

REPORT FOR INFORMATION

MEETING: AUDIT COMMITTEE

DATE: 14 FEBRUARY 2012

SUBJECT: FINANCIAL AND PERFORMANCE MONITORING
REPORT – APRIL 2011 TO DECEMBER 2012

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 underspending of **£0.103m** for the year based on spending and income information as at 31 December 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
6/2/12	15/2/12	15/2/12			

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 December 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 31 December 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 31 December 2011 is:

Department	Budget £'000	Forecast £'000	Variance	
			£'000	%
Adult Care Services	51,810	51,754	-56	-0.1%
Chief Executives	5,923	6,085	+162	+2.7%
Childrens Services	26,456	26,901	+445	+1.7%
Env. & Dev. Services	36,465	36,303	-162	-0.4%
Non-Service Specific	23,763	23,271	-492	+2.1%
TOTAL	144,417	144,314	-103	-0.07%

3.4 The projected underspend of £0.103m represents approximately 0.07% of the total net budget of £144.417m.

3.5 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.

3.6 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	+0.103
Available balances at 1 April 2012	4.108

3.7 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.

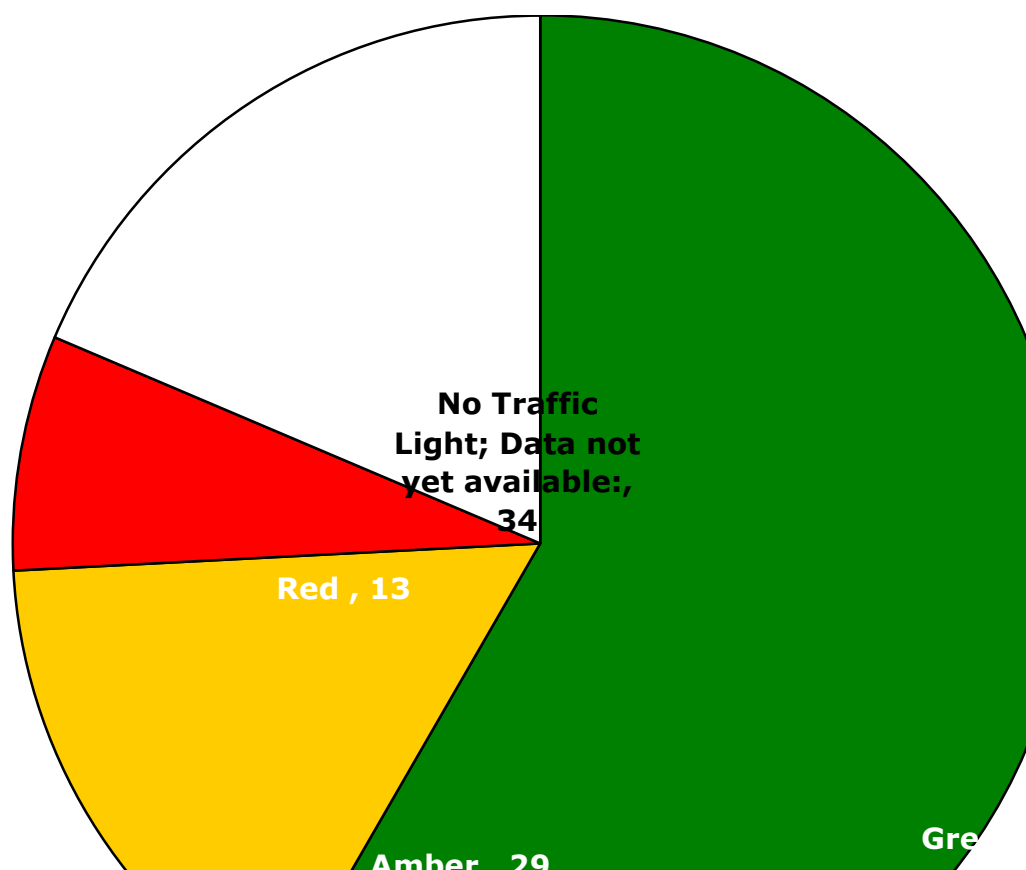
- 3.8 Additionally, in view of the fact that the minimum level of balances figure includes a provision of £1.5m relating to a cushion for 'Unpredictable and Demand led Expenditure' then it is clear that the authority's forecast overall financial position does not present an unacceptable risk at this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

4.0 SUMMARY OF PERFORMANCE POSITION

- 4.1 This report summarises the performance against corporate performance targets relating to the Bury Plan, National single data list, Local Government Inform, Greater Manchester and local indicators during quarter three (April to December) of 2011-12. Detailed performance information and analysis, provided by the individual council departments, is included at appendix A.

Overall Performance Against Targets – Quarter 3 2011-12 (Nine months activities)

- 4.2 Overall the council currently reports performance against a total of 182 corporate performance indicators, a slight increase from the quarter two, due to the inclusion of indicators supporting executive members' portfolios. The chart below shows the percentage of these performance indicators that are categorised as Red, Amber and Green when compared against targets for 2011-12.



- 4.3 Throughout this report 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 available after the corporate deadline data e.g. Crime rate data set
- Targets have not yet been set for 2011-12

Areas of Concern

4.4 For the purposes of this corporate report, the areas of concern identified overleaf 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 nine months performance monitoring period.

Performance Indicator	Commentary
C/BV088/LG/ME Number of missed bins collections per 100,000 collections	Changes to existing collection rounds and introduction of the new waste collection system in October 2011 caused inevitable disruption and an increase in missed collections. The figure has peaked and is now reducing but will not meet the annual target.
CPR/NI116/GM/CYB/EQCRZ/CEDP Proportion of children in poverty (live in families that receive out of work benefits)	The latest data published from 2009 shows that in Bury 18.5% of all children live in poverty. 19.1% of all children under 16 live in poverty.
C/NI059/SD/LG/CYB/ME Percentage of initial assessments for children's social care carried out within 7 working days of referral	At quarter 3 there were 142 Initial Assessments in progress. Of these, 114 relate to referrals received. Performance is indicative of the high number of referrals received throughout quarter 3
C/NI060/SD/LG/PAFC64/ME Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement	At quarter 3 there were 129 Core Assessments in progress. Of these, 48 had a quarter 3 start date. Seven commenced during 2010-11.
C/NI061/SD/ME The percentage of looked after children adopted during the year who were placed for adoption within 12 months.	Five children were adopted. Four were adopted within timescales. Year to date (YTD): 5 out of 11. Whilst the year-to-date percentage is still low, it's a substantial increase from the YTD figures for quarters 1 and 2, due to most quarter 3 cases being handled within the timescales
LPI/E/BV014/ME Percentage of staff retiring early as a % of the total workforce (excl. ill-health retirements)	The authority is not on schedule to meet the 2011-12 full target. We have had an increase on 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 the restructure announcements.

4.5 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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