



43/12

Delegated decision report

Purpose: Delegated Decision

DELEGATED DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE THURSDAY, 6 DECEMBER 2012

Title **QUARTERLY PERFORMANCE & FINANCE REPORT**

Report of **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 July 2012 to 30 September 2012 and the opportunity to make recommendations that will ensure the continued delivery of those priorities.
2. The report also provides a summary of the overall budget position of the council for both capital and revenue accounts.

BACKGROUND

3. The format for quarterly performance and financial reporting aligns to the eight priorities of the revised Corporate Plan 2011-2013 and provides 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 two.
5. As part of the budget strategy presented to Cabinet on 14 February 2012, and approved by Full Council on 29 February 2012, a detailed schedule of savings was set out to achieve the required net savings of £7.2m in 2012/13 in addition to savings of £18.7m made in 2011-12. An analysis of the capital budget position at the end of quarter two is provided in Appendix B.

STRATEGIC CONTEXT

6. The on-going management of performance, risk including project risk, and finance 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. Those issues must be managed effectively in order to secure the delivery of the council's aims and objectives.

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 risk, finance and performance in an integrated way is likely to impact on the council's financial position in terms of either increased cost, exposure to undue risk 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.

EQUALITY AND DIVERSITY

12. 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:
 - Eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - Advancing equality of opportunity between people who share a protected characteristic and people who do not
 - Fostering good relations between people who share a protected characteristic and people who do not.

The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. 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

13. Whilst there are no direct property implications resulting from this report, the corporate priority of ‘Delivery of budget savings through changed service provision ‘ does reflect the intention to rationalise the significant number of council buildings and to locate more staff within the remaining buildings that we intend to keep. This will generate savings from both running costs and also create capital receipts from surplus assets that the council owns. 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 2 PERFORMANCE

14. The table below indicates the status of each corporate priority as at 30 September 2012 as agreed by Cabinet Members.

Corporate Plan priority	Q3 -11/12 status	Q4-11/12 status	Q1-12/13 status	Q2-12/13 status
Delivery of budget savings through changed service provision	Green	Green	Green	Green
Raising educational standards	Amber	Amber	Amber	Red
Keeping children safe	Amber	Green	Green	Green
Supporting older and vulnerable residents	Amber	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	Green	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

15. In summary, six of the corporate priorities are rated ‘green’ with the performance, risk and financial position on target or at an acceptable level. Of the remaining two priority areas one (‘Supporting Older and Vulnerable Residents’) is rated ‘amber’ indicating that some action or detailed monitoring is required and will be reported back to Cabinet at a later date. The other (‘Raising Educational Standards’) is rated ‘red’ representing significant underperformance against pre-determined targets.

16. A detailed analysis of the performance, risk and financial position of each corporate priority is provided in Appendix A.
17. 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. The most recent reporting and scrutiny took place on 7 November where particular issue regarding attendance and persistent absence were discussed. It is proposed to strengthen further this scrutiny process.
18. In 2012 84% of children achieved level 4 or above in Reading and 79% achieved level 4 or above in Maths for Key Stage 2 which represents significant progress on the figures of 79% and 69% the previous year. Although these figures are still subject to validation they are an early sign of the improvement resulting from pupils remaining in primary schools for the whole of Key Stage 2. Although when presented against national results the levels in IW schools are still disappointing it should be noted that no other authority in the Country improved as much as the Isle of Wight Council.
19. In 2012 45.1% of students achieved 5 GCSEs at grades A* to C including English and Maths which represents a drop of around 4% on last year. It should be noted that this figure excludes independent schools and differs from the DfE published figure of 44.3% which is all inclusive. This is in the context of a national average that fell marginally from 59% in 2011 to 58.6% this year. This drop in performance is mainly due to three schools (Carisbrooke College, Medina College and Sandown Bay Academy) suffering substantially reduced performance levels during the first year of a full two tier education system. Other schools (Ryde Academy and Cowes Enterprise College) have seen an improvement in results (although still below the national average) and Christ the King College saw 77% of its pupils achieving 5 A*-C's including Maths and English in the first year that its pupils have sat this level of examination.
20. The council's support for older and vulnerable residents continues to be rated as amber. 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 on-going recruitment will enable planned improvements to support older and vulnerable residents in the future.
21. With regard to reporting of the corporate plan priorities, a review of the performance indicators used for the Cabinet reports has been undertaken and each Scrutiny panel provided feedback on the measures identified for 2012/13.

BUDGET REVIEW

22. The budget review as at 30 September 2012 takes into account a number of issues that need to be considered together to inform the council's overall financial position for 2012/13. In particular they will include progress with delivery of both the revenue and capital budgets during 2012/13 and an analysis of reserves and balances available to the council.

SUMMARY POSITION OF QUARTER 2 FINANCE

23. Details of the revenue budget position for quarter 1 were included in the report to Cabinet on 21 August 2012. This indicated that after allowing for the full year effect of the

2011/12 budget savings strategy the savings target to be delivered in 2012/13 is £3.835m with a full year effect of £5.635m in 2013/14. The additional £1.800m to be achieved in 2013/14 is necessary to offset the impact of the Council Tax Freeze Grant in 2012/13 which was available for one year only, hence needs to be replaced in the base funding for 2013/14. These savings figures exclude any further savings that may be needed in 2013/14 and future years arising from additional budget pressures and changes in the grant settlement from government as a result of the Local Government Resource Review/Business Rates Retention Scheme.

24. During the course of 2011/12 a number of budget savings were identified over and above those included in the budget savings strategy, some of which were one-off savings and others which were identified as on-going savings. In overall terms it is projected that some £1.250m of savings identified in 2011/12 will recur in 2012/13 and future years.
25. The second quarter's monitor for 2012/13 is showing that overall savings targets will be met, and despite some minor budget pressures being identified it is currently projected that at the end of the year, in overall terms, there will once again be a net saving compared to budget. There is a minor shortfall of £0.335m against the full savings target currently forecast at the year-end due to the delayed implementation of certain savings measures. However this shortfall will be more than offset by savings identified in other parts of the budget, and it is currently projected that, in overall terms, there will be a net saving of up to £2.500m at the year end. The service analysis for quarter 2 is outlined at Appendix B.
26. It should be appreciated that it is still relatively early in the financial year to be making assumptions about the position at the year end, and there are a range of issues and pressures that could arise and have an adverse impact on specific budget areas. For example, the forecast saving of £2.500m currently accommodates increased costs of adult social care provision budgets (£770k), and a likely reduction in income from fees and charges, specifically car parking income (£270k) The pattern of spend and the savings plans that have been achieved in the first half of the year, as well as the continued tight budget management and financial control being exercised, do give rise to a high level of confidence that any budget pressures that do arise will be offset by savings elsewhere and contained within the overall budget. However it is possible that there will be further budget pressures arising in the second half of the financial year, in particular in adult social care, and it may be prudent to assume a net saving of £2.000m at the year-end rather than £2.500m.
27. The total re-profiled capital budget (including slippage from 2011/12) is £63.553m. Although some areas of spend are behind profile, others are progressing well and the overall programme has achieved 90% of the targeted profile at the end of quarter 2. Significant re-profiling of the capital programme is anticipated during October as part of the six monthly capital challenge process. Based on previous trends, and actual spend to date compared to profile, it is anticipated that the capital programme should achieve spend of £52.273m by the year end, with a number of projects slipping into 2013/14. Current spend to date of £26.700m in the first half of the financial year compares favourably to performance in years prior to 2011/12, when spend of £25m to £30m was the norm in a full financial year. The quarter 2 position for the capital budget is set out in Appendix C.
28. The management of long term debt to support capital expenditure and treasury management arrangements remains focussed on avoiding taking new long term loans until necessary, repaying capital debt early where it leads to on-going revenue budget

savings, and managing the council's cash balances at all times to reduce interest costs incurred. Whilst delays in capital expenditure produce no long term benefits in terms of borrowing costs, they will produce in year savings as a result of having to borrow less than assumed in the budget.

29. An analysis of reserves and balances is outlined at Appendix D. This shows the opening balance at 1 April 2012, forecast movements in year and the forecast balance at 31 March 2013 based on current assumptions. However, each year there are a number of adjustments to be made as part of the accounts closedown process to carry over grants and contributions into the earmarked revenue reserve to be applied in the subsequent financial year, and no estimate has been made of the amount of any carry over at this stage.

RISK MANAGEMENT

30. 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 cannot eliminate risk in its entirety however they will increase the probability of success whilst reducing both the probability of failure and the uncertainty of achieving the corporate priorities.
31. 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.
32. The Audit Committee reviewed the process for managing strategic risks in May 2012. One of its resulting recommendations 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

33. 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

34. The Cabinet Member is requested to approve the following:

- That the Council works with schools and colleges to better understand the causes of high levels of persistent absence and agree ways forward to improve the situation
- That a joint forum for improving educational attainment be set up to work together to achieve this objective. Membership will consist of the relevant Head teachers and Chair of Governors (or their representatives), the Lead Cabinet member and Director (or their representatives) and the members of the Children and Young People's Scrutiny Panel.

APPENDICES ATTACHED

[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 One Revenue Budget position

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

[Appendix D](#) – Review of Reserves and Balances

BACKGROUND PAPERS

[Quarter 2 - 2012/13 Data Report](#)

[Corporate Plan 2011-13](#)

[Medium Term Financial Strategy 2009-2012](#)

Contact Point: Bob Streets, Business Effectiveness Manager
☎ 01983 823557 e-mail bob.streets@iow.gov.uk

DAVID BURBAGE
Strategic Director of Resources

CLLR DAVID PUGH
Leader & Cabinet Member for Resources