

Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 8 August 2013

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

- To inform Cabinet of the position against Improvement Actions and Performance Indicators in the 2013/2014 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 2013/2014 financial year. The budgets include all carried forward amounts from the 2012/2013 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, performance information is now accessible publicly on line on the Council's website.
- 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/> . Hard copies will only 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 available in the Members Room for information.
- 2.1.6 Overall performance at the end of quarter 1 is largely positive. 10 of the 27 performance indicators suitable for quarterly monitoring are on target – of the remainder, 7 are at amber status, 7 are red and for a further three data is still awaited. It is of course early in the financial year and in general terms it is expected that performance targets set will be reached. 52 of 53 actions are either on target or completed.
- 2.1.7 Target changes are requested for one action and for one performance indicator.

Portfolio Area	Action/indicator	Original Target	Proposed Target	Reason for change
Public Protection and Communications	Action - Review and update the Customer Services Charter	30 June 2013	31 Mar 2014	Work is underway to put together the updated Customer Services Charter, but due to officer capacity the original target date has not been met. Requested amended target date of 31 March 2014.
Leisure and Development	Indicator - Number of visits to Leisure Centres	1,028,800	963,800	To reflect planned closure of Arnold Leisure Centre for reception and changing room refurbishment.

2.1.8 It is also proposed that a further performance indicator is added to the Council Plan for 2013/14. The proposed additional indicator is “percentage of residents satisfied with the overall service provided by the authority” and the proposed target for the indicator is for at least 75% to be satisfied. If achieved, this would represent an improvement compared with performance in 2012/13 (74.6% satisfied). The data will be gathered as part of consultations carried out during the 2013 Gedling Conversation in the Autumn.

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 2013/14.

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.

When the budget was approved by Full Council on Monday 4th March 2013, a provision of £40,000 was provided for savings against “historically under spent budgets” which have now been identified during closedown of the 2012/13 accounts. The recommended savings included in Appendix 1 total £37,000. A further £10,900 of savings relating to a Council wide review of mileage payments has resulted in minor savings in numerous service areas. These mileage budgets have been adjusted prior to quarterly monitoring under virement authorised by the Chief Finance Officer.

Therefore total savings of £47,900 have been identified against a £40,000 budget, giving £7,900 in excess of the target.

Included in Appendix 3 is a list of all the virements carried out in Quarter 1 following approval from Portfolio holders.

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 30 June 2013. The overall resource implication for the Council's General Fund is a predicted under-spend of £109,900.

General Fund Revenue Budget 2013/2014 – Change Analysis

	£
The original 2013/14 budget approved by Council on 4 March 2013	12,842,500
Revenue Carry Forwards from 2012/13 approved under delegation arrangements by the Chief Finance Officer	24,300
Revenue Carry Forwards from 2012/13 approved by Council on 10 July 2013	90,000
The current total approved budget for 2013/2014 and Cabinet's Maximum Budget is:	12,956,800
Up to the end of June 2013 expenditure less income totalled	2,869,344
In the remaining 9 months of year we expect net expenditure less income to be	9,994,156
Total net revenue spend for the year is currently expected to be	12,846,900
Projected Revenue Underspend 2013/14	(109,900)

It should also be noted that the Council has received an additional grant from CLG of £22,300, Returned Funding New Homes Bonus which is a redistribution of the unallocated element of the central pot of funds held for New Homes Bonus. This will increase the balance on the General Fund improving the Council's financial position, but is not recognised through Revenue monitoring due to New Homes Bonus being classed as part of external resourcing being a non-ring fenced general Government grant.

2.2.3 Capital Programme

Appendix 2 details the current projected position on the Capital Programme and its' financing for 2013/14, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

Specific proposed amendments to note include:

Civic Centre Alteration – DWP Accommodation

A supplementary estimate of £74,100 is proposed to enable the Civic Centre alterations in readiness for DWP occupation in 2014/15 as reported to Cabinet on 6 June 2013. The full cost of the scheme is estimated at £222,300 with the remaining expenditure of £148,500 to be incurred in 2014/15. The alterations will allow us to enter into a lease agreement with the DWP, specifically to relocate Arnold Job Centre Plus. From 2014/15 there will be revenue implications in relation to the borrowing costs to finance the capital expenditure which will be in the region of £18,000, however it is anticipated that the annual rental income from the DWP will be in the region of £80,000 which will offset the cost of borrowing and the day to day running costs. The revenue implications will be fully reflected in the 2014/15 budget proposals.

Office Accommodation Joint Working

The current budget of £450,000 is no longer required due to alternative options being pursued. Revenue budgets for the office accommodation have also been amended in Appendix 1, giving a net cost to the authority in 2013/14 of £1,900. Anticipated annual borrowing costs of £36,000 will now not be required from 2014/15.

Capital Budget 2013/2014 - Change Analysis

	£
Original 2013/14 budget approved by Council on 4 March 2013	4,396,700
Capital Carry Forwards from 2012/13 approved under delegation arrangements by the Chief Finance Officer	735,500
Capital Carry Forwards from 2012/13 approved by Council on 10 July 2013	103,300
Additional Arnold Leisure Centre expenditure approved by Council 10 July 2013	320,000
The current total approved budget for 2013/2014	5,555,500

Proposed Quarter 1 Amendments to the 2013/14 Programme:

(a) Additional budget requirement funded by External Grant

Disabled Facilities Grant funded by Government Grant	4,700
Arnold Leisure Centre Refurbishment funded by Sport England grant	42,000
Fuel Poverty/Green Deal funded by Government Grant	10,800

(b) Supplementary Estimate

Civic Centre Alterations funded by borrowing	74,100
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(c) Budget Reduction

Office Accommodation Joint Working scheme withdrawn	(450,000)
Affordable Housing Scheme funded by S106 Commuted Sum, completed ahead of schedule in 12/13	(139,000)

Total Proposed Amendments To Capital Programme **(457,400)**

Proposed Revised Capital Programme 2013/14 **5,098,100**

Actual Expenditure to Quarter 1 2013/14	1,320,316
Estimated Expenditure Quarter 2-4 2013/14	3,777,784

Projected Outturn 2013/14 **5,098,100**

Projected Capital Programme Variance 2013/14 **0**

There is currently sufficient funding available in 2013/2014 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 2013/14 – Budgetary Control Report
Appendix 2 - Capital Programme 2013/14 – Budgetary Control Report
Appendix 3 – Virements approved by Portfolio Holders

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 approve the General Fund Revenue Budget virements included within Appendix 1;
- c) To approve the additions to the Capital Programme as virements funded from external grant funding:
 - Additional Disabled Facilities Grant £4,700
 - Additional Arnold Leisure Centre Refurbishment Lottery Grant £42,000
 - Additional Fuel Poverty/Green Deal Grant £10,800
- d) Refer to Council for approval the following amendments to the capital programme:
 - A supplementary estimate of £74,100 for Civic Centre Alterations
 - The removal of the Office Accommodation Joint Working Scheme (£450,000)
 - The removal of the Affordable Housing Scheme (£139,000) which was completed ahead of schedule in 2012/13;
- e) 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.