

**1. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER FOUR (March) 2013**

**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 Cabinet with the Financial and Performance Review for the 2012/13 Fourth Quarter (January-March).

**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 a new style of performance report to be further developed for 2013-14 as detailed in line with the Performance Management Framework Review and the Council Plan 2013-14 to 2015-16.

**Reasons**

These monitoring reports provide information about the corporate performance of individual council services, alongside financial information. This report is to be presented to the Transformation & Resources Overview & Scrutiny Committee on 20 May 2013.

**1. Background, issues and options**

- 1.1 This report provides Members with a detailed update on how the Council has performed during the fourth 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 fourth 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 outturn is not yet available because, although the 2012/13 accounts now include all the payments that have actually been made and all of the cash actually received up to and including 31 March 2013, 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 in line with the approved budget.
- 2.3 The Square, High Street, Newcastle is let to Gatedale Limited (in liquidation) on a 125 year lease which commenced in 1998. Since July 2001 the tenant has been paying £100,000 per annum to the Council. The rent review provisions within the lease provide that as from September 2005 a minimum of £100,000 per annum is to be paid to the Council and dependant on the income and expenditure in respect of the car park, shopping mall and cinema an extra payment may be payable.

Following prolonged negotiations with the LPA Receiver appointed to act for Gatedale's creditors, your Officers have provisionally agreed that an additional sum of £393,278 is to be paid to the Council for the period 2005 to 2012 (end of).

## **4. Investment Counterparties**

- 4.1 Investment counterparties with whom money is invested, as at 31 March 2013 are as follows (with the parent company shown in brackets, where applicable):

Halifax Bank of Scotland (*Lloyds Banking Group*)

Heritable Bank (*Landsbanki*)

Nationwide Building Society

- 4.2 With regard to the Council's frozen investment in Heritable Bank, the total amount repaid now amounts to some £1,937,728, which is around 77% 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 reported in a new format attached as Appendix A.
- 5.2 The information is presented in four sections against each priority.
- 5.3 There are two sets of symbols to show improvement and achievement :
  - One set of symbols (arrows), show whether performance has improved or worsened since the last time each indicator was reported
  - Second set of symbols (smiley faces), show whether performance is currently on target or not.
- 5.4 An overall status of performance against each priority is also stated.
- 5.5 The intention is to further develop the format of performance reports ensuring suitability and clear communication of progress with outcomes for members and officers of the council.

- 5.6 In the appendix there are measures detailing progress against our priorities and outcomes and the number of quarterly indicators is 27.
- 5.7 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.
- 5.8 The proportion of indicators which have met their targets, based on data at the time of compiling this report, was almost 74%.
- 5.9 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.
- 5.10 There are a 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**

- 8.1 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.
- 10.1 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**

Corporate Performance ('dashboard') report is attached as Appendix

**12. Background Papers**

Working papers held by officers responsible for calculating indicators.