



Committee report

Committee	CABINET
Date	TUESDAY, 16 AUGUST 2011
Title	QUARTERLY PERFORMANCE & FINANCE REPORT
Report of	THE LEADER OF THE COUNCIL & CABINET MEMBER FOR RESOURCES

PURPOSE

1. To report on the council's performance, risk and financial position in relation to the eight priorities of the revised Corporate Plan 2011-2013.

OUTCOMES

2. The quarterly monitoring report provides both an overview of performance against the council's key priorities and also the opportunity to make recommendations that will ensure the delivery of those priorities is achieved.

BACKGROUND

3. The 2009/10 financial audit received adverse comments from the auditor on two key reporting issues:
 - the lack of integration between the performance/risk reports and the financial reports presented to Cabinet; and
 - the amount of time it takes for Cabinet to receive such reports
4. In response to these comments the following actions have been taken by the Leader and Cabinet Member for Resources:
 - the format and content of quarterly performance reports has been changed to align to the priorities in the revised Corporate Plan 2011-13.
 - the timetabling of Cabinet meetings has been reviewed to enable good quality reporting in the earliest possible timeframe.
5. Full Council on 15 June 2011 saw adoption of the revised Corporate Plan 2011-13 with eight corporate priorities that will form the basis of quarterly performance reporting to Cabinet throughout 2011/12.

6. A full and thorough review of key performance indicators, strategic and service risks and budget information aligned to the corporate priorities has been undertaken and the resulting data is presented via eight separate reports detailed in the Appendix.
7. Each corporate priority report details the following:
 - a brief summary of the priority as outlined in the Corporate Plan 2011-2013
 - key actions carried forward from previous Full Council and Cabinet meetings or delegated decisions made within the first quarter
 - a summary of performance (or project delivery), risk and financial status of the priority, including a commentary analysing impact to delivery, internal and/or outside influences or considerations. For Quarter 1 the new format has provided an opportunity to outline key activities planned to deliver resident outcomes which can be referenced in future quarterly reports.

In addition background data is available via a link covering:

- risk management – risk status, identified mitigating actions and commentary
 - financial management – budget status and commentary of those budgets in scope
 - performance / project management – key indicator/milestone data showing targets and trend
8. This report covers the first quarter of the financial year 2011/12 and goes on to provide an overall performance position in paragraph 15.

STRATEGIC CONTEXT

9. The ongoing management of business effectiveness functions (performance, project risk, financial management and value for money) support all of the Sustainable Community Strategy themes and eight council priorities as outlined in the Isle of Wight Council's Corporate Plan 2011-2013.

CONSULTATION

10. The council's business effectiveness framework sets out the processes involved to manage business functions effectively. This framework enables discussion at all levels across the authority on a routine basis and also the escalation of issues to senior management as part of either the monthly service board or project board process.

FINANCIAL / BUDGET IMPLICATIONS

11. Failure to appropriately manage business effectiveness is likely to impact on the council's financial position in terms of either increased cost or missed opportunity.
12. There are no direct financial implications of this report, however recommendations made based on the information provided may result in activity that has an impact on capital and/or revenue budgets or resource demand.

LEGAL IMPLICATIONS

13. The council has a statutory requirement under the terms of the Local Government Act 1999 to achieve 'Best Value' in its delivery of its services. The authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The quarterly performance report forms part of such arrangements, thereby ensuring compliance with legal and statutory requirements.

EQUALITY AND DIVERSITY

14. Although there is no direct impact for equality and diversity from this report, the council requires that all its services are delivered fairly to all residents. The council is prioritising the requirement for service equality and diversity 'Impact Assessments' as a structured three year approach to ensuring that services are delivered against the new Equality Framework for Local Government.

SUMMARY POSITION OF QUARTER 1 PERFORMANCE

15. The table below indicates the status of each corporate priority as at 30 June 2011 as agreed by Cabinet Members.

Corporate Plan priority	Performance status
Delivery of budget savings through changed service provision	Report to later Cabinet
Raising educational standards	Report to later Cabinet
Keeping children safe	Report to later Cabinet
Supporting older and vulnerable residents	No immediate action required
Housing and homelessness	No immediate action required
Regeneration and the economy	No immediate action required
Highways PFI scheme	No immediate action required
Waste strategy	Update to be provided in the next quarterly performance report to Cabinet

16. In summary, four of the corporate priorities are rated 'green' with the performance, risk and financial position on target or at an acceptable level. The remaining four priority areas are rated 'amber' indicating that some action or detailed monitoring is required and will be reported back to Cabinet at a later date.
17. With regard to the first priority mentioned above (delivery of budget savings through changed service provision), this report recommends (see paragraph 29) that the council should continue to focus on the achievement of savings in 2011/12 and on maintaining strict budgetary control to ensure that the overall budget is not exceeded. The report also recommends that a Budget Review report be brought before Full Council on 21 September 2011 setting out the initial areas for achieving savings in 2012/13 and future years in delivering a sustainable budget strategy.
18. With regard to raising educational standards, this report recommends that a report be brought before Cabinet on 4 October 2011 regarding actions being taken by schools to address persistent absence and exclusions within the new two-tier school system.

19. An update on progress with the waste priority will be provided in the next quarterly performance and finance report to Cabinet.
20. With regard to the priority for keeping children safe, a report on the implementation of the Recruitment and Retention Strategy for Children's Social Care and the impact on performance is already scheduled to be presented to Cabinet at its meeting on 4 October 2011. This will provide an opportunity for Cabinet to look in depth at both the early impact of the additional investment in Children's Social Care in 2011-12 and the re-shaped delivery model 'Reclaiming Social Work' which went live in July 2011.

SUMMARY POSITION OF QUARTER 1 FINANCE

21. A report on the outturn position for 2010/11 was provided to Cabinet on 21 June 2011. In overall terms the budget was underspent by £787k which was added to the General Fund balance at the year end. Redundancy and other termination costs of £2.669m were taken into account whilst closing the 2010/11 accounts. The closing position demonstrated successful control of the budget, particularly through the authorisation panel, and despite a number of budget pressure areas, which have been addressed within the 2011/12 budget, overall savings from vacancy management, capital financing, spending controls and waste management exceeded additional costs. This has provided a stronger financial base for 2011/12 and a relatively healthy amount of reserves and balances going forward.
22. For the first quarter of 2011/12 this position of effective budget management and control has continued and in overall terms the budget is currently expected to be delivered on target. Some minor budget pressures have been identified in adult social care and children's agency placements, but these are currently being offset by contract savings within adult social care. There are also projected savings within leisure contracts and projected income from car parking is expected to exceed the reduced budget. Whilst delivery of the budget savings strategy is largely in place, staff restructuring is still ongoing in certain areas and ongoing procurement savings are still being reviewed.
23. It should be appreciated that it is still very early in the financial year and there are a range of issues that could arise that impacts on individual budget areas. However the pattern of spend and the savings plans that have been implemented give a reasonable confidence that those budget pressures likely to arise will be offset by vacancy savings and capital financing savings.
24. On the capital programme the total capital budget increased from the amount approved in February 2011 due to slippage of £11.6m from 2010/11, however re-profiling of budgets into future years has reduced the total budget to £68.5m, and further re-profiling may be required as major contracts are awarded and spend profiles agreed with appointed contractors. Although some areas of spend are behind profile, others are progressing well and the overall programme is only 11% behind profile at the end of quarter one. Some projects have been deliberately delayed to fit in with the County Hall project and achieve value for money, and it is anticipated that spend will pick up during quarter two now that the contract is in place.
25. Schools budgets form the largest part of the programme and are currently anticipated to be significantly committed and spent by the year end. The remainder of the capital programme is forecast to spend £24m by the year end, with total expenditure estimated

to be as much as £63m. However achievement of this level of investment relies heavily on the delivery of both of the main areas of the schools programme.

RISK MANAGEMENT

26. The risks against the corporate priorities have been identified at either a strategic, project or service level with planned actions in place to manage the risks to an acceptable level. The planned actions can not eliminate risk in its entirety however it will increase the probability of success whilst reducing both the probability of failure and the uncertainty of achieving the corporate priorities.
27. Effective risk management is a key business management function that operates across the authority with regular review of risk registers undertaken by directors, project and service leads.

EVALUATION

28. The quarterly monitoring report provides an overview of performance against the council's key priorities and the opportunity to make recommendations that will ensure the delivery of those commitments is achieved.

29. RECOMMENDATIONS

- i. That Cabinet accept the Quarter 1 performance report and continue to rigorously hold officers to account regarding performance of the corporate priorities throughout the year.
- ii. That the Council continues to focus on the achievement of savings in 2011/12 and on maintaining strict budgetary control to ensure that the overall budget is not exceeded, and that the Budget Review report to Full Council on 21 September 2011 sets out the initial areas for achieving savings in 2012/13 and future years in delivering a sustainable budget strategy.
- iii. That a report be brought before Cabinet on 4 October 2011 regarding actions being taken by schools to address persistent absence and exclusions within the new two-tier school system.
- iv. That a report on the implementation of the Recruitment and Retention Strategy for Children's Social Care and the impact on performance be brought before Cabinet on 4 October 2011.

APPENDICES ATTACHED

30. [APPENDIX](#) – Corporate plan priority reports for:

- Delivery of budget savings through changed service provision (A1)
- Raising educational standards (A2)
- Keeping children safe (A3)
- Supporting older and vulnerable residents (A4)
- Housing and homelessness (A5)
- Regeneration and the economy (A6)
- Highways PFI scheme (A7)
- Waste strategy (A8)

BACKGROUND PAPERS

31. [Corporate Plan 2011-13](#)

32. [Medium Term Financial Strategy 2009-2012](#)

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