

CITY OF PLYMOUTH

Subject: Joint Performance and Finance Report
Committee: Cabinet
Date: 10 August 2010
Cabinet Member: Councillor Bowyer and Councillor S Leaves
CMT Member: CMT
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Part: I

Executive Summary:

This report outlines the performance and finance monitoring position of the Council as at the end of the first quarter, June 2010.

The primary purpose of this report is to detail how the Council is delivering against its key performance indicators in terms of performance, and its financial measures using its capital and revenue resources. It is deliberately strategic in focussing on key areas of performance, expenditure, and risk, and includes under each Departmental Business section a scorecard, incorporating a summary of performance.

At this stage, the Council is forecasting a revenue overspend at year end of £5.727m against a net revenue budget of £201.824m (2.84%). Main variations relate to

- Children's Services £3.195m:
Increased placement numbers within the Independent Sector and the increased use of high-cost Residential provision accounts for £2.974m;
- Community Services £2.435m:
In Adult Social Care there is an adverse variation of £1.635m mainly due to Learning Disability Services offset by savings within domiciliary care. An adverse variation of £0.800m within Environmental Services is due to increased repairs and maintenance vehicles costs, Trade Waste income being lower than budgeted and an increase in vehicle and plant hire costs. This has been partly offset by a decrease in waste arisings and management actions.

The Council's best assessment of the impact of Government action to date and potential future action is a required in year reduction of £4m, over and above existing over-heating in the budget.

The latest approved Capital Programme for the year is £93.315m. Actual spend to the end of June 2010 is £9.835m. New schemes totalling £0.596m are being recommended for inclusion into the programme by the Capital Delivery Board.

Further pressure is expected on the capital programme where there has been an announcement of a 25% cut in the 2010/11 Local transport Plan Integrated block settlement, equating to £0.870m and withdrawal of Sport England Grant of £0.750m. In addition, the Government has announced the withdrawal of the BSF programme representing a potential loss of up to £70m of future capital investment to 5 of the city's secondary schools.

Corporate Plan 2010-2013

This quarterly report is fundamentally linked to delivering the priorities within Council's corporate plan.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

Resource implications are referred to throughout the report and an update on the implications for the medium term for both revenue and capital is included. It is intended that the Medium Term Financial Forecast will be updated regularly throughout the year to take account of the variances and pressures identified through the quarterly reports.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

N/a

Recommendations & Reasons for recommended action:

That Cabinet approve:

1. The allocation of a £4m reduction across departments to the 2010/11 budget to reflect the Council's assessment of the impact of Government Action.
2. The principle that the Council will increase charges to reflect the VAT increases from Jan 2011 except where this conflicts with other Council priorities.
3. The changes to the capital programme (as detailed in sections 5.1 and 5.2), including new approvals of £0.596m, leading to a revised programme of £100.415m.
4. The Officer action taken to freeze Transport schemes in 2010/11 to the value of £0.870m pending a complete review of the capital programme.
5. The pay award provision be removed from departmental budgets and held under corporate items to meet the costs of redundancies and other budget pressures.
6. Directors progressing urgently further delivery plans to address the remaining shortfall in 2010/11.

Fin	MC 1011. 003	Leg	DVS 1149	HR	N/A	AM	N/A	IT	N/A	Strat Proc	N/A
Originating SMT Member: Malcolm Coe, AD Finance, Assets & Efficiencies											

Plymouth City Council
Performance and Finance Monitoring – 2010/11
Figures up to and including 30 June 2010

1. Introduction

1.1 The Council continues to improve its financial and performance management arrangements, placing greater ownership and accountability on departmental management teams in relation to improving performance and delivering against budget. This is the first quarterly report for 2010/11 and includes a new style 'scorecard' within the Directorate reports. The score cards focus on the areas of concern, and details actions being undertaken to remedy the shortfalls. A balanced scorecard for key Human Resources indicators for the Council, for departments and for budget holders is being developed and will be ready for the next quarterly report.

1.2 This report reviews the Council's performance for the period 1 April 2010 to 30 June 2010.

1.3 The report contains the following sections and Appendices

Section 'A' – Executive Summary Performance

Section 'B' – Executive Summary Finance

- Revenue
- Income Summary
- Capital
- VFM

Section 'C' – Departmental Performance & Finance Report

- Department scorecards
- Department Budget Delivery Plans
- Department Risk items
- Departmental Medium Term Issues
- Corporate Items and Cross Cutting Issues

Section 'D' – Concluding Remarks

Section 'E' - Recommendations

Appendices

Appendix A – Finance Monitoring Summary Graph

Appendix B – Update on Government Grants Position

Appendix C –Departmental Target Budget Reductions







Appendix D - Capital

SECTION A - EXECUTIVE SUMMARY PERFORMANCE

2. Performance

- 2.1 A performance summary is provided for departments in a scorecard format along with budget variances. The narrative within the scorecard is intended to provide a high level overview with a focus on explaining corrective action where required. The scorecards use a RAG (red, amber, green) traffic light system to indicate current performance.

RAG rating key:

Budgets			
	0% - 0.8% overspend / 0% - 1.8% under spend		0.8% - 0.99% overspend / 1.8% - 1.99% under spend
	1% or more overspend / 2% or more under spend		
Measures – an average of all measures that sit within Departments			
	Indicators are on track		the AVERAGE of all indicators is up to 15% off target
	The AVERAGE of all indicators is more than 15% off target		

Key performance issues to note

2.2 Development (Pages 25&26)

Planning

Major regeneration activity supported by the LDF continues and all planning application indicators have improved performance in the first quarter of this year and are performing well.

Strategic Housing

18 affordable homes have been delivered in the first quarter of this year which, while relatively modest, is normal given that developments usually complete towards the end of the year. The target of 237 for the year is expected to be achieved. 335 new homes were achieved in 2009/10 against a target of 226.

2.3 Children's Services (Page 16&17)

Social Care

For the second year running there were over 3,000 referrals to CSC in 2009/10. This continues an increasing trend over the last 4 years and is consistent with the first three months of 2010/11. Compared to last year, the number of Children with a Child Protection plan had increased by 86%. On the 31st March 2010 we reported 352 Children with a plan, for June this year we report 363 a further increase. We report higher numbers than both our statistical neighbours and the national average. The number of children in care, year on year has risen by 12%. On the 31st March 2010 we looked after 437 children and young people, compared to 389 the previous year. In June this year this number rose to 447. Together with many other local Authorities we have experienced a rise in the number of presenting 16 and 17 year old young people as a result of the G v Southwark Judgement. We report higher numbers than both our statistical neighbours and the national average.

2.4 Community Services (Pages 20&21)

Environmental Services

The recycling target continues to under perform despite the introduction of the kerbside garden waste collection service. The June figures stands at 36.79% which is over 2 percentage points better than June 2009 when the figure stood at 34.69% and better than the annual target for 2010/11 of 36%. However, the June target, which is seasonally adjusted, stands at 42%. Additional initiatives are currently being considered to improve current recycling performance. The waste landfill target has started the year strongly with 57.73% of waste to landfill against the annual target of 60%. June's performance is nearly 2 percentage points better than June last year where the figure stood at 59.25%.

Adult Social Care

The latest Adult Social Care performance report for 2009/10 indicates that Plymouth has made substantial progress in shifting its balance of care from residential to home care over the last two years; 65% **more** adults and older people are now helped at home (2,445 more), 30% **less** adults and older people cared for in permanent care homes (473 less), 262% **more** direct payment users (354 more), 18% **more** home care users (289 more), 18% **more** intensive home care packages to avert institutional care (75 more) and a higher level of user satisfaction with the quality of home care surveys than in a similar council (2009 survey). The latest performance figures for June indicate underperformance in achieving outcomes for people with learning difficulties. Both supporting adults with learning difficulties into accommodation and employment are underperforming. Current performance for the accommodation indicator stands at 3.8% against a cumulative annual target of 75% and the employment indicator stands at 0.2% against a cumulative annual target of 5.9%. To achieve both targets, the rate of reviews must increase, missing data needs to be rectified and more clients that have been in established voluntary work need to be found paid employment. An action plan is being developed with the Learning Disability Partnership Manager to address missing data issues and increase the rate of reviews.

SECTION B EXECUTIVE SUMMARY – FINANCE

3. General Fund Revenue Budget

- 3.1 Table 1 shows the revenue monitoring position for each Directorate for the period up to 30 June 2010.

Table 1

DEPARTMENT	Latest Approved Budget	Latest Forecast Outturn	Monitoring Variation to 30 June	
	£000	£000	£000	%
Director for Children and Young People	52,459	55,654	3,195	6.09%
Director for Community Services	112,857	115,292	2,435	2.16%
Director for Development and Regeneration	16,193	16,223	30	0.18%
Director for Corporate Support	32,697	32,764	67	0.2%
Chief Executive	1,830	1,830	0	0.0%
Corporate Items and Capital Financing	(14,212)	(14,212)	0	0.0%
TOTAL	201,824	207,551	5,727	2.84%

- 3.2 The financial management budget variance tolerance levels of no more than 1% over or -2% under remain in place for 2010/11. The movement for the first quarter compared to last financial year is shown in graphical form in Appendix A. The variance of 2.84% at the end of June is outside of the agreed tolerance level.
- 3.3 Further details of the variations are outlined in the individual Directors reports in Section C of this report. The major variations are as follows:

Children's Services - Increased placement numbers within the Independent Sector and the increased use of high-cost Residential provision accounts for £2.974m of the total forecast overspend of £3.195m

Community Services

Adult Health & Social Care £1.635m

Street Services £0.800m

The Adult Social Care adverse variation of £1.635m is mainly due to Learning Disability Services offset by savings within domiciliary care. The adverse variation of £0.800m within Environmental Services is due to increased repairs and maintenance vehicles costs, Trade Waste income being lower than budgeted and an increase in vehicle and plant hire costs. This has been partly offset by a decrease in waste arisings and management actions.

3.4 Government Announcements on Public Sector Funding

A new Comprehensive Spending Review will be announced in October 2010. This will be a challenging framework which will significantly reduce the level of revenue and capital spending available for Local Authorities over the next 4 years.

In addition, the Government has recently announced a series of in year spending reductions for 2010/11. These reductions, in the main, relate to grant funding. There are also a number of changes to policy, enacted by Government, that will impact on spend for the Council.

An analysis of key grants that have either been reduced or removed is detailed in Appendix B. The key 2010/11 revenue reductions for Plymouth are:

	£000
Reduction in Area Based Grant	1,802
Withdrawal of Housing and Planning Delivery Grant	375
Removal of Free Swimming Grant	141
	<u>2,318</u>

In addition to this, the Performance Reward Grant linked to delivery of Local Area Agreement targets has been reduced by 50%. The Council had been relying on some of this reward grant to deliver a balanced budget in 2010/11, for example, a specific delivery plan within Chief Executive's department linked to the Local Strategic Partnership and planned spend on partnership working in Children's Services.

Considering all of the known grant reductions and policy changes, the Corporate Management Team is recommending targets to reduce in year revenue spend by circa £4m. This reduction has been prioritised to ensure that we drive greater efficiency from back office functions, thus protecting core front line spend. Cross cutting groups are meeting to drive out higher percentage savings across the board in areas such as Business Support and Policy and Performance.

Appendix C details the recommended in year revenue spend reductions by department which are summarised in table 2 below:

Table 2

Department	2010/11 Required Reductions £000
Children & Young People	1,181
Community Services	1,596
Development & Regeneration	238
Corporate Support	820
Chief Executives	150
Totals	3,985

Directors, with their management teams, are developing new Delivery Plans in order to deliver a balanced budget for 2010/11. These new delivery plans will meet the required in year spending reductions as well as address identified in year budget pressures. To date additional plans totalling £0.654m have been identified.

4 Income Summary

- 4.1 The position on income collection across the Council as at 30 June 2010 is shown in Table 3 below:

Table 3

Type of debt	AE Quartile	Budgeted income 2010/11*	Actual % 2009/10	Year end Target % 2010/11	Year end Projection 2010/11
Council Tax	4	£94m	95.2	96.5	96.5
NNDR	2	£81m	96.0	97.5	97.5
Sundry Debt [^]	n/a	£46m#	85.0	92.5	92.5
Commercial Rent	n/a	£5m#	86.0	90.0	90.0
Trade Waste	n/a	£1m#	83.0	94.0	94.0
Adult Residential Care	n/a	£9m#	92.0	94.0	94.0

Sundry debt fluctuates during the year. Figures shown are an average per annum for a rolling 12 month period

[^]Does not include debt which has been raised in the last 30 days

- 4.2 Despite the challenging climate, all of our key income streams are currently forecasted as being on target. This continues the trend of the last two financial years where the Council has provided greater focus in this area.
- 4.3 Our in year collection of Council Tax and NNDR at the end of June 2010 was above our profiled target and greater than that achieved at the same point in each of the last two financial years.
- 4.4 Sundry debt remains a challenge but, having broken down the core streams of Commercial Rent, Trade Waste and Adult Residential Care, we are working alongside departments in adopting corporate income collection processes to enable greater collection rates.
- 4.5 The standard rate of VAT will increase to 20% with effect from 4 January 2011. The Council must charge and account for VAT on all the taxable services it supplies, collecting the income effectively as an agent of the Government. It is therefore recommended that the increase be passed on in full to the Council's customers, unless this would conflict with other Council priorities. The increase in the VAT rate is, therefore, likely to have very little impact on the financial position of the Council.

5. Capital Position

5.1 The latest position on the capital budget is summarised in Table 4 below:

Table 4

Department	Original Approved Budget £000	Slippage from 2009/10 £000	New Approvals £000	Re- profiling £000	Variations £000	Latest Forecast £000
Children and Young People	34,641	3,848	20	24	691	39,224
Community Services	29,237	(208)	510	0	(13)	29,526
Corporate Support	500	320	0	0	0	820
Development & Regeneration	28,937	2,918	66	64	(1,140)	30,845
Total Capital Programme	93,315	6,878	596	88	(462)	100,415

5.2 The revised 2010/11 forecast at the end of June is £100.415m and expenditure to the end of June is £9.835m, representing 9.79% of the capital budget. The new approvals to the programme of £0.596m have been considered by the Capital Delivery Board who are recommending inclusion into the Capital Programme:

New Approvals

	£000
Leigham Primary School - safer route to school (fully grant funded)	50
Community Transport booking system (grant funded)	16
Reading Recovery Unit at Courtlands School (revenue)	20
Libraries improved automatic booking system (unsupported borrowing)	356
Mountwise Adizone sports facility (grant funded)	<u>154</u>
Total	<u>596</u>

Further detail of the other variations on the capital programme is outlined in Appendix D.

5.3 Funding

The capital schemes for 2010/11 are planned to be funded as shown in Table 5 (adjusted for the grant reduction detailed in 5.4.2):

Table 5

Funding Source	£000
Capital Receipts	9,488
Unsupported Borrowing	25,617
Supported Borrowing	4,919
Grants & Contributions	57,232
S106 / Tariff / Revenue	3,159
Total	100,415

5.4 Funding Issues:

5.4.1 **Capital Receipts**

The current programme requires £9.488m of capital receipts in 2010/11. The estimated usable capital receipts (including £2.3m brought forward) is £7.7m leaving a potential shortfall of £1.8m at the end of the financial year, which will be funded by short-term unsupported borrowing. The revenue impact of any short-term borrowing will be financed from a capital financing reserve of £0.975m which has been set aside to meet the anticipated timing differences between the realisation of capital receipts and the funding of the capital programme.

5.4.2 **Local Transport Plan Single Capital Pot (SCP)**

Announcement of a 25% cut in 2010/11 Integrated block settlement, funded from grant equating to (£0.870m). Corresponding potential reductions have been identified by officers against 10 approved projects and at this stage this planned expenditure has been frozen. Scheme details are shown in Appendix D.

5.4.3 **BSF**

Whilst not previously included in the Capital Programme, it should be noted that the Government have recently announced the withdrawal of the BSF programme, representing the potential loss of up to approximately £70m of future Capital investment to 5 Secondary Schools in the city. Further details around investment for the two academy schools within the original programme are pending.

5.4.4 **New Growth Point allocation 2010/11**

Confirmation has now been received regarding the Council's allocation for New Growth Point (NGP) grant funding for 2010/11, although there remains a minor risk until the Council receives formal confirmation that CLG are satisfied with the proposed use of funding. The Life Centre, and several schemes within Development are due to be partly funded from these monies.

5.4.5 **Free Swimming Capital Modernisation Grant**

The Government has now withdrawn this capital grant initiative and therefore the Council's application for £0.75m capital grant will not be considered. This was part of the funding for the Life Centre for 2010/11 and at this point until officers have identified other funding sources it will have to be assumed as being replaced with unsupported borrowing which at this stage would create an additional revenue pressure.

5.4.6 Cabinet are requested to note the funding changes that have been identified to date, consider the current frozen Transport expenditure and note that officers are conducting a comprehensive review of the programme to identify the effect of funding changes.

5.5 Capital – Medium Term Forecast

5.5.1 The latest Medium Term Capital Programme is shown in Table 6 which shows the current and next five financial years on an annual basis, and then future years as a block. The potential programme reflects the fact that indicative Transport supported borrowing allocations have been received for the period to 2014/15, and there is an amount included for the major eastern corridor transport scheme for 2015/16 onwards. Given the current uncertainty around capital funding, this is only a very indicative programme and there are likely to be changes to these estimates.

5.5.2 It is anticipated that the next Comprehensive Spending Review in October will provide more information on capital funding for future years and this will inform the development and revision of the capital programme.

Table 6

Department	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Future Years £000	Total £000
Childrens and Young People	39,224	17,413	15,052					71,689
Community Services	29,526	13,242	271					43,039
Development and Regeneration	30,845	13,676	6,221	6,535	7,656	13,200	88,000	166,133
Corporate Support	820	1,000	500	500				2,820
Total	100,415	45,331	22,044	7,035	7,656	13,200	88,000	283,681

5.5.3 The planned funding of the medium term programme is as follows:

	£000
Capital Receipts	24,981
Unsupported Borrowing	29,267
Supported Borrowing	29,162
Grants and Contributions	167,492
S106/ Tariff / Revenue	<u>32,779</u>
	<u>283,681</u>

5.6 Projects Under Development

5.6.1 The following schemes “under development” are not in the approved Capital programme and will require further progress reports and information to be returned to Capital Delivery Board in due course. Any costs associated with the development of these proposals continue to be charged to revenue and can only be capitalised if capital approval for the scheme is received in year.

5.6.2 **“Basic Need” for Primary School Places**

Due to a significant increase in recent birth rates, there will be a requirement to provide an increased number of Primary spaces in future years. An initial appraisal is currently being undertaken and will be the subject of a future report.

5.6.3 **Corporate Accommodation Strategy**

The Corporate Accommodation Strategy has been reviewed by Corporate Management Team and is subject to a separate report on this agenda. Any resulting approvals will be incorporated within the next Cabinet monitoring report.

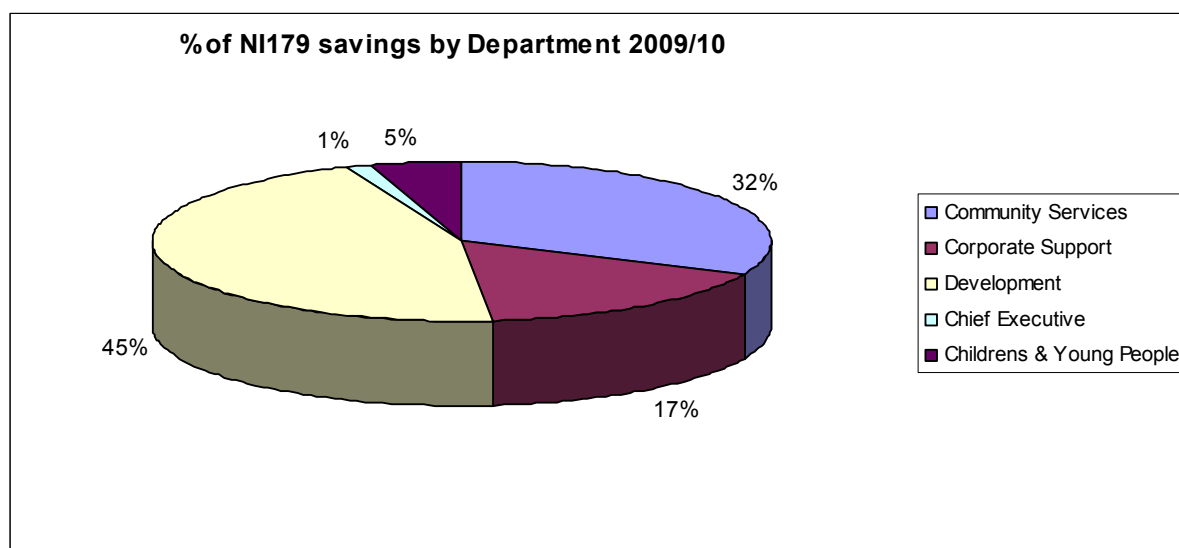
6. VFM Statement

6.1 NI179 – Measuring and reporting Value for Money gains

The Authority continues to encourage initiatives for identifying VFM efficiency gains with good success. The reporting of NI179 gains has improved substantially across the Council through development of a monitored VFM programme. The programme has ensured that governance of the VFM monitoring process has been enhanced to ensure that gains are audited before inclusion, thus ensuring compliance with NI179 Guidance from DCLG. This process now avoids any ambiguity around whether the efficiency should be included as cashable and count against the NI179 target. In addition, all cashable efficiency savings will be reported against plans to achieve budget targets as well as general efficiencies to improve services to customers.

6.2 Previous Financial Year

The final NI179 efficiency return for 2009/10 has been submitted to DCLG. An efficiency total of £9.931m has been identified through initiatives carried out across the Council for financial year 2009/10 and is broken down by Directorate as follows:



6.3 Current Financial Year

Work is progressing well across all departments to identify the cashable elements of additional efficiencies required to meet our 3-year VFM target - forecast required by DCLG in October 2010. In-year plans already include £0.8m identified as NI179 service efficiencies and a roll-forward of £9.9m for year-on-year efficiencies - current total of £10.7m against an in-year target of £14.0m.

In-year budget planning efficiencies of £9.9m and further in-year cuts of £4.0m (imposed by the new Government) could provide further efficiencies of another £13.9m. Therefore, work is currently ongoing to identify which of these efficiencies can be scored against NI179.

Finally, the Authority has to make up a shortfall of £2.0m to ensure the revised 3-year cumulative target for NI179 of £31.4m is attained overall. Consequently, if all budget planning and Government-imposed efficiencies are met, there is potential to exceed the revised NI179 cumulative target by some £8.6m. Even so, a minimum of £5.3m NI 179 efficiencies needs to be identified this financial year in order to meet our 3-year cumulative target set by DCLG.

6.4 VFM Programme

A programme of major projects has been identified that will contribute to the efficiency targets for the Council in 2010/11 these include:

Procure 2 Pay

This project aims to deliver better control of expenditure across the Authority through development of a more efficient and effective purchasing process.

Order to Cash/Debtor Management

This project is currently in its initiation stages but its aim will be to improve cash collection and standardise debtor management processes across the Council.

Single Point of Contact (SPOC) for Corporate Support

This project has been initiated to provide better Value for Money for internal customers of the Corporate Support service areas through provision of a single point of contact.

SECTION C – DEPARTMENTAL PERFORMANCE & FINANCE REPORT

7. Children's Services




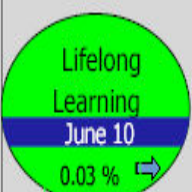

7.1 General Fund Revenue Monitoring – Forecast is an overspend of £3.195m

The latest forecast is £55.654m against an approved budget of £52.459m, representing a forecast year end adverse variance of £3.195m (6.09%).

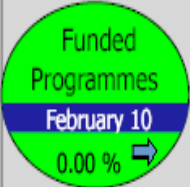


Further explanation is reported in the scorecard.

Services for Children & Young People Quarterly Budget & Performance Report 1/2

L(Fin)3 Net revenue budget -
Childrens Services Monthly
June 10 6.19 % ➡

Monthly Service Budgets	Performance	Comments
 		<p>Responsible Officer: Mairead MacNeil</p> <p>Finance - The Children in Care placement budget continues to be a pressure, resulting in a year end forecast overspend of £2.945m. This is mainly due to a significant rise of high cost Residential packages within the Independent Sector during the later part of 2009/10, continuing into 2010/11 as shown below. There are currently 24 children in residential placements against a budgeted number of 14 and there are currently 52 in Independent foster care against a budget of 39 placements.</p> <p>Performance - For the second year running there were over 3,000 referrals to CSC in 2009/10. This continues an increasing trend over the last 4 years and is consistent with the first three months of 2010/11. Compared to last year, the number of Children with a Child Protection plan had increased by 86%. On the 31st March 2010 we reported 352 Children with a plan, for June this year we report 363 a further increase. We report higher numbers than both our statistical neighbours and the national average. The number of children in care, year on year has risen by 12%. On the 31st March 2010 we looked after 437 children and young people, compared to 389 the previous year. In June this year this number rose to 447. Together with many other local Authorities we have experienced a rise in the number of presenting 16 and 17 year old young people as a result of the G v Southwark Judgement. We report higher numbers than both our statistical neighbours and the national average.</p>
		<p>Responsible Officer: Claire Cordory-Oatway</p> <p>There are no material financial variations to report at this stage.</p>
 		<p>Responsible Officer: Colin Moore</p> <p>NI 117 NEET narrowly missed the target for 2009/10. the promotion of apprenticeships in the private, public and voluntary sector has started to have an impact on reaching the annual target. An in year update will be provided in the next report. At the same time youth unemployment has dropped from the period April to June with 1950 18-24 year old claimants counted in June compared to 2090 in April. The figure is also lower than for June 2009 when there were 2300 claimants</p>
Human Resources		

Services for Children & Young People Quarterly Report 2/2

Monthly Service Budgets	Performance	Comments
		<p>Responsible Officer:</p> <p>There are no material financial variations to report at this stage.</p>
 		<p>Responsible Officer: Maggie Carter</p> <p>We currently have an overspend of £250,000 due to an increase in demand for Transport within the Pupil Access Service. This is due to more Early Years placements requiring 1:1 escorts, more children in mainstream schools who had previously attended Special Schools and a higher number of children with greater needs.</p> <p>Despite a significant reduction in the year on year % of pupils who feel bullied, 35.2% felt they had been bullied once or more in the last year, this is significantly higher than the national average. The 2009 Tellus 4 Survey of Plymouth schools, Children and Young People felt they were more likely to be bullied at school than elsewhere. However, 55% of children felt that bullying was being dealt with quite well or very well. NI 54 – Parental Experiences of services for disabled children improved in Plymouth for 2009/10 and we compare favourably against the national average and statistical neighbours.</p>
<p>Schools</p>		<p>Responsible Officer: Gareth Simmons</p> <p>The Council receives funding for Schools through the Dedicated Schools Grant (DSG) which funds expenditure either directly through the Individual Schools Budget (ISB) or incurred by the Council on behalf of schools. Any over or underspends on the DSG are carried forward. The ISB element has been distributed in accordance with the schools funding formula and the overall DSG has been approved by the Schools Forum. The schools budget for 2010/11 was set at £140.037m (estimated DSG of £141.139m after academy recoupment plus £0.350m brought forward from 2011/12 budget less £1.452m deficit brought forward from 2009/10). The final DSG was announced as £141.208m, providing an additional £0.069m. Schools Forum approval will be sought to use the additional allocation to reduce the commitment for 2011/12 by adjusting the £0.350 brought forward from 2011/12 to £0.281m.</p>
<p>Human Resources</p>		

7.2 Progress against 2010/11 Delivery Plans

Table 7

Delivery Plan No.	Description	2010/11 £m	RAG rating
1	Review of admin across the Council	0.100	Green
2	Seek additional contribution towards the Cost of Building Schools for the future	0.300	Green
3	Additional Contributions from DSG for pensions and EOTAS	0.343	Green
4	Remove Concessionary Fares 16+	0.022	Amber
5	Savings Target to be achieved by reducing staff in high performing areas/link with locality working funding & Review of senior management within Lifelong Learning	0.150	Amber
6	Charge ICAN (speech and language needs) services to Early Years Grant	0.080	Amber
7	Seek Performance Reward Grant for partnership projects - including youth service & grants to voluntary sector	0.091	Red
8	Review of Early Years grants	0.050	Amber
9	Family support	0.085	Amber
10	Reduced Wrap Around packages for permanency placements and reduce secure bed nights	0.133	Amber
11	Multi-Systemic Therapy Contract (consider ceasing contract) value £140k in 10/11. Dept of Health currently part fund	0.000	Amber
12	Negotiate savings in Connexions contract	0.100	Green
13	No inflation Allocated. in social care where linked with Fostering Network rates (frozen at 09/10 levels)	0.129	Green
	Delivery Plans within original 2010/11 Budget	1.583	

Progress against the original delivery plans set to deliver a balanced budget are mostly on track. A Commissioning and Finance Delivery Board, chaired by the Director of Services for Children and Young People has been set up and will meet monthly to drive, not only the original delivery plans (£1.5m), but also efficiencies set by management (£1.0m) and new delivery plans set in response to the government funding reductions and also in year budget pressures (£4.3m).

Delivery plans will be monitored under key programme themes and plans to contribute towards next year continue to be developed and discussed with key partners, such as schools.

7.3 Key High Level Risks

- Achieving financial performance within Children Social care budget delivery continues to be a challenge whilst ensuring that safeguarding issues are not compromised
- Delivery plans at risk due to staggered implementation.
- Reducing the number of Court ordered Parent & Child assessment placements.
- Continual recruitment of experienced Social Work staff in order to provide a robust service.
- Insufficient growth in the Foster Care community to place children locally.

7.4 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Maintaining front line services during a financially challenging climate.
- Achieving the Delivery Plans
- Integration with Health partners

8. Community Services







8.1 Community Services Forecast is an Overspend of £2.435m

The latest forecast is £115.292m against an approved budget of £112.857m, representing a forecast year end adverse variance of £2.435 (2.16%).




Further explanation is reported in the scorecard.

Community Services Quarterly Budget & Performance Report 1/2

L(Fin)3 Net revenue budget -
Community Services Monthly
June 10 2.16 % ↑

Monthly Service Budgets	Performance	Comments
		<p>Responsible Officer: Pete Aley</p> <p>There are no material variations to report</p> <p>Following rejection of funding for a new gypsy site alternative funding is being explored.</p>
		<p>Responsible Officer: Jayne Donovan</p> <p>£0.8m net overspend mainly due to increased repair and maintenance of vehicle costs in the refuse and street scene operations. Trade Waste income is lower than budgeted and vehicle and plant hire costs have increased in Domestic Refuse and Street Cleansing.</p> <p>The recycling target continues to under perform despite the introduction of the kerbside garden waste collection service. The June figures stands at 36.79% which is over 2 percentage points better than June 2009 when the figure stood at 34.69% and better than the annual target for 2010/11 of 36%. However, the June target, which is seasonally adjusted stands at 42%. Additional initiatives are currently being considered to improve current recycling performance. The waste landfill target has started the year strongly with 57.73% of waste to landfill against the annual target of 60%. June's performance is nearly 2 percentage points better than June last year where the figure stood at 59.25%.</p>
		<p>Responsible Officer: James Coulton</p> <p>The latest forecast shows a nil variation against budget. Previous months declared savings of £0.130 are now allocated to departmental delivery plan targets.</p> <p>Life Centre</p> <p>The Life Centre construction phase is well underway and currently on budget to meet the projected timescale for an autumn 2011 opening</p> <p>Leisure Management</p> <p>The competitive tendering process has commenced with the prospective leisure management operators and this process will continue. Initial discussions indicate a preference to accelerate the procurement process and bring forward the contract commencement date. This may have favourable budget implications.</p>
Human Resources		

Community Services Quarterly Report 2/2

Monthly Service Budgets	Performance	Comments
		There are no material variations to report. This service is currently subject to a restructure.
 		<p>Responsible Officer: Pam Marsden</p> <p>£1.635m net overspend. Service demand for complex needs clients continues with a number of transfers from NHS Continuing Health Care, for young people reaching 18 years of age and for young adults, particularly within the Learning Disability Service. Older people placements in to long stay residential and nursing care have increased, mainly for older people mental health where the cost of care is higher. Domiciliary care is currently under utilized. The key variations are:</p> <ul style="list-style-type: none">• Learning Disability Service - £1.785m overspend due to demand and increase in complex needs, with 6 new placements and 10 increased packages.• Mental Health Services - £0.205m net overspend due to demand• Older People and Physical /Sensory Disabilities - £0.122m overspend due to demand• Domiciliary Care - £0.477 net under spend due to reduction in take up of service. A review of Transitions procedures are also being undertaken to ensure care meets clients basic needs <p>The latest Adult Social Care performance report for 2009/10 indicates that Plymouth has made substantial progress in shifting its balance of care from residential to home care over the last two years; 65% more adults and older people are now helped at home (2,445 more), 30% less adults and older people cared for in permanent care homes (473 less), 262% more direct payment users (354 more), 18% more home care users (289 more), 18% more intensive home care packages to avert institutional care (75 more) and a higher level of user satisfaction with the quality of home care surveys than in a similar council (2009 survey). The latest performance figures for June indicate underperformance in achieving outcomes for people with learning difficulties. Both supporting adults with learning difficulties into accommodation and employment are underperforming. Current performance for the accommodation indicator stands at 3.8% against a cumulative annual target of 75% and the employment indicator stands at 0.2% against a cumulative annual target of 5.9%. To achieve both targets, the rate of reviews must increase, missing data needs to be rectified and more clients that have been in established voluntary work need to be found paid employment. An action plan is being developed with the Learning Disabilities Partnership Manager to address missing data issues and increase the rate of reviews.</p>
Human Resources		

8.2 Progress against 2010/11 Delivery Plans

Table 8

Delivery Plan No.	Description	2010/11 £m	RAG rating
1	Review of admin across the Council (anticipated savings in this department)	0.503	GREEN
2	Review of staffing establishment within specialist teams and occupational therapy services	0.604	GREEN
3	Contract Inflation - NIL contract inflation awarded for 2010/11 where no prior agreement in place	1.000	GREEN
4	Review of Service Provision for Older People residential care and physical disability day care	0.176	AMBER
5	In House Dom Care - redevelopment of in house services to focus on intermediate and rehabilitation enabling a greater through put of service users and prevent over usage of residential care	0.250	GREEN
6	Developing the personalisation RAS and reshaping block contract to recognise changes in support services	0.870	RED
7	Learning Disability Services: efficiency savings through reviewing day care costs and applying a commissioning framework to ensure consistent unit costs	0.272	AMBER
8	Fair Access to Care: to review the current eligibility criteria to ensure more rigorous application plus the full year effect of panels and specific case reviews in 2009/10	1.410	GREEN
9	Modernisation of Short Breaks for LD (Welby)	0.148	AMBER
10	Review of Library Service including the School Library Service is underway with a view to identifying future shape of service and levels of delivery. Specifically the School Library Service is reliant on a minimum level of buy in to remain viable.	0.040	AMBER
11	Leisure Management Review. Outsourcing of management of sport and leisure facilities will seek efficiencies in running the new Life Centre and other facilities	Commerci- ally Sensitive	AMBER
12	Category Management and Buyer Roll Out. To consider the scope for supporting the corporate roll out within Community Services to drive procurement savings from control of demand, improvements to process in addition to procurement savings	TBC	TBC
	Delivery Plans within original 2010/11 Budget	5.273	

Community Services is largely on track to delivery £5.273m of delivery plans contained in the underlying budget. The Adult Social Care personalisation Resource Allocation System will be challenging to achieve. It is not possible to finalise the savings to be achieved by the Leisure Management Review at this time as any value will be commercial sensitive. Progress for the Leisure Management project is monitored by the Leisure Management Board.

A further £0.429m of additional delivery plans have already been identified to address reductions arising from Government reductions in funding as follows:

- Free swimming - 8 months saving Free Swimming Initiative (£0.130m)
- Non committed funds and other grants (£0.238m)
- Deletion of posts (£0.061m)

Furthermore, Adult Social Care are currently drawing up delivery plans to address in year budget pressures and these will be presented to the next Adult Social Care Programme Board.

8.3 Key High Level Risks

The key financial risks during 20010/11 across Community Services are summarised below:

- Achieving Adult Social Care Delivery Plans and associated budget reductions without compromising safeguarding issues and ensuring sufficient scope to develop the market successfully to meet the requirements of the personalisation agenda
- Growth in demography and increasing levels of long term care needs for high dependency within Adult Social Care
- Impact on social care of the Primary Care Trust QIPP efficiencies
- Environmental Services - Managing expectations of enhanced level of service against the current budget, particular in the service area of Waste Collection Street Scene.
- Increase Vehicle Hire, Repair & Fuel costs
- Increase costs due to unforeseen repairs and maintenance in parks. E.g. Plymbridge Woods, Jennycliff etc.
- Mount Edgcumbe – a projected overspend has been highlighted to the Joint Committee with officers of both constituent authorities working to present options to reduce the overspend.

8.4 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Maintaining front line services during a financially challenging climate.
- Achieving the challenging Adult Social Care Transformation with reductions without compromising safeguarding issues.
- Growth in demography and increasing levels of long term care needs for high dependency
- Integration with Health partners

- Municipal Waste Management Strategy (MWMS) identified that waste management costs would increase significantly due to the need to procure a waste disposal facility. This equates to £8m per annum (2011-2013), reducing to a £6m annual increase (2014-2039).
- In the short term, the Authority also faces additional budgetary pressures to implement new recycling initiatives, buy LATS credits, fund increased landfill tax (£8 per tonne each year), and fund contributions to the 'balancing fund' account created to meet the £215m shortfall. These have already been reflected in the Medium Term Financial Forecast.

9. Development and Regeneration


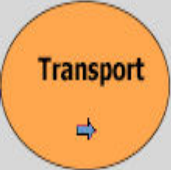


9.1 Development and Regeneration – Forecast overspend of £0.030m (0.18%)

The latest forecast is £16.223m against a latest approved budget of £16.193m, representing a forecast year end adverse variance of £0.030m (0.18%).

Further explanation is reported in the scorecard.






Development Quarterly Budget & Performance Report 1-2

L(Fin)3 Net revenue budget -
Development Monthly
June 10 0.17 % ↓

Monthly Service Budgets	Performance	Comments
 		<p>Responsible Officer: Clive Perkin</p> <p>The forecast overspend of £0.114m is a net figure arising from various pressures totalling £0.114m being partially offset by savings on the Street Lighting contract of (£0.100m) and the new requirement to produce Surface Water Flood Management Plans which is estimated at this stage to cost £0.100m.</p> <p>All of the annual indicators for 2009/10 were met, with the exception of the Schools Travel Plan initiative. We are however making progress with that with cooperation with Children's Services. It should be noted however that future external funding associated with this will not continue which will impact on its further development.</p>
		<p>Responsible Officer: Gill Peele</p> <p>No variation forecast at this stage</p>
		<p>Responsible Officer: David Draffan</p> <p>The forecast underspend of (£0.157m) is a net figure which mainly relates to the improvement in the Commercial Rent income forecast for the remainder of the year.</p> <p>The job seekers allowance claimant count shows a positive decline of 5.4% over the last quarter with numbers declining from 6312 to 5980. This compares favourably with 2009 when the figure stood at 6558</p>

Human Resources

Development Quarterly Budget & Performance Report 2/2

Monthly Service Budgets	Performance	Comments
 		<p>Responsible Officer: Paul Barnard</p> <p>The forecast overspend of £0.073m does not include the loss of Planning Delivery Grant through in-year Government cuts of £0.375m which is being addressed as a corporate exercise. Other variations include £0.197m of reduced building control income and other net pressures of £0.069m, partially offset by reduced expenditure totalling £0.193m mainly arising from LDF public examination savings.</p> <p>Major regeneration activity supported by the LDF continues and all planning application indicators have improved performance in the first quarter of this year and are performing well.</p>
 		<p>Responsible Officer: Stuart Palmer</p> <p>No variation forecast at this stage.</p> <p>18 affordable homes have been delivered in the first quarter of this year which, while relatively modest, is normal given that developments usually complete towards the end of the year. The target of 237 for the year is expected to be achieved. 335 new homes were achieved in 2009/10 against a target of 226</p>
		<p>Responsible Officer: Sue Lorne</p> <p>No variation forecast at this stage</p>

Human Resources

9.2 Progress against 2010/11 Delivery Plans

Table 9

Delivery Plan No.	Description	2010/11 £m	RAG rating
1	Review of admin across the Council (anticipated savings in this department)	TBC	AMBER
2	General efficiencies across the department incl reductions in consultancy, services & supplies and business support	0.342	GREEN
3	Streamlining of the LDF through merging of the remaining Area Action Plans and Development Plan Documents and reprogramming of the Core Strategy	0.133	GREEN
4	Implement improvements to the Planning Application Service by introducing a development enquiry service	0.055	AMBER
5	Rationalisation of the existing on street car parking charging regime, with the combination of ongoing improvements to parking provision, and increasing hourly rates	0.085	AMBER
6	Rationalisation of the existing off street car parking charging regime, together with a package of investment and service improvements	0.110	AMBER
7	General savings across all revenue budgets within Strategy, Sustainable transport and Network Management & car parking back office	0.178	GREEN
8	Introduce mobile CCTV Enforcement to reduce bus lane and school vicinity parking offences	0.020	AMBER
9	Following Stock Transfer further clarity on the retained housing service via an initial review has realised some efficiencies, including increasing external funding and income and refocusing services on areas of need - further reviews will release expected efficiencies throughout the year .	0.202	GREEN
	Delivery Plans within original 2010/11 Budget	1.125	

9 new core delivery plans totalling £1.125m were set within the 2010/11 revenue budget for Development. A further £0.125m of specific new delivery plans around the Council's strategic housing functions have been identified as at the end of June, together with a variety of planned income generating actions within Economic Development:

- Raglan Court - Tenancy Support Worker - this post gained Supporting People funding so the income has offset the salary costs for this post for one year (£0.029m)
- Homelessness assessment - we have an options review underway to seek efficiencies in how we carry out the statutory homelessness assessment duties (£0.031m)
- Full use of the income from licensing HMO properties to offset costs of this part of the service (£0.020m).
- Enabling Fees - for every new affordable home delivered with our RSL partners a fee is charged as an on cost to aid the development process budget. More affordable homes have been delivered and as a consequence additional income can be anticipated (£0.045m).
- Economic Development – Review a range of activities within this service area to maximise income generation e.g. Estate management income (£TBC)

The above will contribute towards the requirement to reduce departmental revenue spend by a further £0.238m in 2010/11.

9.3 Key High Level Risks

- Heavy reliance on income generation which is affected by market forces e.g. car-parking
- Achievement of challenging VFM targets
- Direct and indirect implications of cessation/reductions in Government grants (Rev & Cap)
- Revenue costs of developing schemes not always chargeable to capital
- Requirement to invest to develop schemes which are 'ready to go' when the economic situation improves as growth is a key priority for the Council
- Some previously recurring grants have been utilised to cover the cost of core service provision e.g. New Growth Points funding

9.4 Departmental Medium Term Financial issues

- Housing capital grants to continue the affordable housing programme this year have not been reduced, however further HCA investment in affordable housing is unclear, and will be determined through the Comprehensive Spending Review. Nationally the 2010/11 programme of £2.4 Billion has been reduced by £450m. No information is yet available on the future of Private Sector Housing Grants.
- Resourcing a long term growth agenda rather than reacting to short term delivery needs will be challenging in the current economic climate.
- Loss of external funding through grants will impact on areas of core service in future e.g. Housing Planning Delivery Grant

10. Corporate Support

10.1 General Fund Revenue Monitoring— Forecast overspend of £0.067m (0.20%)

The latest forecast is £32.764m against a latest approved budget of £32.697m, representing a forecast year end adverse variance of £0.067m (0.20%).

Further explanation is reported in the scorecard.

Corporate Support Quarterly Budget & Performance Report 1/2




L(Fin)3 Net revenue budget -
Corporate Support Monthly

June 10 0.20 %



Monthly Service Budgets	Performance	Comment
		<p>Responsible Officer: Malcolm Coe</p> <p>The forecast underspend of (£0.169m) has arisen in this large area of the service due to a favourable variation on external audit fees of (£0.050m), an adverse variation of £0.106m in capital and assets and (£0.225m) forecast underspend in VFM & Efficiencies relating mainly to salary variations.</p> <p>The N179 VFM target of £9.2m for 2009/10 has been exceeded with efficiencies gains of £9.931m submitted to DCLG. Work is progressing well across all departments to identify the cashable elements of additional efficiencies required to meet our 3-year VFM target - forecast required by DCLG in October 2010. The 2010/11 in year target for efficiencies is £14m. In-year plans already include £0.8m identified as N179 service efficiencies. In-year budget planning efficiencies of £9.9m and further in-year reductions of £4.0m following Government action could provide further efficiencies of up to £13.9m.</p>
		<p>Responsible Officer: Tim Howes</p> <p>A modest adverse net variation of £0.024m is forecast in this area</p>
		<p>Responsible Officer: Mark Grimley</p> <p>No variation forecast at this stage.</p>
Human Resources		

Corporate Support Quarterly Budget & Performance Report 2/2

Monthly Service Budgets	Performance	Comment
		<p>Responsible Officer: John-Paul Sanders</p> <p>The Customer Services and Business Transformation Service is projecting a (£0.023m) under spend due to the level of vacant posts as at the end of June.</p> <p>78.57% of Stage Two complaints were answered within the 25 day time limit against a target of 100%, which is a slight drop on the end of year actual of 80.65%.</p>
		<p>Responsible Officer: Neville Cannon</p> <p>This area of the service is forecast to overspend by £0.234m mainly due to increased costs of system support and software support maintenance contracts and pressure on achieving the vacancy saving target in this area</p>
		
Human Resources		

10.2 Progress against 2010/11 Delivery Plans

Table 10

Delivery Plan No.	Description	2010/11 £m	RAG rating
1	Review of administration (savings for Corporate Support)	0.060	AMBER
2	Pilot the 'Buyer Roll out across Corporate Support	0.050	AMBER
3	Rationalise management structures of Revs & Bens & customer services	0.100	GREEN
4	Finance restructure – reduction in management posts	0.200	GREEN
5	Generate efficiencies through better use of SAP	0.050	GREEN
6	IT investment / improvement plan to generate efficiencies	TBC	RED
7	Review and restructuring of Democracy & Governance	TBC	AMBER
8	Move more services into the Customer Contact Centre	TBC	RED
	Delivery Plans within original 2010/11 Budget	0.460	

8 core delivery plans totalling £0.460m were set within the 2010/11 revenue budget for Corporate Support. The department was broadly on target to achieve a balanced budget before the recommended reduced in-year spending reductions £0.820m required. Additional delivery plans of £0.100m have already been identified and further plans will continue to be developed to achieve the necessary in year cut:

- Reduce internal and external audit costs (£0.050m)
- Increased savings target on salaries in Revenues and Benefits (£0.050m)

At this stage delivery plans have focused on continuing to increase the efficiency of the overall department through specific targeted work across Revenues and Benefits and the Contact Centre, and through reducing the number of points of contacts into the whole department. All initiatives are aimed at improving services to our customers whilst reducing costs.

10.3 Key High Level Risks

- ICT Investment Programme ~ capacity to address the Council transformational change agenda e.g. technology required for an effective customer contact centre amongst others
- Challenge of improving support services whilst managing down spend
- HR ensuring that expertise is retained and redundancy costs are minimised
- Capacity within the department to support the Councils change agenda

10.4 Departmental Medium Term Financial issues

- The Comprehensive Spending Review (CSR) for the whole council is awaited in October to determine the financial envelope within which the medium term financial issues can be considered
- Accommodation Strategy
- Current SLA agreements with PCH end on 31 March 2011.

11. Chief Executive

11.1 Chief Executives Departmental – Forecast is as per Latest Approved Budget of £1.830m

Although there are variances on individual budget lines, Chief Executives are not forecasting any overall variance on the budget for 2010/11.

Assistant Chief Executive Quarterly Budget & Performance Report

L(Fin)3 Net revenue budget
CEX Monthly
June 10 0.00 % ↓

Monthly Service Budgets	Performance	Comments
		Responsible Officer: Richard Longford
		Responsible Officer: Giles Perritt Financial monitoring is reported as amber as although the budget is on track, there is currently pressure to achieve 2010/11 delivery plans. CLG have announced that the Place Survey planned for this autumn has been suspended. The council will not be required to report against the 13 National Indicators previously measured by the Survey.
Human Resources		

11.2 Progress against 2010/11 Delivery Plans

Table 11

Delivery Plan No.	Description	2010/11 £m	RAG rating
1	Review of admin across the council (anticipated savings in this department)	TBC	AMBER
2	Deletion of post and amalgamation of functions across existing staffing	0.067	GREEN
3	LSP back office costs met from Performance Reward Grant	0.285	AMBER
4	General efficiencies across department	0.060	AMBER
	Delivery Plans within original 2010/11 Budget	0.412	

Delivery plan savings of £0.412m were built into the approved budget. £0.067m of these savings have been achieved in full, with the remaining £0.345m currently identified as amber, in part due to the reduced allocation of performance reward grant following the Governments announcement to restrict the grant in future years.

11.3 Key High Level Risks

The key financial risk facing Chief Executives during 2010/11 are summarised below;

- Transformational Change Team costs of £0.094m currently expected to be met from reserves, however no agreement yet in place meaning a potential pressure to overall budget.
- Performance Reward Grant Shortfall of £0.070m.
- Potential shortfall in LSP Partner contributions to LSP back office £0.050m.

11.4 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Identifying alternative funding for LSP back office.
- Completion of review of LSP back office.
- Continued reduction in non salary costs.

12. Corporate Items and Cross Cutting Issues

- 12.1 No variation is reported on the Corporate Items Revenue Budget but attention is drawn to the following comments:

Table 12

Service	Latest Approved Budget £000	Forecast £000	Variation £000m	Variation %
Other Corporate Items	(23,896)	(23,896)	0	0
Major Projects	(916)	(916)	0	0
Capital Financing	10,599	10,599	0	0
Totals	(14,213)	(14,213)	0	0

12.2 Capital Financing Budget /Treasury Management

- 12.2.1 Budget savings of (£0.670m) are required against the capital financing budget. At the end of June savings of (£0.158m) have been achieved. Officers continue to explore options to achieve further savings in line with the treasury management strategy and approved delivery plan.
- 12.2.2 Table 13 below shows the Council's borrowing and investment position at 30 June 2010.

Table 13

	Principal O/S 1 April 2010 £000	Principal O/S 30 June 2010 £000	Average Rate %
PWLB (Public Works Loan Board)	28,889	62,555	5.3702
Market Loans	130,000	130,000	4.4202
Bonds	83	83	1.7220
Temporary Loans	73,650	46,900	0.3147
Total Borrowing:	232,622	239,538	3.8635
Devon debt	33,937	0	0
Total Loan debt	266,559	239,538	3.8635
Add PFI	33,156	33,156	8.7300
Total Debt 30/06/10	299,715	272,694	
Investments	153,051	142,401	1.913

- 12.2.3 During the period, officers successfully negotiated the transfer of pre LGR debt of £33.665m to the City Council. This will contribute savings of (£0.128m) towards the delivery plan target. Further savings are anticipated in terms of a reduced MRP for the year and Officers are currently reviewing the MRP for the year following the final outturn position 2009/10.

- 12.2.4 Officers are currently reviewing options for rescheduling of PWLB debt to generate further savings in conjunction with our treasury advisors, Arlingclose.
- 12.2.5 The average rate of interest achieved on new deposits so far this year is 1.1143% compared to a budget rate of 1%, contributing £0.030m towards the delivery plan savings. The underlying bank base rate remains at 0.5%.
- 12.2.6 During the period, the Council received a further dividend of 6.27p totalling £197,829.64 (including interest of £9,597.24) in respect of deposits in Heritable Bank bringing the total amount recovered to date to £1.238m or 41.25%. Recovery of monies in Glitnir and Landsbanki remain subject to court proceedings. The cost of the continuing external legal advice will be met in the first instance from the Icelandic bank reserve.

12.3 Other Corporate Items

This budget contains the costs of items which cannot easily be allocated to departments, such as enhanced Superannuation costs, transfers to reserves and provisions and the general contingency as well as income from support service recharges and Area Based Grant.

Pay Award

The Council has budgeted for a 1% pay award which is in department's budgets and equates to circa £1m. At this stage it is recommended that this is clawed back and held corporately as a reserve to meet the costs of redundancies and other pressures and pending the outcome of the national pay negotiations.

Contingency

The budget currently includes a contingency provision of £0.500m. It is assumed that this will be spent in full during the year.

Insurance Provision

Based on current projections there is potentially a pressure on the Insurance Fund. However, there can be large fluctuations in claims numbers, costs and movements in reserves during the year. Any shortfall on this fund could be met from the insurance reserve in the first instance.

Reserves

At the 1 April 2010, the Council's earmarked reserves stood at £19.310m. A detailed review of all the reserves will be undertaken over the next quarter in the light of future Government pressures and policy changes.

Area Based Grant

Area Based Grant (ABG) is an unringfenced Government grant. As such the income is held within the Corporate Items budget. The Council was originally notified that it would receive £21.920m ABG for 2010/11. As part of the Government announcement of 10 June 2010, the Council was subsequently advised that it would receive a cut of £1.802m or 0.6% in its ABG allocation for 2010/11. No variance against corporate items is reported as the reduction in grant has been taken into account in the £4m budget reductions targets allocated to departments.

12.4 Major Projects

- BSF- There will be revenue savings from the reduced requirement for the BSF team for this financial year. These are currently being quantified and will be reflected in the next quarterly monitoring report.
- Carefirst- In February 2010 Cabinet approved arrangements for the introduction and updating of Carefirst across the Council. The Carefirst Board meets monthly to manage progress delivery of the project. The project has continued to address wider service transformation and improvements, behaviours and cultures within services. This will enable us to fully utilise the system and get the maximum benefits, both for safeguarding, operationally and for financial efficiencies.

Total Carefirst costs for 2010/11 stand at £1.426m against resources of £1.259. The in year shortfall of £0.167m, will be managed by the reprofiling of expenditure where appropriate and cash releasing efficiencies in operational processes following successful re-engineering of procedures as carefirst is implemented.

- Residual costs of Stock transfer- The stock transfer residual costs budget assumes the transfer of £2m from the HRA Working Balance during the year. Following closure of the accounts for 2009/10 the HRA Working Balance at 31 March stood at only £1.7m, a shortfall of £0.300m. However Officers are still awaiting special determinations from the Government for HRA subsidy and Item 8 Interest charges which may impact on the final position.

There is a further potential unfunded liability of approximately £0.300m on the budget. Officers will review the liabilities in the light of the final outturn position for 2009/10 and adjust departmental budgets as appropriate during the next monitoring period, reporting an updated position in the next monitoring report.

12.5 Key High Level Risks

- Continuing low interest rates and restricted counter party list impacting on the ability to achieve target rates of return and meet delivery plan savings

SECTION D – CONCLUDING REMARKS

- 13.1 In order to set a balanced budget for 2010/11, each Department was required to identify a number of departmental delivery plans and Appendix A of the budget report, presented to Cabinet on 10 February 2010, outlined the risks to the budget, rating these in the usual traffic light system of Red/Amber/Green. The departmental reports in Section C continue to outline the key risks to the achievement of departmental budgets and issues impacting on future years.
- 13.2 After the first quarter of the year the Council is forecasting a revenue overspend at year end of £5.727m against a net revenue budget of £201.824m (2.84%). Directors are required to take action to bring their budgets back to a break even position by year end.
- 13.3 The Government has recently announced a series of in year spending reductions for 2010/11. These reductions, in the main, relate to grant funding. There are also a number of changes to policy, enacted by Government, that will impact on spend for the Council. In response to this each department has received an additional in year budget saving target with an overall target to reduce budgets by a further £4m in 2010/11.
- 13.4 New departmental delivery plans totalling £0.654m have already been identified and reported on in this report. These will be closely monitored throughout the year, and further plans will continue to be added in response to budget pressures and revised target budgets.
- 13.5 Moving forward, a new Comprehensive Spending Review will also be announced in October 2010 which will continue to significantly reduce the level of revenue and capital spending available for Local Authorities in future years. The Medium Term Financial Strategy (MTFS) as approved by Cabinet in June 2010 included a forecast of a potential revenue funding gap by 2013/14 of circa £30m if no compensating action was taken. This forecast, based on latest Government announcements, is still broadly of the right order.
- 13.6 The Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery.
- 13.7 Further pressure is expected on the capital programme where there has been an announcement of a 25% cut in the 2010/11 Local Transport Plan Integrated block settlement, equating to £0.870m and withdrawal of Sport England Grant of £0.750m. In addition, the Government has announced the withdrawal of the BSF programme representing a potential loss of up to £70m of future capital investment to 5 of the city's secondary schools.

SECTION E – RECOMMENDATIONS

- 14.1 The allocation of a £4m reduction across departments to the 2010/11 budget to reflect the Council's assessment of the impact of Government Action.
- 14.2 The principle that the Council will increase charges to reflect the VAT increases from Jan 1 2011 except where this conflicts with other Council priorities.
- 14.3 The changes to the capital programme (as detailed in sections 5.1 and 5.2), including new approvals of £0.596m, leading to a revised programme of £100.415m.
- 14.4 The Officer action taken to freeze Transport schemes in 2010/11 to the value of £0.870m pending a complete review of the capital programme.
- 14.5 The pay award provision be removed from departmental budgets and held under corporate items to meet the costs of redundancies and other budget pressures.
- 14.6 Directors progressing urgently further delivery plans to address the remaining shortfall in 2010/11.