



Purpose: For Decision

Committee report

Committee	CABINET
Date	TUESDAY 14 FEBRUARY 2012
Title	QUARTERLY PERFORMANCE & FINANCE REPORT – Q3
Report of/to	CLLR DAVID PUGH - LEADER & CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. This report sets out the council's performance, risk and financial position in relation to the eight priorities of the revised Corporate Plan 2011-2013. It provides an overview of activity within the period 1 October 2011 to 31 December 2011 and the opportunity to make recommendations that will ensure the continued delivery of those priorities is achieved.
2. The report also provides a summary of the overall budget position of the council for both capital and revenue accounts and evaluates the forecast outturn for the 2011/12 financial year, based on the position at the end of quarter three.

BACKGROUND

3. In quarter one, the Leader presented a revised format for quarterly performance and financial reporting that aligned to the eight priorities of the revised Corporate Plan 2011-2013 and provided an integrated view of performance, risk and finance.
4. The report consists of eight separate corporate priority reports as detailed in Appendix A and a supporting 'data' report that provides the statistical information to support the content of the corporate priority reports. The data report is detailed as a background paper for quarter three.
5. As part of the budget strategy presented to Cabinet on 8 February 2011, and approved by Full Council on 23 February 2011, a detailed schedule of savings was set out to achieve the required net savings of £17.833m in 2011/12 (£21.199m full year effect). An overall analysis of the revenue and capital budget positions at the end of quarter three are provided in Appendices B & C.
6. On 16 August 2011, the Cabinet agreed to continue to rigorously hold officers to account regarding performance of the corporate priorities throughout the year and to focus on the achievement of savings in 2011/12 and on maintaining strict budgetary control to ensure that the overall budget is not exceeded.

STRATEGIC CONTEXT

7. The ongoing management of business effectiveness functions (performance, project risk, financial management and value for money) support all of the Sustainable Community Strategy themes and eight council priorities as outlined in the Isle of Wight Council's Corporate Plan 2011-2013.

CONSULTATION

8. The council's performance management framework sets out the processes involved to manage business functions effectively. This framework enables discussion at all levels across the authority on a routine basis and also the escalation of issues to senior management as part of either the monthly service board or project board process.

FINANCIAL / BUDGET IMPLICATIONS

9. Failure to appropriately manage business effectiveness is likely to impact on the council's financial position in terms of either increased cost or missed opportunity.
10. There are no direct financial implications of this report, however recommendations made based on the information provided may result in activity that has an impact on capital and/or revenue budgets or resource demand.

CARBON EMISSIONS

11. Collective performance of the eight corporate priorities will positively impact on the council's carbon emissions and may be referenced within the relevant corporate priority report, as appropriate.

LEGAL IMPLICATIONS

12. The council has a statutory requirement under the terms of the Local Government Act 1999 to achieve 'Best Value' in its delivery of its services. The authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The quarterly performance report forms part of such arrangements, thereby ensuring compliance with legal and statutory requirements.

EQUALITY AND DIVERSITY

13. Although there is no direct impact for equality and diversity from this report, the council requires that all its services are delivered fairly to all residents. The council is prioritising the requirement for service equality and diversity 'Impact Assessments' as a structured three year approach to ensuring that services are delivered against the new Equality Framework for Local Government.

PROPERTY IMPLICATIONS

14. There are no direct property implications resulting from this report as the quarterly performance and finance report is a strategic reflection of activity. Decisions relating to the sale, change of use or contractual arrangements of council assets may be referenced in the relevant corporate priority report, as appropriate.

SUMMARY POSITION OF QUARTER 3 PERFORMANCE

15. The table below indicates the status of each corporate priority as at 31 December 2011 as agreed by Cabinet Members.

Corporate Plan priority	Q1 status	Q2 status	Q3 status
Delivery of budget savings through changed service provision	Amber	Green	Green
Raising educational standards	Amber	Amber	Amber
Keeping children safe	Amber	Amber	Green
Supporting older and vulnerable residents	Green	Amber	Amber
Housing and homelessness	Green	Green	Green
Regeneration and the economy	Green	Green	Green
Highways PFI scheme	Green	Green	Green
Waste strategy	Amber	Amber	Green

Colour Key	Status
Green	Majority of performance is on or above target, projects are meeting planned delivery dates, risk is managed appropriately and financial position stable against profiled spend
Amber	Some performance is off target but within accepted tolerance levels, project milestones are still attainable, risk levels demonstrate some concern with appropriate planned activity, financial overspends being forecast
Red	Significant underperformance or project slippage, high scoring risks without active mitigation in place and/or significant overspend impacting delivery of corporate priority

16. In summary, six of the corporate priorities are rated 'green' with the performance, risk and financial position on target or at an acceptable level. The remaining two priority areas are rated 'amber' indicating that some action or detailed monitoring is required and will be reported back to Cabinet at a later date.
17. A detailed analysis of the performance, risk and financial position of each corporate priority is provided in Appendix A.
18. For the corporate priority of raising educational standards, the Island's GCSE results will continue to be a long-term focus for improvement; however the critical proxy indicators relating to pupil exclusions are experiencing a further drop in performance this quarter. This presents a significant concern to educational attainment levels and is therefore subject to a recommendation that seeks to understand the progress being made by secondary schools to address these issues.
19. The council's support for older and vulnerable residents continues to be rated as amber as performance is impacted by the recent restructuring and the temporarily reduced capacity within some service areas. It is noted that the services directly supporting this priority are undergoing significant transformation, both in terms of a cultural shift to different ways of working with health partners together with changing processes to better meet the needs of service users. Robust change management is in place to counter the current performance dip and the success of this should be evident from quarter one 2012/13.

SUMMARY POSITION OF QUARTER 3 FINANCE

20. A report on the medium term budget strategy and in year financial position of the council was provided to Cabinet on 13 December 2011. This report demonstrated that through effective budget management and financial control the healthy financial position of the council had continued, and that in overall terms the 2011/12 budget was expected to achieve a saving of £1.8m. Delivery of the budget savings strategy was also progressing well, staff restructuring arrangements were ongoing in certain areas and procurement savings options were also being identified.
21. Details of the revenue budget position at the end of quarter three are set out in Appendix B. In overall terms the budget is still expected to achieve a saving of £1.8m at the year end. Very tight financial and budgetary control continues to be exercised across the council, and we are confident that the net savings target of £17.833m will be achieved. Restructuring arrangements and vacancy management controls continue to make a positive contribution to the savings strategy. In addition, there are projected savings on concessionary fares (£307k) against allocated budget, one-off savings on waste and landfill tax (£517k) and savings on adult social care contracts (£219k). However, the most significant factor in achieving an in-year revenue budget saving is within the treasury management budget, where the deferral of planned long term borrowing requirements and use of internal resources to fund capital projects is expected to deliver a one-off saving of up to £1.2m. These savings are offset by additional budget requirements for staff severance costs to allow full savings to be available from 2012/13, to support development of the waste strategy and for local flood management responsibilities.
22. Details of the capital budget position at the end of quarter three are set out in Appendix C. At the end of quarter three, the approved capital budget for 2011-12 of £62m, has been re-profiled to £57m. This reflects the spend profiles for major projects including schools reorganisation, one school pathfinder, leisure facilities improvement, and the county hall refurbishment. An additional investment of over £1m has also been made in the new waste collection arrangements funded from revenue savings.
23. Based on this latest profile, the council has delivered 91% of its forecast investment in capital projects across the island, some £30m at this point in the year. This is around the level that was achieved at year end last year, and well above previous year's levels already. It is anticipated that capital spend will reach around £51m by the end of the year although this clearly depends on the continued delivery of the major capital projects, most particularly in education.

RISK MANAGEMENT

24. The risks against the corporate priorities have been identified at either a strategic, project or service level with planned actions in place to manage the risks to an acceptable level. The planned actions can not eliminate risk in its entirety however it will increase the probability of success whilst reducing both the probability of failure and the uncertainty of achieving the corporate priorities.
25. Effective risk management is a key business management function that operates across the authority with regular review of risk registers undertaken by directors, project and service leads. A review of the strategic risk register is currently underway and will be reported to the Audit Committee on 21 February 2012.

EVALUATION

26. The quarterly monitoring report provides an overview of performance and financial position against the council's key priorities and the opportunity to make recommendations that will ensure the delivery of those commitments is achieved.

27. RECOMMENDATIONS

- i. That the secondary school providers when presenting their progress to the scrutiny panel, provide information on their approach to reducing exclusions and making suitable alternative provision for those at risk of exclusion.

APPENDICES ATTACHED

28. [Appendix A](#) – Corporate plan priority reports for:

- Delivery of budget savings through changed service provision (A1)
- Raising educational standards (A2)
- Keeping children safe (A3)
- Supporting older and vulnerable residents (A4)
- Housing and homelessness (A5)
- Regeneration and the economy (A6)
- Highways PFI scheme (A7)
- Waste strategy (A8)

[Appendix B](#) – Quarter 2 Revenue Budget position

[Appendix C](#) – Quarter 2 Capital Budget position

BACKGROUND PAPERS

29. [Quarter 3 Data Report](#)
30. [Corporate Plan 2011-13](#)
31. [Medium Term Financial Strategy 2009-2012](#)

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