

REPORT FOR DECISION

Agenda Item	
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MEETING: **AUDIT COMMITTEE**

DATE: **9 December 2008**

SUBJECT: **FINANCE AND PERFORMANCE MONITORING 2008/09 –
MONTH 6**

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 £1.251m for the year based on spending and income information as at 30th September 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 September 2008 and reflects the information that was considered by the Executive at it's meeting on 3 December 2008.

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 September 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 September 2008 is (figures in brackets represent underspends, those without represent overspends):

	£m
Adult Care Services	2.152
Children's Services	(0.002)
E&DS	0.760
Chief Executive's	0.131
Non service specific	(1.790)
TOTAL PROJECTED OVERSPENDING	1.251

The projected overspend of **£1.251m** represents **0.94%** of the total net budget of £132million. Detailed risk assessments and variance analyses of budget hot-spots at September 2008 were provided to the Executive on 3 December 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 At this half way point through the year, 60% (55 PIs) of indicators reported have performed better than 2007/08 baseline, while approximately the same number of indicators is predicted to perform better than 2008/09 full year targets contributing positively to the Bury Ambition.
- 4.2 Performance levels for the following eight indicators did not reach the performance levels achieved in 2007/08 baseline levels and are not forecast to meet 2008/09 target by year-end:-
- (a) LAA060 – Number of childcare places available per 100 (pre-school children)
 - (b) LAA069 – Progression by 2 levels in Maths between key stage 3 & 4
 - (c) LAA033 – Health of Children Looked After (Health Assessment etc)
 - (d) NI043 - Young People within the Youth Justice system receiving a conviction in court who are sentenced to custody
 - (e) LAA048 – Prevalence of breast-feeding at 6-8wks from birth
 - (f) NI065 - % of children becoming the subject of Child Protection Plan for a second or subsequent time
 - (g) NI068 - % Referrals to children's social care going on to initial assessment
 - (h) LAA032 - % of Looked After Children achieving 5A*-c GCSE (KS4 Eng & Maths)
 - (i) NI062 - % of children looked after at 31 March with three or more placements during the year
- 4.3 These indicators will be closely monitored during the remaining performance tracking periods of the year to reverse the adverse performances shown. Discussion with services managers through the quarterly performance surgeries will help in the improvement process.

4.4 National Indicators (NIs) have been introduced for the first time in 2008/09 As previously reported at the end of quarter 1, most of the expected NI data are still missing; this can be attributed to (a) the majority of the new national indicators are being collected and reported for the first time (b) data definitions for some of these NIs are not yet very clear making it difficult to understand and apply during collection process. However the numbers of NI results reported have seen a steady increase and it is set to continue to year-end. Monitoring systems and accurate data collection processes have been implemented to ensure year-end data are available for these indicators. The Council has met its statutory obligation to report NI179 (Value for money PI) through the national Hub during the quarter.

4.5 The Bury Plan & 2008/09 Priority Performance Indicators:

Monitoring data are not yet available for 55% of the 31 priority PIs. Most of the missing results will be provided by the end of quarter 3. Nine PIs reported are forecast to achieve 2008/09 targets, while four PIs have shown signs of improvement but not sufficient to achieve targets.

72% (26 PIs) of the Bury Plan indicators are forecast to be ahead of targets by at year –end. Ten PIs have not met respective targets, however six have improved but not sufficiently to achieve targets.

A comprehensive and detailed combined (Bury plan & priority) performance report will be presented to a future Management Board meeting at the end of quarter 3.

4.6 Performance against baseline (2007/08)

	Unable to determine – no data/targets
Green	Better than 2007/08
Amber	Same
Red	Worse than 2007/08 (baseline)

	Green	Amber	Red	No Data	Total
All Corporate PIs (supporting Bury Ambitions)	55	6	30	253	344
Priority PIs	9	–	5	17	31
National Indicators PIs (Council’s Responsibility)	3	–	1	23	27
All National Indicators PIs	28	4	22	155	209
The Bury Plan PIs	21	2	6	76	105
All Local Area Agreement PIs	22	2	13	54	91

Please note: Some PIs appear in more than one category.

4.7 Performance against target

	Unable to determine - no data/targets
Green	Achieved
Amber	Within 15% of achieving target
Red	Significantly below target (15%)

	Green	Amber	Red	No Data	Total
All Corporate PIs (supporting Bury Ambitions)	52	23	18	251	344
Priority PIs	9	4	–	18	31
National Indicators PIs (Council's Responsibility)	5	–	–	22	27
All National Indicators PIs	23	17	12	157	209
The Bury Plan PIs	26	4	6	69	105
All Local Area Agreement PIs	16	14	9	52	91

Please note: Some PIs appear in more than one category.

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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