1. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER FOUR (MARCH) 2012

Submitted by: **Head of Finance and Head of Business Improvement & Partnerships**

Portfolio: **Customer Service and Transformation; Resources and Efficiency**

Wards Affected: **All**

Purpose
To provide Members with the Financial and Performance Review for the 2011/12 Fourth Quarter.

Recommendations
(a) That Members note the contents of the report and recommend that the Council continues to monitor and scrutinise performance alongside finances.

Reasons
These monitoring reports provide information about the performance of individual council services, alongside financial information.

1. Background, issues and options

1.1 This report provides Members with a detailed update on how the Council has performed during the Third Quarter of 2011/12 by presenting performance data set in a financial context.

1.2 The Council approved a General Fund Revenue Budget of £15,258,700 on 23 February 2011. The actual position compared to this budget is continuously monitored by managers in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget. Regular reports are made available to members by the Portfolio Holder for Resources and Efficiency informing them of the current position, highlighting any significant factors giving rise to variances.

1.3 A Capital Programme totalling £21,638,800, covering the two years 2010/11 to 2011/12, was approved at the same Council meeting. Of this total, £10,374,500 was estimated to be spent in 2011/12.

1.4 This report also provides detailed analysis of performance in the third quarter, focusing on key performance indicators.

1.5 A summary of the overall picture is presented in section 4 of this report. This is a promising start, with the majority of targets currently met.

2. Revenue Budget and Capital Programme Outturn

2.1 The precise out-turn is not yet available because, although the 2011/12 accounts now include all the payments that have actually been made and all of the cash actually received up to and including 31 March 2012, there are still a number of adjustments and accounting entries which remain to be made in order to complete the year’s accounts. These adjustments will be finalised over the next few weeks.

2.2 Current indications are that the final revenue budget outturn will be similar to the position reported to members via the monthly briefings provided by the Resources and Efficiency Cabinet Portfolio Holder, which is that there is likely to be a moderate adverse variance from the budget allocated for the year. Details of the year's final out-turn in respect of both the revenue budget and the capital programme will be reported to the Audit and Risk Committee when it considers the draft 2010/11 Statement of Accounts at its meeting on 18 July.

3. Investment Counterparties

3.1 Investment counterparties with whom money is invested, as at 1 June 2012 are as follows (with the parent company shown in brackets, where applicable):

Nationwide Building Society
Halifax Bank of Scotland *(Lloyds Banking Group)*
Heritable Bank *(Landsbanki)*
Royal Bank of Scotland *(Royal Bank of Scotland Group)*

3.2 With regard to the Council's frozen investment in Heritable Bank, two further payments amounting to £178,496 have been received from the Bank's Administrator. This brings the total amount repaid to some £1,798,000, which is around 72% of the total that was frozen. The Administrators current prediction is that at least 90% of the £2,500,000 invested will be repaid.

4 Performance

4.1 The Corporate Performance ('dashboard') report is attached as Appendix ***.

4.2 The information is presented in sections for each portfolio holder.

4.3 There are measures detailing progress against our objectives and the number of quarterly indicators is 24. This is in line with a longer term aim – to identify and focus on key measures that we consider to be of a cross cutting nature. These measures have been designed to relate to areas of work that have an impact on a number of the council's responsibilities.

4.4 The appendix comments on individual indicators where they raise an issue or where either a target has been met, or the direction of travel is not positive.

4.5 The proportion of indicators on target, based on data at the time of compiling this report, was 90%.

4.6 Positive performance can be seen in a range of services although it must be borne in mind that that the results later in the year can be different and that some services have seasonal factors.

4.7 There are a very small number of areas listed in this report which are not on target, though none causes concern at present. In all cases, the management of the service is aware of the issues and are taking steps to deal with the situation. Further updates will be provided for Members in future reports.

5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

5.1 All of these indicators link to corporate priorities. They are ordered by portfolio as in the Corporate Plan.

6. Legal and Statutory Implications

6.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

7. Equality Impact Implications

7.1 There are no differential equality issues.

8. Financial and Resource Implications

8.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to reserves and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from reserves. To the extent that spending on the capital programme falls short of that planned, there will be a short term benefit, in terms of interest income, because resources to meet capital expenditure have not been used up as rapidly as anticipated.

9. Major Risks

9.1 The current economic situation represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may chose whether or not to use Council facilities, such as car parking and other areas directly affected by the economic downturn, such as land charges and planning applications. The situation will continue to be monitored through the normal budget monitoring procedures.

9.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

9.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

10. List of Appendices

Corporate Performance (‘dashboard’) report is attached as Appendix

11. Background Papers

Working papers held by officers responsible for calculating indicators.