

REPORT FOR DECISION

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| Agenda Item | |
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MEETING: AUDIT COMMITTEE

DATE: 24 February 2009

SUBJECT: FINANCE AND PERFORMANCE MONITORING 2008/09 – MONTH 9

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 £0.583m for the year based on spending and income information as at 31 December 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 December 2008 and reflects the information that was considered by the Executive at its meeting on 18 February 2009.

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 31 December 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 31 December 2008 is (figures in brackets represent underspends, those without represent overspends):

| | £m |
|-------------------------------------|--------------|
| Adult Care Services | 2.505 |
| Children's Services | (0.040) |
| E&DS | 0.388 |
| Chief Executive's | 0.194 |
| Non Service Specific | (2.464) |
| TOTAL PROJECTED OVERSPENDING | 0.583 |

The projected overspend of **£0.583m** represents **0.44%** of the total net budget of £132million. Detailed risk assessments and variance analyses of budget hot-spots at December 2008 were provided to the Executive on 18 February 2009 as part of the corporate monitoring report. The overspending represents a significant reduction on the position reported at month 6 (£1.251m overspend) mainly as a result of remedial action being taken by EDS to claw back their position, and also due to the fact that more certainty over the extent of investment income has allowed a larger underspend to be declared.

- 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, 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).
- 3.9 As requested by the Committee, the Director of Adult Care Services will be attending the meeting to provide further information to Members on the reasons behind the overspend in that Department and on action being taken to address the situation.

4.0 PERFORMANCE POSITION

- 4.1 At the end of December 2008 in-year performance monitoring data was missing for 66% of all corporate Performance Indicators (PIs). Most of the data missing relates to the new National Indicators (NI) where data is being collected for the first time and for those PIs where good quality data is only available at year-end. Service managers have confirmed that accurate and auditable set of data will be available at year-end (31st March 2009).
- 4.2 So far 56% (63 PIs) performed better than 2007/08 which is a slight improvement compared to the position at the end of September 2008; also around 70% (80 PIs) are forecast to achieve the 2008/09 full year targets.
- 4.3 The following 19 indicators are currently forecast not to achieve their year-end targets at 31 March 2009:

National Indicators (NI)

- (a) NI044b/EQ** % of offenders on Youth Justice System disposals of Mixed Ethnic composition
- (b) NI043** Young people within the Youth Justice System receiving a conviction in court
- (c) NI044c/EQ** % of offenders on Youth Justice System disposals of Black or Black British Ethnic composition
- (d) NI101/LAA032** The % of Looked after children achieving 5 A*-C GCSEs at key stage 4 (including English & Maths)
- (e) NI098/LAA095** Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4

- (f) **NI134** The number of emergency bed days per head of weighted population
- (g) **NI062** The percentage of children looked after at 31 March with three or more placements during the year
- (h) **NI065** Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time
- (i) **NI066/LAA029** Percentage of Looked after children cases that were reviewed within required timescales
- (j) **NI068/LAA027** Percentage of referrals to children's social care going on to initial assessment

Local Area Agreement (LAA)

- (k) **LAA060c** The number of childcare places available per 100 pre-school children
- (l) **LAA061a** The number of childcare places available per 100 school age children (East)
- (m) **LAA061b** The number of childcare places available per 100 school age children (Radcliffe)
- (n) **LAA033** Health of Children Looked After (Health Assessments, Dentist app, up to date)

Local Performance Indicators (LPI)

- (o) **CPR082** Number of schools with Travel Plans
- (p) **LPI/CPR078** Rate of traffic growth per annum
- (q) **CPR086/EQ** Progress of Pakistani heritage pupils from KS2 to KS3 across English, maths and science based on Average Point Score
- (r) **BV212** Average time taken to re-let local authority housing
- (s) **LPI/L202** Average days to complete non-urgent repairs

- 4.4 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.
- 4.5 The National Indicator Set comprises 198 headline indicators, but actually includes 211 separate indicators when data subsets are included. At present 72% of these (152 PIs) are still without in-year monitoring data, but Service managers are confident that accurate and auditable set of performance data will be available at year-end (31st March 2009).
- 4.6 Comprehensive and detailed performance reports are available and can be viewed or downloaded from the corporate performance systems (PIMS).

4.7 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) | 63 | 7 | 42 | 222 | 334 |
| Priority PIs | 11 | 1 | 8 | 11 | 31 |
| National Indicators PIs (Council's Responsibility) | 3 | – | 1 | 22 | 26 |
| All National Indicators PIs | 33 | 3 | 23 | 152 | 211 |
| The Bury Plan PIs | 28 | 3 | 24 | 70 | 125 |
| All Local Area Agreement PIs | 25 | 1 | 16 | 51 | 93 |

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

4.8 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) | 80 | 21 | 19 | 214 | 334 |
| Priority PIs | 15 | 4 | 1 | 11 | 31 |
| National Indicators PIs (Council's Responsibility) | 5 | – | – | 22 | 27 |
| All National Indicators PIs | 37 | 13 | 10 | 151 | 211 |
| The Bury Plan PIs | 42 | 10 | 8 | 65 | 125 |
| All Local Area Agreement PIs | 32 | 11 | 8 | 42 | 93 |

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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