

## **To the Chair and Members of the Regeneration & Environment Overview and Scrutiny Panel**

### **Finance & Performance Improvement Report - Quarter 1 2012/13**

#### **Executive Summary**

1. This report presents the financial and performance information for quarter 1 of the financial year 2012/13.
2. The Council is projecting an overspend of £2.9m for 2012/13. The Regeneration & Environment directorates is broadly on target to achieve their budget target with a small projected overspend of £316k.
3. Capital spending is traditionally low in the first quarter of the year. The Regeneration & Environment Directorate spend for the first quarter of 2012/13 totals £11.79m. The forecast for 2012/13 is £127.01m, a decrease of £2.99m from the revised base budget. This is mainly due to the re-profiling of schemes to later years including elements of CCQ. Additional schemes have been added during quarter 1, including work at Gypsy and Traveller sites £1.4m and Empty Property schemes £1.4m. The White Rose Way and CCQ Schemes are progressing well and the FARRRS funding package continues to be developed.
4. This report contains performance progress against the Council's Corporate Plan objectives. Further details can be seen at Appendix A.
5. This is the first report produced to assess progress against the priorities within the 2012/13 Corporate Plan. A new format has been adopted to ensure that progress can be seen more clearly and this format together with the overall performance management framework and challenge process will be developed further as the year progresses to ensure that we have the best system possible to help us to deliver Doncaster's priorities.

#### **Exempt Report**

6. This report is not exempt.

#### **Recommendations**

7. That Members note the quarter 1 finance and performance information.

## Financial Position

8. The revenue budgets in Regeneration & Environment are projected to overspend by £316k; this is after £689k of recurrent underspends in specific areas being reviewed and moved to help fund Children and Young People Services expenditure.
9. A summary of the overall variance for quarter 1, 2012/13 for the Regeneration & Environment Directorate is provided below, further detail on the variances is provided in Appendix A.

	<b>Gross Budget</b>	<b>Net Budget</b>	<b>Year-end Variance</b>	<b>Variance as a % of Gross Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Regeneration & Environment	78.09	45.27	0.316	0.4%

## Key Actions to Address Projected Overspends in Regeneration and Environment

10. There is a projected overspend of £437k in Metroclean within trading services. Whilst significant progress has been made to meet 2011/12 and 2012/13 budget efficiencies, further reductions in expenditure are required. The Head of Service for Facilities Management is putting together a report for Union consultation that is aimed at achieving the savings through reduction in cleaning hours, thus reducing the current expenditure.
11. Recommendations from the Service review should further reduce expenditure and an action plan is currently being developed to address this. The estimated impact of the proposed changes included in the projection is £150k.
12. Throughout the year, any projected overspends will be fully investigated to identify mitigating actions to improve the position in year and take account of any implications on future years budgets.

## Housing Revenue Account

13. The Housing Revenue Account (HRA) quarter 1 estimated outturn position is a surplus of £142k for 2012/13 compared to a revised budgeted deficit of £3,078k, this is an underspend of £3,220k. The positive variance against the budget is due to £1m on the management fee reduction and £2m on savings against borrowing at lower interest rates.
14. This in year surplus of £142k will increase the HRA balance from £6.7m as at 1<sup>st</sup> April 2012 to £6.8m as at 31<sup>st</sup> March 2013. The budget for the management fee paid to St Leger Homes has been adjusted to reflect the allocation of

funding for the HRA approved by Cabinet on 20<sup>th</sup> June 2012 in the Finance & Performance Improvement Report: Quarter 4 2011/12.

## Capital

15. A summary of the overall Capital Programme outturn position for the Regeneration & Environment Directorate is shown below and information on the variances are included in Appendix A.

<b>Directorate</b>	<b>2012/13 Revised Base Budget £m</b>	<b>2012/13 Revised Estimates Qtr 1 £m</b>	<b>2012/13 Actual Spend to 30/06/12 £m</b>	<b>Variance Qtr 1 from RBB Estimates £m</b>
Regeneration & Environment	129.99	127.01	11.79	-2.99

16. Capital projects are in the main delivering as planned. Scheme updates at quarter 1 are:-
- White Rose Way – Phase 1 and 2 of the scheme are making good progress and is on schedule for completion;
  - FARRRS – A contractor has been selected and engaged to complete a low level of initial works. The works and funding package is being finalised and, when agreed, the contractor will be engaged for the delivery of the scheme. Negotiations to finalise funding agreements are continuing and these remain critical to enable completion of due diligence. The scheme is planned to progress in mid 2012, aiming to meet the Regional Growth Fund minimum spend target of £20m by the end of 2012;
  - CCQ - The projects are progressing largely in line with projections, although the works to the Civic Office may be delayed for a short period but the keys are still expected to be available from September 2012 with occupancy expected to be completed in early 2013;
  - Waste PFI –The Council, together with Barnsley and Rotherham Councils, has entered into a twenty five year contract with 3SE to dispose of the Councils' residual waste. Construction is scheduled to commence in January 2013 with the facility due to be operational in July 2015.

## PERFORMANCE

17. Progress against the Regeneration & Environment Directorate's Corporate Plan objectives has continued the positive trend of the previous year. The Regeneration and Environment Directorate has 15 priorities spread across 4 themes. Fourteen of the priorities are on track and the remainder is expected to hit target before the end of the year. This represents very positive

performance for the Directorate. The detail behind this summary set out within Appendix A.

18. Sickness days lost per employee for quarter 1 was 11.26 which is higher than the target of 10.09. Reducing sickness absence remains a high priority for the directorate and, in line with corporate guidance, managers continue to focus on areas of concern and are working with Human Resources to improve effective monitoring and management of staff in those areas with the highest absence rates.
19. The implementation of some critical and major audit actions remain outstanding and these are highlighted within Appendix A. Areas where progress slips or is unsatisfactory are reported to the Audit Committee on a regular basis.

### 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>	Council budget and performance monitoring impacts on all of these priorities
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 that also contains a specific section on strategic risks.

## 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 2012/13, February, 2012.  
Council Report – Financial Strategy: Capital Budget 2012/13 – 2015/16, February, 2012.  
Council Report – Treasury Management Strategy Statement, Annual Investment Strategy 2012/13, and the Minimum Revenue Provision Policy, February, 2012.  
Council Report – Housing Revenue Account Estimates 2012/13  
Finance & Performance Improvement Report Quarter 4 2011/12, June, 2012.

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