



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 6 November 2008

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1. **PURPOSE OF THE REPORT**

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2008/2009 financial year. The budgets include all carried forward amounts from the 2007/2008 financial year.
- To seek Cabinet approval where required for budget changes outlined in this report at Appendices 1, 2 and 3
- To inform Cabinet of the position against Key Tasks and Performance Indicators in the 2008/2009 Plan
- To seek Cabinet approval for changes to Improvement Task targets as set out in Section 3
- To inform Cabinet of virements approved during quarter ended September 2008, as set out in Appendix 4

2. **BACKGROUND**

- 2.1 The Council has made a commitment to more closely align budget and performance management. This is in line with accepted good practice.
- 2.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, Improvement Tasks and Performance Indicators have been brought together and are now embedded in the way the Council works.

- 2.3 In addition, performance reports now focus more directly on the Council's priorities and offer an "early warning" system of instance where targets may not be secured.

3. **PROGRESS BY PORTFOLIO AREA**

- 3.1 Appendix 1 sets out details of the summary financial and performance position in each portfolio area.
- 3.2 The Financial Information section includes details of variances for the year to date against the originally approved budget. Cabinet is recommended to approve these changes.
- 3.3 A summary setting out the implications of these changes for the overall financial position for the Council is set out in section 4 below.
- 3.4 The Performance Information section includes details of progress against Improvement Tasks and Performance Indicators suitable for quarterly monitoring.
- 3.5 Progress against each task and indicator is measured by a "traffic light" system (the "Status" column on the forms). This uses the letters (R)ed, (A)mber and (G)reen to assess progress where: -
- G = Task or indicator is on target.
 - A = There is slight slippage against the target for the task or indicator but it is expected that the target will be secured for the full year, with appropriate minor adjustments to resourcing as required.
 - R = There is significant slippage against the task or target and it is unlikely that the original target will be secured without a shift in resources. In some cases, the target may need to be changed.
- 3.6 To be assessed as Green: -
- An Improvement Task must be on target compared with where it should be at this stage of the year, as set out in its Project Plan.
 - A performance indicator must be in line with its profiled performance at this stage of the year.
- 3.7 Explanations are included for any tasks or indicators assessed at Amber or Red.

- 3.8 Where Cabinet has previously agreed an amendment to a target date, progress will be assessed against the amended date rather than the original date.
- 3.9 Quarter 2 represents the half-year stage and it is therefore timely to take stock and review progress more thoroughly. Corporate capacity to deliver has been affected by progression of two very high-priority projects – Housing Stock Transfer and Gedling Transformation Programme – that have impacted beyond the departments immediately affected and involved. Both, however, have significant long-term benefits for both the Borough and the Council. Changing economic circumstances have also impacted on performance in many areas, directly and indirectly. These factors may have further impact in future on Council priorities and what it needs to do in future, and this will need to be reflected in future budget and service planning and in future performance management.
- 3.10 More tasks than might reasonably be expected are therefore reported at Red this quarter. As is usual, for those assessed as Red, recommendations for changes to targets are also included where these are felt to be necessary. Reasons are included in Appendix 1 alongside the recommendations - the recommendations are also set out below for members' consideration.
- 3.11 Housing Landlord functions will cease to be the Council's responsibilities after the stock is transferred to Gedling Homes. Therefore, any performance indicators relating to the landlord function will no longer be monitored by or reported to the Council. The Council does, however, retain significant statutory housing responsibilities relating to strategic housing, homelessness and private sector housing, affecting the entire Borough population.
- 3.12 Landlord related performance indicators will therefore no longer appear in performance digests after this quarter. The Council will be required to complete statutory returns for the seven months of the year to October 2008 – after that, responsibility for performance transfers to Gedling Homes, who are subject to a separate performance management regime. Indicators affected include NI 158 and a range of local indicators.
- 3.13 Indicators and tasks for the remaining strategic housing functions will be (in some cases have already been) transferred to the relevant lead department for continuing delivery and management.

Changes to Tasks

Portfolio Area	Task	Original Target	Proposed Revised/New Target
Customer Services and Efficiency	Develop Service Level Agreements for Housing Benefits and Council Tax with Gedling 1 Stop	Jun 08	Jan 09
Direct Services and Property	Prepare to implement cross boundary refuse collection working	April 09	April 10
Direct Services and Property	Implementation of trade waste recycling scheme for commercial glass.	October 08	May 09
Direct Services and Property	Implement energy initiatives to reduce usage and carbon footprint.	December 08	April 09
Leisure and Youth	Leisure Strategy Review of facilities	March 09	July 09
Leisure and Youth	Leisure Strategy Review of the Arts Strategy	March 09	July 09
Leisure and Youth	Leisure strategy review of the Parks and Open Spaces Strategy	March 09	July 09
Leisure and Youth	Identify and source new burial land	Sept 08	March 09
Development and Economic Regeneration	Continued implementation of Arnold Town Centre Masterplan	March 2009	Select preferred developer by December 2009

Changes to Performance Indicators

Portfolio	Indicator	PI ref	Current target	Proposed target
Housing and Health	Number of households living in temporary accommodation	NI 156	49	34

Reason for change

For this indicator, lower numbers represent better performance i.e. fewer households living in temporary accommodation is preferred. The 2007/08 outturn for this measure was 30 but, in setting the 2008/09 target, there were concerns that a combination of economic factors and the availability of longer-term lets may adversely impact on this figure for the future. In retrospect therefore, an excessively cautious approach may have been taken in proposing the target of 49, as evidence so far this year suggests demand of around 30. However, the economic climate remains difficult to predict and there is evidence of increased demand compared with 2007/08. A target of 34 is therefore proposed, with a view to further careful monitoring and a review of targets for subsequent years as part of the annual target setting review in May 2009.

New Tasks

The following new task is recommended to be introduced. It is derived from the recently adopted Homelessness Strategy Action Plan and is proposed for inclusion in the Budget/Service Plan because of its strategic significance.

Portfolio Area	Task	Proposed Target
Housing and Health	Progress replacement of Balmoral House hostel as set out in the Homelessness Strategy	Complete by December 2011

4. **OVERALL FINANCIAL POSITION**

4.1 The following summary brings together the overall financial position of the General Fund and the Housing Revenue Account. It also shows the expected total spend for the year.

4.2 This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 30 September 2008. The overall resource implications for the Council are: -

- The General Fund 2008/2009 Quarterly Budget Monitoring position shows that overall this leaves £54,700 available for managing the budget within the Council approved cash limit.
- The Housing Revenue Account 2008/2009 Quarterly Budget Monitoring position shows that overall this leaves £191,400 available for managing the HRA budget within the Council approved cash limit.

4.3 The tables below identify the effect on balances of the current expected outturn

4.4 General Fund Revenue Budget 2008/2009 – Change Analysis at 30 September 2008

	£
The original 2008/09 budget approved by Council on 5 March 2008	15,139,900
On 18 June 2008 Council approved carry forward schemes that had slipped from the 2007/2008 Revenue Programme	441,800
On 3 September Council approved an increase to the Cabinets maximum budget as submitted in the first quarter Budget Monitoring and Performance Digest Report	498,200
Cabinets Maximum Budget	16,079,900
The current approved budget for 2008/2009 is	16,079,900
Up to the end of September 2008 expenditure less income totalled	10,802,078
In the remaining 6 months of year net of income we expect expenditure to be	5,223,122
Total net revenue spend for the year is currently expected to be	16,025,200
At the end of 2008/2009, therefore, we currently expect the revenue budget to be underspent against the current approved budget by	54,700
Against the Cabinet's maximum budget for 2008/2009, we currently expect the revenue budget to be underspent by	54,700
This is approximately 0.34% of the Council's maximum budget.	

Appendix 1 outlines how the General Fund Revenue budget and expected net expenditure is divided between the Portfolio areas of the Council and the summary of the changes that make up £54,700 anticipated underspend.

4.5 Housing Revenue Account Budget 2008/2009 - Change Analysis as at 30 September 2008

	£
The original 2008/2009 budget approved by Council on 5 March 2008.	16,800
On 18 June 2008 Council approved carry forward schemes which had slipped from the 2006/2007 Housing Revenue Programme	113,300
Adjustments to HRA to reflect transfer to Gedling Homes on 3 November 2008	(45,000)
Housing Revenue Account Maximum Budget	85,100
Approved changes up to end September 2008	(191,400)
The Current Approved Budget for 2008/2009 is	(106,300)
Total net revenue spending for the year is currently expected to be	(106,300)
At the end of 2008/2009, therefore, we currently expect the Housing Revenue budget to be under spent against the current approved budget by	nil
Against the maximum budget for 2008/2009, we currently expect the Housing Revenue budget to be under spent by £191,400 and this will be added to the Council's HRA balances.	(191,400)

Appendix 2 shows a summary of the changes for the Housing Revenue Account .

4.6 Overall budget monitoring shows that;

- General Fund Expenditure is likely to be £54,700 less than the Current Approved Budget.
- Housing Revenue Account Expenditure is expected to be in line with the Current Approved Budget.

4.7 Capital Budget 2008/2009 - Change Analysis at 30 September 2008

	£	£
<u>Approved Capital Programme 2008/09</u>		
Original 2008/09 budget approved by Council 5 March 2008		7,133,600
Schemes approved for deferral from 2007/08 to 2008/09 by Personnel and Resources Committee, during Quarter 3 of the 2007/08 budget monitoring process.		1,210,500
Capital Carry Forwards from 2007/08 approved by Council on 18 June 2008.		641,700
Adjustments to Housing Investment Programme to reflect transfer to Gedling Homes 3 November 2008		(936,600)
Replacement grave digger funded by insurance fund		32,100
Changes approved from quarter 1 2008/09		(526,100)
The current total approved budget for 2008/2009		7,555,200

Proposed Quarter 2 Amendments to the 2008/09 Programme

Schemes identified for deferral to 2009/2010

Relocation of Shopmobility	(50,000)	
Relocation of Teal Close Football Facilities	(1,639,600)	
Queensbower Ball Court and Play Area	(225,000)	
Total Schemes for deferral		(1,914,600)

Additions and extensions to schemes funded by external grants & contributions:

Bestwood Country Park drain and level pitch (funded by contribution from Coal Authority)	6,200
Calverton Leisure Centre new reception entrance (funded by contributions from NCC and the school)	8,700

Other Changes

Purchase of leased freighter at end of lease term	23,700
Removal of grounds maintenance vehicles to fund above expenditure (quad bike and wood chipper)	(24,000)
Reduce scale of environmental improvement scheme (Cycleways & Conservation)	(25,000)
Total Amendments To Capital Programme	(10,400)
Proposed Revised Capital Programme 2008/09	5,630,200
Capital Summary	
Actual Expenditure to Quarter 2 2008/09	1,830,700
Estimated Expenditure Quarter 3-4 2008/09	3,802,000
Projected Outturn 2008/09	5,632,700
Projected Capital Programme overspend 2008/09	2,500

The £2,500 net overspend is due to minor variances across the capital programme. It is expected that these will be absorbed by minor savings across the programme by year end. A Capital Programme monitoring summary is attached at Appendix 3.

5. RESOURCE IMPLICATIONS

- 5.1 The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed.

6. RECOMMENDATIONS

Members are **recommended**:

- To approve budget changes up to £50,000 in the General Fund as detailed at Appendix 1.
- To note the budget changes above £50,000 as detailed in Appendix 1 and listed below, and refer them to Personnel and Resources Committee for approval.
 - Landscape Income Highways contract £88,100
 - Landscape- reduced costs within the division (£88,100)
 - LSVT Expenditure £131,000
 - LSVT Income (£131,000)
 - Additional PWLB Interest payable £90,000
 - Additional investment interest receivable (£100,000)
- To approve the budget changes in the capital programme of £50,000 & below, as detailed in paragraph 4.7 and Appendix 3.
- To note the capital programme schemes totalling £1,914,600 proposed for deferral into 2009/2010 as detailed in paragraph 4.7 and refer them to Personnel and Resources Committee for approval.
- To approve the changes to Improvement Task targets, performance indicator targets and proposed new Improvement Tasks as detailed in paragraph 3.13 of the report, as an amendment to the Council's agreed Budget/Service Plan.
- To forward the Quarterly Budget Monitoring Information to the Personnel and Resources Committee;
- To include details of budget and performance monitoring in a quarterly performance digest, for circulation to all members and for publication on the Council's website and Intranet;
- To note the virements as detailed in Appendix 4.