applications.</p>

Operational Risks

Ref no	RISK DESCRIPTION 2015/16
OR1	<p>Planning decisions</p> <p>In order for planning decisions to be robust and sustainable they need to be based on sound planning considerations and judgements, free from non-planning related matters. The Council does not want to be exposed to challenge on its decisions as this could result in financial cost and/or loss of reputation.</p>
OR2	<p>Disability Grants</p> <p>Due to the current contractual arrangements, to assist with the processing of disability grants, the Council cannot guarantee the timeliness of solution being delivered to vulnerable resident's which could lead to complaints and poor publicity.</p>
OR3	<p>Homelessness</p> <p>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 factor combined means 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.</p>
OR4	<p>Redhill Street Market</p> <p>During the course of the redevelopment of Redhill the Council needs to maintain a suitable site for the street market. Any alternative sites considered needs to be easily assessable to the public to ensure the continued use of the market to help with the long term economic regeneration of the area.</p>
OR5	<p>Property investment</p> <p>Due to the predicted budget gap we will face in future years we need to have a</p>

	<p>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>
OR6	<p>Data Protection</p> <p>Recent reports issued by the Information Commissioners Office have highlighted the poor response to local Government, in general, to Data protection issues. We therefore need to be aware of the potential risk of personal information being disclosed in breach of the Data Protection Act and the associate penalty notice and other enforcement actions that would have a negative impact on the Council reputation.</p>