

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR PERIOD ENDING 31ST MAY 2011

To: **Cabinet**

Date: **5th July 2011**

From: **LGSS: Director of Finance**

Electoral division(s): **All**

Forward Plan ref: **2011/053** *Key decision:* **Yes**

Purpose: **To present financial and performance information to assess progress in delivering the Council's Integrated Plan.**

Recommendations **That Cabinet:**

- 1. Analyses resources and performance information and notes the remedial action currently being taken and considers if any further remedial action is required.**

Virements:

Established practice to support all significant virements, where the value is over the Executive Director's or Corporate Director's limit.

- 2. Approves the virements of £250k from the area social care teams to 16+ and Leaving Care, and £140k to residential units (section 3.2).**
- 3. Approves the further virement of £160k from the area teams to Strategic Management Social Care (section 3.2).**
- 4. Approves a virement to transfer the £460k one-off saving from the CCN budget to the Corporate Director budget (section 3.2).**

Funding taken to/from Reserves:

In line with agreed practice, the default position is to account for all income as a general resource, with any additional pressures in grants taken to the Pressures & Developments Reserve. On occasions, funding that has been earmarked by Cabinet for specific use, or funding expected as per the Integrated Plan, is transferred to the appropriate Service.

- 5. New Homes Bonus (£789,300) – approves the treatment of this funding as a general resource in the first instance and take it to corporate reserves (section 6.2).**

6. **Community Transport Funding (£258,208)** – approves the allocation of this funding in full to Environment Services (section 6.2).
7. **Pothole Funding (£2,681,869)** – approves the allocation of this funding in full to Environment Services (section 6.2).
8. **Local Services Support Grant (£215,704)** – approves the treatment of this funding as a general resource in the first instance and take it to corporate reserves (section 6.2).
9. **Music Grant (£305,941)** – approves the allocation of this funding to be split between CYPS (£125,441), with the remaining £180,500 being treated as a general resource and being put into corporate reserves (section 6.2).
10. **Local Public Sector Agreement (LPSA) Reward Grant (£4.5m)** – approves that this money is taken to corporate reserves pending agreement between Cambridgeshire partners as to how this resource can be most usefully deployed (section 6.2).



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1. PURPOSE

To present financial and performance information to assess progress in delivering the Council's Integrated Plan.

2. OVERVIEW

The following table provides a snapshot of the Authority's performance to date and forecast performance at year end by value, RAG status and direction of travel. Information on the Balance Sheet Health is updated quarterly (June, September, December and March).

Area	Measure	End of Month Status		Month DoT	Forecast Year-End Status		Year DoT
Revenue Budget	Variance (£m)	+£5.3m	 A		+£2.3m	A	
Basket Key Performance Indicators	Number at target (%)	-	-		-	-	
Capital Programme	Number of projects to budget and time (%)	81.5% (137 of 168)	 A		81.5% (137 of 168)	A	
Balance	Variance of net borrowing	-	-		-	-	

Sheet Health	activity from plan (£m)						
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2.1 The key exceptions included in the summary analysis are:

- Revenue Budget; overall the budget position is showing a forecast year-end overspend of £2.3m (0.6%). The majority of this relates to the forecast pressure within Adult Social Care – Operations. See section 3.2 for details and suggested actions.
- Key Performance Indicators; the performance information that will be provided in this report is currently under review, and will be the subject of a separate discussion at Resources and Performance Overview and Scrutiny Committee on the 1st July and Cabinet on the 5th July. Services continue to regularly monitor key operational performance indicators as part of managing the delivery of services.
- Capital Programme; at present 137 out of 168 current projects are forecast to be on time and budget. The projects not to time and budget are mainly as a result of slippage and cuts to the programme. See section 4.2 for details and suggested actions.
- Balance Sheet Health; this is reported quarterly, and so an update will be provided in June's report.

3. REVENUE BUDGET, ISSUES AND ACTIONS

3.1 A more detailed analysis of financial performance is tabled below:

Key to abbreviations

ES Environment Services

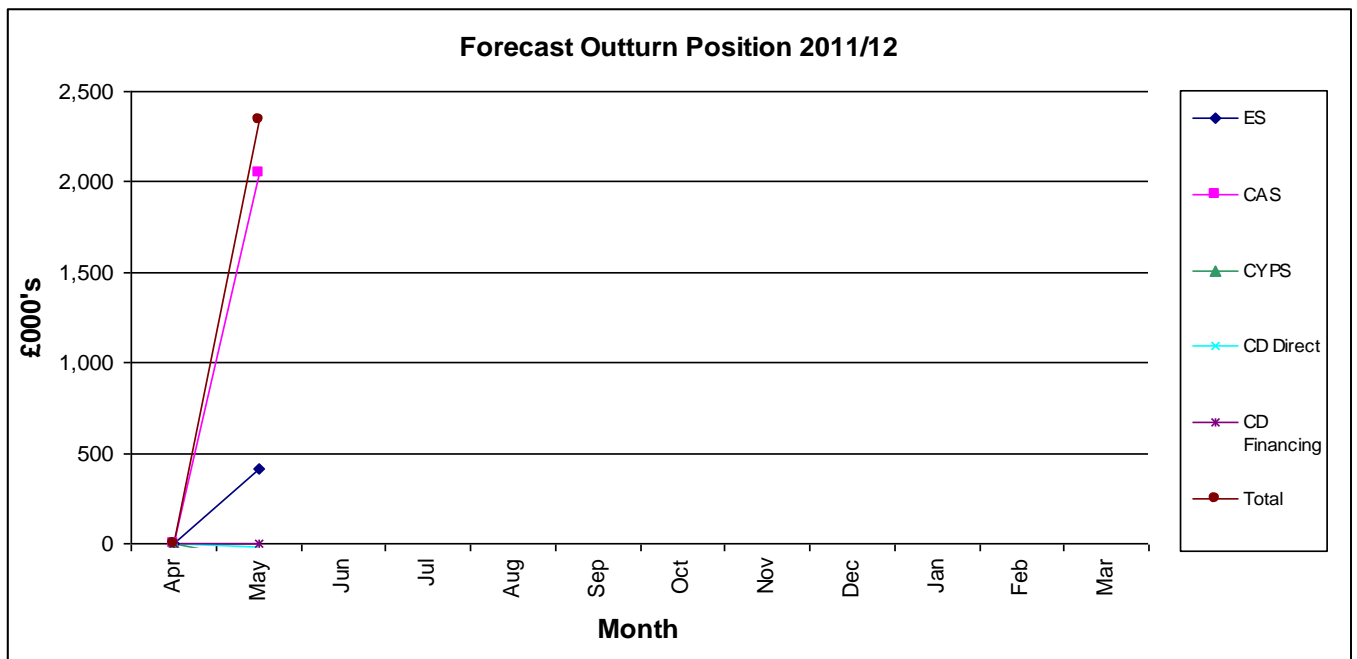
CAS Community and Adult Services

CYPS Children and Young People's Services

CD Corporate directorates LGSS Local Government Shared Services

DOT Direction of travel

Outturn Variance (Apr) £000	Service	Budget for 2011/12 £000	Current Variance £000	Forecast Outturn (May) £000	Forecast Outturn (May) %	Overall Status	D o T
-	ES	55,779	-1,018	410	0.7%	A	↓
-	CAS	167,939	7,596	2,051	1.2%	A	↓
-	CYPS	109,628	-561	-93	-0.1%	G	↑
-	CD Direct	30,214	-603	-20	-0.1%	G	↑
-	CD Financing	33,420	-66	0	0.0%	G	↔
0	Total Service Spending	396,980	5,348	2,348	0.6%	A	↓
-	Financing Items	2,521	0	0	0.0%	G	↔
0	Total Spending 2011/12	399,501	5,348	2,348	0.6%	A	↓



3.2 Key exceptions and emerging issues are identified below.

Service	Key Exceptions	Impacts and Actions
ES	<p>A total Service overspend of £410k is forecast at year-end.</p> <p>Waste PFI: £400k overspend forecast at year-end.</p> <p>See the ES Finance and Performance Report for details</p>	<p>This budget has been based on a 2.5% inflationary uplift in the core contract payment in line with all non-payroll budget inflation forecasts. Early indications from the various contract indices suggest that the actual price uplift could exceed 5%. If these forecasts prove to be accurate, it will create a pressure of circa £400k.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> • Inflation will be closely monitored during the year, with pressures emerging from this highlighted in this report as contract prices are updated. • Continued discussions with AmeyCespa to explore options to offset the pressure with further reductions in waste volume.

Service	Key Exceptions	Impacts and Actions
	of individual variances (link provided in section 9.1).	
CAS	<p>A total Service overspend of £2.1m is forecast at year-end.</p> <p>Learning Disability Services: £1.6m overspend is forecast at year-end.</p> <p>Adult Social Care – Strategy & Commissioning (Older People)</p>	<p>As at May, the forecast pressure for the pool in 2011/12 is c.£2.1m (with the Council's share being £1.6m).</p> <p>Early indications are that this budget may be struggling to achieve the savings target set for it.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> • Across the service, detailed plans are being developed by all teams to recover this position and contain spend within budget. • Review of all individual high level packages (already some success with £250k impact on a full year). • Ensure best value packages for all clients at entry, review and reassessment (when applicable). • Holding all but essential vacancies. • Investment in a Direct Payment Officer, which should achieve an increased level of clawbacks. <p>No outturn position is available for the Older Peoples pool at this time.</p> <p>The finances for this pool are managed by Cambridgeshire NHS (CNHS), who are expected to provide details of the May position in the near future. Cambridgeshire Community Services (CCS) produces the figures on behalf of CNHS and is required to do this within 10 working days of the end of the accounting period.</p> <p>Monthly detailed budget will also be available in line with the timeframe mentioned above (reports will be updated with this information).</p> <p>Early indications are, however, that this budget</p>

Service	Key Exceptions	Impacts and Actions
CD (including LGSS Cambridge Office)	<p>A total underspend of -£20k is forecast at year-end.</p> <p>Cambridgeshire Community Network (CCN): -£460k underspend forecast at year-end.</p> <p>See the CD Finance and Performance Report for details of individual variances (link provided in section 9.1).</p>	<p>Following completion of the Comprehensive Spending Review the Department for Communities and Local Government have transferred all PFI grants to an annuity rather than declining balance basis. This has resulted in the early settlement of the remaining PFI credits and has created a one-off saving of £460k for CCN.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> Cabinet is asked to approve a cash virement to transfer the £460k one-off saving from the CCN budget to the Corporate Director budget, where it will be used to offset any pressures resulting from failure to achieve full-year IPP savings.

Service	Emerging Issues	Impacts and Actions
ES	Economic Downturn	<p>Income streams, such as planning fees, section 106 contributions and section 38 fees could be affected.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> These are currently being closely monitored by officers and will be reported if there becomes a problem in achieving the expected level of income.
CAS	None	
CYPS	None	
CD	Business Support and	Lloyds Bank has given notice that they will be

Service	Emerging Issues	Impacts and Actions
(including LGSS Cambridge Office)	Facilities Management	<p>vacating Black Horse House at the end of their current tenancy (October 2011). Strategy & Estates are marketing the space, but there is a risk of a further £166k pressure resulting from loss of income (creating a full-year pressure of £440k).</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> Marketing of the space is currently underway and the position will be monitored and forecast outturn updated accordingly when more information is available. Should a tenant not be found, the full-year pressure will need to be addressed during IPP.

Note: material variances are considered to be in excess of either +/- 0.5% of the Services' overall net budget plus grants or +/- 0.1% of the Council's net budget plus grants (£400k), whichever is the greater.

4. CAPITAL PROGRAMME, ISSUES AND ACTIONS

4.1 A more detailed analysis of capital performance by programme for individual schemes of £0.5m or greater is tabled below:

Service	No. of Programmes	No. on Budget	No. on Time	Target end of May	Actual end of May
ES	64	60	63	59 schemes to budget and time.	59 schemes to budget and time.
CAS	22	22	8	8 schemes to budget and time.	8 schemes to budget and time.
CYPS	56	56	51	51 schemes to budget and time.	51 schemes to budget and time.
CD	26	26	19	19 schemes to budget and time.	19 schemes to budget and time.

4.2 Key exceptions and emerging issues are identified below:

Service	Key Exceptions	Impacts and Actions
ES	<p>An underspend of -£2.7m is currently being forecast for ES' capital programme in 11/12.</p> <p>Environment & Regulation: -£2m underspend forecast at year-end.</p> <p>See the ES Finance and Performance Report for details of individual variances (link provided in section 9.1).</p>	<p>This is due to predicted underspends for the Waste Infrastructure schemes within this year. The whole area of Waste Infrastructure Programme is due to be reviewed following the reductions to the capital programme, to make the best use of funding available.</p>
CAS	<p>An underspend of -£1.2m is currently being forecast for CAS' capital programme in 11/12.</p> <p>Transformation Initiatives: -£1.2m underspend forecast at year-end.</p>	<p>The Department of Health has allocated a capital allocation of £1.2m to support three key areas of personalisation, reform and efficiency. A plan for expenditure has yet to be decided</p>

	See the CAS Finance and Performance Report for details of individual variances (link provided in section 9.1).	
CYPS	<p>A forecast variance of -£69k is currently predicted across the CYPS capital programme in 11/12.</p> <p>There are no exceptions to report this month.</p> <p>See the CYPS Finance and Performance Report for details of individual variances (link provided in section 9.1).</p>	This is due to the timing of delivery of projects across financial years.
CD	<p>A balance budget is currently being forecast for CD's capital programme in 11/12.</p> <p>There are no exceptions to report this month.</p> <p>See the CD Finance and Performance Report for details of individual variances (link provided in section 9.1).</p>	n/a

Service	Emerging Issues	Impacts and Actions
ES	None	
CAS	None	
CYPS	None	
CD	None	

5. CORPORATE INVEST TO TRANSFORM FUND

- 5.1 The LGSS Director of Finance has recently approved a new corporate Invest to Transform (ITT) loan in 2011/12 titled "Council Tax – Single Person Discount Review", to the value of £133k.

The funding is to cover the costs of a third party review of the single person discounts allowed by the District Councils. The aim of the review is to identify tax payers who may no longer be entitled to the discount, to challenge them, and to remove them from the list for discounts if appropriate. This will enable the billing authority to collect additional Council Tax in year and in future years.

The County Council receives approximately 74% of Council Tax collected in the county, and so the Districts are looking to Cambridgeshire County Council (CCC) to fund this exercise.

Experience suggests that between 3% and 7% of single person discounts may be removed in this way, increasing CCC's share by £600k – £1,400k.

This has been included for Cabinet acknowledgement.

6. GRANT ALLOCATIONS FOR 2011/12

- 6.1 Where there has been a material change in 2011/12's grant allocations to what was budgeted in the Integrated Plan (IP) i.e. +/- £160k, these will require SMT and Cabinet/SMT discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach will then be presented to Cabinet for approval.
- 6.2 Below are the grants, with associated detail, where there has been a material change in the allocation to what was budgeted in the IP. These were discussed at the Cabinet/SMT meeting on the 10th May 2011 and now Cabinet is asked to approve these allocations.

New Homes Bonus

This is a new source of funding, which was not budgeted for within the IP. Cambridgeshire has been allocated £789,300 in 11/12. Cabinet is asked to approve the treatment of this funding as a general resource in the first instance and take it to corporate reserves. This funding will be available later in the year if there's a requirement for it.

Community Transport Funding

This is a new source of funding, which was not budgeted for within the IP. Cambridgeshire has been allocated £258,208 in 11/12. The intention is that this funding should be used to develop the authority's community transport. Cabinet is

therefore asked to approve the allocation of this funding in full to Environment Services.

Pothole Funding

This is a new source of funding, which was not budgeted for within the IP. Cambridgeshire has been allocated £2,681,869 in 11/12. The conditions of this grant state that it may only be used for additional road maintenance expenditure. Cabinet is therefore asked to approve the allocation of this funding in full to Environment Services.

Local Services Support Grant (LSSG)

This grant is the amalgamation of the following sources of funding: Community Safety Fund; Lead Flood Authority Funding; Extended Rights to Free Transport; and General Duty to Promote Sustainable Travel.

A combined total of £900,356 was budgeted for these grants within the IP. However, Cambridgeshire's actual allocation for 11/12 is £1,116,060, so an additional £215,704. Cabinet is asked to approve the treatment of this funding as a general resource in the first instance and take it to corporate reserves. This funding will be available later in the year if there's a requirement for it.

Music Grant

The Music Grant is a combination of the former Instrument Fund and the Standards Funds Music Services grant. A total of £364,500 was budgeted for this grant within the IP (but with £545,000 being allocated to CYPS, with additional sources of funding making up the shortfall). However, Cambridgeshire's actual allocation for 11/12 is £670,441, so an additional £305,941. It is proposed to allocate £125,441 of this additional funding to CYPS (so that they will have received the full £670,441 of funding for 11/12), with the remaining £180,500 being treated as a general resource and being put into corporate reserves (which will be available later in the year if there's a requirement for it). Cabinet is therefore asked to approve the proposed allocation of additional funding.

Local Public Sector Agreement (LPSA) Reward Grant

Government reversed their decision not to pay the second instalment (50%) of the LPSA reward money to Cambridgeshire, which has result in £4.5m being received that had not been budgeted for. The first instalment of this funding had previously been shared out under the Cambridgeshire Together partnership and helped initiatives across the county. However, the work involved in these initiatives may have slowed down or ceased when the Council was provided with notification that the second instalment would not be paid (unless the initiatives were funded from elsewhere). Cabinet is asked to approve that this money is taken to corporate reserves pending agreement between Cambridgeshire partners as to how this resource can be most usefully deployed.

- 6.3 In addition to the above grant changes, the following changes are for information purposes only:

Collection Fund Deficit (Council Tax)

The Collection Fund deficit as at 31st March 2011 was higher than forecast in January 2011 for Council Tax setting purposes. Cambridgeshire's share of the overall Collection Fund deficit is an additional £262,548 to that budgeted within the IP. This will impact on the Council's position in 2012/13, as this additional deficit will be dealt with when 2012/13's Council Tax requirement is calculated as part of the Integrated Planning Process (IPP).

Waste PFI

During 2011/12's IPP £507k (£421k ES Waste PFI Reserve balance and £86k 10/11 corporate underspend - both forecasts) was expected to be transferred to the Pressures and Developments Reserve to help fund the Waste PFI pressure in 11/12. However, Waste PFI overspent by £79k in 10/11, resulting in only £286k of ES Waste PFI Reserve being transferred to the Pressures and Developments Reserve. Therefore there'll be an adverse impact on this reserve balance of £221k.

Short Breaks for Disabled Children

A new capital grant of £388k has been allocated to CCC for Short Breaks for Disabled Children. This resource is for a specific earmarked purpose and is planned to deliver capital adaptations to carers' homes and Children's Centres to enable a wider range of short break opportunities for families. Delivery is in full accordance with the strategy of providing wider opportunities to families and reducing dependency on traditional and, in some instances, less appropriate short break services. This aligns with Council priorities in respect of supporting and protecting people and helping people to live independent and healthy lives in their communities.

7. BALANCE SHEET, ISSUES AND ACTIONS (reported quarterly)

- 7.1 A more detailed analysis of balance sheet health issues is tabled below:

Measure	Target end of May	Actual end of May
Net borrowing activity from plan, £m	n/a	n/a
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.3m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£0.9m
Invoices paid by due date (or sooner), %	95%	98.4%

7.2 Key exceptions and emerging issues are identified below:

Key exceptions	Impacts and actions
None	

Emerging issues	Impacts and actions
None	

8. EXTERNAL AND CONTEXTUAL ISSUES

- 8.1 2011/12 will be the most difficult financial situation in the council's history, as it deals with the twin pressures of increasing demand (because of an increasing and ageing population) and inflation, coupled with a 14% reduction in the core funding received from Government. With savings of £50.4m to be achieved in 11/12 and £160.6m to be achieved over the next five years, will result in significant improvements to the way the council delivers its services. This has been addressed and accounted for as part of the 2011/12 Integrated Planning Process (IPP).
- 8.2 It is likely that there will be no economic growth in the UK during 2011/12, which gives rise to an increase in risk of critical supplier failure. The council currently monitors critical suppliers via an external credit agency. This monitoring is expected to intensify and become more targeted and real-time within the coming months, following the implementation of Bloomberg, which will provide financial software tools such as analytics and equity trading platform, data services and news to financial companies and organisations around the world.
- 8.3 An initial assessment of these issues is set out below.

External and Contextual Issues; key issues, impact and suggested actions

Key issues	Impacts and actions
£50.4m of savings to be achieved in 11/12.	<p>The significant level of savings to be achieved this financial year could impact on the council producing a balanced budget at year-end.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> Processes are in place to closely monitor the required savings on a monthly basis. This will ensure that any discrepancy from the Integrated Plan will be flagged at the earliest opportunity to Senior Management Team and Cabinet, so that the necessary corrective action can be sought.
No Economic Growth in	This increases the risk of critical supplier failure.

the UK during 2011/12.	<p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> • Continue to monitor the council's critical suppliers via the external credit agency. • Carry out more intelligent based monitoring of critical suppliers following the implementation of the Bloomberg product.
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9. FURTHER INFORMATION

- 9.1 Members requiring further information on issues raised in this report may wish to access the reporting and drill down facilities in CORVU (for performance issues) and the Oracle e-Business Suite for finance issues, or follow the links below:

CYPS Finance and Performance Report	http://camweb.ccc.cambridgeshire.gov.uk/cyps/crosscutservices/support/cyps/finreports.htm
CAS Finance and Performance Report	http://camweb/cd/fpp/finperf/
ES Finance and Performance Report	
CD Finance and Performance Report	

10. IMPLICATIONS

Resources and Performance:

- 10.1 This report provides the latest resources and performance information for the council and so has a direct impact.

Statutory, Legal and Risk:

- 10.2 There are no significant statutory, legal and risk implications.

Equality and Diversity:

- 10.3 There are no significant equality and diversity implications.

Engagement and Consultation:

- 10.4 No public engagement or consultation is required for the purpose of this report.

SOURCE DOCUMENTS:

ES Budgetary Control Report (May) CAS Budgetary Control Report (May) CYPS Budgetary Control Report (May) CD Budgetary Control Report (May) Capital Monitoring Report (May) Performance Management Report and Corporate Scorecard (May) Aged Debt per Directorate – as at 31 st May 2011	Room 301, Shire Hall, Cambridge
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