

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

To: **Cabinet**

Date: **27th September 2011**

From: **LGSS: Director of Finance**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

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.**
- 2) Approves the transfer of £160k from the Pressures and Developments Reserve, to fund year 1 (2011/12) and year 2 (2012/13) of the Senior Leadership Development Programme (£60k in year 1 and £100k in year 2) (see section 3.2).**

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1. PURPOSE

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

2. OVERVIEW

- 2.1 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)	+£8.7m	A	↓	+£5.6m	R	↑
Basket Key Performance Indicators	Number at target (%)	-	-		-	-	
Capital Programme	Number of projects to budget and time (%)	83% (137 of 165)	A	↑	83% (137 of 165)	A	↑
Balance Sheet Health	Variance of net borrowing activity from plan (£m)	-£51m (Jun)	-		-£10m (Jun)	-	

- 2.2 The key exceptions included in the summary analysis are:

- Revenue Budget; overall the budget position is showing a forecast year-end overspend of £5.6m (1.4%). This is a decrease of £728k from last month. This forecast includes the impact of firm and agreed action plans to address overspends. See section 3.2 for details and suggested actions.
- Key Performance Indicators; key performance measures are still under development. Discussions at Resources and Performance Overview and Scrutiny Committee and Cabinet highlighted that there are two audiences for performance indicators, internal management and the public externally. External measures should be clear and easy to understand, focused on outcomes, and reflect the areas of most interest to residents. There should also be a small set. Work has continued on developing these throughout August and a proposal will be taken to Resources and Performance Overview and Scrutiny Committee on 9th September 2011 and Cabinet on 27th September 2011.

- Capital Programme; at present 137 out of 165 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; end of quarter (June) figure shows the variance of actual net borrowing (a positive figure represents additional borrowing than what was planned). This can vary considerably due to the profile of cashflows throughout the year. There were no investments at the end of the quarter (June) resulting in a projected borrowing requirement of £51m. An underspend of -£1m is currently forecast. See section 5.2 for details and suggested actions.

3. REVENUE BUDGET, ISSUES AND ACTIONS

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

Key to abbreviations

ES Environment Services

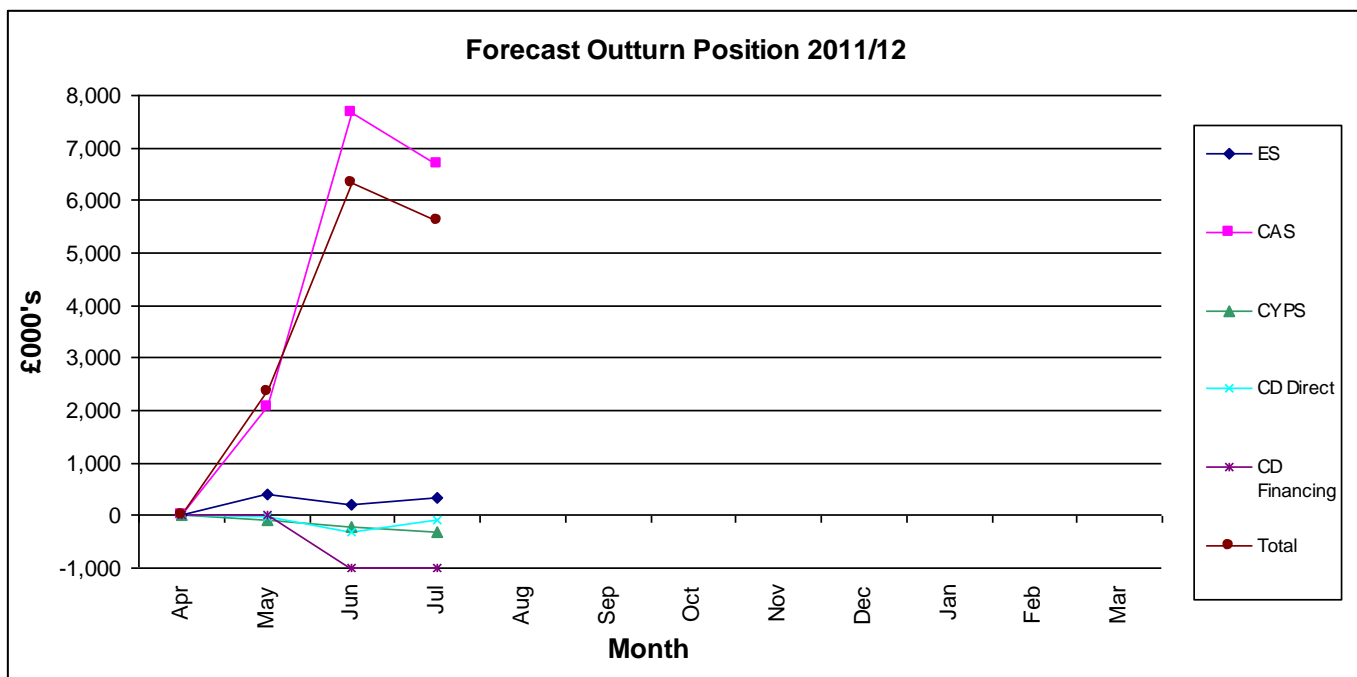
CAS Community and Adult Services

CYPS Children and Young People's Services

CD Corporate directorates LGSS Local Government Shared Services

DOT Direction of travel

Outturn Variance (Jun) £000	Service	Budget for 2011/12 £000	Current Variance £000	Forecast Outturn (Jul) £000	Forecast Outturn (Jul) %	Overall Status	D o T
193	ES	61,783	-1,608	338	0.5%	A	↓
7,681	CAS	168,274	11,438	6,700	4.0%	R	↑
-221	CYPS	109,109	-987	-324	-0.3%	G	↑
-302	CD Direct	31,676	-5	-91	-0.3%	G	↓
-1,000	CD Financing	33,420	-94	-1,000	-3.0%	G	↔
6,351	Total Service Spending	404,262	8,744	5,623	1.4%	R	↑
-16	Financing Items	-4,761	-8	-16	0.3%	G	↔
6,335	Total Spending 2011/12	399,501	8,736	5,607	1.4%	R	↑



3.2 Key exceptions and emerging issues are identified below.

Service	Key Exceptions	Impacts and Actions
ES	<p>A total Service overspend of £338k is forecast at year-end. This is an increase in the forecast overspend of £145k from last month.</p> <p>There are no new exceptions to report this month.</p> <p>See the ES Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	<p>Street Lighting is predicting an overspend of £250k, which is due to likely costs in the first quarter prior to the commencement of the Street Lighting PFI contract. When the budget was set, the start date was expected to be in April, so the delay in implementing the scheme means that the anticipated savings in that period have not been achieved. Work is on-going by officers to see if this predicted overspend can be reduced and further information is expected at the end of September. Energy costs are also higher than expected.</p>

CAS	<p>A total Service overspend of £6.7m is forecast at year-end. This is a decrease in the forecast overspend of £981k from last month.</p> <p>ASC – Director of Strategy & Commissioning: -£1.3m underspend forecast at year-end.</p> <p>Supporting People: -£500k underspend forecast at year-end.</p> <p>Libraries: £600k overspend forecast at year-end.</p>	<p>This reduction in the forecast overspend is due to the carry forward of unrestricted grants received prior to 2011/12 (see next exception). Further action plans to assist with addressing the remainder of the forecast overspend will follow in August.</p> <p>During July a thorough review was undertaken of all grants received prior to, but carried forward into 2011/12, to determine which of these are unrestricted and can therefore be used to assist in balancing the bottom-line budget for 11/12. The Transformation grant was identified as such a grant and can therefore be used to offset the overall forecast overspend.</p> <p>Supporting People have been reviewing their strategy and financial plans and savings have been identified. Contracts with providers have been successfully retendered.</p> <p>Supporting People is also benefiting from carry forward funds from the time the service was grant funded, to the extent of £1.5m.</p> <p>The combination of the innovative ways of working and carry forward means that Supporting People will generate surplus funds of c.£500k, which will contribute to offsetting the overall forecast overspend.</p> <p>Cabinet had asked for plans to be reworked surrounding libraries. The importance to the communities was not to be underestimated and a new project board was set up in July. This looked at new ways of approaching the issue of delivering first class service in a more financially demanding environment. The review of the service delivery model is nearing completion, with Cabinet considering a detailed set of proposals for the future of libraries in Cambridgeshire in September.</p> <p>In response to public consultation, Cabinet wishes, and also in light of other proposed legislative changes which affect the viability of the trust model, plans are being redeveloped. This has impacted on the previously structured financial commitments, presently indicating a</p>
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	<p>Older People are currently reporting a material variance at year-end (£4.8m overspend) – as reported last month.</p> <p>Learning Disability Services is currently reporting a material variance at year-end (£2.7m overspend) – as reported previously.</p> <p>See the CAS Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	<p>projected overspend of c.£600k. Detailed actions to curtail this are listed below as well as every effort being made to reduce that figure.</p> <p><i>Actions being taken that contribute to the forecast position are:</i></p> <ul style="list-style-type: none"> • Additional income generation initiatives. • Appeals are being lodged against rateable values for the new/refurbished libraries (Wisbech, Cambridge Central, Huntingdon, Shelford and Ramsey). • Freeze on non front-line staff vacancies. • Review of the mobile library service. • Cap on spending from the book fund. • Replacement fund for mobile libraries will be maintained at £100k by the end of 2011/12. <p><i>Risk:</i></p> <ul style="list-style-type: none"> • A claim has been submitted to the bondsman for the Verry company. This related to unsatisfactory work performed at the Central Library. The claim encompassing loss of income, extra storage costs as well as the additional construction work undertaken, is in its latter stages. This demand remains a risk in the unlikely event it is not settled and therefore it should be noted that should this prove unsuccessful there will be a further pressure of c.£500k on the budget.
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CYPS	<p>A total Service underspend of -£324k is forecast at year-end. This is an increase in the forecast underspend of £103k from last month.</p> <p>Central Financing: -£500k underspend forecast at year-end.</p> <p>See the CYPS Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	<p>In the Integrated Plan it was anticipated that one-off savings from vacant posts in 2011/12 would total £700k. Based on the savings taken in the first quarter of 11/12 this expectation has now been increased by £500k. This additional saving is being reported on Central Financing until the actual savings are achieved.</p> <p><i>Suggested actions:</i></p> <ul style="list-style-type: none"> • Vacancy savings arise from one-off periods whilst posts are being recruited to. The level of savings will continue to be monitored as the year progresses and forecasts updated to reflect the level of savings being achieved.
CD (including LGSS Cambridge Office)	<p>A total underspend of -£1.1m is forecast at year-end. This is a decrease in the forecast underspend of £211k from last month.</p> <p>Debt Charges is currently reporting a material variance at year-end (-£1m underspend) – as reported last month.</p> <p>See the CD Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	n/a

Corporate Reserves	Leadership Development Programme: £160k over 2 years.	<p>It is proposed that a Leadership Development Programme is commissioned that is tailored to ensure that the council's leaders and managers possess the right skills and attributes to fundamentally change the way we do things as a County Council. This means the council will more confidently and competently work with communities and partners in order to deliver the council outcomes to our citizens.</p> <p>To assist with funding this programme Cabinet is asked to approve the transfer of £160k from the Pressures and Developments Reserve, which will fund year 1 (11/12) and year 2 (12/13) of the programme (£60k in year 1 and £100k in year 2).</p>
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Service	Emerging Issues	Impacts and Actions
ES	None	
CAS	None	
CYPS	None	
CD (including LGSS Cambridge Office)	None	

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 July	Actual end of July
ES	57	53	52	52 schemes to budget and time.	52 schemes to budget and time.
CAS	22	22	6	6 schemes to budget and time.	6 schemes to budget and time.
CYPS	60	56	60	55 schemes to budget and time.	55 schemes to budget and time.
CD	26	26	24	24 schemes to budget and time.	24 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 -£2.4m is currently being forecast for ES' capital programme in 11/12.</p> <p>Infrastructure Management & Operations is currently reporting a material variance (-£1.9m underspend) – as reported previously.</p> <p>There are no new exceptions to report this month.</p> <p>See the ES Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	n/a
CAS	<p>An underspend of -£1.2m is currently being forecast for CAS' capital programme in 11/12.</p> <p>Transformation Initiatives is currently reporting a material variance at year-end (-£1.2m underspend) – as reported previously.</p> <p>See the CAS Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	n/a
CYPS	<p>A forecast variance of £280k 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 7.1).</p>	This is due to some capital projects progressing faster than originally planned.

CD (including LGSS Cambridge Office)	<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 7.1).</p>	n/a
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Service	Emerging Issues	Impacts and Actions
ES	None	
CAS	None	
CYPS	None	
CD	None	

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

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

Measure	Target end of July	Actual end of July
Net borrowing activity from plan, £m	£352m (Jun)	£301m (Jun)
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.4m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£0.9m
Invoices paid by due date (or sooner), %	95%	98.8%

5.2 Key exceptions and emerging issues are identified below:

Key exceptions	Impacts and actions
Variance of net borrowing activity from plan	Interest rates are projected to remain at 0.5% until the end of 2012. This will have a favourable affect as short-term borrowing undertaken will be cheaper than budgeted. The Debt Charges budget is currently forecast to underspend by £1m at year-end as a result of this.

Emerging issues	Impacts and actions
None	

6. EXTERNAL AND CONTEXTUAL ISSUES

- 6.1 The Government is reviewing the current funding system for local authorities as part of the Local Government Resource Review (LGRR), as reported last month. On 18th July 2011 Communities and Local Government published the Government Resource Review (Phase One) Consultation document. The closing date for responses is 24th October 2011 and a Project Group has been set up where preliminary discussions have taken place and measures are in place to respond to the Consultation document.
- 6.2 An initial assessment of these issues is set out below.

Key issues	Impacts and actions
Local Government Resources Review	Risks/issues that arise with the proposed system, with suggested actions, are as reported last month.

7. FURTHER INFORMATION

- 7.1 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://www.cambridgeshire.gov.uk/council/finance/spending/monthly/Children+and+Young+Peoples+Services.htm
CAS Finance and Performance Report	http://www.cambridgeshire.gov.uk/council/finance/spending/monthly/Community+and+Adult+Services.htm
ES Finance and Performance Report	http://www.cambridgeshire.gov.uk/council/finance/spending/monthly/Environment+Services.htm
CD Finance and Performance Report	http://www.cambridgeshire.gov.uk/council/finance/spending/monthly/Corporate+Directorates.htm

8. IMPLICATIONS

Resources and Performance:

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

Statutory, Legal and Risk:

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

Equality and Diversity:

- 8.3 There are no significant equality and diversity implications.

Engagement and Consultation:

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

Source Documents	Location
ES Budgetary Control Report (July) CAS Budgetary Control Report (July) CYPS Budgetary Control Report (July) CD Budgetary Control Report (July) Capital Monitoring Report (July) Aged Debt per Directorate – as at 31 st July 2011	Room 301, Shire Hall, Cambridge