

REPORT FOR DECISION

Agenda Item	
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MEETING: **AUDIT COMMITTEE**

DATE: **23 September 2008**

SUBJECT: **FINANCE AND PERFORMANCE MONITORING 2008/09 –
MONTH 3/4**

REPORT FROM: **Director of Finance and E-Government**

CONTACT OFFICER: **M Owen – Director of Finance and E-Government**

TYPE OF DECISION: **Non-Key**

REPORT STATUS: **FOR PUBLICATION**

PURPOSE/SUMMARY:

To up-date the Committee on the authority's financial and performance position in line with the Committee's Statement of Purpose to '*provide....independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment*'.

The report shows that the authority is projecting an overspend of £233,000 for the year based on spending and income information as at 30th June 2008. Whilst the fact that there is an overspending is a matter of concern, and will require attention by Members and officers, the fact that the overspend can be accommodated within General Fund balances without breaching the Golden Rules means that the position is not seen as a major risk to the achievement of the authority's ambitions and priorities.

OPTIONS AND RECOMMENDED OPTION:

The Committee is asked to note the contents of the report.

IMPLICATIONS -

Financial Implications and Risk Considerations

There are no direct resource implications arising from the report.

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? No

Considered by the Monitoring Officer?

Yes. No specific comments

Statement by Director of Finance and E-Government:

The successful management of the Council's financial resources is central to the Council's Financial Strategy. Successful budget monitoring provides early warning of potential major overspends or underspends against budget of which Members need to be aware.

Staffing/ICT/Property:

None specifically

Wards Affected:

All

Scrutiny Interest:

All but primarily the Resource and Performance Scrutiny Commission.

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
	Leader/Deputy Leader/Portfolio holders		
Scrutiny Commission	Executive	Committee	Council

1.0 INTRODUCTION

1.1 At the Audit Committee's meeting on 20 September 2006 it was agreed that to fulfil its role of 'providing....independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment' a new innovation should be implemented – that the Audit Committee receive a summary monitoring report at each meeting on the situation in respect of financial and operational performance.

- 1.2 This is intended to allow the Committee to keep abreast on the authority's financial position and to gauge the existence and effectiveness of corrective action that has been determined by the Executive and/or the Scrutiny Commission. In this way the Committee would be able to consider the authority's exposure to risk in this key area.
- 1.3 This report summarises the financial and performance information as at the end of June 2008 and reflects the information that will be considered by the Executive at its meeting on 24 September 2008. However given the way that Committee deadlines have fallen, Members should note that the June forecast has been influenced by information and experience up to the end of July.

2.0 MONITORING PROCESSES

- 2.1 Finance and performance is monitored in different ways at different stages of the year:

Monthly - reports are considered by service management teams and summaries made available to specific Executive Members. A monthly summary of the financial position is submitted to Management Board and to the Executive Member for Resource.

Quarterly – detailed corporate monitoring reports based on the position at June, September, December and March are considered by Management Board, the Executive, Star Chambers and the Resource and Performance Scrutiny Commission. These set out a risk assessed summary of the financial position together with supporting performance information, the financial situation of the major partnerships, explanations of major variances from budget, an assessment of the minimum level of balances, information on the forecast balances position and an assessment of performance against the objectives of the Financial Strategy (including the Golden Rules).

- 2.2 There were a number of significant improvements to the budget monitoring process during the past year including:

- a strengthening of the role of Star Chambers;
- the use of risk management techniques in the area of budget monitoring;
- greater use being made of performance information to place financial monitoring in its rightful context;
- formalisation of budget, performance and risk monitoring for key partnerships formed by the Council with other agencies, including the introduction of a Partnerships Toolkit setting out the ground-rules for the operation of all partnerships. This identifies a need to report financial performance to the Executive within the corporate monitoring report; and
- 'Traffic light' reporting of performance data in the area of asset management being applied to performance indicators where targets have been established.

- 2.3 A further significant development is the implementation of the 'procure to pay' (P2P) module of the new Agresso system. Not only will this speed up financial administration, it will also allow the formal (and automatic) production of commitment data which will help improve the accuracy of financial monitoring information. It is intended to continue the roll out of P2P across the authority in the coming months.

3.0 FINANCIAL POSITION

- 3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 30th June 2008 is summarised in the table in paragraph 3.3. As Members will be aware, financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate budget management action.
- 3.2 However it is felt that it is most appropriate to alert Members to potential problems at this stage so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.
- 3.3 In summary the outturn forecast based on the position at 30th June 2008 is (figures in brackets represent underspends, those without represent overspends):

	£m
Adult Care Services	1.900
Children's Services	(0.049)
E&DS	0.652
Chief Executive's	0.317
Non service specific	(1.794)
TOTAL PROJECTED OVERSPENDING	1.026

The projected overspend of **£1.026m** represents **0.78%** of the total net budget of £132million. Detailed risk assessments and variance analyses of budget hot-spots at June 2008 will be provided to the Executive on 24 September 2008 as part of the corporate monitoring report.

- 3.4 Members are particularly reminded that the position on volatile budgets such as Learning Disability and Children's Agency placements can change dramatically depending on service user numbers and case structures.
- 3.5 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 31 March 2008 per Accounts	6.797
Less : Amount used to fund 2008/09 pay award	-0.450
Less: Amount to support 2008/09 budget	-0.052
Re-forecast of balances at 1 April 2008	6.295
Less : Minimum balances to be retained in 2008/09	-3.600
Available balances at 1 April 2008	2.695

- 3.6 Based on the information contained in this report, on the risk assessments that have been made at both corporate and strategic level, on the outturn position for 2007/08 and using the latest available information on the likely

achievement of savings options it is clear that there is no reason to take the minimum balances above the existing level of £3.6m.

3.7 Additionally, in view of the fact that the minimum level of balances figure includes a provision of £1.5m relating to a cushion for 'Unpredictable and Demand led Expenditure' then it is clear that the authority's forecast overall financial position does not present an unacceptable risk at this point.

3.8 Having said this, it is accepted that there are 'hot spots' that need to be addressed relating primarily to Learning Disability services, Leisure services, and land charges income and Star Chambers are monitoring action plans that have been put in place to bring these budgets into line (although it is recognised that overspendings in these areas may not be eradicated in the current year).

4.0 PERFORMANCE POSITION

4.1 General

4.1.1 The process of regular performance monitoring to support continuous improvement is now well established. In 2008/09 over 300 PIs are due to be monitored for progress against targets and the rate of improvement.

4.1.2 At the end of Q1 monitoring period data was not available for 274 PIs, the majority of these are the new (CAA) national indicators for which results will be available at year-end; and data collection processes and monitoring systems are being developed. A comprehensive analysis will be provided at Q2 when more data is expected.

4.1.3 Full results for Q1 will be published on the web site as in previous quarters. Details are available through PIMS where further reports can be accessed to track progress against our ambitions and priority indicators. Q1 Local Area Agreement report is currently being analysed and will be reported to the next Management Board and Local Strategic Partnership Executive in September.

4.1.4 Our commitment to data quality remains high. With more indicators reporting, on time and to an acceptable level of accuracy, greater emphasis is now being given to improving the quality of commentary to assist in understanding / using the figures and action planning to improve performance (CPA improvement plan).

4.2 Adult Care Services

4.2.1 Overall performance remains positive at Q1. There have been improvements in a number of areas:

- Adults with mental health problems helped to live at home (C31)
- Reviews (D40)
- Availability of single rooms (D37)
- Equipment delivered within 7 working days (D54)
- Waiting times for assessments for older people (D55)
- Practice placement days (D75)
- Ethnicity of older people receiving services (E48)

- Ethnicity recording (Key Thresholds 1,2 and 3)

4.2.2 Helped to live at home figures have reduced this quarter. Some of this reflects data quality/reporting issues although traditionally these figures tend to grow as the year progresses. Other areas that remain under review include waiting time for care packages which have fallen back, direct payments which are not increasing at the expected rates and Supporting People / Drug and Alcohol team indicators where there is a time-lag in reporting. Senior management are aware of the issues and monitoring progress.

4.2.3 Looking ahead, development work continues to increase the number (and relevance) of key indicators being reported. The new basket for ACS will include new National Indicators (NIs), most of the old Performance Assessment Framework (PAF) indicators and LAA / Bury Plan measures. This will increase the departmental priority list to around 50 indicators from the current level of 30 PIs.

4.3 Children's Services

4.3.1 2008/09 Q1 performance analysis suggests maintaining the high performance reported in previous quarter (Q4). Key messages are as follows:-

- Provisional data for Key Stage 1 indicators shows an improvement on 2007/08 performance in reading, writing and maths. Provisional data for Key Stage 3 indicators will be available at Q2.
- The number of schools achieving National Healthy schools status has improved significantly from 12 in Q4 of 2007/08 to 54 in Q1. Achievement of this target is expected to contribute to achieving the strategic priority to reduce the number of teenage pregnancies in the borough through the provision of improved quality sexual relationship education in schools. (LAA Reward Element target).
- The number of Home from Home respite care opportunities has increased by 50% at the end of Q1. The annual target is to achieve 25% increase by Q4.
- The Youth Offending Team (YOT) has reported a reduction in the number of first time entrants to the criminal justice system during Q1, with a total of 76 in comparison to 107 in Q1 of 2007/08. A robust plan for continued improvement against this indicator has been agreed by the LSP and YOT Partnership Board. (LAA Reward Element target).

4.4 Environment & Development Services

- The indicators relating to road injuries are improving and on-track to achieve 2008/09 targets. This is reflected across the AGMA area.
- Most of the other Engineering indicators cannot be determined this early in the year and will depend on end-of-year calculations.
- For Planning, the 5 indicators (amber) which performed at 2007/08 baseline level will turn green (above baseline) during the year as planned projects are implemented.
- The 3 indicators (red) relating to planning applications have worsened slightly compared with last year. However, the current performance is well above the national targets.

4.5 Six Town Housing

- Slight improvement in rent collection (96.54%), however, this is partly due to pre-payments for dwellings used by social services and homeless services
- Rent arrears slightly increased during the quarter. Average re-let time for the quarter was 42 days, a considerable improvement on the 56 day at 2007/08 year end.
- Slight decrease in the percentage of urgent repairs completed within Government timescales, and in the average time to complete a non-urgent repair. However, both figures were adversely affected by inaccurate dating of completion of jobs. Therefore, actual performance should have been higher. A customer consultation event is to be held in August to discuss repairs response times and ways to improve the service.
- The number of non-decent properties has decreased this quarter due the success of capital programme.

Strategic Housing:

- Increase in the number of homeless families in Bed and Breakfast and hostel accommodation in the quarter. However, on a positive note, fewer families are now being re-housed in Bed and Breakfast accommodation. The time taken to re-house homeless applicants has been adversely affected by lack of available accommodation. Officers from Strategic Housing and Six Town Housing meet regularly to ensure the most effective re-housing of customers.
- 11 vacant private sector dwellings brought back into use or demolished in the quarter, bettering the target of 8 dwellings.
- Decrease in the number of homeless acceptances in the month, demonstrating the successes of a more proactive approach to combating homelessness in the Borough.

4.6 Chief Executive

4.6.1 At the end of quarter 1 performance monitoring data was available for only 19 PIs out of 113 indicators. Over 50% of these are expected at year-end while the remaining PIs results will be available at end of quarter 2.

- Most community safety indicators are forecast to achieve targets by the year-end. Indicators for racial incidents recorded, and the percentage which resulted in further actions performed better compared to 2007/08 baseline by 77% and 1.87% respectively. An "Increase in awareness of hate crimes" campaign in the borough has helped to improve performance.
- The processing of benefits continue to show good performance, but unable to evaluate performance for overpayments due to data collection system failure, monitoring data will be available for Q2.
- As previously reported issues around sickness absence still exist; the 11.3 days reported at Q1 deteriorated compared to 2007/08 year-end result when 10.9 days was reported. Various action plans have been implemented to ensure performance improves during next quarter.

Mike Owen
Director of Finance and E-Government

Background documents:

Corporate financial monitoring information available from the Director of Finance and E-Government

For further information on the details of this report, please contact:

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