



## **Report to Cabinet**

**Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report**

**Date: 3 February 2011**

**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 December 2010, as set out in Appendix 4

### **2. BACKGROUND**

- 2.1 The Council has made a commitment to 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 three quarters 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)
  - In cases where target amendments have been agreed by Cabinet, progress is assessed against that amended target rather than the original target date
- 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 Progress towards Improvement Actions is generally good, with the vast majority either on target or completed. There are two proposed changes to target dates for members’ consideration this quarter and one action is proposed to be deleted. Details of these are set out below.

### Improvement action changes

Portfolio Area	Task	Original Target	Proposed Revised/New Target	Reason for change
Development and Enterprise	Modernise the approach for dealing with planning applications through the introduction of 'Development Management'	31 Dec 2010	30 June 2011	Much progress has been made, but changes stemming from the Coalition Government's programme mean that it would be advantageous to allow longer for the approach to be more fully introduced.
Customer and Member Services	Improve Employee satisfaction and morale which will lead to improvements in productivity and efficiency	31 Dec 2010	31 March 2011	Good progress has been made including action planning on results of Investors in People assessment and management competencies. Work on job shadowing and leadership competencies is close to completion, but would benefit from extended timetable requested here.

- 3.10 In terms of wider performance management, following the cancellation of the Place Survey and the ending of Local Area Agreements (as previously reported to Cabinet), the Coalition Government has recently published its single list of data it wants local authorities to collect and report to central government in future. The list replaces the previous National Performance Indicator regime. The Government is seeking comments on the list, and officers are considering whether any technical comments should be made. The Government's aim is that a final version of the list should be in place by 1 April 2011.
- 3.11 However, in anticipation of the draft list remaining substantially unaltered, officers are also considering how data in that list might best be incorporated in the Council's performance management arrangements, to provide meaningful and useful management information, while minimising duplication of effort in data capture and recording. These measures are being considered alongside existing national and local performance indicators, specifically looking at whether some of those measures might usefully be retained where they provide useful management information, as reported to Cabinet in November 2010. Members of Performance Review Scrutiny Committee have also contributed to this review.
- 3.12 Given the government timetable, it is unlikely that the Council will be in a position to agree ongoing performance indicators and measures with the Council Plan in early March. It is however hoped that a full list will be available for members' consideration shortly after that, to be added to the Council Plan as soon as possible thereafter.

#### 4. **OVERALL FINANCIAL POSITION**

- 4.1 The following summary brings together the overall financial position of the General Fund. 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 31<sup>st</sup> December 2010. The overall resource implication for the Council General Fund is a predicted under spend of £108,300 against the Cabinet's maximum budget .

#### 4.3 General Fund Revenue Budget 2010/2011 – Change Analysis at 31 December 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
<b>Cabinets Maximum Budget</b>	<b>14,799,700</b>
Approved changes up to 31 December 2010	35,600
<b>The current approved budget for 2010/2011 is therefore (£35,000 savings to be achieved in quarter 3 )</b>	<b>14,835,300</b>
Up to the end of December 2010 expenditure less income totalled	11,215,614
In the remaining 3 months of year net of income we expect expenditure to be	3,475,786
<b>Total net revenue spend for the year is currently expected to be</b>	<b>14,691,400</b>

- 4.3.1 At quarter 2 it was reported that the Cabinet's maximum budget of £14,799,700 would be exceeded by £35,600. However, it was expected savings would be achieved in quarter 3, that would bring the projected spend for 2010/11 below the maximum budget. As can be seen from the above table, these savings have been more than achieved and at the end of 2010/11, we currently expect the budget to be £108,300 under spent against the Cabinet's maximum budget.

#### 4.4 Capital Budget 2010/2011 - Change Analysis at 1 December 2010

£

##### **Approved Capital Programme 2010/11**

Original 2010/11 budget approved by Council on 3 March 2010 including slippage from quarter 3 2009/10 4,442,000

Capital Carry Forwards from 2009/10 approved by Council on 7 July 2010. 693,000

Changes approved at Quarter 1 44,500

Changes approved at Quarter 2 (225,300)

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**The current total approved budget for 2010/2011 4,954,200**

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##### **Proposed Quarter 3 Amendments to the 2010/11 Programme**

###### Schemes identified for deferral:

Shop Mobility (50,000)

Document Management System Slippage (4,300)

Salop Street Youth Facility (65,000)

Monument Repairs (20,000)

Cemeteries Land Purchase (10,000)

Northgate Payroll/HR Slippage (4,800)

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**Total Schemes for deferral (154,100)**

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###### Reduction in budget requirement:

Bigwood School Community Sports Facility cancelled (400,000)

DDA Compliance Budget no longer required (13,000)

Customer Relationship Mgr Scheme Cancelled (250,000)

Reduction in Strategic Property Purchase Grant due to withdrawal of EMDA (350,000)

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**Total reduction in budget requirement (1,013,000)**

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Additional budget requirement:

Waste Mgmt System funded by NIEP	100,000
Fleet Mgmt System funded by NIEP	93,800
Modern Website funded by NIEP	40,000
<b>Total additional budget requirement</b>	<b>233,800</b>
<b>Total Proposed Amendments To Capital Programme</b>	<b>(933,300)</b>
<b>Proposed Revised Capital Programme 2010/11</b>	<b>4,020,900</b>
Actual Expenditure to Quarter 3 2010/11	1,795,043
Estimated Expenditure Quarter 4 2010/11	2,225,857
Projected Outturn 2010/11	<b>4,020,900</b>
<b>Projected Capital Programme Variance 2010/11</b>	<b>0</b>

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 4.4.

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 revenue budget changes in the General Fund above £50,000 as listed below and refer them Personnel and Resources Committee for approval:

Community Protection Employee savings	(£50,800)
Housing Needs – income from secondments	(£63,300)
Benefits net saving	(£84,000)
Contribution to Benefits Reserve	£84,000
Information Technology-additional Software	£53,900

- To note the capital schemes totalling £154,100 in paragraph 4.4 proposed for deferral and refer them to Personnel & Resources Committee for approval.
- To note the capital budget changes included within paragraph 4.4 and Appendix 3 and approve the budget changes of £50,000 and below.
- To note the capital budget changes above £50,000 ,as listed below and refer them to Personnel & Resources Committee for approval.

Bigwood School Community Sports	(£400,000)
Customer Relationship Management System	(£250,000)
Reduced Strategic Property Purchase	( £350,000)
Waste Management System funded by NIEP	£100,000
Fleet Management System funded by NIEP	£93,800

- 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