

REPORT FOR INFORMATION

MEETING: AUDIT COMMITTEE

DATE: 22 FEBRUARY 2011

SUBJECT: FINANCIAL AND PERFORMANCE MONITORING
REPORT – APRIL 2010 TO DECEMBER 2010

REPORT FROM: DIRECTOR OF FINANCE AND E-GOVERNMENT

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

TYPE OF DECISION: NON-KEY DECISION

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain

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 underspending of **£0.622m** for the year based on spending and income information as at 31 December 2010. Whilst there is an overall reported underspend, it should be noted that cost pressures remain in some service areas.

OPTIONS & RECOMMENDED OPTION The Committee is asked to note the contents of the report.

IMPLICATIONS:

Corporate Aims/Policy Framework:

Do the proposals accord with Policy Framework? Yes.

Financial Implications and Risk Considerations:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B:

Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

The report also includes performance information which should be read in conjunction with the financial information so as to provide a better context to the budget position.

There may also be risks arising from any changes to service levels or service patterns that result from any remedial action taken to address the budget position. These will be identified by Directors when savings plans are considered by Members at the quarterly Star Chamber meetings.

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 underspendings against budget of which Members need to be aware.

This report draws Members attention to the fact that, based on the most prudent of forecasts, several budget hotspots exist which will need remedial action in the coming weeks and months. Members and officers will be examining these areas in more detail at the Star Chambers together with proposals for actions to be undertaken in the current year.

Equality/Diversity implications:

No

Considered by Monitoring Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

Are there any legal implications?

Yes

Staffing/ICT/Property:

There may be staffing implications arising from the need to address budget pressures.

Wards Affected:

All

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/Chair	Scrutiny Committee (Internal)	Council	Ward Members	Partners
Both	Cabinet Member – Resource, Human Resource & Performance ✓				

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 2010 (see 3.1 below).

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).

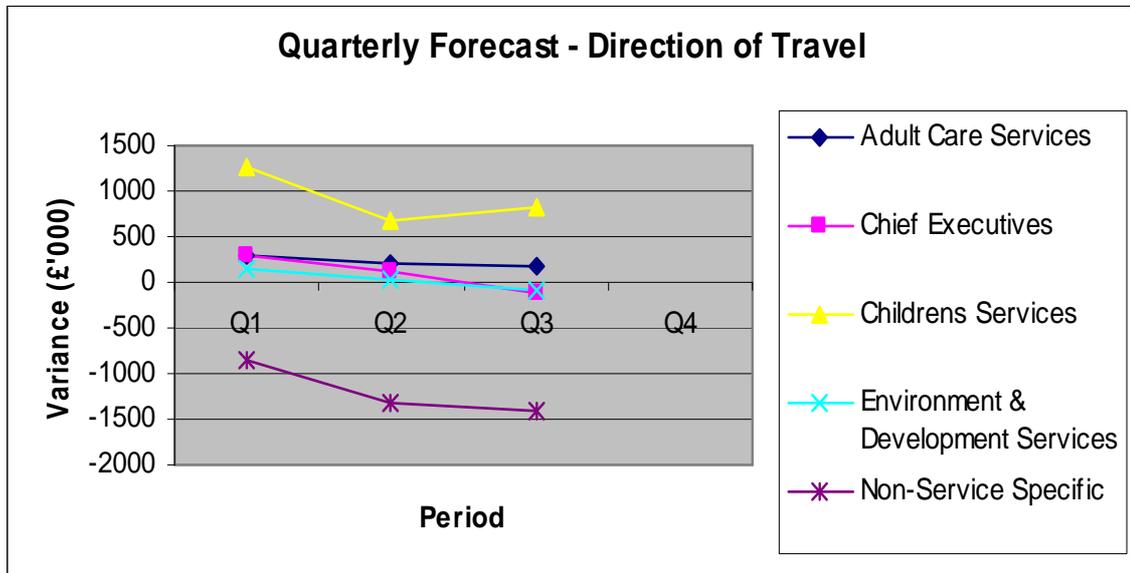
- 2.2 It is intended that the format of the quarterly monitoring report will be amended so that information is sharpened up to focus on the key messages available from the figures and also that the presentation will be simplified through the use of graphs, tables and charts.

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 2010 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 2010 is (figures in brackets represent underspendings, those without represent overspends):

Department	Budget £'000	Forecast £'000	Variance	
			£'000	%
Adult Care Services	42,437	42,628	+191	+0.45
Chief Executives	5,423	5,298	-125	-2.30
Childrens Services	25,849	26,675	+826	+3.20
Env. & Dev. Services	34,262	34,162	-100	-0.29
Non-Service Specific	32,414	31,000	-1,414	-4.36
TOTAL	140,385	139,763	-622	-0.44

- 3.4 The projected underspend of £0.622m represents approximately 0.44% of the total net budget of £140.385m.
- 3.5 The graph overleaf shows the direction of travel for the year to date;



3.6 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.

3.8 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 31 March 2010 per Accounts	6.244
Less : Minimum balances to be retained in 2010/11	-3.800
Add : Forecast underspend	+0.622
Available balances at 1 April 2011	3.066

3.9 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2010/11 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 £3.8m.

3.10 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.

4.0 PERFORMANCE POSITION

4.1 This section of the report summarises performance during quarter three of the financial year 2010/11. The table below shows areas of concern which are currently ‘double-red’, i.e. they are performing worse than at the end of 2009/10 and are not forecast to meet 2010/11 targets, or are in the Local Area Agreement or Bury Plan and are not forecast to meet 2010/11 targets

Performance Indicator	Commentary	Double Red
Chief Executive's		
BV014/EM % of staff retiring early as a % of the total workforce (excl. ill-health retirements)	The authority has not met the target set for the Quarter 3 year 2010-11; we have also had an increase on our premature retirements during each quarter of this year. This is due to the authority undertaking an efficiency saving exercise following the announcement of Government Funding cuts and also the restructure announcements.	✓
BV015/EM % of ill health retirements as a % of the total workforce	The authority has not met the target set for Quarter 3 2010-2011. We have had 3 ill-health retirements so far this year. We will continue to monitor ill-health retirement on a quarterly basis with the intention of reducing our figures by 3 each year.	✓
NI181/EM Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	Although performance is below 2010-11 target and 2009-10 baseline. There has been a slight improvement over the last quarter of the current year.	✓
Childrens Services		
NI043 Young people within the Youth Justice System receiving a conviction in court who are sentenced to custody. Expressed as a % of all sentences.	6 out of 69 offences resulted in custodial sentences this quarter. Year to date is 27 out of 207 sentences. This quarter has seen custodial sentences given for a sexual offence, supply of class A drugs, Taken Without Owners Consent (TWOC), assault and two offences of breach of order.	✓
N1045/BS/EM Young offenders' engagement in suitable education, training and employment	Although the overall rate underperformed against both the full target and baseline, 100% (14/14) of school age young people were in suitable Education Training Employment (ETE) this quarter while 76.2% (16/21) of above school age people were in suitable (ETE).	✓
NI059/CYB Percentage of initial assessments for children's social care carried out within 7 working days of referral	There is a considerable backlog to the inputting and closure of Initial Assessments due to a 40-45% projected increase in referrals during 2010-11. This has placed the service under severe pressure in terms of timeliness. Additional staff were employed during the quarter to ease the pressure	✓
NI065/CYB Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time	Whilst the overall number of children with a second or subsequent plan is too high for the year overall, this actually equates to 17.5% of families, which is again within the acceptable threshold banding. Lessons learned are incorporated into Action Plans which are being tracked.	✓

Performance Indicator	Commentary	Double Red
NI107a/EQCRZ Key Stage 2 attainment for Black and minority ethnic groups: Pakistani Heritage	Results must be treated with extreme caution due to the national boycott of KS2 tests. The attainment gap for Pakistani heritage pupils is the same as last year at 13%. This is 9% above target and the national gap is 5%	✓
NI108/EQCRZ Key Stage 4 attainment for Black and minority ethnic groups: Pakistani Heritage	49% of Pakistani heritage pupils achieved 5 AC (including English and maths) compared with 61% for all pupils. This is a 2% improvement on the previous year and the gap has narrowed by 1% even though it is still 6% higher than target	✓
NIC103a&b Percentage of final statements of special education need issued within 26 weeks; and excluding exception cases	Poor performance mainly due to ongoing staffing difficulties and increase in referrals has affected performance; yearly outturn is likely to be lower than expected.	✓
Environment & Development Services		
LAADP001/NI192/CPR/EM Percentage of household waste sent for re use, recycling and composting	A drop in performance was due to a change in data definition for calculating the percentage of composting element part way through the financial year	✓
NI011/EM Percentage of the adult population (16 and over) in a local area that have engaged in the arts at least three times in the past 12 months.	There has been a 6.67% decrease from 2009-10 baseline	✓

4.2 Comprehensive and detailed performance reports are available and can be viewed or downloaded from the corporate performance systems (PIMS).

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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