



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 5 August 2010

Author: Senior Management Team

1. PURPOSE OF THE REPORT

- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2010/2011 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 2010/2011 financial year. The budgets include all carried forward amounts from the 2009/2010 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 2010, 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 Performance information is presented in the format derived from the Covalent Performance Management system, as agreed and implemented in 2009/10, after discussion and engagement with Performance Review Scrutiny Committee.
- 3.5 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 2010/11. 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 is sorted by portfolio, in accordance with that Committee's request). 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.
- 3.6 As with previous reporting arrangements, these reports cover only those performance indicators suitable for quarterly monitoring. A symbol-based system similar in principle to a traffic light system is used to assess progress – details are explained at the front of each report and these show in colour on screen for easier viewing, retaining "traffic light" principles. There are also 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).
- 3.7 In reporting performance, the following conventions are followed.

- 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

3.8 For actions that are overdue and indicators significantly below target, recommendations for changes to targets may also be included where these are felt to be necessary.

3.9 There are three proposed changes for members’ consideration this quarter and these are set out below, and an additional task is proposed for inclusion in the Council Plan.

3.10 Two of the amendments relate to changes made by the new Coalition Government with regard to local authority performance management arrangements. Those changes include the abolition of Comprehensive Area Assessment (CAA) and its associated mechanisms, including the Organisational Assessment and Use of Resources assessments, as announced on 24 June 2010. The government has also announced the postponement of the 2010 Place Survey, which will result in a number of perception based national indicators not being reported and has indicated its intention to introduce a new approach to local authority performance management and reporting, focused on transparency, by April 2010.

3.11 In the light of these changes, the previously agreed task relating to CAA is recommended for deletion. It is also recommended that a new task is progressed, to allow the Council to prepare for any new performance regime introduced nationally while making sure that its own performance management arrangements remain appropriate and fit for purpose in the context of any new, lighter-touch national framework.

Improvement action changes

Portfolio Area	Task	Original Target	Proposed Revised/New Target	Reason for change
Strategic Planning	Ensure Council scores well under	31 Dec 2010	Delete the task	Coalition government has abolished Comprehensive

	Organisational Assessment and contributes effectively and proportionately to Nottinghamshire CAA			Area Assessment, of which Organisational Assessment is a component part
Strategic Planning	Review and agree new performance management framework to ensure Borough Council's performance management needs are met and to reflect new national frameworks and new freedoms	New task to be added	30 June 2011	
Customer & Member Services	Develop better understanding of customer views about our services	30 Jun 2010	30 Sept 10	Data on customer satisfaction being collected by Customer Focus Group. Further discussions at meetings scheduled over the summer.

Performance Indicator changes

Portfolio Area	Indicator	Original Target	Proposed Revised/New Target	Reason for change
Finance	LI 047	Pay 95% of invoices to local suppliers within 10 working days	Pay 90% of invoices to local suppliers within 10 working days	To better reflect intention of indicator to pay genuinely local suppliers within the time period, without substantial and expensive changes to administrative systems. Research has shown that most delays are to payments to large utility suppliers with local offices where detailed checks are required to ensure good received have been received

4. OVERALL FINANCIAL POSITION

4.1 The following summary brings together the overall financial position of the General Fund and the expected total spend for the year. 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.

4.2 This information has been compiled using the best information made available to the Finance Department by the relevant spending officers as at 30th June 2010. The overall resource implication for the Council General Fund is a predicted under spend of £12,000.

4.3 **General Fund Revenue Budget 2010/2011 – Change Analysis at 30 June 2010**

	£
The original 2010/11 budget approved by Council on 3 March 2010	14,671,300
On 7 July 2010 Council approved carry forward schemes that had slipped from the 2009/10 Revenue Programme	128,400
Cabinets Maximum Budget	14,799,700
The current approved budget for 2010/2011 is therefore	14,799,700
Up to the end of June 2010 expenditure less income totalled	3,195,159
In the remaining 9 months of year net of income we expect net expenditure to be	11,592,541
Total net revenue spend for the year is currently expected to be	14,787,700

At the end of 2010/11, therefore, we currently expect the revenue budget to be underspent against the current approved budget and Cabinet's Maximum budget. However, Members should be aware that within this projection there are several significant budget changes; namely the loss of Planning Delivery Grant due to Central Government Policy which has been met this year by savings following a one-off NNDR review. The impact of withdrawing this grant will have an ongoing impact on the Medium Term Plan. Income trends for both Leisure and Planning appear to have stabilised and continue to be closely monitored.

4.4 General Government Grants

In addition to the budgets included in 4.3 above, the Council's Medium Term Financial Plan anticipated the receipt of a number of unringfenced general government grants into the General Fund Balances. Following recent government announcements the Council is faced with a reduction of £212,000 in general grants as detailed below:

	Budget	Actual	Variance
	£000	£000	£000
LABGI	(70)	0	70
LAA Reward Grant	(325)	(175)	150
Area Based Grant	(22)	(30)	(8)
Total	(417)	(205)	212

In addition, Capital LAA Reward Grant has been reduced by £150,000 as shown in appendix 3.

4.5 Capital Budget 2010/2011 - Change Analysis at 30 June 2010

	£
<u>Approved Capital Programme 2010/11</u>	
Original 2010/11 budget approved by Council on 3 March 2010	4,442,000
Capital Carry Forwards from 2009/10 approved by Council on 7 July 2010.	693,000
The current total approved budget for 2010/2011	5,135,000
<u>Proposed Quarter 1 Amendments to the 2010/11 Programme</u>	
<u>Schemes identified for deferral to 2011/2012</u>	
Electronics Records Document Manager	(14,500)
Total Schemes for deferral	(14,500)
<u>Savings identified:</u>	
Strategic Land Sales Review	(50,000)
Vauxhall Light Combo Van (Efficiencies in Asset Utilisation)	(11,000)
Total savings identified	(61,000)
<u>Additional budget requirement:</u>	
DFG funded by additional Grant	16,000
Resource Link HR System (Part Funded By RBC)	104,000
Total additional budget requirement	120,000
Total Proposed Amendments To Capital Programme	44,500
Proposed Revised Capital Programme 2010/11	5,179,500

Actual Expenditure to Quarter 1 2010/11	316,800
Estimated Expenditure Quarter 2-4 2010/11	4,862,700
Projected Outturn 2010/11	<u>5,179,500</u>
Projected Capital Programme Variance 2010/11	<u>0</u>

A Capital Programme monitoring summary is attached at Appendix 3.

There is currently sufficient funding available in 2010/2011 to finance the Capital Programme as outlined in paragraph 4.5.

The Resource Link HR System will cost £104,000. This has been part funded by Rushcliffe Borough Council, £54,000, with the remaining balance being funded from borrowing. The increase in borrowing can be funded from within the existing revenue budget.

5. **RESOURCE IMPLICATIONS**

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
 - Backdated refund on NNDR Public Offices (£73,100)
(NB there are additional smaller NNDR savings split across other areas of the Council which total £67,300)
 - Planning & Delivery Grant £100,000
- To note the capital programme schemes totalling £14,500 proposed for deferral into 2011/2012 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