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15 July 2009

S U M M O N S

NOTE: It is anticipated that a substantial part of this meeting will be devoted to item 5(iii) on the agenda, Review of Outturn Budget, which will be looked at in the context of a presentation on the budget making process.

MEETING: Overview and Scrutiny Committee
DATE: 23 July 2009
TIME: 6.00 p.m.
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Chris Wrein

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE COMMITTEE

Councillor Forder (Chairman)
Councillor Carr (Vice-Chairman)

Councillor Beavis	Councillor Foster-Reed
Councillor Bradley	Councillor Geddes
Councillor Champion	Councillor Mrs Searle
Councillor Dickson	Councillor Smith
Councillor Mrs Forder	Councillor Miss West

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Legal & Democratic Support Unit: Linda Edwards – Borough Solicitor
Switchboard Telephone Number: **(023) 9258 4242**
Britdoc Number: **DX136567 Gosport 2** Website: **www.gosport.gov.uk**

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NOTE:

Please note that mobile phones should be switched off for the duration of the meeting.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive apologies, if any, for inability to attend the meeting.

2. DECLARATIONS OF INTEREST

All Members present are reminded to declare, at this point in the meeting or as soon as possible thereafter, any personal (including financial) or prejudicial interest in any item(s) being considered at this meeting.

3. MINUTES

To confirm the Minutes of the meeting of the Committee held on 11 June 2009 (attached).

4. DEVELOPMENT OF A WORK PROGRAMME

A) REQUESTS FOR SCRUTINY

To consider any requests for scrutiny received by the Borough Solicitor. A copy of the Scrutiny Work Plan Prioritisation Aid is attached.

B) WORK PROGRAMME

To consider the work programme (attached) for the Committee and any suggestions from Members for issues to be scrutinise.

C) OTHER SUGGESTIONS FOR SCRUTINY

5. REPORTS TO BE RECEIVED

(i) PERFORMANCE INDICATORS

To consider performance information relating to Performance Indicators (PIs) for the year 2008/2009.

(ii) CONFERENCE ON OLDER PEOPLE AND ISSUES OF LONELINESS AND ISOLATION

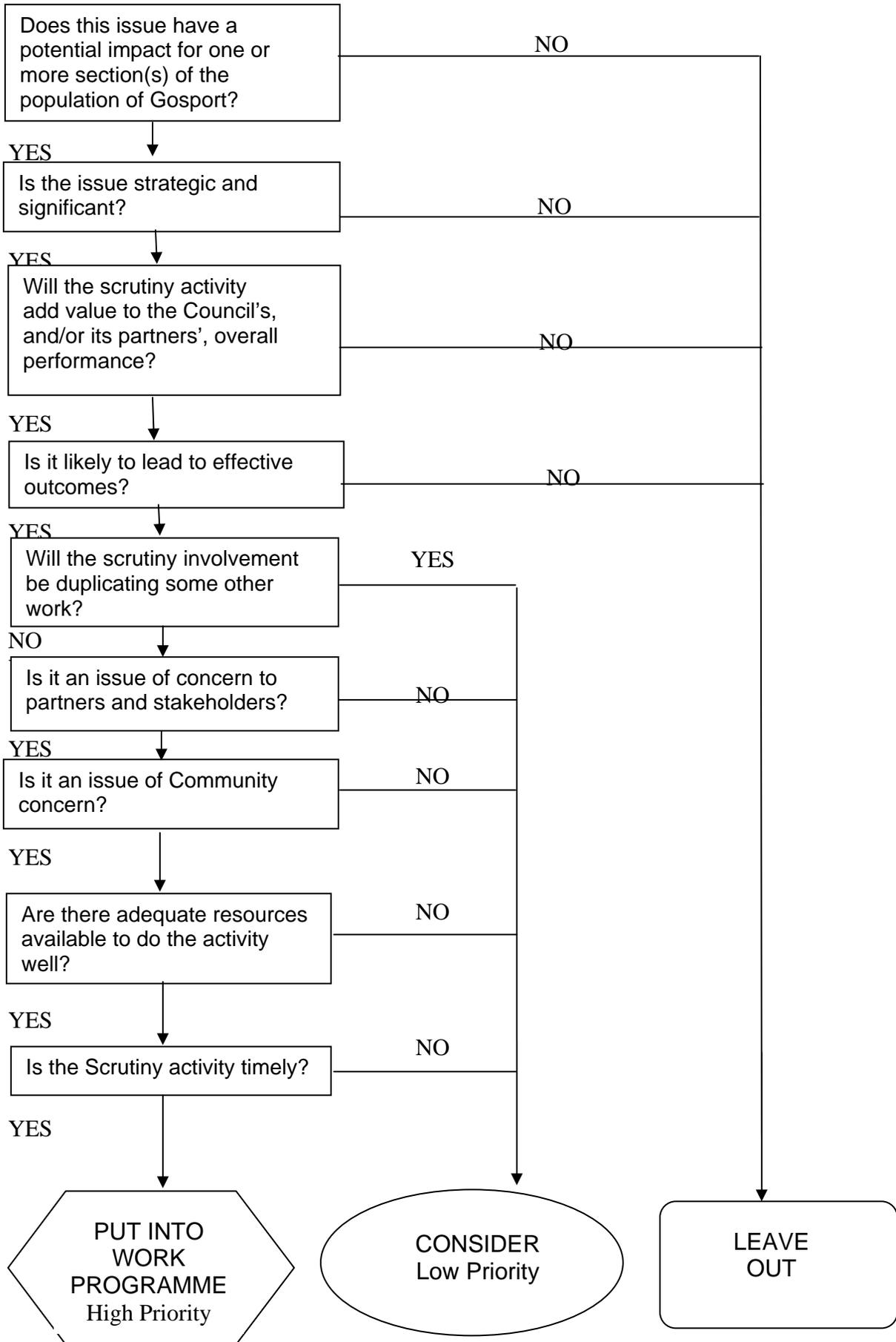
Copy of letter of invitation to conference attached.

Overview and Scrutiny Committee
23 July 2009

(iii) REVIEW OF OUTTURN / BUDGET 2008/09

This report considers the financial outturn for 2008/09 compared to budget along with related financial issues and suggests potential areas for further review. (Report attached)

6. ANY OTHER BUSINESS



OVERVIEW AND SCRUTINY COMMITTEE: WORK PROGRAMME

Work Area	Lead Member/Officer	Date to be reported to Committee
Annual Report on the Work of the Committee	Chairman	25 March 2010
Performance Information: <i>Consideration of performance information relating to actions agreed by CMT</i>	Mike Jeffery	At 6-monthly intervals. Next report: 23 July 2009
Community Strategy Action Plan: <i>Policy Framework Document</i>	Julie Petty	At 6-monthly intervals: Next report 24 September 2009
Disability Equality Scheme: <i>Receive progress report on an annual basis</i>	Julie Petty	Annually: Next report 26 November 2009
Race Equality Scheme	Julie Petty	Annually: Next report 28 January 2010
Review of Outturn Budget (Whole Committee Scrutiny)	Peter Wilson	23 July 2009
Sustainable Communities Act 2007, Calls for Action and Local Petitions and recent and impending legislation affecting local authorities	Linda Edwards	Progress report 24 Sept 2009
Outcome of conference on Services for Older people	Linda Edwards	26 Nov 2009
Work areas: <i>Review at each meeting</i>		

GOSPORT BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

23rd JULY 2009

ITEM FOR DISCUSSION

TITLE: Performance Indicators

AUTHOR: Chief Executive

PURPOSE: To consider performance information relating to Performance Indicators (PIs) for the year 2008/2009.

1.0 INTRODUCTION:

- 1.1 In accordance with the Borough Council's performance management practices, this report provides a review for the year end March 2009 of Service Performance Information (SPI).
- 1.2 Performance Indicators are a mechanism for measuring our effectiveness in facilitating service improvement. Our performance is independently audited on an annual basis and we report our progress against our performance indicators on our website.
- 1.3 The analysis and comparison of performance indicators enables Government to monitor our progress and provides our residents with information about our performance.
- 1.4 From 2008/09, the statutory Best Value Performance Indicators (BVPIs) have been replaced with a new set of National Indicators (NIs). These, along with other local performance measurements (including some of the BVPIs), will continue to form the basis of our performance monitoring.
- 1.5 Our performance is regularly monitored by a sub group of the Chief Officers Management Team (CMT), the Performance Sub Group. This Sub Group is tasked with preparing exception reports to CMT in cases when performance is perceived to be likely to fall short of year end targets. This provides an early warning system so that action can be

taken at the earliest possible opportunity to ensure high levels of performance are maintained.

2.0 MONITORING OF PERFORMANCE

- 2.1 The Performance indicators used by this Council to monitor its performance are taken from three sources: the new National Indicator set; selected former BVPIs agreed by CMT for retention with unaltered definitions, and Local Indicators (LIs) determined by each Service Unit, some based on former BVPIs but with amended definitions.
- 2.2 Each unit produces an annual SPI document, which details all of the various indicators for which that unit is responsible, and their targets for the next two years where appropriate. These documents form the basis of the documents that are reviewed at the end of each quarter.
- 2.3 The cessation of the established BVPI set, and the introduction of the new National Indicators, meant that 2008/09 had a very high level of change with regard to statutory performance reporting, and this was compounded by the issuing of frequent definition updates or clarifications by the CLG and/or Audit Commission.
- 2.4 A small number of former BVPIs were retained within the NI set, but the majority of NIs are new, and full awareness of definitions, calculations, data sources, target setting etc has taken time to develop within the Units. In addition, a number of NIs required the preparation of surveys to be undertaken at varying times and intervals.
- 2.5 All National Indicators that are reported at a District Level have been assigned a unit responsibility by CMT, with the understanding that not all of the data for these NIs was provided by this Council. The majority of these new indicators were not suitable for target setting due to the absence of equivalent historic data, and many of them were only capable of annual measurement, putting more emphasis on the need for local indicators that could be regularly reviewed to monitor our performance.
- 2.6 At the end of each year, information under-pinning reported indicator results are achieved by the creation of a self-assessment. Units were requested to give priority to providing these documents for National Indicators and retained BVPIs, whilst ensuring that all indicators had a clear evidence trail.

3.0 Service Performance Information

- 3.1 A table is appended to this report, containing indicator results for the full year 2008/09 related to National Indicators and retained BVPIs. The final column in each table provides a statement of whether or not the target was met, for those indicators where targets were set. A number

of indicators did not have targets set as they were either contextual or in the first year of measurement.

National Indicators

A sub-set of NIs were originally identified as being reported at a district level, but with certain NIs having multiple components, and others awaiting data provision, the total number of data items to be reported is 54. GBC only reports 12 of these directly, with quite a few more being sourced by GBC through other returns (e.g. the Place Based Survey, Benefits, Planning applications, Waste, etc.) The data is sourced externally for other Nis.

- 3.2 15 of the 54 NIs are capable of measurement against targets, and of these 10 have achieved their year end targets, and 5 have not.

Retained Best Value Performance Indicators

- 3.3 Of the 18 retained indicators, 14 have achieved their year end targets, and 4 have not.

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
NATIONAL INDICATORS							
Chief Executives Unit							
NI 1	% of people who believe people from different backgrounds get on well together in their local area	High	n/a	1 st year	75.4%	Reporting org. is Audit Commission, using returns from Place Survey. The Place Survey had 1451 respondents.	n/a
NI 2	% of people who feel that they belong to their neighbourhood	High	n/a	1 st year	49.3%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 3	Civic participation in the local area	High	n/a	1 st year	11.9%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 4	% of people who feel they can influence decisions in their locality	High	n/a	1 st year	19.8%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 5	Overall / general satisfaction with local area	High	n/a	1 st year	71.1%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 6	Participation in regular volunteering	High	n/a	1 st year	19.7%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 15	Serious violent crime	Low	n/a	1 st year	50	Reporting org. is Home Office	n/a
NI 16	Serious acquisitive crime	Low	n/a	1 st year	853	Reporting org. is Home Office	n/a
NI 17	Perceptions of anti-social behaviour	Low	n/a	1 st year	23.6%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 20	Assault with injury crime rate	Low	n/a	763	747	Reporting org. is Home Office 08/09 target based on a reduction of 4% against the 07/08 baseline, which would mean a reduction from 795 crimes to 763.	Yes
NI 21	Dealing with local concerns about anti-social behaviour and crime by the local council and police	High	n/a	1 st year	22.0%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 22	Perceptions of parents taking responsibility for the behaviour of their children in the area	High	n/a	1 st year	18.4%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
NI 23	(Negative) Perceptions that people in the area treat one another with respect and consideration	Low	n/a	1 st year	35.7%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 27	Understanding of local concerns about anti-social behaviour and crime by the local council and police	High	n/a	1 st year	19.7%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 35	Building resilience to violent extremism. (Scored via an assessment framework):					Reporting org. is Local Authority	
	a) Understanding of, and engagement with, Muslim communities	High	n/a	1 st year	1		n/a
	b) Knowledge and understanding of the drivers and causes of violent extremism and the Prevent objectives	High	n/a	1 st year	1		n/a
	c) Development of a risk-based preventing violent extremism action plan, in support of delivery of the Prevent objectives	High	n/a	1 st year	1		n/a
	d) Effective oversight, delivery and evaluation of projects and actions	High	n/a	1 st year	1		n/a
NI 37	Awareness of civil protection arrangements in the local area	High	n/a	1 st year	14.4%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 41	Perceptions of drunk or rowdy behaviour as a problem	Low	n/a	1 st year	36.4%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 42	Perceptions of drug use or drug dealing as a problem	Low	n/a	1 st year	33.6%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 119	Self-reported measure of people’s overall health and wellbeing	High	n/a	1 st year	75.0%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 138	Satisfaction of people over 65 with both home and neighbourhood	High	n/a	1 st year	83.1%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
NI 139	The extent to which older people receive the support they need to live independently at home	High	n/a	1 st year	28.1%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
NI 140	Fair treatment by local services	High	n/a	1 st year	69.1%	Reporting org. is Audit Commission, using returns from Place Survey.	n/a
Corporate Services Unit							
NI14	Percentage of the number of contacts assessed as avoidable within the total number of contacts across the key service areas	Low	n/a	1 st year	11.5%	Reporting org. is Local Authority. 589 of 5143 sampled contacts were considered avoidable.	n/a
Development Services Unit							
NI 157	Processing of planning applications:					Reporting org. is CLG, based on Local Authority submissions.	
	a) Major	High	45.45%	60%	62.50%	5/8	Yes
	b) Minor	High	58.56%	65%	63.73%	65/102	No
	c) Other	High	81.82%	80%	74.60%	235/315	No
	d) C MTR	High	n/a	1 st year	0%	0/0	n/a
NI 159	Supply of ready to develop housing sites	High	n/a	100%	216.60%	Reporting org. is CLG, based on Local Authority submissions. Planned provision over 5 years = 512. Land available in same period is sufficient to construct 1109.	Yes
NI 170	Previously developed land that has been vacant or derelict for more than 5 years	Low	n/a	1 st year	1.21%	Reporting org. is CLG. Good performance is a low and reducing percentage against 2006 baseline.	n/a

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
Environmental Services Unit							
NI182	Satisfaction of business with local authority regulation services (includes private sector housing (housing services) and trading standards (Hampshire CC))	High	n/a	1 st year	81%	Reporting org. is Local Authority. A total of 374 contacts resulted in the issue of questionnaires, the response rate was 34%.	n/a
NI184	Food Establishments in the area which are broadly compliant with food hygiene law	High	n/a	1 st year	88.9%	Reporting org. is Food Standards Agency. 553 out of 622 premises	n/a
NI185	CO2 reduction from local authority operations	High	n/a	n/a	n/a	Reporting org. is DEFRA. Baseline data is collected in 2008/09, so reduction is not reported until 2009/10.	n/a
NI186	Per capita reduction in CO2 emissions in local authority area	High	n/a	1 st year	Data not yet available	Reporting org. is DEFRA. The 2006 figure is 4750 tonnes per capita. It represents the lowest figure for any District within Hampshire. This was a small increase on the 2005 level.	n/a
NI188	Planning to adapt to climate change. (Local authorities should report the level of preparedness they have reached against the 5 levels of performance, graded 0 to 4. The higher the number, the better the performance.)	High	n/a	1 st year	0	Reporting org. is Local Authority. We are close to achieving level 1 and will have reached this by June.	n/a
NI191	Residual waste per household	Low	n/a	1 st year	547kg	Reporting org. is DEFRA.	n/a
NI192	Household waste recycled and composted (data provided by Hampshire CC)	High	n/a	27%	25.1%	Reporting org. is DEFRA.	No

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
NI194	Level of air quality – reduction in NO2 and primary PM10 emissions through local authority’s estate and operations (includes buildings and vehicles) decision needed as to lead dept	High	n/a	n/a	n/a	Reporting org. is DEFRA. Baseline data is collected in 2008/09, so reduction is not reported until 2009/10.	n/a
NI195	Improved street and environmental cleanliness. Levels of:					Reporting org. is DEFRA. Surveyors recently undertook NI 195 training. The training (delivered by Encams) complemented the new revised indicator. It became clear that surveyors were grading too favourably, particularly when grading detritus. This has been reflected in our results.	
	a) Litter	Low	n/a	9%	10%		No
	b) Detritus	Low	n/a	9%	21%		No
	c) Graffiti	Low	n/a	2%	1%		Yes
	d) Fly posting	Low	n/a	9%	0%		Yes
NI196	Improved street and environmental cleanliness – fly tipping. (Local authorities should report the level of effectiveness using the supplied tables and marking system. The lower the number, the more effective the performance.)	Low	n/a	2	1	Reporting org. is Environment Agency. There has been a decrease in incidents (07/08 – 809 incidents 08/09 – 667 incidents) and an increase in enforcement.	Yes
Financial Services Unit							
NI 179	Value for Money-total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year	High	n/a	1 st year	£419k	Reporting org. is Local Authority. Data subject to final confirmation.	n/a

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?	
NI 180	The number of changes of circumstances which affect customers' HB/CTB entitlement within the year (per 1000 claimants).	High	n/a	1 st year	1531.7	Reporting org. is DWP.	n/a	
NI 181	Time taken to process housing Benefit/Council Tax Benefit new claims and change events	Low	n/a	16.5 days	16.27 days	Reporting org. is DWP.	Yes	
Housing Services Unit								
NI 155	Number of affordable homes delivered (gross)	High	n/a	64	97	Reporting org. is CLG.	Yes	
NI 156	Number of households living in temporary accommodation	Low	n/a	230	225	Reporting org. is CLG.	Yes	
NI 158	% non Decent Council Homes as at 1.4.08	Low	n/a	8%	7.7%	Reporting org. is CLG.	Yes	
NI 160	Local authority tenants' satisfaction with landlord services	High	n/a	n/a	83%	Reporting org. is Local Authority. The Tenants survey had 909 respondents.	n/a	
NI 187	Tackling fuel poverty – % of people receiving income based benefits living in homes with a low energy efficiency rating:						Reporting org. is Local Authority.	
	a) Those with a SAP rating of below 35 (low energy efficiency)	Low	n/a	First year of data	11.25%	n/a		
	b) Those with a SAP rating of 65 or above (high energy efficiency)	High	n/a	First year of data	22.25%	n/a		
RETAINED BVPIs and SELECTED LOCAL INDICATORS								
Chief Executives Unit								
BV2a	The level (if any) of the Equality Standard for Local Government to which the authority conforms.	High	Level One	Level Two	Level Two		Yes	
BV12	The number of working days/shifts lost due to sickness absence.	Low	9.79 days	8.29 days	10.20 days	Detailed sickness figures are reviewed by the ORGANISATIONAL sub group.	No	

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
Development Services Unit							
BV106 (D/PP03)	Percentage of new homes built on previously developed land.	High	100%	96.00%	100%	456/456	Yes
BV156 (D/PS06)	The percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people.	High	20%	20%	20%	1/5	Yes
Environmental Services Unit							
BV86	Cost of waste collection per household.	Low	£40.24	£44	£43.23	This is based on a total cost of £1,563,645 and number of properties at 31 March 2009 of 36,169.	Yes
BV91b	Percentage of households resident in the authority's area served by a kerbside collection of at least two recyclables.	High	89.9%	91%	91.5%	200 additional properties brought on line in Q4.	Yes
BV218a	Percentage of new reports of abandoned vehicles investigated within 24hrs of notification.	High	86.71%	90%	71.38%		No
BV218b	Percentage of abandoned vehicles removed within 24hrs from the point at which the Authority is legally entitled to remove the vehicle.	High	43.69%	90%	93.3%	New contractor performance is now on target	Yes
Financial Services Unit							
BV8	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority.	High	98.13%	98.20%	98.75%		Yes

Ref	Description	Polarity	07/08 Actual	08/09 Target	08/09 Year End	Comments	Target met?
BV9	Percentage of Council Tax collected (within the year).	High	97.00%	97.00%	96.88%	Collection had been on target up to Jan 09 but the recession has now started to detrimentally impact on collection rates.	No
BV10	The percentage of non-domestic rates due for the financial year which were received by the authority.	High	98.71%	98.40%	98.67%		Yes
BV76c	The number of fraud investigations, per 1,000 caseload.	High	17.04	10.00	20.47		Yes
BV76d	The number of prosecutions and sanctions, per 1,000 caseload.	High	5.79	4.20	2.75	Target not achieved due to resignation of an investigator and increase in caseload as result of current economic climate.	No
BV78a	Speed of processing: a) Average time for processing new claims.	Low	25.0 days	29.0 days	24.14 days		Yes
BV78b	Speed of processing: b) Average time for processing notifications of changes of circumstance.	Low	12.8 days	20.0 days	12.64 days		Yes
Housing Services Unit							
BV66a (HSG003)	Local authority rent collection and arrears: proportion of rent collected.	High	n/a	99.10%	99.46%	Data subject to final confirmation.	Yes
BV212 (HSG004)	Average time taken to re-let authority housing.	Low	n/a	28 days	27 days	5635/214	Yes
BV213 (HSG010)	Number of household who considered themselves as homeless, who approached the local housing authority's housing advice service(s), and for whom housing advice casework intervention resolved their situation.	High	n/a	8	9.70		Yes

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Date 29th June 2009

Conference on Older People and the Issues of Loneliness and Isolation

Please find enclosed a document summarising the work of the Older People's Working Group of Gosport Borough Council's Overview and Scrutiny Committee. Copies of the full report are available from Lisa Reade of Democratic Services at Gosport Town Hall, telephone 02392 545651, lisa.reade@gosport.gov.uk.

You will note the Committee's recommendation in bold, at the end of the summary, and that is why I am writing to you. We are planning to hold the Conference in the Council Chamber on Thursday 8th October 2009 between 9.30am and 12.30pm, followed by a buffet lunch.

The precise format for this event has yet to be determined, but formal introductions and speeches will be very brief and the majority of the time will be spent with individuals working in groups considering strategies that can usefully be employed to tackle the issues. The morning will conclude with a plenary session.

We shall be inviting any individuals and organisations who we feel may be interested or have something to offer. This includes local schools and colleges, churches, voluntary organisations and others with responsibility for older people.

We are writing to you with this length of notice because we know how quickly diaries fill and are hoping that the early notice will increase the chance you are able to attend. If you are please complete the enclosed form and return it to Lisa Reade.

We suggest organisations limit themselves to two attendees, except for schools who may wish to include students and send up to four. We should be grateful for your reply by Friday 17th July.

Yours Sincerely

Councillor Bob Forder, Chairman of the Overview and Scrutiny Committee.

GOSPORT BOROUGH COUNCIL

BOARD:	OVERVIEW & SCRUTINY COMMITTEE
DATE OF MEETING:	23 JULY 2009
TITLE:	REVIEW OF OUTTURN/BUDGET 2008/09
AUTHOR:	DEPUTY CHIEF EXECUTIVE & BOROUGH TREASURER
STATUS:	FOR DECISION

SUMMARY OF REPORT AND RECOMMENDATIONS

This report considers the financial outturn for 2008/09 compared to budget along with related financial issues and suggests potential areas for further review.

Recommendations

The Committee note the report and consider what further work should be undertaken.

1.0 PURPOSE OF REPORT

- 1.1 To review the financial outturn for 2008/09 and consider associated issues.

2.0 BACKGROUND

- 2.1 On 25 September 2008, the Overview & Scrutiny (O&S) Committee resolved to scrutinise the outturn budget at a future meeting.
- 2.2 On 27 November 2008, the Committee considered a briefing note (Appendix A) from the Borough Treasurer which set out a suggested scope and timetable for this action. The matter was referred for consideration to the meeting of the O&S Committee in July 2009 being the first meeting of the Committee after approval of the draft accounts by Policy & Organisation (P&O) Board on 24 June 2009.
- 2.3 On 24 June 2009, P&O Board approved the Approval of Accounts report (Appendix B) and Draft Statement of Accounts.
- 2.4 This report addresses the desire by the O&S Committee to scrutinise the 2008/09 outturn and seeks to relate this to future issues affecting the Council's finances.

3.0 APPROACH

- 3.1 It is proposed that the scrutiny of the 2008/09 outturn figures is combined with an examination of current issues thereby drawing together both backward and forward looking exercises to underpin both good governance and financial management principles.
- 3.2 This first annual report to O&S Committee is structured as follows:
- A brief description of the budget and final accounts process coupled with a powerpoint presentation
 - A discussion of the outturn, relevant financial issues and future approach

4.0 THE BUDGET AND FINAL ACCOUNTS PROCESS

- 4.1 The annual budget process generally starts after the completion of the previous year's final accounts and encompasses the following areas

Broad Heading	Detail	Timescale
Capital	Capital Programme Depreciation Deferred Government Grants Fixed Asset Register	July to September
Salaries	Post by Post salary budget (zero base)	August to September
Revenue	All revenue budgets Employees Premises Transport Contractor Payments Transfer Payments Supplies & Services Administration Recharges All Income budgets	August to October
Administration	Expenditure & Income budgets leading to recharges to recharges to all services	August to October
Government finance	Revenue Support Grant & Non Domestic Rating Income from the Pool	November / December
Draft Budget		November
Treasury Management and Prudential Indicators	Statutory Report to P&O Board & Full Council	January / February
Budget approval	Boards & Full Council	January / February
Council Tax Setting	Full Council	February

- 4.2 These areas not only inter-relate but also has a knock-on effect (so. for instance, the Capital Programme and available capital funding will affect the interest and minimum revenue provision revenue budgets which in turn affect the detail of the Treasury Management and Prudential Indicators Report , Medium Term Financial Strategy (MTFS) and subsequent year's Budget Strategy).
- 4.3 Final Accounts is the heavily regulated process undertaken in the March to June period that effectively draws a line under the previous financial year and is then followed by public inspection and external audit of the Statement of Accounts over a four week period with final publication of the Statement being by the end of September. This is described in the Approval of Accounts Report for 2008/09 (Appendix B)
- 4.4 Public Sector finance and more specifically Local Authority finance is subject to continuous regulatory and statutory change. The latest initiative is the mandatory adoption of International Financial Reporting Standards (IFRS), the draft guidelines for which are presently being finalised and which will affect the 2009/10 financial year onwards.

5.0 OUTTURN 2008/09

- 5.1 The Approval of Accounts report, as approved by P&O Board, including appendices, is attached at Appendix B
- 5.2 In summary, and without repeating the detail in the attached report and appendices, the following key points should be noted

- Revenue

The underspending (£240,240 net of revenue carry forwards) is welcome although some of this is due to higher risk budgets which are subject to external audit for complex grant claims (eg housing benefits)

- Capital

Capital slippage remains an issue – although spending volatility due to external influences in an uncertain economic climate (eg attracting developer funding) will always be a problem. Staff capacity can be an issue.

- Treasury Management

The Council has £5m of investments due to be repaid in 2008/09 which will not yet be required for capital expenditure due to delays in the larger schemes (eg Landing Stage and Holbrook). Reinvesting this money pending use will be at very low interest rates which will impact detrimentally on the Council's revenue interest budgets.

- Housing Revenue Account (HRA)

The HRA balance is recovering well since falling to £168,000 at the end of 2006/07. It stands at £489,970 at 31 March 2009.

- Collection Fund

The Collection Fund surplus provides a useful annual budgetary income to the precepting authorities. For 2008/09 the surplus became a deficit due mainly to economic conditions and may no longer provide the same level of surpluses as it has in the past.

- Reserves

Reserves are generally adequate although it should be noted that to enable future spend-to-save and restructuring initiatives, the Revenue Financing Reserve will require additional contributions.

At 31 March the Council had no unapplied capital receipts except for the remaining Camden Allotment receipt, the use of which is governed by statute.

6.0 FINANCIAL ISSUES

- 6.1 The following issues are a selection that are felt to be pertinent to this exercise and which link the outturn to the Council's wider financial position.

- High risk budgets

The foreword to the Budget Book 2009/10 contains a risk assessment of general fund budgets. The higher risk budgets, notably Concessionary Travel, the major income streams and Benefits are not only those that can be difficult to predict accurately but are also those that are both material (large sums involved) and are heavily influenced by demand and the economy. These budgets feature significantly on the risk assessments of all Councils – particularly shire districts. The budget book risk assessment is attached at Appendix C.

- Capital funding and slippage

In the absence of external sources of capital funding (capital grants, developer contributions, capital receipts etc) capital schemes are (part) funded from prudential borrowing. The revenue costs comprise the statutory repayment of the principal amount (the minimum revenue provision or MRP) plus interest foregone (where deposits held have been used) or paid (where additional borrowing has taken place).

As the availability of capital receipts reduces, it is forecast that the revenue costs of the capital programme will increase substantially in the future.

- Debtors and write offs

This area of the Council's finances is considerably affected by the national and local economies and tends to be partly cyclical. A recent area of concern has been debts related to Homelessness, where clients are often economically disadvantaged or vulnerable. Despite the apparent high levels of write offs the revenue accounts concerned have been kept under control due to prudent budgeting.

- The need to make future budget reductions as set out in the MTFS

In order to achieve acceptable annual Council Tax increases in line with both Council policy and the government's capping criteria, it is necessary to substantially reduce the projected cost of services.

Reducing levels of government grant, falling local income streams – largely due to the downturn in the economy and increasing capital financing costs are all major factors.

- Efficiency savings including staff savings

The Council is required to report annually against National Indicator (NI) 179 ("The total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 Financial Year"). The target for 2008/09 was £400,000.

Independently of this, the Council continues to make annual savings and cost reductions in order to achieve acceptable annual Council Tax increases as outlined above. Reductions made to reduce local tax increases do not necessarily count against NI179 – the latter for instance measures 'ongoing' efficiencies and relates these to service standards.

- Budget monitors

Quarterly budget monitors are sent to all P&O Board members for information and list major variations as well as monitoring high risk budget areas.

- Improved estimating and budgetary control

Current budgets are reviewed to consider any impact from issues that have become apparent during the final accounts process.

It is anticipated that improved online management information reports will be provided to Managers from late 2010 once new financial systems are in place. Managers do currently have online access to financial data and tailored reports but production and maintenance of these is labour intensive.

7.0 RISK ASSESSMENT

- 7.1 This report seeks to facilitate a broader discussion and awareness of final accounts and budget issues and provide feedback on areas of concern. As such it enforces aspects of corporate governance as well as both officer and member accountability.

8.0 CONCLUSION

- 8.1 This report considers the outturn budget for 2008/09 along with related financial issues and seeks guidance on what further reviews the Committee wishes to undertake.
- 8.2 Options include consideration of risk areas, capital slippage, general budgeting principles (virements, supplementary estimates, revenue “carry forwards”) and Budget Book detail.

Financial Implications:	As contained in the report.
Legal Implications:	None.
Service Improvement Plan implications:	This report and the Statement of Accounts reflect both service improvement plans and the corporate plan.
Corporate Plan:	
Risk Assessment:	Section 9 of the report
Background papers:	See appendices
Appendices:	A Briefing Note to Overview & Scrutiny 27 November 2008 B Approval of Accounts report & Appendices to P&O Board 24 June 2009 C Budget Book Risk Assessment
Report Author/Lead Officer	John Norman

BRIEFING NOTE

To:	OVERVIEW AND SCRUTINY COMMITTEE
Date:	27 November 2008
Title:	Scrutiny of Budget Against Outturn – Scope and Suggested Timetable
Author:	Borough Treasurer
Purpose:	To consider what arrangements might be put in place to facilitate a comparison of Final Accounts Outturn figures with Budgets.

1.0 Background

At the last meeting of the Committee Members asked for guidance on comparing the Council's actual financial performance with its budgeted intentions.

2.0 Report

2.1 The Council's annual budget is approved in February each year and sets expenditure and income levels for the financial year commencing 1st April plus a Revised Budget for the partially complete current financial year. During the year the budget is monitored continuously by staff and quarterly monitors are produced for the information of Policy & Organisation Board members. The monitors anticipate significant year end variations and consider known risk areas.

2.2 If any of the anticipated variations can be accurately quantified they may need specific Board approval during the year as required by Financial Regulations governing Virements and Supplementary Estimates.

2.3 The Council's Draft Final Accounts (Statement of Accounts) for the year are considered by Policy & Organisation Board before the end of June following the end of the financial year to which they relate, prior to the statutory public inspection and external audit processes taking place. Policy & Organisation Board receive an accompanying report which highlights specific issues including significant variations from Revised Budgets.

- 2.4 There is currently no opportunity for members to consider budget variations in depth and a specific role for Overview & Scrutiny could fill this gap.
- 2.5 Most of the necessary work to facilitate this is already done by officers and could be placed before the Committee during July, following the report to Policy & Organisation Board. (The report could also usefully be considered against the following year's 1st quarter's budget monitor for "knock-on" implications, if the meeting were scheduled for late in July).
- 2.6 As it is now late in the year to consider last financial year's data, it is suggested that this process could commence next summer. The report produced for Policy & Organisation Board next June will be amended slightly to facilitate it being referred to this Committee without further changes or a separate report being required.
- 2.7 The new format for analysing variations should relate to the Original Budget for the year with due regard to variations already identified in budget monitors and Revised Budget so that a clear picture of how outturn variations have arisen and whether they have been picked up at an appropriate time can be considered. It is suggested that the level of variations shown in the report and examined by scrutiny should be those contained within Financial Regulations i.e. those that would require member approval as virements or supplementary estimates.
- 2.8 Valuable potential outcomes from this proposed process include better understanding of the budget process and better accountability and it is possible that this could lead to more accurate budgeting and a better assessment of budget risk in the future. The process should be considered to be a pilot for something that could be embedded in future programmes, not a one-off.
- 2.9 The initial exercise in July 2009 should consider General Fund, Housing and Capital variations and Reserve levels, with a view to deciding whether future year's examinations could be focussed differently. Known high risk budget areas would be included even where significant variations have not arisen.

3.0 Recommendation

- 3.1 It is recommended that the variations from Budget recorded in the Council's Final Accounts outturn report to Policy & Organisation Board be referred for consideration by Organisation & Scrutiny Committee commencing with 2008/9 data in July, 2009.

GOSPORT BOROUGH COUNCIL

BOARD:	POLICY & ORGANISATION BOARD
DATE OF MEETING:	24 JUNE 2009
TITLE:	APPROVAL OF THE 2008/09 STATEMENT OF ACCOUNTS
AUTHOR:	DEPUTY CHIEF EXECUTIVE & BOROUGH TREASURER
STATUS:	FOR APPROVAL

SUMMARY OF REPORT AND RECOMMENDATIONS

This report sets out the background to the requirement for members to approve the 2008/09 Statement of Accounts, which is shortly to be made available for public inspection and audit, together with some brief notes on the Statement and outturn position

Recommendations

1. Members are recommended to receive and approve the Statement of Accounts for the financial year ending 31 March 2009.
2. The Board note the revenue variances detailed in Appendix C.
3. The Board note the capital programme slippage detailed in Appendix D
4. The Board note the write offs approved under delegated authority at Appendix G

1.0 PURPOSE OF REPORT

- 1.1 To recommend the approval of the Statement of Accounts for 2008/09.

2.0 BACKGROUND

- 2.1 The Accounts and Audit Regulations issued by the Secretary of State for the Environment set out the requirements for the production and publication of the annual Statement of Accounts.
- 2.2 It is currently a requirement that a committee or the Council should approve the Statement by the end of June following the financial year end with publication following by the end of September.

- 2.3 This report and the Statement of Accounts meet the 2008/09 reporting requirements. It should be noted that the prompt year end closedown and reporting of accounts is challenging and requires materiality judgements and some estimates.
- 2.4 Overview and Scrutiny Committee will be scrutinising the budget outturn at their meeting on 23rd July.

3.0 STATEMENT OF ACCOUNTS

- 3.1 A copy of the Statement of Accounts will be sent to board members under separate cover.
- 3.2 The audit of the accounts will be undertaken by the Council's external auditors (Mazars) over approximately four weeks from 27^h July and any material changes that may be necessary will be reported back to a future Board. The accounts will then be published and despatched to all members at the earliest opportunity once the Auditors have signed them off.
- 3.3 The Statement of Accounts for 2008/09 reflects the revised reporting and accounting requirements encompassed in the SORP 2008 (the mandatory statement of recommended practice that all local authorities must adhere to) and this in turn builds on previous revisions in the SORP 2007. There will continue to be further changes over the next few years as public sector accounting moves towards IFRS (International Financial Reporting Standards) and the Government's Whole of Government Accounts (WGA) agenda.

The IFRS accounting changes that are now being finalised nationally affect all local authorities and public bodies. They are substantial and will be onerous for the organisation to implement.

- 3.4 The published Statement of Accounts is aimed at a wide audience and the finance unit welcome interest and questions from all readers. A more "user-friendly" summarised version of the accounts will be published in September.
- 3.5 The accounts will be available for public inspection from 13th July 2009 to 7th August 2009 and the Council's auditor will be available from 10th August to receive questions from any Gosport local elector.
- 3.6 Appendix A to this report summarises the key outturn figures for the General Fund, Housing Revenue Account, Capital Programme and Reserves arising from the 2008/09 accounts. These are considered in more detail below.

4.0 GENERAL FUND AND WORKING BALANCE

- 4.1 The Council's revised budget for 2008/09 included a contribution to the General Fund working balance of £30,000 and a contribution from the

Revenue Financing Reserve of £52,850. These transfers were made as budgeted.

The revised budget also included an allocation from the Housing and Planning and Development Grant (H&PDG) of £210,890, being £120,890 towards salary costs and £90,000 towards capital funding. The salary cost contribution was transferred as budgeted and the £90,000 capital contribution was left unallocated due both to uncertainty over the amount of H&PDG in 2009/10 and the level of capital slippage into 2009/10.

The General Fund was underspent by £307,290 which has been allocated to the Revenue Financing Reserve in line with Council policy. This figure is, however, inclusive of revenue budget carry forwards of £67,050 which will be paid for in 2009/10.

- 4.2 Appendix B summarises the actual expenditure and income figures for 2008/09 by Board and Service.
- 4.3 Appendix C sets out a summary of the main variances that comprise the £307,290 underspend with the major ones being considered below. Variances that are the result of capital charges for depreciation, impairment or 'revenue expenditure charged to capital under statute' (formerly deferred charges) are not included as they are offset by transfers within the accounts and consequently have no direct effect on expenditure.
- 4.4 Concessionary Travel – an overspending of £57,440 on the farepass element of the budget reflecting bus operator charges and usage for 2008/09.
- 4.5 Homelessness – additional net service costs of £24,630
- 4.6 Benefits – subject to the external audit certification of the subsidy grant claim, lower than expected (net of subsidy) costs of £87,580.
- 4.7 Net interest receivable was budgeted at £697,730 with the actual net interest received being £667,140, a decrease in income of £30,590 due mainly to the substantial reduction in interest rates since 2008.
- 4.8 A "one-off" adjustment to the statutory Minimum Revenue Provision has been included in the accounts has been included in the accounts saving £86,330.
- 4.9 The net saving in administration recharges to General Fund services is £159,590 which comprises salary savings of £102,680 and other non salary net savings of £56,910.
- 4.10 Those variations from 2008/09, both positive and negative, that are likely to continue into the current financial year will be reviewed as part of the budget process for 2010/2011 and, where necessary, will be reflected in budget monitors.

5.0 RESERVES

- 5.1 The General Fund working balance at 31st March 2009 is £890,000 as projected in the Budget Report for 2009/10.
- 5.2 The Revenue Financing Reserve at 31st March 2009 is £757,120 which exceeds the forecast balance of £449,830 by £307,290 because of the underspending outlined above. This balance will, however, be reduced by the revenue carry forwards of £67,050.

6.0 HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account was forecast to have a revenue deficit of £259,000 for 2008/09 and a revised account balance of £417,550 at 31st March 2009. The actual position for the year was a deficit of £186,580, an underspending of £72,420, with a resulting account balance of £489,970 at 31st March 2009.
- 6.2 The main variations were reduced expenditure of £97,910, largely attributable to an underspend on the response repairs programme and an improvement in allocating capital expenditure costs, offset by reduced income of £25,490, mainly due to reduced service charge income and a small increase in write offs.

7.0 CAPITAL PROGRAMME

- 7.1 The revised Capital Programme for 2008/09 was budgeted at £7,746,000. The actual capital spend reflected in Appendix A is £6,860,720 an underspending of £885,280.
- 7.2 Scheme slippage, to be carried forward into 2009/10 and which is largely covered by the underspending, has been identified as £1,043,600. Appendix D gives a detailed list of the 2008/09 programme, expenditure and slippage.
- 7.3 The budget process for 2010/11 requires a close examination of the capital programme and its funding. The Council's ability to support its capital investment from in house or external sources together with the revenue consequences of borrowing - both interest costs and minimum revenue provisions for the repayment of debt – are major factors affecting Council Tax levels.

6.0 TREASURY MANAGEMENT

- 6.1 At 31st March 2009, the Council had investments of £8.7 million, including £7 million invested with banks and building societies and £1.7 million short term investments with the money market placed through the Council's Global Treasury Fund and Corporate Deposit Account.

- 6.2 Long term borrowing is £11 million with an additional £3 million being taken from the PWLB at favourable rates in October in line with policy and the need to fund the Council's future capital programme.
- 6.3 The Council was therefore in a net borrowing position of £2.3 million at the end of the financial year.

7.0 COLLECTION FUND

- 7.1 The surplus on the collection fund, which reflects income from Council Tax and Non Domestic Rates together with the spending requirements of Gosport Borough, Hampshire County Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority is £392,000. This is lower than forecast and reflects less new properties being completed and backdated tax band reductions.
- 7.2 The rates of Council Tax and Non Domestic Rates collection for 2008/09 were 96.9% and 98.7% respectively (97.0% and 98.7% for 2007/08). The collection patterns and histories are shown in Appendices E and F.

8.0 WRITE OFFS

- 8.1 Under Financial Regulations, the Borough Treasurer has delegated authority to approve write offs up to £10,000. These are summarised on Appendix G for the year to April 2009 along with the previous year for comparison.
- 8.2 Whilst the 2008/09 figure is significantly higher than 2007/08, this includes a high level of Homelessness related debt write offs for which provision was made in the revised budget.
- 8.3 Future quarterly budget monitors for P&O Board members will include an update on ongoing write off levels.

9.0 RISK ASSESSMENT

- 9.1 The Council's published budgetary risk assessment listed the following budget areas as having (depending on their nature) high to low risks of occurrence with varying potential impacts on the Council's financial position.

Homelessness
Housing Benefits
Gosport Market Income
Maintenance and Administration
Land Charges Income
General Income
Inflation
Insurance

Concessionary Fares
 Net Interest Income
 Vacancy Savings

9.2 The variances detailed in section 4 generally fall within these categories which, while endorsing the accuracy of the risk assessment, also highlights the need to further improve monitoring and control of these areas.

10.0 CONCLUSION

10.1 This report summarises the contents of the Council's Statement of Accounts (subject to audit) for 2008/09 and recommends its approval by members.

Financial Implications:	As set out in the report and contained within the Statement of Accounts for 2008/09.
Legal Implications:	The Council is required to approve the Statement of Accounts for 2008/09 by 30 June 2009.
Service Improvement Plan implications:	This report and the Statement of Accounts reflect both service improvement plans and the corporate plan.
Corporate Plan:	Ditto.
Risk Assessment:	Section 9 of the report
Background papers:	Final Accounts working papers
Appendices/Enclosures:	A Outturn 2008/09 – Summary B Outturn 2008/09 – By Board and Service C General Fund Variances D Capital Programme 2008/09 – Summary E Council Tax collection F NDR collection G Write Offs
Report Author/Lead Officer	John Norman

SUMMARY OF ACTUALS 2008/09

	REVISED 2008/2009 £	ACTUAL 2008/2009 £	VARIANCE * £
GENERAL FUND			
Community & Environment	7,240,420	7,151,738	(88,682)
Housing	533,800	557,925	24,125
Policy & Organisation	5,166,520	4,833,786	(332,734)
Total Net Expenditure	12,940,740	12,543,449	(397,291)
Transfer to / (from) GF Working Balance	30,000	30,000	0
Transfer to / (from) Revenue Financing Reserve	(52,850)	(52,850)	0
Transfer to / (from) Revenue Financing Reserve - GF Surplus		307,291	307,291
Transfer to / (from) H&PDG	(210,890)	(120,890)	90,000
Budget Total	12,707,000	12,707,000	0

HOUSING REVENUE ACCOUNT

Net Deficit / (Surplus)	259,000	186,578	(72,422)
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	REVISED 2008/2009 £	ACTUAL 2008/2009 £	VARIANCE * £
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CAPITAL PROGRAMME

Housing - HRA	3,676,000	3,800,630	124,630
Housing - GF	895,000	806,902	(88,098)
Community & Environment	2,003,000	1,506,099	(496,901)
Policy & Organisation	1,172,000	747,087	(424,913)
Total Programme	7,746,000	6,860,718	(885,282)

* Note : the figures in brackets denote an underspending

	Actual 01-Apr-08 £	Revised 31-Mar-09 £	Actual 31-Mar-09 £
GF - WORKING BALANCE	(859,999)	(889,999)	(889,999)
As a % of Estimated Budget 2006/07			
GF - REVENUE FINANCING RESERVE	(502,683)	(449,833)	(757,124)
Variation			
HRA - REVENUE ACCOUNT BALANCE	(676,545)	(417,545)	(489,967)
Variation			

BUDGET RISK ASSESSMENT (GENERAL FUND)

Budget Area	Risk	Budget £'000	Likelihood	Revenue Impact	Comment
Concessionary Fares	Increased costs.	>1,000	H	H	Cost of new national pass scheme remains a concern.
Political Balance	Problems delivering difficult decisions	N/A	H	H	
Capital Programme	Failure to raise necessary financing	N/A	H	M/H	Current economic climate may not facilitate the raising of the required level of new capital receipts
Homelessness	Additional demand.	2,045	H	M	Many authorities are already experiencing more demand
Gosport Market Income	Reduction in stall numbers.	162	H	L	The Council has now taken over operation of the market
General Income	Shortfall due to unpredicted demand changes.	3,300	M	H	Budget reflects prudent income forecasts but economic conditions may cause further deterioration.
Housing Benefits	Overpayment rates &/or demand increase, grant formula change.	22,391	M	M	There are signs of increasing demand due to the recession
Land Charges Income	Recession/policy change.	165	M	M	
Insurance	Claims experience forces more self-insurance.	350	M	M	Fire claims & susceptibility to storm damage are of concern.
Inflation	Exceeds allowance.	427	M	M	Savings are considered to be more likely
Savings target	Target cannot be achieved.	310	M	M	Budgeted provision is considered achievable
Maintenance & Administration	Inadequate provision.	3,000	M	M	
Interest Income (net)	Reduces from forecast or capital receipts & deposits get spent earlier than anticipated.	121	L	M	The Council has been over-dependent on investment income. Much of this income will disappear by 2011 as capital resources are spent.

NOTES

- 1 Assessment is of 2009/10 budget taking account of past trends and budget monitoring.
- 2 Likelihood: High = most years, Medium = Occasional, Low = rare.
- 3 Impact: High = over £100,000; Medium = £50 – 100,000; Low = less than £50,000

