

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
13 September 2011

Subject: BUDGET MONITORING REPORT 2011/12 – QUARTER 1

**All Wards
Scrutiny Committees
Cabinet Member for Corporate Management: Councillor R Kirk**

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to update Members with the budgetary position of the Council at the end of June 2011.
- 1.2 This quarterly report updates Members on major revenue budget changes required after the first quarter and progress made in Capital Programme and Reserve Fund expenditure. The report also gives Members an insight into the Council's revenue budget position for the next three years.

2.0 REVENUE BUDGET:

- 2.1 The Council set its budget on 22 February 2011 at £8,819,405 using £721,555 of efficiency savings to balance the budget to the Financial Strategy.
- 2.2 The current approved budget is set out below:-

	£
Customer Services	2,998,590
Housing & Planning	1,166,350
Leisure and Health	1,336,690
Partnerships	1,274,450
Corporate Management	2,088,390
Drainage Board Levies	<u>64,935</u>
	<u>8,929,405</u>

3.0 BUDGET POSITION TO JUNE 2011:

- 3.1 The Council's new Boards and Clinics met in August 2011. Attached at Annexes A(1) to A(5) are the individual reports to the Clinics which set out both performance information against targets and financial information regarding the budgets up to the end of June 2011. Set out below is the impact of Boards financial recommendations on the Budget Outlook subject to cabinet approval.

Budget Outlook Including Suggestions Made By Service Boards

	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Latest Budget Outlook	8,929,405	8,681,605	8,686,204	8,600,204
Adjustments:				
Customer Services	-	-	-	-
Housing & Planning	-	-	-	-
Leisure & Health	80,000	-	-	-
Partnerships	-	-	-	-
Corporate Management	-	-	-	-
Sub-Total	9,009,405	8,681,605	8,686,204	8,600,204
Financial Strategy	8,819,405	8,195,793	8,359,709	8,526,903
Surplus / (Shortfall)	190,000	485,812	326,495	73,301

Management Team Views

- 3.2 The major impact on the budget outlook is from Leisure and Health, with an explanation in Annex A (3). Notwithstanding this, Management Team feel that the Budget outlook should not be adjusted until the second quarter's budget information is available to see how the intended plan of action kicks in and to confirm the view one way or another that is just a first quarter issue. The actions of the Leisure and Health Board are supported and in order to continue to be proactive the management team suggests that an external diagnostic be undertaken of marketing both of the programme of activities and merchandising/food sales through the front of house facilities. This diagnostic could also help inform a more multi-tiered pricing policy which supports the more flexible approach being pursued with price points.

4.0 OTHER MATTERS:

Grants

- 4.1 The following Grants have been received by the Council:-

Description	Amount £
Land Charges – Revocation of Personal Search Fee Grant (DCLG)	34,356
Single Housing Benefit Extract Grant (DWP)	950
New Burdens – Habitat Regulations	16,835
Local Services Support Grant (DCLG)	71,000
Waste Partnership – Grant for Vehicle Energy Devices	12,500
New Homes Bonus (DCLG)	315,000
	450,641

- 4.2 It is proposed that these grants are paid into the Service Improvement Reserve. Work is currently being undertaken on the second homes bonus and will be subject to a future report.

Olympic Torch

- 4.3 A local project team has been formed to look at the issues surrounding the Olympic torch coming through the District in 2012. Some expenses are likely to be incurred, mainly in relation to stewarding, clean up, hiring equipment, paying coaches to lead sport activities in each of the market towns along the route, portaloos, hiring sound systems, licences,

publicity etc. It is proposed that a sum of up to £10,000 is set aside from the Service Improvement Reserve to cover these costs.

Planning Matters

- 4.4 The Council was involved in a significant joint public inquiry in 2010/11 for a Motorway Service Area on the A1 between Wetherby and Leeming. Four competing planning schemes were considered together with a proposal for a truck stop. One of the schemes, Motel Leeming, and the truck stop were both in Hambleton. The joint inquiry required a Programme Officer to deal with the administration of the inquiry and it was agreed that the main parties would contribute equally to this. The total cost for this came to around £40,000 of which a contribution of £3,750 is required from Hambleton. It is requested that this be funded from the Service Improvement Reserve.
- 4.5 In 2003 a residential caravan, large storage building, generator shed and fuel tank were placed on land at Raby Lane, East Cowton. Enforcement Notices were served and subsequent appeals dismissed. The development remained on the land. Despite court prosecutions the development still remained on site and the Council resolved to take direct action to remove the unauthorised development. This took place in early 2009. Contractors entered the land and demolished and removed all unauthorised works from the land. The cost of this action was funded from the Service Improvement Reserve and a charge was put on the land. The Council has recently received a cheque for £11,250 for the full cost of the works. It is recommended that this is paid into the Service Improvement Reserve.

Leisure

- 4.6 Members will be aware of the tragic incident at the Hambleton Leisure last summer. The Leisure and Health Board established that the direct costs associated with the incident were in the region of £6,100. These related mainly to reduced income from the closure of the pool and other costs relating to the inquiry. All the other costs have been absorbed in management time or paid for by the Council's insurers. The Board requested that the direct costs of £6,100 be funded from the Service Improvement Reserve.

5.0 SENSITIVITY ANALYSIS:

- 5.1 In addition to reporting areas of budget change this report also highlights areas where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will be monitored closely, but no figures are attributed to the areas in question as there is too much uncertainty at this time.

Area of Sensitivity	Commentary
<u>A. Potential Increases to Budgets</u>	
Fuel costs	Whilst recently the cost of fuel has decreased slightly the trend is clearly upwards. This will undoubtedly put pressure on the revenue budgets despite the efficiency measures that have been taken regarding vehicle fuel consumption
Housing Benefits	There has been an increase in the number of new or changed claims being received resulting in increased benefit payments. Whilst most of this additional cost will be met from increased benefit subsidy, the budget is so large that a small increase in percentage terms can lead to a large amount in monetary terms.

Area of Sensitivity	Commentary
<u>A. Potential Increases to Budgets</u>	
Income	Income in general is below expectations. In addition to leisure, this is particularly the case with regards to planning, markets, World of James Herriot, land charges and car parking. Managers are actively reviewing the position to determine what measures need to be taken to minimise the possible shortfall.

Area of Sensitivity	Commentary
<u>B. Potential Decreases to Budgets</u>	
Salaries	A number of vacancies are being held at the moment whilst assessments are being made of the impact on the service. A number of these areas relate to shared services where savings which have been accounted for in the various shared service business cases. Managers are currently reviewing shared service business cases and once the forthcoming evaluation is complete there can be a reconciliation.
Energy costs	The current budgets are showing a saving against the budgets. However, new contracts taking effect from 1 October show a significant increase in price in line with the national trend. Overall a saving is expected in the year.

6.0 CAPITAL PROGRAMME:

6.1 The resources available for the ten year period from 2011 to 2021 are £10,627,143 as shown in the table below:-

	£
Accumulated Capital Receipts	(5,034,647)
Accumulated Capital Grants	(301,651)
Budgeted Income 2011/12	(2,607,845)
Future Years	<u>(2,683,000)</u>
	<u>(10,627,143)</u>

6.2 Spending and Resources in 2011/12

The Capital Programme for 2011/12 has been amended in the light of decisions taken at the July Cabinet meeting. Expenditure to the end of June totalled £305,059. At this stage in the year there are no expected variances and the expected outturn is £3,709,293. £25,485 has been received in capital income to date and the expected income for the year is £2,607,845.

6.3 Spending and Resources from 2012/13 to 2020/21

The position regarding spending and resources for remaining 9 years is as follows:

	£
Total resources available over 10 year programme (as above)	10,627,143
Less: 2011/12 anticipated spend	<u>3,709,293</u>
	6,917,850
Less:	
Programme Spend 2012/13 to 2020/21	<u>5,762,000</u>
Remaining Resources	<u>1,155,850</u>

6.4 Amendments to the Capital Programme

There are no amendments requested this quarter therefore the purpose of this report is to inform Members of the current position relating to capital resources and expenditure.

7.0 **RESERVE FUNDS:**

7.1 The Reserve Fund Programmes for 2011/12 are listed below. The programmes have been amended in the light of previous decisions taken by Cabinet and the commentary below reflects expenditure to the end of June 2011.

7.2 Revenue Grants Fund

£15,800 has been spent to date with two schemes complete. The anticipated outturn is £125,020 which would leave a balance of £404,126 in the fund.

7.3 Local Development Framework (LDF) Reserve

£30,500 has been spent to date and the anticipated outturn is £42,895 which would complete the programme leaving a nil balance.

7.4 Service Improvement Reserve

£22,078 has been spent to date and two schemes are complete. The anticipated outturn for the year is £327,655 which would leave a balance in the fund of £2,423,151. These figures exclude any changes referred to in section 4 above.

7.5 Cyclical Reserve

No monies have been spent to date and the anticipated outturn is £182,200 which would leave a balance of £267,812 at the end of the 10 year programme in 2021.

8.0 **DECISIONS SOUGHT:**

8.1 Approval is requested for amendments to the revenue, capital and reserve programmes as listed in sections 3, 6 and 7 of the report.

8.2 Approval is also sought to pay grants and other money received into the Service Improvement Reserve whilst funding from this Reserve is sought for some schemes as outlined in section 4.

9.0 **RISK ASSESSMENT:**

9.1 **Risk in approving the recommendation(s)**

Risk	Implication	Prob*	Imp*	Total	Preventative action
The Council spends significantly above the financial strategy	The ability of the Council to continue to provide and improve services is seriously affected	4	5	20	Undertake a review of budgets and report back to Cabinet with proposals
Budgets are not updated	The Council is unable to control its spend or redirect resources to priority areas.	3	4	12	Continue with regular budget and efficiency monitoring with regular reports to Chief Officers Management Team and Members

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

9.2 There are no risks associated with approving this report. However the risks associated with not receiving regular monitoring reports are potentially quite serious.

10.0 RECOMMENDATIONS:

10.1 It is recommended that:

- 1) Members determine the adjustment to the revenue budget outlook referred to in section 3 of the report and support a diagnostic of leisure marketing to be funded from the service improvement reserve;
- 2) the position on the capital programme referred to in section 6 of the report be noted;
- 3) the position on the reserve funds referred to in section 7 of the report be noted;
- 4) the grants and other moneys referred to in section 4 of the report are paid into the Service Improvement Reserve; and
- 5) the schemes referred to in section 4 of the report are funded from the Service Improvement Reserve.

DAVE SIMPSON

Background papers: None
Author ref: DS
Contact: Dave Simpson
Head of Finance
Direct Line No: 767024

Customer Services Board – Performance Report Quarter 1 2011/12

Part 1 – Overall Priority Performance

Income

	2011/12 Budget £	Profile for April - June £	Actual spent April - June £	Difference £
Sales	(599,340)	(78,454)	(76,884)	(1,570)
Other	(23,247,080)	0	0	0
	<u>(23,846,420)</u>	<u>(78,454)</u>	<u>(76,884)</u>	<u>(1,570)</u>

Operating Costs

Building running costs	57,140	4,078	3,143	935
Vehicle and Travel costs	1,131,800	101,350	97,425	3,925
Supplies and services	22,543,660	4,222,335	4,223,574	(1,239)
	<u>23,732,600</u>	<u>4,327,763</u>	<u>4,324,142</u>	<u>3,620</u>
Salary related costs	<u>4,394,760</u>	<u>1,093,627</u>	<u>1,063,890</u>	<u>29,737</u>
	<u>4,394,760</u>	<u>1,093,627</u>	<u>1,063,890</u>	<u>29,737</u>
Cost of Operation	4,280,940	5,342,936	5,311,148	31,788

Significant areas of budget risk :

There are two main areas of budget risk identified by the Board. These are 1) the cost of fuel and 2) the amount the Council pays in benefits.

For Waste the Board identified a potential year end overspend on fuel of approximately £60k. This is associated with the rising cost of fuel. For Housing Benefits a potential year end overspend of approximately £60k was identified. This is due to the increased number of new or changed claims being received outweighing the budget for this area.

For Quarter 1 however, the budget has seen an underspend of £32,000 for the theme. This is mainly due to salary underspends. Whilst these underspends are available in Q1, the likelihood is that with the implementation of shared service business cases, these underspends will be formally saved corporately, and lost to the theme.

Sensitivity response :

Both increasing fuel costs and the increase in the number of Housing Benefit Claims will be closely monitored.

Adjustments :

No virements have taken place at this time.

Effect on Budget Outlook :

The current view is that there will be a potential overspend on the current budget. The position will be closely monitored.

Performance report**a) Aim 1 – Providing excellent and effective services to our customers.**

Of the 150,000 customer enquiries we receive each year - either face to face, over the web or by telephone - we will resolve 80% at the first point of contact.

First point resolution at HDC is 73% face to face and 45% via the telephone. Therefore the average across all channels is 59%. This is unsatisfactory and more work needs to be done to achieve a better resolution of telephone enquiries. Additional training will also be provided for Customer Services staff to enable them to deal with more complicated Council Tax and Benefits queries over the telephone.

35,980 queries were received during Q1 which is 24% of the 150,000 expected for 2011/12.

b) Aim 2 – Collecting household waste and recycling.

We will collect waste or recyclable waste from 39,451 households each week and in doing so we will increase the rate of recycling from 44% to 50%. This will reduce the amount of waste sent to landfill so that we can minimise potential increases in landfill taxes and locally influence climate change.

This target is reported quarterly and there are currently no estimates available for Q1 as performance figures are always one quarter behind due to the fact they are dependent on outside bodies to provide the information. Overall performance last year was 43.8%, but this included schedule 2 waste (waste from charities/schools/village halls etc) in Q4, which is to not to be counted toward the totals in the future.

Service Issues - Customer Services

Customer Services staff TUPE transfer from HDC to RDC will take place on 1 September. Consultation on fast-tracking further savings is ongoing and a report will be taken to SMT. Work on a review of Area Offices and payment options will be taken to the next Board.

Services Issue – Waste and Street Scene

The TUPE transfer of Waste staff from RDC to HDC was carried out on 1 August. The Street Scene staff TUPE transfer from RDC to HDC will take place in November. Regarding the new recycling contract, specialists in this field have been invited to quote to provide assistance in order to achieve the tender process within the timescale and obtain the maximum benefits. Closing dates for quotes is 15 August.

Service Issues - Revs and Bens

Work on implementing the new Northgate system which goes live in September is taking up considerable staff resources. Over the next 6 weeks staff will be manually inputting information onto the new system. At present the target of 19 days to process new claims is just about being maintained but this will be monitored closely.

Due to the complicated nature of the current claim forms, most forms returned by claimants have information missing (approx 80%). A pilot is being considered where claimants do not complete the forms themselves but are contacted by telephone by an officer and the form completed at that time.

Service Issues - Communications

The new website design has been approved and is due to go live by Christmas. The Reprographics tendering exercise has been completed and options will be reported to SMT for a decision to be made during September.

Service Issues - ICT

Craven and Selby have requested that the current temporary arrangement for ICT assistance be extended.

Housing and Planning Board – Performance Report Quarter 1 2011/12

Part 1 – Overall Priority Performance

Income

	2011/12 Budget £	Profile for April - June £	Actual spent April - June £	Difference £
Sales	(840,930)	(229,309)	(199,964)	(29,345)
Other	(541,900)	(46,797)	(47,289)	492
	<u>(1,382,830)</u>	<u>(276,106)</u>	<u>(247,253)</u>	<u>(28,853)</u>

Operating Costs

Building running costs	75,620	8,195	7,448	747
Vehicle and Travel costs	50,740	10,690	9,803	887
Supplies and services	1,046,100	28,717	67,944	(39,227)
	<u>1,172,460</u>	<u>47,602</u>	<u>85,195</u>	<u>(37,593)</u>
Salary related costs	<u>1,252,740</u>	<u>312,099</u>	<u>283,463</u>	<u>28,636</u>
TOTAL	<u>2,425,200</u>	<u>359,701</u>	<u>368,658</u>	<u>(8,957)</u>
Cost of Operation	1,042,370	83,595	121,405	(37,810)

Significant areas of budget risk :

The main area of budget risk is income. Overall income is under the Q1 profile by £28,853, mainly because of lower than anticipated income from planning applications, planning advice and Land Charges.

For planning applications the budgeted income for Q1 was £175,000 whilst the actual income was £158,800, a shortfall of £16,200. Activity within the development industry remains flat and so caution is needed in projecting future volumes of applications.

The under-achievement of income for Planning Advice is much less at £2,090. The income for Planning Advice in 2010/11 was £9,334, however a figure of £20,000 was set for 2011/12.

For Land Charges the budgeted income for Q1 was £23,750 whilst the actual income was £15,590, a shortfall of £8,150. The reasons for this are the continued problems with the housing market causing fewer sales.

Sensitivity response :

The performance on income will be closely monitored. The current view on Land Charges income for the year is that £90k will be achieved against a budgeted figure of £95k.

For planning application income a survey of developers/owners of sites allocated in the LDF shows applications are expected on sites in the Bedale area, BH1, BH2 and BH4 (reserved matters), within this year. These applications would generate around £60,000 income. A further site in Thirsk, TH2, is expected which would generate a fee of around £10,000. At present there are no reasons to suggest that income will significantly miss the target. In order to offset any loss in income, a planning officer post in Development Management became vacant in July and there are no plans to fill this post at present. Should the post remain vacant for the remainder of the year this would generate savings of around £28,000.

Adjustments :

No virements have taken place.

Effect on Budget Outlook :

For the reasons described above the current view is that there should be no significant impact on the budget outlook but the position with income needs to be monitored.

Performance report

c) Aim 1 – Meeting Local Housing Needs

Through the local planning process we will facilitate the provision of 200 new dwellings (2011/12) in the District, of which 100 will be affordable homes.

- Between 01/4/11 and 30/6/11 there were 85 dwelling completions, however, 57 of these were from a single elderly person assisted living scheme in Northallerton. Elsewhere completions are still running at a low level because of the difficulties in first-time buyers securing mortgages and the effects of the recession. These are national factors and there is little the Council can do to effect a major improvement. The actions that the Council is taking are:
 - Ensuring that genuinely available housing land is identified ready for recovery. The adopted LDF Allocations DPD makes new site allocations for about 4,150 new dwellings, some of which are now coming forward as planning applications.
 - Working with developers to bring forward planning applications for Phase 1 housing allocations and to refer applications to Planning Committee for decisions as quickly as possible and completing Section 106 Agreements. However, there have been concerns from Members and the community about the implementation of some allocated sites which need to be dealt with to prevent delays in the grant of permission.
 - Masterplanning for the North Northallerton development area has been completed and implementation “task and finish” groups are now being established.
 - Working with Registered Providers to boost their delivery.
- In Quarter 1, 3 additional affordable housing units were handed over in Hambleton – 2 additional homes for rent at Bedale and 1 mortgage rescue, against a target of 25 for the Quarter. Several sites have been slow to start this financial year – notably Station House in Northallerton and Bridge Street, Bedale. This will be monitored to inform projections for the

year end and further information is presented to the Housing and Planning Board in its substantive agenda.

Service Issues – Housing

Affordable Housing – number of affordable homes delivered

- The number of affordable homes delivered is covered above. The draft North Yorkshire Strategic Housing Market Assessment has been received and subject to confirmation it shows a housing need figure for Hambleton of 333 per annum which is a significant increase on former estimates. 46% of new households are unable to access lower quartile housing for rent or sale. There is evidence of an under supply of smaller homes in the district and high levels of under-occupation in properties occupied by elderly people.

Homelessness – average stay in temporary accommodation

- The average stay in temporary accommodation is currently 12 weeks against a combined HDC/RDC target of 16 weeks. An investment plan to tackle homelessness and the anticipated continued increase was approved by Cabinet in April.

Service Issues – Planning Policy and Conservation

LDF Implementation - % of Phase 1 sites granted planning permission by March 2012 for (a) housing and (b) other development

- At the end of Quarter 1 10.5% of Phase 1 housing sites and 0% of other sites had been granted permission against annual targets for 2011/12 of 75% and 30% respectively.
- Reports have been presented to the Area Forums on the position with allocations in each area. These included information on developer intentions, pre-application discussions and where applications have been made.

Housing Sites – number of years housing supply with planning permission by March 2012

- At the end of Quarter 1 there were 934 outstanding planning permissions which equates to a 3.2 years supply (based on the rate of 290 pa from the LDF). The Service Plan target is to maintain a 5 year supply of sites with planning permission. With all the Phase 1 housing allocations approved this supply should increase to over 7 years.

Climate Change - % of actions in the Climate Change Action Plan completed by March 2012

- At the end of Quarter 1 40% of actions in the Climate Change Action Plan had been completed against a target of 70%.
- The Council has a target of cutting its carbon emissions by 25% by March 2014 and currently performance is ahead of target (18% of the target achieved against a target of 4.5%); the Council is projected to achieve 51.1% of the target by March 2012.

Service Issues – Development Management

Major applications – 85.7% in 13 weeks against target of 65%

Minor applications – 71.4% in 8 weeks against target of 80%

Other applications – 91.0% in 8 weeks against target of 90%

Customer satisfaction – 82.4% against target of 80%

Leisure and Health Board – Performance Report Quarter 1 2011/12

Income

	2011/12 Budget £	Profile for April - June £	Actual spent April - June £	Difference £
Sales	(3,448,250)	(846,093)	(767,643)	(78,450)
Other	(95,470)	0	0	0
	<u>(3,543,720)</u>	<u>(846,093)</u>	<u>(767,643)</u>	<u>(78,450)</u>

Operating Costs

Building running costs	901,350	298,497	298,706	(209)
Vehicle and Travel costs	15,120	3,271	5,182	(1,911)
Supplies and services	1,445,670	110,095	98,643	11,452
	<u>2,362,140</u>	<u>411,863</u>	<u>402,531</u>	<u>9,332</u>
Salary related costs	2,051,120	510,680	533,393	(22,713)
	<u>4,413,260</u>	<u>922,543</u>	<u>935,924</u>	<u>(13,381)</u>
Net Profit/(Loss) of Operation	869,540	76,450	168,281	(91,831)

Significant areas of budget risk :

- (1) Of this loss £83,240 is attributable to Leisure whilst £8,590 is Environmental Health related. The key issues are:-
- Income is down against target due to a drop off in casual swimming and swimming lessons. This is particularly acute at Hambleton Leisure Centre and Bedale Leisure Centre. A review has been commenced to identify reasons and a marketing drive is already in place. It is also suggested that the targets set were extremely challenging and that there is hard evidence of customers having less discretion on any spending power; the death of a child in Northallerton and increased competition at Bedale are contributory factors to not achieving the stretched targets.
 - Salary related costs are high in the Leisure Centres in the first quarter as we have been dealing with 2 instances of long term sickness and a suspension on full pay, plus the extra staffing costs associated with the Inquest. All these have recently been resolved, and so salary related costs should return to normal now.
 - The Leisure and Health Board has received a detailed analysis of this, together with a comprehensive action plan.
- (2) Given the marketing work already in place, together with a series of events planned during the remainder of the year, it is felt that we will recover to profile during the remainder of the year. But it is anticipated that we will not recover that lost in the first quarter.

Sensitivity response :

Steps have been taken to arrest the income decline and the current position regarding income is manageable but will need close monitoring.

New 12 month contracts in relation to health and fitness are selling well and will aid gym retention figures, in the long term.

Adjustments :

No virements have taken place, although in total the savings on expenditure are being used to balance the loss in income.

Effect on Budget Outlook :

The effect on the budget outlook is significant as it is unlikely that even if we recover to profile level for the rest of the year, it will not replace the income lost in the first quarter. A shortfall of around £80,000 is expected in 2011/12.

A better view of effect on the four year outlook will be possible after the second quarter.

Performance report :

During this quarter, as casual swimming has reduced, the Council's contribution to the priority of increasing participation in sport and activity may have been negatively affected. We will, however, not be able to see this until Sport England publish the results of the Active People Survey.

Partnerships Board – Performance Report Quarter 1 2011/12

Part 1 – Overall Priority Performance

Income	2011/12 Budget £	Profile for April - June £	Actual spent April - June £	Difference £
Sales	(1,660,410)	(421,292)	(421,946)	654
Other	(233,580)	(16,044)	11,335	(27,378)
	<u>(1,893,990)</u>	<u>(437,335)</u>	<u>(410,611)</u>	<u>(26,724)</u>

Operating Costs

Building running costs	672,990	340,207	315,207	25,000
Vehicle and Travel costs	18,570	4,569	2,946	1,623
Supplies and services	820,250	167,462	167,443	19
	<u>1,511,810</u>	<u>512,239</u>	<u>485,597</u>	<u>26,642</u>
Salary related costs	831,260	213,915	252,212	(38,298)
Total Expenditure	<u>2,343,070</u>	<u>726,154</u>	<u>737,809</u>	<u>(11,656)</u>
Grand Total	449,080	288,818	327,199	(38,381)
Net (Profit) / Loss of Service	449,080			
(Over)/Under Budget for Period				(38,381)

Significant areas of budget risk :

- WoJH – income down by £12,535 (23%)
- Public Conveniences – income up on expectation by 50%, but operating costs (repairs & maintenance) overspent – nearly 100% of operating costs within Q1 (£33,162 out of a total budget of £35,520); salary costs in Q1 also well in excess of profile (total budget £39,640, actual £46,007). Budgets will be reviewed on completion of the transfers and budgets adjusted with support through the Service Improvement Fund as agreed by Cabinet.
- CCTV – costs for supplies and services currently exceeding profile by £16,880. However this will not have an impact on the outturn which will be within the 2011/12 budget.

Sensitivity response :

- WOJH – The first quarter shows a shortfall of £11,051 which reflects a significant budget pressure. It is intended to review the marketing and income to address the imbalance.
- Public Conveniences – the transfer of the public conveniences has taken longer to achieve than envisaged. Currently a number are in the process of being finalised. Cabinet has agreed to the transfer from the Service Improvement Fund to address budget pressures. This reconciliation will take place on completion of the transfers.

Adjustments :

- WOJH – None are recommended at this stage.
- Public Conveniences – None are recommended at this stage.

Effect on Budget Outlook :

- WOJH – At this stage it is suggested that there is no impact on the budget outlook.
- Public Conveniences - At this stage it is suggested that there is no impact on the budget outlook.

PERFORMANCE

Aim 1 - *Encouraging our residents to become more involved in making decisions and delivering services which impact on their local communities.*

Priority A - We will explore opportunities to work with communities so that they can provide local services including public conveniences, tourist information centres, open spaces and the Hambleton Forum in Northallerton.

Currently 73% of the identified assets have been transferred into community ownership, with successful projects running at Thirsk (Thirsk Tourist Information & public conveniences), Hambleton Forum and the transfer of toilets in Great Ayton, Osmotherley, Stokesley, Swainby, Easingwold and Bedale. Thirsk asset transfer has achieved a net saving of £81.6K; Hambleton Forum transfer will not take place until 2012; Other public convenience transfers will result in savings of £96k, though offset by repair costs and grants. Northallerton remains an unresolved issues at this time.

Priority B - We will provide direct support to the five Area Partnerships so that they can develop a Local Action Plan. We will also support the delivery of the Action Plan. By working in this way we will help people to come together to take decisions, shape their area and improve their communities.

The 5 Area Partnerships based around the market towns are all currently established and working on locally developed action plans for delivery. The Thirsk AP is the only exception to this and has suspended meetings until September when the annual meeting will take place. Priorities for the remaining AP's are established and mechanisms are being put in place to coordinate the requests for bids and funding and their consideration. Plans are being developed for a pilot within one of the AP's to undertake participatory budgeting. Quarterly updates on progress is in place.

Aim 2 - *Supporting local economic growth.*

Priority A - Through planning processes we will approve 20 hectares of employment land in Stokesley, Sowerby and Thirsk to facilitate opportunities for local economic growth.

In Q1, there have been 0 hectares of land delivered in terms of granting planning permission. There are several large applications pending:

- Outline planning application for the extension of Stokesley Business Park submitted in August 2008 (LDF allocation 6.7 hectares). A revised plan has recently been submitted to be considered by Planning Committee this summer.
- Outline planning application submitted White Horse Farm, Stokesley (LDF allocation 0.8h)

Priority B - We will directly provide workspaces and facilitate the availability of workspaces by other providers. In doing so we will be seeking average occupancy levels in the council workspaces of 90% and to improve managed workspaces occupancy over 60%. Through the provision of workspaces we are seeking to foster opportunities for business start-ups and economic growth.

Council workspaces occupancy level 100%, includes Wainstones, Lumley, Bedale, Binks and

market Place. Managed workspaces 45%, includes Springboard, Momentum, LBFEC and Evolution. At Springboard all 20 units are let; at Momentum 4 out of 7 units are now let; at Leeming Bar Food Enterprise Centre 4 out of 11 units are let and tenancy applications received which will increase floor space let to 80%; at Evolution 23 units out of the 29 remain vacant and no new enquiries received last quarter.

Corporate Management Board – Performance Report Quarter 1 2011/12

Income

	<u>2011/12 Budget £</u>	<u>Profile for April – June £</u>	<u>Actual spent April-June £</u>	<u>Difference £</u>
Sales	(873,930)	(16,067)	(15,015)	(962)
Other	(90,780)	(67,000)	(59,741)	(7,259)
	<u>(964,710)</u>	<u>(83,067)</u>	<u>(74,846)</u>	<u>(8,221)</u>

Operating Costs

Building running costs	323,750	154,374	154,280	94
Supplies and services	1,713,390	246,441	245,446	995
Vehicle and travel costs	77,360	19,327	11,077	8,250
	<u>2,114,500</u>	<u>420,142</u>	<u>410,803</u>	<u>9,339</u>

Salary Related Costs

	<u>2,615,360</u>	<u>648,284</u>	<u>607,105</u>	<u>41,179</u>
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Total expenditure	<u>4,729,860</u>	<u>1,068,426</u>	<u>1,017,908</u>	<u>50,518</u>
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Grand Total	3,765,150	985,359	943,062	42,297
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Net (Profit)/Loss of operations 3,765,150

(Over)/Under Budget for period 42,297

Significant Areas of Budget Risk:

Corporate Management, Personnel and Payroll and Resources are showing the greatest variance between actuals and budgets. However they are not considered to be significant at this time.

Sensitivity Response:

There are no issues to highlight in this quarter.

Adjustments:

No virements have taken place in Q1.
Profiling of the budgets needs to be revised for Q2.

Effect on Budget Outlook:

At this stage it is suggested that there is no impact on the budget outlook.

Performance Report:

- a. Aim 1: We will save £1m through sharing services, better procurement, streamlining our processes and other initiatives.

The HDC shared services to Q1 are £746,225

- b. Aim 2: We will use critical performance indicators in each service to track and improve our productivity levels. These will enable us to deliver our services at less cost.

Service critical indicators have been agreed and tabled at the Board meetings during August 2011. Quarter one performance monitoring shows that the majority of indicators are within profile for the quarter.