



PERFORMANCE AND GOVERNANCE

15 November 2011 at 7.00 pm
Conference Room - Council Office

AGENDA

Membership:

Chairman: Cllr. M Fittock

Vice-Chairman Cllr. R Walshe

Cllr. K S Bayley, Cllr. C Clark, Cllr Mrs A Cook, Cllr. R J Davison, Cllr. M Dickins,
Cllr. Mrs A Firth, Cllr J Gaywood, Cllr. J Grint, Cllr. R Hogarth, Cllr. J London,
Cllr. P McGarvey and Cllr. R Piper

1. **Minutes of the meeting of the Committee held on 27 September 2011 (attached)** (Pages 1 - 8)
2. **Declarations of interest.**
3. **Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee:**
 - (a) *Performance Monitoring: LPI DS 002 – Total Trading Account Position - referred on 27.09.11 (Finance Advisory Group 02.11.11)(to be tabled)*
 - (b) *Performance Management Performance Report - LPI HB 001, 002, 005 & 006 – referred on 27.09.11 (Services Select Committee 08.11.11)(to be tabled)*
4. **Minutes of the Finance Advisory Group**
5. **Actions from the last meeting of the Committee** (Pages 9 - 10)
6. **Future Business, the Work Plan 2011/12 (attached) and the Forward Plan.** (Pages 11 - 12)

Members will develop a schedule of work over the year to reflect the terms of reference of the Committee focussing on the Council's priorities for policy development. This includes opportunities to invite other organisations who provide services in the District to provide

information to the Committee and discuss issues of importance to the Community.

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| 7. Performance Monitoring | (Pages 13 - 24)
<i>Lee Banks</i> |
| 8. Financial Prospects & Budget Strategy 2012/13 and beyond | (Pages 25 - 36)
<i>Tricia Marshall</i> |
| 9. Investment Strategy Update | (Pages 37 - 46)
<i>Roy Parsons</i> |
| 10. Formal Customer Complaints Monitoring 2010/11 | (Pages 47 - 58)
<i>Tricia Marshall</i> |
| 11. Budget Monitoring – September 2011 Figures | (Pages 59 - 66)
<i>Tricia Marshall</i> |

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

The Democratic Services Team (01732 227241)

PERFORMANCE AND GOVERNANCE

Minutes of the meeting of the Performance and Governance
held on 27 September 2011 commencing at 7.00 pm

Present: Cllr. Walshe (Vice-Chairman in the Chair)

Cllr. K S Bayley, Cllr. C Clark, Cllr Mrs A Cook, Cllr. M Dickins,
Cllr. Mrs A Firth, Cllr J Gaywood, Cllr. J Grint, Cllr. J London and
Cllr. R Piper

Apologies for absence: Cllr. M Fittock and Cllr. P McGarvey

Cllr. Mrs B Ayres, Cllr. L Ayres, Cllr Mrs J Davison, Cllr. A Eyre,
Cllr. P Fleming and Cllr. B Ramsey were also present

18. MINUTES OF THE PREVIOUS MEETING

Resolved: That the minutes of the meeting of the Performance and Governance Committee held on 28 June 2011 be approved and signed by the Chairman as a correct record.

In response to a Member's query as to who decided which areas of underperformance were appropriate to be referred to a Select Committee or Officers (Minute 9 (b) 28.06.11), the Deputy Chief Executive and Director of Corporate Resources advised that it was for the Committee to decide.

19. DECLARATIONS OF INTEREST.

Cllr. Mrs Cook declared a personal interest in Minute No. 9 as a governor of Leigh Primary School.

Cllr. Mrs Firth declared a personal interest in Minute No. 3 (a) and 9, as a local Member for Ide Hill.

Cllr. Piper declared a personal interest in Minute No. 3 (a) and 9, as a local Member for Brasted, Chevening and Sundridge and as a Member of Sevenoaks Town Council.

20. FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE:

a) Property Review – Disposal of Public Toilets (Ide Hill, Kemsing, Leigh, Swanley (Cabinet 21.07.11)

The response was noted.

- b) Argyle Road Offices – Accommodation for Moat Housing (Cabinet 27.07.11)

The response was noted.

21. MINUTES OF THE FINANCE ADVISORY GROUP

The Minutes of a meeting of the Finance Advisory Group held on 27 June 2011, were noted.

Action 1: Invitations to be extended to Local Members to attend meetings of Finance Advisory Group when considering property disposals in the first instance.

22. ACTIONS FROM THE LAST MEETING OF THE COMMITTEE

The completed actions were noted.

23. FUTURE BUSINESS, THE WORK PLAN 2011/12 (ATTACHED) AND THE FORWARD PLAN.

The Committee considered the Work Plan for the coming year and made the following amendments:

- Internal Audit Q2 Report moved from November 2011 to January 2012 meeting.
- Note removal of the Audit Commission Audit Fee letter from the Work Plan as this had now been placed on the Members' Portal for information.
- Draft Statement of Accounts to be considered at the next scheduled meeting after June 2012.
- Medium Term Financial Strategy moved from November 2011 to January 2012 meeting.

It was noted that much of the Committee's work programme and timescales were dictated by legislation and external agencies.

Action 2: Chairman and Vice Chairman to review the Work Plan with the Deputy Chief Executive and Director of Corporate Resources, with a view to balancing the workload where possible.

24. STATEMENT OF ACCOUNTS 2010/11 - OUTCOME OF EXTERNAL AUDIT

The Committee welcomed the District Auditor – Andy Mack, Audit Manager - Richard Smith and Team Leader – Lauren Massoud from The Audit Commission. The District Auditor advised that with reference to the two main areas - Statement of Accounts and Value for Money, it was good news. With regards to the Financial Statements he was happy to issue an unqualified opinion. It had been a challenging year as it was the first time the Statement of Accounts, in common with those for all other local authorities, had been compiled in line with International Financial Reporting Standards (IFRS). The Council had done a good job of bringing the local authority accounting in line. There was nothing to worry about and no fundamental amendments, overall there were good financial systems and controls in place. With reference to Value for Money, he was also happy to issue an unqualified opinion on the Council's economy, efficiency and effectiveness in its use of resources stating that the Council had performed well and shown good practices such as its partnership working. There was robust and resilient long and medium term financial planning which was managed well by a small but efficient team.

In response to a request for a reduction in the size of the Statement of Accounts, the District Auditor advised that the bulk was due to the detail required by the new International reporting standards which had been brought in as a result of public concerns over misappropriation of funds. However the Audit Commission was lobbying CIPFA, the Government and the CLG for the ability to produce a shorter summary paper for Members as they were not expected to know and understand every last nuance but needed to receive a report that gave them a broad understanding and enabled them able to ask relevant and informed questions. He also undertook to meet with officers and see if there was anything that could be done in the meantime, and noted that a Sevenoaks specific scene for the front picture of future reports would be more favoured.

With regards to the abolition of the Audit Commission, the District Auditor explained that the date for abolition by the end of 2012 had been pushed back due the complexity. It would now happen as a two stage process. Stage one was the privatisation of the Audit Commission staff by the end of 2012, to avoid redundancy costs and in order to establish a more competitive audit market from which to be able to select tenders by 2015 (stage two). The Leader of the Council addressed the Committee advising that it was not a very competitive market and offered little choice with many of the larger firms not interested in tendering. There was also the possibility that instead of lowering fees due to the competition that fees may increase as a result of less market choice.

A Member asked whether there was any news from the Appeal at the Supreme Court concerning The Icelandic Bank, as to what proportion, if any, of the £1M would be retrieved. The District Auditor understood that a judgment was due imminently but understood there may be a delay. The Head of Finance and Human Resources reported that she had been advised that they would be informed of the decision in October.

In response to various queries the District Auditor advised that the reporting format was dictated. Private Finance Initiatives (PFIs) had previously been encouraged as off balance sheet accounting. In his opinion this had been wrong and the new format forced them back onto the balance sheet. An error in the note referring to Officers' Remuneration and other employees was noted for correction.

Resolved: That the Statement of Accounts 2010/11, be approved.

25. PERFORMANCE MANAGEMENT PERFORMANCE REPORT

The Chairman, with the agreement of the Committee, brought consideration of this item forward on the agenda. Members' attention was brought to the paper tabled at the meeting which reported the Services Select Committee Performance Indicators (PI's) for August 2011/12, and the Deputy Chief Executive and Director of Corporate Resources referred Members to the changes from the July information contained in the agenda.

A Member was concerned that the target set for LPI DC 004 seemed a little tough and asked whether it was management aspiration or a historical figure. In response, the Deputy Chief Executive and Director of Corporate Resources advised that in general targets were set with reference to historical performance, feedback, requests from Portfolio Holders, and where resources allowed, an aspiration to perform in the top quartile of national performance. In general they were quite tough to give Service Managers something to aspire to. It was noted that this was an overall performance indicator and did not differentiate between delegated and committee decisions. The Portfolio Holder for Planning and Improvement advised the Committee that lessons had been learnt and more comprehensive reasons for refusal were being formulated whenever applications were turned down within the Green Belt.

The Head of Environmental and Operational Services was asked whether it would be appropriate to increase the charges for collection of trade waste and cesspool emptying, whether it was a legal duty to provide these services, and whether it was profitable enough to continue. In response he explained that charges were put up annually, there was only a legal duty to provide the service if it was requested – but that it could be delegated to contractors, and that it was profitable and helped to offset other costs. The Leader of the Council advised that it gave a degree of flexibility to matters such as household waste collections, and allowed more effective use of labour. Members agreed that the issues would benefit from a more in depth review by the Finance Advisory Group.

Members considered red indicators for Housing Benefits and agreed to refer this for further consideration to the next meeting of Services Select Committee, along with the September figures. Members discussed the difficulties in recruiting experienced Benefits Assessors.

Concern was expressed at the possible dangers of having targets that were reliant on third party action and out of the Council's control.

Resolved: That:

- (i) the contents of the report be noted;
- (ii) LPI DS 002 –be referred to the Finance Advisory Group for further consideration; and
- (iii) LPI HB 001, 002, 005 & 006 be referred to Services Select Committee for further consideration.

26. ASSET MANAGEMENT PLAN - ANNUAL REPORT

The report detailed the progress made against the Asset Management Plan, the performance of the Council's properties and identified further improvements to be undertaken in the forthcoming year. The Professional Services Manager advised that the National Property Performance Indicators were not compulsory and their validity, given the lack of participating councils was in question. He would be attending a meeting with CIPFA the following month to discuss whether these were still appropriate and should be reviewed. In response to a question concerning the lengthy timescales such as for the disposal of public toilets, he replied that a transfer could be very complex but he had been in discussions with the legal team who were aware of the timescales and he would be holding regular meetings with them to expedite the process as much as possible.

A Member was pleased with the percentage of properties in good or satisfactory condition, but queried the 20.4% needing essential work within two years. The Professional Services Manager reported that the numbers were not too dramatic and the Team was aware of the issues and did their best to balance the works needed with the money available. There was a limited budget to fund maintenance works, which was why the property review was being carried out. The Deputy Chief Executive and Director of Corporate Resources pointed out that building maintenance was only 40% funded and therefore it was difficult to meet all the requirements. He praised the Team for the work they managed with their budget.

Action 3: The Professional Services Manager to produce a report on occupancy of the Argyle Road council building once MOAT has moved in.

Resolved: That the contents of the report be noted.

27. ASSESSMENT OF COMPLAINTS

The Head of Legal and Democratic Services presented a report which detailed the outcome of a review into complaints being forwarded to Members (Action 7 Minute 12 – 28 June 2011), and provided further background to the issue. Members' attention was drawn to the legal advice circulated as a separate addendum to the agenda. It was noted that the suggested amendment provided in the legal advice had already been implemented.

Members supported the current approach and were happy to be involved in more depth at the request of the complainant.

Action 4: Internal procedures be amended to ensure that where consent has been given in compliance with Data Protection, the final response on any complaint be sent to involved Members.

Resolved: That the report be noted.

28. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1

The report summarised the audits issued during the year to date and the progress of the team in delivering the Annual Internal Audit Plan 2011/12. The Audit, Risk and Anti-fraud Manager informed Members of his proposal to defer or cancel three reviews within the plan. However, these deferrals or cancellation would not affect the team's ability to deliver assurance at the end of the year. Members were assured that Dartford Borough Council had received a similar report requesting postponements of three reviews.

Resolved: That:

- (i) the content of the report and the progress made by the audit team in delivering the 2011/12 Annual Internal Audit plan, be noted; and
- (ii) it be noted that the three audits from the 2011/12 Annual Plan may need to be deferred or cancelled.

29. ANNUAL TREASURY MANAGEMENT REPORT 2010/11

Members considered the report which provided the customary review of investment activity during 2010/11 as required by the Council's Financial Procedure Rules. The report outlined the strategy adopted during the year, showed the position of the investment portfolio at the beginning and the end of the year and gave details of how the fund performed in comparison with previous years and against various benchmarks.

Resolved: That the Annual Treasury Management Report for 2010/11 be commended to Cabinet.

30. BUDGET MONITORING - AUGUST 2011 FIGURES

The Head of Finance and Human Resources introduced the report and advised that the Finance Advisory Group had already considered the figures to the end of July 2011. The main difference since then was that though the year end forecast figure was still worse than budget (£54,000 adverse), it was an improvement and would hopefully be further reduced.

A Member was concerned lest savings through delays in filling vacant posts may be making the figures more favourable. The Head of Finance and Human Resources reported that with regard to vacant posts there was an assumption of a three month delay in filling a post and the pay budget for these months were removed from the service budgets unless held vacant for other reasons or it had not been possible to fill the post. In response to a question as to whether planning officer jobs were being held vacant for the three months, the Chief Executive advised that all departments were able to make a special request to recruit to vacant posts more swiftly, and that planning had just made such a request.

In response to a question the Leader of the Council addressed the Committee confirming the Council's good track record of partnership working – highlighted by the recent silver award awarded by the Institute of Revenues, Ratings and Valuation (IRRV), and advising that the risk was in the ability to find a willing partner.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.50 pm

Chairman

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RECORD OF ACTION POINTS:

Performance and Governance Committee Date: 27 September 2011

<u>Action</u>	<u>Description of Action</u>	<u>Response from Responsible officer</u>
ACTION 1	Invitations to be extended to Local Members to attend meetings of Finance Advisory Group when considering property disposals in the first instance.	This action has been noted by Officers.
ACTION 2	Chairman and Vice Chairman to review the Work Plan with the Deputy Chief Executive and Director of Corporate Resources, with a view to balancing the workload where possible.	A meeting has been arranged for 07.11.11 to discuss the Work Plan.
ACTION 3	The Professional Services Manager to produce a report on occupancy of the Argyle Road council building once MOAT has moved in.	MOAT expected to move in during November, no firm date as yet. A report is likely to be produced early 2012.
ACTION 4	Internal procedures be amended to ensure that where consent has been given in compliance with Data Protection, the final response on any complaint be sent to involved Members.	The Complaints Procedure has been amended accordingly.

Performance and Governance Committee 2011/12 – Work Plan

Topic	15 November 2011	10 January 2012	13 March 2012	June 2012	September 2012
Governance		Update of the Council's Anti-Fraud and Corruption Strategy to reflect the requirements of the Bribery Act 2010 (commencement Order 2011).	Annual review of Terms of Reference		
Internal Audit (Irregularities to be reported confidentially as & when necessary)		Self-assessment of the effectiveness of the Committee Q2 Report	Internal Audit Plan Q3 Progress Report	Review of effectiveness of Internal Audit Annual Governance Statement Internal Audit Annual Report	
Risk Management		Update		Risk Management Plan	
Accounts and External Audit		District Auditor's Annual Audit Letter	Annual Audit Plan		Draft Statement of Accounts

Topic	15 November 2011	10 January 2012	13 March 2012	June 2012	September 2012
Treasury Management & Investment Strategy	Treasury Management Update	Treasury Management Strategy 2012/13			
Strategic Business & Finance Planning (Budget Strategy)	Financial Prospects and Budget Strategy	Medium Term Financial Strategy <i>To be incorporated within the Budget Report or Budget Strategy Document</i>			
Budget Monitoring	September figures	November Figures	January Figures	Outturn Figures	July Figures
Property					Asset Management Property Review Update
Performance Management	Performance Report		Performance Report	End of Year Results	Performance Report
Other	Annual Complaints Monitoring and Ombudsman's Report				

PERFORMANCE AND GOVERNANCE COMMITTEE – 15 NOVEMBER 2011

PERFORMANCE MONITORING

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Consideration

Executive Summary: This report provides the Committee with a summary of Council performance and through the exceptions report details of all 'Red' performance indicators for the period to the end of September 2011.

This report supports the Key Aim of Corporate Performance Plan "Effective Management of Council Resources"

Portfolio Holders Cllr. Mrs. Davison

Recommendation: It be RESOLVED that Members:

- (a) note the contents of this report; and
- (b) where appropriate, refer areas of concerns to the Finance Advisory Group or the appropriate Select Committee for further action.

Background

- 1 The Council's performance management arrangements are supported by a software system which allows performance to be monitored using a simple traffic light system i.e. Green for good, Amber if caution is required and Red if the indicator requires attention. This allows the Council to both celebrate good practice and take early steps to rectify actual and potential problem areas. The system allows for the review of historical performance as well as tracking progress against performance targets.
- 2 The Council's performance management system, Covalent, is available to all Members via the Members' Portal. All of the current performance indicators agreed by Members are available on the system and Members are encouraged to use this to access performance information across all service areas.

Performance Reporting

- 3 The Committee has agreed that the performance monitoring report will show only the 'Red' indicators, separated in to the responsibilities of each Select Committee, allowing a for a strong focus on areas of underperformance.

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- 4 Performance reports will always provide Members with the most up to date information accompanied by management commentaries on the reasons for underperformance and the actions being taken to improve the service.

Performance Overview – April to September 2011/12

- 5 The following table summarises the performance levels to the end of September 2011/12.

Red	Amber	Green
<i>10% or more below target</i>	<i>Less than 10% below target</i>	<i>At or above target</i>
10	13	58
12%	16%	72%

- 6 The last report received by the Committee provided an update on performance to the end of August 2011. In the period to the end of September:

- LPI DC 004 – The percentage of planning appeals allowed has improved from 27.7% to 23.15% and is now ‘Green’;
- LPI LIC 001 – The number of licensing enforcement visits due that were undertaken has improved from 124 to 153 and is now ‘Amber’;
- LPI FS 003 – Debts outstanding more than 61 days was ‘Amber’ but is now ‘Red’. Details are included in Appendix 1 to this report;
- Benefits performance has been reported to Services Select Committee. An update from the Select Committee will be provided elsewhere on the agenda for this meeting; and
- The position of the Direct Services trading account has been reported to Finance Advisory Group. An update from the Group will be provided elsewhere on the agenda for this meeting.

- 7 Set out at Appendix A are details of each of the 10 ‘Red’ performance indicators categorised by the Select Committee which holds responsibility for scrutinising that service’s performance. Alongside the performance data is a trend chart, showing all performance for the year and a commentary provided by the managers of the service. Commentaries include additional context data where it is available and explain the reason behind the performance and any actions that are planned or are currently being taken to improve performance.

- 8 In any instance where the Performance and Governance Committee is dissatisfied with the performance level and the plans for improvement it is recommended that they refer the issue to the Finance Advisory Group or the relevant Select Committee for scrutiny. Where performance concerns are

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referred for scrutiny the appropriate Head of Service or Service Manager would attend the Select Committee to provide further information and analysis and where relevant an improvement plan. Any recommendations made by the Select Committee would also be referred to Cabinet.

Key Implications

Financial

- 9 Effective performance management monitoring arrangements will assist the Council in diverting resources to areas or services where it is considered to be a greater priority.

Community Impact and Outcomes

- 10 Robust performance management arrangements ensure services continue to be measured against targets for improvement. Striving to meet these targets and developing action plans where performance needs to be improved helps to ensure the delivery of high quality services to the community.

Legal, Human Rights etc.

- 11 None

Resource (non-financial)

- 12 None

Value For Money

- 13 A strong performance culture and effective performance management monitoring arrangements contribute to improved services and ultimately more cost effective Value for Money services.

RISK ASSESSMENT STATEMENT

Risk	Impact	Control	Residual Risk
1. Inaccurate data could be used in the assessment of performance	High	Robust data collection arrangements in place. Annual data quality audit by both Internal and External Audit	Low. Risk Adequately Controlled
2. Poor performance might not be identified	High	Suite of performance indicators reviewed annually to ensure all key areas of service delivery are appropriately monitored. Members focus on exceptions in their performance reporting.	Low. Risk Adequately Controlled

Agenda Item 7

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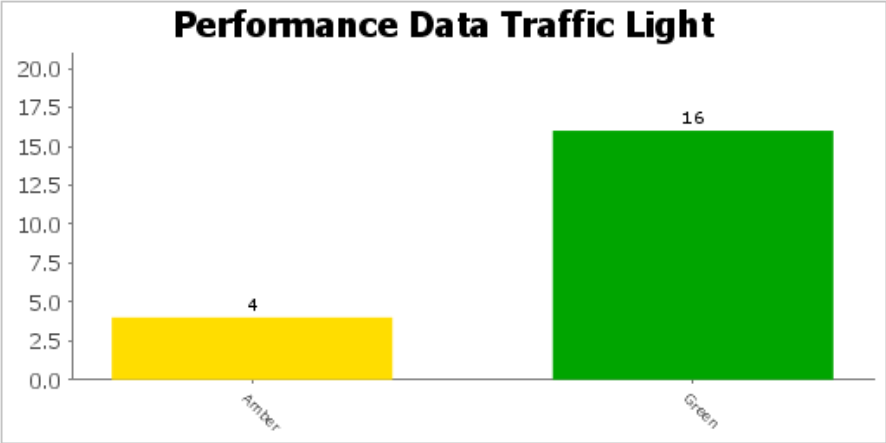
3. Poor performance might not be addressed	High	Performance management is embedded in the organisation with robust performance review and monitoring arrangements in place. Covalent updated monthly with data and made available to officers and Members to review. Formal performance reports to Management Team, Performance and Governance Committee and Cabinet. Service Review processes in place.	Low. Risk Adequately Controlled
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Sources of Information: Covalent Performance Management Software

Contact Officer(s): Lee Banks, Policy and Performance Manager.
Ext 7161

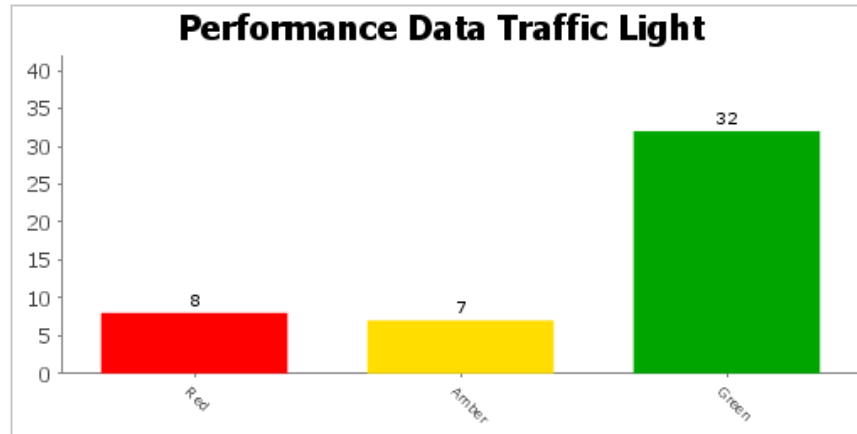
Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources

Environment Select Committee PI's


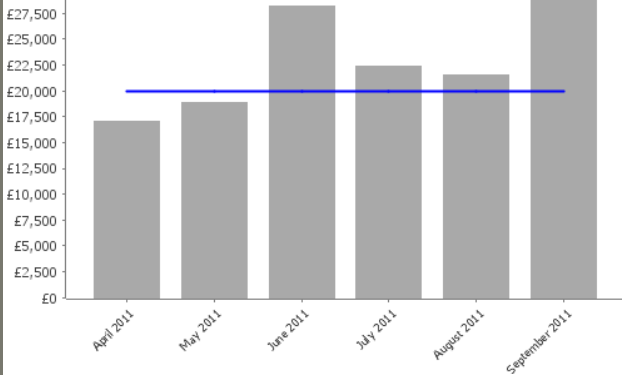

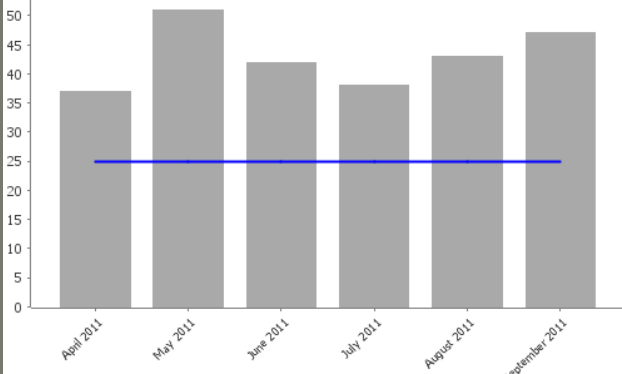



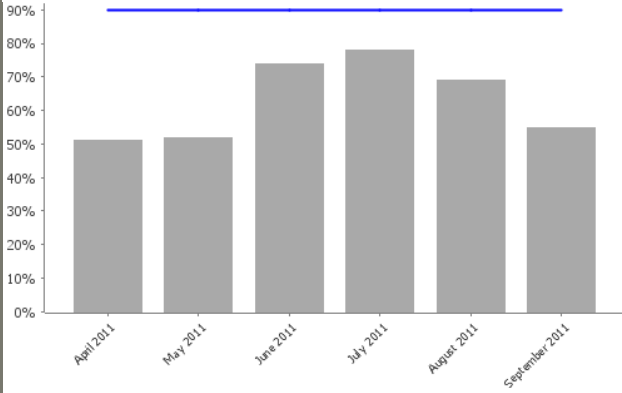

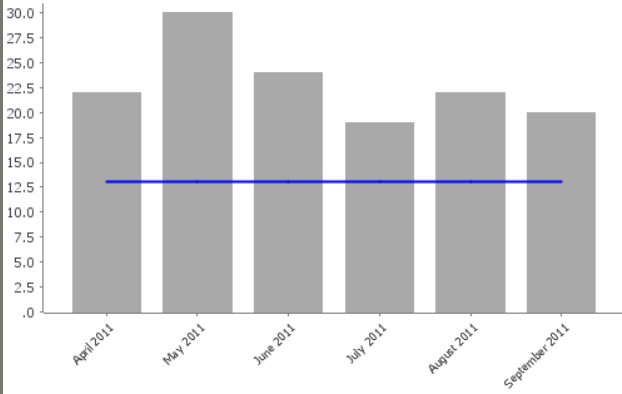
No 'Red' performance indicators to report


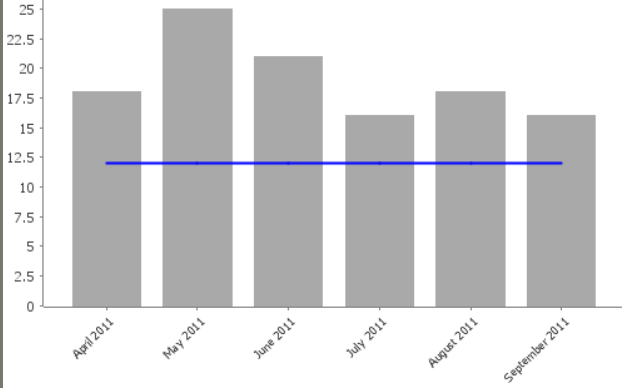

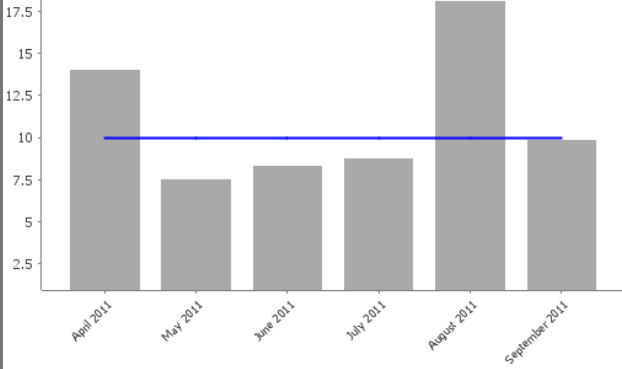
Services Select Committee PI's


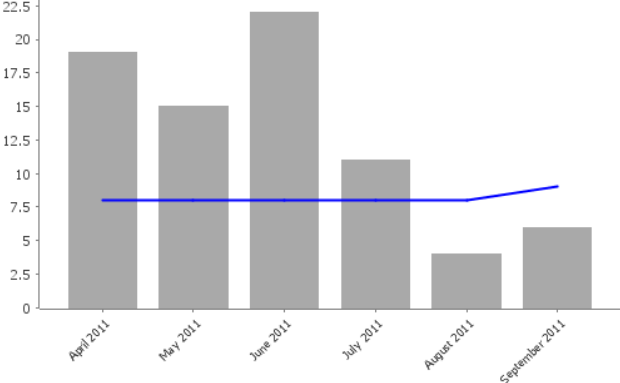


Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI DS 002	Total Trading Account Position (Year to date)	£51,490	£116,754		<table border="1"> <caption>Monthly Trading Account Position (Estimated)</caption> <thead> <tr> <th>Month</th> <th>Value (£)</th> </tr> </thead> <tbody> <tr> <td>April 2011</td> <td>0</td> </tr> <tr> <td>May 2011</td> <td>~5,000</td> </tr> <tr> <td>June 2011</td> <td>~22,000</td> </tr> <tr> <td>July 2011</td> <td>~58,000</td> </tr> <tr> <td>August 2011</td> <td>~42,000</td> </tr> <tr> <td>September 2011</td> <td>~51,490</td> </tr> </tbody> </table>	Month	Value (£)	April 2011	0	May 2011	~5,000	June 2011	~22,000	July 2011	~58,000	August 2011	~42,000	September 2011	~51,490	Accounts in surplus but at end of September £65,264 below target. Diesel costs still a concern with latest price £1.14/litre. Diesel budget currently £17,000 over. Disposal costs for trade waste and cesspool emptying over budget due to increase in disposal charges imposed by SITA and Thames Water respectively.
Month	Value (£)																			
April 2011	0																			
May 2011	~5,000																			
June 2011	~22,000																			
July 2011	~58,000																			
August 2011	~42,000																			
September 2011	~51,490																			

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI FS 003	Debts outstanding more than 61 days	£29,230	£20,000			One invoice of £6,000 is outstanding relating to external funding, which we would not pursue through our normal recovery processes. This accounts for the bulk of the increase in debts outstanding more than 61 days.
LPI HB 001	Average number of days to process new benefits claims	43	25			<p>Due to the economic conditions, demand for benefit services continues at a very high level. A significant increase in work received within the Service has been experienced since January 2011, as a result delays have occurred in dealing with claims. This increase in workload has been experienced both by other Kent authorities and nationally.</p> <p>A recovery plan is in place, including the use of additional temporary staff, process re-design and the recruitment of apprentices. It can be seen from the June and July data that this had an initial positive effect, leading to improvements in performance. However from August performance has dipped again.</p> <p><i>Commentary continued on next page</i></p>

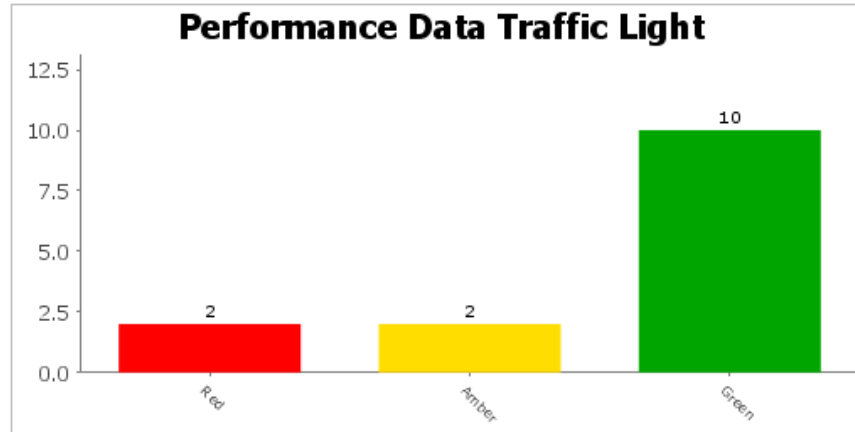
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HB 002	Percentage of new benefit claims processed within 14 days of full information being received	63.17%	90%			<p>In September one new permanent assessor started with the Team, with a further assessor starting at the beginning of October. The Team still has vacancies for two assessors, despite carrying out several recruitment exercises. One apprentice has been recruited (against a target of 5) and attempts to recruit further are continuing.</p>
LPI HB 005	Time taken to process Housing Benefit/ Council Tax Benefit new claims and change events	22.8	13.0			<p>In order to improve processing times for new claims in particular, the Team has adopted a more streamlined approach and is reviewing new claims on receipt, to ensure all the information required to assess the claim is obtained promptly.</p> <p>The workload has increased further in July and August and there is a concern that if it continues at this elevated level then extra resources will be required on a long term basis to provide an acceptable turnaround time for customers.</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HB 006	Average days to process change of events	19	12			<p>The time taken to process change events is showing improvement, though volumes have been very high in July to September as tax credit renewal changes have been processed. In October additional work has been required to amend pension details arising from DWP error earlier in the year.</p> <p>Also see the comments on the previous page for the reasons for the current performance level and action being taken to improve processing times.</p>
LPI Waste 003	Number of missed collections per 100,000	11.07	10			<p>Performance in September 9.8 against a target of 10.0 and now only 11.07 for year to date. The overall performance to date on missed collections is still top quartile compared with the national picture. This performance represents a missed collection percentage of 0.01%</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI Waste 005	Number of missed green waste collection complaints	77	49		 <table border="1"> <caption>Monthly Missed Green Waste Collection Complaints (2011)</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>April 2011</td> <td>19</td> </tr> <tr> <td>May 2011</td> <td>15</td> </tr> <tr> <td>June 2011</td> <td>22</td> </tr> <tr> <td>July 2011</td> <td>11</td> </tr> <tr> <td>August 2011</td> <td>4</td> </tr> <tr> <td>September 2011</td> <td>6</td> </tr> </tbody> </table>	Month	Value	April 2011	19	May 2011	15	June 2011	22	July 2011	11	August 2011	4	September 2011	6	<p>Missed collections still higher than target, but a significant improvement on the same period last year. Only 6 missed collections reported in the whole of September compared with 27 in September 2010. Year to date missed collections are 77 compared with 104 at same period last year.</p>
Month	Value																			
April 2011	19																			
May 2011	15																			
June 2011	22																			
July 2011	11																			
August 2011	4																			
September 2011	6																			

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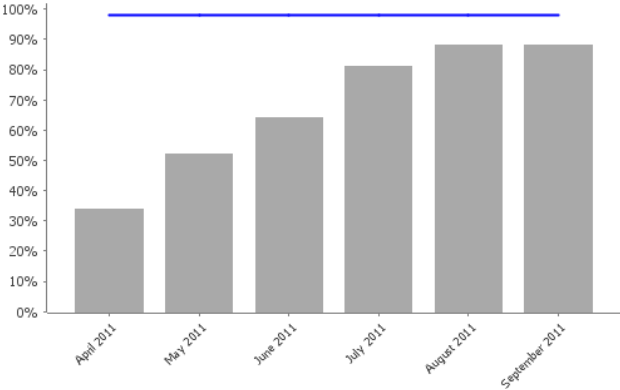
Social Affairs Select Committee PI's



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Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI EH 001	Number of proactive health and safety contacts made with businesses	91	168		<table border="1"> <caption>Trend Chart Data</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>April 2011</td> <td>2</td> </tr> <tr> <td>May 2011</td> <td>40</td> </tr> <tr> <td>June 2011</td> <td>3</td> </tr> <tr> <td>July 2011</td> <td>30</td> </tr> <tr> <td>August 2011</td> <td>9</td> </tr> <tr> <td>September 2011</td> <td>7</td> </tr> </tbody> </table>	Month	Value	April 2011	2	May 2011	40	June 2011	3	July 2011	30	August 2011	9	September 2011	7	<p>26 inspections undertaken and 63 questionnaires sent out. The Health and Safety Executive have chosen to end proactive enforcement projects in the District which has bought down the number of visits the Council is required to make. SDC inspections and other proactive contacts will continue as planned. Target will be reviewed in light of the reduced work requirement.</p>
Month	Value																			
April 2011	2																			
May 2011	40																			
June 2011	3																			
July 2011	30																			
August 2011	9																			
September 2011	7																			

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Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI EH 004	Percentage of higher risk food inspections due that was done (higher risk is categories A, B & C)	88%	98%		 <table border="1"> <caption>Trend Chart Data</caption> <thead> <tr> <th>Month</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>April 2011</td> <td>35%</td> </tr> <tr> <td>May 2011</td> <td>52%</td> </tr> <tr> <td>June 2011</td> <td>65%</td> </tr> <tr> <td>July 2011</td> <td>81%</td> </tr> <tr> <td>August 2011</td> <td>88%</td> </tr> <tr> <td>September 2011</td> <td>88%</td> </tr> </tbody> </table>	Month	Percentage	April 2011	35%	May 2011	52%	June 2011	65%	July 2011	81%	August 2011	88%	September 2011	88%	<p>25 inspections carried out in September. Actual inspections now only 21 below target, year to date. Planned to achieve 98% target by year end.</p>
Month	Percentage																			
April 2011	35%																			
May 2011	52%																			
June 2011	65%																			
July 2011	81%																			
August 2011	88%																			
September 2011	88%																			

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PERFORMANCE AND GOVERNANCE COMMITTEE – 15 NOVEMBER 2011

FINANCIAL PROSPECTS AND BUDGET STRATEGY 2012/13 AND BEYOND

Report of the: Deputy Chief Executive and Corporate Resources Director

Also considered by: Cabinet – 13 October 2011

Status: For Decision

Key Decision: No

Executive Summary: The role of this Committee is to consider the development of the Council's budget strategy.

This report sets out the major financial pressures the Council is likely to face over the next four years, together with a proposed strategy for setting a balanced and sustainable budget for 2012/13 and beyond. The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities a year ago, for 2011/12 the Council brought its budget setting process forward by two months and produced a 10-year budget together with a four-year savings plan. This provides the Council with a stable basis for future years, which addresses the reduction in Government funding as well reducing its reliance on reserves.

Building on the considerable progress made over recent years, this report updates Members on significant risk areas as well as setting out the way forward for service prioritisation, business and financial planning, financial strategy and the budget setting process.

The overall emphasis is on building on the strong framework provided by the 10-year budget, whilst taking into account any new financial burdens and changes in the economy that have an impact on budget assumptions. This report also provides Members with the proposed timetable for the budget setting process.

This report supports the Key Aim of effective management of Council resources

Portfolio Holder Cllr. Ramsay

Head of Service Head of Finance and Human Resources – Tricia Marshall

Recommendation:

That Members consider the attached report and feedback to Cabinet any comments on the proposed budget strategy.

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Introduction

- 1 The Council's financial strategy over the past seven years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improved value for money;
 - maximising external income; and
 - the movement of resources away from low priority services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders through the Community Plan. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves which has ensured that the general fund reserves have remained largely unchanged.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 4 The intention of this report is to enable Members to give early consideration to the pressures likely to be faced by the Council and put in place a long term solution that ensures service reductions are minimised. This report sets out the high level approach and principles but a report to Cabinet on 8 December 2011 will provide the budget details along with analysis of the areas the Cabinet has requested officers to consider in assisting the balancing of the budget, as well as feedback from select committees on proposed service plans for 2012/13 onwards.

Financial Pressures 2012/13 to 2021/22

Overall Summary

- 5 In the medium term, the Council will have to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 6 The potential to increase income levels over the next few years is very limited. In some cases the Government controls the level of increase and in other areas current economic conditions make it uncertain as to whether the Council will even achieve existing income budgets.

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- 7 Looking at expenditure, inflation is running at 4.5% (CPI). This Council is expected to receive a reduction of 11% in revenue support grant in 2012/13 and further reductions are expected in future years.
- 8 The paragraphs below set out the position in more detail and assess the impact on the current Financial Plan.

Income

- 9 **Revenue Support Grant/Non-domestic rates** (£4.9m in 2011/12) – The Council will have received a 29% reduction over two years since 2010/11. Included in the grant is an element for floor damping, which is expected to be £22,000 in 2011/12; the Government could decide to remove this protection. The Government is currently carrying out several consultations which are likely to have a significant impact on from funding stream from 2013/14 onwards. Each one percent reduction in grant would result in an income loss of £49,000. **Likely impact: unknown at this stage for 2013/14 onwards, but likely to have a serious impact on the Council's budget.**
- 10 **Council Tax** (£9.2m) – The financial plan assumes that there will continue to be a Council Tax freeze in 2012/13. Government capping may continue to limit future increases. 1% change equals £92,000. In the longer term, the localisation of and 10% reduction in council tax support (previously council tax benefit) could have an adverse effect on collection rates. **Likely impact: unknown at this stage.**
- 11 **Investment income** (£0.2m) – returns are continuing to fall due to low interest rates and the revision of the Council's current Investment Strategy towards a low risk approach. It is certain that the Council's reserves will continue to fall due to their use in the 10 Year Budget, so as a consequence, investment income will continue to reduce. The latest assumption is for the following returns: 0.9% in 2012/13, 1.7% in 2013/14, 2.7% in 2014/15 and 2.8% in later years. **Likely impact: nil taking into account the level of balances forecast.**
- 12 **Landsbanki** – efforts are continuing to recover the £1m invested in Landsbanki in June 2007. An impairment adjustment for the potential loss has been included in the 2008/09 accounts. **Likely impact: minimal in future years if 95% is recovered apart from loss of interest until the money is received.**
- 13 **Variable income sources** – The Council receives income in fees and charges from a number of sources. This includes (income figures are shown gross):
- Land Charges (£0.2m);
 - Development Control (£0.6m);
 - Building Control (£0.5m); and
 - Car parks (£2.0m);

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- On-street parking (£0.7m).
- 14 The first three are linked to some extent to activity in the housing market and remain vulnerable, with some adverse variances against budget in the current year. **Likely impact: no change but with a risk of shortfalls in these income areas.**
- 15 Despite the current economic conditions car park income is at budgeted levels but on-street parking income is currently below budget. **Likely impact: no change at this stage but will be dependent on economic conditions .**
- 16 **External Funding** (£0.7m) - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services, often in partnership with other agencies, to local residents. The Council's officers continue to seek new opportunities for funding. As financial constraints are put on public services the funding available from health and other public bodies is expected to reduce. **Likely impact: No financial impact but services currently externally funded may cease to be provided.**
- 17 **Discretionary Charging** This area is regularly reviewed and will be further developed when the Government finalises legislation in this area. The budget already assumes that in 2012/13 additional income of £150,000 will be generated from discretionary charging. **Likely impact: Unknown until the legislation is finalised.**
- 18 **Partnership working** - Various services have included savings from partnership working in recent years budgets and this continued to be an area that is being investigated. The Council successfully works in partnership with other authorities in a number of areas, including Environmental Health, Revenues, Benefits, Internal Audit and Anti Fraud, Licensing, Finance, Development Services and IT. A programme of more extensive partnership working with other authorities is being investigated to generate further efficiencies for the Council. **Likely impact: Savings based on shared services are already included in the four-year savings plan, so successful partnership working would secure these savings.**

Expenditure

- 19 **Pay** costs total £12.5m and form about half the Council's gross expenditure (excluding Benefits payments). The pay award for 2012/13 is expected to be 0% which will be the third year that there has been no increase. The Financial Plan assumes a pay increase of 1% in 2013/14, 1.5% in 2014/15 and 2% in later years. These percentages are below current inflation rates, though inflation is projected to fall. In the economy as a whole pay awards are running at just over two percent. Every one percent change equals £125,000. **Likely impact: none if current assumptions are retained.**
- 20 **Non-pay costs** – the budget assumes non-pay costs will increase by an average of 2.5% a year. In practice items such as rates and energy costs have risen at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at 4.5% . **Likely impact: none if**

overall non-pay inflation can be contained to 2.5%, though this is viewed as challenging to achieve.

- 21 ***Unavoidable service pressures*** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy in dealing with these. The model does not allow for unavoidable service pressures, therefore these will need to be met from within existing budgets. These have not yet been identified to be included in the revised Plan, but they could be significant.
- 22 Based on previous experience, growth items totalling up to £0.5m a year could occur although, having the 4-year savings plan and the 10-year budget in place is likely the figure will be less than £200,000. Officers are still identifying the likely service pressures for 2012/13, particularly in relation to external income. These will be presented to Members as part of the Service and Performance Plans process. ***Likely Impact: In the region of £200,000.***
- 23 ***Progress on current ten-year budget*** – 2012/13 will be the second year of using the 10 year budget. The savings plan includes 63 items and some of those contain a significant element of risk. Together with Portfolio Holders, Management Team and Heads of Service are closely monitoring progress in delivering the savings, but it is inevitable that some savings will either be delayed or not achieved. The main risk items are those which rely on third parties or the generation of additional income. The latest version of the 10-year budget is set out in Appendix B. ***Likely impact: TBA***

Proposed Business and Financial Planning Strategy

- 24 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, it is proposed that a Financial Strategy that embraces the following principles continues to be adopted:
- A ten-year balanced budget;
 - Flexible use of the Budget Stabilisation Reserve;
 - More effective use of remaining earmarked reserves;
 - Structured use of capital receipts;
 - The review and tighter management of inflationary pressures; and
 - A streamlined Service and Financial Planning process.

A ten-year budget

- 25 Five years ago, the Council adopted a ten-year financial model and following the recommendation by the Audit Commission, other councils have now put in place similar approaches. A ten-year budget was compiled for the first time last year. This required the Council in broad terms to extend its four-year financial planning and budget setting to ten years with the key requirement

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being that over the ten-year period, although there will be fluctuations, the overall budget would be balanced.

- 26 Our external auditor made the following comment in the Value for Money section of his Annual Governance Report 2010/11. “Sevenoaks District Council has strong financial governance. Financial planning is robust and forward looking. With these sound arrangements for financial control it is well placed to maintain a secure and stable financial position. The Council has an established financial planning process with a 10 year budget. This allowed it to identify the budget gap and conduct early modelling over a range of scenarios. The Council’s 2011/12 budget was the earliest within Kent.”
- 27 Financial uncertainty has increased in recent years and this approach also enables the Council to more effectively deal with peaks and troughs in its financial position, thus increasing its financial resilience.

Flexible use of the Budget Stabilisation Reserve

- 28 The figures in the 10 Year Budget are based on a number of estimates and assumptions and are subject to considerable uncertainty in later years. The Budget Stabilisation Reserve provides Members with a mechanism for smoothing unexpected movements between budget years. However, this still requires a structured budget-setting process to ensure an annual balanced budget.

More effective use of earmarked reserves

- 29 At 31 March 2011 there was £6.9m of reserves allocated to asset maintenance and the pension fund deficit. It has been agreed that, allowing for an emergency asset maintenance reserve of £1m, the remaining £5.9m be used over the ten-year period equally to smooth the rundown of these reserves.
- 30 This still means that the Council relies on its reserves, however, the level of reliance has significantly reduced from almost £2m to £590,000 per annum. In the longer term, more sustainable solutions could be sought and if the economic recovery results in positive outcomes for the Council then the reliance on this reserve can be reduced or its period extended beyond the ten years.

Structured use of capital receipts

- 31 Up until 2010/11, the Council used its capital receipts to fund its capital programme. However, due to a combination of reducing assets and a period of recession impacting asset values, the level of historical reliance on capital receipts could not be sustained. Therefore, Members made the decision to fund the capital programme through the revenue budget. However, there are a number of potential capital receipts that the Council is likely to receive in the coming years and £1m has been ‘top-sliced’ from these receipts and equally spread over the ten-year budget programme period. This allows the capital programme to receive some realistic, predictable and long-term funding

The review and tighter management of inflationary pressures

- 32 In recent years, and for the future, one of the most significant challenges the Council has faced is, that whilst its income is reducing and its expenditure is being matched to this reduction, the gap between income and expenditure widened due to inflation. The inflation assumptions have been tightened accordingly. However, this will continue to be dependent on a number of factors, including national pay settlements, changes to staff terms and conditions, economic inflation levels and the Council's ability to generate extra income.

Streamlined Service and Financial Planning process

- 33 As part of the budget process, select committees will have the opportunity to comment on and challenge service plans and the Council's prioritisation matrix before their consideration by the Cabinet. This ensures that the Council's priorities and key service objectives drive the allocation of resources within its budget.

Process and timetable

- 34 Members will note from the timetable set out in the appendix that this report will also be considered by the Performance and Governance Committee at its meeting on 15 November 2011 and any comments will be considered by Cabinet at its meeting on 8 December 2011. It is proposed that Cabinet will agree its draft budget on 8 December 2011 along with its proposed areas for savings, Cabinet will agree its final budget on 9 February 2012 and full Council will consider the budget on 21 February 2012.

Consultation

- 35 In consultation with the Portfolio Holder, officers are in the process of agreeing a consultation strategy for the budget albeit that it will be limited as the Council has a 10-year budget in place.

Key Implications

Financial

- 36 All financial implications are covered elsewhere in this report.

Community Impact and Outcomes

- 37 Members' early consideration of the issues raised in this report would be beneficial to residents in that a planned approach to achieving a balanced budget should produce the best outcome for the community in limiting the level in budget reductions.

Legal, Human Rights etc.

- 38 None.

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Conclusions

- 39 There is no doubt that there are a number of risks associated with this approach, including significant cost pressures that may destabilise the ten-year budget. However, by adopting this approach, many of these will be predictable and more importantly, the Council will be better placed to react to such events. This solution also allows the Council a little more stability and sustainability in delivering its services and dealing with its finances.
- 40 The Strategic Financial and Business Planning process has ensured that the Council follows a logical and well considered process and approach in dealing with the many difficult financial challenges which it has faced. The 10 year budget has further improved this process and helped to ensure that the Council is well placed in dealing with its more immediate and longer-term financial challenges.
- 41 Looking at the medium term, although the Council has made considerable savings in previous years and already plans to make further savings over future years, it is likely that additional savings will be required to meet the expected pressures.
- 42 This budget process will once again be a major financial challenge for a Council that already provides value for money services to a high standard. In making budget proposals, Members will need to consider the impact on service quality and staff well-being, to ensure that these proposals lead to an achievable 10 year budget that supports the Council's aspirations for customer focussed services.

Risk Assessment Statement

- 43 An effective integrated policy and priority driven long term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.
- 44 The risks associated with the 10 year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future grant settlements. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

Contact Officer(s): Tricia Marshall ext. 7205
Adrian Rowbotham ext. 7153

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources

Ten Year Budget - Revenue






	Budget 2010/11	Budget 2011/12	Plan 2012/13	Plan 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	16,711	13,771	13,771	13,482	13,593	14,605	15,077	15,524	15,954	16,247	16,654
Inflation			299	330	389	363	367	369	374	375	381
Pension Fund deficit: actuarial increase			0	0	520						
Net savings (approved in previous years)			(1,116)	(486)	(154)						
Ts & Cs changes (incl SCIA62,63 & increments)			528	267	257	109	80	61	(81)	32	25
Expenditure previously classified as capital*											
Net savings (NEW)			0	0	0						
Net Service Expenditure b/f	16,711	13,771	13,482	13,593	14,605	15,077	15,524	15,954	16,247	16,654	17,060
Financing Sources											
Government Support	(6,348)	(4,912)	(4,186)	(3,805)	(3,424)	(3,527)	(3,633)	(3,742)	(3,854)	(3,970)	(4,089)
Govt Support - Conc. Fares reduction		0	0	0	0	0	0	0	0	0	0
Govt Support to offset C Tax freeze	0	(229)	(229)	(229)	(229)	0	0	0	0	0	0
Council Tax	(9,172)	(9,199)	(9,199)	(9,475)	(9,759)	(10,149)	(10,555)	(10,977)	(11,416)	(11,873)	(12,348)
Interest Receipts	(192)	(153)	(289)	(594)	(714)	(662)	(596)	(529)	(462)	(397)	(353)
Contributions to Reserves	716	471	330	430	330	330	330	330	330	330	330
Contributions from Reserves	(1,715)	(14)	(645)	(645)	(645)	(645)	(645)	(645)	(645)	(645)	(645)
Total Financing	(16,711)	(14,036)	(14,218)	(14,318)	(14,441)	(14,653)	(15,099)	(15,563)	(16,047)	(16,555)	(17,105)
Contribution to/(from) Stabilisation Reserve		265	736	725	(164)	(424)	(425)	(391)	(200)	(99)	45
Budget Gap	0	0	0	0	0	0	0	0	0	0	0
											Cumulative 10 year position (surplus)/deficit: (68)

This is the current version on the 10-year budget and will continue to be refined taking on board the latest information.

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Performance and Governance Committee – 15 November 2011 **Appendix A** 2012/13 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects Report & Budget Timetable	13 October	Cabinet
Paper from the Leader – Council Vision	13 October	Cabinet
Budget Strategy Report & Financial Prospects Report	15 November	Performance & Governance
		
Stage 2		
Review of Service Plans & Head of Service Variations	25 October	Environment Select
	1 November	Social Affairs Select
	8 November	Services Select
		
Stage 3a (If required)		
Budget Instructions Financial update and any instructions for areas of savings if required.	3 November	Cabinet
		
Stage 3b		
Draft 10 Year Budget (incl. Service Change Impact Assessments (SCIAs), feedback from Select Committees & Other Consultation)	8 December	Cabinet
		
Stage 4		
Budget Setting Meeting (Recommendations to Council)	9 February	Cabinet
		
Stage 5		
Budget Setting Meeting (incl. Council Tax setting)	21 February	Council

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PERFORMANCE AND GOVERNANCE COMMITTEE – 15 NOVEMBER 2011

INVESTMENT STRATEGY UPDATE

Report of the: Deputy Chief Executive & Director of Corporate Resources

Status: For consideration

Executive Summary: Members approved the Investment Strategy as part of the budget-setting process in December 2010. In considering that Strategy Members were advised that, given the current economic climate, the Strategy would need to be monitored and reviewed, where necessary, during the year.

This report gives details of recent developments in the financial markets and changes to credit ratings.

This report was considered by the Finance Advisory Group on 2nd November 2011 and their views will be fed back to this Committee.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. B. Ramsay

Head of Service Head of Finance and Human Resources – Mrs. Tricia Marshall

Recommendation: That the report and Members views be noted.

General Background

- 1 The Council aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The Council approved the current Investment Strategy for 2011/12 at the Council meeting on 16 December 2010.
- 2 Credit ratings form the basis of investment decisions and the matrix supplied by the Council's treasury advisers, Sector Treasury Services Ltd (Sector), encapsulates credit rating data to provide suggested counterparties and maturity limits.

Economic Background

Global Economy

- 3 Over the last few months the Euro zone sovereign debt crisis has continued with Spain, and particularly Italy, being the focus of renewed market concerns that they may soon join with Greece, Ireland and Portugal in needing assistance. This uncertainty and the lack of a co-ordinated or credible Euro zone response, left commentators concerned over the potential impact of sovereign default and resulting effect on the Euro zone banking sector. The approval by various countries of the €440bn bail out fund in September has

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brought temporary relief to financial markets but this does not provide a credible remedy to the scale of the Greek debt problem or the sheer magnitude of the potential needs of other countries for support.

- 4 This, coupled with political difficulties in the US over their plans to address the budget deficit, the size and control over the US sovereign debt, and the subsequent loss of the AAA credit rating from Standard and Poor's, has led to a much more difficult and uncertain outlook for the world economy. Growth prospects in the US, UK and the Euro zone have been lower than expected, with future prospects similarly cut. Whilst not a central view, concerns of a double dip recession in some Western countries have increased. World stock markets fell in the second quarter of 2011/12 as a consequence.

UK Economy

- 5 Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.1% in the first quarter of 2011/12, providing a knock on effect to future growth prospects. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over employment are likely to weigh heavily on consumers into the future.
- 6 The announcement by the Bank of England's Monetary Policy Committee (MPC) on 6 October 2011 of a second round of quantitative easing (QE) of £75bn emphasised how seriously the MPC now views recession as being a much bigger concern than inflation. Although inflation remains stubbornly high, the MPC's expectation of future falls resulting in an undershoot of its 2% target opened the way for this new round of QE.
- 7 International investors continue to view UK government gilts as being a safe haven from the EU sovereign debt crisis. The consequent increase in demand for gilts has helped to add downward pressure on gilt yields and sent PWLB borrowing rates to low levels.

Outlook for the next six months of 2011/12

- 8 There remain huge uncertainties in economic forecasts due to the following major difficulties:
 - the increase in risk that the UK, US and EU could fall into recession
 - the likely political gridlock in the US preventing significant government fiscal action to boost growth ahead of the Presidential elections in November 2012
 - the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economies
 - the degree to which government austerity programmes will dampen economic growth;

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- the potential for further QE, and the timing of this in both the UK and US
 - the speed of recovery of banks' profitability and balance sheet imbalances and the risk of substantial losses being incurred on EU sovereign debt.
- 9 The overall balance of risks is weighted to the downside:
- The expectation is for low growth in the UK to continue, with a low Bank Rate to continue for at least 24 months, coupled with a possible further extension of QE. This will keep investment returns depressed.
 - The expected longer run trend for PWLB borrowing rates is for them to rise, primarily due to the need for a high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However the current safe haven status of the UK may continue for some time, postponing any increases until 2012.

Credit Rating Issues

- 10 As a result of the recent economic and financial market developments, our treasury management consultants, Sector Treasury Services, are stressing the importance of a cautionary investment stance. They have suggested that duration limits are temporarily restricted to a maximum of 3 months and this advice has been followed over the last few months.
- 11 This limit applies to all entities on the suggested Sector Credit Ratings List with the following exceptions:
- a) UK Government and related entities such as Local Authorities. Their suggested duration limit will remain at 5yrs.
 - b) UK semi-nationalised institutions (Lloyds / RBS). The current significant UK government ownership of these entities is seen as providing significant comfort to investors.
 - c) Money Market Funds.
- 12 The above temporary changes are not a significant change of view, but aimed to stress the need for caution when making new investments. It is believed that current market uncertainty warrants this revision and it is hoped that if Euro zone governments formally agree to extend their support mechanisms then some of the excessive risk indicator movements that have been seen in recent weeks will be reversed. However, until market circumstances begin to stabilise then Sector believe that such a prudent investment approach should be taken.
- 13 However, Sector have stressed that they do not believe clients should be unduly worried about prior investment decisions, rather that by restricting new investments to the above limits client portfolios will be allowed to lower risk

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naturally as investments mature. This should not require a change of the formal investment strategy, merely an operational restriction of that strategy.

- 14 More recently, a raft of downgradings have been announced by the Ratings Agencies both to sovereign and individual bank ratings. A number of UK institutions as well as Spanish and Italian ones have been affected.

Future Investment Options

- 15 Members will be aware that our list of potential counterparties has shrunk over the last few years, such that increases to individual lending limits were required in order to provide sufficient opportunity to place investments.
- 16 With the potential for removal of more institutions should global conditions worsen, an alternative approach may need to be considered. The questions that need to be addressed are:
- a) Are we comfortable with the current counterparties on our lending list and the cash limits applying to them?
 - b) If not, or if conditions worsen, should a move to more secure investments such as lending to the Debt Management Office's Account Deposit Facility or opening of Money Market Funds be considered?
- 17 Members' views on these issues are sought. Details of the up to date investment portfolio and current lending list are attached at Appendix A and B.

Key Implications

Financial implications

- 18 The management of the Council's investment portfolio and cash-flow generated balances plays an important part in the financial planning of the authority with interest receipts in the order of £186k supporting the revenue budget for 2011/12. The security of its capital and liquidity of its investments is of paramount importance. Restricting the number of counterparties for deposits increases the risk of not achieving the interest receipts budget for 2011/12.

Legal, Human Rights etc.

- 19 None.

Impact on and Outcomes for the Community

- 20 Investment income is used to support the revenue budget, providing funding for Council services that would otherwise have to be met from higher fees and charges or by service reductions.

Risk Assessment Statement

- 21 Treasury management has two main risks:-

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- a) Fluctuations in interest rates can result in a reduction in income from investments; and
- b) a counterparty to which the Council has lent money fails to repay the loan at the required time.

Consideration of risk is integral in the Council's approach to treasury management.

- 22 The movement towards having a restricted lending list of better quality institutions but higher individual limits with those institutions reduces the chances of a default. But if a default did occur, the potential loss would be greater. Previously, the preference was to have smaller investments with a greater range of institutions.
- 23 These risks are mitigated by the annual investment strategy which has been prepared on the basis of achieving the optimum return on investments commensurate with proper levels of security and liquidity. However, Members should recognise that in the current economic climate, these remain significant risks and that the strategy needs to be constantly monitored.

Sources of Information: Annual Investment Strategy report (Council 16 December 2010, Cabinet 13 December 2010, Performance and Governance Committee 16 November 2010)

CIPFA Code of Practice on Treasury Management in the Public Services (2009)

Sector Treasury Services Ltd. - economic updates, monthly investment reports and credit rating lists

Contact Officer(s): Roy Parsons - ext. 7204

Dr. Pav Ramewal
Deputy Chief Executive & Director of Corporate Resources

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SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 1-Nov-11 (In "End Date" order)

Reference	Name	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
	Santander UK plc (Business Reserve A/C)	U.K.	Santander	0	01-Apr-99			0.60000%	Variable	Direct
	Santander UK plc (Money Market A/C)	U.K.	Santander	4,900,000	09-Oct-06			0.80000%	Variable	Direct
	Bank of Scotland plc (Corp Instant Access A/C)	U.K.	Lloyds/HBOS	0	01-Aug-04			0.50000%	Variable	Direct
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	U.K.	NAB	2,000,000	10-Sep-10			0.65000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	U.K.	RBS	2,000,000	07-Oct-11			0.80000%	Variable	Direct
IP813	Landsbanki Islands hf	Iceland		1,000,000	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
IP954	Bank of Scotland plc	U.K.	Lloyds/HBOS	1,000,000	04-Feb-11	1.58000%	03-Nov-11		9 Months	Direct
IP962	Barclays Bank plc	U.K.		1,500,000	16-May-11	1.05000%	16-Nov-11		6 Months	Direct
IP984	Santander UK plc	U.K.	Santander	1,000,000	28-Oct-11	1.00000%	28-Nov-11		1 Month	Direct
IP976	Clydesdale Bank plc	U.K.	NAB	1,000,000	30-Aug-11	0.77000%	30-Nov-11		3 Months	R P Martin
IP979	Clydesdale Bank plc	U.K.	NAB	1,000,000	14-Sep-11	0.80000%	14-Dec-11		3 Months	Tradition
IP965	Nationwide Building Society	U.K.		2,000,000	17-Jun-11	1.02000%	19-Dec-11		6 Months	Sterling
IP980	Ulster Bank Ltd	U.K.	RBS	1,000,000	19-Sep-11	0.95000%	19-Dec-11		3 Months	R P Martin
IP968	Nationwide Building Society	U.K.		1,000,000	29-Jun-11	1.02000%	30-Dec-11		6 Months	R P Martin
IP948	Newcastle Upon Tyne City Council	U.K.		1,000,000	12-Jan-11	1.25000%	11-Jan-12		1 Year	Sterling
IP969	Nationwide Building Society	U.K.		1,000,000	15-Jul-11	1.02000%	16-Jan-12		6 Months	Sterling
IP970	Lloyds TSB Bank plc	U.K.	Lloyds/HBOS	1,000,000	25-Jul-11	1.42000%	25-Jan-12		6 Months	Direct
IP983	Ulster Bank Ltd	U.K.	RBS	1,000,000	26-Oct-11	1.05000%	26-Jan-12		3 Months	R P Martin
IP961	Lloyds TSB Bank plc	U.K.	Lloyds/HBOS	1,000,000	28-Apr-11	1.65000%	31-Jan-12		9 Months	Direct
IP953	Lloyds TSB Bank plc	U.K.	Lloyds/HBOS	1,000,000	03-Feb-11	1.95000%	03-Feb-12		1 Year	Direct
IP963	Bank of Scotland plc	U.K.	Lloyds/HBOS	1,000,000	26-May-11	1.80000%	24-Feb-12		9 Months	Direct
IP977	Nationwide Building Society	U.K.		1,000,000	01-Sep-11	1.09000%	01-Mar-12		6 Months	Tradition
IP958	National Westminster Bank plc	U.K.	RBS	2,000,000	22-Mar-11	1.00000%	27-Apr-12	2.50000%	1 Year	Direct

Total Invested

29,400,000**Other Loan**

Sevenoaks Leisure Limited

250,000

29-Apr-08

7.00000%

31-Mar-18

10 Years

Direct

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SEVENOAKS DISTRICT COUNCIL LENDING LIST AS AT 1/11/11

	Institution Name	Group	Country	Sovereign	L/Term	S/Term	Individual	Support	Duration	CDS Status	Adj Duration	Limit (£m)	Group Limit (£m)
	BANKS												
!!	Australia & New Zealand Banking Group		AUS	AA+	AA-	F1+	B	1		In Range		5	
!!	Banco Bilbao Vizcaya Argentaria (BBVA)		ESP	AA-	A+	F1+	B	1		Out of Range	n/c	5	
!!	Banco Santander	Santander	ESP	AA-	AA-	F1+	A/B	1		Monitoring		5	5
	Bank Nederlandse Gemeenten		NLD	AAA	AAA	F1+		1		No data		5	
	Bank of Montreal		CAN	AAA	AA-	F1+	B	1		No data		5	
!!	Bank of New York Mellon		USA	AAA	AA-	F1+	A/B	1		No data		5	
	Bank of Nova Scotia		CAN	AAA	AA-	F1+	B	1		No data		5	
!!	Bank of Scotland plc	Lloyds	GBR	AAA	A	F1	C	1		N/A		5	5
!!	Barclays Bank plc		GBR	AAA	AA-	F1+	B	1		In Range		5	
!!	BNP Paribas		FRA	AAA	AA-	F1+	B	1		In Range		5	
!!	CALYON Corporate and Investment Bank		FRA	AAA	AA-	F1+	C	1		In Range		5	
	Canadian Imperial Bank of Commerce		CAN	AAA	AA-	F1+	B	1		No data		5	
	Cater Allen Ltd	Santander	GBR	AAA						No data		5	5
!!	Clydesdale Bank	NAB	GBR	AAA	A+	F1	C	1		No data		5	5
	Commonwealth Bank of Australia		AUS	AA+	AA	F1+	A/B	1		In Range		5	
!!	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA		NLD	AAA	AA+	F1+		1		In Range		5	
	Credit Industriel et Commercial (CIC Group)		FRA	AAA	AA-	F1+	B/C	1		No data		5	
!!	Credit Suisse		CHE	AAA	AA-	F1+	B	1		In Range		5	
	DBS Bank Limited		SGP	AAA	AA-	F1+	B	1		In Range		5	
!!	Deutsche Bank AG		DEU	AAA	AA-	F1+	B/C	1		In Range		5	
!!	Fortis Bank		BEL	AA+	A+	F1+	C/D	1		In Range		5	
	Hongkong and Shanghai Banking Corporation		HKG	AA+	AA	F1+	A/B	1		No data		5	
!!	HSBC Bank plc		GBR	AAA	AA	F1+	B	1		In Range		5	
!!	HSBC Bank USA National Association		USA	AAA	AA	F1+	B/C	1		No data		5	
!!	JPMorgan Chase Bank		USA	AAA	AA-	F1+	B	1		In Range		5	
!!	Landesbank Berlin AG		DEU	AAA	A+	F1+	C/D	1		No data		5	
!!	Lloyds TSB Bank plc	Lloyds	GBR	AAA	A	F1	C	1		N/A		5	5
	National Australia Bank	NAB	AUS	AA+	AA	F1+	B	1		In Range		5	5
	National Bank of Kuwait		KUW	AA	AA-	F1+	B	1		No data		5	
!!	National Westminster Bank plc	RBS	GBR	AAA	A	F1		1		N/A		5	5
	Nordea Bank AB		SWE	AAA	AA-	F1+	B	1		In Range		5	
	Nordea Bank Finland plc		FIN	AAA	AA-	F1+	B	1		In Range		5	
	Northern Rock plc		GBR	AAA	BBB+	F2	C	2	n/c	N/A	n/c	5	
	Oversea-Chinese Banking Corp		SGP	AAA	AA-	F1+	B	1		In Range		5	
	Royal Bank of Canada		CAN	AAA	AA	F1+	A/B	1		No data		5	
!!	Royal Bank of Scotland plc	RBS	GBR	AAA	A	F1	C	1		N/A		5	5
!!	Santander UK plc	Santander	GBR	AAA	AA-	F1+	B	1		Monitoring		5	5
	Standard Chartered Bank		GBR	AAA	AA-	F1+	B	1		In Range		5	
	Svenska Handelsbanken AB		SWE	AAA	AA-	F1+	B	1		In Range		5	
!!	Toronto-Dominion Bank		CAN	AAA	AA-	F1+	B	1		No data		5	
!!	Ulster Bank Ltd	RBS	GBR	AAA	A-	F1	E	1		N/A		5	5
	United Overseas Bank		SGP	AAA	AA-	F1+	B	1		In Range		5	
!!	Wells Fargo Bank NA		USA	AAA	AA-	F1+	B	1		In Range		5	
	Westpac Banking Corporation		AUS	AA+	AA	F1+	A/B	1		In Range		5	

	Institution Name	Group	Country	Sovereign	L/Term	S/Term	Individual	Support	Duration	CDS Status	Adj Duration	Limit (£m)	Group Limit (£m)
	UK BUILDING SOCIETIES												
!!	Nationwide Building Society		GBR		AA-	F1+	B	1		In Range		5	
	ALL UK LOCAL AUTHORITIES											5	
	UK DEBT MANAGEMENT OFFICE ACCOUNT											5	
	DEPOSIT FACILITY												
	MONEY MARKET FUNDS											5	

Key:

- Recommended for short-term lending up to 3 months
- Recommended for short-term lending up to 6 months
- Recommended for short-term lending up to 1 year
- Recommended for short-term lending up to 1 year (Nationalised & part-nationalised banks)
- Recommended for short-term lending up to 2 years

!! Ratings on Rating Watch / Rating Alert / Rating Outlook

N.B. As at September 2011, in the light of the deteriorating Eurozone situation, Sector recommend a temporary restriction on investments to 3 months, with a few exceptions

PERFORMANCE AND GOVERNANCE COMMITTEE – 15 November 2011

FORMAL CUSTOMER COMPLAINTS MONITORING 2010/11

Report of the: Corporate Resources Director

Status: For Consideration

Executive Summary: This report updates Members regarding customer complaints and feedback monitoring for the year 2010/11 and includes information from the Local Government Ombudsman's Annual letter.

This report supports the Key Aim of improving the key services we deliver to the public.

Portfolio Holder Cllr. Fleming

Head of Service Head of Finance and Human Resources – Mrs. Tricia Marshall

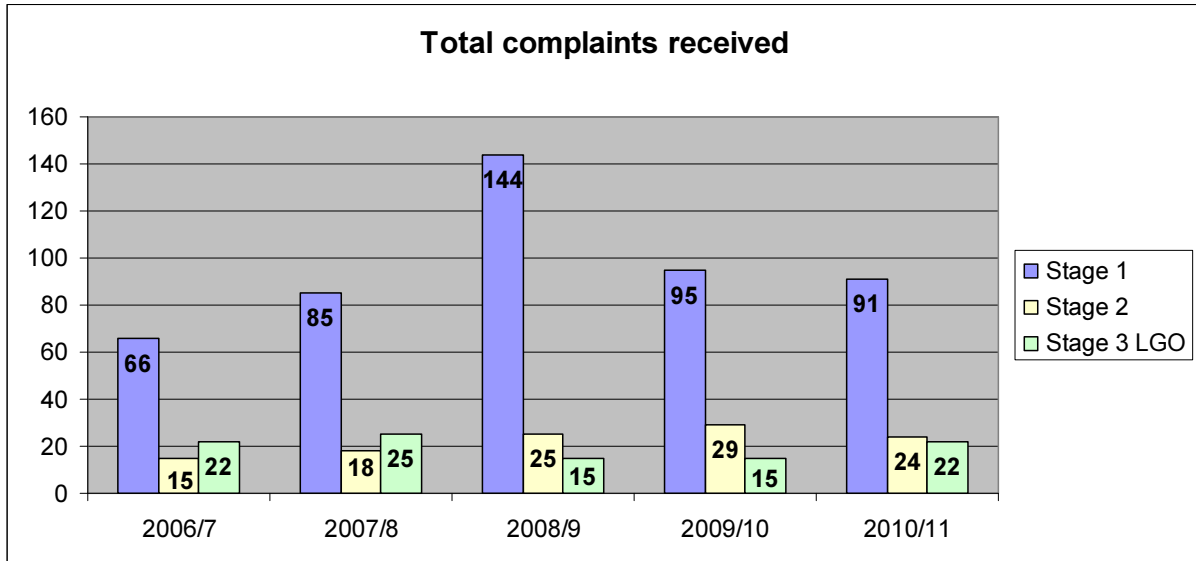
Recommendation: That the report be noted

Background

- 1 This report provides details of formal complaints received by Sevenoaks District Council during the period 1st April 2010 to 31st March 2011. It includes information from the Local Government Ombudsman's (LGO) annual letter. Complaints data is viewed by the Council as providing a useful tool to highlight specific concerns, assist in the identification of trends and act as a guide to which remedial action may be required.

Introduction

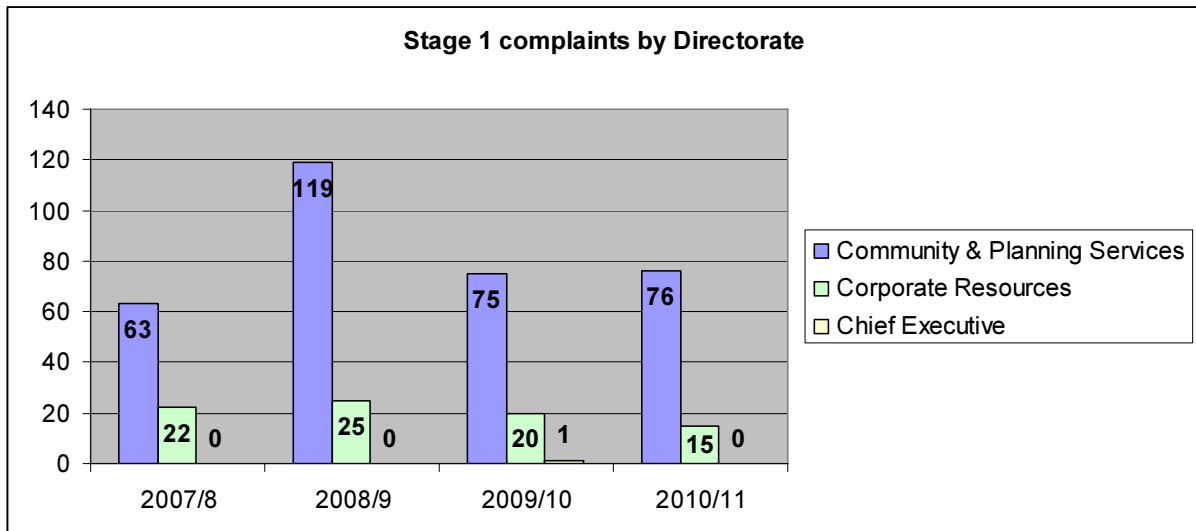
- 2 The Council's formal complaints procedure defines a complaint as '*any expression of dissatisfaction with our services whether justified or not*'. If a customer is contacting the Council for the first time regarding assistance for a Council service then this will be dealt with as a request for service. The complaints process will be used if a customer specifically states they would like us to follow the "complaints process" and/or they make reference to items from within the formal process (e.g. Stage 1) or the customer is contacting us for a second time regarding the same matter and wishes to make a complaint.
- 3 The procedure is based on a two-stage internal process. If complainants are still dissatisfied with the outcome after both Stage 1 and Stage 2, they can then request the Local Government Ombudsman investigate at Stage 3. The following graph compares the number of complaints received in 2010/11 with those in the previous four years.



- 4 The Council recorded a total of 137 complaints for 2010/11 across all three stages of the complaints procedure. Of the 91 complaints received at Stage 1 66% were resolved at that stage and 18% chose to continue to Stage 2 of the complaints process. 16% of the total complainants contacted the Local Government Ombudsman.

Stage 1 complaints

- 5 Stage 1 complaints involve an investigation carried out by the relevant Service Manager and the reply being sent by the Head of Service. A response must be sent within 15 working days of the acknowledgement



- 6 There has been a slight reduction in the number of stage 1 complaints received this year, although there was a slight increase in complaints for Development Services, Housing and Parking & Amenities.

Stage 1 Complaints received - Chief Executive		
	2009/10	2010/11
Chief Executives (Inc. Leaders)	1	0
Communications	1	0
Policy & Performance	0	0
Total	2	0

Stage 1 Complaints received - Community & Planning Services		
	2009/10	2010/11
Building Control	1	1
Community Development	3	2
Development Services	25	29
Direct Services	21	17
Housing	4	7
Environmental Health	8	5
Licensing	1	1
Parking & Amenities	12	14
Policy & Environment	0	0
TOTAL	75	76

Stage 1 Complaints received - Corporate Resources		
	2009/10	2010/11
Benefits	3	0
Committee Services	0	0

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Customer Services	1	1
Electoral Services	0	0
Exchequer	0	0
IT	0	0
Legal	0	0
Local Tax	15	13
Personnel	0	0
Property	1	1
TOTAL	20	15

- 7 As in previous years Development Services consistently attracts the highest number of complaints for Community & Planning Services and Council Tax attracts the highest amount of complaints for Corporate Resources. Chief Executives Directorate received no complaints this year.
- 8 Looking at the main reasons for complaining out of the total of 91 Stage 1 complaints for the year, 26% complained about employee behaviour (which was a 15% increase from the previous year). 15% were dissatisfied with Council policies or the way they had been carried out, slightly down from 17% in 2009/10. Also, failure to consider relevant matters accounted for 14% of the complaints How complaints were received.
- 9 Over the last few years it is evident that customers are starting to move initiating their formal complaint from forms / letters to email.

	2008-09	% of total	2009-10	% of total	2010-11	% of total
Letter	52	36	26	27	26	29
Phone	42	29	32	33	26	29
Email	37	25	25	27	30	33
Leaflet	11	8	11	11	5	5
Face to Face	1	1	1	1	4	4

Fax	1	1	1	1	0	0
Total	144		96		91	

10 In 2010/11 of the 91 Stage 1 complaints, 36 were found to be not valid with 18 complainants making incorrect claims, 16 making unrealistic claims, 1 contacted the wrong organisation and 1 went through the incorrect process. 47 complaints were given partial consideration/consideration with no local settlement and 8 complaints were given partial consideration with local settlements agreed. The following chart shows the outcome of complaints by Directorate:

	Community & Planning	Corporate Resources	Chief Executive	Total
Complaint invalid	28	8	0	36
Complaint given partial consideration – no local settlement	8	2	0	10
Complaint given partial consideration – local settlement	0	0	0	0
Complaint given consideration – no local settlement	35	2	0	37
Complaint given consideration – local settlement	5	3	0	8
Total	76	15	0	91

11 Training and knowledge issues, and the need for system and procedure changes were identified in the analysis of lessons learnt.

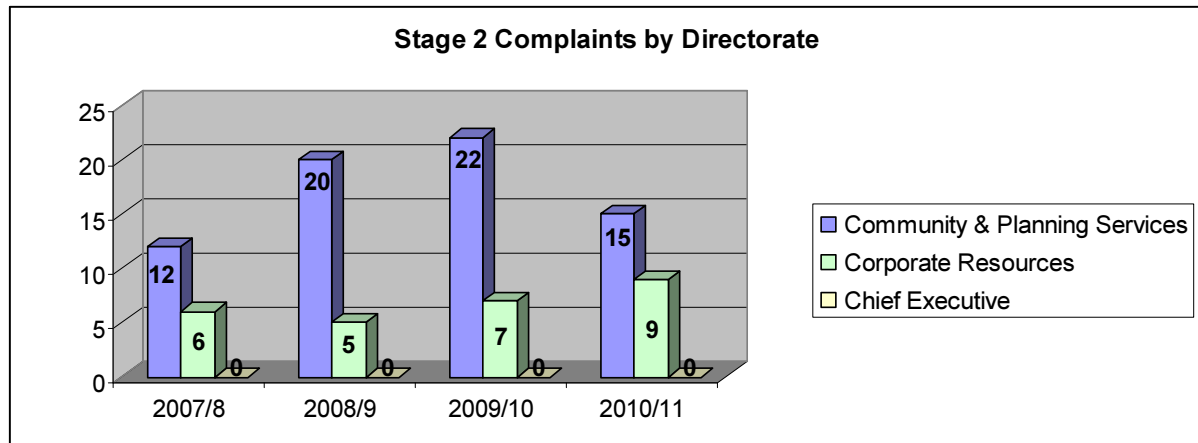
12 One financial compensation payment was made at Stage 1. Council Tax charges totalling £49 were refunded to the customer.

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Stage 2 Complaints

- 13 Stage 2 complaints are investigated by a Head of Service independent to the service being complained about and the reply sent from the relevant Service Director on behalf of the Chief Executive. A response must be sent within 20 working days of the acknowledgement.
- 14 Stage 2 Complaints received by Directorate:



- 15 There has been a 17% reduction in the number of Stage 2 complaints received overall and this is evident for Development Services, although there has been an increase in Council Tax complaints compared to last year.

Stage 2 Complaints received – Community & Planning Services		
	2009/10	2010/11
Development Services	13	9
Environmental Health	2	1
Parking & Amenities	5	4
Direct Services	2	0
Building Control	1	0
Housing	0	1
Total	22	15

Stage 2 Complaints received – Corporate Resources				
	2009/10	% of total Corporate Resources Stage 2	2010/11	% of total Corporate Resources Stage 2
Property	0	-	1	11
Local Tax	5	71	8	89
Benefits	2	29	0	-
Total	7		9	

- 16 The main reasons for complaining at Stage 2 included failure to consider relevant matters (35%); dissatisfaction with Council policies (21%) and employee behaviour (10%). Email and letter were the most widely chosen method for complaining at Stage 2.
- 17 12 out of the 24 Stage 2 complaints were found to be invalid with 10 making an incorrect claim and 2 making unrealistic claims. 8 complaints were given partial consideration/consideration with no local settlements and 4 complaints were given partial consideration/consideration with local settlements agreed.
- 18 In respect of valid complaints, the lessons learnt highlighted training / knowledge issues and there were recommendations for procedure changes.
- 19 There was one financial compensation payment made at Stage 2 for £175. Bank charges incurred by the customer were refunded as a goodwill gesture by the Corporate Resources Director for a Council Tax complaint.

Stage 3 – Local Government Ombudsman

- 20 The Local Government Ombudsman is made up of an Advice Team and an Investigation team. The Advice Team dealt with 22 enquiries and complaints this year which was an increase of 7 from the previous year. Of the 22 enquiries and complaints received, 4 were premature and so were referred back to the Council for investigation within it’s own Complaints process. Advice was provided on a further 3 enquiries on Planning and Committee issues. The Ombudsman Advice Team forwarded 15 complaints to the investigation team, an increase of 6 from the previous year. Planning and Building Control accounted for a large majority of the enquiries and complaints received.

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	Enquiries and complaints received 2010	Enquiries and complaints received 2011
Formal/Informal premature complaints	3	4
Advice given	2	3
Total	5	7
Forwarded to investigation team (resubmitted)	2	0
Forwarded to investigation team (new)	7	15
Total received	14	22

21 Complaints and enquiries received by Service Area:

Service area	2008/9	2009/10	2010/11
Benefits	-	1	-
Local Tax	1	3	4
Planning & Building Control	11	9	9
Environmental Health	-	1	1
Housing	2	-	3
Parking & Amenities	1	1	3
Committee	-	-	2
Total received	15	15	22

22 Complaint outcomes:

Complaints Determined by Ombudsman	2008/9	2009/10	2010/11
Total no of Complaints Determined	16	9	17
Decisions			
	2008/9	2009/10	2010/11
Local Settlements	-	-	1
No or Insufficient evidence of maladministration	9	3	10
Closed at Ombudsman's discretion	6	2	2
Outside jurisdiction	1	4	4
*Premature complaints	2	3	4

**Premature complaints were referred back to the Council for consideration*

It should be noted that the number of complaints received by the Ombudsman will not always be the same as the number of decisions made as some complaints are received in one year and a decision taken in the next financial year.

23 A “local settlement” is a complaint where, during the course of the investigation, a Council takes or agrees to take some action that the Ombudsman consider to be a satisfactory response to the complaint. Of the complaints decided against Sevenoaks District Council, one resulted in a local settlement being reached for Democratic Services. The Ombudsman considered there had been an administrative fault on the part of the Council which led to injustice to the complainant. The Councils mistake was in the wording of the letters sent to the complainant. The Council agreed to apologise for the inaccuracy and the Ombudsman concluded this to be a reasonable settlement of the complaint.

24 The Ombudsman decided 17 complaints in the year, 8 of which were complaints about Planning matters. 3 regarding Local Tax and Benefits, 3 for Transport and Highways and 2 regarding Housing matters. This year the Ombudsman has changed their annual review letter. Not every Local Authority received a detailed tailored letter as in previous years and this was driven by the number of reports issued by the Ombudsman. No reports were issued against Sevenoaks District Council this year so no tailored letter was received.

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- 25 No compensation payments were made by Sevenoaks District Council at Stage 3.
- 26 The average time taken by the Council to reply to written enquiries was 26 days, well within the LGO target time of 28 days. The following chart shows Sevenoaks District Council's response times for the previous 5 years:

Year	Average number of days to respond
2010/2011	26.0
2009/2010	25.0
2008/2009	31.9
2007/2008	24.8
2006/2007	35.3

27 Comparison to other Kent Councils

Local Authority	Complaints received (2010/11)	Response times
Ashford Borough	33	27.3
Canterbury City	36	24.3
Dartford Borough	12	25.7
Dover District	36	18.3
Gravesham Borough	32	19.7
Kent County Council	194	31.6
Maidstone Borough	35	26.8
Medway	104	24.7
Sevenoaks District	22	26
Shepway District	36	35.2

Swale Borough	24	19.8
Thanet District	29	24
Tonbridge and Malling BC	13	4
Tunbridge Wells Borough	17	35

Source: Local Government website

Learning from Complaints

- 28 The focus over the coming year is to continue improvements in monitoring of complaints and to ensure that lessons are identified and implemented. Attention will be directed to encourage and further develop the lessons learnt culture which has been introduced, and to create opportunities to share information across service areas ensuring resulting in service improvement across the Authority.

Key Implications

Financial

- 29 The Council made minimal financial payment as compensation in 2010/11 to resolve Stage 1 and 2 complaints and none at Stage 3. Any such payments are met from within the relevant service budget.

	Compensation £			
	2007-8	2008-9	2009-10	2010-11
Stage 1	200	103.6	70	49
Stage 2	0	0	0	175
LGO	6095	0	0	0

Community Impact and Outcomes

- 30 The Complaints process is designed to be used to feedback any issues arising to Service Managers so that service improvements can be made.

Legal, Human Rights etc.

- 31 The complaints process meets all legal requirements, and recognises Human Rights through the comprehensive 3 stage process.

Conclusion

- 32 The Complaints process is accessible and allows customers and residents to formally raise issues in their dealing with the Council. Overall there is no indication that there is any major problem area within service operations, and

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the process is viewed as providing a useful tool to highlight customer concerns, assist in the identification of trends and identify where procedural or training improvements can be made.

Risk Assessment Statement

- 33 The complaints process gives good opportunity to identify and deal with any service problem from a customer perspective. The operation of the system is subject to external rigorous appraisal by the LGO Stage 3 processes. This and the performance results of the last year indicate that the current system is working well.

Background Papers: Lagan CRM System (Complaints data), LGO annual letter

Contact Officer(s): Tricia Marshall 7218, Brian Hatt 7280 ,
Julie Heather 7125

Dr. Pav Ramewal
Corporate Resources Director

PERFORMANCE AND GOVERNANCE COMMITTEE – 15 NOVEMBER 2011

BUDGET MONITORING –SEPTEMBER 2011

Report of the: Deputy Chief Executive and Corporate Resources Director

Status: For Information

This report supports all the Council’s key themes and objectives

Portfolio Holder Cllr Ramsay

Head of Service Head of Finance and Human Resources -Tricia Marshall

Recommendation: That the report be noted.

Overall Financial Position

- 1 Six months into the year the results to date show an overall favourable variance of £31,000, a reduction when compared with the previous month.
- 2 The year-end position is forecast to be £60,000 better than budget; an improvement on the previous month.

Key Issues for the year to date

- 3 **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved, and a favourable forecast is shown to reflect this improved position.
- 4 Looking at the other main income sources, the position remains difficult. Car Park income has continued its trend of adverse monthly variances and is now showing a small adverse variance. Building Control, Land Charges, Development Control and On-street Parking continue to show adverse variances.
- 5 Community Development external funding is ahead of profile, contributing to the favourable variance at present, but this will not have any impact on the year-end results.
- 6 **Pay costs** – the favourable trend has continued and the underspend for the year to date is now £191,000. Almost all services are showing a small underspend; in some cases these are offset by agency staff costs, but there are a number of favourable variances forecast for year-end.
- 7 **Other** – Direct Services’ results show an adverse variance of £66,000, due to increased fuel and waste disposal costs.

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Year End Forecast

- 8 Following a review by Heads of Service, the year-end position is forecast to be £60,000 better than budget, a significant improvement when compared with the previous month. Adverse variances have been forecast to reflect the fact that some savings from partnership working are not expected to be achieved for the full year and for variable income sources such as Building Control and On-street parking. Favourable variances has been forecast for investment income and against some salary budgets.

Risk areas

- 9 The current economic situation continues to have a real and potential impact on the Council's finances:
- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable and parking income is also struggling ;
 - the Benefits workload is continuing at a higher level than before the recession (30% increase in work volumes between May and August), which is having an impact on processing times (though an action plan is in place to improve performance);
 - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
 - diesel prices continue at a high level and the financial impact seen in the last financial year is continuing.
- 10 Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit and so temporary staff are being used to cover vacancies. Where appropriate, apprenticeships are being considered to increase the pool of trained staff.
- 11 Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years. However, on a positive note, the Building Control Manager partnership with Tonbridge and Malling Borough Council is now in place and the business case for the Environmental Health partnership with Dartford Borough Council is progressing through the Member approval process at both councils.

Contact Officer(s): Head of Finance and Human Resources –
Tricia Marshall Ext 7205

Finance Manager - Adrian Rowbotham Ext 7153

DR. PAV RAMEWAL

**DEPUTY CHIEF EXECUTIVE AND
CORPORATE RESOURCES DIRECTOR**

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2. Overall Summary

**SEPTEMBER 11 -
Final**

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2010/11
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Community and Planning												
Community Development	115	61	54	46.9	558	453	105	18.9	1,154	1,139	15	887
Development Services	105	99	6	6.1	699	628	71	10.2	1,380	1,378	2	1,672
Environmental and Operations	156	194	-38	-24.0	1,522	1,567	-44	-2.9	2,870	3,016	-146	3,979
Housing and Communications	41	52	-11	-25.6	509	483	27	5.2	926	912	14	1,014
Total Community and Planning	419	406	12	2.9	3,289	3,130	159	4.8	6,329	6,444	-115	7,552
Corporate Resources												
Finance and Human Resources	390	434	-44	-11.1	2,393	2,528	-135	-5.6	4,761	4,626	135	5,589
IT and Facilities Management	119	182	-63	-53.1	796	804	-8	-1.0	1,655	1,655	-	1,704
Legal and Democratic Services	109	109	-0	-0.2	640	634	7	1.0	1,368	1,384	-16	1,564
Total Corporate Resources	618	725	-107	-17.3	3,829	3,965	-136	-3.6	7,783	7,664	119	8,857
NET EXPENDITURE (1)	1,037	1,132	-95	-9.1	7,118	7,095	23	0.3	14,112	14,108	4	16,409
<u>Adjustments to reconcile to Amount to be met from Reserves</u>												
Removal of Asset Maintenance Variance	-	61	-61	-	-	-24	24	-	-	-	-	72
Direct Services Trading Accounts	-14	-8	-6	-42.9	-117	-51	-66	-56.4	-74	-51	-23	-17
Capital charges outside General Fund	-4	-4	-0	-0.0	-24	-24	-0	-0.0	-47	-47	-	-47
Support Services outside General Fund	-16	-16	-0	-0.1	-98	-98	0	0.1	-220	-220	-	-216
Redundancy Costs - all	-	-	-	-	-	15	-15	-	-	-	-	244
NET EXPENDITURE (2)	1,002	1,165	-162	-16.2	6,879	6,913	-34	-0.5	13,771	13,790	-19	16,445
Government Grant	-428	-428	-	0.0	-2,571	-2,571	-	-	-5,141	-5,141	-	-6,348
Council Tax Requirement - SDC	-767	-767	-	0.0	-4,600	-4,600	-	-	-9,199	-9,199	-	-9,172
NET EXPENDITURE (3)	-193	-30	-162	84.2	-291	-257	-34	-11.7	-569	-550	-19	925
<u>Summary including investment income</u>												
Net Expenditure	-193	-30	-162	84	-291	-257	-34	-11.7	-569	-550	-19	925
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	-16	-27	10	-64.0	-85	-151	65	76.5	-153	-232	79	-335
Overall total	-209	-57	-152	20	-376	-408	31	65	-722	-781	60	590
Planned appropriation (from)/to Reserves									722	722	-	-
Supplementary appropriation from Reserves									-	-	-	-
												-171
<i>Surplus</i>									-	-59	60	419

Reserves

	31/3/11	Movement in month	Cumulative to date	Balance as at 30/9/11	31/3/12 budget	31/3/12 forecast
	£000	£000	£000	£000	£000	£000
<u>Provisions</u>						
First Time Sewerage	915	0	0	915	0	0
Edenbridge Relief Road Compensation (1)	1,566	0	-27	1,539	0	0
Accumulated Absences	152	0	0	152	152	152
Others	85	0	-33	52	0	0
	<u>2,718</u>	<u>0</u>	<u>-60</u>	<u>2,658</u>	<u>152</u>	<u>152</u>
<u>Capital Receipts(Gross)</u>	763	7	65	828	1,369	1,369
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
<u>Earmarked Reserves</u>						
Asset Maintenance (2)	4,315	0	-3,315	1,000	1,000	1,000
Employer's Superannuation (2)	2,569	0	-2,569	0	0	0
Financial Plan (2)	0	0	5,824	5,824	5,812	5,824
Budget Stabilisation	2,436	0	0	2,436	341	2,436
Housing Benefit subsidy	1,192	0	0	1,192	701	1,117
LDF	574	-13	-22	552	267	552
Vehicle Renewal	564	0	28	592	608	608
Community Development	418	0	35	453	0	0
Reorganisation (previously Termination)	358	0	-21	337	75	300
Carry Forward Items	341	0	-20	321	0	0
Action and Development	314	0	-9	305	300	300
Vehicle Insurance	264	0	0	264	246	246
Others	824	-4	-24	800	322	322
	<u>14,169</u>	<u>-17</u>	<u>-93</u>	<u>14,076</u>	<u>9,672</u>	<u>12,705</u>
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	<u>3,713</u>				<u>3,713</u>	<u>3,713</u>
TOTAL	<u>21,363</u>				<u>14,906</u>	<u>17,939</u>

Notes

1. Changes in the Edenbridge Relief Road Compensation provision is very difficult to predict as it is dependant on the timing of agreeing compensation sums.

2. Cabinet (13/12/10) approved that allowing for an emergency Asset Maintenance reserve of £1m, the remaining balances from the Asset Maintenance and Employer's Superannuation Reserves be moved to a new Financial Plan Reserve which will be used over the ten-year period equally to smooth the rundown of these reserves.

9. Capital

SEPTEMBER 11 - Final

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000
COMMDEV	Local Strategic Partnership - Capital Delivery	-	-	-	-	10	-10	-	-	-	-
COMMDEV	Parish Projects	7	-	7	100.0	28	-	28	100.0	71	71
ENVOPS	Playground Improvements	6	-	6	100.0	23	4	19	82.5	59	59
ENVOPS	Vehicle Purchases	127	164	-38	-29.7	506	236	270	53.4	1,266	1,266
FINSERV	Sevenoaks Town Centre (Capital) (LKF)	18	3	14	81.4	70	3	67	95.4	175	175
FINSERV	Horton Kirby Village Hall	-	0	-0	-	-	3	-3	-	-	-
HOUSING	Improvement Grants	69	18	51	74.4	285	100	185	65.0	699	699
HOUSING	Wkha Adaps For Disab Financing Costs Advances-H	-	7	-7	-	-	45	-45	-	-	-
HOUSING	RHPCG 10-11 SDC	-	-	-	-	-	15	-15	-	-	-
HOUSING	RHPCG - Discretionary Grants	-	-	-	-	-	7	-7	-	-	-
HOUSING	RHPCG - Empty Homes	-	-	-	-	-	2	-2	-	-	-
HOUSING	RHPCG - HMO Grants	-	2	-2	-	-	5	-5	-	-	-
HOUSING	Hever Road Gypsy Site - Consultants	-	-	-	-	-	11	-11	-	-	-
HOUSING	Hever Road Gypsy Site - Amenity Blocks	34	0	34	99.0	137	21	116	84.4	343	343
HOUSING	Hever Road Gypsy Site - Ground Works	-	27	-27	-	-	270	-270	-	-	-
HOUSING	Hever Road Gypsy Site - Preliminary Work	-	-	-	-	-	1	-1	-	-	-
HOUSING	Hever Road Gypsy Site - Bomb Disposal	-	-	-	-	-	10	-10	-	-	-
LEGAL	Modern Govt Document Management System	2	-	2	100.0	6	-	6	100.0	16	16
		262	221	41	15.5	1,056	743	313	29.6	2,628	2,628

Improvement Grants budget shown net of Government grant.

