



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 3 November 2011

Author: Senior Management Team

1. PURPOSE OF THE REPORT

- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2011/2012 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 2011/2012 financial year. The budgets include all carried forward amounts from the 2010/2011 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 2011, 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 embedded in the way the Council works.
- 2.3 In addition, performance reports 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. The information relates to improvement actions and performance indicator targets agreed by Cabinet and Council in March, April and June 2011.
- 3.5 Members may wish to note that performance indicators have been fully reviewed over the past year following the removal of the previous national performance reporting regime by the Coalition Government. The result is that the Council now has an adopted set of performance indicators that reflect those issues it needs to measure to manage its own performance, against its adopted priorities. The indicators, and the work done to derive them, are likely to form a sound base for managing performance against revised priorities in due course.
- 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 2011/12. These are sorted by Portfolio Holder responsibilities. Summary reports will in due course be made available on the Covalent system and on the Council's website. Also included as an appendix are details of outcomes achieved during the quarter.
- 3.7 At this stage in the year, 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).

3.8 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)
- Where Cabinet has agreed to an amended target, progress will be assessed against that amended target rather than the original target.

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

3.10 There are two actions for which changes to target dates are requested in the current quarter.

Portfolio Area	Action	Original Target	Proposed Target	Reason for change
Finance and Performance	Review charging policies including the introduction of locally set planning fees	31 March 2012	31 March 2013	Scheme delayed at national level
Environment and Sustainability	Ensure that the Parks & Open Spaces Strategy reflects the cross-border issues with the City of Nottingham	30 September 2011	29 February 2012	To ensure the Parks and Open Strategy aligns and informs the Aligned Core Strategy process

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 Corporate Services Department by the relevant spending officers as at 30th September 2011. The overall resource implication for the Council General Fund is a predicted under spend of £26,300 against the Cabinet's General Fund maximum budget.

4.3 General Fund Revenue Budget 2011/2012 –

Change Analysis at 30 September 2011

	£
The original 2011/12 budget approved by Council on 2 March 2011	13,223,900
On 2 June 2011 Council approved carry forward schemes that had slipped from the 2010/11 Revenue Programme	178,900
Net increase in budget approved at Council 7 July 2011	10,400
Cabinet's Maximum Budget	13,413,200
Changes approved at Quarter 1	(16,500)
Changes requested for approval at quarter 2	(9800)
Projected under spend against the Cabinet's Maximum Budget at the end of the year.	(26,300)
Projected net expenditure at the year end and Approved Budget for 2011/12 will be	13,386,900

4.4 Members are asked to note a number of significant amendments to the revenue budgets which are detailed in Appendix 2 and summarised below:

- **Management Restructure** – The report to Council on 6 July 2011 estimated redundancy and retirement costs to be in the range of £325,000 to £570,000, with estimated ongoing annual savings of £160,000 to £225,000 once the new structure is in place. Decisions taken to date have resulted in first year one-off costs totalling £280,700 for redundancy and pension strain which are partly offset by salary savings of £44,200. These amounts are contained within the current projected under spend. Further costs and savings are expected to be identified before the year end as the restructure progresses to a conclusion.
- **National Insurance Contributions** – The 2011/12 budget anticipated an increase of 1% on National Insurance Contributions. However, changes made to both the Employers and Employee thresholds, below which contributions are not payable, have resulted in reduced contributions due to higher numbers of part time and casual staff falling below thresholds. Savings on the Employers National Insurance budget are estimated to be £152,500.
- **Building Control** - The Building (Local Authority Charges) Regulations 2010 which came into force in 2010 ,state that where Local Authorities are in a position where there are no surpluses in the earmarked reserve to fund an in year deficit, the deficit should be met from unallocated General Fund balances. The Authority should subsequently set charges or reduce expenditure in the following year to replenish the General Fund unallocated balance. The Council's Building Control reserve had a balance of (£8407) as at April 2011 and this has now been fully utilised, meaning that a projected deficit at the 31 March 2012 of £77,300 will need to be met by General Fund balances. The Building Control base budget is currently being reviewed to determine expenditure and the level of charges required for 2012/13.

4.5 Capital Budget 2011/2012 - Change Analysis at 30 September 2011

<u>Approved Capital Programme 2011/12</u>	£
Original 2011/12 budget approved by Council on 2 March 2011	2,656,000
Capital Carry Forwards from 2010/11 approved by Council on 2 June 2011.	703,200
Changes approved at Quarter 1	96,500
The current total approved budget for 2011/2012	3,455,700

Proposed Quarter 2 Amendments to the 2011/12 Programme

Schemes identified for deferral to 2012/2013

Applied Sweepers	(26,000)
KGV Arnold Recreation Ground	(34,300)
Cemeteries Land Purchase	(10,000)
Salop Street Play Area	(65,000)

Savings identified:

Freighter Procurement(various)	(57,000)
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Additional budget requirement:

Burton Road Play Area funded by S106	92,200
Photovoltaic Panels approved at Council 5 Oct 11 to be financed by borrowing	428,000
Total Proposed Amendments To Capital Programme	327,900

Proposed Revised Capital Programme 2011/12	3,783,600
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Actual Expenditure to Quarter 2 2011/12	1,011,772
Estimated Expenditure Quarter 3-4 2011/12	2,771,828
Projected Outturn 2011/12	3,783,600

Projected Capital Programme Variance 2011/12	0
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A Capital Programme monitoring summary is attached at Appendix 3.

There is currently sufficient funding available in 2011/2012 to finance the Capital Programme as outlined in appendix 3.

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 Performance Indicator targets as detailed in paragraph 3.10 of the report, as an amendment to the agreed Council Plan;
- To agree the General Fund Revenue Budget changes in appendix 2. Changes above £50,000 are listed below for information.

- Development Control -Income	£74,500
- Building Control -Employee Expenses	£53,600
- Direct Services -Employee Expenses	(£50,100)
- Leisure Services- Employee Expenses	£61,900
- Central Provisions -Supplies and Services	(£95,000)
- Non Distributed Costs -Employee Expenses	£98,300
- Benefits and Rent Allowances(net)	(£63,300)
- Corporate Income	(£83,500)
- To note the addition of the Photovoltaic Panel Capital Scheme approved at Council on 5 October 2011.
- To note the addition of the Burton Road Recreation Ground capital scheme approved by Policy and Resources Committee on 9 March 2011, funded through Section 106 monies;
- To agree further amendments to the capital programme schemes totalling a reduction of £135,300 for deferral schemes and savings of £57,000 in respect of freighter procurement.
- 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.