



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 18 February 2010

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 December 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 third 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. One action is recommended for deletion from the programme, following further consideration by officers involved.

3.10

Portfolio Area	Task	Original Target	Proposed Revised/New Target	Reason for change
Actions for amendment				
Strategic Planning	Finalise and adopt Housing Strategy	31 Dec 09	31 Mar 10	To allow alignment with Community Strategy and emerging Homes and Communities Agency Single Conversation
Development and Enterprise	Develop Arnold Town Centre redevelopment project	31 Mar 10	31 Mar 11	£850,000 has been secured from <i>emda</i> to assist with property acquisition to assemble a development site. In addition, discussions are continuing with the PCT about the location for a new Arnold Health Centre. Project will go over 2009/10 period.
Leisure and Wellbeing	Revise and implement Section 106 guidance Document (for open space)	31 Mar 10	31 Mar 11	The current document has been revised but needs to reflect the Parks and Open Space Strategy, progress on which has been delayed. This task therefore will slip to next year
Leisure and Wellbeing	Improve usage of and customer satisfaction with parks and open spaces throughout the Borough	31 Mar 10	30 Nov 10	The source document against which this will be assessed is the revised Parks and Open Spaces strategy, progress on which has been delayed as reported above. The first draft is nearing completion but will require consultation with the City Council to ensure our assessment of need and future delivery reflect the fact that we border with them and should avoid duplication or over provision
Leisure and Wellbeing	Improve sport and leisure facilities in	31 Mar 10	30 Apr 11	This project is linked to a "Building Schools for the Future" scheme

Warren Hill
area

which has been delayed. Gedling
BC contribution to this City project
will not be required until 2010/11

**Indicators for
amendment**

None

**Actions for
deletion**

Finance

Measurement
and
comparison of
internal rate of
return
compared to
alternatives

31 Oct 09 Delete

The internal rate of return comparison is used to measure the benefits of continuing to hold investment assets, e.g. business units, shops etc. compared to the investment opportunity of the capital receipt if we decided to sell the asset on the open market. For comparison purposes we would use an appropriate investment rate as advised by our Treasury Management Advisors. There is unlikely to be a comparative exercise this year as interest rates are so low that the cost of asset sale would outweigh any investment gains even if there were any. It is recommended to remove this task for this year.

4. **OVERALL FINANCIAL POSITION**

- 4.1 The following summaries bring together the overall financial position of the General Fund and the Capital Programme. They also show 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 31 December 2009. The overall resource implications for the Council are: -
- The General Fund 2009/2010 Quarterly Budget Monitoring position shows that there is £166,200 available for managing the budget within the Council's approved cash limit. This takes into account the shortfall identified at second quarter monitoring of £56,200 and has been achieved through further salary savings and reduced fuel costs. Table 4.3 below identifies the effect on General Fund Balances of the current expected outturn.
 - Since the transfer of the Council's Housing stock, efforts to resolve contractor disputes have identified an additional £53,400 budget requirement within the Housing Revenue Account. This is to be funded from HRA balances. The final closing HRA balance is anticipated to be in the region of £1,468,000. At 31 March 2010 this will transfer to General Fund Balances.
 - Appendix 2 details the current approved budget, the expected net expenditure and lists the changes required to the General Fund and the HRA.

4.3 General Fund Revenue Budget 2009/2010 – Change Analysis at 31 December 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
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The current approved budget for 2009/2010 is therefore	15,901,900
Up to the end of December 2009 expenditure less income totalled	12,111,294
In the remaining 3 months of the year, net of income, expenditure is expected to be	3,624,406
Total net revenue spend for the year is currently expected to be	15,735,700
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At the end of 2009/2010, therefore, we currently expect the revenue budget to be underspent against the current approved budget by	166,200
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This is approximately 1.06% of the Council's maximum budget.

4.4 Capital Budget 2009/2010 - Change Analysis at 31 December 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)
Changes approved at Quarter 2	(179,900)
The current total approved budget for 2009/2010	3,853,300
<u>Proposed Quarter 3 Amendments to the 2009/10 Programme</u>	
<u>Schemes identified for deferral:</u>	
Asset Management Fund	(153,800)
Document Manager System	(93,500)
Bigwood School Scheme	(400,000)
Total Schemes for deferral	(647,300)
<u>Savings identified:</u>	
Document Manager System	(71,800)
Total savings identified	(71,800)
<u>Additions to capital programme:</u>	
CCTV Arnot Hill Park	40,000
Total additions to capital programme to be funded by grant	40,000
Total Proposed Amendments To Capital Programme	(679,100)

Proposed Revised Capital Programme 2009/10	3,174,200
Actual Expenditure to Quarter 3 2009/10	1,604,300
Estimated Expenditure Quarter 4 2009/10	1,567,900
Projected Outturn 2009/10	3,172,200
Projected Capital Programme Variance 2009/10	(2,000)

The £2,000 net underspend is made up of minor savings across the Capital Programme. 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 3.10 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 Council for approval
 - Connecting Communities Grant received from DCLG (£75,000)
(net nil - matched by expenditure)
 - Safer & Stronger Communities Grant to be administered by Broxtowe Borough Council £88,300
(net nil - matched by expenditure)
 - Additional Planning Delivery Grant (£74,600)

- Anticipated costs of Planning Appeal £60,000
- To note the position of the Housing Revenue Account at paragraph 4.2, the changes included within Appendix 2, and refer them to Council for approval
- 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 Council 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