



Purpose: For Decision

## Committee report

Committee	<b>CABINET</b>
Date	<b>TUESDAY, 22 MAY 2012</b>
Title	<b>QUARTERLY PERFORMANCE &amp; FINANCE REPORT - QUARTER 4</b>
Report of/to	<b>LEADER OF THE COUNCIL AND THE CABINET MEMBER FOR RESOURCES</b>

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### 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 January 2012 to 31 March 2012 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, acknowledging that details of the revenue budget position at the end of quarter four are still being finalised as part of the closedown process. The final outturn for 2011/12 will be reported to Audit Committee in June 2012.

### 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 four.
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 analysis of the capital budget position at the end of quarter four is provided in Appendix B.

### STRATEGIC CONTEXT

6. 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

7. 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

8. 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.
9. 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

10. 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

11. 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.
12. In addition, the Equality Act 2010 sets out general and specific equality duties for public sector organisations. The aim of these duties is to integrate consideration of the advancement of equality into the day-to-day business of the council. The council must, in the exercise of its functions, including decision making have due regard to:
  - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
  - Advance equality of opportunity between people who share a protected characteristic and people who do not;
  - Foster good relations between people who share a protected characteristic and people who do not.

## EQUALITY AND DIVERSITY

13. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and foster good relations between people from different backgrounds. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

14. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. Equality analysis is achieved by the undertaking of equality impact assessments by each service area which ensure that we address any potential impact before decisions are made.

### PROPERTY IMPLICATIONS

15. 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 4 PERFORMANCE

16. The table below indicates the status of each corporate priority as at 31 March 2012 as agreed by Cabinet Members.

Corporate Plan priority	Q1 status	Q2 status	Q3 status	Q4 status
Delivery of budget savings through changed service provision	Amber	Green	Green	Green
Raising educational standards	Amber	Amber	Amber	Amber
Keeping children safe	Amber	Amber	Green	Green
Supporting older and vulnerable residents	Green	Amber	Amber	Amber
Housing and homelessness	Green	Green	Green	Green
Regeneration and the economy	Green	Green	Green	Green
Highways PFI scheme	Green	Green	Green	Green
Waste strategy	Amber	Amber	Green	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

17. 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.
18. A detailed analysis of the performance, risk and financial position of each corporate priority is provided in Appendix A.
19. For the corporate priority of **raising educational standards**, the Island's GCSE results will continue to be a long-term focus for improvement; the new trust schools and academies are now reporting to the Children and Young people Scrutiny panel twice per year as part of the

agreement between the local authority and secondary providers. This should provide an opportunity to challenge performance levels and ensure the Island picture starts to show improvement.

The Island primary schools submitted predictions for Key Stage 2 results for 2012 of 79% which would exceed both the previous year's performance and the national average, representing a major achievement.

20. The council's **support for older and vulnerable residents** continues to be rated as amber as services supporting this priority conclude a challenging financial year. There has been a focus of activity to restructure the workforce to deliver the introduction of 'Think Local Act Personal' which changes the social care landscape. This has meant that performance levels have dropped in some areas during this period of significant change. The embedding of new structure and ongoing recruitment will enable planned improvements to support older and vulnerable residents in the future.
21. With regard to future reporting of the corporate plan priorities, a review of the existing performance indicators currently used for the Cabinet reports is underway and each Scrutiny panel will be offered the opportunity to feedback on the measures identified for 2012/13.

#### SUMMARY POSITION OF QUARTER 4 FINANCE

22. 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. When the budget strategy for 2012/13 was approved by Council on 29 February 2012 it was expected that the savings achieved in 2011/12 would be at least £1.8m.
23. Details of the revenue budget position at the end of quarter four are still being finalised as part of the closedown process. In overall terms the budget is still expected to achieve a net saving of around £2.0m at the year end. Very tight financial and budgetary control was exercised across the council throughout 2011/12, and we are confident that the net savings target of £17.833m has been fully achieved. As was identified during quarter three, savings were achieved within the treasury management budget, where the deferral of planned long term borrowing requirements and use of internal resources to fund capital projects will deliver a one-off saving of £1.2m. Other savings are likely in the concessionary fares budget, waste and landfill tax budgets and on adult social care contracts. These savings will be offset by additional costs for staff severance arrangements which will allow full savings to be available from 2012/13.
24. The figures set out above represent an early indication of the likely net budget position at the end of the 2011/12 financial year. However, the 2011/12 accounts are still in the early stages of being closed down and there will be a considerable number of accruals and final adjustments to be made, including arrangements for the carry over of specific budgets into 2012/13, before the final budget position is available.
25. Details of the capital budget position at the end of quarter four are set out in Appendix B. At the end of quarter three, the approved capital budget for 2011-12 was 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 had also been made in the new waste collection arrangements funded from revenue savings.

26. Based on the latest information available, which is still subject to final adjustments as part of the closedown process, the Council has delivered around £50m of capital investment in year, representing 89% of the re-profiled budget and considerably in excess of the capital spend in any previous financial year.

## RISK MANAGEMENT

27. 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.
28. 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 was undertaken and reported to the Audit Committee on 21 February 2012.
29. One of the resulting recommendations of the Audit Committee was for Cabinet to have sight of all strategic risks as part of the quarterly performance reporting mechanism. These are now included in the background data report and are mainly concerned with Council's internal operations and ability to deliver the overall corporate priorities. They included risks in respect of staffing skills and capacity, governance, commissioning of services to meet the Island's needs and our preparedness to responding to a major emergency.

## EVALUATION

30. 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.

## RECOMMENDATIONS

31. The report on school exclusions to be presented to Cabinet on 14 August 2012 should be extended to cover persistent absence also.

## APPENDICES ATTACHED

32. [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 Capital Budget position

BACKGROUND PAPERS

31. [Quarter 4 2011/12 Data Report](#)
32. [Corporate Plan 2011-13](#)
33. [Medium Term Financial Strategy 2009-2012](#)

Contact Point: Stuart Fraser, Head of Financial Management  
☎ 01983 823557 e-mail [stuart.fraser@iow.gov.uk](mailto:stuart.fraser@iow.gov.uk)

DAVID BURBAGE  
*Strategic Director  
of Resources*

COUNCILLOR DAVID PUGH  
*Leader of the Council &  
Cabinet Member for Resources*