

**To the Chair and Members of the**

**REGENERATION & ENVIRONMENT OVERVIEW AND SCRUTINY PANEL**

**FINANCE & PERFORMANCE IMPROVEMENT REPORT: 2011/12 QUARTER 3**

### **EXECUTIVE SUMMARY**

1. This report presents the financial and performance information for the third quarter of this financial year 2011/12.
2. The revenue budgets in Regeneration & Environment are expected to under spend by £1.5m. The general fund budgets are expected to under spend by £2.2m. This is largely due to under spends on waste budgets (£2.1m) but there are overspends in other areas. The trading accounts are expected to underachieve their budgeted surpluses by £725k – partly due to less than expected income - Public Buildings Maintenance £462k and Metroclean £266k.
3. Overall, Regeneration and Environment capital programme is progressing in line with estimates with some schemes reaching important stages in their development and delivery, FARRRS and White Rose Way for example. 2011/12 spend for quarter 3 totals £42.8m and the revised forecast estimate for 2011/12 is £92.6m.
4. This report contains the Regeneration & Environment Directorate's performance progress against their priorities in the Council's Corporate Plan. A perception of value for money is possible using this information together with the financial information.

### **EXEMPT REPORT**

5. This report is not exempt.

### **RECOMMENDATIONS**

6. That members:
  - Note and comment on the quarter 3 finance and performance information.

### **FINANCIAL POSITION**

7. Regeneration and Environment is projecting an under spend of £1.5m at quarter 3. The Directorate needs to continue managing its finances to ensure it achieves an under spend at year-end.
8. Of the projected under spend, circa £0.3m may be requested for carry forward in relation to support for the Housing Developer Panel team within Housing,
9. The major reasons for the projected variances are detailed below:

**The following underspends are projected:**

- a. Waste and Recycling** – this includes £1m on the collection budgets due to a full year inflation being allocated which isn't required in 2011/12 and savings due to reduced demand for domestic bulky collections. There are also underspends against the disposal budgets of £1.1m, due to reduced landfill costs following the downward trend of landfill tonnage over the last few years. The landfill saving is ring-fenced for the Waste PFI in future years. -2.1

**These are offset by overspends in the following areas:**

- b. Trading Accounts** – the trading accounts are expected to under-achieve the budgeted surplus, which is mainly due to reduced income for Public Building Maintenance (see Appendix A for Regeneration and Environment). A review of in-house services is currently being undertaken as part of the Change Programme. 0.7

10. The following points should also be considered in relation to the projected revenue position for 2011/12:

- a. The outturn position prior to carry forward may be improved by £500k if a grant from CLG is received. The grant is part of a £20m national fund aimed at preventing single homelessness. Initial discussions suggest the grant will be paid before 1 April, is for use across South Yorkshire and will have no conditions attached to it though the Council has been asked to confirm it will use the grant for its intended purposes. The grant will not be spent in 2011/12 and will need to be carried forward as an earmarked reserve if, as indicated, it is not subject to conditions. The grant has been excluded from the projections because of the uncertainty around the timing and conditions.
- b. Potential additional costs due to a recently raised pressure on the waste budgets resulting from Sterecycle serving notice on the three joint authorities to move to phase two of their disposal contract increasing the amount of tonnage and the resulting costs from SITA regarding transportation of the additional waste. The potential impact on 2011/12 (from February 2012) and future years is currently being reviewed and quantified..

**Key Actions to Address Projected Overspends**

11. The following key actions were identified at quarter 2, which have been reviewed and updated for this report:
12. A review of all Trading Services has commenced as part of the Procurement Strand of the change programme, this will be look to identify actions to address income issues, reduce cost pressures or to identify options for future service delivery.
13. The financial concerns previously detailed in the quarter 2 revenue monitoring report (Land Charges) have been included in the budget setting report for 2012/13 against the contingency funding identified. Any under spend achieved will help towards the contingency funding available and assist the Council to provide for slippage on the delivery of savings in 2012/13. The situation will continue to be monitored closely.

14. The projections for quarter 3 are being compared to the budget proposals for 2012/13 to ensure they are based on the latest information. This may result in some changes to the budget proposals for 2012/13.

### **Housing Revenue Account**

15. The Housing Revenue Account (HRA) quarter 3 estimated outturn position is a deficit of £143k for 2011/12 compared to an original budgeted surplus of £93k, this is an overspend of £236k. This is due to increased loan charges, revenue contributions to capital and redundancy costs than budgeted, mainly offset by a decrease in the housing subsidy payable.
16. This in year deficit of £143k will reduce the HRA balance from £4.94m as at 1st April 2011 to £4.80m as at 31st March 2012. The budget for the management fee paid to St Leger Homes is unchanged from the original approved budget.

### **Capital**

17. Capital projects are in the main delivering as planned. Capital receipts for 2011/12 have been secured in line with expectations as a significant source of funding the Council's corporate priorities in the Capital Programme.

Notable scheme updates at quarter 3 are:-

- White Rose Way – Phase one of the scheme is well under way. The bridge spans over the East Coast Main Line could only be partially completed over the Christmas period due to high winds. Negotiations with Network Rail have resulted in revised shorter possessions to complete the spanning works in January and early February. If required, a revised funding package will be developed when any additional costs have been confirmed. The overall timescale should not be affected as other works can be completed in parallel. The DfT has announced a grant of £9.7m for phase two, which should not be affected by the bridge work delays, with a decision for further phase 2 funding is due in the New Year;
- FARRRS - Negotiations with developers to secure funding contributions are continuing with different funding options being explored. A need to secure confirmation is becoming critical but when finalised this will enable completion of due diligence and the scheme to progress in early 2012 ie aiming to meet the Regional Growth Fund minimum spend target of £20m by the end of 2012;
- Digital Region – Additional revenue funding of £270k from uncommitted reserves has been agreed to the end of May 2012 to allow options for the continued operation of the business to be explored. :
- Yorkshire Forward Repayable Loan for CCQ – The value of the repayment has been agreed and made at £1.8m. This is a considerable reduction achieved by officers following the original request of nearly three times this amount from Yorkshire Forward;
- Bentley Park Improvements – Heritage Lottery Funding (HLF) of £2.5m has been approved for this project with delivery due to start in 2012/13;
- CCQ - The project is progressing in line with projections and work on the New Performance Venue commenced on the 11<sup>th</sup> October 2012. The keys for the Civic office are expected to be available from September 2012 with occupancy expected to be complete late 2012 or early 2013;
- Transport - Increased costs will be incurred as a result of new regulations for tar disposal and a solution for 2011/12 has been identified with further options being developed with industry experts for 2012/13

## PERFORMANCE

18. Overall progress against the delivery of Corporate Plan objectives during quarter 3 has been very good across the Regeneration and Environment Directorate. The directorate has 16 priorities spread across 5 themes. Thirteen of the priorities are on track with minimal, if any, concern about delivery. The other three are mostly on track but with some concerns which, if not addressed, could affect delivery.
19. The Corporate Plan is currently being refreshed for 2012/13. This will include a review of the Council's objectives together with a re-evaluation of the measures of progress and the associated risks.

**More detailed progress against the Corporate Plan is set out in Appendix A of the report.**

## OPTIONS CONSIDERED

20. Not applicable.

## REASONS FOR RECOMMENDED OPTION

21. Not applicable.

## IMPACT ON THE COUNCIL'S KEY PRIORITIES

22.

Priority Theme	Mayor's Priorities for 2011/12	Implications of this initiative
1. Creating a strong, connected and inclusive economy	<ul style="list-style-type: none"><li>• Drive forward the Doncaster economy</li><li>• Get the balance of public and private transport right</li><li>• Promote Doncaster as a tourist destination</li><li>• Regenerate Doncaster's town centres</li></ul>	Work of the Regeneration & Environment Directorate impacts on all of these initiatives, with implications for the Council's budget and the quality of life for Doncaster's residents.
3. Increasing and improving housing	<ul style="list-style-type: none"><li>• Raise housing standards</li></ul>	
6. Tackling crime and anti-social behaviour	<ul style="list-style-type: none"><li>• Reduce crime and all forms of anti-social behaviour</li></ul>	
7. Creating a cleaner and better environment	<ul style="list-style-type: none"><li>• Continue to protect the environment from developers, decay and architectural vandalism</li></ul>	
8. Internal Transformation	<ul style="list-style-type: none"><li>• Ensure local people get value for money from council services</li></ul>	

## RISKS & ASSUMPTIONS

23. Specific risks and assumptions are included in the Performance Improvement Report at Appendix A. A specific risk register report is also prepared on a quarterly basis.

## LEGAL IMPLICATIONS

24. There are no legal implications of this report.

## FINANCIAL IMPLICATIONS

25. Financial implications are contained in the body of the report.

## CONSULTATION

26. Consultation has taken place with key managers and Directors at the Directorate Finance & Performance Challenge meetings and Capital Monitoring meetings.

27. This report has significant implications in terms of the following:-

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers	✓	Environment & Sustainability	✓
ICT		Capital Programme	✓

## BACKGROUND PAPERS

28. Council Report – Revenue Budget & Council Tax 2011/12, 21st February, 2011.

Council Report – Financial Strategy: Capital Budget 2011/12 – 2014/15, 21<sup>st</sup> February, 2011.

Council Report – Treasury Management Strategy Statement, Annual Investment Strategy 2011/12, and the Minimum Revenue Provision Policy, 21<sup>st</sup> February, 2011.

Council Report – Housing Revenue Account Estimates 2011/12.

## REPORT AUTHOR & CONTRIBUTORS

Alan Lowther, Principal Policy & Performance Officer - Finance & Performance

Tel: 01302 737647, E-mail: [Alan.Lowther@doncaster.gov.uk](mailto:Alan.Lowther@doncaster.gov.uk)

**Peter Dale**

**Director of Regeneration & Environment**