



Purpose: For Decision

## Committee report

Committee	<b>CABINET</b>
Date	<b>TUESDAY, 13 DECEMBER 2011</b>
Title	<b>QUARTERLY PERFORMANCE &amp; FINANCE REPORT</b>
Report of/to	<b>LEADER &amp; CABINET MEMBER FOR RESOURCES</b>

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### EXECUTIVE SUMMARY

1. This report sets out the council's performance, risk and financial position in relation to the eight priorities of the revised Corporate Plan 2011-2013. It provides an overview of activity within the period 1 July 2011 to 30 September 2011 and the opportunity to make recommendations that will ensure the continued delivery of those priorities is achieved.
2. The report also provides a summary of the overall budget position of the council for both capital and revenue accounts and evaluates the forecast outturn for the 2011/12 financial year, based on the position at the end of quarter 2.

### BACKGROUND

3. In quarter 1, the Leader presented a revised format for quarterly performance and financial reporting that aligned to the eight priorities of the revised Corporate Plan 2011-2013 and provided an integrated view of performance, risk and finance.
4. The new report consists of eight separate corporate priority reports as detailed in Appendix A and a supporting 'data' report that provides the statistical information to support the content of the corporate priority reports. The data report is detailed as background paper for quarter 2.
5. As part of the budget strategy presented to Cabinet on 8 February 2011, and approved by Full Council on 23 February 2011, a detailed schedule of savings was set out to achieve the required net savings of £17.833m in 2011/12 (£21.199m full year effect). We are confident that the savings target will be achieved in 2011/12 and that measures will be in place to deliver the full savings target of £7.2m in 2012/13. Details of the revenue budget position of the council as at quarter 2 are set out in Appendix B to this report.

6. On 16 August 2011, the Cabinet agreed to continue to rigorously hold officers to account regarding performance of the corporate priorities throughout the year and 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.

## STRATEGIC CONTEXT

7. 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

8. The council's performance management 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

9. 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.
10. 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.

## CARBON EMISSIONS

11. Collective performance of the eight corporate priorities will positively impact on the council's carbon emissions and may be referenced within the relevant corporate priority report, as appropriate.

## LEGAL IMPLICATIONS

12. 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

13. 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.

## PROPERTY IMPLICATIONS

14. There are no direct property implications resulting from this report as the quarterly performance and finance report is a strategic reflection of activity. Decisions relating to the sale, change of use or contractual arrangements of council assets may be referenced in the relevant corporate priority report, as appropriate.

## SUMMARY POSITION OF QUARTER 2 PERFORMANCE

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

<b>Corporate Plan priority</b>	<b>Q1 status</b>	<b>Q2 status</b>
Delivery of budget savings through changed service provision	Amber	Green
Raising educational standards	Amber	Amber
Keeping children safe	Amber	Amber
Supporting older and vulnerable residents	Green	Amber
Housing and homelessness	Green	Green
Regeneration and the economy	Green	Green
Highways PFI scheme	Green	Green
Waste strategy	Amber	Amber

<b>Colour Key</b>	<b>Status</b>
Green	Majority of performance is on or above target, projects are meeting planned delivery dates, risk is managed appropriately and financial position stable against profiled spend
Amber	Some performance is off target but within accepted tolerance levels, project milestones are still attainable, risk levels demonstrate some concern with appropriate planned activity, financial overspends being forecast
Red	Significant underperformance or project slippage, high scoring risks without active mitigation in place and/or significant overspend impacting delivery of corporate priority

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. For raising educational standards there are a number of activities in hand to support improvements to performance levels, namely:
- the development of a working relationship with Southampton City Council school improvement and related education functions
  - implementation of the action plan from the review of provision for children and young people with special educational needs and disabilities (SEND)
  - the development of a performance management framework with the secondary school providers including regular monitoring of attendance and exclusion rates via the council's scrutiny functions.
18. With regard to keeping children safe, close monitoring of performance continues in this area with a report scheduled to be brought before Cabinet on the implementation of the Recruitment and Retention Strategy for Children's Social

Care on 14 February 2012. Internally, the ongoing management of the action plan resulting from the June 2011 OFSTED inspection continues.

19. The council's support for older and vulnerable residents has many threads both at a strategic and operational level. The recent preparation and release of the draft joint Strategic Needs Assessment (JSNA) 2011 will help to inform the new health and well being strategy for the Isle of Wight which will effect an improved collaboration of those agencies supporting our older and vulnerable residents. The health and well being board terms of reference will come before Full Council on 25 January 2012 and the draft health and well being strategy is planned for public consultation in early 2012.
20. With regard to the council's waste strategy, progress with relevant surveys has been made and there are a number of communications planned across the next quarter in preparation for a draft strategy to be completed by December 2011, ready for public consultation in February 2012.

### SUMMARY POSITION OF QUARTER 2 FINANCE

21. A report on the financial position in the first quarter of 2011/12 was provided to Cabinet on 16 August 2011. This report demonstrated that through effective budget management and financial control the healthy financial position achieved in closing the 2010/11 accounts had continued, and that in overall terms the 2011/12 budget was expected to be delivered on target. Although some minor budget pressures had been identified in adult social care and children's agency placements, they were being offset by contract savings within adult social care. Further savings were projected within leisure contracts and, at the time, car parking income was expected to exceed the reduced budget. Delivery of the budget savings strategy was also progressing well, staff restructuring arrangements were ongoing in certain areas and procurement savings options were still being reviewed. At quarter 1, some caution was placed on projections of the likely position at the year end.
22. Details of the revenue budget position at the end of quarter 2 are set out in Appendix B. In overall terms the budget is currently expected to achieve a saving of £1.8m at the year end. Very tight financial and budgetary control continues to be exercised across the council, and we are confident that the net savings target of £17.833m will be achieved. Restructuring arrangements and vacancy management controls continue to make a positive contribution to the savings strategy. In addition, there are projected savings on concessionary fares (£325k) against allocated budget, one-off savings on waste and landfill tax (£279k) and savings on adult social care contracts (£212k). There are still some minor pressures on children's agency placements, and following a relatively poor summer period, car parking income is now expected to be under-recovered to a value of 2.2% of its target, which is being managed through reductions in expenditure. However, the most significant factor in achieving an in-year revenue budget saving is within the treasury management budget, where the deferral of planned long term borrowing requirements and use of internal resources to fund capital projects is expected to deliver a one-off saving of up to £1m.
23. Details of the capital budget position at the end of quarter 2 are set out in Appendix C. The total capital budget has increased from the amount approved in February 2011 due to slippage from 2010/11, however reprofiling of budgets into future years has now reduced the total budget to £61.5m, and further reprofiling may be required as contracts are awarded and spend profiles agreed with contractors. Although some areas of spend are currently behind profile, others are progressing well and

the overall programme is 13% behind profile at the end of quarter 2. Some projects have been deliberately delayed to fit in with the County Hall project and ensure value for money is achieved, and it is anticipated that total spend will pick up considerably during the second half of the financial year.

24. Schools budgets form the largest part of the programme and are currently forecast to spend £34.5m in the current financial year based on the most recent contract profiles. This forecast level of spend has reduced from the forecast in August, mainly due to an updated spend profile being available and £4.4m of spend on the One School Pathfinder being slipped into 2012/13.
25. In overall terms, actual spend at the end of quarter 2 was £15.6m compared to the profiled spend of £18.0m. It is currently anticipated total capital expenditure at the year end will be £53.3m compared to a revised budget of £61.5m. If such a spend figure is achieved it will represent a significantly higher amount of capital spend than has been achieved in any previous financial year.

### 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 and financial position 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 the Education service should work with schools to assist them in identifying alternatives to exclusion (both fixed term and permanent)
- ii. That a report be prepared for the 14 February 2012 Cabinet meeting that
  - a) assesses what processes led to the council's decision to raise the eligibility threshold being successfully challenged
  - b) sets out the implications for the adult social care budget going forward, and
  - c) recommends any changes that are required to the council's decision making processes to reduce the risk of successful challenges being made in the future

## APPENDICES ATTACHED

30. [Appendix A](#) – 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)

[Appendix B](#) – Quarter 2 Revenue Budget position

[Appendix C](#) – Quarter 2 Capital Budget position

## BACKGROUND PAPERS

31. [Quarter 2 Data Report](#)

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

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

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