FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER TWO (SEPTEMBER) 2012

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

Portfolio: **Communications, Transformation & Partnerships/Finance and Budget Management**

Wards Affected: **All**

Purpose

To provide Transformation and Resources Overview & Scrutiny Committee with the Financial and Performance Review for the 2012/13 Second Quarter (July-September).

Recommendations

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

(b) That Members note that the appendix is an interim performance report to be further developed as detailed in the Performance Management Framework Review. The intention is to report performance information in a new format as the work is progressed.

(c) That Members feedback their views and comments to members of Cabinet prior to the December meeting.

Reasons

These monitoring reports provide information about the corporate 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 second quarter of 2012/13 by presenting performance data set in a financial context.

1.2 The Council approved a General Fund Revenue Budget of £14,260,980 on 22 February 2012. 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 Finance and Budget Management informing them of the current position, highlighting any significant factors giving rise to variances.

1.3 A Capital Programme totalling £18,480,100, covering the two years 2011/12 to 2012/13, was approved at the same Council meeting. Of this total, £4,457,200 was estimated to be spent in 2012/13.

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

1.5 A summary of the overall picture is presented in section 5 of this report. Performance is progressing well, with the majority of targets currently met.

2. **Revenue Budget Position**

2.1 The overall position at 30 September shows a favourable variance of £15,000. At this point in the financial year, we would have expected to have spent approximately £4.132 million: we have actually spent £4.117 million. Contributing factors to the variance include:

- Sources of income such as land charges, planning fees, market stall rents, commercial property rents and car park fees, continuing to yield less compared to what we would, in the past, have expected to receive up to this point in the year. Because we anticipated economic problems would continue in 2012/13 an allowance of £200,000 was included in the budget which will help to cover these shortfalls. After the offset of this allowance income is still significantly lower than the amounts expected.
- One main overspend has occurred in respect of Kidsgrove Sports Centre (£79,000) due to the part closure of the facility over the last 12 months as repair works have been carried out to the roof of the swimming pool.
- On the positive side, there have been a number of income sources whereby income has exceeded what we would have expected to receive up to 30 September, these include litter fines, Jubilee 2 income, burial fees and licensing fees.
- There are also significant savings on supplies and services and employee savings arising from factors including the non filling of a number of vacant posts.

2.2 With regard to Jubilee 2, the positive position recorded in the first few months after the centre opened up to the end of the previous financial year has continued. Last year income totalled £377,508 compared with the estimate of £340,142. Up to the end of period 6 this year, income totals £701,903, compared to the budget of £591,200 (due to increased usage of the facility), whilst expenditure totals £796,916, against expected spend at this point in the year of £715,905 (due to overspends including; casual salaries for overnight cleaning before cleaning contractor appointed - £26,000, 16 months NNDR charge - £41,000, utilities due to CHP unit not fully efficient - £15,000, cleaning chemical costs increased due to higher usage - £8,000, repairs and maintenance including chlorination of water system and water testing beyond business plan budget - £6,000).

3. **Capital Programme Position**

3.1 The Capital Programme approved by Council in February 2012 has been updated to take account of slippage in 2011/12. Where planned expenditure did not occur last year, this has been added to the budget for 2012/13 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2012/13 totals £5,418,300. The Capital Programme Review Group considered and agreed the revised Capital Programme at its meeting in early July and monitoring is now being carried out against this revised Programme.

3.2 £1,614,900 of the revised budget was expected to be spent by 30 September. Actual spending was £1,119,800. The variance of £495,100 is mainly accounted for by variances in relation to two projects, the Ecohomes project where the contribution for the installation of solar panels is still to be paid and Section 106 Works at Lowlands Road which is awaiting completion of environmental works.

4. **Investment Counterparties**

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

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

4.2 With regard to the Council's frozen investment in Heritable Bank, the total amount repaid now amounts to some £1,869,521, which is around 74% of the total that was frozen. The Administrators current prediction is that 86-90% of the £2,500,000 invested will be repaid.

5. Performance

5.1 The Corporate Performance ('dashboard') report is attached as Appendix A.

5.2 The information is presented in four sections against each priority.

5.3 There are measures detailing progress against our priorities and outcomes and the number of quarterly indicators is 27. This is an interim performance report which will be progressed and developed in line with a longer term aim – to identify and focus on key measures that we consider to be of a cross cutting nature and ensure progress against our outcomes over the coming years. The measures to be used in forthcoming reports for 2012-13 and to measure progress in the Council Plan 2013-14 to 2015-16, will be determined at outcome-focussed workshops and one-to one meetings held with relevant officers of the council.

5.4 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.

5.5 The proportion of indicators which have met their targets, based on data at the time of compiling this report, was 75%.

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

5.7 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.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 All of these indicators link to corporate priorities.

7. Legal and Statutory Implications

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

8. Equality Impact Implications

There are no differential equality issues.

9. Financial and Resource Implications

9.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund 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 the Budget Support Fund.

10. Major Risks

10.1 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 be monitored through the normal budget monitoring procedures.

10.2 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.

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

11. List of Appendices

Appendix A - Corporate Performance (‘Dashboard’)

12. Background Papers

Working papers held by officers responsible for calculating indicators.