

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

Finance & Performance Improvement Report: 2012/13 Quarter 3

EXECUTIVE SUMMARY

1. This report presents the Regeneration & Environment Directorate financial and performance information for quarter 3 of this financial year 2012/13.
2. The Directorate is projecting an underspend of £1.61m; this is an improvement on the Q2 projection of a £266k underspend.
3. The forecast Capital spend for 2012/13 is £104.20m, a decrease of £21.43m from the Quarter 2 projection. This is mainly due to the re-profiling to 2013/14 of a number of projects. The White Rose Way and CCQ Schemes are progressing well and the FARRRS expenditure profile has been revised resulting in a £15.3m reduction in the planned 12/13 expenditure and increased costs in later years. Overall costs remain broadly similar
4. Progress against Corporate Plan objectives continues the positive trend of the previous quarter.
5. Further details on the projected year-end position for revenue and capital and performance progress against the Council's Corporate Plan objectives are provided in the remainder of this report and in Appendix A

Exempt Report

6. This report is not exempt

Recommendations

7. That Members note the Quarter 3 Finance and Performance information.

BACKGROUND

Financial Position

8. The Revenue Budgets for the Regeneration and Environment Directorate are projected to underspend by £1.61m. The main underspends for Development are Major Projects £138k, Invest in Doncaster £142k, Development Management £171k and Town Centre Manager £146k Environment, Waste and Recycling £420k and Street Scene £114k; for Trading and Support Services the main underspend is in Energy & Sustainability £76k although this

is reduced by overspends in Bentley Training Centre, Bereavement Services and Schools Catering. The main underspend for the Trading Accounts is Markets £249k with the main overspend being Metroclean - £285k.

9. A summary of the variances for Quarter 3 for 2012/13 for the Regeneration and Environment Directorate are provided below, further detail on all the variances is provided at Appendices A.

	Gross Budget £m	Net Budget £m	Year-end Variance £m	Variance as a % of Gross Budget
Regeneration & Environment	79.91	47.04	-1.61	-2.0%

10. Other significant variances (over £250k) are outlined below:

Significant variances at Quarter 3	£m
Following underspends:	
<ul style="list-style-type: none"> Regeneration & Environment – Numerous underspends across the service including waste & recycling £0.42m, greater planning fee income than anticipated £0.25m and staffing underspends across the service (non-trading) £0.85m. 	-1.61
These are offset by overspends in the following areas:	
<ul style="list-style-type: none"> Transport & Technical Services - Work has commenced to achieve the savings but they will not be delivered in 12/13 and a £0.67m shortfall is projected. 	0.67

Housing Revenue Account

11. The Housing Revenue Account (HRA) budget is projecting a surplus of £2.6m at the end of Quarter 3, which is an underspend of £3.9m compared to the revised budget deficit of £1.3m. The main reasons for this variance are £1.6m surplus from SLHD, £1.9m in reduced capital charges and a £0.6m reduction in the amount needed for revenue contribution to capital (RCCO) as the cost of decanting and demolishing sheltered schemes is less than budgeted. The additional surplus from SLHD is above the budget savings from the management fee in 2012/13 of circa £2m. At Quarter 2 the projected surplus was £2.0m, the major variance between Quarter 2 and Quarter 3 is the projected saving in RCCO of £0.6m.
12. This in year surplus of £2.6m less the appropriation of £1.8m to support the capital programme in Quarter 2 will increase the HRA balance from £6.7m as at 1st April 2012 to £7.5m as at 31st March 2013.

Capital

13. A summary of the Capital Programme outturn position is below.

Directorate	2012/13 Revised Base Budget £m	2012/13 Revised Estimates Qtr. 3 £m	2012/13 Actual Spend to 31/12/12 £m	Variance Quarter 3 from Qtr. 2 £m
Regeneration & Environment	129.99	104.20	55.25	(21.43)

14. The forecast Capital spend for 2012/13 is £104.20m, a decrease of £21.43m from the Quarter 2 projection.
15. Scheme updates at Quarter 3 are:-
- **White Rose Way** – Phase 1 and 2 of the scheme are making good progress and are on schedule for completion in June 2013;
 - **FARRRS** - A contractor has been selected and initial works have been completed. The main phase of the contract is now expected to start by the end of this financial year. The expenditure profile has been updated and has resulted in an £15.3m reduction in planned 12/13 expenditure and increased costs in later years. Overall costs remain broadly similar;
 - **CCQ** - The projects are progressing largely in line with projections and at the end of Quarter 3 over half of the moves into the new Civic Office have been completed;
 - **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;
 - **Mercury Abatement £1.50m** – the original project for the installation of mercury abatement equipment and three new cremators has reached practical completion at lower than budgeted cost, additional access and canopy works £0.21m have been undertaken from the remaining funds;
 - **The LEGI Managed Workspace Programme** is drawing to a close, after which investment of £1.39m will have been made in providing workspace accommodation in the Borough. This has left £1.37m of funding no longer required by this programme that has been transferred to a Markets and Town Centres Investment Scheme due to commence spending in 2013/14.
 - **Transport Projects** - The Government has announced additional funding for transport projects (highways maintenance and other initiatives) as part of the 2012 Autumn Statement. Further announcements/guidance is awaited to identify whether Doncaster will benefit from a share of the funding (either on a local or regional basis).

PERFORMANCE

16. The Regeneration and Environment Directorate has 15 priorities spread across 4 themes. At the end of quarter three, thirteen of these priorities are on track with the remaining two priorities continuing to be mostly on track but with some concerns, which if not addressed could affect delivery. This demonstrates a consistent performance for the Directorate.
17. **Major Projects** –the new Civic Building opened to staff in November 2012 and is now open the public (from 14th January). White Rose Way is progressing very well and the BDR Waste PFI project is on track.
18. **North Bridge**–the North Bridge was opened to outbound traffic ahead of schedule
19. **Jobs Created** - Good progress is evident in the number of jobs created through the work and skills programmes and the Invest in Doncaster team. This measure although under target at quarter one continues the progress made at quarter two and now exceeds the target by a considerable margin.
20. **Overall Investments Gained** - This continues to exceed expectations at the beginning of the year, however we must be mindful that some of this investment is unique to the current year and it would be unwise to allow any target setting based on the current year results.
21. **Category 1 Hazards** – While I am pleased that there has been improvement in resolving of Category 1 hazards, there is an expectation of continued improvement which needs to be managed.

It is recognised that performance needs to improve in the following areas:

22. **PDRs** –although there has been a certain amount of improvement in the figure from quarter two, it is disappointing that we were unable to achieve target for quarter three. Assistant Directors will continue to follow up with the Heads of Service so that we achieve the year-end target;
23. **Sickness** – Currently standing at 11.81 days per employee for Regeneration and Environment Directorate, which is higher than quarter two (11.18 days per employee) and also higher than this time last year (11.38 days per employee). While this is traditionally the time of year when sickness is likely to be worse, we will continue to work with HR and to do everything we can to improve our position by the year end. We will be especially focussing and scrutinising those areas with high sickness figures.
24. **Empty Properties** – even though the target for this measure is very close to being achieved, the significant work undertaken by the Empty Properties team needs to continue to bring more properties back into use.

25. **FARRRS:** - Planning approval is in place, the tender process is complete, grant approval with BIS agreed and funding agreements with the 3 developer is almost finalised. It is expected that work will commence on site before the year end as profiled.
26. In addition to the above, it is also noted that the Don Valley Power Park has not been shortlisted for Central Government Funding. This has been a surprise to all the stakeholders. The Mayor is taking up this decision with various Government officials, including the Secretary of State for Energy and Climate Change, and other sources of funding are being applied to.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

27.

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"> • Drive forward the Doncaster economy • Get the balance of public and private transport right • Promote Doncaster as a tourist destination • Regenerate Doncaster's town centres 	Council budget and performance monitoring impacts on all of these priorities
3. Increasing and improving housing	<ul style="list-style-type: none"> • Raise housing standards 	
6. Tackling crime and anti-social behaviour	<ul style="list-style-type: none"> • Reduce crime and all forms of anti-social behaviour 	
7. Creating a cleaner and better environment	<ul style="list-style-type: none"> • Continue to protect the environment from developers, decay and architectural vandalism 	
8. Internal Transformation	<ul style="list-style-type: none"> • Ensure local people get value for money from council services 	

RISKS & ASSUMPTIONS

28. 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

29. There are no legal implications of this report.

FINANCIAL IMPLICATIONS

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

CONSULTATION

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

32. 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

33. 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.

REPORT AUTHOR & CONTRIBUTORS

Report Author & Contributors

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Director of Regeneration & Environment

Understanding the Quarter 3 Performance Report

Symbols are used within this report to give a visual representation of performance. These symbols, and what they represent, are detailed below.




Status

Status gives an overall rating for the objective taking into account the progress against activity, performance indicators and mitigating risks

		
Corporate Objective on track with minimal, if any, concern about delivery	Corporate Objective mostly on track but some concerns that if not addressed could affect delivery	Corporate Objective currently off track with significant concerns about delivery

Milestones

This shows what progress has been made against the delivery dates for milestones linked to the objective and is demonstrated with the following symbols




		
Progressing and on track	Check progress on milestone dates	Milestone dates have been missed

Performance Indicators

Performance indicators (PI) have been structured on Covalent with red, amber and green thresholds being personalised for each PI

Performance

Finance

	OK – Performance on target – denotes current value is between the amber/green threshold and the best value If the data value is equal to the amber threshold, and the amber threshold is equal to the target, the PI status will be green	An underspend of < 3% or an overspend of <0.5%
	Warning – Performance below target – denotes current value is between the amber/red threshold and the amber/green threshold If the data value is equal to the amber threshold, and the amber threshold is not equal to the target, the PI status will be amber	An underspend of < 5% or an overspend of < 1%
	Alert – Performance significantly below target – denotes current value is between the amber/red threshold and the worst value If the data value is equal to the red threshold, the PI status will be red.	An underspend of > 5% or an overspend of >1%

Risk Profiles

Risks are profiled in line with the Corporate Risk Management Framework and the risk profile score determines the overall status.

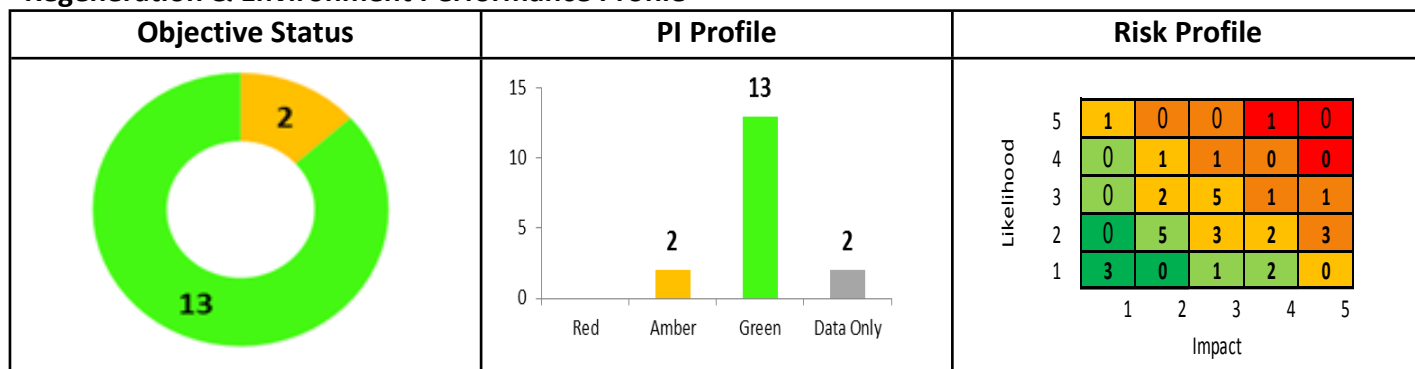
Low level risks with a profile score between 1 and 4	Medium level risks with a profile score between 5 and 19	High level risks with a profile score between 20 and 25

Direction of Travel

The direction of travel looks at whether things have improved stayed the same or become worse when we compare performance with data reported in the previous quarter

↑	↔	↓
Getting better	Exactly the same as previously	Getting worse

Regeneration & Environment Performance Profile



Direction of travel	Status	Corporate Plan Objective	Milestones	PIs			Data Only	Risks		
↔	✔	Creating the conditions for Economic Engagement	▶				2	1		
↔	✔	Promoting Economic Engagement	▶	No PIs				4	1	
↔	✔	Supporting strong partnerships	▶	No PIs					3	
↓	⚠	Increasing inward investment	⚠	2				1	2	1
↔	✔	Promotion of our key cultural assets	▶	1				No Risks		
↔	✔	Engage with the private sector to ensure business influences improvements to the economy	▶					2		
↔	✔	Seek to rebalance the priority given to public transport over other modes by making greater use of road space currently being used solely for buses	▶					No Risks		
↑	✔	Achieve Better Quality Homes by improving housing standards in Doncaster	...	1	1				2	
↔	⚠	Achieve Better Places to live by increasing supply & affordability of housing & promoting housing investment in Doncaster	▶	4				2	1	
↔	✔	Achieve Better Housing Choices for People by taking into account the housing implications in the Localism Act and by contributing to corporate work to improve universal services/life chances	▶	1				1	1	
↔	✔	Deliver a stakeholder-engaged VFM service by supporting the SCR Housing & Regeneration Board & responding to any legacy recommendations arising from the ceasing of the Housing Improving Board	▶	2					2	
↔	✔	Effectively enforce against environmental offences (including noise nuisance, littering & fly tipping)	▶	2	1				1	
↔	✔	Effectively progress the Barnsley, Doncaster and Rotherham (BDR) waste PFI project	▶						2	
↔	✔	Implementation of the Local Development Framework	▶						3	
↔	✔	Implement Doncaster's Environment Strategy	▶						2	

Governance Indicators

Days lost due to sickness	Implementation of Critical and Major Audit Actions	Performance Development Reviews
<p>Latest result for 2012/13 as of Q3 2012/13</p>	<p>Q3 2012/13 result</p>	<p>Latest result for 2012/13 as of Q3 2012/13</p>

Regeneration & Environment Revenue Report 2012/2013

	Regeneration & Environment Total Revenue Variance		Gross Budget (£000s)	Net Budget (£000s)	Variance
		Q3 2012/13	79,910	47,037	-1,606

The revenue budgets in Regeneration & Environment are projected to underspend by £1,606k. The main underspends are Development £720k and Environment £675k, with the main overspend on Strategic Housing £158k. The trading accounts are projected to overachieve their budgeted surpluses by £331k mainly from underspends on Markets £249k, Public Building Maintenance £131k and Transport £131k but with an overspend on Metroclean of £285k.

Services with a red profile

	Development Revenue Variance		Gross Budget (£000s)	Net Budget (£000s)	Variance
		Q3 2012/13	9,600	5,071	-720

Assumed that Review and Release of Assets saving will be achieved. The main underspends are Major Projects £138k, Business and Commerce £142k, Development Management £171k and Town Centre Manager £146k (includes £100k of High Street Innovation Fund grant that may be required next year subject to carry forward approval).

	Strategic Housing Revenue Variance		Gross Budget (£000s)	Net Budget (£000s)	Variance
		Q3 2012/13	3,190	2,030	158

The projected overspend has reduced following realignment of budgets. Further action will be taken to improve this position for 2013/14.

Regeneration & Environment Capital Report 2012/13

	Regeneration & Environment Total		Revised Base Budget £000	Revised Estimate £000	Actual Spend £000
		Q3 2012/13	129,994		104,203
Q2 2012/13		125,625		30,930	
Q1 2012/13		127,008		11,733	

FARRRS is expected to commence before the end of March and there is a risk attached for an element of the WRW funding. Aside from these, there are no significant issues for this area of the programme at Quarter 3. A significant value of spend is normally recorded for capital schemes during Quarter 4 and the estimates are expected to be met.

There are no services with a red profile.

Director's Comment

Quarter three has seen a continuation of the quarter two trend with some good progress against our Corporate Plan objectives.

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Of particular note are: -

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