

# BUDGET AND PERFORMANCE PANEL

## 2009/10 2nd Quarter Corporate Performance Review 24 November 2009

### Report of Corporate Director (Finance and Performance)

#### PURPOSE OF REPORT

To receive the Leader's highlight report in respect of the second quarter of Performance Review Team meetings for 2009/10 recently undertaken by individual cabinet members.

**This report is public**

#### RECOMMENDATIONS

- (1) That the Panel consider the report and comment accordingly.

#### REPORT

- 1 The second quarter of Performance Review Team (PRT) meetings for 2009/10 took place between 19 and 30 October. Each meeting monitored progress against the action sheets drawn up for the previous round of meetings.
- 2 The corporate report was considered by the Leader on 17<sup>th</sup> November, and will be considered by Cabinet on 8<sup>th</sup> December 2009.
- 3 Attached as *Appendices* for information are:
  - PRT meeting/attendance timetable
  - Performance exception report showing indicators for Q2 that are behind target
  - Q2 Corporate Financial Monitoring Report including progress on outstanding issues from previous meetings
  - Summary of corporate business risks 2009/10
  - Treasury Management Monitoring Report
- 4 The actions agreed at the meeting are also attached.

## 5 Conclusion

The Council's Performance Management Framework now requires the regular reporting of performance into both the Budget & Performance Panel and Cabinet as part of the Performance Review Team cycle of meetings. This report provides a strategic summary of how the council is performing in delivering its Corporate Plan targets using the information from the quarter 2 PRT meetings with individual cabinet members

<b>RELATIONSHIP TO POLICY FRAMEWORK</b>	
This report is a requirement of the Council's Performance Management Framework.	
<b>CONCLUSION OF IMPACT ASSESSMENT</b> (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)	
None arising from this report.	
<b>FINANCIAL IMPLICATIONS</b>	
As set out in the attached appendices.	
<b>SECTION 151 OFFICER'S COMMENTS</b>	
The Section 151 has been consulted and has no additional comments.	
<b>LEGAL IMPLICATIONS</b>	
Legal Services have been consulted and have no comments to add.	
<b>MONITORING OFFICER'S COMMENTS</b>	
The Monitoring Officer has been consulted and has no comments to add.	
<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Roger Muckle
2009/10 Q2 PRT Reports	<b>Telephone:</b> 01524 582022
	<b>E-mail:</b> <a href="mailto:rmuckle@lancaster.gov.uk">rmuckle@lancaster.gov.uk</a>
	<b>Ref:</b> RCM/JEB

# PERFORMANCE REVIEW TEAM MEETING - Q2 2009/10

**SERVICE AREA: CORPORATE**

**DATE: 17 November 2009**

**PRESENT: Cllr Stuart Langhorn; Roger Muckle ; Nadine Muschamp; Richard Tulej**

NO	AGREED ACTIONS QUARTER 1	RESPONSIBILITY	PROGRESS
1	Actions Brought forward from Quarter 4 (financial matters)	Various	Progress and ongoing actions noted, as set out in Q4 Corporate Financial Monitoring Report and updated for Quarter 1 2009/10. <b>COMPLETED</b>
2	Draft corporate financial report to be reviewed and updated as required, particularly in light of linkages with other September Cabinet agenda items.	Head of Financial Services	Issues raised in the report are being progressed through reports to Cabinet and also individual cabinet members meetings with officers <b>COMPLETED</b>
3	The need to have sufficient HR capacity to support the achievement of current and future restructuring savings, as well as other projects such as Fairpay etc. was noted. In addition, the linkage of this capacity need to support service performance generally was noted. Information is requested regarding the capacity position on HR, and options / actions to address any gaps. Furthermore, information is sought on alternative models regarding the respective responsibilities of HR v other council services.	Head of Legal & HR	Options for meeting capacity issues in HR are being considered in respect of the pending HR Manager's vacancy and officer maternities.  <b>NOTED BEING ADDRESSED AS PART OF WIDER SENIOR MANAGEMENT RESTRUCTURE –SEE ALSO ACTION BELOW FOR QUARTER 2</b>

4	Review the Council's occupational health provision in terms of addressing long term sickness absence.	Head of Legal & HR	Possible referral to Overview and Scrutiny Committee. Concern raised in consideration of Q1 sickness absence figures. <b>SEE ACTION BELOW QUARTER 2</b>
5	PI CH15/NI 181 – time taken to process benefit claims – red target.	Head of Revenues and Benefits	Note actions being taken but keep under review and report progress through the PRT process <b>BACK ON TARGET COMPLETED</b>
6	Equality Framework for Local Government - progress	C EX / Head of Corporate Strategy	Prepare report as to how work is to be taken forward <b>SEE ACTION BELOW QUARTER 2</b>
7	Dance Strategy – update	Head of Cultural services	Cllr Ashworth to be briefed as to progress to date and implications for the Council <b>ACTION STILL OUTSTANDING</b>
8	Council Housing – voids performance. Note improving performance but keep under review	Head of Council Housing	Performance to be reported to PRT Q2 <b>COMPLETED</b>
9	Search fees – income drop	Head of HR & Legal Services	Report on proposals for staffing arrangements to reach a break even point. <b>OUTSTANDING SEE BELOW</b>
10	Legal Library – costs	Head of HR & Legal Services	Prepare options paper for Cabinet member <b>OUTSTANDING SEE BELOW</b>

## PERFORMANCE REVIEW TEAM MEETING - Q2 2009/10

**SERVICE AREA: CORPORATE**

**DATE: 17 November 2009**

**PRESENT: Cllr Stuart Langhorn; Roger Muckle ; Nadine Muschamp; Richard Tulej**

NO	AGREED ACTIONS QUARTER 2	RESPONSIBILITY	PROGRESS
1	Actions Outstanding from Quarter 1		
	3 above Capacity to Deliver an effective HR service in particular in respect of delivering the major restructurings	Chief Exec /Head of Legal & HR	Noted that recruitment to posts in HR had taken place but restructuring itself will need to ensure that the HR service has the skills and capacity to be effective.
	4 Review the Council's occupational health provision in terms of addressing long term sickness absence	Chief Exec /Head of Legal & HR	Not progressed to date. <b>REQUEST CABINET MEMBER &amp; SERVICE HEAD TO REVIEW OPTIONS FOR IMPROVEMENT</b>
	6 Equality Framework for Local Government - progress	Chief Exec / Head of Corporate Strategy	Still outstanding. Flagged up in Use of Resources Judgement. Awaiting recommendations from KMPG before developing action plan <b>REQUEST CHIEF EXEC TO DEVELOP STRATEGY FOR IMPROVEMENT FOLLOWING RECEIPT OF KPMG REPORT</b>
	7 Dance Strategy	CD Regen/ HD of Cultural Service	Still outstanding <b>REQUEST CD &amp; HEAD OF SERVICE TO BRIEF LEADER &amp; CABINET PORTFOLIO HOLDER</b>
	9 Search fees – income drop Prepare options paper to reduce staff to break even	Chief Exec / HD of Legal & HR	Still outstanding. <b>REQUEST CHIEF EXEC TO ADDRESS AS PART OF RESTRUCTURING</b>
	10 Legal Library – costs. Prepare options paper for Cabinet	Chief Exec / HD of	Take forward as part of Budget process

	member for reducing costs and sharing with other councils	Legal & HR	REQUEST CHIEF EXEC & HEAD OF SERVICE TO PREPARE OPTIONS PAPER FOR LEADER & CABINET PORTFOLIO HOLDER
2	Planning Services :- Morecambe Central Redevelopment & Luneside West	CD Regen/ HD of Planning	REQUEST CD & HEAD OF SERVICE TO BRIEF LEADER & CABINET PORTFOLIO HOLDER
3	Target CH8 Sickness absence	Chief Exec / HD of Legal & HR	REQUEST CHIEF EXEC & HEAD OF SERVICE TO REVIEW EXISTING PROVISION OF OCCUPATIONAL HEALTH AND OPPORTUNITIES FOR MAKING HR POLICIES RELATING TO SICKNESS ABSENCE MORE EFFECTIVE
4	Target CH9 Equality Framework ( see 1 (3) & (6) above )	Chief Exec / HD of Legal & HR	REQUEST CHIEF EXEC TO DEVELOP STRATEGY FOR IMPROVEMENT FOLLOWING RECEIPT OF KPMG REPORT REQUEST CHIEF EXEC TO ADDRESS IN THE RESTRUCTURING PROPOSALS
5	Financial Monitoring Report – note that variances were being analysed by Cabinet portfolio holders and that a revised budget would be prepared for December Cabinet. However, for the second quarter running, no financial monitoring information had been prepared by Cultural services	CD (Regen)	REQUEST CHIEF EXECUTIVE & CD(REGEN) TO REVIEW POSITION AND TAKE APPROPRIATE ACTION

**PORTFOLIO BASED PERFORMANCE REVIEW TEAMS**  
 Timetable for 2<sup>nd</sup> Quarter 09/10 – 19 to 30 October 2009

PORTFOLIO	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting)	Action Note received	Additional Info.
Economy	10am 29 Oct	Cllr Archer	Heather McManus	Peter Sandford Andrew Dobson	Yes	Yes	
Environment (Waste)	11 am 26 Oct	Cllr Barry	Peter Loker	Mark Davies	Yes	Yes	
Environment (Climate change)	11.30 am 26 Oct	Cllr Barry	Roger Muckle	Richard Tulej	Yes	Yes	
Finance	At rise of Cab briefing 3 Nov	Cllr Thomas	Roger Muckle Heather McManus	Nadine Muschamp Graham Cox	Yes	Yes	
Internal Affairs	10.30am 29 Oct	Cllr Mace	Mark Cullinan Roger Muckle	Jane Alder Sarah Taylor Gill Noall Richard Mason	Yes	Yes	
Safety	11.30 30 Oct	Cllr Blamire	Roger Muckle Peter Loker	Richard Tulej	Yes	Yes	Needs putting on system
Culture/Children and Young People	10am 20 Oct	Cllr Ashworth	Roger Muckle Heather McManus	Richard Tulej David Owen	Yes but awaiting update	No	No financial information received for this or last quarter
Education, Skills and Opportunities	3pm 19 Oct	Cllr Bryning	Heather McManus	Peter Sandford	Yes	Yes	
Health and Wellbeing	10.00 23 October	Cllr Kerr	Peter Loker Heather McManus	Suzanne Lodge Steven Milce Andrew Dobson David Owen	Yes	Yes	
Valuing People	2 pm 28 Oct	Cllr Fletcher	Roger Muckle	Richard Tulej	Yes	Yes	Needs putting on system
Leader		Cllr Langhorn	Roger Muckle	Richard Tulej Nadine Muschamp	Yes	Yes	
PERFORMANCE MANAGEMENT GROUP	Virtual		All	Nadine Muschamp Richard Tulej	Yes	Yes	
CABINET	8 December				Yes		
BUDGET AND PERFORMANCE PANEL	24 November				Yes		

[Reminder: Annual report to PMG in March/April each year: PRT Quarterly Reports Timetable – report of CD(F&P)]

Service (s)	Corporate overview - Includes Internal Affairs portfolio - Finance portfolio and Red/Amber targets arising from PRT
Portfolio Holder/s	Cllr Langhorn
Quarter 2	Date of meeting 17-Nov-09
Actions	All Portfolios Significant achievements and/or difficulties experienced in delivering targets (highlight significant ongoing or emerging risks)
Support the establishment of the Morecambe Town Council	<p><b>Democratic Services</b> - Support was provided to the newly established Morecambe Parish Council from its inception on 1st April 2009 up to and including the first Annual Meeting. A charge is to be made for this service in accordance with Council's decision (Minute 123 - March 09). The Town Council is now operating independently, currently using the services of a temporary clerk from Democratic Services who has volunteered to undertake this task in their own time until a permanent appointment has been made.</p> <p><b>Q2 - COMPLETED</b> Town Council now operating independently and clerk appointed <b>NO ACTION REQUIRED FROM LEADER</b></p>
Organise and deliver centenary celebrations programme	<p><b>Democratic Services</b> - Work is underway to deliver a programme of celebrations in accordance with Cabinet Minute 141 (Feb 09) - in conjunction with Cultural Services, Property Services and Communications. Report to Cabinet Member is imminent. <b>Q2 - ON TARGET</b> Cabinet now agreed programme and delivery on target <b>NO ACTION REQUIRED FROM LEADER</b></p>
	<p><b>Property Services</b> - Property disposals continue to be difficult to achieve in the current market both in terms of funds available for purchasers and developers being able to obtain planning permission in the face of objections e.g. Lawson's Bridge, Scoforth and the Canal Corridor scheme. This also affects the opportunity to dispose of the council's interest in Lancaster Market in accordance with council policy. <b>Quarter 2</b> Capital update report going to December Cabinet - <b>NO ACTION REQUIRED FROM LEADER</b></p> <p><b>Building repairs</b> - The lack of capital receipts impinges on the ability to undertake the full backlog of repairs programme. In the interim, buildings are deteriorating, increasing both the size of the programme and its cost. This remains a serious risk for the council. <b>Quarter 2:-</b> Report going to december cabinet for decision <b>NO ACTION REQUIRED FROM LEADER</b></p>
Submit concept proposal for development of regeneration framework projects, including funding for core staff teams	<p><b>Economic Development and Tourism</b> - A concept proposal was submitted to NWDA in June and discussions are ongoing regarding the key requirements for delivery of the economic regeneration agenda in the District. In principle NWDA is supportive of the council's bid but discussions are taking place with senior officers from within the Agency to determine the best way to contract with the council for both staffing and development of key projects. One concern is that time is passing whilst these decisions are made and the council is unable to make the progress it would like in respect of some important regeneration work. However, an outcome is expected within the next few weeks. <b>Quarter 2 :-</b> Noted latest position and that it would be monitored and reported into quarter 3 <b>NO FURTHER ACTION REQUIRED FROM LEADER</b></p>
Public realm design proposals for Morecambe urban centre and promenade by November 2009	<p><b>Planning</b> - There is some uncertainty pending the Urban Splash re-design of current planning application. Wider proposals for Morecambe Centre will emerge through Area Action Plan. <b>Quarter 2:</b> Noted position <b>ACTION :- Request briefing from officers for Leader and portfolio holder.</b></p>
Site survey for the wider Luneside area by March 2010	<p><b>Planning</b> - Initial discussions with land owners of Luneside West regarding the cooperation over the development needs of both sites is taking place. No changes to report, further exploratory meetings have taken place but no measurable progress to report.</p> <p><b>Quarter 2:</b> Noted position <b>ACTION :- Request briefing from officers for Leader and portfolio holder.</b></p>
	<p><b>Financial Services</b> Unqualified opinion on 2008/09 Accounts and Use of Resources Assessment (level 2 - adequate) received in this quarter. Audit for 2008/09 not yet concluded - pending Auditor's consideration of Public Interest Report request <b>Quarter 2</b> Awaiting confirmation from auditors <b>NO ACTION REQUIRED FROM LEADER</b></p> <p>Reports for November Cabinet highlight key difficulties and risks. Specifically, uncertainties regarding capital schemes and funding position, together with extent of change in the pipeline, increase the pressure on the service <b>Quarter 2</b> Noted that further reports were going to December cabinet and that 2 special briefings were to be arranged for cabinet members in respect of HRA budget proposals and General Fund Capital <b>NO FURTHER ACTION REQUIRED BY LEADER.</b></p> <p>Use of Resources target for this year needs determining, given 2008/09 results &amp; new timescales for 2009/10 <b>Quarter 2</b> Awaiting annual management letter and further feedback on Use of Resources judgement. Will develop action plan and set targets once these have been received</p> <p><b>NO FURTHER ACTION REQUIRED BY LEADER</b></p>



PI No	Description of Indicator	08/09 Outcome	09/10 target	Sat is ?	Q1	Q2	Q3	Q4	Year to date	Status	Target Owner	Commentary (highlight significant achievements or ongoing risks)
<b>All Portfolios - Red &amp; Amber Indicators</b>												
CH8	Reduce the number of days lost to sickness absence	9.5 days	Low	2.456	5.69	5.69		5.69	5.69	Behind Target	ST	To achieve 9.5 days for the year, the target for the end of September was 4,875 days. The figure as at the second quarter last year was 4.32 days. Information as to how many days have been lost through swine flu is being prepared and will be circulated when available. The major ongoing risk is that the absence figures will continue to worsen as the winter period approaches, especially with possible cases of swine flu. The newly appointed HR Manager will be considering what action can be taken by HR in conjunction with service managers to reduce sickness absence <b>Quarter 2</b> Noted Action taken by HR Manager <b>ACTION REQUIRED</b> Need wider review of HR absence policies and Occupational Health contract
CH15/NI181	Time taken to process Housing Benefit new claims and change events	14 days	low	19.9	16.7					Behind Target	RM	The impact of the recession has seen an increase in new claims of over 10% since April 2008 whilst staffing resources have been reducing. Overtime using DWP funding is being undertaken as remedial action. <b>Quarter 2 Update</b> :- Q2 figures were on target at 14.2 days. No cause for concern as we are hoping to pull the position further back during Q3. <b>TREND</b> - improving indicator at red in Q1 <b>NO ACTION REQUIRED BY LEADER</b>
CH2/NI179	Value for money - total net value of ongoing cash releasing value for money gains: (Efficiency/MTF S targets)	£477K	high	Not quantified	£1,378K					Behind Target	NM	First monitoring to Govt submitted on 23 October. Shortfall of £749K - difficult to see how this can be addressed at present. Aim to address capacity issues associated with supporting VFM / business improvement agenda through future restructuring of services - but don't expect that this will be done in the short term. <b>Quarter 2</b> Noted position and that it was to be addressed as part of the wider restructuring process and improved reporting through PRTs <b>NO FURTHER ACTION REQUIRED BY LEADER</b>
CH7/NI4	% of residents agree that the City Council provides value for money (Place Survey)	Next survey 2010/11	high	30%						not measured	RJT	<b>QUARTER 2</b> Not measured within 2009/10 - next survey to take place in 2010, and future targets are yet to be set. Budget consultation process will help address this <b>NO FURTHER ACTION FROM LEADER REQUIRED</b>

PI No	Description of indicator	08/09 Outcome	09/10 target	Good Is ?	All Portfolios - Red & Amber Indicators				Year to date	Status	Target Owner	Commentary (highlight significant achievements or ongoing risks)
					Q1	Q2	Q3	Q4				
CH5/NI14	Avoidable contact - reduce	52%	40%	Low					not measured	JA	<p>QUARTER 2 This is an annual target and no measurement is possible until the survey is undertaken - Monitoring due to take place in January 2010. <b>NO FURTHER ACTION NEEDED AT THIS STAGE</b></p>	
NI 155	Number of affordable homes delivered (gross)	43	63	High					Behind Target	AD	<p>Although down turn in housing market is main cause, the Council is in a position to make funding available from Section 106 agreements to assist in making new units available. Talks opening with house builders again on Luneside West where affordable Housing element may be possible. <b>QUARTER 2</b> Cabinet agreed S106 policy at november meeting. <b>NO FURTHER ACTION REQUIRED AT THIS STAGE</b></p>	
CH 6	% of residents that rate their local area as a very good or fairly good place to live	80	N/a	High					not measured	RT	<p><b>Quarter 2</b> Baseline of 80% satisfaction from Place survey. Delivery of corporate priorities and budget consultation exercise should all help improve position. <b>NO FURTHER ACTION AT THIS STAGE</b></p>	
CH9	Level of Equality Framework for Local Government	N/A	Level 1 - developing	Level 1					Behind Target	RT	<p>Briefing sessions have taken place for members and officers. Head of Corporate Strategy has been nominated as lead officer. HCS has met up with North West Employers and Wyre BC to try and get external support (only in respect of processes); <b>TREND</b> this indicator at amber previous quarter <b>Quarter 2</b> Approached other councils to learn from best practice and help received from Team Lancashire and INWEO. However issue about staff resource <b>ACTION :- ENSURE SUFFICIENT CAPACITY IS BUILT INTO SERVICE RESTRUCTURING</b></p>	

Action Plan	Agreed actions from PRTs	Status update
<p><b>Finance</b> - To provide a further report updating the schedule of capital receipts to the October 2009 cabinet meeting.</p> <p><b>Bulky Matters</b> - Continue to monitor reduced demand for the service and liaise with the service provider on reasons for the fall in demand. If this becomes a trend take action to reduce service provision and costs.</p> <p><b>Trade Refuse</b> - analyse reasons for reduction in income and develop options for dealing with variance.</p> <p><b>Valuing People</b></p> <ol style="list-style-type: none"> <li>1 Clir Fletcher to be sent a copy of the draft Voluntary, Community, Sector Compact.</li> <li>2 Develop criteria, template for evaluation and reporting requirements of Service Level Agreements, Grants to outside bodies.</li> <li>3 Report to Cabinet to be developed in respect of how the Council is to take forward work on the new Equalities Framework</li> </ol> <p><b>Children and Young People</b></p> <ul style="list-style-type: none"> <li>- Provide officer support to Clir Ashworth at Childrens Trust theme leads meeting on Thursday 13 August.</li> <li>- Provide more information as to how the Children and Young people engagement strategy will operate in practice</li> </ul>	<p><b>Finance</b> - Information provided to Cabinet <b>COMPLETED</b></p> <p><b>Bulky Matters</b> - levels of uptake steadily improving in Q2 and hit monthly target in September. sales income about on target - continuing to monitor closely</p> <p>Blackpool project launches Nov Wyre launch hopeful for April. Potential for Fyde and S Lakeland <b>CONTINUE TO MONITOR POSITION</b></p> <p><b>Trade Refuse</b> recycling generally proving a success in terms of uptake - customer levels holding but tonnage decreasing with net negative impact upon income levels. However this is positive from waste reduction perspective (NB. this does not contribute to statutory Nis) <b>CONTINUE TO MONITOR POSITION</b></p> <p><b>Valuing People</b></p> <ol style="list-style-type: none"> <li>1 Draft compact has been developed and sent to Clir. <b>COMPLETED</b></li> <li>2 SLA criteria and template sent out to outside bodies <b>COMPLETED</b></li> <li>3 Equalities Report Not in a position to report to Cabinet <b>OUTSTANDING</b></li> </ol> <p><b>ACTION -SEE BELOW</b></p> <p><b>Children and Young People</b></p> <p>Officer support provided to Clir at Trust meeting <b>COMPLETED</b></p> <p>Engagement strategy still to be signed off by LDLSP Board. Will review when available and Trust has developed its Thematic Group Action Plan <b>NO FURTHER</b></p> <p>Strategy - Council currently has no resource with Corporate Strategy to take this work Meeting taken place with county officers</p>	<p>QUARTER 2</p>
<p><b>Climate Change</b> Specific Sat Ayre energy monitoring information and longer term strategic action plan report (D Owen) to next CCCLG in September. To include 2008/09 outturn and first quarter monitoring report. Create action plans for quick wins on energy efficiency. Ensure information on 3.3 and 3.4 are available for next quarter and September's CCCLG.</p> <p><b>Health and Wellbeing</b></p> <p><b>Affordable Homes</b> - Smaller number of new build linked directly to down turn in house building completions. However, actual availability of more affordable housing likely to be higher due to significantly reduced market prices and over supply in flat market. There is no direct corrective action which the Council can take in the short term to influence this indicator. In the medium term opportunities to build more social housing are being explored.</p> <p><b>Safety</b></p> <ol style="list-style-type: none"> <li>1 Review funding arrangements in respect of LSP and quick response vehicles.</li> <li>2 Obtain a summary report for the Road Safety Partnership.</li> <li>3 Provide financial information (for review) in respect of City Council funding for community safety.</li> </ol>	<p><b>Climate Change</b> - all relevant information provided to CCCLG for consideration in line with agreement <b>COMPLETED</b></p> <p><b>Health and Wellbeing</b> - Use of Section 106 funding and affordable house provision considered by Cabinet In November. Negotiations continue on development sites for when market improves. <b>MONITOR SITUATION</b></p> <p><b>Safety</b></p> <ol style="list-style-type: none"> <li>1. Revised report in respect of LSP funding for these vehicles has been prepared and will be considered by the LSP as part of it's (performance) review of Second Homes Funding allocations. <b>NO FURTHER ACTION NEEDED</b></li> <li>2. Still to be actioned <b>MONITOR PROGRESS</b></li> <li>3. <b>COMPLETED</b></li> </ol>	<p><b>Climate Change</b> - all relevant information provided to CCCLG for consideration in line with agreement <b>COMPLETED</b></p> <p><b>Health and Wellbeing</b> - Use of Section 106 funding and affordable house provision considered by Cabinet In November. Negotiations continue on development sites for when market improves. <b>MONITOR SITUATION</b></p> <p><b>Safety</b></p> <ol style="list-style-type: none"> <li>1. Revised report in respect of LSP funding for these vehicles has been prepared and will be considered by the LSP as part of it's (performance) review of Second Homes Funding allocations. <b>NO FURTHER ACTION NEEDED</b></li> <li>2. Still to be actioned <b>MONITOR PROGRESS</b></li> <li>3. <b>COMPLETED</b></li> </ol>

Action Plan	Agreed actions from PRTs	Status update
<p><b>Finance</b> - Identify schedule of works at Festival market that could reduce energy costs. These should be costed and the savings identified and then reported to the Climate Change Cabinet Liaison Group</p> <p><b>Economy</b> - No additional actions arising from the meeting, but it was noted that income targets for Lancaster VIC are being reviewed as part of the revised estimates process.</p> <p><b>Climate Change</b></p> <ol style="list-style-type: none"> <li>1. Establish an officer group from key services to understand and roll out actions included in the Climate Change Strategy (CCS).</li> <li>2. Develop a robust performance management reporting process to ensure all necessary data in respect of agreed climate change reduction targets.</li> <li>3. Consider EST recommendations and develop action plan that can be integrated into the CCS.</li> <li>4. Provide an update of the agreed 16 Salt Ayre energy reduction projects</li> </ol> <p><b>Health and Wellbeing</b> - NI 187 Fuel Poverty - now linked to Climate Change Strategy to be considered by Cabinet in November. Opportunities - especially external funding - for moving this forward to be explored as part of that strategy Refresh Housing Strategy - currently on hold pending appointment to two vacant posts in Forward Planning. Projected overspend on Council Housing Responsive Repairs - allocation to be reviewed at mid year budget review. Main cause seems to be increasing number of voids and repairs needed to bring up to lettable standard.</p> <p><b>Valuing people</b></p> <ul style="list-style-type: none"> <li>Agreed process for reviewing SLA's - letter and priorities review form to be sent to outside organisations in the relevant Cabinet members name.</li> <li>HCS to pursue opportunities for support from NWEQ re Equality Framework for Local Government.</li> </ul> <p><b>Children and Young people</b></p> <ul style="list-style-type: none"> <li>Corp dir Regen and F and P to meet with Chair of Childrens Trust and Ann Pannel (Lancs County Council ) to seek improvements to Childrens Trust activities.</li> <li>Remove KPI 17 from future PRT reports (not SMART)</li> <li>HCS to follow up on Lancs Chief Execs report on revised support arrangements and offer of financial support to districts. Offer to be taken into account in drafting and recruiting to vacant CYP manager post in Corp Strat.</li> </ul>	<p>The Actions adjacent are those agreed by individual Cabinet members at their quarter 2 PRTs . Progress against these actions will be reported into the Leader's quarter 3 Corporate PRT.</p>	
<p>Quarter 3</p>	<p>Quarter 4</p>	



## Corporate Financial Monitoring

September 2009 | Quarter 2

Report of the Head of Financial Services  
Corporate PRT meeting | 17 November 2009

### HEADLINE INFORMATION

REVENUE	Current (Underspend) / + Overspend	Projected (Underspend) / + Overspend	Projected (Underspend) / + Overspend After Exceptional Items**
General Fund	+£117K	-£701K	+£229K
Housing Revenue Account	-£16K	+£20K	+£20K

\*\*Exceptional items relate to variances whose values are uncertain – namely the provision for non-recovery of Icelandic investments.

# CORPORATE FINANCIAL MONITORING

---

September 2009 | Quarter 2

## 1. INTRODUCTION

This monitoring report of expenditure and income for 2009/10 sets out an indicative corporate picture of the Council's financial performance relating to the period ending 30 September 2009.

The report summarises the variances reported through Services quarterly PRT meetings, and also identifies any omissions, updates and/or actions required. In addition there are specific sections for salary monitoring, capital expenditure and financing, Housing Revenue Account, revenue collection performance and Insurance and Risk Management.

## 2. GENERAL FUND REVENUE MONITORING

### 2.1 General Fund Summary Position

---

The current overall General Fund summary position shows that at the end of September there is a net overspend of £117K against the budget (*Quarter 1: £3K over*). This is forecast to increase to an overspend of £229K (*Quarter 1: £113K over*) by the end of the year, when account is taken of the budgeted savings now not expected to be achieved, and a broad estimate of cover required for investment losses (£930K). It is important to stress that the latter figure is provisional based on assumptions made at the start of the financial year and will change during the budget. Further details are provided in Section 2.3. Note that regarding the VAT claims (as reported in Quarter 1), it is known that HMRC have accepted in general terms the main elements underpinning the basis of any such claims, and therefore for reporting purposes they are now included with all other variances. As yet, however, HMRC have not yet reviewed the City Council's claim and therefore risk still remains.

VARIANCES	Current £000	Projected £000
Major Variances (see section 2.3)	+167	(491)
Salaries (see section 2.4)	(170)	(450)
Budget Savings not achieved (see section 2.5)	+120	+240
<b>Sub Total</b>	<b>+117</b>	<b>(701)</b>
Exceptional Items : Investment Losses	--	+930
<b>ESTIMATED OUTTURN</b>		<b>+229</b>

One of the key financial indicators is to keep any under or overspends within 2% of the overall net controllable revenue budget, and the following table shows that at the end of June this has been achieved. The relevance of this target will be reviewed over the coming months, in light of experience.

	£000
<b>Net Controllable Budget</b>	<b>23,792</b>
2% Target	+/( ) 475
<b>Provisional Controllable Net Underspend</b>	<b>(171)</b>
Percentage of Net Controllable Budget	0.72%

---

## 2.2 Actions Arising from Previous Quarter

---

No further information has been received regarding previous actions.

---

## 2.3 Major Budget Variances

---

**Appendix A** details the major true variances that have been included within individual Services' PRT reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income.

SUMMARY BY SERVICE	Current £000	Projected £000
<b>REPORTED VARIANCES :</b>	<b>( ) Favourable / + Adverse</b>	
Legal & Human Resources	+12	+25
Financial Services	-50	-650
ICS	-17	-9
CC(D)S	+27	+15
Property Services	+11	-56
Econ Development & Tourism	+11	+17
Health & Strategic Housing	-24	-51
Planning Services	+193	+198
Revenue Services	-12	-12
	<b>+151</b>	<b>-523</b>
<b>VARIANCES NOT REPORTED TO PRT MEETINGS :</b>		
Cultural Services	+16	+32
<b>EXCEPTIONAL ITEMS :</b>		
Provision for Icelandic investment losses	--	+930
	<b>+167</b>	<b>+491</b>

The variances listed in **Appendix A** show that there is currently an overall overspend of £167K, which is anticipated to change to an underspend of £491K by the year end. However, this does include £600K in respect of the VAT recovery claim (previously highlighted in Quarter 1) and an assumption that additional investment interest will be used to help offset any Icelandic investment losses. This assumption would cover £271K, leaving £930K of estimated losses not yet provided for, and these have been included in the Exceptional Items section above. These estimates are based on interest assumptions used for outturn as reported to Cabinet, in line with accounting guidance for Icelandic investments, but they will change as the process recovery continues. The other main overspends relate to shortfalls in income on Planning Applications and Building Control Applications, with the latter being partly offset by salary savings.

It is disappointing to report that Cultural Services did not provide any financial performance monitoring to their PRT meeting – the reasons for this omission need clarifying and addressing as appropriate.

---

## 2.4 General Fund Salary Monitoring

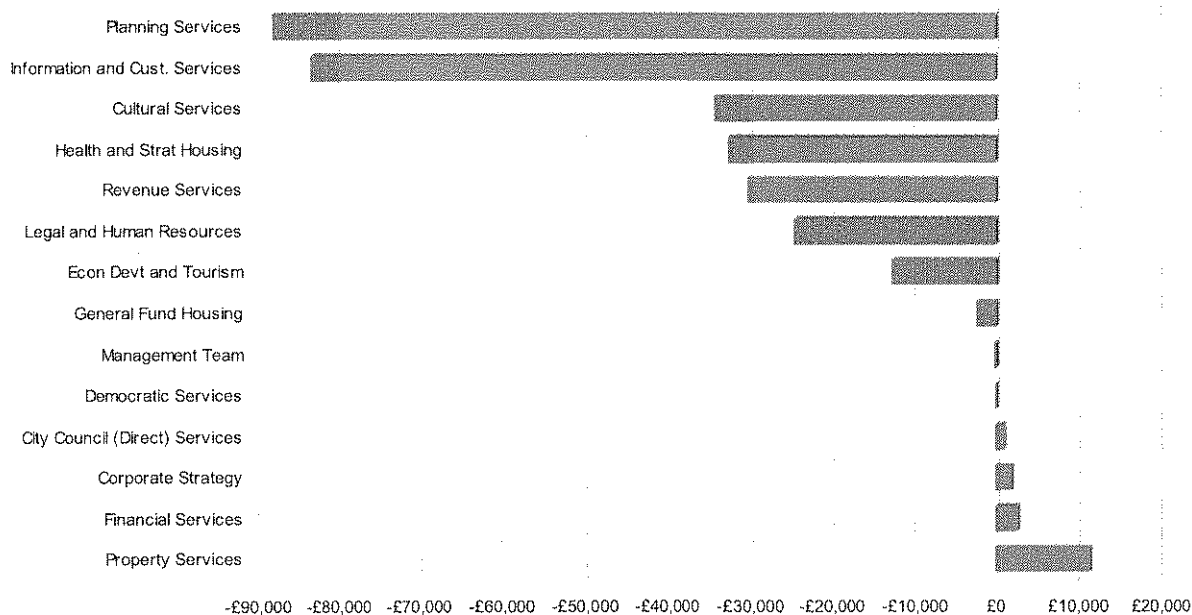
---

Salary monitoring has been reported separately as there are a number of small variances that fall below the threshold for major items, however their aggregate effect is fairly significant.

To date total savings of £290K have been achieved, as compared with the profiled turnover target of £120K (£241K for full year), giving a surplus of £170K. It is estimated that this surplus could increase to £250K by the end of the financial year. In addition, whilst the budgeted pay award was 2%, settlement was reached at around 1% and this will generate savings of around £200K. In total therefore, salary savings could be in the region of £450K for the year based on these assumptions. The following graph shows the savings on a Service by Service basis.

It should be noted that the above represents a simple analysis of the salary savings position, but there are other specific savings that were approved as part of the 2009/10 budget and some of these are outlined in the following section.

The majority of services are showing savings but a small number are showing overspends. The latter is mainly due to the 2008/09 additional 0.3% pay increase awarded in March 2009, which was not budgeted for in 2009/10. The only service experiencing genuine overspends is Property Services. These have resulted from additional overtime costs for covering sick leave and staff shortages at Lancaster and Morecambe markets.



## 2.5 Restructure Savings

A number of savings have been built into the 2009/10 budget, some of which may involve savings to be generated from staffing. These are listed below with progress to date:

	BUDGETED SAVING	PROGRESS
Corporate Strategy	£30,000	Savings achieved for 2009/10 as reported to Personnel Cttee in March 09. However, there is a shortfall of £8K for future years being identified – update required.
Senior Management Restructure	£50,000	As reported to Personnel Cttee in July 09, North West Employers are to provide advice on the two proposed structures, for initial consideration in December. <b>No savings are expected in 2009/10.</b>
Communications & Marketing Review	£41,000	Savings to be confirmed as part of budget.
Council Tax and Housing Benefit staffing restructures	£104,500	<b>Shortfall of £17K anticipated</b> – update required.
Salt Ayre: Operational Savings	£119,000	Savings to be confirmed as part of budget.
Support for Festivals Innovation Fund	£30,000	<b>No action taken to date</b> – update required.
Arts & Leisure Development	£54,000	Savings to be confirmed as part of budget.
Building Control	£143,400	<b>No savings expected in 2009/10</b> – update required.
<b>TOTAL</b>	<b>£571,900</b>	

To date, and from information available, a shortfall of around £240K is assumed, although this could change either way, depending on progress.



### 3 GENERAL FUND CAPITAL PROGRAMME

#### 3.1 Capital Expenditure & Financing

##### Capital Expenditure (General Fund)

At the end of September there was spend of £1.9M against the programme of £17.361M. The programme is currently being updated as part of the 2010/11 budget process and Members will be provided with more detailed information as part of that process.

##### Capital Receipts (General Fund)

£1.182M receipts were available as at 30 September, of which £373K were received in year (£809K were brought forward from last year). As stated above, further updates on the capital programme and its financing will be provided as part of the current budget process.

### 4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

#### 4.1 HRA Revenue Position

At the end of September the position for the Housing Revenue Account shows an underspend of **£16K** against the budget, which is currently projected to be an overspend of **£20K** by the end of the year.

	Variances to Date	Project to Yr End	Comments
	£000	£000	
Council House Rents	-6	--	See section 4.2 below.
Estate Support Services – Satellite equipment leases	+6	+6	Budget has been set to cover the costs of 2 leases however 3 leases are actually required.
Telecare – equipment and tools	+5	+7	Budget does not take account of maintenance costs which are paid to Northern housing consortium as part of having a telecare function.
Mgt & Admin - Electricity	-5	-10	Electricity costs now included within service charges – budget no longer required.
Telecare – service charges -19	-19	-83	Budget set to reflect 20 qualifying installations. This is a new service with limited historical data available to judge take up. Based on the last year's speed of take up, circa 200 have been assessed as a reasonable projection of anticipated clients.
Responsive Maintenance	+7	+100	This is a statutory function and a demand led budget, which is monitored weekly by officers. Based on latest information there will be a projected overspend of £100K at year end.
Lifeline Equipment	-19	-31	Budget set based on estimated stock purchase of 400 units. Operational changes have taken place in favour of the use of rental of existing and returned stock. Purchases now only required for increased business excess of existing stock.
Service charges / de minimis receipts	+15	+31	Right to buy discount recovered reflected in the general economic conditions. No transactions anticipated in the current financial year.
<b>Net Total</b>	<b>-16</b>	<b>+20</b>	

## 4.2 Council House Rent Collection

At the end of September rent collection is in line with the profiled budget as shown below. The difficulties previously encountered in producing monitoring information have now been resolved.

<b>Total Estimate for Year</b>	<b>£11,663,800</b>
Profiled Budget	£6,036,458
Actual to Date	£6,042,956
<b>Difference</b>	<b>£6,498</b>

## 4.3 Council Housing Capital Programme

This section analyses actual spend against the Council Housing Capital Programme at the end of September. To date spend and commitments total £1.759M against a budget of £4.025M leaving a balance of £2.266M. However, it is anticipated that savings of £397K will be made as a result of lower tender figures being achieved.

	Current Approved Programme £000	Spend & Commitments to Date £000	Budget Remaining £000
Adaptations	250	150	100
Bathroom / Kitchen Refurbishment	593	292	301
External Refurbishment	1,280	669	611
Rewiring	65	46	19
Renewal of Heaters	60	36	24
Environmental / Crime Prevention	381	133	248
Re-roofing / Window Renewals	774	161	613
Energy Efficiency Works	480	246	234
IT Replacement	42	16	26
Central Control Equipment	100	10	90
<b>TOTAL</b>	<b>4,025</b>	<b>1,759</b>	<b>2,266</b>

## 5 REVENUE COLLECTION PERFORMANCE

### 5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection performance.

The performance statistics received for in year collection of business rates are yet to be agreed with the service PRT report.

Percentage Collected	2008/09 %	2009/10 %	2009/10 Target %	2009/10 Actual %	Status
	<b>All Years</b>		<b>In Year</b>		
Council Tax	54.17	53.57	96.60	57.97	On Target
Business Rates	60.48	60.85	98.00	61.68	On Target

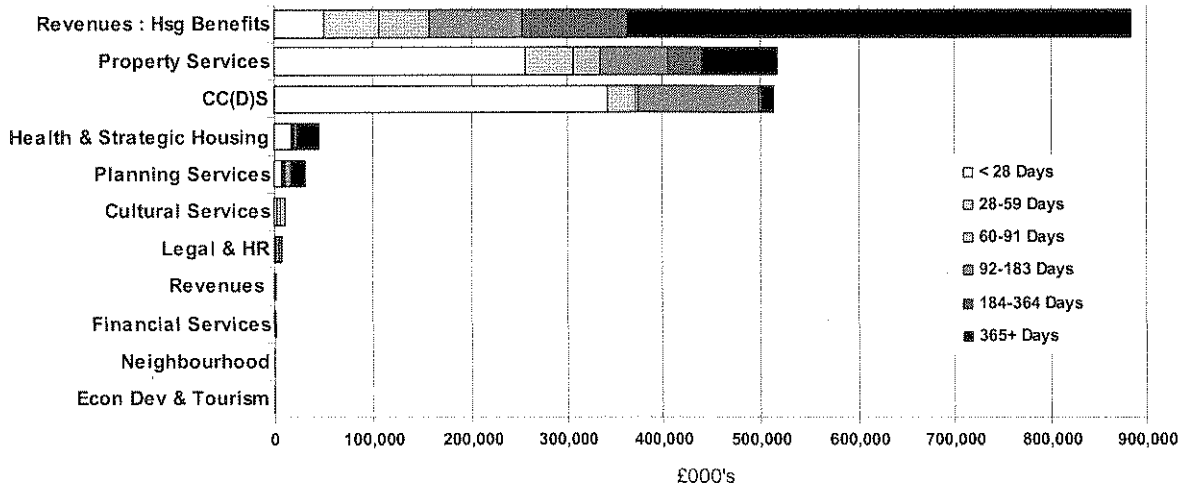
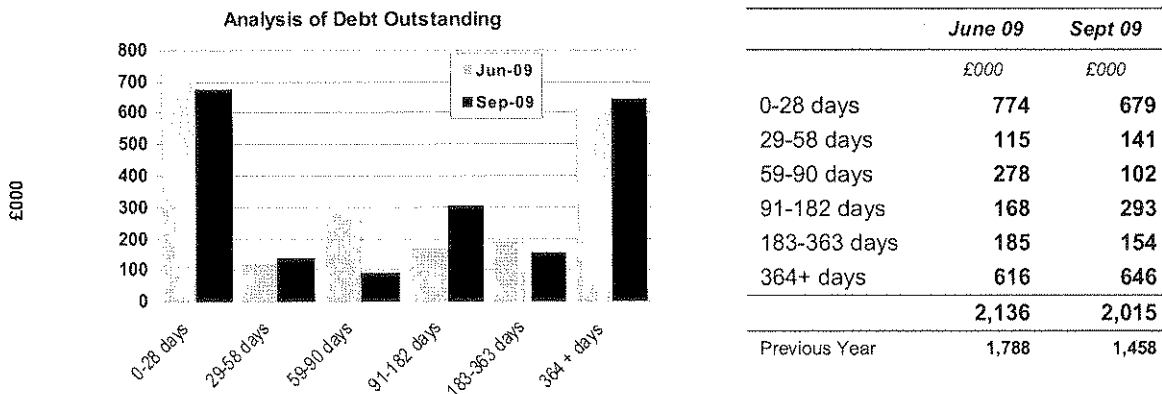
## 5.2 Collection Fund Monitoring

This section sets out the latest position on the Collection Fund, in particular in relation to Council Tax. Whilst the above section looks at collection performance, this section shows the current surplus or deficit on the Fund. It basically compares the amounts collectable with the Precepts levied by the relevant authorities after allowing for refunds, bad debt provisions, income collected and Council Tax benefits. The monitoring shows that at the end of September the Fund was in deficit by £128K (£151K at the end of June), but it should be noted that any surplus or deficit is shared between the relevant precepting bodies. The City Council's element equates to 12% and would therefore be £15K. This position will fluctuate throughout the year but will formally be assessed in January when the Council Tax base for 2010/11 is set. At that point in time any surplus or deficit will be notified to the relevant precepting bodies for inclusion in their 2010/11 budget. This information should be viewed in context: the Fund is due to collect approaching £65M in Council Tax for 2009/10.

## 5.3 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was just over £2M, which is £557K more than the same period last year. The comparison is distorted by new debtors of £500K raised by Property Services and CC(D)S (caused by timing differences in raising invoices).

The level of debt over 1 year old has risen slightly to 32% of the total outstanding debt. The total value of all debt over 3 months old has increased by £124K from the previous quarter. For information, attached at **Appendix B** is an analysis of the action being taken on debt over 90 days old.



## 6 PROVISIONS AND RESERVES

This section provides an update on key provisions and reserves.

### 6.1 Restructuring Reserve

This reserve was established to cover the cost of redundancies and early retirements as a result of Service restructures during 2009/10 and 2010/11. The following table shows the approvals to date.

Restructuring Reserve		Annual Savings Generated	Comments
		£	
Balance as at	31 March 2009	943,100	
<b>Quarter 1 Approvals</b>			
	Personnel Cttee 26 March 09	(65,600)	30,200 Annual savings reduce by £8K after 2009/10. Additional savings being identified.
	Corporate Strategy Restructure		
Balance as at	30 June 2009	877,500	
<b>Quarter 2 Approvals</b>			
	Personnel Cttee 30 July 09	(16,591)	15,500 Annual saving rises to £32K after 2011/12.
	Management Team PA Restructure		
	Personnel Cttee 30 July 09	(13,500)	Awaiting outcome of review.
	Senior Management Restructure NWE0 Fees (referred to Cabinet)		
Balance as at	30 September 2009	847,409	

More significantly, there are a number of key restructuring plans at various stages of development (Senior management, Community Engagement, Regeneration, Revenues and Benefits Shared Services, etc) and whilst these have not been costed and appraised in detail, it is clear that the Reserve cannot fund all potential one-off costs arising. Some proposals will involve using the savings in early years to help fund such changes. Nonetheless, there is still a need to consider prioritisation and other potential funding sources (possibly linked to capitalisation) and this is underway.

### 6.2 Insurance Provision

The current balance on the insurance provision is £277K, after making net payments of £126K in settlement of claims made. (*Quarter 1: balance £225K, net payments £64K*).

At present, the Council's insurers estimate that the value of claims outstanding is £468K, which relates to a total of 204 claims made over a 13 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit; however, recent statistics show that, on average, only 58% of the total reserve will be paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £267K, which is £10K below the current provision.

Over the last quarter, whilst there has been an increase in the number of claims (as is normal), their expected value is still broadly in line with the provisions held.

It is highly unlikely that all these outstanding claims will fall due for payment in the same financial year, but the uncertain nature of insurance claims payments means that accurate predictions are difficult. Nonetheless, the overriding principle is that the Council must make reasonable provision for all its known liabilities.

## 7 RISK MANAGEMENT

The Council's framework for managing risk and opportunity is set out in its Code - 'A Sense of Proportion'. This Code of Practice was formally adopted by Audit Committee at its meeting on 22 April 2009.

Under this framework, and as part of the business planning process, Service Heads consider and record key business risks and report significant ongoing or emerging risks, on an exception basis, through quarterly Performance Review Team reports to the Performance Management Group, and also informally through 1:2:1s with their Director.

The types of exceptions covered are major issues that could affect achievement of strategic objectives, such as;

- Where action plans have been drawn up but aren't working,
- Where there is a need to do something different in order to achieve objectives,
- Where there is something now likely to happen in the future that could affect strategic objectives.

The Risk and Insurance Manager has been working closely with the Corporate Performance Manager to review the significant risks highlighted in Services' Business Plans, and to ensure that Service Heads are clear about their associated responsibilities. At this stage, to 30 September, there are no major exceptions to report, though clearly this can change at any time.

From a strategic perspective, the Corporate Director (Finance & Performance) is leading on a review of strategic risks, for consideration by Members as part of the budget. This is scheduled for December, to feed into the budget consultation. To support this, information on the key business risks from services' perspectives will also be drawn on, to inform future planning and budgeting as appropriate.

## SUMMARY OF MAJOR VARIANCES (Qtr 2 2009/10)

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse ( ) = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Legal & HR	Search Fee Income	Reduced number of searches because of the housing market and general economic climate. Demand for searches is outside the control of the Service.	+11,600	+25,000
Financial Services	Investment Interest	Projection based on interest assumptions used for outturn as reported to Cabinet, in line with accounting guidance for Icelandic investments. (This is likely to increase, taking account of claims process for Giltfir and Landsbanki).	(27,000)	(271,000)
	Part provision for estimated losses in investments	Assumes any additional related income (as shown above) would be used towards making provisions for losses. After this assumed contribution, it would leave £930K estimated losses not yet provided for, again based on outturn assumptions, but this estimate will change as the process continues. (Loss of preferential creditor status is still the biggest risk).	+0	+271,000
	Consultancy	Saving will depend on how changing workloads / competing projects are managed, e.g. recharges project, etc (One-off saving, this year only).	(11,000)	(20,000)
	VAT Recovery Claim	Still awaiting outcome of claim. It is known that HMRC have accepted the principles underpinning the claims as they have settled with some other local authorities.	+0	(600,000)
	Software & Related Services	Projected savings is best guess at present - it will be firmed up in next quarter (and assumes that C/F request will be approved). Should be more scope for ongoing savings in future years also.	(12,000)	(30,000)
ICS	Customer Insight	Alternative delivery proposed.	(7,500)	(5,000)
	Printing / Copying	Reduction in costs.	(9,800)	(4,000)
CC(D)S	Highways	As has been previously reported due to jobbing nature of work it is extremely difficult to predict levels of income in Highways. As in previous years more profitable jobs are expected in the second half of year.	+14,000	?
	Fuel	Possible saving due to reduction in oil price, however, inflation rate is volatile in this market and saving could easily be lost.	(19,000)	?
	Bulky Waste Collection	Requests for collections down by 25%. Income down by £5K to date.	+5,000	?
	Building Cleaning Overtime	Overtime increased due to temporary increase in cleaning specification as a result of the 'swine flu' pandemic.	+5,000	?
	Household Waste Collection - Recyclable Materials	Monitoring suggests 16% drop in income offset by expenditure savings.	+5,000	+15,000
	Trade Refuse Income	Latest projections suggest a fall in trade refuse income.	+17,000	?
Property Services	29, Castle Hill, Lancaster - Rents General	Property sold on 30 June so only one quarter's rent has been received.	+5,900	+17,600
	Commercial Properties	Unbudgeted property rental income.	(3,700)	(7,400)
	Community Transport	Increase in use of Dial a Bus. In the next 3 months leading up to Christmas	(10,000)	(15,000)
	Concessionary Travel	Pooled invoice only rec'd to July. Reimbursement rates with the bus companies still not been agreed so no outturn figure for pooling arrangements can be estimated	?	?
	Off-Street Parking - Repair and Maintenance of Buildings	Maintenance programme suspended for this year to meet increased service charges for St Nicholas Arcades Car Park	(4,800)	(5,400)
	Off-Street Parking - Repair and Maintenance of Sites and Signs	Maintenance programme suspended for this year to meet increased service charges for St Nicholas Arcades Car Park	+12,600	(7,000)
	Off-Street Parking - Services St Nicholas Arcades Car Park	Increased service charges for St Nicholas Arcades Car Park due to increased maintenance over 4 service charge years that has not been recovered by the Managing Agent acting for the Landlord	(9,800)	+12,100
	Off-Street Parking - Equipment Funded by Reserves	Reduced equipment funded by reserves due to efficiency savings and pay and display equipment replacements in recent years	(3,900)	(4,000)
	Off-Street Parking - Rental income	Additional income in this year due to the back dating of some increases in the periodic rent reviews	(3,200)	(9,600)
	Off-Street Parking - Fees	Income has been above and below target in Q2 and as reported at Q1 it is very difficult to forecast if this will be sustained during the remaining quarters	(20,700)	(10,000)
	Off-Street Parking - Permits	Reduced permit sales as reported at Q1. Also one large customer has made provisional enquiries about terminating their permits.	+39,500	+43,300
	CPE - new enforcement arrangements	Savings due to new enforcement and cash collection arrangements under services being provided by Lancashire Parking Services.	+0	(25,000)
	Car Parks Vehicle, Plant & Machinery - Contributions to Reserve	Reduced contributions due to efficiency savings and pay and display equipment replaced in recent years	+0	(10,000)
	Festival Market Electricity	Increased charges by provider. Efficiency savings suggested which require spend on R&M	+15,900	+11,700
	Festival Market Water services	Changes to invoicing by United Utilities - now paying for surface drainage not usage - unable to control	+2,500	+6,500
	Festival Market R&M	Overcharge of £13,000 discovered and rectified. Floor requiring urgent work Oct.	+15,900	+8,900
	Festival Market General Income	Casual income greater than expected during summer, rent of window space increased, sale of cardboard	(2,500)	(3,500)
	Festival Market Rents	Encroachment charges maintained (but never guaranteed)	(3,600)	(5,000)
	Lancaster Market overtime	Staff shortage, long term sick leave and redeployment of staff member has increased overtime spend considerably, but should stabilize from now.	+5,500	+8,800
	Lancaster Market Rates	Initiative re empty staff reduced rates	(18,300)	(18,300)
Mail room postages	Postal recharges - savings re new TNT contract	+0	(15,600)	
Misc Land	SITA re-negotiating contract re Salt Ayre tip resulting in additional one off income	+0	(35,800)	
Kellet Road	Reserve needs to be re-instated (removed last year and amount increased)	+0	+13,900	
City Centre Management	Expenditure saving and increased income from street trading concessions	(6,200)	(6,200)	
Economic Development & Tourism	Lancaster VIC - Publications / Accommodation Bookings Commission / Souvenirs	Reasons - Relocation to Storey CIC, delayed opening of café/bar affecting footfall, poor exterior signage and lack of public awareness, likely to affect of economic downturn. Action being taken - exterior banner signs now in place, café/bar opened mid Sept, proposed reduced targets to set realistic income levels.	+10,600	+17,000

## SUMMARY OF MAJOR VARIANCES (Qtr 2 2009/10)

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse (-) = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Health & Strategic Housing	Mgt & Admin charges	Budget based on previous years DFG capital budget and not updated to reflect current increased allocation.	(12,700)	(33,400)
	Cemeteries - Severance payments	Severance payment not required due to memorial safety team being made permanent following end of contract.	(6,000)	(6,000)
	Home Support	This team has been disbanded, all costs apart from salaries are expected to form savings amounting to £11.7K.	(5,800)	(11,700)
Planning Services	Planning Application Fee income	Projected full year variance based on current budget. Reduction reflects downturn in application numbers and types during current economic recession. Proposal to commence charging for "household application" pre advice to increase income.	+64,000	+100,000
	Building Control Salaries	The section is carrying 40% vacancies in technical posts which represents a significant saving.	(52,700)	(108,000)
	Building Control Fee income	The continuing downturn in the construction industry has kept application numbers low resulting in a reduced income. In addition private sector competition have increasingly targeted the domestic market. Reduced income has not significantly decreased staff workload as ongoing schemes still need to be serviced.	+65,000	+174,000
	Building Control Partner Authority income	Partner authority affected as above - reduced applications coming through.	+2,000	+6,700
	Winning Back West End Property Account	Current variance is a combination of ; outstanding claims from HCA and the ongoing maintenance costs of the properties bought under earlier funding agreements. It is anticipated that HCA will release funding to cover the outstanding claims, and therefore the projected variance to the end of the year does not include this element, however until the next phase funding agreement (i.e. Chatsworth Gardens) is put in place, the management costs of these properties fall wholly on the Council and this cost is estimated to cause an adverse variance of £27,800 on this budget at the end of the year.	+127,000	+27,800
	Mgt & Admin charges	Recharge of staff time to Luneside project no longer eligible.	+28,200	+28,200
	Discharge conditions income	Projected full year variance based on current budget. New legislation and budget set on "best guess" of take up. Budget to be reduced to £4,000 to reflect true position.	+6,000	+11,300
	Local Development Framework	Spending delayed as LDF work behind schedule due to having to divert time to incorporating strategic housing function and other duties. Work getting back on track and spend should occur as planned. Extra grant for additional burdens payment and work being commissioned as spend should occur as planned.	(31,900)	+0
	The TERN project - maintenance	No major maintenance expenditure items due this year.	(16,800)	(31,900)
Land Drainage	Staff resources occupied on grant aided major capital drainage improvements. Some proactive maintenance items delayed.	+2,700	(10,000)	
Revenue Services	Postage	Lower recharge from Post Office for 2009/10 bills	(12,000)	(12,000)
			<b>+149,900</b>	<b>(523,000)</b>

VARIANCES NOT REPORTED THROUGH PRT PROCESS				
Cultural Services	Promenade Management	Agreement with Fairground operator on promenade arena is less than anticipated.	+6,000	+6,000
	Heysham Pool - Electricity	Not included in YPO contract	+1,600	+18,500
	Camforth Pool - Electricity	Not included in YPO contract	+5,900	+11,300
	Heysham Pool - Venue Hire	Venue hire estimate not achieved	+6,200	+8,600
	Hornby Pool - Junior Swimming lessons	No comment provided	+100	(5,500)
	Hornby Pool - Electricity	No comment provided	(3,700)	(6,500)
			<b>+16,100</b>	<b>+32,400</b>
<b>TOTAL VARIANCES</b>			<b>+166,000</b>	<b>(490,600)</b>

## ACTION BEING TAKEN BY SERVICES

Service	Total Outstanding Debt (over 90 days old)	Debt to be Written Off	Refer(red) to Moorcroft Rossendales	Refer(red) for Legal recovery	Debt still being pursued	Payment Received / Instalment Agreed	Other Action / Reasons	TOTAL	Notes on Other Action / Reasons
	£	£	£	£	£	£	£	£	
Cultural Services	506.00				506.00			506.00	
Planning	19,796.18				19,796.18			19,796.18	
Building Control	830.11		241.88		588.23			830.11	
City Contract Services	138,805.13	6,059.78	1,273.16		22,781.88	108,690.31		138,805.13	
Health & Strategic Housing	25,522.58	1,841.39	1,270.89	3,580.00	18,605.70	224.60		25,522.58	
Management Team	388.11				388.11			388.11	
Property Services	157,468.77	825.20	35,107.60	4,748.36	68,298.58	22,939.19	25,549.84	157,468.77	Two large invoices in dispute. service is investigating.
Financial Services	748.87			295.58		453.29		748.87	
Legal Services	5,835.80		2,005.00		3,830.80			5,835.80	
Revenue Services	1,542.33		1,542.33					1,542.33	
Housing Benefits	741,061.80	14,863.47		230,128.75		423,527.73	72,541.85	741,061.80	* Various actions see below
<b>Total Outstanding</b>	<b>1,092,505.68</b>	<b>23,589.84</b>	<b>41,440.86</b>	<b>238,752.69</b>	<b>134,795.48</b>	<b>555,835.12</b>	<b>98,091.69</b>	<b>1,092,505.68</b>	

## \* Actions relating to Housing Benefit Debt

**Appeals** - where an appeal has been made against the creation of an overpayment & recovery has been suspended pending the outcome of the appeal

**Bankruptcy** - where a debtor has been made bankrupt & recovery of the debt is suspended until the bankruptcy has been discharged

**Claim Pending** - where a claim for Housing Benefit (HB) has not yet been determined & there is prospect of recovery from ongoing HB

**First Reminder** - where no agreement has been made to repay the debt & reminder invoice is issued

**Second Reminder** - where no agreement has been made to repay the debt & a reminder letter is issued

**Instalment Warning** - where an instalment as per an agreement has not been made & a reminder letter is issued

**Instalment Termination** - where instalments as per an agreement have not been made & the agreement has been terminated & a termination letter issued



# PERFORMANCE REVIEW TEAM

## 2009/10 Treasury Management Progress Report to 30 September 2009

### Report of Head of Financial Services

#### 1. Introduction

It is a requirement of the CIPFA Code of Practice on Treasury Management that regular monitoring reports are presented to Members on treasury activities. These reports will normally be presented soon after the end of June, September, December and March.

Cabinet approved the Treasury Strategy for 200/10 on 17 February 2009 and the Investment Strategy was approved by Council at its meeting on 04 March 2009. This report outlines activities undertaken in pursuance of those strategies during the financial year.

#### 2. Summary

- £410K was received from KSF (£2M deposit) in July, otherwise there is little to report; all the claims are ongoing.
- There have been no changes to the debt portfolio. The revised Corporate Investment Strategy will however highlight any potential changes to unsupported capital expenditure and any subsequent pressure to take on new borrowings.
- Two AAA rated Money Market Funds have been opened to create £8M of additional, secure, liquid capacity for surplus cash.
- There have been no material breaches of any prudential indicators in the quarter and no other major risks have been identified.

#### 3. Icelandic Investments Update

A payment from KSF was received in late July for £410K, this was more than anticipated but the final estimated settlement has clearly still be determined. Apart from this, there has been no significant change in the position on Icelandic banks since the Quarter 1 update. The claim process is ongoing and is being managed by Bevan Brittan, via the LGA, on behalf of the authorities with frozen Icelandic deposits. There have been no change regarding indications regarding preferred creditor status and further news is awaited as claims are processed by the relevant administrators.

During the second quarter CIPFA released an updated LAAP bulletin including changes to assumptions used to calculate the impairment of the £6M principal that was frozen in Icelandic banks as at 31/3/2009. These changes took account of the actual payout of £410K from KSF in July. The calculations were reviewed by External Audit who agreed with the view that any changes were immaterial. The original impairment calculation of £1.63M was therefore not adjusted in the final published accounts.

#### 4. Debt Portfolio

The Council had repaid all short term (temporary) loans in quarter 1 and no further short term loans have been required.

The opening level of longer term debt for the period was £39.4M. During the quarter, in cash flow terms there was no new long term external borrowing required, despite the Council's Capital Financing Requirement being around £45.8M at the start of the period. The closing balance of longer term debt was therefore still £39.4M - the bulk of this relates to Public Works Loan Board (PWLB) loans of £39.2M. This is well within the Operational Boundary, which is set at £56M. All of the Authority's debt is currently fixed term and due to mature in 10 or more years. This means that during the quarter the Authority was within all relevant Prudential Limits (see **Appendix A** for full listing of indicators).

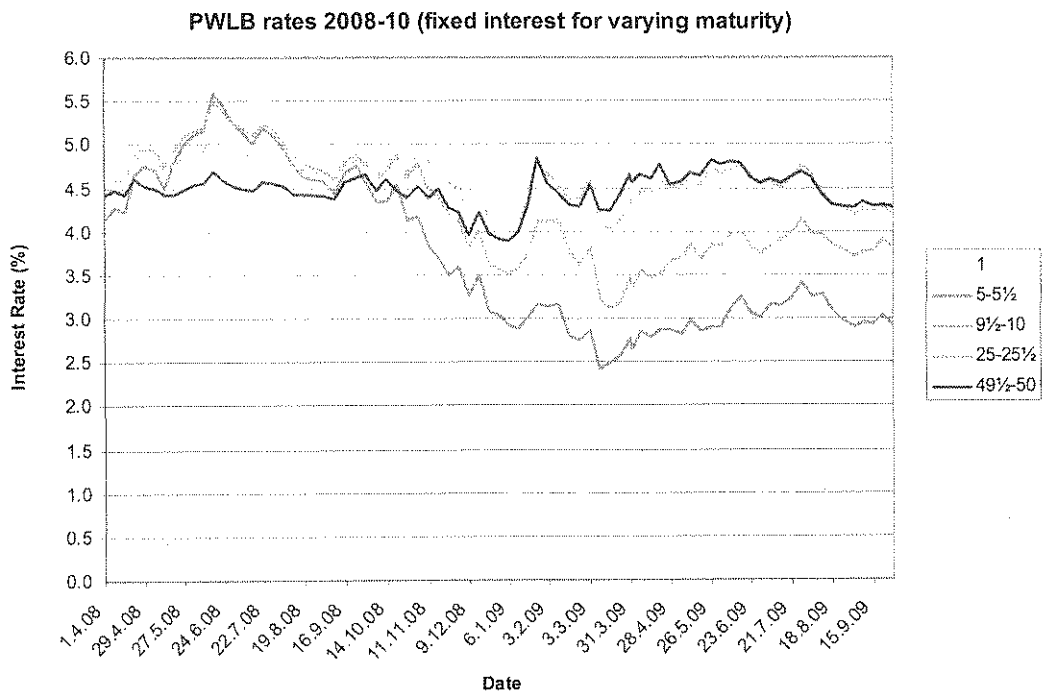
There is no immediate need to take out new long term loans at present to help fund capital investment, because cash flow is still relatively strong, despite the difficulties with Icelandic investments. In very broad terms, this is primarily because of the amounts being set aside each year from the budget for the future repayment of debt, through the Minimum Revenue Provision (MRP). At present it is still favourable to avoid taking out any new longer term borrowing. This is because there is less resulting counterparty risk involved and new long term loans would cost more than the investment returns, if the Authority were to invest an equivalent sum.

However, as in prior years, the Council is facing some challenges in terms of realising the capital receipts that underpin the capital programme. The revised Corporate Investment Strategy will give a lead on any potential further requirement for unsupported capital expenditure in 2009/10. This may influence whether the Council decides to take on any prudential borrowing in future – affordability being a key concern.

In addition, the Authority has been given the chance to comment on proposed changes to the function of the PWLB. The proposal is to increase the frequency with which interest rates are updated. This is not anticipated to have much impact on the Council, however Officers are currently considering the implications and the deadline for responses is 08 January 2010.

#### 5. Current Borrowing Rates

The graph below shows that the pattern observed in previous months has persisted with shorter term loans remaining well below the interest rates from 12 months with less movement on the longer term rates. Having said that, there has been a slight drop across the board since the end of the last quarter. Short term borrowing remains historically low and longer term rates remain relatively low should any further borrowing be required.



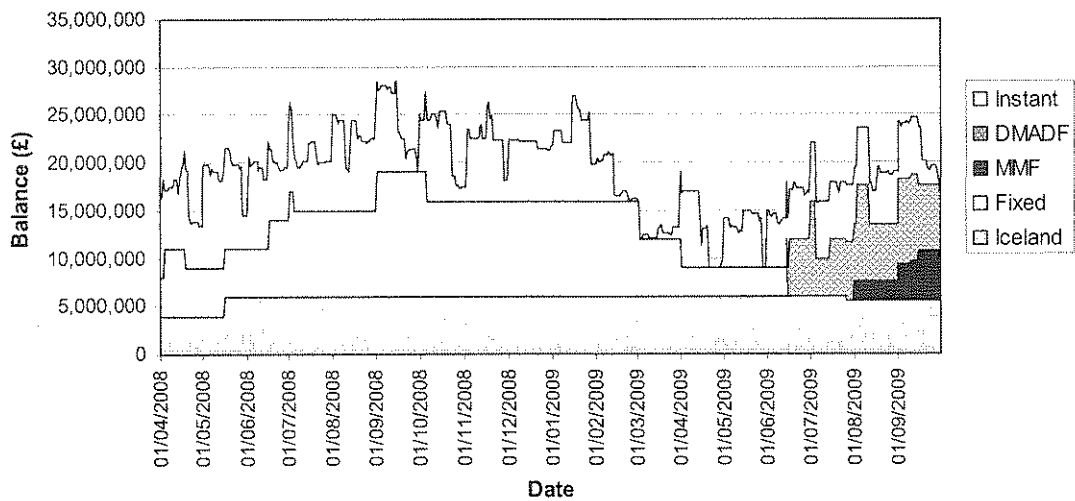
## 6. Investing Activities

As laid down in the approved Investment Strategy, the aim is to prioritise security and liquidity of the Authority. This is to minimise any further chance of a counterparty failing and the Council not being able to remove its deposits, as happened with the Icelandic banks.

All investment activity has been in line with the approved Treasury Strategy for 2009/10. No fixed term investments have been placed since September 2008, with the exception of Debt Management Accounts Deposit Facility (DMADF) deposits (i.e. with HM Government). Any other surplus cash has been managed on a day to day basis using the call accounts and since August, two Money Market Funds (MMF). A full list of the investments placed during the year is enclosed at **Appendix B** along with details of the balances on liquid deposits held. Two minor technical breaches occurred on the call accounts, due to interest being credited back in. This led to a £20 breach on Abbey and £6,417 on the Yorkshire Bank account. This was rectified, and arrangements have been put in place to help avoid this happening in future.

The split of investments is shown graphically below (see also further details in **Appendix B**). It is clear from this that the investment portfolio is split between Call accounts, the DMADF and MMFs. This keeps deposits secure, liquid and spread over a number of counterparties. £410K was repaid by KSF in July which has reduced the balance outstanding with Icelandic banks (at this stage, it is assumed all of this relates to the principal).

### Investment values over the period (fixed vs instant access)



#### 7. Summary of Budget Position and Performance at 30 September 2009

In terms of performance against external benchmarks, the return on investments compared to the LIBID and bank rates over the year to date is as follows:

Base Rate	0.50%
3 Month LIBID	1.07%
Lancaster CC Investments	1.15%
Lancaster CC investments*	0.75%

\*This rate includes £5.6M frozen in Icelandic banks, at 0%.

This performance appears good but it should be noted that it is affected by fixed term investments that were taken out before the global economic down-turn.

In terms of performance against budget, the details are as follows:

Annual budget	£71K
Profiled budget	£36K
Actual to date	£64K (see details in <b>Appendix B</b> )
Variance	£28K (favourable)

The reason for the favourable position is due to the fixed term investments which were taken out when rates were higher; this skews income towards the first part of the year. The £71K budgeted figure is still judged to be a good estimate of the final out-turn although the assumptions underpinning this figure will be reviewed as part of the revised budget process, which is currently ongoing.

These figures do not take account of interest from Icelandic investments. At this stage it is considered likely that the Council will be able to recognise interest from these investments although, as previously reported, this will be no means offset the losses in principal expected.

## **8. Risk management**

The main focus of risk within treasury management currently is security of deposits and their liquidity. The Council's investment strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and length of deposit, together with supporting advice. Officers have been maintaining the portfolio well within the agreed limits by utilising instant access call accounts and avoiding any new fixed term investments except for short term deposits with the DMADF. The view is, therefore, that associated risks have reduced over the period and are low, as at 30 September. Since Quarter 1 the portfolio has been diversified by using AAA rated Money Market Funds. At present these accounts are paying lower rates than the call accounts, but slightly higher than the DMADF, and they have added further capacity that is considered both secure and liquid. They are therefore judged to be acceptable in risk terms.

There is also a liquidity risk associated with needing access to cash on a day to day basis. At the end of the period the Authority had cash balances of £11.6M, £4.6M of which was held on instant access and £7M of which was due to be returned by the DMADF on 23 October, to coincide with precept demands. As such, liquidity is not judged to be significant risk at the present time.

Aside from the above, there is also financial risk attached to the longer term debt portfolio, associated with interest rate exposure. Until such time as PWLB repayment rates improve though, as mentioned earlier, there are unlikely to be any further actions that can be taken to improve further the Council's position. In addition, due to the position with capital receipts, there is a risk that the Council may have to take on further borrowing. However, with rates, particularly on shorter term loans, at very low levels, this is relatively good period to take on borrowings if required.

Finally, with regard to recovery of Icelandic investments, this is still being managed with the support through the Local Government Association. It is judged that this is the most effective way of maximising recovery on the Council's behalf.

## **9. Conclusion**

The second quarter of the year has been relatively uneventful for Treasury Management. Over the quarter there have been no material breaches of counterparty limits or other prudential indicators. The Authority is starting to see the full impact of interest rate reductions on investment returns although performance against budget is good due to interest from the last remaining fixed term investments.

Given the current economic climate and in line with the investment strategy, the HM Treasury debt management office account and AAA rate MMFs are now being used as safe havens for deposits of surplus cash. This has been a useful way to manage counterparty risk as fixed term investments have matured, leaving cash that in prior years would have been placed as medium-term fixed deposits – i.e. risk appetite is now much lower.

The information currently available regarding Icelandic investments gives some cause for optimism that the Council will get back the majority of principal invested. Definitive statements from the administrators are still awaited though.

APPENDIX A

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

Quarter 2 Update on Treasury Management activities, to 30 September 2009

2009/10      2010/11      2011/12  
£'000      £'000      £'000

**AFFORDABILITY**

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	12.4%	11.5%	10.2%
	HRA	8.5%	8.1%	7.8%
	Overall	11.1%	10.4%	9.4%
PI 2: Actual ratio of financing cost to net revenue stream	Reported after each financial year end			
PI 3: Estimates of impact of Capital Investment decisions on the Council Tax This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		£11.62	£8.69	£5.74
		6.52%	4.88%	3.22%
PI 3A: illustrative Impact of Additional Borrowing £1 million		Repayment Period		
		5 Years	10 Years	25 Years
Increase in Council Tax (£)		£4.93	£2.73	£1.54
Increase in Council Tax (%)		2.66%	1.47%	0.83%
PI 4: Estimates of impact of Capital Investment on Housing Rents		Nil	Nil	Nil

**PRUDENCE**

PI 6: Estimates of capital expenditure	Non - HRA	14,185	10,960	8,697
	HRA	3,547	3,548	3,477
	Total	17,732	14,508	12,174
PI 7: Actual capital expenditure	Reported after each financial year end			
PI 8: Estimates of Capital Financing Requirement	Non - HRA	27,702	26,245	25,044
	HRA	15,303	15,303	15,303
	Total	43,005	41,548	40,347
PI 9: Actual Capital Financing Requirement	Reported after each financial year end			
PI 10: Authorised Limit	Authorised Limit for Borrowing	57,710	57,710	57,710
	Authorised Limit for Other Long Term Liabilities	290	290	290
	Authorised Limit for External Debt	58,000	58,000	58,000
PI 11: External Debt: Operational Boundary		58,000	58,000	58,000
PI 12: Actual external debt	Reported after each financial year end			

**TREASURY MANAGEMENT**

PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council adopted the CIPFA code of Practice for Treasury Management at its meeting on the 13th March 2002.				
PI 14: Fixed Interest Rate Exposure The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the following amount of outstanding debt.	£58m	£58m	£58m		
PI 15: Variable Rate Interest Rate Exposure The Authority will limit its exposure to variable interest rate costs to the amounts payable on the following amount of outstanding debt.	£15m	£15m	£15m		
PI 16: Maturity Structure of Borrowing	Upper and Lower Limits	Under 12 months	0% to 35%	0% to 35%	0% to 35%
		12 months and within 24 months	0% to 20%	0% to 20%	0% to 20%
		24 months and within 5 years	0% to 20%	0% to 20%	0% to 20%
		5 years and within 10 years	0% to 20%	0% to 20%	0% to 20%
		10 years and above	60% to 100%	60% to 100%	60% to 100%
	Maturity Profile of Current Outstanding Debt 30/6/09	Under 12 months	0%		
		12 months and within 24 months	0%		
		24 months and within 5 years	0%		
		5 years and within 10 years	0%		
		10 years and above	100%		
PI 17: Investments for periods longer than 364 days The Authority will not invest for periods of longer than 364 days.	Nil	Nil	Nil		

## INVESTMENT INTEREST EARNED TO 30 September 2009

Name	No	Start	End	Rate %	Days up to 30/9/09	Principal £	Interest £
<b>Fixed term investments</b>							
<b>Deposited 2007/08</b>							
Landsbanki Islands	004	31-Mar-08	08-Oct-08	6.25	0	1,000,000	0
Glitnir	F102/023	31-Mar-08	08-Oct-08	5.76	0	3,000,000	0
<b>Deposited 2008/09</b>							
Kaupthing, Singer & Friedlander	06/07-129	16-May-08	08-Oct-08	6.00	0	1,500,000	0
Anglo Irish Bank Corporation	004	17-Jun-08	17-Jun-09	6.56	78	3,000,000	41,517
Irish Permanent Plc	005	02-Jul-08	02-Apr-09	6.31	2	3,000,000	519
Sub total							42,035
Other accounts	opening	Min	Max	closing	indicative rate		
Call: Abbey National	2,900,000	100,000	4,000,020	100,000	0.70%		8,696
Call: Yorkshire bank	2,000,000	400,000	2,006,417	400,000	0.60%		7,088
DMADF	10,000,000	4,000,000	9,000,000	7,000,000	0.30%		6,173
Government Liquidity MMF	0	0	2,000,000	1,000,000	0.27%		799
Liquidity First MMF	0	0	3,100,000	3,100,000	0.47%		891
Sub-total							22,757
<b>TOTAL</b>							<b>64,792</b>

For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list. Those highlighted in purple are Icelandic banks, those in yellow are Irish banks. The deposits from Irish banks have been received. £410K was received back from KSF on the 27th July 2009

No interest is being assumed from Icelandic banks as yet, but this will be updated (as set out in the report).

## Significant Corporate Business Risks - 2009/10

Priority	Number	Objective	Risk owner	Risk	Mitigation
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Planning Services	Failure to keep pace with the introduction of new Local Development documents.	Use of Planning Delivery Grant to ensure adequate staff resources and expertise. Ability to use this funding to outsource specific work for evidence base.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Planning Services	Failure to maintain performance on the speed of determining planning applications.	Use of Planning Delivery Grant to ensure adequate staff resources and expertise. Ability to use this funding to outsource specific work for evidence base.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Planning Services	Failure to deliver projects on time and within budget meeting external funding agencies requirements.	Utilising LAMP and maintaining skills on project implementation.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Lack of funding to support Programmes and Funding Team result in lack of critical staff resource to support work of LDLSP Economic Thematic Group.	Bid to external funders. Alignment of Council and LSP economy related activity to create efficiencies.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Economic downturn could result in uncertain impact on visitor numbers - also relocation of Lancaster VIC could impact on visitor numbers and users.	Work with new Communications & Marketing team to promote awareness of the VICs.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Failure to develop long term Investment Strategies around five themes of the Economic Regeneration Programmes (Knowledge Economy, Heysham to M6 Employment Corridor, re-inventing Morecambe, Lancaster City and Riverside, and Camforth Northern Gateway) results in shortage of development funding, conflicting local priorities and lack of commitment from key partners.	Detailed discussions with funders to understand and plan for emerging changes. Clear identification of priorities developed through partnership working and Cabinet decision making, to ensure funding is appropriately targeted.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Rent grant scheme and business start up programme fail due to low levels of take up.	Ensure effective local promotion of the scheme through marketing and communications team. Secure funding from LSP and launch new grant scheme. Work in partnership with Lancashire County Council to establish new business start up programme.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Failure to deliver the Council's actions in the LSP's Education, Skills, and Opportunities Thematic Group Action plan due to: Insufficient staff capacity to deliver these actions within timescale. Insufficient support from partner organisations in developing plans. Inability to recruit/retain suitable staff in Intergrated Support Team due to short term contracts and uncertainty of funding beyond March 2011.	Keep work priorities under review. Engage partners through Employment & Skills Work Group and ESO Thematic Group. Begin to develop forward strategy for project in conjunction with LSP ESO groups.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Failure to adequately assess and appraise Winter Gardens funding bids and project development proposals results in ; Failure to deliver capital scheme to time cost and quality. Inability of the Council to manage key financial and operational risks. Poor cost/benefit ratio leading to long term costs to the Council for ongoing support. Reputational risk associated with cost savings required to finance WG in the longer term.	Detailed assessment and appraisal of all aspects of the project including the capital scheme, the operational Business Plan and proposed management arrangements. Support for strong Council decision making.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Failure to complete project development phase of Lancaster Science Park, including planning consent, land acquisition and developer recruitment, in preparation for full project funding application to NWDA in mid 2010.	Engagement of specialist highways consultants as core part of project team. Work with NWDA and University to promote the project. Use of specialist advisors in drafting heads of terms of development agreement.
Support our local economy	1	Objective 1 – To work in partnership to ensure a strategic approach to economic development and regeneration.	Head of Economic Development and Tourism	Adverse economic conditions could mean that Staley Institute Centre for Creative Industries is unable to meet their business plan targets.	Monitoring of performance through annual review process - report to Cabinet if necessary.
Clean and green places	2	Objective 2 – Maintain the cleanliness of our streets and public spaces	Head of CC(D)S	Failure to maintain the cleanliness of the our streets and public spaces	Strategic approach based on education, enforcement and service delivery
Clean and green places	2	Objective 2 – Maintain the cleanliness of our streets and public spaces	Head of CC(D)S	Failure to implement Lancashire waste strategy	Main elements of waste strategy have been included within MTFs



Strategic Risk Register 2009/10

Priority	Number	Objective	Risk owner	Risk	Mitigation
Clean and green places	2	Objective 2 – Maintain the cleanliness of our streets and public spaces	Head of CC(D)S	Failure to effectively manage and maintain public open space and its features	Strategic approach to playground provision, tree management
Clean and green places	3	Objective 3- Develop local responses to Climate Change	Head of CC(D)S	Failure to reduce CO2 emissions from vehicle fleet	Procurement of most up to date emission controls when new vehicles are purchased. Programme of driver training. Suitable vehicle replacement programme. Efficient scheduling of refuse collection rounds, cleansing rounds etc
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Planning Services	Failure to reduce the amount of energy used by both the council and households across the district.	Ensure that each service is aware of their responsibilities and that they have sufficient resources to comply. Develop management plans for the district's AONBs.
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Planning Services	Insufficient resources to reach level 1 of NH188 by target date.	Ensure that each service is aware of their responsibilities and that they have sufficient resources to comply.
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Planning Services	Spatial policies failing to reduce the impact of climate change within the district.	LDF and Flood management taking full account of sustainability and climate change criteria.
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Planning Services	Inability to effectively work with the County Council to respond adequately to flooding.	Ensure strong partnership working in Flood Resilience Forum.
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Health & Strategic Housing	Failure to tackle fuel poverty and promote energy efficiency in the private sector.	Working together and with the support of the LAA Energy Efficiency Group and EST 1- 2-1 support.
Clean and green places	3	Objective 3 – Develop local responses to Climate Change	Head of Property Services	Failure to reduce the amount of energy used within the Council's properties.	Carry out the proposals of the Carbon Trust report. Ensure that each service is aware of their responsibilities and that they have sufficient resources to comply. Support the work of the Climate Change Cabinet liaison group. Support implementation of actions in the In-House Climate Change Strategy.
Safe and healthy communities	4	Objective 4 – To contribute towards making our district an even safer place by addressing crime and the fear of crime, and anti-social behaviour.	Head of CC(D)S	Failure to reduce incidents of ASB / fear of crime	Target times for response to low level incidents (eg fly tipping / graffiti) that can quickly escalate into more serious issues. Joint projects eg – clean sweep, street pride, MAPS.
Safe and healthy communities	4	Objective 4 – To contribute towards making our district an even safer place by addressing crime and the fear of crime, and anti-social behaviour.	Head of Health & Strategic Housing	Failure to work in partnership to respond to complaints about anti-social behaviour from house in multiple occupation.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. Continued close working relationship with the Police in order to achieve results. Comply with legal requirements under the Management of Houses in Multiple Occupation (England) Regulations 2006
Safe and healthy communities	4	Objective 4 – To contribute towards making our district an even safer place by addressing crime and the fear of crime, and anti-social behaviour.	Head of Health & Strategic Housing	Failure to deliver the Council's actions in the LDSP's Community Safety Thematic Group Action on air quality.	Co-ordinate preparation of and implement the Council's actions in formal Air Quality Action Plans.
Safe and healthy communities	4	Objective 4 – To contribute towards making our district an even safer place by addressing crime and the fear of crime, and anti-social behaviour.	Head of Cultural Services	Failure to improve the health and well being of the community as a result of not providing facilities that enable the community to participate. Programming offer does not cater for requirement to increase usage by children and young people and reduce crime/ antisocial behaviour. Poor holiday provision for children and young people. Private sector concentrates on profit-based schemes.	Continually increase the provision of sport and art activity programmes available for children's participation. Engage and target individuals with diversionary activities to reduce crime and antisocial behaviour. Increase the number of cultural and leisure opportunities for children and young people. Partnership work with agencies such as Police continues with common agendas agreed and met. Continual feedback to ensure provision is appropriate to need.
Safe and healthy communities	4	Objective 4 – To contribute towards making our district an even safer place by addressing crime and the fear of crime, and anti-social behaviour.	Head of Property Services	Failure to operate the CCTV system effectively would lead to an increase in crime and a reduction in the detection of crime in areas covered by CCTV	Liaise with Police to ensure that appropriate information is available for effective use of the system.

Strategic Risk Register 2009/10

Priority	Number	Objective	Risk owner	Risk	Mitigation
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Failure to comply with legal requirements under the Housing Act 2004.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. On-going training programme.
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Deterioration in the standard of the private rented stock, a particular risk in less favourable economic conditions.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. On-going training programme.
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Failure to provide first class Home Improvement Agency type services including Home Maintenance Service, Caseworker Service, Home Improvement Assistance Grant Programme and district wide Handyperson service (HPS) to provide information, advice and support to vulnerable home owners; to assist in considering alternative housing options and to provide support to residents wishing to adapt, repair or maintain their homes and maintain their independence.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. On-going training programme.
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Provide Disabled Adaptations to meet assessed local needs through the delivery of the Mandatory Disabled Facilities Grant (DFG) Programme.	Possible bid to LSP to ensure adequate DFG budget.
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Failure to improve homeless advice services and increase levels/ success of preventative initiatives.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. Work together with the support of the YMCA on the preventative agenda. Increase awareness of and availability of a range of housing advice services across the district. Undertake co-ordinated multi agency approach to identify gaps in service.
Safe and healthy communities	6	Objective 6 - To improve the standard, availability and affordability of housing in the district to meet local needs.	Head of Health & Strategic Housing	Failure to improve front line homeless services by prioritisation and reduction, failure to reduce the levels of homelessness across the district, and failure to maintain legal requirements.	Ensure that officers are aware of their responsibilities, comply with procedures and have sufficient resources to deliver efficient service. On-going training programme.
Support our local communities	7	Objective 7 - To work in partnership with others to meet the differing needs of communities within our district.	Head of Planning Services	Insufficient resources or officer expertise to maintain viable contribution to partnerships. Other external partners taking lead then disengaging.	Ensuring adequate officer expertise and resources available and engaging only in partnership activities where there is a clear priority to do so in the interests of the City Council and its communities.
Support our local communities	7	Objective 7 - To work in partnership with others to meet the differing needs of communities within our district.	Head of Cultural Services	Failure to ensure our cultural services are what the community want. Unpopular programming policy - reduced usage with consequential effect on budgets/ partnership joint outcomes.	Ensure strong link to LSP and ensure staff skills are such to meet demand. Undertake regular consultation of the Children's Holiday Activity Programmes to ensure satisfactory planned activity. Improve young peoples attitudes to learning and increase their achievement through leadership courses.
	8	Services not linked to priorities	Head of Property Services	Failure to maintain Council buildings leads to either inability to continue business, increased cost of repairs or injury to staff in extreme cases. Failure to achieve the standards could result in legal action against the Council. Failure could also lead to staff health issues.	Ensure that all urgent building repair works are undertaken in accordance with the existing condition survey and within available budgets. Ensure that funds are available to undertake the necessary works.
	8	Services not linked to priorities	All Service Heads	Failure to engage staff results in demotivated work force which results in poor service levels.	Continue to engage the staff to ensure services are delivered in the most effective, efficient and economical way. Encourage culture of mutual respect between all staff. Involve staff in design / review / implementation of services.
	8	Services not linked to priorities	All Service Heads	Failure to deliver core service and contribute to corporate projects in terms of officer time/ support etc.	Ensure involvement in key projects is built into business plans eg. Fair Pay, Children and Young People, communications working group, Communications and Marketing Review, Access to Service, Performance Management etc.