

**STRATEGIC MONITORING STATEMENT
FOR PERIOD ENDED 30th JUNE 2015**

1. Introduction

1.1 This Statement brings together performance information on our service and financial plans and performance. The structure of the Statement generally follows the format of the Council's current Strategic Plan, reporting progress in relation to the Council's strategic objectives. This Statement will generally be updated on a quarterly basis.

2. Strategic Objective 1 – Working with Partners and the Community to sustain services of good value

2.1 In relation to our performance against the actions shown in the Strategic Plan under this objective, the key highlights up to 30th June 2015 include:-

- holding a further meeting with Town and Parish Councils to consider the transfer of services and facilities. In 2015/16, this will focus on the transfer of Passenger Shelters and Play Areas/MUGAs;
- the Executive has given approval to establishing a Community Projects Reserve of £100k to be used, amongst other matters, in support of the work to transfer services/facilities to Town and Parish Councils;
- the renewal of the Garden Waste subscription scheme (including an enhancement to the payment options with the inclusion of both Allpay and Automated Telephone Payments);
- the Council leading a consortium of other Councils in the delivery of a Counter Fraud process for both Local Council Tax Support and Housing Benefit. Working with Liberata, this focuses on an innovative approach to the prevention and detection of fraud which should reduce overpayments and ensure Benefit only goes to those who are entitled.

2.2 Details of the Council's overall financial performance to date are shown in the appendices below. However, some of the key financial highlights to date under this strategic objective include:-

- the Garden Waste subscription has yielded income of £186k to date with c7,440 bins being emptied from c6,670 households;
- The Council's draft Statement of Accounts for 2014/15 was completed by the statutory deadline of 30th June 2015. The period for public inspection commences from 17th July. The accounts are now subject to audit by Grant Thornton with the final audited Statement of Accounts due to be submitted for approval to the Accounts and Audit Committee in late September;
- A report on the Council's Financial Strategy and Medium Term Financial Plan was submitted to the Executive in June 2015. In the context of expected continuing reductions in government funding, this highlighted a shortfall of funding over the next 3 years of c£4m. It was resolved to set up a Budget Working Group to consider the development of proposals to deal with the budget gap.

3. Strategic Objective 2 – Helping to Create and Sustain with strong economic and housing growth

3.1 In relation to our performance against the actions shown in the Strategic Plan under this objective, the key highlights up to 30th June 2015 include:-

- completion of the public inquiry on the Council's Core Strategy. The Planning Inspector has since issued a summary of proposed main modifications to the Strategy which are currently the subject of a further consultation. All responses to the consultation are returned to the Planning Inspector who will consider them when determining the soundness of the Strategy. The report from the Planning Inspector is expected to be issued by the end of August 2015 (although the precise timescales cannot be confirmed);
- continuing to work with other Councils in Lancashire on the development of a Combined Authority for Lancashire. To date, the work undertaken has been in support of a Governance Review which is a pre-requisite of any decision to establish a Combined Authority. It is likely that the Governance Review will be concluded by October 2015 and a draft Scheme of Governance for a Combined Authority is expected to be developed by December 2015;
- the Stage 2 Launch for the Tour of Britain has taken place and the route through Pendle/Ribble Valley has been now agreed with the Race Organisers. Work is continuing on the delivery of the event;
- a review of the Gearing up for Growth Scheme has been undertaken, with the outcome to be reported to the Gearing up for Growth Panel in mid-July;
- following the review of Strategic Assets, work is progressing on the development of Further Clough Head for residential development. Towards the end of June 2015, a consultation was held with Ward Members and feedback from that event is now being considered in advance of the submission of a planning application;
- continued development work with PEARL2, our joint venture partnership with Barnfield Investment Properties, on a range of projects. The key projects at the moment are:-
 - having secured funding from the Lancashire LEP and Lancashire County Council for the redevelopment of Brierfield Mill, work is underway on a package of remediation/demolition works on the site to make it ready for development. This work is expected to start later in the year. At the same time, discussions are ongoing to acquire land adjacent to the site which will form part of the overall development;
 - completing the refurbishment of properties in Whitefield. In the main, the property refurbishments and the public realm improvements have been completed. Work is now underway to open up Every Street to traffic (with appropriate traffic calming measures). The Executive received a report on the sales of properties in Whitefield at its meeting in June 2015.

- the development of c46 properties on Clitheroe Road. The Executive agreed to dispose of the site to PEARL2 earlier this year and work is currently underway on the development of a planning application. Current timescales indicate that this will be considered by the Area Committee in December and, subject to that, work may commence on site early in the new year;
- further to the completion of Phase 1 of the Bunkers Hill Project which comprises 8 affordable homes built for Housing Pendle, work is currently underway to assess the feasibility of Phase 2 on Bunkers Hill which is intended to be a speculative development of 14 houses;
- following successful funding bids by Together Housing and Great Places to the Affordable Homes Programme, various affordable housing schemes are currently being progressed or have recently completed. These include c30 Units on the Whitefield Presbytery, c45 Units at Valley Road, Barnoldswick, c30 units at the former Hope Mill Site, Barnoldswick and c25 units on the former Simpsons Site at Knotts Lane, Colne.
- work with Nelson & Colne College to continue delivering a package of training/skills improvement to the unemployed at the Apprenticeship and Training Centre on Scotland Road;

3.2 Details of the Council's financial performance to date are shown below. However, some of the key financial highlights under this strategic objective include:-

- A further bid for funding under the Builders Finance Fund to assist with for the development the Clitheroe Road and Bunkers Hill Phase 2 Residential Developments has been submitted to HACA. The outcome of this bid is not yet known. Similarly, the Council is awaiting the outcome of a bid to the Lancashire LEP for Growing Places funding for the same project;

4. Strategic Objective 3 – Ensuring a clean, healthier, safer and cohesive Pendle

4.1 In relation to our performance against the actions shown in the Strategic Plan under this objective, the key highlights up to 30th June 2015 include:-

- updating the Family Support and Safeguarding Children Policy and Procedure which was approved by the Executive in June 2015. The Policy will be considered by the Council in July 2015 (there will be a Member Development session on this matter prior to the meeting of the Council in July).
- following a recommendation from the Dogs Working Group, the Executive gave approval to the appointment of two additional Enforcement Officers to tackle dog fouling and undertake other dog control work such as the enforcement of Public Space Protection Orders;

5. Strategic Objective 4 – Maintaining a sustainable, resilient and efficient organisation

5.1 In relation to our performance against the actions shown in the Strategic Plan under this objective, the key highlights up to 30th June 2015 include:-

- Implementation of new management structure with effect from April with services re-aligned (e.g. formation of Neighbourhood Services);
- Arrangements confirmed for Investors in People assessment in September 2015;
- Workforce Development Strategy completed;
- Leadership Development programme has commenced including 360° Feedback.

6. Performance Indicators

6.1 Previously the Council's performance information has been reported to the Performance Monitoring Panel (PMP). The panel consisted of four Scrutiny Management Team members and three Executive members and was established to provide greater scrutiny to performance related matters.

6.2 As agreed by the Executive at their meeting on 28th May 2015, the Leader and Chairman of Scrutiny Management Team met to discuss the future of the PMP. At this meeting it was agreed that the PMP be disbanded and future performance statistics be reported to the Executive.

6.3 A basket of 25 corporate key performance indicators (KPIs) has been devised to provide Members with a gauge of performance representing a range of services delivered by and on behalf of the Council.

6.4 The performance information for these KPIs, for the period 1st April – 30th June 2015, is attached at [Appendix 1](#).

7. Financial Performance

General Fund Revenue Budget

7.1 Details of the most recent quarterly monitoring were reported to Management Team in July outlining the position as at 30th June 2015. At that date, the forecast outturn position on the General Fund Revenue Budget was an underspend of £113,310 when compared to the approved budget for the year. This consists of the following:

	£
Underspend on Net Cost of Services	(51,590)
Net Movement on Corporate Income/Expenditure	(61,720)
Change in Use of Reserves	0
Net Underspend	(113,310)

7.2 Assuming this position is maintained until the year end, it will result in a net contribution from the Budget Strategy Reserve of £1,492,110 rather than the approved budget contribution from the reserve of £1,605,420. The Approved Budget for 2015/16 represents the original budget as approved by Council in February adjusted for slippage of £221k and the supplementary revenue estimate of £50k for the Tour of Britain (being matters agreed at the Executive meeting in June), and other known virements as at the reporting date.

7.3 The main variances contributing to this position are as follows:-

Net Cost of Services

Employee Costs (salaries) – net saving of £49k projected at this stage comprised mainly of Housing, Health and Economic Development (-£35k); Directorate (-£6k); Planning, Building Control and Licensing (-£5k) and Financial Services (-£3k).

Corporate Income and Expenditure

The charge to the General Fund for the Minimum Revenue Provision (MRP) is provisionally estimated to be £52k under budget. The MRP represents an amount set-aside for the repayment of debt (principal rather than interest). The saving arises from delays in capital spending resulting in a lower level of prudential borrowing in 2014/15. The saving projected at this stage is provisional pending the completion of the audit of the accounts for 2014/15 and may be subject to change. Any variation will be reflected in subsequent monitoring reports.

Investment income is projected to be £10k above budget. This reflects the net effect of higher than forecast cash balances (again mainly linked to delays in capital spending) offset partly by lower than budgeted rates of return given the current low interest rate environment.

Contribution from Reserves

No variances are projected at this stage. The budget adjustments shown primarily reflect the additional use of reserves to fund the approved revenue contribution to capital (re Brierfield Mill), approved budget slippage and recently updated spending plans.

A summary view of the above is presented in [Appendix 2](#). The next quarterly monitoring will be undertaken as at the 30th September and details will be reported to the Executive in due course.

General Fund Capital Programme

7.4 The Capital Programme 2015/16 Summary Position Statement at 30th June is shown at [Appendix 3](#). Whilst at this date no variances were identified the main points to highlight are as follows:

- The approved capital programme, adjusted for slippage brought forward from 2014/15 (as per June Executive meeting) is valued at £9.6m;
- Spend as at the end of June was £0.4m representing c4% of the approved programme;

- The original programme as approved by Council in February was over-programmed by £20k and this currently remains the position;
- The Better Care Fund allocation for Disabled Facilities Grants was confirmed at £455k, some £35k higher than the original budget assumption; whilst proposed spending is unchanged this enables an equivalent reduction in planned borrowing.

Treasury Management and Prudential Indicators

7.5 In accordance with the Prudential Code for Capital Expenditure within Local Authorities, the Council is required to monitor a range of prudential indicators. The key items include:-

- borrowing: external debt at 30th June 2015 was £14.4m and is within the Operational and Authorised limits for debt approved by Council (£22m and £23m respectively) in March 2015 when considering the 2015/16 Treasury Management Strategy;
- interest rate exposure: 100% of the Council's borrowing is at fixed rates and none is subject to variation (this is within the Council's approved limits, which are 100% and 25% respectively);
- investments: investments at 30th June 2015 stood at £22.25m (excluding the current account balance held at Lloyds Bank). All investments have been made in compliance with the Council's Investment Strategy and approved Counterparty List;

7.6 There have been no operational breaches of the lending limit set for Lloyds Bank (£5m comprised of investment and current account balances) during the first quarter. There has been no breach of the Council's overdraft facility of £0.5m within this reporting period. Details of treasury management activities continue to be reported to the Accounts and Audit Committee on a regular basis.

8. Risk Management Issues

8.2 It is good management practice for us to maintain under review the key risks we face to the delivery of our Strategic Objectives as set out in the Strategic Plan. Following an assessment by the Corporate Governance Working Group, the table below shows our top strategic risks (based on residual risk scores and in no particular order). Details were reported to the Accounts and Audit Committee on 22nd July.

Table 1: Top Strategic Risks

No.	Risk Identified	Residual Risk Score
1	Failure to optimise Pendle's economic growth / development within the region	9
2	Failure to implement the Core Strategy in Pendle leads to missed opportunities for growth in employment and housing	9
3	Failure to deliver a balanced housing market with reference to need and demand	9
4	The Medium Term Financial Plan is not sustainable	9
5	Financial Position of Leisure Trust leading to inability to sustain existing service	9
6	Impact on the Council's capacity / viability of organisational change linked to ongoing reductions in local government funding	8
7	Lack of cohesion between communities	8
8	Arrangements for Public Health in Lancashire fail to deliver health improvements in Pendle	7
9	Failure to make an impact on young people not in education, employment or training	7
10	Failure to limit the amount of household waste to landfill sites	7
11	Introduction of the Universal Credit (and impact on Liberata contract)	7

*Scores based on a risk matrix ranging from 1 (lowest level of risk) to 9 (highest level of risk)

8.3 Where it is necessary, pro-active risk management measures are being implemented to ensure that the Council is able to manage effectively the risks to the delivery of services.

8.4 The Corporate Governance Working Group continues to meet on a quarterly basis to review and update the Council's Risk Registers. Thereafter, details of the Strategic Risk Register are presented to Management Team and a summary of changes to the Strategic Risk Register is presented to the Accounts and Audit Committee.

9. Human Resources Information

9.2 On 31st May 2015, the Council's staffing establishment comprised 232 full time equivalent staff (FTEs).

9.3 As at the end of May 2015, the number of working days lost was an average of 1.052 days per person which was 0.031 below the projected level of 1.083 days. This is a positive start to the year, with the implementation of the revised Short-term and Long-term Sickness Policies.

Appendices

Appendix 1: Key Performance Indicators – Quarter 1

Appendix 2: General Fund Revenue Budget – Forecast Outturn as at 30th June

Appendix 3: Capital Programme Monitoring – Forecast Outturn as at 30th June

Pendle Borough Council
General Fund Revenue Budget 2015/16
Budget Monitoring - Forecast Outturn as at 30th June

Departmental Net Cost Of Services	2015/16 Original Budget	Budget Adjustments	2015/16 Approved Budget	2015/16 Projected Outturn	Projected Variance from Budget
Directorate	-	-	-	(5,690)	(5,690)
Financial Services	5,382,540	117,300	5,499,840	5,496,620	(3,220)
Democratic and Legal Services	1,152,770	32,890	1,185,660	1,185,660	-
Planning, Building Control & Licensing	695,970	-	695,970	683,650	(12,320)
Environmental Services	3,856,320	59,130	3,915,450	3,916,650	1,200
Housing, Health & Economic Dev	2,519,610	160,300	2,679,910	2,648,350	(31,560)
Neighbourhood Services	2,009,110	61,540	2,070,650	2,070,650	-
Liberata Services					
- Estates and Property Services	160,420	-	160,420	160,420	-
- Information Services	-	-	-	-	-
- Revenue Services	1,618,560	-	1,618,560	1,618,560	-
- Human Resources	207,940	-	207,940	207,940	-
Total Net Cost of Services	17,603,240	431,160	18,034,400	17,982,810	(51,590)
Corporate Income and Expenditure					
Area Committees	70,000	-	70,000	70,000	-
Revenue Contribution to Capital	100,000	500,000	600,000	600,000	-
Minimum Revenue Provision	501,720	-	501,720	450,000	(51,720)
External Interest Payable	521,310	-	521,310	521,310	-
Amortised Premium and Discounts	9,970	-	9,970	9,970	-
Depreciation	(1,751,360)	-	(1,751,360)	(1,751,360)	-
Interest and Investment Income	(70,000)	-	(70,000)	(80,000)	(10,000)
Repayments of Principal	6,190	-	6,190	6,190	-
New Homes Bonus	(952,210)	-	(952,210)	(952,210)	-
Efficiency Support Grant	(40,850)	-	(40,850)	(40,850)	-
Council Tax Freeze Grant	(64,760)	-	(64,760)	(64,760)	-
Business Rates - Section 31 Grant	(705,420)	-	(705,420)	(705,420)	-
Business Rates - Payment of Levy	331,430	-	331,430	331,430	-
NET REVENUE EXPENDITURE	15,559,260	931,160	16,490,420	16,377,110	(113,310)
Contribution to/(from) Reserves					
Revenue Expenditure Reserve	(21,640)	(234,690)	(256,330)	(256,330)	-
Renewal and Repair Reserve	(100,000)	-	(100,000)	(100,000)	-
Local Development Framework	(100,000)	-	(100,000)	(100,000)	-
Risk Management	-	-	-	-	-
External Funding Receipts	-	-	-	-	-
Empty Property Reserve	(44,740)	-	(44,740)	(44,740)	-
Change Management Reserve	(75,000)	-	(75,000)	(75,000)	-
Pensions Reserve	(112,700)	-	(112,700)	(112,700)	-
Business Growth Incentive Reserve	(279,740)	(24,720)	(304,460)	(304,460)	-
Council Tax Support Reserve	28,330	-	28,330	28,330	-
LAMS Mortgage Scheme Reserve	-	(500,000)	(500,000)	(500,000)	-
Portas Pilot Reserve	(17,940)	-	(17,940)	(17,940)	-
High Street Innovation Reserve	(40,170)	-	(40,170)	(40,170)	-
ICT Strategy Reserve	-	-	-	-	-
Developers Contribution Reserve	-	(6,750)	(6,750)	(6,750)	-
Community Projects Reserve	-	(100,000)	(100,000)	(100,000)	-
Inward Investment Reserve	-	(65,000)	(65,000)	(65,000)	-
NET EXPENDITURE	14,795,660	-	14,795,660	14,682,350	(113,310)
Contribution to/(from) Budget Support Reserve	(1,605,420)	-	(1,605,420)	(1,492,110)	113,310
BUDGET REQUIREMENT	13,190,240	-	13,190,240	13,190,240	0

Appendix 3

Capital Programme 2015/16 - Summary Position Statement							
as at 30th June 2015							
	Approved Programme £	Slippage £	Adjustments £	Revised Programme £	Position at 30th June £	Predicted Outturn £	Variations £
Housing	1,170,000	3,082,950	0	4,252,950	163,133	4,252,950	0
Environmental, Roads, Street Lighting & Road safety	50,000	424,730	0	474,730	100	474,730	0
Waste Collection	40,000	1,820	0	41,820	9,372	41,820	0
Community safety	0	135,860	0	135,860	4,030	135,860	0
Asset Renewal	200,000	562,070	0	762,070	14,604	762,070	0
Resource Procurement & Other Externally Funded Schemes	2,100,000	646,980	0	2,746,980	35,041	2,746,980	0
Area Committees	150,000	288,500	0	438,500	66,419	438,500	0
Parks and Recreational Services	0	71,220	0	71,220	1,735	71,220	0
Other General Capital Schemes	100,000	546,660	0	646,660	71,818	646,660	0
	3,810,000	5,760,790	0	9,570,790	366,251	9,570,790	0