



Purpose: For Decision

# Committee report

Committee	<b>CABINET</b>
Date	<b>TUESDAY, 12 FEBRUARY 2013</b>
Title	<b>QUARTERLY PERFORMANCE &amp; FINANCE REPORT – Q3</b>
Report of/to	<b>CLLR DAVID PUGH LEADER &amp; CABINET MEMBER FOR RESOURCES</b>

## 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 October 2012 to 31 December 2012 and the opportunity to make recommendations that will ensure the continued delivery of those priorities.

## BACKGROUND

2. The format for quarterly performance and financial reporting aligns to the eight priorities of the revised Corporate Plan 2011-2013 and provides an integrated view of performance, risk and finance.
3. The report consists of eight separate corporate priority reports as detailed in the Appendix 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 a background paper for quarter three.
4. As part of the budget strategy presented to Cabinet on 14 February 2012, and approved by Full Council on 29 February 2012, a detailed schedule of savings was set out to achieve the required net savings of £7.2m in 2012/13 in addition to savings of £18.7m made in 2011-12

## STRATEGIC CONTEXT

5. The on-going management of performance, risk including project risk, and finance 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. Those issues must be managed effectively in order to secure the delivery of the council's aims and objectives.

## CONSULTATION

6. 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

7. Failure to appropriately manage risk, finance and performance in an integrated way is likely to impact on the council's financial position in terms of either increased cost, exposure to undue risk or missed opportunity.
8. 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

9. 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

10. 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

11. The Equality Act 2010 sets out general and specific equality duties for public sector organisations. The aim of these duties is to integrate consideration of the advancement of equality into the day-to-day business of the council. The council must, in the exercise of its functions, including decision making have due regard to:
  - Eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
  - Advancing equality of opportunity between people who share a protected characteristic and people who do not;
  - Fostering good relations between people who share a protected characteristic and people who do not.

The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Equality analysis is achieved by the undertaking of equality impact assessments by each service area which ensure that we address any potential impact before decisions are made.

### PROPERTY IMPLICATIONS

12. Whilst there are no direct property implications resulting from this report, the corporate priority of 'Delivery of budget savings through changed service provision ' does reflect the

intention to rationalise the significant number of council buildings and to locate more staff within the remaining buildings that we intend to keep. This will generate savings from both running costs and also create capital receipts from surplus assets that the council owns. 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 3 PERFORMANCE

13. The table below indicates the status of each corporate priority as at 31 December 2012 as agreed by Cabinet Members.

Corporate Plan priority	Q4-2011/12 status	Q1-2012/13 status	Q2-2012/13 status	Q3-2012/13 status
Delivery of budget savings through changed service provision	Green	Green	Green	Green
Raising educational standards	Amber	Amber	Red	Amber
Keeping children safe	Green	Green	Green	Red
Supporting older and vulnerable residents	Amber	Amber	Amber	Amber
Housing and homelessness	Green	Green	Green	Green
Regeneration and the economy	Green	Green	Green	Green
Highways PFI scheme	Green	Green	Green	Green
Waste strategy	Green	Green	Green	Green

Colour Key	Status
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

14. In summary, five of the corporate priorities are rated 'green' with the performance, risk and financial position on target or at an acceptable level. Two 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. The remaining one priority area is rated 'red' representing significant underperformance against pre-determined targets.
15. A detailed analysis of the performance, risk and financial position of each corporate priority is provided in the Appendix.
16. For the corporate priority of **raising educational standards**, the Island's GCSE results will continue to be a long-term focus for improvement; the new trust schools and academies reported to the Children and Young people Scrutiny panel during November 2012 as part of the agreement between the local authority and secondary providers. The most recent reporting and scrutiny took place on 28 November where Members discussed issues relating to child poverty, resolving to receive a briefing paper at a future meeting. The scrutiny panel also agreed to further work around persistent absence.

17. **Keeping children safe** has experienced setbacks this quarter with the results of an unannounced OFSTED inspection of child protection arrangements in December 2012 judging the overall effectiveness of help and protection, quality of practice and leadership and governance to be inadequate. The introduction of the 'Reclaiming Social Work' model of practice was found to have raised staff morale but to have had little evidence of sustained impact on the quality of core child protection work. In response to the inspection outcomes, the local authority has already appointed an interim senior qualified and experienced social work manager to work with the deputy Director for Safeguarding to provide additional scrutiny and challenge to social work practice. In addition, a full review of 700 cases that were referred to the council over the last four months has taken place. Where issues have been identified, the appropriate course of action has been taken to ensure that no child is at risk of harm or abuse.
18. The authority continues to address the structure and work of the local safeguarding children's board (LSCB), working closely with the new chair and partner organisations, to ensure its effectiveness in providing oversight and leadership to all aspects of safeguarding vulnerable children and young people.
19. The council's **support for older and vulnerable residents** continues to be rated as amber. During quarter three a number of developments saw improvements to the risk management arrangements, namely a training programme to raise awareness of safeguarding (refreshed and reviewed annually); development of a commissioning framework to support personalisation and the development of a quality assurance framework.

## BUDGET REVIEW

22. The budget review as at 31 December 2012 takes into account a number of issues that need to be considered together to inform the council's overall financial position for 2012/13. In particular they will include progress with delivery of both the revenue and capital budgets during 2012/13 and an analysis of reserves and balances available to the council.

## SUMMARY POSITION OF QUARTER 3 FINANCE

23. Details of the revenue budget position for quarters 1 and 2 were included in previous reports to Cabinet. In overall terms, and after allowing for the full year effect of the 2011/12 budget savings strategy the savings target to be delivered in 2012/13 is £3.835m with a full year effect of £5.635m in 2013/14. The additional £1.800m to be achieved in 2013/14 is necessary to offset the impact of the Council Tax Freeze Grant in 2012/13 which was available for one year only, hence needs to be replaced in the base funding for 2013/14. However these savings figures exclude any further savings that will be required in 2013/14 and future years arising from implementation of the Business Rates Retention Scheme. The additional savings requirements are set out in the budget report elsewhere on the Cabinet agenda.
24. During the course of 2011/12 a number of budget savings were identified over and above those included in the budget savings strategy, some of which were one-off savings and others which were identified as ongoing savings. In overall terms it is projected that some £1.6m of savings identified in 2011/12 will recur in 2012/13 and future years.
25. The third quarter's monitor for 2012/13 is showing that overall savings targets will be met, and despite some minor budget pressures being identified it is currently projected that at the end of the year, in overall terms, there will once again be a net saving compared to budget. There is a minor shortfall of £0.233m against the full savings target currently forecast at the year-end due to the delayed implementation of certain savings measures. However this

shortfall will be more than offset by savings identified in other parts of the budget, and it is currently projected that in overall terms there will be a net saving of up to £2.900m at the year end. This figure is consistent with the in-year monitoring position set out in the budget report.

26. The total re-profiled capital budget (including slippage from 2011/12) is £60.135m. Although some areas of spend are behind profile, in particular the Cowes One School Pathfinder project, others are progressing well and the overall programme has achieved 86% of the targeted profile at the end of quarter 3. Significant re-profiling of the capital programme took place during October as part of the six monthly capital challenge process and is reflected in the re-profiled budget. Based on previous trends, and actual spend to date compared to profile, it was anticipated that the capital programme should achieve spend of £52.214m by the year end, with a number of projects slipped into 2013/14. However, given the delays with the One School Pathfinder and other Schools Reorganisation projects it is now considered likely that spend at the year-end will be between £49m and £50m. Nonetheless, current spend to date of £38.045m in the first three quarters of the financial year compares favourably to performance in years prior to 2011/12, when spend of £25m to £30m was the norm in a full financial year.
27. The management of long term debt to support capital expenditure and treasury management arrangements remains focussed on avoiding taking new long term loans until necessary, repaying capital debt early where it leads to on-going revenue budget savings, and managing the council's cash balances at all times to reduce interest costs incurred. Whilst delays in capital expenditure produce no long term benefits in terms of borrowing costs, they will produce in year savings as a result of having to borrow less than assumed in the budget.

## RISK MANAGEMENT

28. 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 cannot eliminate risk in its entirety however they will increase the probability of success whilst reducing both the probability of failure and the uncertainty of achieving the corporate priorities.
29. 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.
30. The Audit Committee has reviewed the process for managing strategic risks. One of its resulting recommendations was for Cabinet to have sight of all strategic risks as part of the quarterly performance reporting mechanism. These are now included in the background data report and are mainly concerned with council's internal operations and ability to deliver the overall corporate priorities. They included risks in respect of staffing skills and capacity, governance, commissioning of services to meet the Island's needs and our preparedness to responding to a major emergency.

## EVALUATION

31. 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.

## 32. RECOMMENDATIONS

A report to be brought back to Cabinet in March which examines the outcomes of the Ofsted inspection of the council's arrangements for the protection of children, including details of the required improvement plan. Following this progress against the improvement plan should be reported to Cabinet for a period of not less than six months.

## APPENDICES ATTACHED

[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

- [Quarter 3 2012/13 Data Report](#)
- [Corporate Plan 2011-13](#)
- [Medium Term Financial Strategy 2009-2012](#)

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