

## **North Devon District Council**

Date: 16<sup>th</sup> August 2005

**Report to: Executive**

**Report by: The Chief Executive and the Chief Financial Officer**

**Subject: Performance and use of resources - the first quarter of 2005/6**

### ***PART 1***

#### **1 Introduction**

- 1.1 This is the first of a series of regular quarterly reports on the Council's overall performance. The report covers the use of resources including staffing and finance as well as service performance and the progress the Council is making in achieving its objectives.
- 1.2 This report covers the period from April to June 2005. The next quarterly report will be presented to the November Executive and deal with the period from April to September 2005.

#### **2 Recommendations**

The Executive is recommended to:

- 2.1 Note the actions that are being taken to ensure the performance is at the desired level (section 5).
- 2.2 Note the revenue monitoring information and the actions to be taken to rectify variances (section 6).
- 2.3 Receive a report from the Head of Recycling and Commercial on the adequacy of the current budget in his area, and remedial actions. (sections 6.1.5 and 5.2)
- 2.4 Approve the new Trade Waste charges as set out in section 6.3.
- 2.5 Delegate authority to the Chief Financial Officer in consultation with the Portfolio Holder for Waste Management and Recycling to set the level of future Trade Waste and Skip Hire charges.
- 2.6 Note the level of reserves and the potential need for a further report (section 6.4).
- 2.7 Note the statement on the robustness of the budget and the level of reserves (section 6.5).

- 2.8 Note the capital monitoring information (section 7).
- 2.9 Recommend to Council that the Capital Programme for 2005/6 be varied to include the schemes identified in section 7.1.1.
- 2.10 Consider whether to recommend to Council a variation to the Capital Programme to include any of the new schemes described in 7.4.1.
- 2.11 Release funding for capital projects in response to a quarterly report that identifies which projects within the Capital Programme are scheduled to start in the next three months.
- 2.12 Give its approval to proceed with projects numbered a) to t) in section 7.5 in line with the identified budgetary provision.
- 2.13 Subject to Council's agreement to vary the Capital Programme to include them, give Executive approval to proceed with projects numbered v) to x) in section 7.5 in line with the identified budgetary provision.

### **3 Reasons for recommendations**

- 3.1 To ensure that appropriate action is taken to allow the Council to meet its objectives.

## ***PART 2***

### **4 Constitutional Context**

- 4.1 The Executive is responsible for managing the Council's progress towards meeting its policy and budgetary framework.
- 4.2 The Local Government Act 1999 gives local authorities the duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Article 7.12 of the Constitution makes the Executive responsible for the performance of the Council's duty to continuously improve.
- 4.3 In order to enable the Council to properly manage its capital resources section 4.7 of the Financial Procedure Rules (i.e. Appendix 13 of the Constitution) provide that capital expenditure requires both:
  - i) appropriate budgetary provision, and
  - ii) a report being taken to and approved by Full Council, Executive, or other duly authorised Committee.

### **5 Service Performance**

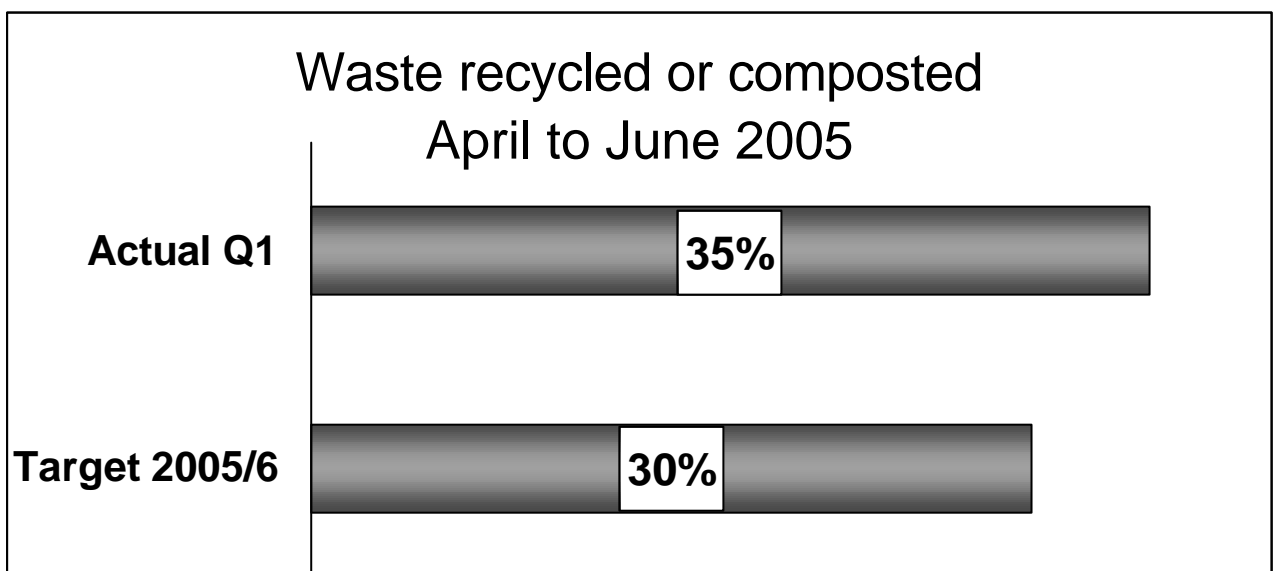
- 5.1 The Senior Management Team and Strategic Management Group have met to consider the Council's performance in the first quarter. The Council's key indicators of performance are shown as Appendix 1. The

main messages about the Councils performance in the first three months follow. Please note that where an item has not been reflected in Appendix 1 the appropriate data is shown in the text.

## 5.2 Greensweep

5.2.1 This has had a significant impact. The proportion of domestic waste recycled or composted in the first quarter is significantly higher than last year (i.e. 34.9% compared to 21.2%) and is already above the 2005/6 target level of 30%.

5.2.2 The increase is particularly marked for composted waste (4.4% last year, compared to 17.8% now). However, as the year progresses and the seasons change these impressive figures are expected to tail off.



However, this major change has had effects across the whole organisation, in part because of the large proportion of the population affected. The results have been:

- a large increase in the overall number of telephone calls received from customers. In April, May and June 2005 over 112,000 calls were received, compared to 65,000 for the same period a year ago. This is a 72% increase that has been mainly focussed on a small number of services.
- the increase in volume means only 90.4% of calls were answered within 6 rings; against a target of 96%.
- the cost of waste collection per household is projected to be £74.05 for the current year.
- all households (41,000) now receive the service, in one form or another. As a result of this there has been an increase in complaints (193 received against a target of 60), and also an increase in the

proportion of these complaints that are justified (48% against a target of 20%).

- In order to address these consequences of the success of Greensweep:
  - the service will be the first to be incorporated in the contact centre in September 2005, and
  - work is progressing between service management and Bentley Jennison (our internal auditors) to identify service improvements that can lead to cost reductions.

### **5.3 E-government**

5.3.1 The Council's plans to meet the Government target to make all its services available electronically are on track. By January 2006 any customers that want to access our services in this manner should be able to do so.

### **5.4 Council Tax collection**

5.4.1 The Council Tax collection rate is 0.65% below target for the period. Research is being undertaken into authorities with a similar profile to North Devon that perform significantly better than us so that areas of better practice are identified and used here.

5.4.2 Current projections suggest that we will exceed last year's collection rate of 97.38%, but it should be noted that the government set target of 98.5% might not be achieved in 2005/6.

### **5.5 Housing**

5.5.1 26 affordable homes have been completed in the quarter.

### **5.6 Staffing**

5.6.1 The revenue budget for 2005/6 provides funding for 391 staff. Information provided by the Human Resources Service shows an average of 381.6 staff for the first quarter.

## **6 Revenue expenditure**

### **6.1 Revenue budget monitoring**

6.1.1 The table below shows areas of significant overspend/(underspend) at the end of quarter one.

	<b>April to June Actual £000</b>
Building Control Fee Income	(20)
Car Park Expenditure	15
Car Parking Income	40
Development Control Fee Income	13
Domestic Waste collection & recycling	241
Engineers	7
Green sweep set up costs	35
Homelessness	(7)
Income Management licence	10
Leisure Contract	(84)
Public Conveniences (cleaning)	17
Public Conveniences (rates and water)	25
Ship hire	9
Street Sweeping	62
Trade waste collection	45
<b>Total</b>	<b>408</b>

6.1.2 An accurate full year forecast is not possible at this stage because of the seasonal nature of green sweep and ongoing efficiency improvements at the Works Unit. Based on a worse case, simple extension from one quarter to a full year, adjusted for known changes, a provisional forecast for the full year is £1.64m, in practice the outturn is likely to be significantly less.

6.1.3 As anticipated the investment in Greensweep and other service improvements at the Works Unit is causing significant budget pressures. Members will recall that when the budget was set in February the risk of increased costs was highlighted but it was anticipated that these costs would be covered by the sale proceeds from the Trade Waste service.

6.1.4 Discussions with other local authorities has identified that a significant increase in the budget is an inevitable result of the roll-out of recycling and the waste management environment we are now operating in. Nonetheless, Executive's attention is drawn to the need for urgent action at the Works Unit.

6.1.5 The Head of Recycling and Trading Services is working closely with the Works Unit Improvement Team to minimise the overspend. The following areas are being investigated and some have already been put in place:

- Re-profiling refuse collection rounds to reduce the vehicles and crews required.
- Purchasing vehicles instead of renting
- Not replacing absent workers with agency staff
- Dismissing temporary staff who were employed to support the service during its implementation stage.
- Increase of Trade Waste Income and work with Bentley Jennison to make this service more commercially viable;

6.1.6 The combination of savings and reserves will be adequate to meet the additional costs at this stage provided remedial action is put in place for the medium term.

## 6.2 Amended Model D

6.2.1 The Medium Term Financial Strategy and the adopted budget include budget improvement targets for the current year (Amended Model D). The table below summarises progress to date and highlights outstanding items that require attention:

	Proposed £	Applied £	Outstanding £
Economic Development	124	125	(1)
Reduction in General Grants budget	45	30	15
Parish By-Elections	10	10	
Culture	120	120	
Leisure	75	127	(52)
Car Park Review	208	144	64
	<b>582</b>	<b>556</b>	<b>26</b>

## 6.3 Trade Waste Charges

6.3.1 One of the proposals to reduce the overspend at the Works Unit is increase some of the Trade Waste charges. The table below details the proposed charges:

	Current Charge (£)	Proposed Charge (£)
Blue Bags	£0.80	£1.50
Labels for Boxes	£0.80	£1.50

---

330ltr Wheel bin per empty	£2.70	£3.00
----------------------------	-------	-------

---

6.3.2 In a full year this is estimated to generate an additional £70,000.

## **6.4 Reserves**

6.4.1 Appendix 2 shows the reserves at 31<sup>st</sup> March 2005 and the budgeted reserves at 31<sup>st</sup> March 2006. The quarter two monitoring report will provide members with an updated position following funding decisions for the Works Unit.

6.4.2 The combination of savings and reserves will be adequate to meet the additional costs at this stage provided remedial action is put in place for the medium term. However, it may be necessary to bring an urgent report in quarter 2 with proposals on ways to decrease expenditure and increase income across all Council services.

## **6.5 Robustness of the budget**

6.5.1 Subject to paragraph 6.4.2 above the chief finance officer is satisfied with

(a) the robustness of the estimates made for the purposes of the calculations, and

(b) the adequacy of the proposed financial reserves.

## **7 Capital expenditure**

### **7.1 Slippage from 2004/5**

7.1.1 Appendix 3 shows capital schemes that were included in the 2004/2005 approved capital programme but were not able to be commenced or completed within that financial year. It is proposed that these schemes are included within the capital programme for 2005/2006.

### **7.2 Spend compared to budget**

7.2.1 Appendix 4 lists all the schemes included within the capital programme for the current year, details spend to the end of quarter one and provides a brief status report.

### **7.3 Capital receipts monitoring**

7.3.1 When the capital programme was set in February of this year the prudent decision was made that the use of capital receipts should be limited to the value of in year capital receipts. Appendix 5 details the anticipated capital receipts at budget setting and updates members on the current projection.

7.3.2 Members will see that several asset sales are not now anticipated to occur in this financial year. This has had a significant impact on the level of anticipated capital receipts. Experience of previous years indicates that there will be slippage in several schemes so it is not proposed at this stage to delete schemes from the capital programme. If slippage does not occur capital receipts from previous year's will be used to finance any shortfall.

#### 7.4 New schemes for approval

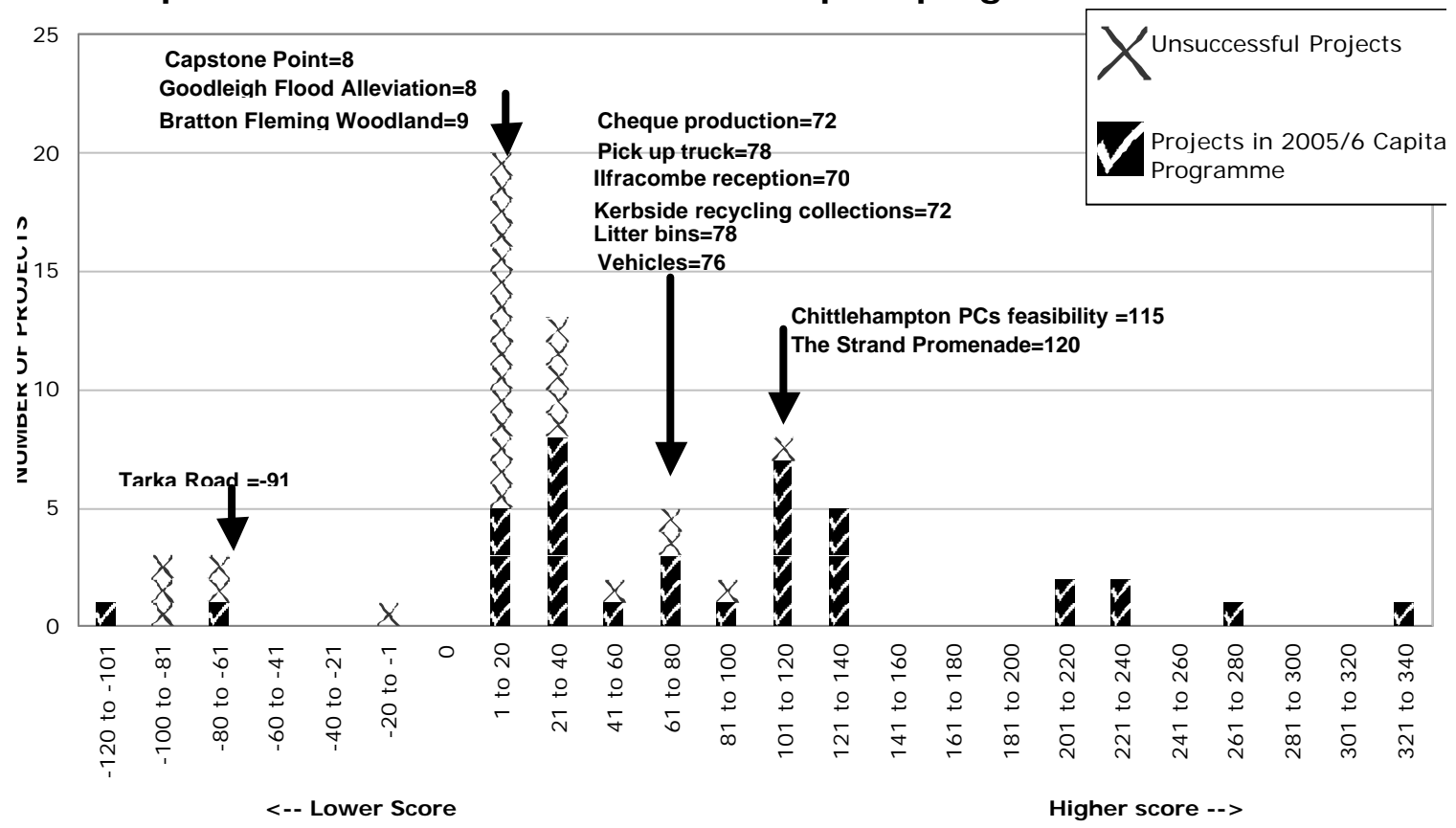
7.4.1 The following new proposals for capital projects have been subjected to the new prioritisation and appraisal system. The project proposals are attached as Appendix 6.

Scheme	Score	Cost £000	Funding £000s		
			Capital Programme Contingency	External Grant	Reserves
a) The Strand Promenade, Barnstaple, Health & Safety Measures	<b>120</b>	13	13		
b) Chittlehampton, feasibility study of former PCs and rooms	<b>115</b>	4	4		
c) Pick up truck	<b>78</b>	14			14
d) Replacement of litter bins	<b>78</b>	10	10		
e) Replacement vehicles	<b>76</b>	453			453
f) Kerbside recycling collections	<b>72</b>	8	8		
g) NDDC Cheque Production	<b>72</b>	15	15		
h) Ilfracombe reception desk	<b>70</b>	20	20		
i) Capstone Point 2005, Cliff Fall at Windy Corner	<b>8</b>	7	7		
j) Bratton Fleming woodland	<b>5</b>	25	25		
k) Goodleigh Flood Alleviation	<b>8</b>	224	146	78	

I) Tarka Road Improvements, Seven Brethren	-91	28	28
<b>Total</b>			<b>276</b>
Capital Programme Contingency Remaining			<b>78</b>
			<b>467</b>

The projects were scored and the following graph shows how they compare to projects already accepted as part of the capital programme:

### Proposed capital projects for quarter 2 and comparison to those in the 2005/06 capital programme



## 7.5 Projects requiring the release of funds in the next quarter

7.5.1 The Constitution requires approval before capital expenditure included in the capital programme can be incurred. In the

past this has resulted in a large number of separate reports on the Executive agenda. It is proposed that in future, except in emergencies, funding will be release through this quarterly report for those projects in the capital programme that are scheduled to start in the next three months.

7.5.2 Capital projects in the agreed capital programme that are scheduled to start in the next three months, subject to Executive approval are listed below. The project proposals are attached as Appendix 7

### **Scheme**

- a) Amenity Enhancement Brook Meadow South Molton
- b) Amory House One Stop Shop
- c) Bicclescombe Nursery
- d) Car park lining to create additional spaces
- e) Car Park Machine Lighting
- f) Computer System - Car Parks
- g) Disposal and Redevelopment of Lynmouth Pavilion
- h) Enhancement to Telephony System
- i) Fair View Car Park Lighting
- j) Ilfracombe Lifeboat House
- k) Lynmouth Esplanade
- l) Managed workspace Pathfields South Molton
- m) Oxford Grove
- n) Planned Maintenance
- o) Public Conveniences Refurbishment
- p) Queen Street, Bear Street redevelopment
- q) Recycling Bank Service
- r) Rhenish Tower
- s) Seven Brethren Car Park Lighting
- t) South Molton Central Car Park Redevelopment

Four of the projects in section 7.4 "New schemes for approval" would, subject to approval, require funds to be released with the next three months

- u) Bratton Fleming woodland
- v) Kerbside recycling collections
- w) Replacement of litter bins
- x) Replacement vehicles

## **8 Statement of Internal Advice**

- ◆ Strategic Management Team
- ◆ Heads of Service

## **9 Background Papers**

### 9.1 None

Author: Angie Sinclair and John Patrinos

Date: 3<sup>rd</sup> August 2005

Reference: I:\Projects\Single Report\2005-6 Q1\Q1 2005-6 Perf & UoR - Exec.doc



## Appendix 2

### Reserves

	Balance	Budgeted
	1.4.05	Balance
	£000	31.3.06
		£000
Usable Capital Receipts Reserves	2,530	2,702
Earmarked Reserves		
Recycling Reserve	0	15
FMS Replacement Fund	15	0
Major Sports Grants	10	
Emergency Contingency Fund	51	41
Planning Enquiries Fund	145	65
Museum Purchases Fund	3	3
Community Consultation	25	15
Repairs Fund	85	0
Grave Maintenance Fund	8	8
Car Park Enhancement Fund	28	28
Village Hall Grants Fund	6	8
Lynton Agency Fund	116	94
Executive Funding Reserve	220	0
P C Planned Maintenance Fund	130	105
Vehicle Renewals Fund	1,023	780
Capital Funding Reserve	1,872	2,292
Tarka Tennis Surface replacement	17	26
Green Initiatives Fund	19	27
Executive Contingency Reserve	190	117
Greensweep Replacement Fund	159	309
Planning Improvement Reserve	103	0
Office Technology Fund (New)	232	227
2nd Home Council Tax Housing Reserve	50	100
Improvement Programme	126	109
External Professional Services Reserve	12	0
Rock Park Store Reserve	9	0
General Fund Balance	1,365	1,185
Collection Fund Balance	104	104

## Appendix 3

### Schemes scheduled for 2004/2005 now slipped to 2005/2006

	Slippage £000	Funded By		
		External Grant	Capital Reserves	Capital Receipts
Car Park Health & Safety Issues	32			32
Ebberley House & Tarry Lane	5			5
Old Quay Head Protection Works	33			33
Ilfracombe Refuelling Facility	35	26		9
Braunton Flood Study	4			4
Coastal Protection & Shoreline Mgt Plan	13			13
Lynmouth Rhenish Tower Survey	2			2
Civic Centre Spire Project	16	16		0
Old Methodist Church Lynton	44			44
Public Conveniences	102		102	0
Greensweep Wheeled Bins	47			47
Grant Larkstone & Brimlands	35	10		25
Coney Gut Outfall Reconstruction	20			20
Small Community Projects	10			10
Renovation Grants	21			21
South Molton Skatepark	14			14
	<b>433</b>	<b>52</b>	<b>102</b>	<b>279</b>

## Appendix 4 (page 1)

### Capital Programme Monitoring 2005/2006

	<b>Approved Budget 2005/06 £000</b>	<b>Spend Qtr 1 £000</b>	<b>Status</b>
<b>PRIORITY - Improving Access to Services</b>			
Amory House One Stop Shop	60	0	Waiting for Devon County Council
Benefit Document Image Processing	235	0	Specification being prepared
Enhancement to Telephony System	16	0	Procurement underway in partnership with DCC
	<b>311</b>	<b>0</b>	
<b>PRIORITY - Promoting the Local Economy</b>			
Managed Workspace Pathfields South Molton	560	0	Project Leader Paul Hollis appointed
	<b>560</b>	<b>0</b>	
<b>PRIORITY - Tackling the Housing Problem</b>			
DFG's	343	63	Ongoing
Hobbs Yard Lynton	257	0	Slow progress, issues with number of units and potential funding issues
Minor Disabled Works Grants	40	20	Ongoing
Renovation Grants	25	3	Ongoing
Affordable Houses for Rent - Challenge Fund	100	0	Proposals progressing
Private Sector Renewal	100	0	Proposals progressing
HAC IT System	85	0	Progression following restructure
Bicclescombe Nursery	52	1	Drainage being designed
Bicton Street, Barnstaple	31	0	Major issues need to be resolved
Ebberley House & Tarry lane	28	0	Joint scheme being developed
Mill Road Development	5	0	Unlikely to go ahead this year
	<b>1,066</b>	<b>87</b>	

## Appendix 4 (page 2)

### Capital Programme Monitoring 2005/2006

	<b>Approved Budget 2005/06 £000</b>	<b>Spend  Qtr 1 £000</b>	<b>Status</b>
<b>PRIORITY - Waste Management &amp; Recycling</b>			
Public Conveniences Refurbishment	797	122	Some adjustment to timing of schemes required £13k transfer to Revenue
Recycling Bank Service	28		
	<b>825</b>	<b>122</b>	
<b>THEMES</b>			
<b>Resource Management</b>			
Seven Brethren Lighting	43	0	To commence September
Fair View Car Park Lighting	32	0	To commence September
Computer System - Car Parks	28	0	Suppliers being identified
Car Park Machine Lighting	18	0	To commence September
Car Park Relining to create additional spaces	13	0	Quotations being obtained
	<b>134</b>	<b>0</b>	
<b>Culture</b>			
Feasibility Business Plan - Barnstaple Cultural Quarter	30	0	Scheme transferred to Revenue
Chulmleigh Sports Hall	40	0	Being built, completion Feb 2006
	<b>70</b>	<b>0</b>	

## Appendix 4 (page 3)

### Capital Programme Monitoring 2005/2006

	<b>Approved Budget 2005/06 £000</b>	<b>Spend Qtr 1 £000</b>	<b>Status</b>
<b>Regeneration</b>			
Seven Brethren Redevelopment	228	2	Documents almost ready
Rock Park Revitalisation Ph I	227	0	Progressing
Castle Quay Enhancements	65	0	Tender being prepared, some issues with sub station
South Molton Central Car Park Redevelopment	45	0	Scheme progressing
Queen Street, Bear Street redevelopment	17	0	Development brief progressing
Amenity Enhancement Brook Meadow South Molton	1	0	Site survey by engineers will be carried out in August
Loxhore Village Hall	15	5	Grant complete (£10k spent in 04/05)
	<b>598</b>	<b>7</b>	
<b>Land Ownership &amp; Statutory Functions</b>			
Rhenish Tower Lynmouth	71	0	Grant application submitted
Lynmouth Esplanade CP Cliff Stability	61	0	Due to commence in the Autumn
Pannier Market, Market Street Enhancements	40	0	Progressing with DCC
Queens Theatre Repairs	42	0	Executive June approved commencement
Upgrade to Play Areas - DDA	30	0	Progressing
Disposal & Redevelopment of Lynmouth Pavilion	25	0	Progressing with land agent, consultation with the Trust required
Pannier Market Road Closure	20	0	Currently being investigated and pursued by DCC in liasion with the businesses within the location
Victoria Street, Barnstaple	17	0	Scheme and planning progressing
Oxford Grove Retaining Wall	60	0	Due to start September, some issues with neighbours
	<b>366</b>	<b>0</b>	

Appendix 4 (page 4)

Capital Programme Monitoring 2005/2006

	<b>Approved Budget 2005/06 £000</b>	<b>Spend Qtr 1 £000</b>	<b>Status</b>
<b>Renewals &amp; Replacement</b>			
IEG	455	13	Ongoing
Works Unit Vehicle & Plant	570	0	2 RCVs ordered
Planned Maintenance	150	0	Awaiting results of asset survey
Car Park Pay & Display Machines	150	0	Options being evaluated
Office Technology	118	18	Ongoing
De- minimus Projects	50	0	Schemes evaluated and selected
	<b>1,493</b>	<b>31</b>	
<b>Contingency</b>			
Contingency (Remaining balance)	337		
Barn Park Housing Scheme	163	0	Grant due at scheme completion
	<b>5,923</b>	<b>247</b>	

## Appendix 5 Capital Receipts

	Approved Programme	Latest Forecast	Variance	
	£000	£000	£000	
Receipts due in 05/06				
Slippage from previous years	750	750	0	
NDH LSVT Clawback	800	800	0	
Mill Road Depot	250		-250	Delayed to 06/07
Victoria Street	180		-180	Delayed to 06/07
Ebberly House & Tarry Lane	180		-180	Delayed to 06/07
Square PC Chittlehampton	120		-120	Delayed to 06/07
Access to land Westmead, Braunton		110	110	
Hares Green, South Molton		25	25	
Church Close, Bratton Fleming		25	25	
South View Bratton Fleming		1	1	
Livarot Walk, South Molton		10	10	
	<b>2,280</b>	<b>1,721</b>	<b>-559</b>	
Schemes approved for commencement		939		
Schemes slipped from 04/05		279		
Schemes within this report for approval to commence		1169		
		<b>2387</b>		
Balance of in year receipts remaining		<b>-666</b>		

Appendix 6  
New schemes for approval  
(Separately distributed and printed on pink paper)

## Appendix 7

Projects requiring the release of funds in the next quarter  
(Separately distributed and printed on blue paper)