

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

Finance & Performance Improvement Report: 2013/14 Quarter 2

EXECUTIVE SUMMARY

1. This report presents the Regeneration & Environment Directorate financial and performance information for quarter 2 of this financial year 2013/14.
2. The Directorate revenue spend is projected to underspend by £577k.
3. The forecast Capital spend for 2012/13 is £93.94m.
4. 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.
5. Progress against Council Plan objectives continues the positive trend of the last quarter.

EXEMPT REPORT

6. This report is not exempt

RECOMMENDATIONS

7. That Members note the Quarter 2 Finance and Performance information:

FINANCIAL POSITION

8. The revenue projected outturn for 2013/14 is an underspend of £577k. This is a change from the quarter 1 projection of a £226k underspend.

	Gross Budget £'000	Net Budget £'000	Year-end Variance £'000
Regeneration & Environment	118,780	45,268	-577

HOUSING REVENUE ACCOUNT

11. The Housing Revenue Account (HRA) is projecting a favourable variance of £4.1m as at the end of quarter 2, this is an increase of £1.2m from quarter 1. The main reasons for this change are a reduction of £0.59m in the projected expenditure from the welfare reform fund budget; there has been limited take up of this fund as a number of tenants have made successful applications for discretionary housing benefit (DHP). The other main variance is the reduction in the provision for bad debt of £0.47m, the majority of this provision is

held for former tenants' arrears and at the moment there has not been a significant increase.

12. The treatment of the pension fund deficit charges following the creation of St. Leger Homes are being reviewed as these have been funded by the general fund rather than the HRA. We are currently looking at recovering this pension cost from the HRA which will be split over 2013/14 and 2014/15; this will be subject to a separate report.

CAPITAL

13. The Capital Programme outturn position 2013/14 is £93.94, which is a £8.49m reduction on the quarter 1 projection.

Directorate	2013/14 Revised Outturn Projection as at Quarter 1	2013/14 Revised Outturn Projection as at Quarter 2	Variance Quarter 2 from Quarter 1	2013/14 Actual Spend to 23/09/13
	£m	£m	£m	£m
Regeneration & Environment	102.43	93.94	(8.49)	17.23

14. The following significant scheme updates and risks identified at Quarter 2 are provided below for information (with 2013/14 estimates and the total value of the scheme remaining in the capital programme in brackets):
 - a. **White Rose Way £6.09m (£6.16m)** – Costs have further reduced after settlement of statutory utility bills and further negotiation with the contractor. Some additional lighting and minor works have been added to maximise the use of external funding and the scheme is no longer reliant on £0.40m of S106 monies, which were at risk of the trigger point not being reached in time for use on this project. Compensation claims can be made up to six years after completion of the scheme and there is a risk that these could fall outside the timescale of the available funding and strategies are being developed to minimise this risk;
 - b. **FARRRS £23.69m (£51.11m)** – the scheme started on site in October 2013 after formalising the agreements with the developers. Expenditure has been re-profiled to reflect this. Overall costs and funding are unchanged;
 - c. **Holmes Market Gyrotory £1.93m (£3.02m)** - the project has been re-scoped after reduced costs and attraction of additional external funding. This allows for £1.0m of Corporate Resources to be returned to the central pot.

PERFORMANCE

15. The Regeneration and Environment Directorate contributes to 14 objectives spread across 4 priority themes. At the end of quarter one, eight objectives are on track and six are mostly on track but with some concerns, which if not addressed could affect delivery. All of the directorate's actions are green and the PI profile is improved on the q1 position with 14 data only PIs, 18 green PIs, 3 amber PIs and 6 red PIs. New performance arrangements are currently being considered and will be rolled out further during the next 3 months.
16. A summary of the progress we are making against our agreed priorities and the key issues we are facing after the 1st quarter of 2013/14 is set out below. More detailed progress against the Corporate Plan is set out in the dashboard at Appendix A of the report.

Priority 1: Doncaster's economy develops and thrives, underpinned by effective education and skills

Areas performing well:

- Visitor numbers for the 2nd quarter are 897,094, which is 33,751 above target;
- The number of JSA claimants aged 18-24 is continuing to reduce and is currently 2,640 (10%), which is a reduction of 23.8% between September 2013 and September 2012. This reduction is the best amongst South Yorkshire authorities and is better than the England, Yorkshire & Humber, Sheffield City Region and our CIPFA comparator authorities' average reductions;
- The number of JSA claimants aged 16-64 for September 2013 is 8,941, which is 4.6% of the working age population. This is the first time it has been below 9,000 since December 2010 and represents a fall of 1,515 compared to September 2012, which is a reduction of 14.5%. This reduction is the best amongst South Yorkshire authorities and is better than both the Yorkshire & Humber and Sheffield City Region average reductions;

Areas for improvement:

- A total of 131 new apprenticeships have been created. The plan is to create 310 this year;
- In Q2 60 of 310 target was achieved for the Skills Made Easy apprenticeship and training programmes. However, this performance has improved on Q1 and Doncaster's progress on the apprenticeship programme is positive compared to the Sheffield City region (SCR) performance as a whole;
- 282 net additional homes were provided in the quarter which is 123 more than Q2 2012, but not a high enough rate to achieve the annual LDF target of 1,230;

Priority 3: Stronger families and stronger communities

- A full review of the Council's enforcement functions is underway that will include services relating to anti-social behaviour;

Priority 5: Effective arrangements are in place to deliver a clean, safe and attractive local environment

Areas performing well:

- FARRRS – The FARRRS project commenced the 2 year construction phase in early October;
- The number of empty properties recorded in September 2013 is 3,728 compared to 4,817 in September 2012, the majority of which are privately owned. New council tax regulations mean that owners are less likely to report empty properties. In Q2, 6 privately owned properties were brought back into use and in to Council ownership;

Areas for improvement:

- 27% of unclassified roads should have maintenance considered, is higher than the target of 22%. A programme of structural and preventative highways maintenance work is being undertaken, which will reflect an improvement to the condition of the unclassified roads network;

- At 52.8%, performance in Q2 Category 1 hazard complaints resolved in 6 months was a marked improvement on Q1 but did not manage to hit the 80% target. (Hazards in occupied properties which the Council has a statutory duty to take enforcement action on);
- Profiling of targets for different elements of the performance measure for the Number of affordable homes delivered programme make it difficult to determine if the programme is on track. The Director has asked that the targets be quantified and profiled;

Priority 6: The Council is operating effectively, with change embedded and sustained with robust plans in place to operate within future resource allocations

Areas performing well:

- An Assets Board has been established and quick win asset disposals have been identified and are to be progressed imminently using a hub and spoke delivery model that has been developed (for Assets Board and Cabinet consultation/approval).

Areas for improvement:

- At the end of August, only £37,000 savings on asset disposals have been realised against target. It would be normal to expect more activity to take place towards the end of the financial year than during the first two quarters, however the amount realised to date is substantially beneath that which would ideally have been realised before now.

AGENCY STAFF AND CONSULTANTS

17. In Regeneration and Environment, agency costs have increased significantly. This is due to Public Buildings Maintenance who have hired additional resource through agency workers to carry out work in periods of high demand. A robust business case has been developed that supports the cost benefit of managing the workforce in this way. As part of this, regular reviews will take place to identify the on-going need for this temporary resource.
18. Expenditure on consultants is, in the main, on major capital projects.

OPTIONS CONSIDERED

19. Not applicable.

REASONS FOR RECOMMENDED OPTION

20. Not applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

21.

Council Plan Priority Theme 2013/14	Implications of this initiative
1. Doncaster's economy develops and thrives, underpinned by effective education and skill	Regeneration & Environment Directorate budget and performance monitoring impacts on these priorities
3. Stronger families and stronger communities	
5. Effective arrangements are in place to deliver a clean, safe and attractive local environment	
6. The Council is operating effectively, with change embedded and sustained with robust plans in place to operate within future resource allocations.	

RISKS & ASSUMPTIONS

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

LEGAL IMPLICATIONS

23. There are no legal implications of this report

FINANCIAL IMPLICATIONS

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

CONSULTATION

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

BACKGROUND PAPERS

26. Council Report – Revenue Budget 2013/14, 21st February, 2013
Council Report – Capital Programme 2013/14 – 2016/17, 21st February, 2013
Council Report – Treasury Management Strategy, 21st February, 2013
Council Report – Housing Revenue Account Budget 2013/14, 21st February, 2013
Finance & Performance Improvement Report 2012/13 Quarter 4, 17th June, 2013

REPORT AUTHORS AND CONTRIBUTIORS

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Appendix A

Finance and Performance Improvement Report Quarter 2 2013/2014



Doncaster
Metropolitan Borough Council




Quarterly Corporate Performance Management Report

**Quarter 2, 2013/2014
(1st July 2013 to 30th September 2013)**




Understanding the Quarter 1 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

Actions - This shows what progress has been made against the delivery date for each action 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

	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
	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
	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.
	Unknown – These performance indicators are data only (do not have targets and are therefore not measurable in traffic light terms) or are unable to assess a traffic light rating due to missing data.

Finance.

	An underspend of < 3% or an overspend of <0.5%
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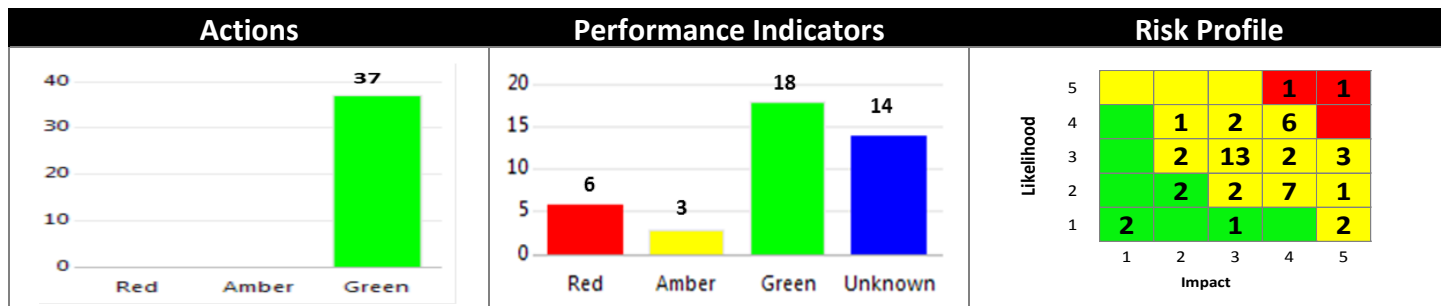
Risk Profiles - Risks are profiled in line with the Corporate Risk Management Framework and the risk profile score determines the overall status.

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

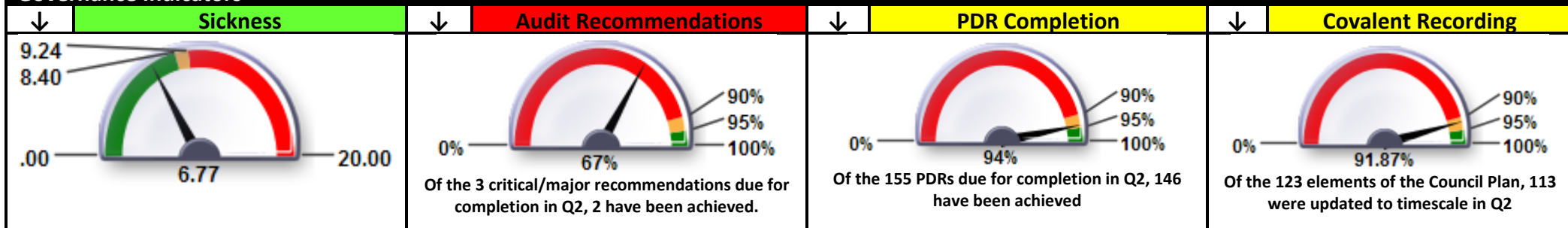
↑	↔	↓
Getting better	Exactly the same as previously	Getting worse

Regeneration and Environment Performance Profile




Direction of Travel	Status	Council Plan Objectives	Actions	PIs	Unknown	Risks
↑	✓	P1 Obj 1 - Exploit the full potential of Doncaster's visitor economy, including tourism, whilst protecting our heritage.	1		2	3
↔	✓	P1 Obj 2 - Support the development of place marketing to promote the borough and raise awareness of the Economic opportunities to residents.	2		3	1 2
↔	⚠	P1 Obj 3 - Supporting business growth and driving inward investment into Doncaster.	1	2 1	6 2	4
↔	✓	P1 Obj 4 - Enable growth through investment in infrastructure and assets.	8			3
↔	✓	P1 Obj 5 - Prioritise actions to get young people into work.	3		2 6	3
↔	✓	P1 Obj 6 - Strong engagement with Doncaster's school sector, including the development of better links between businesses, schools, young people and their families to increase the skills required by employers.	1		1	1
↔	✓	P1 Obj 7 - Strong and effective partnerships including within and beyond Sheffield City Region.	4		1	4
↓	⚠	P1 Obj 8 - Better, more cost effective, public transport linking people to jobs.	1			1
↔	✓	P1 Obj 9 - Increase building in Doncaster.	4		1 1	1 5 1
↓	⚠	P3 Obj 3 - Effectively support and deliver services and interventions to reduce Anti-Social Behaviour and ensure support to vulnerable victims.	1			1
↔	✓	P5 Obj 1 - Manage assets and the transport infrastructure to improve local places and support investment in the borough.	3	1	3	1 2 1
↑	⚠	P5 Obj 2 - Improve the quality of housing and reduce the number of empty properties in Doncaster.	1	1 1	1 2	7
↓	⚠	P5 Obj 3 - Effective arrangements in place for a clean and safe environment, healthy and sustainable food chain; and a fair, responsible trading environment.	4	1 1	1	4
↔	⚠	P6 Obj 11 - Fewer Council buildings, used more efficiently and effectively.	3	1		3


Governance Indicators



Regeneration & Environmental Services Revenue

Traffic Light Icon	Short Name	Q2 2013/14			Latest Note
		Gross Budget (£000s)	Net Budget (£000s)	Projected Variance (£000s)	
	Regeneration & Environment Total Revenue Variance	118,772	45,268	-577	The revenue budgets in Regeneration & Environment are expected to underspend by £577k. The main projected overspend is Development £528k and the main underspend is Environment £901k. The overall position includes unmet savings targets in relation to Review and Release of Assets £450k (£715k required; £265k projected to be achieved) and Customer Access £406k (£921k required; £515k projected to be achieved) which is not being delivered because reviews have not been completed by the Customer Access team and the technology has not been made available.

Regeneration & Environment Capital

Traffic Light Icon	Short Name	Q1 2013/14	Q2 2013/14		Latest Note
		Revised Estimate (£000s)	Revised Estimate (£000s)	Actual Spend (£000s)	
	Regeneration & Environment Total	102,429	93,937	17,213	No significant issues for this area of the programme at Quarter 2.

Regeneration & Environment Directors Comments

The second quarter of 2013/14 for Regeneration & Environment's progress against our Corporate Plan objectives has seen a continuation of the positive performance seen in Q1.

The Regeneration and Environment Directorate contributes to 14 objectives spread across 3 priority themes. At the end of quarter one, eight objectives are on track and the other six are mostly on track but with some concerns, which if not addressed could affect delivery. None are off track. All of the directorate's actions are green and the PI profile is relatively good with 14 data only PIs, 18 green PIs, 3 amber PIs and 6 red PIs, which is an improvement on Q1. Of particular note are:

Visitor Numbers – Visitor figures continue to be strong and are significantly up over the same time last year. Year to date figures show an increase of over 14%, which according to the Tourism Alliance in London (part of the CBI) shows that Doncaster is performing better than the national average.

Jobs Created – At the end of Q2, the total new jobs created through Business Doncaster activity has built on the good performance in Q1 and is now 162% of the set target. As stated in Q1, because the performance trend has continued in Q2, we will review and uplift the year-end target.

JSA Claimants - JSA claimant figures for September 2013 show a reduction, from September 2012, for both the full working age cohort (14.5% reduction) and young people aged 18 – 24 (23.8% reduction). Both reductions were the highest amongst the South Yorkshire Councils and are better than both the Yorkshire & Humber and Sheffield City Region average reductions.

Sickness Absence – Despite having the largest number of full time equivalent (FTE) staff, with 6.77 FTE days absence the directorate continues the good performance of Q1, which is significantly below its target level.

Major Infrastructure Projects – The FARRRS project commenced the 2 year construction phase in early October.

However, I recognise that performance needs to improve in the following areas:

1. **Skills Made Easy (SME) programme** – Although Q2 targets were missed for the apprenticeship and training programmes, performance has improved on Q1. Doncaster’s progress on the apprenticeship programme is positive compared to the Sheffield City region (SCR) performance as a whole and when the businesses that have Training Specifications in the pipeline do convert, it will bring the programme back on target.
2. **Major infrastructure projects** – Although technically commencing in Q3, it is worth noting that FARRRS has now commenced. While other projects are on track, I have asked that measures be included to assess the economic impact of investment in infrastructure in Doncaster.
3. **Better, more cost effective, public transport** – We are continuing to work with SYPTTE on indicators that measure the outcomes and service improvement needs for the people of Doncaster. Also, although at an early stage discussions have commenced with bus operators, the PTE and Council regarding a “Bus Partnership” for Doncaster.
4. **Condition of unclassified roads** - A programme of structural and preventative highways maintenance work is currently in progress, which will reflect an improvement to the condition of the unclassified roads network and reduce the need for re-work.
5. **Category 1 Hazards** – Performance in Q2 was a marked improvement on Q1 but we did not manage to hit the target. Actions for all identified Category 1 hazards are in place and we are currently working to determine how management of these hazards can be improved, better measured and monitored.
6. **Number of affordable homes delivered.** –While the programme of purchasing empty properties and building Council houses is back on track, and the number of empty properties is showing a significant reduction (albeit in part due to an inability to measure the same way as last year), I have asked that reporting on all the affordable housing programmes being delivered be improved by quantifying results and targets.
7. **Street and environmental cleanliness** - An action plan is being formulated with Operation Managers to enhance performance through improved working practises and modernisation of the service. Some actions are already being implemented e.g. the purchase of new efficient and effective machinery.
8. **Fewer Council buildings** – While it is necessary to accelerate the realisation of savings and improve the measurement of performance, a number of actions are being progressed through an Assets Board to address these issues e.g.
 - a. Surplus town centre buildings have been agreed and the programme is now being delivered.
 - b. A number of “Quick Win” properties have been identified and work is in progress to either dispose of or lease these buildings
 - c. A “Hub and Spoke” model for future service delivery agreed in principle for consideration of Cabinet
 - d. A Cross Directorate team in place to recommend what services will be delivered from these buildings.

Regeneration & Environment - Corporate Policy & Performance Team Comments

1. I am continuing to work with the Director of Regeneration & Environment and his senior managers to ensure that actions and measures in the Council Plan are robust and reflect the priorities agreed with the Mayor and Cabinet.
2. **Number of affordable homes delivered** – As the profiling of targets for different elements of the performance measure for this programme make it difficult to determine if the programme is on track, the Director has asked that the targets be quantified and profiled.