

REPORT OF THE SENIOR MANAGEMENT TEAM
TO THE EXECUTIVE
5 DECEMBER 2008

Corporate Governance Report: Second Quarter 2008/09 (to 30 September 2008)

1.0 Introduction and Report Summary

1.1 The Corporate Governance Report looks at the key areas of:

- Corporate Priorities
- National Indicators
- Progress against Service Prioritisation Plans
- Key staffing data (sickness levels and turnover)
- Progress with Business Process Improvement Reviews
- A Financial commentary

At its meeting on 20th October 2008 the Senior Management Team (SMT) considered a second quarter corporate governance exception report. SMT agreed the exceptions, comments and actions to be included in this report where performance / actions were not on target. The full versions of the individual reports are available on the Council's website. They can be accessed through the 'about your Council / performance' section of the website.

1.2 The contact officer for this report is Robert Woodside, Principal Performance Management Officer, telephone (01235 520202 ext 499). **Email address:**
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2.0 Recommendation

2.1 *that the Senior Management Team's Corporate Governance exception report be considered and that any further action be taken which needs to be taken to improve performance.*

3.0 Relationship with the Council's Vision, Strategies and Policies

This report relates to the Council's Vision in that it supports all of its objectives and does not conflict with any Council Strategies. It supports all of the strands of the Vale Community Strategy.

4.0 Exception Reports

4.1 Corporate Priorities Report.

SMT decided that 2 actions (1.1 and 1.2) and 3 local performance indicators (H1, H2, and H17) should be included in this report. Full details are included in Appendix A.

4.2 National Indicator Report.

SMT agreed that there are no National Indicators where progress should be reported to the Executive as exceptions. However, as these are relatively new, all of the indicators which are relevant for this Council and results are available quarterly or half yearly have been

included in Appendix B. As the indicators were only introduced from 1st April 2008 it is not yet possible to compare performance with that of other authorities.

4.3 **Service Prioritisation Plan (SPP) Progress Report**

SMT tracks progress against all of the 26 SPPs included in the 2008/9 budget. Progress against 1 SPP has been included in Appendix C. This is SPP 8: Cease overpayment of Street Cleaning Contract until new contract let mid 2010/11.

4.4 **Summary of Sickness and Turnover Report**

Sickness is slightly higher this quarter compared to the same quarter last year. However it is lower than in quarter 1. The total number of days lost during the quarter was 454. The cumulative number of days lost per FTE for the first half year is 3.7 days. The detailed results are shown in Appendix D.

The new Absence Policy uses Bradford Factor levels to prompt actions including return to work interviews. This is backed up by regular reviews of absences by Deputy Directors and their HR business partners. This has led to raised awareness amongst managers and staff, more accurate reporting and early intervention. It has meant patterns of absence can be identified and allowed sickness to be managed more proactively, with an increasing emphasis on long-term sickness.

Turnover is lower this quarter compared to both the previous quarter and also quarter two last year. The cumulative turnover rate for the first half year was 4.45% which equates to 13 leavers. The detailed results are shown in Appendix D.

4.5 **Progress with Business Process Improvement (BPI) Reviews**

A review of BPI projects in progress concluded that, overall, there was a low probability that the process would yield adequate savings to achieve the Authority's National Indicator 179 savings (see Appendix B), or to close the budget shortfall. This was reported to the Senior Management Team (SMT) meeting on 20th October in the context of the budget setting process. The Chief Executive asked that Deputy Directors bring forward Cost Saving Ideas (CSI) in their areas of 5% and 10%, together with a statement of impact. Deputy Directors were requested to forward these CSIs for collation and discussion at the next Strategic Director's meeting ahead of presentation to the Strategic Management Group. Once decisions were taken about which CSI to incorporate in the 2009/10 budget, the NI 179 calculation will be revisited.

Some of the individual BPI projects still have merit, and Deputy Directors were not excluded from including these in the 5% and 10% Cost Saving Ideas. One such project is the review of administration staff which is currently being restructured as part of a CSI to be presented jointly by Helen Bishop and Mike Mackay. The other two sample projects looked at as part of the BPI review in Housing and the Local Service Points are on hold.

Cash-releasing Value for Money gains (National Indicator 179): A figure of £458k was submitted to Central Government as the Vale's anticipated NI 179 outturn for the current financial year, based upon an assessment of achievable savings against projects currently in progress. This compares to a target figure of £560k being that required in year one of the three year assessment period to achieve the NI 179 target agreed for the Oxfordshire Local Area Agreement 2008-11. Savings above target will need to be made in years two and three to correct this initial under achievement.

The Chief Executive reported upon the success of a 'lean' process review program at SODC ('Fit for the Future'). He suggested that the Vale should examine that exercise in

order to learn from it, and that this may lead to a revitalisation of the Vale's BPI programme in the coming year.

4.6 Financial Commentary: 1 April 2008 to 30 September 2008

The second quarter review of budgets and expenditure has taken place. The impact of the economic downturn continues to be a problem particularly to the income generating activities.

Commercial Services

The overspend on expenditure budgets £19,000 is mainly as a consequence of the increase in electricity costs and an increase in the Thames Water sewerage charges for emptying septic tanks. Overall income is still projected to come in over budget by (£22,594). The main variation is in respect of contract minor works income and expectations of growth have been put forward to be reflected in the 2009/10 base budget.

Contracts and Procurement

The overspend on expenditure budgets is partly as a consequence of an expectation of a saving on the street cleansing service which has not proved to be realisable. The full impact of this increased cost has been offset by staff vacancy savings.

The reduction in income of £18,000 is partly due to the catering contract for the Halls not being implemented as budgeted until 1st December 2008. Also parks income is reduced due to the closure of the Stanford Nursery.

Democratic Services

The under spend on expenditure budgets (£22,000) is as a consequence of the review of Members' Allowances scheme being agreed after the budget was set.

Environmental Health

The overspend on the budgets £59,000 is mostly due to employee costs as a result of being fully staffed.

Finance

The budget pressures that have arisen in the finance budgets are: Assisted transport – an additional £290,000; Capita income reduction £28,000; Investec budget shortfall £9,000; Housing benefit reduction in payments and subsidy resulting in a net increase of £18,000; and, Council tax benefit reduction in payments and subsidy resulting in a net increase of £15,000. After allowing for compensating movements against benefits income and expenditure the net variation is £360,000.

Housing and Community Services

The Homelessness team are continuing to report an increase in the Bed and Breakfast costs as a consequence of the team being unable to transfer clients from temporary accommodation to permanent accommodation. It is now reporting a total pressure on budgets of an additional £110,000.

Legal Services

The over spend on the salaries budgets of £25,000 are mainly as a consequence of agency staff being used to cover staff vacancies. The large under-recovery of income £142,000 is the reduction in land charges income. This is due to a reduction in the demand for full searches and the consequence of the general economic slowdown.

Organisational Development and Support

There is a predicted under spend of (£88,000) mainly on employee costs for administration because of vacant posts which are currently under review. Additionally, there is a projected under spend in Organisational Change due to the reduced costs of some equipment.

Planning and Community Strategy

The main area of over spend relates to high maintenance requirements on the car parks reflected in the higher than forecasted income to the Direct Services Organisation (DSO) in Commercial Services. There are also over spends on employee costs as a result of being fully staffed but these have been offset by a reduction in the use of consultants.

The large under-recovery of income £243,000 is due to the reduction in income from planning application fees £144,000 and pay and display parking fees £99,000. The reduction in parking income is being linked nationally to the roll out of concessionary fares in addition to the economic downturn.

Strategy

The under spend forecast in the strategy budgets is mainly as a consequence of the under spend on director's salaries.

Investment and Property Income

An income short fall of £152,000 is currently forecast due to voids and because anticipated rent reviews have not materialised – both a consequence of the general economic slowdown.

The table included in Appendix E shows the impact on the Council's budgets of the issues raised by the Senior Management Team as at the end of the second quarter of 2008/09. The total impact on the Council's bottom line is a forecast net over spend of £910,000 which has been built into the Council's Medium Term Financial Plan in the budget setting process.

Councillors may wish to consider instructing officers to implement special internal budgetary measures as implemented in January 2008.

SENIOR MANAGEMENT TEAM

Background Papers:

All of the background reports detailed in section 1.1 of the report can be viewed on the Council's website.

Appendix A - Corporate Priorities Report

1. Facilitating the provision of affordable housing

	Action for Improvement	Milestones	Timescale	Officer	Comments / Progress
1.1	Provide 75 units of affordable rented housing	This is an ongoing programme throughout the year to deliver affordable rented housing primarily as part of new build housing developments throughout the district in accordance with the Council's Local Plan and Local Development Framework (LDF) policies on affordable housing	31.3.2009 (measured quarterly)	Paul Staines	Below Target. 33 units provided in the half year. The economic slowdown is having an impact upon affordable housing completions and there have been no completions in the second quarter. Officers now estimate that only 34 affordable rented properties will be completed this year
1.2	Provide 25 units of Shared ownership and other intermediate housing	This is an ongoing programme throughout the year to deliver affordable shared ownership and other low cost home ownership housing primarily as part of new build housing developments throughout the district in accordance with the Council's Local Plan and LDF policies on affordable housing	31.3.2009 (measured quarterly)	Paul Staines	Below target. 8 units provided in half year The economic slowdown is having an impact upon affordable housing completions and there have been no completions in the second quarter. Officers now estimate that only 18 affordable rented properties will be completed this year

Local Performance Indicators 2008-9

Indicator	Target 2008/09	Q1	Q2	Q3	Q4	Comments
LPI H1 Number of additional units of affordable housing provided through the Local Area Agreement (LAA)	12	0	0			19 units expected by the year end.
LPI H2 Number of units of affordable housing completed / provided	100	33	0			Significantly below target as a result of the slowdown in house building. Officers predict circa 55 new units will be provided this year and sites currently under construction will deliver 226 units over the next 3 years.

Rising to the Challenge of Climate Change**Local Performance Indicators 2008-9**

	Target 2008/9	Q1	Q2	Q3	Q4	Comments
LPI 17 Level of insulation activity via insulation schemes supported by the Council. Expressed as the number of properties insulated.	250	58	50			Demand likely to increase during the winter months and expect target to be achieved

Appendix B - National Indicators Report – Second Quarter Corporate Governance Report 2008/9 (by Corporate Priority)

Indicators shaded in grey are included in the Oxfordshire Local Area Agreement (LAA) 2008-11

Explanatory notes / key have been included at the bottom of the table.

Facilitating the provision of affordable housing

NI	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
154	T	Net additional homes provided. This indicator measures the net increase in dwelling stock over one year and is reported as the actual number.	LAA 3043		157			LAA indicator. Annual reporting across the county so there is no county wide picture of achievement available. However the Vale's performance is below projected completions at the half year stage
155	T	Number of affordable homes delivered. This includes the increase due to new builds and acquisitions.	LAA 735	33	0			LAA indicator. There were no completions for affordable housing in the second quarter. Some of the sites currently under construction are not due to complete until the 3 rd and 4 th quarters. Other sites under construction will take longer. The Vale's position mirrors the position across the county where only 90 properties have been developed in the half year, below target
156	T	Number of households living in temporary accommodation (provided under the homelessness legislation)	LAA 698	89	81			LAA indicator. Data collected quarterly – performance is judged on 4 th Quarter performance. The Vale are above target for this indicator, a position mirrored across the county

NI	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
157	T	Processing of planning applications “major” applications	VWHDC 65%	37.50%	47.06%			Only 13 “major” applications were decided in these 2 quarters, which makes the performance figures particularly sensitive. 9 applications were decided outside the 13 week target, and these include 4 larger-scale residential developments requiring complex negotiation and legal agreements. Other reasons for the unavoidable delays are: the County Council completing a legal agreement, the objections of the Environment Agency being addressed, Committee deferring a decision, and the need to commission an independent retail impact assessment.
		“minor” applications	VWHDC 70%	75.61%	74.06%			Above target
		“other” applications	VWHDC 85%	86.13%	87.81%			Slightly above target
159	T	Supply of ready to develop housing sites. The degree to which authorities are maintaining a 5 year supply of deliverable sites (%)	-	NYR	107.2%			Local Planning Authority - annual monitoring report. Above target.
170	I	Previously developed land that has been vacant or derelict for more than 5 years (%)	-	NYR	1.50%			Data is provided by English Partnerships.

	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
180	T	Changes in Housing Benefit (HB)/ Council Tax Benefit (CTB) entitlements within the year. Number of changes of circumstances which affect customers' HB/CTB entitlement during the year.	-	15.71 (June only)	12.79			The Q2 figure is provisional year to date. Performance continues to improve. Official results for first quarter will not be available from the Department for Work and Pensions until December 2008.
181	T	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events. Reported as the average number of days	-	19.31 (June only)	16.27			The Q2 figure is provisional year to date. Performance continues to improve. Official results for first quarter will not be available from the Department for Work and Pensions until December 2008.

Creating a cleaner, greener, safer and healthier community and environment

NI	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
195	T	Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly posting). This is measured as a %, with a value for all categories.	LAA Litter: 5% Detritus: 9%		Litter 0% Detritus 13% Fly post 0%			LAA indicator. The Results included in the Q2 column are the results from the first of 3 sample periods during 2008/9. The significant difference between litter and detritus is due to two main factors: under BVPI 199 this would have been a combined score (ie6.5%) and our primary focus has been on successfully driving down litter, this being the quickest way of improving BVPI 199, our focus is now on detritus. Second, inspectors are following ENCAMS guidance but there is disagreement nationally with ENCAMS over their interpretation of detritus which is being tackled at OWP. It is unlikely we will hit the County target this year but will do so by 2011.
15	I	Serious violent crime rate. Reported as the number per 1000 population.	-	NYA	NYA			Awaiting results from Thames Valley Police
16	I	Serious acquisitive crime rate. Reported as the number per 1000 population.	-	3.75	3.22			This represents 346 actual crimes at the end of the first half year
20	I	Assault with less serious injury rate. Reported as the number per 1000 population.	LAA 5.23% (-5%)	2.01	5.74			LAA indicator. This represents 285 actual crimes at the end of the first half year.

Improving and modernising access to our services

NI	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
179	T	Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the financial year. Reported as £' 000	LAA 3.1%	NYR	£458			LAA indicator. A detailed commentary is provided in section 4.5 of the report on progress with Business Process Improvement Reviews

Rising to the challenge of climate change

NI	T / I	Description	Target 2008/9	Q1	Q2	Q3	Q4	Comments
188	I	Adapting to climate change. The Council will assess how well it delivers against the 4 levels of performance detailed in the guidance.	LAA Level 1	0	0			LAA indicator. There are 4 levels for this indicator. 0 – 4. Currently undertaking Local Climate Impacts Profile. On target to achieve level 1 by the end of the 3 rd quarter.
191	T	Residual household waste per head. This is reported as Kg per household.	LAA 730 kg	135 kg	133kg			LAA indicator. Vale weights continue to be low, reducing and well ahead of County targets
192	T	Percentage of Household waste sent for reuse, recycling and composting	LAA 40% VWHDC 34%	37.59%	37.64%			LAA indicator. Vale continues to be limited by its existing contract from collecting the full range of recyclables. Nevertheless % continues to grow due to garden waste at the same time as NI191 reduces.

Each indicator has been identified as either as Target (T) where there is a reasonable degree of control over the result or as an indicator (I) where there is a limited degree of influence over the result.

NYA – Not yet available

Appendix C – Service Prioritisation Plans (SPP)

No.	Service prioritisation options	Lead officer	2008/09 £'000 (savings) / costs	2009/10 £'000 (savings) / costs	2010/11 £'000 (savings) / costs	2011/12 £'000 (savings) / costs	
8	Cease overpayment of Street Cleaning Contract until new contract let mid 2010/11.	MM	(27.0)	(27.0)	(13.5)	0.0	Discussions with Portfolio Holder have concluded that this should not proceed, but that equivalent savings should be found from within the waste budgets

Appendix D – Sickness and Turnover Reports

Sickness Service Area	Q1		Q2		Annual Totals	
	No. average days sickness mth.	Av .days lost per FTE/ mth	No. average days sickness/ mth	Av. days lost per FTE/mth	Total no. sick days 2008-09	Cumulative no of working days lost per FTE
Commercial Services	16.33	0.54	17.33	0.54	101	3.24
Contract & Procurement	73.83	1.96	47.33	1.29	363.5	9.65
Democratic Services	0.50	0.06	1.83	0.24	7	0.88
Environmental Health	8.50	0.36	9.50	0.39	54	2.26
Finance	12.83	0.82	9.83	0.61	68	4.3
Housing & Community Safety	4.67	0.17	2.5	0.09	21.5	0.77
Legal Services	0.67	0.12	0	0	2	0.34
Organisational Development and Support	17.50	0.32	50	0.95	202.5	3.79
Planning and Community Strategy	30.17	0.65	13.17	0.28	130	2.77
Strategic Director's Offices	0.00	0.00	0	0	0	0
Totals	165.00	0.65	151.49	0.59	949.5	3.7
Comparison figure for 2007-08	172.17	0.68	132.34	0.52	2119	8.25

Turnover	Q1	Q2
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	Av. No. employees left/mth	Av. Turnover mth (%)		Av. No. employees left/mth	Av. Turn-over / mth		Total No Leavers	Cumulative Turnover
Commercial Services	0.33	1.03		0			1	3.03%
Contract & Procurement	0.67	1.37		0.67			4	8.16%
Democratic Services	0.00	0.00		0.33			1	12.50%
Environmental Health	0.00	0.00		0			0	0.00%
Finance	0.33	1.94		0			1	5.88%
Housing & Community Safety	0.00	0.00		0			0	0.00%
Legal Services	0.00	0.00		0			0	0.00%
Organisational Development and Support	0.33	0.52		0.33			2	3.17%
Planning and Community Strategy	0.67	1.29		0.33			3	5.56%
Strategic Director's Offices	0.33	4.71		0			1	16.67%
Totals	2.66	0.92%		1.66	0.57%		13	4.45%
Comparison figure for 2007-08	3.66	1.27%		2	0.69%			

Appendix E – Financial Commentary 1 April 2008 to September 2008

Budget monitoring 1st April - 30th September 2008

		Original Budget £	Working Budget £	Working Budget profiled £	Actual £	Year End Projection £	Variance from Working budget £
Commercial Services	Exp	3,792,960	2,892,290	1,571,591	1,648,545	2,911,522	19,232
	Income	(2,518,380)	(1,826,480)	(982,328)	(1,139,299)	(1,849,074)	(22,594)
	Net	1,274,580	1,065,810	589,263	509,246	1,062,448	(3,362)
Contracts & Procurement	Exp	8,696,630	6,979,850	3,254,370	2,814,115	6,990,196	10,346
	Income	(2,321,580)	(1,848,340)	(833,856)	(691,871)	(1,830,002)	18,338
	Net	6,375,050	5,131,510	2,420,514	2,122,244	5,160,194	28,684
Democratic Services	Exp	1,216,110	839,860	403,459	378,330	817,941	(21,919)
	Income	(2,230)	(2,230)	(1,110)	10,741	(5,485)	(3,255)
	Net	1,213,880	837,630	402,349	389,071	812,456	(25,174)
Environmental Health	Exp	1,790,360	1,270,290	622,536	621,027	1,329,594	59,304
	Income	(525,820)	(306,590)	(111,705)	(133,363)	(302,036)	4,554
	Net	1,264,540	963,700	510,831	487,664	1,027,558	63,858
Finance	Exp	27,212,838	26,130,450	15,278,986	14,215,259	25,783,872	(346,578)
	Income	(25,036,980)	(24,010,150)	(11,930,716)	(11,468,034)	(23,303,885)	706,265
	Net	2,175,858	2,120,300	3,348,270	2,747,225	2,479,987	359,687
Housing & Community	Exp	3,164,640	1,797,540	923,958	879,231	1,906,113	108,573
	Income	(1,187,280)	(770,440)	(296,968)	(228,343)	(769,086)	1,354
	Net	1,977,360	1,027,100	626,990	650,888	1,137,027	109,927
Legal Services	Exp	675,130	458,460	237,541	234,645	483,482	25,022
	Income	(795,010)	(360,380)	(180,192)	(100,658)	(217,895)	142,485
	Net	(119,880)	98,080	57,349	133,987	265,587	167,507
Organisational Devpt & Support	Exp	3,785,730	2,954,760	1,485,781	1,265,840	2,866,660	(88,100)
	Income	(3,354,910)	(47,670)	(23,838)	(10,965)	(29,205)	18,465
	Net	430,820	2,907,090	1,461,943	1,254,875	2,837,455	(69,635)

		Original Budget	Working Budget	Working Budget profiled	Actual	Year End Projection	Variance from Working budget
Planning & Community Strategy	Exp	4,228,300	2,984,920	1,585,373	1,561,689	3,000,810	15,890
	Income	(2,127,920)	(2,001,650)	(1,028,070)	(812,791)	(1,758,375)	243,275
	Net	2,100,380	983,270	557,303	748,898	1,242,435	259,165
Strategy CE		£	£	£	£	£	£
	Exp	24,850	19,520	10,354	7,289	17,305	(2,215)
	Income	0	0	0	(587)	0	0
	Net	24,850	19,520	10,354	6,702	17,305	(2,215)
Strategy SB	Exp	835,400	716,020	378,476	226,780	608,381	(107,639)
	Income	(10,000)	(10,000)	(5,004)	(31,061)	(30,593)	(20,593)
	Net	825,400	706,020	373,472	195,719	577,788	(128,232)
Strategy TS	Exp	22,740	11,790	5,910	2,245	9,950	(1,840)
	Income	(15,640)	0	0	0	0	0
	Net	7,100	11,790	5,910	2,245	9,950	(1,840)
Sub total services	Exp	55,445,688	47,055,750	25,758,335	23,854,995	46,725,826	(329,924)
	Income	(37,895,750)	(31,183,930)	(15,393,787)	(14,606,231)	(30,095,636)	1,088,294
	Net	17,549,938	15,871,820	10,364,548	9,248,764	16,630,190	758,370
Contingency	Exp	376,992	263,570	263,570	0	263,570	0
Investment and Property Income	Exp	0	0	0	143,894	0	0
	Income	(3,711,900)	(3,711,900)	(1,320,040)	(1,272,461)	(3,559,900)	152,000
	Net	(3,711,900)	(3,711,900)	(1,320,040)	(1,128,567)	(3,559,900)	152,000
Total services less contingency	Exp	55,822,680	47,319,320	26,021,905	23,998,889	46,989,396	(329,924)
	Income	(41,607,650)	(34,895,830)	(16,713,827)	(15,878,692)	(33,655,536)	1,240,294
	Net	14,215,030	12,423,490	9,308,078	8,120,197	13,333,860	910,370