MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 14 July 2010

BUDGET STRATEGY 2011/12 ONWARDS

Issue for Decision

To give initial consideration to a Budget Strategy for 2011/12 and beyond.

Decision Made

1. That for planning purposes, the Council Tax increase for 2011/12 and future years be set at 2.5% to inform the strategic projections provided in Appendix F of the report of Management Team.

2. That the scenario to be adopted is the "Most Likely" as outlined in the strategic projections in the report of Management Team.

3. That the extent of the Capital Programme for 2011/12 onwards be noted.

4. That the timetable for the Budget Strategy 2011/12 be noted.

Reasons for Decision

This Authority has, for many years, adopted best practice and considered strategic budget issues at this stage in the municipal year. This allows for the early consideration of key issues, with a view to setting a balanced budget for the following financial year at the Council meeting in March 2011.

The budget strategy needs to be considered in the context of the strategic plan and the resources necessary to deliver the key priorities identified therein. Although the correct context is with the 2011 update to the strategic plan for 2009-2013, this will not be considered by Cabinet until later in the year, at which time this budget strategy will be aligned with the priorities it will contain. The current strategic plan 2009-2013 contains five priority themes for which major elements of this budget strategy provide support and any necessary growth. The five priority themes are:

- A place to achieve, prosper and thrive
- A place that is clean and green
- A place that has strong, healthy and safe communities
- A place to live and enjoy
- A place with efficient and effective public services

Work on the Medium Term Financial Strategy is linked to the strategic plan and the service plans, which will consider resources over a three to five year timespan to ensure alignment of budgets and priorities.

Attached at Appendix A of the report of Management Team is the budget summary for 2010/11 which was agreed by Council in March 2010. This was developed in the context of the Strategic Plan 2009-2012.

For further background information, the following is also attached.

a) The currently agreed Medium Term Financial Strategy is set out at Appendix B of the report of Management Team;

b) The current statement of balances projected to 2010 is detailed in Appendix C of the report of Management Team, this takes into account the final outturn position for 2009/10 reported to cabinet in June 2010;

c) The current capital programme is set out at Appendix D of the report of Management Team; and

d) The current projection for the use of Capital Receipts is set out in Appendix E of the report of Management Team.

<u>The Local Context</u>

The outturn position for 2009/10 was reported to the Cabinet meetings in May and June 2010. These reports showed that income generation continued to be difficult for the Council. During 2009/10 the Council took action on the budget expectations for income reducing targets by £0.6m and through management action by a further £0.5m. In 2010/11 budget strategy and other actions reduced income targets by a further £1m. These adjustments, giving a total reduction in income expectation of £2.1m, will naturally carry forward into the base position for the development of the 2011/12 budget.

As a counterpoint to this loss of income, salary slippage was available to cover other overspending areas. This resource, created by the vacancy rate, is an annual occurrence that is diminishing as staffing levels reduce.

The 2009/10 outturn also reported a significant receipt from HM Revenue & Customs due to the Council's claims under the Fleming arrangements. The net effect after costs and commitments is £1.7m which has been added to balances for use in 2010/11. This is shown in Appendix C of the report of Management Team which also reports unallocated balances of £0.7m along with the minimum working balance of £2.3m.

The 2010/11 budget, detailed at Appendix A of the report of Management Team, is a balanced and deliverable budget that creates a base spending position of £22.8m for the commencement of the current Medium Term Financial Strategy.

The National Context

The economic conditions that have existed since 2008/09 have forced significant change on the public sector. In local government this has created increased demand and therefore increased the cost of welfare services such as housing benefit and homelessness. It has also reduced demand and therefore reduced the income generated by other services such as parking and planning. For all organisations declining interest rates and declining cash balances have meant significant reductions in investment income.

At the depth of the recession there are indicators of growth in the market coupled with debate about the extent of this move out of recession. Irrespective of these facts, it is clear that the public sector will continue to suffer from the effects of the recession long after the private sector has recovered.

Tabulated below are national indicators of growth and debt given as calendar year results:

Index	**2008**	**2009**	**2010**
			PREDICTED
Growth	3.5%	-3.6%	1.2%
Budget Deficit	£34.4 bn	£101.3 bn	£157.6 bn
Debt	£614.4 bn	£796.9 bn	£1,060 bn

Tabulated below are inflation and interest indicators at each year end over the period of the recession and the position for May 2010:

Index	**March 2008**	**March 2009**	**March 2010**	**Current**
RPI	3.8%	-0.4%	4.4%	5.1%
CPI	2.5%	2.9%	3.4%	3.4%
Base Rate	5.25%	0.5%	0.5%	0.5%
7 Day LIBOR	5.71%	0.67%	0.55%	0.55%

Through the budget speech on 22nd June 2010 the Government introduced a five year plan of actions to achieve economic growth. A major objective of the plan is a move away from borrowing through targeted reductions in debt (expressed as a percentage of Gross Domestic Product [GDP]). A central element to this objective is £30 billion annual spending reductions until 2014/15. This has been reported as a 25% reduction in public sector spending over four years.

The most direct effects of this plan upon local government are:

a) The spending reduction, which equates to 25% over the next four years, is expected to see a proportionate effect upon support for local government when details are announced in the spending review expected in October 2010;

b) A two year freeze on public sector pay has been introduced for all employees earning more than £21,000 per annum. Those earning less than this sum will receive a flat rate increase of £250 per annum;

c) Arrangements will be made to enable local authorities to freeze Council Tax for 2011/12.

There are also a number of measures that will have either a lesser effect or an indirect effect upon local authorities:

a) A review of public sector pensions which may have a future effect;

b) Changes to small business rate relief and benefit payments both of which are administered by local authorities;

c) A change to the VAT rate from January 2011 which will effect local government charges for those services that include VAT;

d) Changes to employer national insurance through raised thresholds;

e) A commitment to make no further cuts in capital spending beyond those already announced.

As part of the Governments in-year saving, announced on 10th June 2010, a number of grant based initiatives including Housing and Planning Delivery Grant (HPDG) and Local Authority Business Growth Incentive Scheme (LABGI) were stopped. These grants were targeted at a priority issue for the Government but were considered ineffective. The Government intends to introduce an alternative incentive for Housing and Business Growth.

Another grant amended as part of the announcement on 10th June 2010 was the Local Area Agreement reward. This grant effects the funding for Local Strategic Partnerships and has been halved.

In addition to the national changes detailed above there is a major factor that exists on a county wide scale. Kent County Council, the pension authority, is completing a triennial actuarial review of the pension fund. This review will aid the calculation of accurate deficits for each authority's share of the fund. Consequently, it is expected that the contributions required to fund the deficit will change. Due to the economic decline this change is expected to be significant and adverse.

Strategic Projection

The strategic projection is a financial model used annually by Cabinet to concisely project the effect of major local and national priorities on the future financial circumstances of the Council. In the past Cabinet has used a document that models the most likely outcome, amending and updating the document as knowledge of the internal and external environment changes. Current best practice suggests that the strategic projection should be a scenario planning tool and that a number of models ranging from a best-case, to a worse case should be developed and used. Scenario planning was used by Cabinet for the first time last year and officers have again developed three alternative models best, worst, and most likely cases, that the Cabinet considered.

All three alternatives included a number of assumed factors such as inflation rates, capital expenditure and capital resources available, government actions in relation to general grant levels and the council tax increase for each year. The model will be maintained and amended as more accurate information becomes available during the year. Cabinet agreed that the "Most Likely" scenario be adopted and future reports will be focused on this scenario, providing details of the others as background information.

The models were attached at Appendix F of the report of Management Team and were based on a series of financial assumptions. As the assumptions were compiled separately for each of the three scenarios the most appropriate way to display the necessary information is in a matrix which is shown at Appendix G of the report of Management Team.

Appendix F of the report of Management Team shows that, based upon the assumptions detailed, a significant level of saving will be required to ensure the provision of a balanced budget. The level of saving for each year, and for each of the three scenarios, is shown in the table below.

Year	**Best Case Scenario £000**	**Most Likely Scenario £000**	**Worst Case Scenario £000**
2011/12	2,086	2,771	3,527
2012/13	984	1,647	2,414
2013/14	1,583	2,168	3,257
2014/15	353	844	1,407
2015/16	397	976	1,454

The annual savings figures are based on the assumption that savings required for each of the previous years have been achieved in the base budget and not from use of balances.

At this early stage in the budget cycle the strategic projection, and therefore the level of savings required, will inevitably change according to changing requirements in council priorities, external factors and the progressive development of more accurate information with regard to the above assumptions.

It was noted that the strategic projection is intended to include the necessary resources to fulfil all developing partnerships and strategies. Any necessary changes to the strategic projection will be reflected in future budget strategy reports.

<u>Key Risks</u>

In developing the budget strategy over the following months a number of key risks must be addressed. These risks are identified in the strategic projections but constitute key risks for the council's financial stability and are significant enough to be brought to Cabinet's attention individually.

The current revenue support grant (RSG) settlement will be formulated from the 2010 spending review to be completed by October 2010. In previous years this has been a three year indicative settlement. The previous three year settlement from 2007 was 0.5% per annum. In line with the Governments stated aim it is likely that there will be no change to the RSG formula over the forthcoming three years. There may be changes, in the longer term, as the resources required for some policies, such as a Council Tax freeze, have not yet been identified. In addition pre-election policies of the current Government included planned changes.

The Government has immediately made £6.2bn in savings across the public sector for 2010/11. The impact of these savings on local government directly totals £1.2bn and has come in the form of reductions in specific grants. The Council is expecting to receive £48.8m in specific grant in 2010/11 from central government and these are detailed in Appendix H of the report of Management Team. The affected specific grants for the Council are HPDG & LABGI, neither of which are detailed in Appendix H of the report of Management Team because they are awarded based upon in year performance. Decisions on how such grants are utilised by the Council are delegated to responsible Cabinet Members and are excluded from base budget.

It is likely that the Government will maintain this approach to savings and efficiency through specific grant in future years. Using two separate sources of information, two possible projections can be made:

a) Although Government plans will not be known until the autumn, the Budget on 22nd June 2010 outlined the total spending reductions across the public sector as 25% of current expenditure. This target distributed across local government on the basis of all government grants would mean reductions of £0.8m.

b) In addition research by Deloittes on behalf of the Local Government Association suggests a likely target of £750m across local government. This target, distributed on the basis of net revenue spend, would mean grant reductions of £0.4m for the Council.

Throughout 2008/09 and 2009/10 Cabinet received quarterly budget monitoring reports which consistently identified significant shortfalls in income generated through council services. Action taken by Cabinet and service management ensured that the consequences of the shortfalls was minimised. The economic downturn gave rise to the problems with income generation which still exist. The budget for 2010/11 includes strategic growth to control the ongoing effect on income. It is likely that the risk of further income shortfalls exists for the remainder of the medium term financial strategy. The 2010/11 strategy assumed further shortfalls of £0.1m in 2011/12 and a levelling of income at this reduced level for the remainder of the medium term.

The triennial review of the pension fund is expected to produce an increase in the value of the liability of the Council. The actuaries performing the review on behalf of Kent County Council are expected to provide individual district council reports in November 2010. Until such time as the report is available a model has been provided by Kent County

Council that predicts a range of possible outcomes from no increase to an increase of £1.2m.

The Capital Programme as agreed by Council in March 2010 is funded by a mixture of resources, the major elements being revenue support, capital receipts and grants/contributions from government and other institutions. As advised in 2009/10 Cabinet will be aware of the risks associated with the effects of the economic climate upon asset sales and the government's savings plans upon government grant.

The current economic indices and commentary suggests changes are appearing in the economy. These include initial measures of growth, rising inflation and a growing interest in property and land for development.

a) For the first three quarters of 2009/10 RPI slowly rose from negative by December 2009, with the return to 17.5% VAT, RPI was over 2%, by March 2010 RPI had increased to .3%. The current year on year increase, for May 2010 shows a reduction to 3%;

b) The Bank of England base rate remains at 0.5%. It first reached this low in March 2009. Interest rates were expected to rise slightly during 2009/10 but there has been no indication of this in the Council's investments;

c) Economic growth is evident however the Office for Budget Responsibility has recently downgraded forecasts and predicts 2.6% growth in 2011.

<u>Key Opportunities</u>

The Council has a track record of successfully addressing key risks in the budget and it has a balanced budget for 2010/11 that is based on a sound budget strategy without the use of balances to fund current service costs. In addition the delivery of value for money is embedded in Council decision making through a number of strands of activity such as business transformation, invest to save funding, robust procurement, regular benchmarking, performance measurement and joint working.

Balances can be utilised for one time costs and Council has confirmed a minimum balance, below which Cabinet cannot go without renewed permission, of £2m. Cabinet has agreed a minimum working balance of £2.3m which is 10% of net revenue spend. Available balances above that limit are £0.7m uncommitted general balances and £1.7m from the VAT refund detailed in section 1.3.

The average council tax increase for 2010/11 was 1.8%. In recent years this has been a benchmark for potential capping. The Government has indicated its desire for no council tax increase in 2011/12. The 2010/11 medium term financial strategy assumed a 2.5% increase in council tax for the Council, valued at £0.3m. Although the Government has stated that it will provision any lost income it will, at best, be based on an increase considered suitable to the government. The LGA bulletin on the Budget provides the following information regarding this freeze:

> "The Chancellor announced that the Government will help councils to freeze or reduce council tax in 2011/12. The Budget documentation assumes that this help will be given assuming a loss of revenue to authorities of 2.9% - the average of the three years' most recent council tax increases. The Government assumes that this will lead to a loss of revenue of £625m."

In considering the possible options for Council Tax, Cabinet agreed to a 2.5% increase purely for the purpose of planning a strategy development.

Capital Programme

Appendix D of the report of Management Team shows the current Capital Programme, as agreed by Council in March 2010, and amended for slippage from 2009/10, as agreed by Cabinet in May 2010. As part of the process of developing the MTFS the programme for 2013/14 will need to be developed. At this stage no resources have been identified to support the programme beyond 2012/13 and the column for 2013/14 is set at zero.

The programme reported has been amended for changes to revenue contributions agreed as part of the carry forward of resources from 2009/10. In addition £1.9m is available from usable capital receipts carried forward from 2009/10. All other receipts and grants used in funding the programme are assumed values at this stage.

The capital receipts that have been assumed from asset sales relate to four assets currently being marketed. These are Armstrong Road Depot, 13 Tonbridge Road, 26 Tonbridge Road and Hayle Place.

The capital grants that have been assumed in the programme relate to a mix of annual grants for private sector housing work and specific grants from the Heritage Lottery Fund. Two grants in the programme are currently identified as specific risks. These are the Growth Point Grant and the Gypsy Site Grant.

The programme currently requires prudential borrowing in 2011/12 and 2012/13. The total borrowing currently planned is £2.6m. The Council has set a prudential borrowing limit of £4m and the planned borrowing is currently within this limit. Revenue resources to service £4m borrowing form part of the financial projections given at Appendix F of the report of Management Team.

These issues are subject to enhanced monitoring by officers in 2010/11 in recognition of the risks in the timing of funding. Cabinet will receive quarterly reports and part of the normal monitoring reports.

In addition to these monitoring procedures, the constitution and legislation provide further mechanisms for the control of projects within the programme. Examples include the constitution's control over the acceptance of tenders for projects within the capital programme and the legislative sanctions against expenditure incurred without appropriate resources being in place.

Consultation

It is normal practice to consider the options for budget consultation at an early stage each year. This year a separate report on options and costs will be presented to Cabinet in August 2010.

Timetable

Cabinet considered the timetable for the Budget Strategy. The updated timetable given below has enabled previous Cabinets to achieve full consideration of all issues in a timely manner.

Action	**Date**
Initial consideration by Cabinet, including reference to Corporate Services Overview and Scrutiny Committee.	14 July 2010
Consideration by Corporate Services Overview and Scrutiny Committee	3 August 2010
Detailed consideration by Cabinet Members of budgets, savings options, service enhancements and fees and charges	September to October 2010
Public Consultation	September to October 2010
Cabinet review of budget strategy including reference to Corporate Service Overview and Scrutiny Committee. Data updated by previous activity and external factors	22 December 2010
Consideration by Corporate Services Overview and Scrutiny Committee	10 January 2011
Reference back to Cabinet from Corporate Services Overview and Scrutiny Committee	12 January 2011
Approval by Cabinet Members	January to February 2011
Approval by Cabinet and reference to Council	9 February 2011
Approval by Council and setting of Council Tax	2 March 2011

Conclusions

The report of Management Team detailed a series of financial pressures on the medium term financial strategy for 2011/12 onwards. The most significant were:-

a) Government plans to reduce public sector expenditure by 25%, which will impact the Councils resources through reduced Government Grant. The estimated impact is £0.8m per annum;

b) The triennial review of the pension fund which is expected to result in an increased cost to Kent employers. The estimated impact is £0.5m per annum;

c) A number of national and local initiatives that require budget growth. These items are detailed in Appendix F of the report of Management Team.

The report identified a number of opportunities available to the Council to assist in reducing the financial pressures. These included:-

a) Opportunity to benefit from financial support to maintain a Council Tax freeze in 2011/12;

b) A two year public sector pay freeze reducing the level of inflation required;

c) The full year effect of the Chief Executive's review of structure;

d) Balances of £0.7m and other resources set aside for priorities of £1.7m from VAT refunds.

The capital programme contains a series of risks in relation to the resources available. These risks have been outlined in the report of Management Team and similar reports during 2009/10. The major risks relate to the delivery of some grants and advances and the timing and value of certain asset sales.

The situation outlined in the report of Management Team showed a significant level of financial pressure over the five year period of the strategy. The required level of efficiency and savings required to formulate a balanced budget in 2011/12 is in excess of £2m for all scenarios developed and is £2.7m for the most likely scenario.

Alternatives considered and why rejected

An alternative course of action would be for the Cabinet not to consider the initial Budget Strategy at this stage and to defer consideration of the issues to a later time in the financial year. However, based on practical experience of previous financial years, both the Cabinet and Officers have generally agreed that an early consideration of budget issues is beneficial in terms of forward planning. The flexibility of amending the Strategy as the year progresses has been acknowledged as an efficient method of delivery of a Strategy at the end of the timetable.

With reference to the specific issues and assumptions within the report of Management Team, it was inevitable that the Cabinet would need to take a view on these and assess, at this early stage, the impact in future years. It was the purpose of the report of Management Team to initiate discussion and to facilitate the opportunity for the Cabinet to raise issues and to include other issues in their initial projection. Regular updates will be presented to future meetings of the Cabinet to reflect discussions at this meeting and future meetings.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: **23 July 2010**

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 14 July 2010

PERFORMANCE PLAN

Issue for Decision

To consider the Performance Plan 2010-13, which details the draft out-turn results for 2009/10 and the performance indicators and targets for 2010-13.

Decision Made

1. That the Performance Plan setting out the annual out-turns and the indicators and targets for 2010-13 as at Appendix A of the report of the Head of Change and Scrutiny be agreed.

2. That the detailed Quarterly Performance Out-turns (Key Performance Indicators at Appendix B and Local Performance Indicators at Appendix C of the report of the Head of Change and Scrutiny) be noted.

3. That the changes to the Key Performance Indicator set arising following the agreement of the Strategic Plan 2009-12 update 2010/11 be agreed.

4. That the action plans attached at Appendix D of the report of the Head of Change and Scrutiny be agreed.

5. That the responses to the recommendations of the Corporate Services Overview & Scrutiny Committee as set out on the attached Scrutiny Committee Recommendation Action and Implementation Plan ("SCRAIP") be agreed.

Reasons for Decision

Having a comprehensive and relevant set of performance targets is vital to ensure that the Council delivers on the key objectives that have been set until 2012 in the Strategic Plan. There are also a range of national indicators that the Council is required to measure on an annual basis. It is important to look at these measures and set targets that reflect the Council's overall aim of continuous improvement.

In addition to the National Indicator Set measures, a range of targets are also set to assess progress against the objectives that are set out in the

Strategic Plan. The Performance Plan therefore contains all the key performance measures and detailed targets for the medium term.

Performance Plan 2010-13

Previously the Local Authority had a duty to produce a Best Value Performance Plan setting out the annual out-turns for all performance indicators and set targets for the next three years. In 2009 this duty was removed but it is still considered best practice to publish a document reporting annual performance out-turns and to set targets and indicators (as attached at Appendix A to the report of the Head of Change and Scrutiny).

For 2009/10, the Cabinet requested quarterly performance reports to show the quarterly and year to date out-turns. These more detailed reports which include performance comments are at Appendix B to the report of the Head of Change and Scrutiny for Key Performance Indicators and Appendix C to the report of the Head of Change and Scrutiny for Local Performance Indicators.

The Performance Plan also includes the Council's Data Quality Policy. The Council has sound processes for ensuring data quality and all managers and officers responsible for data collation are familiar with their responsibilities under this policy. The Policy and Performance team also do spot checks on indicators throughout the year. This ensures that data quality issues are minimal and can be picked up early. Therefore, every effort is made to ensure that data reported is robust, reliable and reported in a timely fashion, which is essential for decision-making.

Overall 75% of all indicators achieved the targets set for 2009/10 and 59% of all indicators have improved. These levels of performance are comparable to the previous two years.

Indicator	**On Target (Green)**	**Missed Target but within 10% (Amber)**	**Target not achieved (Red)**	**N/A**	**Total**
KPI	45 (77.5%)	8 (14%)	5 (8.5%)	7	65
LPI	24 (71%)	3 (9%)	7 (20%)	1	35
Total	69 (75%)	11 (16%)	12 (13%)	8	100

Indicator	**Improved**	**Sustained**	**Declined**	**N/A**	**Total**
KPI	26 (58%)	3 (7%)	16 (36%)	20	65
LPI	17 (61%)	0	11 (39%)	7	35
Total	43 (59%)	3 (4%)	27 (37%)	27	100

Priority	On target (Green)	Missed target but within 10% (Amber)	Target not achieved (red)	N/A	Total
A place to achieve, prosper and thrive	6 (86%)	1 (14%)	0	3	10
A place that is clean and green	11 (52%)	5 (24%)	5 (24%)	4	25
A place with strong, healthy and safe communities	13 (93%)	1 (7%)	0	1	15
A place to live and enjoy	19 (89%)	3 (14%)	0	0	22
A place with efficient and effective public services	20 (71%)	1 (4%)	7 (25%)	0	28

Priority	Improved	Sustained	Declined	N/A	Total
A place to achieve, prosper and thrive	1 (20%)	0	4 (80%)	5	10
A place that is clean and green	12 (57%)	3 (14%)	6 (29%)	4	25
A place with strong, healthy and safe communities	9 (88%)	0	1 (12%)	6	15
A place to live and enjoy	9 (53%)	0	8 (47%)	5	22
A place with efficient and effective public services	13 (62%)	0	8 (38%)	7	28

Key areas where performance is strong

All performance indicators related to Development Management, including the national indicators, achieved the annual target. The Council is performing in the top quartile nationally for NI 157b Processing of minor applications and NI 157c Processing of other applications.

Housing has continued to perform well, exceeding targets for number of homes made decent (L 5) and prevention of homelessness (L 8). In addition, investment by the Council in housing has meant that the Council has been able to deliver more affordable homes (L 2/NI 155) and extra funding has also meant that over 2,000 extra energy efficiency surveys have been undertaken (C 4).

Following the Place Survey in 2008 the Waste and Recycling team introduced local indicators on satisfaction. The local survey is undertaken in two wards each month. The Place Survey reported an 86% satisfaction rate with the council's refuse collection, while the local measure is currently performing at 95% (PI 8). Satisfaction with kerbside recycling (PI 9) has also improved compared to the Place Survey result, in 2008 satisfaction with kerbside recycling was 56% and the end of 2009/10 it is now at 91%.

The National Indicators on Street Cleansing (NI 195a-d) have continued to perform well in 2009/10. Out of the four categories that are measured three (Litter, Graffiti and Fly-posting) are all in the top quartile. The fourth category, detritus (NI 195b), has improved since 2008/09, reducing by 3%.

Webcasting (S 11) has maintained its popularity with the public in the fourth quarter with a final out-turn showing a 118% increase on last year. During 2010/11 the team plans to make further enhancements to this service to improve navigation and allow easier viewing of meeting documents and agendas online.

All of the Revenues and Benefits indicators have achieved target for 2009/10. The accuracy of calculating benefits claims has increased (PI 11) and overall satisfaction with the service is high at 93% (PI 10). The time taken to process claims (E 4/NI 181) has also improved by 4 days. Encouragingly, the percentage of Council Tax collected (E 2) has increased slightly in 2009/10, despite fears that the adverse economic climate would have a negative impact on Council Tax collection.

The Cabinet were informed that the baseline figure for NI154 had been updated.

<u>Key areas where there are performance concerns</u>

The take-up of Park and Ride season tickets (PI 6) has decreased by 20% since 2008/09. However, a new 10 trip ticket was introduced during 2009/10 which replaces the weekly ticket and offers the customer more flexibility. Overall Park and Ride transactions (C 13) are down 14% compared to the previous year.

The amount of enforcement work in relation to fly-tipping (NI 196) has increased but the number of reports of fly-tipping have also increased, which leads to a non-effective score (3) compared to last year when the authority received a score of very effective (1). Training has been undertaken with staff on recording incidents which has lead to the increase in reports but resource constraints limits the number of prosecutions. An action plan has been put in place to improve the performance of this indicator.

Usage figures from the Museum (L 10), Hazlitt (L 9) and Leisure Centre (L 11) suggest that the economic climate has had an impact on cultural and leisure pursuits. There has been a 2% decrease in visitors to the Museum, a 9% decrease in visitors to the Maidstone Leisure Centre and the Hazlitt sold fewer tickets than expected. Works planned/undertaken at the Museum and Leisure Centre will also have had an impact as well as the snow in December and January which saw many people cancelling their visits to the Hazlitt. However, it should be noted that the Council has been able to manage these services within budget.

The sickness levels (PI 20) within the authority have increased by just over half a day per employee. Considering the swine flu scares during 2009/10 and the levels of change in the organisation this is very positive as performance has remained in the top quartile. Two members of staff have retired due to ill health (PI 33), both of whom were off sick for over a year.

The numbers of staff members with a disability (PI 34) has declined this year, with several disabled members of staff leaving the authority. This has impacted on the overall percentage of the workforce with a disability and the percentage of the top 5% of earners with a disability (PI 31). As disability is an area that can change during employment Human Resources will be making this available through iTrent so that staff can update their information if necessary. The percentage of staff from ethnic minorities (PI 35) also decreased in 2009/10, following the departure of four people from ethnic minorities. The Council's recruitment and selection procedures are fair and routinely applied, so the right person for the job is employed. However, the Council will continue to monitor the situation.

The wait time for calls into the contact centre (E 8) has fluctuated throughout the year but never achieved the target with the average wait time increasing by 11 seconds since 2008/09. In 2009/10 around 10,000 more calls were made to the contact centre than in 2008/09. These extra calls have been managed with no permanent extra resources. There were some technical issues with the call skills based routing system during the year which have now been resolved that impacted on this indicator. The snow in January also increased the number of calls to the contact centre which the team tried to migrate by extending the welcome message to include details on the most requested information; however, this extended the average wait time.

The Adapting to Climate Change (NI 188) did not achieve target for 2009/10. In November 2009 it was agreed that a corporate project to develop a new Climate Change Adaption and Mitigation Action Plan should go ahead. This work had not been progressed at the end of the financial year but it has been agreed to move through the level 2 and 3 assessments during 2010/11 in order to put this indicator back on track by March 2011.

CO_2 emissions from the Council's buildings (C 9) were much greater than expected, increasing by 19% since last year. However, this is due to change of calculation of the indicator and energy consumption in operational buildings has actually decreased by 5%. The non-availability of the biomass boiler also contributed to an increase in the volume of emissions.

Following the full introduction of the enhanced doorstep recycling service, the percentage of waste reused, recycled or composted (NI 192) increased and the amount of residual waste per household (NI 191) decreased in 2009/10. However, the improvements were not quite as great as originally predicted, and both indicators narrowly missed target.

It should be noted that the figure for NI 192 is yet to be confirmed and may be higher than the 30.06% currently reported.

Action plans have been put in place for indicators that did not achieve the 2009/10 target and where it was considered that an action plan would be helpful to improving performance. For example, there is no action plan for increasing users at the Leisure Centre as the improvement works have only recently been completed and a downturn in figures was expected for 2009/10. Action plans also have not been created for indicators that have not been retained for 2010/11.

Actions have been put in place for the following indicators and are included at Appendix D to the report of the Head of Change and Scrutiny:

- NI 196 – Improved street and environmental cleanliness – fly-tipping;
- C12/NI 192 – Percentage of household waste sent for reuse, recycling or composting;
- C 13 - Number of onboard Park and Ride transactions;
- NI 191 – Residual household waste per household;
- PI 5 – Satisfaction with street cleansing;
- S 3 Percentage of residents feeling safe walking in the area where they live after dark;
- L 9 – Percentage of all available tickets sold at the Hazlitt; and
- L 10 – Visits or usages of the museum per 1,000 population.

<u>Performance by Priority</u>

The key performance indicators and local performance indicators have been set out under the Council's corporate priorities:

1. A place to achieve, prosper and thrive
2. A place that is clean and green
3. A place that has strong, healthy and safe communities
4. A place to live and enjoy
5. A place with efficient and effective public services

<u>A place to achieve, prosper and thrive</u>

There are 10 indicators relating to this priority. Data was unavailable for 3 indicators. Of the that 7 have been given a traffic light rating:

- 6 are green (86%)
- 1 is amber (14%)

Direction of travel can be assessed for 5 of the indicators of which one has improved (20%) and the other 4 have declined (80%).

The indicator where performance did not achieve target was P 2 Number of visitors to TourMaidstone (amber).

<u>A place that is clean and green</u>

There are 25 indicators that are aligned with this priority of which 21 have been given a traffic light rating, of these:

- 11 (52%) are green
- 5 (24%) are amber
- 5 (24%) are red

Direction of travel can be assessed for 21 indicators and indicates that 13 indicators (62%) have improved, 5 (24%) have declined and for 3 (14%) indicators performance was sustained.

Indicators where performance did not achieve target are:

- C 9 – Carbon dioxide emission from operation buildings (red) – This indicator has been superseded by NI 185 Co2 reductions from local authority operations and will no longer be reported.
- NI 188 – Planning to adapt to climate change (red)
- NI 196 – Improved street and environmental cleanliness – fly-tipping (red)
- PI 6 - Number of season tickets sold for Park and Ride (red)
- C 10 – Council's water consumption in operational buildings (amber)
- C12/NI 192 – Percentage of household waste sent for reuse, recycling or composting (amber)
- C 13 - Number of onboard Park and Ride transactions (amber)
- NI 191 – Residual household waste per household (amber)
- PI 5 – Satisfaction with street cleansing (amber)
- PI 7 Cost of collection per household (amber)

A place with strong, healthy and safe communities

There are 15 indicators that relate to this priority. One indicator cannot be given a traffic light rating as there were inconsistencies with data collection during the year. This indicator was therefore suspended and will be reported in 2010/11. The remaining 14 indicators have all been given traffic light ratings:

- 13 (93%) are green
- 1 (7%) is amber

Direction of travel can be assessed for 9 of the indicators with 8 (88%) improving and 1 (12%) where performance has declined.

The indicator that did not achieve the 2009/10 target was S 3 Percentage of residents feeling safe walking in the area where they live after dark. This indicator will continue to be reported for 2010/11 and an action plan has been put in place with the aim of improving performance.

A place to live and enjoy

There are 22 indicators that have been aligned with this priority all of which have be traffic light rated:

- 19 (86%) are green
- 3 (14%) are amber

Direction of travel can be assessed for 17 indicators of which 9 (53%) have improved and 8 (47%) have declined.

The indicators that did not achieve the annual target are:

- L 9 – Percentage of all available tickets sold at the Hazlitt (amber)
- L 10 – visits or usages of the museum per 1,000 population (amber)
- L 11- Number of users at the leisure centre (amber)

<u>A place with efficient and effective public services</u>

There are 28 indicators relating to this priority all of which have been given a traffic light rating:

- 20 (71%) are green
- 1 (4%) is amber
- 7 (25%) are red

Direction of travel can be assessed for 21 indicators:

- 13 (62%) have improved
- 8 (38%) have declined

Indicators where the annual target was not achieved:

- E 8 – Average wait time for calls to the contact centre (red)
- PI 20 – Proportion of working days lost to sickness absence per employee (red)
- PI 23 – Value of bids made through the invest to save scheme (red)
- PI 31 – Percentage of the top 5% of earners who have a disability (red)
- PI 33 – Ill health retirements as a percentage of the workforce (red)
- PI 34 - Percentage of disabled staff in the workforce (red)
- PI 35 – Percentage of staff from ethnic minorities in the workforce (red)
- PI 19 – Percentage of invoices paid within 30 days (amber)

<u>Performance Indicators & Monitoring 2010-13</u>

In February 2010 the objectives in the Strategic Plan were reviewed and revised. This review allowed us to align all performance indicators with a key objective. Therefore, there will be no separate set of Local Performance Indicators for 2010/11 onwards.

The Strategic Plan 2009-12 (2010/11 Update) set out the Key Performance Indicator set for 2010/11. Since this was agreed a number of indicators have changed.

The following indicators have had their definitions revised or been replaced with a more appropriate measure:

- ➢ Carbon emissions for local authority buildings – this has been superseded by NI 185 which provides an overall picture of Co2 emissions from local authority operations.

- Footfall in the Town Centre – This indicator is very resource intensive the focus has now been shifted to Footfall in the High Street to assess the outcomes from the regeneration project.

- Percentage reduction in all recorded crime – The way of expressing this indicator has been revised to overall crime per 1,000 population. This will allow clearer comparisons to be made.

A number of NIs have been removed from the NI Set by Government. Officers have considered these and will continue to report as KPIs those that are useful measures of the work we do. However, the following will no longer be reported:

- NI 10 Visits to museums and galleries (covered by KPI 37); and
- NI 170 Previously developed land that has been vacant or derelict for more than 5 years.

A number of NIs and other KPIs for 2010/11 onwards are taken from questions in the Place Survey, which was carried out in 2008 and is die to be carried out again in the Autumn of 2010. Following the change of Government, no decision has yet been taken over whether Councils will be required to carry out the Place Survey this year, but the Department of Communities and Local Government (CLG) sent out an email to Councils in early June advising not to continue with any plans to carry out the Place Survey at the present time. If the Place Survey is not mandatory, the Council may want to consider carrying out a similar survey to gather useful information for the KPIs and other important topics, working with other Kent authorities if possible to ensure value for money.

<u>On-going performance management</u>

The Performance Plan is the annual report of a set of corporately reported indicators, but much more goes into ensuring that performance is managed effectively at the Council. For example, performance reports are sent to Cabinet every quarter rather than just once a year. These are also considered by Corporate Management Team (CMT) and Overview & Scrutiny, and ensure performance issues are picked up and actions taken to improve performance wherever possible before the end of the year.

CMT also receive monthly performance reports for each team through Reach the Summit, which measures the day to day service provided by each team. Managers responsible for indicators that are at base camp (performing below a minimum level) for three consecutive months have to formulate an action plan to improve performance and present this to CMT. Excellent performance is also rewarded.

The Council has also invested in new technology to ensure it has a culture of performance management. The introduction of iTrent has meant that whilst service managers are still responsible for managing sickness at a local level, CMT have been able to receive reports containing much more comprehensive information on sickness and take an overview of this, which has been particularly important as sickness levels have risen in 2009/10. Covalent, the new performance and management system will also help individual managers, heads of service and CMT to monitor performance at an appropriate level more easily.

The Corporate Services Overview and Scrutiny Committee considered the Performance Plan at their meeting on 6 July 2010. The recommendations were circulated at the meeting and these recommendations and the responses are set out on the attached Scrutiny Committee Recommendation Action and Implementation Plan.

Alternatives considered and why rejected

The Council could choose not to produce a Performance Plan. However, the reporting of performance data and the production of the Plan represents the best way of publishing and tracking performance. The Plan also sets out the key targets for the council. Ceasing publication could reduce the effectiveness of the council (as the organisation and individuals would not be clear on the service targets) and also impacts on external assessments.

Alternative targets could be set for indicators. The targets proposed in the Performance Plan have been agreed by the responsible service managers and are based upon previous performance, comparisons with other authorities, planning and resources and also continuous improvement.

Background Papers

Best Value Performance Plan 2009-12
Strategic Plan 2009-12 (2010/11 update)

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: **23 July 2010**