

REPORT FOR INFORMATION

MEETING: **AUDIT COMMITTEE**

DATE: **6 DECEMBER 2011**

SUBJECT: **FINANCIAL AND PERFORMANCE MONITORING
REPORT – APRIL 2011 TO SEPTEMBER 2011**

REPORT FROM: **ASSISTANT DIRECTOR OF RESOURCES (FINANCE
AND EFFICIENCY)**

CONTACT OFFICER: **S Kenyon**

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 overspending of **£0.457m** for the year based on spending and income information as at 30 September 2011.

**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.

Comments of s151 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.

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.

Comments of Executive Director of Resources:

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/ Senior Leadership Team	Executive Member/Chair	Scrutiny Committee (Internal)	Council	Ward Members	Partners
Yes	9/11/11	7/12/11			

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 Committee (Internal). 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 2011 (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 the Senior Leadership Team 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 the Senior Leadership Team, the Executive, Star Chambers and the Internal Scrutiny Committee. 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

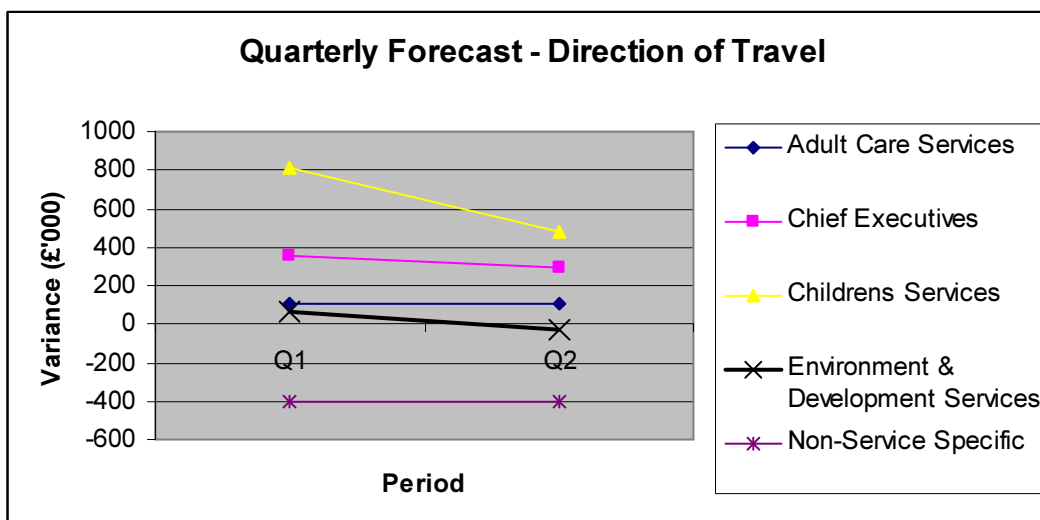
assessment of the minimum level of balances, information on the forecast balances position and an assessment of performance against the objectives of the Financial Strategy (including the Golden Rules).

3.0 FINANCIAL POSITION

- 3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 30 September 2011 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 30 September 2011 is (figures in brackets represent underspendings, those without represent overspendings):

Department	Budget £'000	Forecast £'000	Variance	
			£'000	%
Adult Care Services	51,214	51,322	+108	+0.21
Chief Executives	6,021	6,314	+293	+4.87
Childrens Services	26,494	26,979	+485	+1.83
Env. & Dev. Services	37,030	37,004	-26	-0.07
Non-Service Specific	23,744	23,341	-403	-1.70
TOTAL	144,503	144,960	+457	+0.32

- 3.4 The projected overspend of £0.457m represents approximately 0.32% of the total net budget of £144.503m.
- 3.5 The chart below plots 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.
- 3.7 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 31 March 2011 per Accounts	8.305
Less : Minimum balances to be retained in 2011/12	-4.300
Add : Forecast overspend	-0.457
Available balances at 1 April 2012	3.548

- 3.8 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2011/12 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 £4.3m.
- 3.9 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 SUMMARY OF PERFORMANCE POSITION

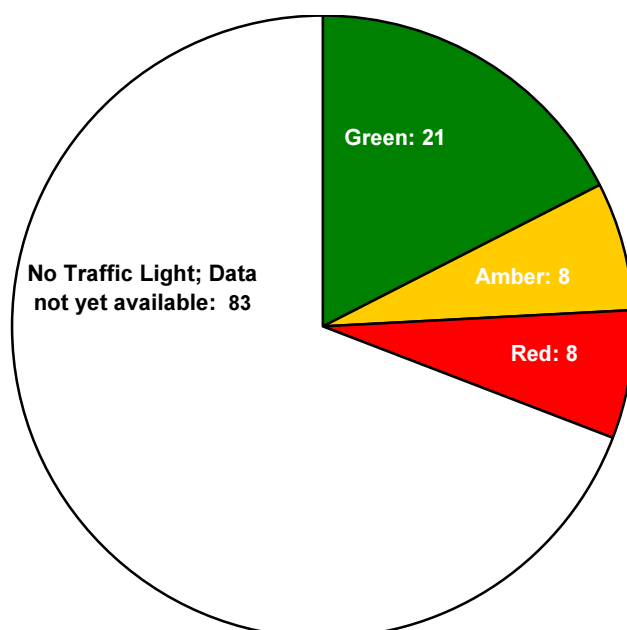
- 4.1 This report summarises the performance against corporate performance targets (National single data list, Local Government Inform, Greater Manchester and Local indicators) during Quarter 2 (April to September) of 2011/12.

4.2 Overall Performance Against Targets – Quarter 2 2011/12

- 4.2.1 Overall the council currently reports performance against a total of 120 corporate performance indicators. The chart on the following page shows the percentage of these performance indicators that are categorised as Red, Amber and Green when compared against targets for 2011/12.

- 4.2.2 In the chart overleaf the definitions of the colour-coding are:

- **Green** – On target or better than target.
- **Amber** – Within 15% of achieving target.
- **Red** – Below target.
- **No Traffic Light** – Information not available. Information may not be available for a number of reasons:
 - Data are only provided annually e.g. examination results.
 - Targets have not yet been set for 2011/12.



4.3 Areas of Concern

4.3.1 For the purposes of this corporate report, the areas of concern identified below are those corporate indicators which are currently 'double-red', i.e. they are performing worse than at the end of 2010/11 and are not forecast to meet 2011/12 targets at the end of the first six months of the financial year.

Performance Indicator	Commentary
C/NI105/SD/CYB The Special Educational Needs (SEN)/non SEN gap achieving 5 A* C GCSE inc. English and Maths	Results are provisional. The attainment gap has widened by 4 percentile points this year and is 11 percentile points above target (where lower is better). Results of SEN pupils fell by 3 percentile points this year. National data are not available.
C/NI107b/SD/EQCRZ Key Stage 2 attainment for Black and minority ethnic groups: Mixed White and Black Caribbean	Results are provisional. The attainment gap has widened significantly this year as results for this ethnic group fell by 16 percentile points. This is a relatively small group in Bury (39 pupils). National data are not yet available.
C/NI108a/SD/EQCRZ Key Stage 4 attainment for Black and minority ethnic groups: Pakistani Heritage	Results are provisional. Results for this group of pupils improved by 3.2 percentile points, but this is not enough to meet the target. The gap is 7 percentile points above target (where lower is better). National results are not yet available.
C/NI108b/SD/EQCRZ Key Stage 4 attainment for Black and minority ethnic groups: White Other	Results are provisional. The attainment gap has widened by 5 percentile points as results for this ethnic group fell by 2 percentile points. National data is not yet available.

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

S. Kenyon
Assistant Director of Resources (Finance & Efficiency)

Background documents:

Corporate financial monitoring information available from the Assistant Director of Resources (Finance & Efficiency)

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

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