

## Report to Cabinet

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

**Date:** 7 February 2013

**Author:** Senior Leadership Team

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### Wards Affected

Borough-wide

### Purpose

- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2012/2013 Council Plan.
- To seek Cabinet approval for changes to targets as set out in Section 2.1.
- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2012/2013 financial year. The budgets include all carried forward amounts from the 2011/2012 financial year.
- To seek Cabinet approval for budget changes outlined in this report.

### Key Decision

This is a Key Decision

### Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.
- 1.2 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.
- 1.3 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.

## Proposal

### 2. Quarterly Progress Report

#### 2.1 Performance Information

- 2.1.1 The Council continues to manage its performance using the Covalent Performance Management system.
- 2.1.2 Against the backdrop of a continuing move away from paper based information towards use of more electronic means, and the government's aspiration for local authorities to be more open and transparent, work has recently been completed to make performance information more accessible publicly on line on the Council's website. These changes were originally highlighted to members in the quarter 1 progress report (Cabinet – 6 September 2012).
- 2.1.3 As a result, hard copy performance documents are no longer being routinely produced nor attached to Cabinet agendas – they can, however, be accessed at <http://www.gedling.gov.uk/aboutus/howwework/prioritiesplansperformance/performance/> and hard copies will still be made available to members upon request.
- 2.1.4 For members and the public accessing performance information through this link, the previous criteria for performance assessment continue to apply. Red, amber and green traffic light symbols continue to be used to show progress for both actions and performance indicators. To be assessed as green, performance indicators must be in line with their profiled performance at this stage of the year, while actions must be on target against milestones set out in Covalent to be assessed as “completed” or “assigned; in progress”. Where Cabinet has agreed to an amended target, progress is assessed against that amended target rather than the original target.
- 2.1.5 Pdf reports for both performance indicators and actions continue to be made available on the website, in the previously agreed format. These documents contain explanations of variances and proposed target changes as previously, along with 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) and progress bars for actions showing progress made against project milestones. Hard copies of both reports are being made available in the Members Room for information.
- 2.1.6 Overall performance at the end of quarter 3 is positive. 23 of the 33 performance indicators suitable for quarterly monitoring are on target – of the remainder, 1 is at amber status and 9 are red. Performance is particularly strong in benefits and in community safety. 100 of 103 actions are either on target or completed.
- 2.1.7 Target changes are requested for two actions.

Portfolio Area	Action	Original Target	Proposed Target	Reason for change
Environment	Review Council's Emergency Plan	30 Nov 2012	31 July 2013	Progress has been made with the project but now awaiting recruitment to vacant Service Manager – Asset Management post to allow for process to be completed. <b>Recommend amending target date to 31 July 2013.</b>
Leader	Review all current corporate working groups and reconfigure to reflect new management arrangements	31 Dec 2012	30 April 2013	Continued conflicting priorities have delayed the project. Early work is planned to scope the review and take forward early in 2013. <b>Recommend amending target date to 30 April 2013.</b>

## 2.2 Financial Information

2.2.1 Appendices 1 and 2 set out details of the current financial position on the Council's General Fund Revenue Budget and the Capital Programme 2012/13.

### 2.2.2 General Fund Revenue Budget

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolio areas of the Council and includes a detailed variance analysis identifying the current proposed changes for the year against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 31 December 2012. The overall resource implication for the Council's General Fund is a predicted underspend of £131,600.

#### General Fund Revenue Budget 2012/2013 – Change Analysis

	£
The original 2012/13 budget approved by Council on 5 March 2012 and <b>Cabinets Maximum Budget</b>	<b>12,298,700</b>
Up to the end of December 2012 expenditure less income totalled	8,938,259
In the remaining 3 months of year we expect net expenditure less income to be	3,228,841
<b>Total net revenue spend for the year is currently expected to be</b>	<b>12,167,100</b>
<b>Projected Revenue Underspend 2012/13</b>	<b>(131,600)</b>

Included within the underspend is a net salary saving of £49,200 which is spread across all Portfolios. This is made up of the removal of the projected 1% pay award partly offset by a one off payment to all staff on Band 6 or under, as agreed by Cabinet on the 8<sup>th</sup> November 2012.

#### Emerging VAT Issue

In the light of proposed capital expenditure at Arnold Leisure Centre, it is anticipated that the Council's Partial Exemption de-minimis limit will be breached in 2012/13, resulting in a potential repayment to HMRC of £90,000. However, HMRC's rules allow an "occasional" breach if it can be demonstrated that the average position over a seven year period is not expected to be breached.

The latest budget for 2013/14 includes the effect of a proposed "option to tax" at Arnold Leisure Centre, which will make all supplies taxable irrespective of their usual VAT treatment and this will be the subject of a separate report to Cabinet. This will bring Arnold into line with Richard Herrod, which has been subject to an Option since 4 July 2000, and should protect the Partial Exemption position in the medium term. Accordingly it is not proposed to make revenue provision for the anticipated breach in 2012/13.

#### 2.2.3 Capital Programme

Appendix 2 details the current projected position on the Capital Programme and its' financing for 2012/13, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

#### **Capital Budget 2012/2013 - Change Analysis**

	£
Original 2012/13 budget approved by Council on 5 March 2012	3,958,200
Capital Carry Forwards from 2011/12 approved by Council on 7 June 2012.	895,700
Changes approved at Quarter 1 and 2	208,100
Virement approved by Portfolio Holder for Fuel Poverty Scheme	50,000
<b>The current total approved budget for 2012/2013</b>	<b>5,112,000</b>
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<b><u>Proposed Quarter 3 Amendments to the 2012/13 Programme:</u></b>	
<b><u>(a) Virement</u></b>	
From: Asset Management Fund	(50,000)
To: Office Accommodation Joint Working	50,000
From: Asset Management Fund	(15,500)
To: Arnold LC Theatre/Bar	15,500
	<hr/> <b>0</b> <hr/>
<b><u>(b) Schemes identified for deferral to 2013/2014</u></b>	
	£
Affordable Housing – delayed due to the unavailability of suitable schemes with partners.	(229,700)
Office Accommodation Joint Working – delay in starting the build due to planning issues.	(450,000)
Asset Management Fund - additional funding to support the refurbishment of Arnold Leisure Centre scheduled to start in 13/14.	(34,500)
Shopmobility – delayed due to further investigations as to land use.	(50,000)
Arnold Town Centre Redevelopment – delayed due to further investigations as to land use.	(100,000)
Cemeteries Land Purchase – delay in outcome of planning decision.	(360,000)
	<hr/> <b>(1,224,200)</b> <hr/>
<b><u>(c) Additional budget requirement</u></b>	
King George V Play area funded by NCC Improvement Scheme Grant	50,000
Disabled Facilities Grant funded by Government Grant	105,000
	<hr/> <b>155,000</b> <hr/>
<b><u>(d) Savings</u></b>	
Photovoltaic Panels	<b>(94,900)</b>
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<b>Total Proposed Amendments To Capital Programme</b>	<b>(1,164,100)</b>
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<b>Proposed Revised Capital Programme 2012/13</b>	<b>3,947,900</b>
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Actual Expenditure to Quarter 3 2012/13	1,819,821
Estimated Expenditure Quarter 4 2012/13	2,128,079
<b>Projected Outturn 2012/13</b>	<b>3,947,900</b>
<b>Projected Capital Programme Variance 2012/13</b>	<b>0</b>

There is currently sufficient funding available in 2012/2013 to finance the Capital Programme as outlined above.

### Alternative Options

- 3 Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed.
- Restrict the effectiveness of medium term planning process and preparation of the forward budget if pressures and areas of efficiency are not readily identifiable during budget preparation.
- Budget not reflective of latest performance information.

Reason for rejection – Not likely to result in the best outcomes in financial management or support delivery of priorities.

### Financial Implications

- 4 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.

## Appendices

- 5 Appendix 1 – General Fund Revenue Budget 2012/13 – Budgetary Control Report  
Appendix 2 - Capital Programme 2012/13 – Budgetary Control Report

## Background Papers

- 6 Detailed Quarterly Budgetary Control Exception Reports

## Recommendation

Members are **recommended**:

- a) To approve the changes to Performance Indicator and Action targets as detailed in paragraph 2.1.7 of the report, as an amendment to the agreed Council Plan;
- b) To note the General Fund Revenue Budget changes included within Appendix 1 and approve the budget changes of £50,000 and below;
- c) To note the General Fund Revenue Budget changes above £50,000 as listed below and refer them to Council for approval:
- Net increase in Rent Allowances £70,000
- d) To approve the Capital Programme changes of £50,000 and below:
- Asset Management Fund slippage (£34,500)
  - Shopmobility slippage (£50,000)
  - King George V Play Area addition £50,000
- e) To note the addition to the capital programme of £105,000 for the Disabled Facilities Grant funded by Government Grant and refer it to Council for approval;
- f) To note the reduction in the Capital Programme due to savings of the Photovoltaic Panel scheme of £94,900 and refer to Council for approval;
- g) To note the slippage within the capital programme for the changes over £50,000 as listed below and refer them to Council for approval;
- Affordable Housing Scheme £229,700
  - Office Accommodation Joint Working £450,000
  - Arnold Town Centre redevelopment £100,000
  - Cemeteries Land Purchase £360,000

- h) 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.

### **Reasons for Recommendations**

- 7 To align the budgets to the current pressures and priorities and ensure the delivery of Council objectives is supported.