

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

To: Cabinet

Date: 27th September 2011

From: LGSS: Director of Finance

Electoral division(s): All

Forward Plan ref: 2011/042 **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.
2. Approves the transfer of £500k from the Corporate Grant Holding Reserve to fund the revenue costs of the Cambridgeshire and Peterborough superfast broadband capital scheme, which will fund the following years (see section 3.2):
 - 2011/12 - £100k
 - 2012/13 - £300k
 - 2013/14 - £100k

<i>Officer contact:</i>	<i>Member contact:</i>
Name: Nick Dawe	Name: Councillor Steve Count
Post: LGSS: Director of Finance	Portfolio: Resources and Performance
Email: Nicholas.Dawe@cambridgeshire.gov.uk	Email: Steve.Count@cambridgeshire.gov.uk
Tel: 01223 699236	Tel: 01223 699173

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)	+£15m	A	↓	+£3.9m	R	↑
Basket Key Performance Indicators	Number at target (%)	-	-		-	-	
Capital Programme	Number of projects to budget and time (%)	82% (135 of 165)	A	↓	82% (135 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 £3.9m (1%). This is an improvement of £1.7m 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 the subject of a separate paper to Cabinet. The proposed indicators have resulted from discussions with the Resources and Performance Overview and Scrutiny Committee, Cabinet, and officers. Subject to Cabinet's approval, the indicators will appear in this report next month.
- Capital Programme; at present 135 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

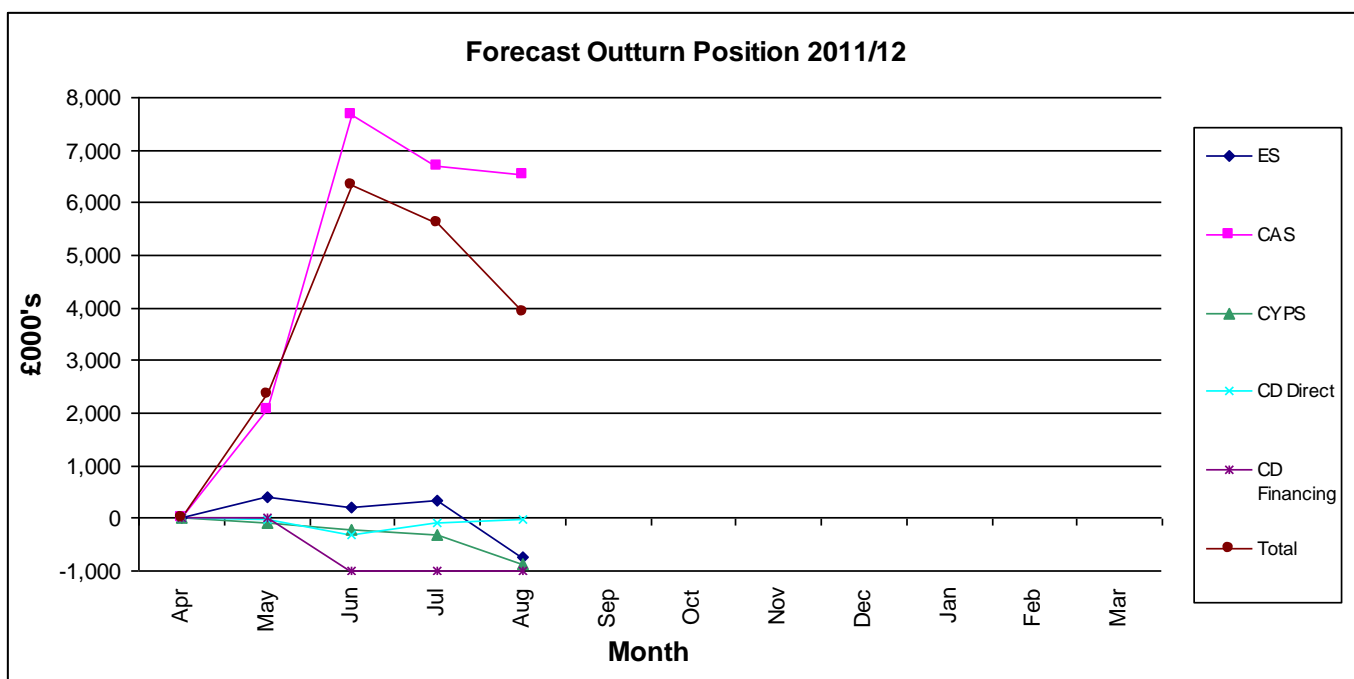
CAS Community and Adult Services

CYPS Children and Young People's Services

CD Corporate directorates LGSS Local Government Shared Services

DOT Direction of travel

Outturn Variance (Jul) £000	Service	Budget for 2011/12 £000	Current Variance £000	Forecast Outturn (Aug) £000	Forecast Outturn (Aug) %	Overall Status	D o T
338	ES	61,783	-1,470	-729	-1.2%	G	↑
6,700	CAS	168,341	17,989	6,519	3.9%	R	↑
-324	CYPS	109,109	-1,126	-866	-0.8%	G	↑
-91	CD Direct	31,569	-247	-10	0.0%	G	↓
-1,000	CD Financing	33,420	-142	-1,000	-3.0%	G	↔
5,623	Total Service Spending	404,222	15,004	3,914	1.0%	R	↑
-16	Financing Items	-4,721	-8	-16	0.3%	G	↔
5,607	Total Spending 2011/12	399,501	14,996	3,898	1.0%	R	↑



3.2 Key exceptions and emerging issues are identified below.

Service	Key Exceptions	Impacts and Actions
ES	<p>A total Service underspend of -£729k is forecast at year-end. This is an improvement in the forecast position of -£1.1m from last month.</p> <p>Waste PFI: -£1.1m underspend forecast at year-end.</p> <p>See the ES Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	<p>This includes the Waste PFI Contract forecast underspend (see note below) where specific arrangements for any under/over spend exist. Excluding this the underlying forecast outturn position for ES is £371k overspend.</p> <p>The latest estimate is that the plant will not now be commissioned until the end of May 2012 (at the earliest), meaning that we will continue to pay the lower gate fee for the whole of 2011/12. This will generate a considerable saving this year, but will have consequences for future years, which will be picked up as part of the Integrated Planning Process. There are a number of other variables also impacting on this contract at this time, which continue to create a shifting balance of opportunity and risk. These include: inflation being higher than the council-wide 2.5% put into the budget and lower than anticipated levels of waste being generated within Cambridgeshire.</p>

Service	Key Exceptions	Impacts and Actions
CAS	<p>A total Service overspend of £6.5m is forecast at year-end. This is a decrease in the forecast overspend of £181k from last month.</p> <p>ASC – Director of Strategy & Commissioning is currently reporting a material variance at year-end (-£1.3m underspend) – as reported last month.</p> <p>Supporting People are currently reporting a material variance at year-end (-£500k underspend) – as reported last month.</p> <p>Older People are currently reporting a material variance at year-end (£4.9m overspend) – as reported in June.</p> <p>Learning Disability Services is currently reporting a material variance at year-end (£2.9m overspend) – as reported in May.</p> <p>Libraries are currently reporting a material variance at year-end (£600k overspend) – as reported last month. The previously anticipated savings for the service will not be achieved but the review of the programme and setting of new priorities will determine savings across the Council. Further updates will be provided as the review progresses and if savings targets are revised.</p>	<p>In early August a group was set up to review the challenges faced by Adult Social Care. The group is tasked to investigate the budget challenges in the Service and will report within three months their recommendations. The group's membership is cross-organisational and includes officers from NHS Cambs, Cambridgeshire Community Services (CCS) and CCC.</p>

Service	Key Exceptions	Impacts and Actions
	<p>There are no new exceptions to report this month.</p> <p>See the CAS Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	
CYPS	<p>A total Service underspend of -£866k is forecast at year-end. This is an increase in the forecast underspend of £542k from last month.</p> <p>Learning Directorate: -£500k underspend forecast at year-end.</p>	<p>This financial year the Local Government Finance Settlement was top-sliced by £1.7m to reflect the transfer of function to academies. Several local authorities threatened legal action as the top-slice did not reflect the actual number of schools converting to academy status. The Department for Education published a consultation in July proposing to recoup from local authorities an alternative amount based on specific lines of a budget statement prepared by each local authority (the S251 Budget Statement). If the proposals are implemented this financial year there will be an additional financial pressure to Cambridgeshire County Council of £400k. It is currently unclear if the consultation proposals will be implemented this year as the consultation states "For 2011/12, the calculation of what would be an appropriate reduction in local authority funding will not determine whether any additional reduction in local authority funding will be effected or, if so, how this should be done".</p> <p>This position will be updated accordingly once the outcome of the consultation is known. However, at this time there is no confirmed date of when the results will be published.</p> <p>The Learning Directorate Review has now been completed and the new structure implemented on 1st September 2011. As a result of this an underspend of -£500k is forecast, which is due to the early delivery of 2012/13 planned savings. This underspend is one-off as the budget is removed as part of the Integrated Planning Process next financial year.</p>

Service	Key Exceptions	Impacts and Actions
	<p>Central Financing is currently reporting a material variance at year-end (-£500k underspend) – as reported last month.</p> <p>See the CYPs Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	
<p>CD (including LGSS Cambridge Office)</p>	<p>A total underspend of -£1m is forecast at year-end. This is a decrease in the forecast underspend of £81k from last month.</p> <p>LGSS Cambridge Office</p> <p>Debt Charges is currently reporting a material variance at year-end (-£1m underspend) – as reported in June.</p> <p>See the CD Finance and Performance Report for details of individual variances (link provided in section 7.1).</p>	<p>Following Cabinet approval and ratification by the LGSS Management Board, IT Services, Business Support and Facilities Management (excluding Reception and Post Room functions) and part of Web Strategy have transferred from CD retained to LGSS Cambridge Office. Revenue and capital budgets have been amended to reflect this change.</p> <p>Cabinet have recently approved a capital scheme for Cambridgeshire and Peterborough superfast broadband roll-out with a capital investment of £20m. Cabinet are now asked to approve the transfer of £500k from the Corporate Grant Holding Reserve to fund the revenue costs of the scheme, which will fund the following years:</p> <ul style="list-style-type: none"> • 2011/12 - £100k • 2012/13 - £300k • 2013/14 - £100k <p>This would be offset against the capital investment, thus reducing it to £19.5m.</p>

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 August	Actual end of August
ES	57	52	51	51 schemes to budget and time.	51 schemes to budget and time.
CAS	22	22	6	6 schemes to budget and time.	6 schemes to budget and time.
CYPS	60	55	60	54 schemes to budget and time.	54 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>Integrated Transport: -£510k underspend forecast at year-end.</p> <p>Infrastructure Management & Operations is currently reporting a material variance (-£1.8m underspend) – as reported in May.</p>	<p>This is mainly due to the St. Neots Cycle bridge costs coming in lower than budgeted, which will enable contributions to be used on other schemes.</p>

	See the ES Finance and Performance Report for details of individual variances (link provided in section 7.1).	
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 in May.</p> <p>There are no new exceptions to report this month.</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>An underspend of -£1.8m is currently being forecast for CYPS' capital programme in 11/12.</p> <p>Primary Schools – New Communities: -£2.4m 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>	Planning delays at Trumpington Meadows associated with the need to discharge the conditions set by the Joint Development Control Committee is resulting in an anticipated -£2.3m underspend in 2011/12.
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>	n/a

	See the CD Finance and Performance Report for details of individual variances (link provided in section 7.1).	
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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 August	Actual end of August
Net borrowing activity from plan, £m	£352m (Jun)	£301m (Jun)
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£1m
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%

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 effect 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 in June. On the 18th July 2011 Communities and Local Government published the Government Resource Review (Phase One) Consultation document. The closing date for responses is the

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.

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

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

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