



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 5 November 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 September 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. **PROGRESS BY PORTFOLIO AREA**

- 3.1 Appendix 1-3 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 As explained at quarter 1, performance information is now presented in a new format derived from the recently introduced Covalent Performance Management system.
- 3.5 Arrangements for the application of this system to quarterly performance management were proposed by Performance Review Scrutiny Committee in July 2009 and endorsed by Cabinet on 6 August 2009. Those arrangements are that: -
- 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
- 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 second 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 – the substantive information included is however exactly the same). 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 (or sub-actions) 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 actions or indicators assessed at Amber or Red (slightly or significantly below target for indicators; unassigned or overdue for tasks)
- Progress is assessed against the latest agreed target for both actions and indicators. Generally, this will be the target agreed by Council in March 2009 as part of the Council Plan, unless a target has been amended either by Cabinet or through an executive decision. Covalent should always show the latest agreed target.

- 3.9 . For actions that are overdue and indicators significantly below target, recommendations for changes to targets may also included where these are felt to be necessary. Changes for members' consideration this quarter are set out below. There are also two new actions recommended to be added to the Council Plan. These are also set out below for members' consideration.

3.10

Portfolio Area	Task	Original Target	Proposed Revised/New Target	Reason for change
Actions for amendment Finance	Develop a Housing Benefit and Council Tax Benefit take-up strategy	30/09/2009	31/03/2010	Additional workload, including work on cross-Nottinghamshire collaboration on targeted benefit take-up, which is likely to influence this strategy.
Leisure and Wellbeing	Provide children's play and youth facility at Queensbower recreation ground	31/10/2009	31/03/2010	Original proposal, derived from consultation, was for an under 12's play area and BMX track at the site. BMX track has now been rejected following further consultation. Further consultation with Daybrook Area Partnership and Arnbrook School suggest a ball court to replace the proposed BMX track.
Development and Enterprise	Process Gedling Colliery Planning application	30/09/2009	31/03/2010	Application pending further discussions with applicants.
Customer and Member Services	Continue with work with Registered Social Landlords (RSLs) to develop nomination agreement with RSLs in the Borough	30/09/2009	31/03/2010	Nottinghamshire Social Landlord Forum was due to discuss a draft nominations agreement On 16 Oct. Hope was that RSLs will sign the

agreement shortly after this consultation meeting.

Customer and Member Services

Improve understanding of Council vision, priorities and values

31/09/2009

31/03/2010

Council's organisational vision and values under review. Publicity and promotion to follow adoption, anticipated late 2009.

Indicators for amendment

Customer and Member Services

Income generated from car park charging

£650,000

£289,200

The original income target will not be met, partly as a result of the introduction of free parking for disabled people and the removal of charges for the first 30 minutes from October to December. Income projections may need to be revised further once the full impact of this period is known.

New Actions Portfolio Area

New Task

Priority Theme

Target completion date

Reason for inclusion

Strategic Planning

Prepare for Homes and Communities Agency Single Conversation in the Borough, and support preparation across the Greater Nottingham

Vibrant and prosperous Greater Nottingham

Local Investment Plan in place by 30/03/11

To enable and drive preparation for this key initiative, through which it is understood all future housing and related infrastructure

	Housing Market Area			funding will be channeled
Strategic Planning	Coordinate and manage overall delivery of Public Realm Works programme	Take care of our environment	Agree 2010/11 programme by 28/02/10 Ensure maximum proportion of 2009/10 programme is complete by 31/03/10	To ensure that preparation for and delivery of this significant programme is reflected in council's overall planning

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 September 2009. The overall resource implications for the Council are: -
- The General Fund 2009/2010 Quarterly Budget Monitoring position shows that the Council is projecting an adverse variance of £56,200 mainly due to shortfalls in income against budget. However, there is potential for this position to improve because of the volatility in the current economic climate. In addition managers are being urged to look at all existing budgets across the Council to identify budget reductions in order to bring this overspend back into line. Given the Council's history of underspending against budget, it is currently expected that this will be achieved over the next quarter and supplementary budget is not considered necessary at this point although Members should note the position and consider the impact when setting the budget for 2010/11.
 - The residual functions of the Housing Revenue Account following LSVT are 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 September 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 September 2009 expenditure less income totalled	8,892,756
In the remaining 6 months of year net of income we expect net expenditure to be	7,065,344
Budget reduction to be identified	(56,200)
Total net revenue spend for the year is currently expected to be	15,901,900

Although an overspend is currently projected, efforts to bring the budget back in line by year end are in place and by the end of 2009/10, we currently expect the revenue budget to be in line with the current approved budget and with Cabinet's Maximum budget.

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 Capital Budget 2009/2010 - Change Analysis at 30 September 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
Changes approved at Quarter 1	(250,000)
The current total approved budget for 2009/2010	4,033,200
 <u>Proposed Quarter 2 Amendments to the 2009/10 Programme</u>	
<u>Schemes identified for deferral:</u>	
Strategic Land Sales Review	(50,000)
Salop Street Youth Facility	(65,000)
Reinstatement of KGV Arnold	(22,300)
Relocation of Shopmobility	(50,000)
Total Schemes for deferral	(187,300)
 <u>Savings identified:</u>	
Customer Relationships Management System	(50,000)
Savings on Refuse Freighter Procurement	(21,000)
Total savings identified	(71,000)
 <u>Additional budget requirement:</u>	
Regalio Licensing System	4,200
Housing Repairs (resolved contractor dispute)	18,000
Total additional budget requirement	22,200

Additions to capital programme:

Church Lane Play Area	94,500
Capital virement from existing safety surface budget	(38,300)
Total additions to capital programme to be funded by grant	56,200
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Total Proposed Amendments To Capital Programme	(179,900)
Proposed Revised Capital Programme 2009/10	3,853,300
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Actual Expenditure to Quarter 2 2009/10	945,600
Estimated Expenditure Quarter 3-4 2009/10	2,907,700
Projected Outturn 2009/10	3,853,300
Projected Capital Programme Variance 2009/10	nil
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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. The Church Lane Play Area scheme will be financed by a grant from Play Build.

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 3.10 of the report, as an amendment to the agreed Council Plan
- To note the General Fund Revenue Budget at paragraph 4.3 and the changes included within Appendix 2.
- To 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
 - Savings on Local and European Election offset by reduced contributions
 - Car Park reduced income £360,000
 - Leisure Section 106 income transferred to Balance Sheet reserve
 - Savings on Benefits (£75,000)
 - Additional Corporate Income (£121,400)
- To note the capital schemes proposed for deferral, the capital savings identified, and the additions to budgets as detailed in paragraph 4.4, and to refer those changes in excess of £50,000 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