



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 6 August 2009

Author: Senior Management Team

1. PURPOSE OF THE REPORT

- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2009/2010 Council Plan
- To seek Cabinet approval for changes to targets as set out in Section 3
- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2009/2010 financial year. The budgets include all carried forward amounts from the 2008/2009 financial year.
- To seek Cabinet approval where required for budget changes outlined in this report at Appendices 2 and 3
- To inform Cabinet of virements approved during quarter ended June 2009, 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 activity 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. QUARTERLY PROGRESS REPORT

- 3.1 Appendices 1-4 set out details of the summary financial and performance position.
- 3.2 The Financial Information section includes details of variances for the year to date against the originally approved budget for each portfolio area. 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 For the first time, performance information is presented in a new format derived from the newly introduced Covalent Performance Management system. These changes were flagged up in principle in a report to Cabinet in February 2009.
- 3.5 Performance Review Scrutiny Committee has since considered the practical aspects of how performance information is presented to members now that the Covalent system is in place. The Committee has in particular looked at how the advantages offered by direct access to the IT system might best be harnessed to improve the quality of information presented to members at both Cabinet and Scrutiny Committee.

The Committee agreed the following recommendations at its meeting held on 6 July 2009.

- A quarterly performance digest should continue to be produced.
- Performance elements of the digest should be produced in two formats in future – the first (and primary) document sorted by priority theme; the second by portfolio
- The default position for future performance digests should be that they are produced in electronic format, and that these are published on the Covalent system and on the Council's website. Printed hard copies (in colour) will only be made available to members on request.
- Quarterly performance information to Cabinet and Scrutiny Committee should be presented as a summary report, cross-referencing to the fuller performance information available for members' reference on the Covalent system, and be supported at each quarterly Cabinet and Performance Review Scrutiny Committee meeting by a presentation highlighting key performance information arising from the period in question
- A Covalent training and awareness session should be held for all elected members

This report has been prepared on the assumption that Cabinet is supportive of these recommendations with regard to production and presentation of performance information.

- 3.6 Attached at Appendix 1 are two summary reports from the Covalent system. They summarise progress towards Improvement Actions and Performance Indicators for the first quarter of 2009/10. For Cabinet, the reports are sorted by the Council's priority themes, to give an overview of progress towards these priorities (for Performance Review Scrutiny Committee, the information will be sorted by portfolio, in accordance with that Committee's request). In line with the recommendation above, the reports will be supported by a short presentation from the Head of Strategy and Performance highlighting key emerging performance issues, drawing on the Covalent system. Summary reports, sorted by both portfolio and by theme, will in due course be made available on the Covalent system and on the Council's website.
- 3.7 As with previous reporting arrangements, these reports cover only those performance indicators suitable for quarterly monitoring. A system similar in principle to the traffic light system previously used is also in place to assess progress. The new approach uses symbols to indicate progress – details are explained at the front of each report – these show in colour on screen for easier viewing, retaining "traffic light" principles. Added features include a progress bars for Improvement Actions, and trend arrows for performance indicators (note that an upward arrow indicates improved performance, irrespective of whether improvement is represented by a higher or lower value).
- 3.8– Other continuing features include
- Improvement actions must be on target against milestones set out in Covalent to be assessed as completed or assigned; in progress
 - Performance indicators must be in line with their profiled performance at this stage of the year to be assessed as on target.
 - Explanations should be included for any tasks or indicators assessed at Amber or Red (slightly or significantly below target for indicators; unassigned or overdue for tasks)
 - Though this does not yet apply at quarter 1, future progress will be assessed against amended targets where these have been agreed by Cabinet rather than original dates wherever appropriate
- 3.9 For tasks that are overdue and indicators significantly below target, recommendations for changes to targets may also included where these are felt to be necessary. There are two proposed changes for members'

consideration this quarter and these are set out below. Members should note there is an error in reporting for NI 191 – Residual waste collected – in that the target is now expressed per household, but the figure included on Covalent at present remains per head, which has the effect of understating performance. The full year target, agreed by Cabinet in May, is for no more than 540 kg per head. The current performance for the first quarter of 134 kg is therefore on target, not significantly below target as reported here.

Portfolio Area	Task	Original Target	Proposed Revised/New Target	Reason for change
Strategic Planning	Develop and adopt new Supplementary Planning Document (SPD) for Affordable Housing	30/09/2009	31/12/2009	To allow time to incorporate final results of Viability Study
Strategic Planning	Finalise and adopt Housing Strategy	30/09/2009	31/12/2009	To allow time to incorporate issues arising from SPD as above

4. OVERALL FINANCIAL POSITION

4.1 The following summary brings together the overall financial position of the General Fund and the residual functions of 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 the Finance Department by the relevant spending officers as at 30 June 2009. The overall resource implications for the Council are: -

- The General Fund 2009/2010 Quarterly Budget Monitoring position shows that the Council is projecting to be in line with the budget.
- The residual functions of the Housing Revenue Account following LSVT are also projected to be in line with the budget.

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

4.3 **General Fund Revenue Budget 2009/2010 – Change Analysis at 30 June 2009**

	£
The original 2009/10 budget approved by Council on 4 March 2009	15,570,800
On 8 July 2009 Council approved carry forward schemes that had slipped from the 2008/09 Revenue Programme	331,100
Cabinets Maximum Budget	15,901,900
The current approved budget for 2009/2010 is therefore	15,901,900
Up to the end of June 2009 expenditure less income totalled	4,871,474
In the remaining 9 months of year net of income we expect net expenditure to be	11,030,426
Total net revenue spend for the year is currently expected to be	15,901,900

At the end of 2009/10, therefore, we currently expect the revenue budget to be in line with the current approved budget and with Cabinet's Maximum budget. However, Members should be aware that within this projection there are several significant budget changes; income trends for both Leisure and Planning continue to decline and are being met this quarter by one off savings.

Appendix 2 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 reported.

- 4.4 The table below identifies areas of additional expenditure which are proposed to be funded by the use of earmarked reserves. Cabinet should be aware that these sources are limited and once used will not be available again to fund ongoing shortfalls.

	Community & Crime Reserve	Concessionary Fares Reserve	Building Control Earmarked Reserve
	£	£	£
Opening Balance April 2009	56,640	267,200	82,739
Usage for additional expenditure:			
Wollaton Ave Community Centre Closure	(8,500)	-	-
CVS Relocation	(13,600)	-	-
Concessionary Fares	-	(26,100)	-
Building Control:			
Approved use in existing 2009-10 base budget			(55,400)
Usage due to income shortfall	-	-	(45,900)
Projected Closing Balance March 2010	34,540	241,100	(18,561)

Note: Building Control is a ringfenced account, which is not funded by the Council Taxpayer but by the users of the Service. The account is required to break even over a rolling three year period, and, as shown in the table, is projected to be in deficit at the end of 2009-10. Ongoing review of the budget will be required and actions considered to ensure a breakeven position can be achieved.

4.5 Capital Budget 2008/2009 - Change Analysis at 30 June 2009

	£
<u>Approved Capital Programme 2009/10</u>	
Original 2009/10 budget approved by Council on 4 March 2009.	3,465,800
Capital Carry Forwards from 2008/09 approved by Council on 8 July 2009.	449,900
Additional Regional Housing Board Grant reported to Cabinet 28 May 2009	367,500
The current total approved budget for 2009/2010	4,283,200
<u>Proposed Quarter 1 Amendments to the 2009/10 Programme</u>	
<u>Schemes identified for deferral to 2010/2011</u>	
Customer Relationships Management System	(250,000)
Total Schemes for deferral	(250,000)
Total Proposed Amendments To Capital Programme	(250,000)
Proposed Revised Capital Programme 2009/10	4,033,200
Actual Expenditure to Quarter 1 2009/10	197,100
Estimated Expenditure Quarter 2-4 2009/10	3,836,100
Projected Outturn 2009/10	4,033,200
Projected Capital Programme Variance 2009/10	0

A Capital Programme monitoring summary is attached at Appendix 3.

There is currently sufficient funding available in 2009/2010 to finance the Capital Programme as outlined in paragraph 4.5.

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 the changes to Improvement Action targets as detailed in paragraph 3.9 of the report, as an amendment to the agreed Council Plan
- To note the General Fund Revenue Budget changes included within Appendix 2 and approve the budget changes of £50,000 & below
- To note the budget changes in the General Fund above £50,000 as listed below, and refer them to Personnel and Resources Committee for approval
 - Development Control reduced Planning Application Income £65,400
 - Car Park reduced income following free half hour:

maintenance savings identified	(£90,000)
reduced income generated	£90,000
 - Housing Needs savings on Bed & Breakfast expenditure (£80,000)
 - Leisure Centre DNA and Pay as You Go income £162,500
- To note the capital programme schemes totalling £250,000 proposed for deferral into 2010/2011 as detailed in paragraph 4.5 and refer them to Personnel and Resources Committee for approval
- To note the virements as detailed in Appendix 4
- To include details of budget and performance monitoring in a quarterly performance digest, to be published on the Council's website and Intranet; in line with the recommendations of Performance Review Scrutiny Committee
- To forward the Quarterly Budget Monitoring Information to the Personnel and Resources Committee