

CITY OF PLYMOUTH

Subject: Joint Performance and Finance Report
Committee: Cabinet
Date: 8 February 2011
Cabinet Member: Councillor Bowyer and Councillor S Leaves
CMT Member: CMT
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Ref: SW/Fin12/10
Key Decision: No
Part: I

Executive Summary:

This report outlines the performance and finance monitoring position of the Council as at the end of the third quarter, December 2010 (to 20th January 2011 for capital).

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 £1.964m a reduction on that reported in the September monitoring report (September quarter reported an overspend of £3.342m) against a net revenue budget of £201.825m (1%). The main variations relate to

- Children's Services £1.725m:
The department continues to experience continuing pressures on the looked after children budget due to increased numbers compared to budget in the Independent Sector Placements in residential Care and in Foster Care. Further modelling of the numbers of children is taking place to predict when diversion from care strategies will bring spend back to budget in order to ensure intervention is targeted in the right areas. Safeguarding is however, paramount. There is also a forecast increase in the cost of transporting children with complex needs, and officers are currently reviewing the children's transport policy and will present options to Cabinet at a future meeting.
- Community Services £0.511m:

The main reason for the overspend in community services is due to continuing pressures in Learning Disability services relating to long stay residential services and supported living, and an increase in short stay residential and nursing care. The transformation agenda continues to shape the future of adult social care services in Plymouth. In terms of environmental services an ageing fleet of specialist vehicles has led to an increase in repair costs and increases in subsequent vehicle hire costs. The department is working with external consultants to reclaim a landfill tax rebate which will help to reduce the forecast overspend. It is hoped this will be received in the current year.

- Development £0.111m:
The department is facing an increased cost pressure of winter highway maintenance following the adverse weather conditions at the end of last year, and increased costs in respect of the waste management project team due to the acceleration of the project.

Directors continue to take action wherever possible to reduce spend and it is anticipated that the overspend will further reduce by year end.

The latest approved Capital Programme for the year as approved by Full Council in December 2010 is £92.179m. This is now forecast to reduce to £77.457m by year end due to reprofiling and other movements on the programme. Actual spend to date (20th January 2011) is £48.863m. New schemes totalling £0.075m are to be referred to full Council for inclusion on the programme.

The provisional Grant Settlement for 2011/12 was received on 13 December 2010. The result is a significant reduction in funding over the next two years. 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. Further details are outlined in the 2011/12 budget reports.

Corporate Plan 2010-2013 as amended by the four new priorities for the City and Council:

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

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. Directors addressing the remaining shortfall in 2010/11.
2. Cabinet note the latest 2010/11 capital forecast of £77.457m and Council be requested to approve that the following new schemes (included in the latest forecast) be added to the programme for 2010/11:

Jennycliff Café environmental works £0.050m
Market electrical refurbishment (majority to follow in 11/12) £0.025m

3. The reinstatement of the Weston Mill cemetery reserve, by a transfer back from the revenue invest to save reserve, totaling £0.071m, to meet the costs of essential improvement works in 2010/11.
4. The budget virements as outlined in section 13.3.4 .

Alternative options considered and reasons for recommended action:

Actions are recommended in response to specific variances in either performance and / or finances identified throughout the report.

Background papers:

- Plymouth City Council Corporate Plan 2010-13
- 2010/11 Budget Papers
- Plymouth City Council Medium Term Financial Strategy – revised October 2010
- Joint Finance and Monitoring report to 30 June 2010, reported to Cabinet 10 august 2010
- Joint Finance and Monitoring report to 30 September 2010, reported to Cabinet 16 November 2010

Sign off:

Fin	MC1 011. 018	Leg	1078 4/DV S	HR	N/A	AM	N/A	IT	N/A	Strat Proc	N/A
Originating SMT Member: Malcolm Coe, AD Finance, Assets & Efficiencies											

SECTION B EXECUTIVE SUMMARY – FINANCE

3. General Fund Revenue Budget

3.1 A budget overspend of £1.964m is forecast on the revenue budget as shown in table 1 below. This is an improvement of £1.378m in the period. It is still expected that this will reduce further by year end.

Table 1

DEPARTMENT	Latest Approved Budget	Latest Forecast Outturn	Monitoring Variation to 31 December	Movement in Period
	£000	£000	£000	£000
Director for Children and Young People	52,047	53,772	1,725	(114)
Director for Community Services	111,117	111,628	511	(1,039)
Director for Development and Regeneration	16,233	16,344	111	119
Director for Corporate Support	32,565	32,525	(40)	(20)
Chief Executive	2,160	2,119	(41)	(22)
Corporate Items and Capital Financing	(12,297)	(12,599)	(302)	(302)
TOTAL	201,825	203,789	1,964	(1,378)

3.2 As shown in the table, departmental budget variances of £1.964m are forecast at the end of December 2010. Further details of the variations are outlined in the individual Directors reports in Section C of this report. The more significant variations are summarised below:

3.2.1 Children's (Adverse £1.725m):

- Pressure due to Increased in costs of transporting children as previously reported and although reducing, the school catering service continues to project a trading deficit.
- Continuing pressures on the looked after children budget due to increased numbers compared to budget in the Independent Sector Placements in residential Care and in Foster Care. Further modelling of the numbers of children is taking place to predict when diversion from care strategies will bring spend back to budget in order to ensure intervention is targeted in the right areas. Safeguarding is however, paramount.

3.2.2 Community Services: (Adverse £0.511m)

- Continuing pressures in Adult Social Care in Learning Disability services relating to long stay residential services and supported living, and an increase in short stay residential and nursing care.
- Environmental Services – repair and hire cost pressures due to the ageing of the specialist vehicle fleet.
- Work with external consultants, instructed on a no win no fee basis, continues to determine the potential value and timing of a substantial one off land fill tax rebate. It has been assumed that this will be received in the current year.

3.2.3 Development (Adverse £0.111m)

- Increased cost pressure of winter highway maintenance for the Transport department.
- Waste Management Project Team have incurred higher costs in 2010/11 arising from the acceleration of the project.

3.2.4 Corporate Support (Favourable £0.040m)

- Projected vacancy saving assuming that Pertemps agency staff are used to cover essential vacancies pending restructure.
- Legal fees are lower than budgeted and income recovery has improved.

3.2.5 Corporate items (Favourable £0.302m)

- Mainly increased income from Treasury Management

3.3 Delivery Plans – Actions at some risk of non – achievement - £2.759m

In setting the budget for 2010/11, departmental delivery plans totalling £9.514m were agreed in order to achieve a balanced budget. Following the announcements of cuts to a number of grants and policy changes by the new coalition Government in July 2010, departments were set a further target to reduce their budgets by an additional £3.985m. Actions to address the additional targets are outlined in the relevant Directorate reports where appropriate.

However, whilst delivery plans may have been identified, an element of the savings proposed have yet to be achieved in full. Progress against each delivery plan action is closely monitored against a RAG rating. Against total delivery plans of £13.499m, £2.759m are rated as either amber or red risk.

Table 2 below summarises the progress against delivery plans as at the end of December by department.

Table 2 – Delivery Plan Summary

Department	Budget Book	Additional Savings Targets	Total Delivery Plan Actions	Green	Amber	Red
	£000	£000	£000	£000	£000	£000
Children and Young People	1,583	1,181	2,764	2,248	0	516
Community Services	5,273	1,596	6,869	4,931	1,238	700
Development & Regeneration	1,125	238	1,363	1,058	305	0
Corporate Support	460	820	1,280	1280	0	0
Chief Executive	412	150	562	562	0	0
Corporate Items	661	0	661	661	0	0
Total	9,514	3,985	13,499	10,740	1,543	1,216

4 Income Summary

4.1 The position on income collection across the Council as at 30 December 2010 is shown in table 3 below:

Table 3

Type of debt	AE Quartile	Budgeted income 2010/11	Year to date Actual % 2009/10	Year to date Actual % 2010/11	Achieved % 2009/10	Year end Target % 2010/11	Year end Projected % 2010/11
Council Tax	4	£93m	80.7	81.4	95	96.5	96.3
NNDR	2	£80m	83.9	87.1	96	97.5	97.5
Sundry Debt	n/a	£49m#	90.5*	92.5^	96^	92.5	92.5^
<i>Commercial Rent</i>	n/a	£5m#	87*	94.6^	98^	90	90^
<i>Trade Waste</i>	n/a	£1m#	93.5*	99.6^	99^	94	94^
<i>Adult Residential Care</i>	n/a	£9m#	91.7*	93.3^	95^	94	94^

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

* Estimated

4.2 Council Tax:

Cumulative collection at the end of December is £75.7m (81.4%) against a target of £76m (81.7%) a shortfall of £233K (0.25%).

Year to Date: Collection is £650K (0.7%) ahead of the same point last year with projected collection for 2010/11 of £89.6m (96.3%) based on current performance. A projected shortfall of £186K.

4.3 NNDR:

Cumulative collection at the end of December is £69.7m (87.1%). On target to collect £78m (97.5%).

4.4 Sundry debt:

Collection at the end of December is £33.8m (92.5%) against debt raised of £36.6m since 01 Apr 10.

Year to date: Collection is an estimated £980K (2%) ahead of the same point last year with projected collection for 2010/11 at £45.3m (92.5%) based on current performance.

11. Corporate Support





11.1 General Fund Revenue Monitoring— Forecast under spend of (£0.040m) (0.12%)

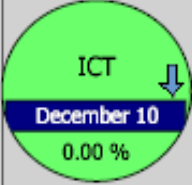
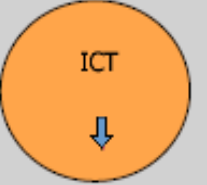




The latest forecast is £32.525m against a latest approved budget of £32.565m, representing a forecast year end under spend of (£0.040m) (0.12%).

Further explanation is reported in the scorecard.

Corporate Support Quarterly Budget & Performance Report

1/2

Budget	Performance	Comment
		<p>Performance of collection rates remains generally positive with the collection of National Non Domestic Rates (NNDR) forecast to achieve the end of year target of 97.5%. Council Tax collection within year is forecast to narrowly miss the target of 96.5% by 0.3%, however, this is still an improvement compared to the 2009/10 collection rates (3rd consecutive year of improved rates). Overall Council Tax collection rates remain on target to achieve 98.8% which is in line with unitary council average.</p> <p>According to the latest Audit report, our benefits accuracy has improved between 2008/09 and 2009/10. However, further improvement is needed along with speed of processing claims which currently stands at 22.8 days to process a claim against a local target of 20 days. In order to improve the current situation we will engage internal audit to help monitor our error rates more regularly. We will also undertake a significant staff and process restructure of the service which will commence following consultation with the Unions later this month.</p> <p>Corporate Support - the department has demonstrated good progress against the budget delivery plans set for 2010/11. Overall, the department is forecasting a small end of year underspend. This is a major achievement considering the significant reduction in revenue budget alongside the additional requirement to generate further in year savings of £820k as announced in June 2010.</p>
		<p>A new e-recruitment system is being implemented. This will offer anybody interested in working for the Council the opportunity to search all current vacancies electronically, apply online, receive vacancy alerts and make speculative enquiries. This system is currently being used for a specific Children's Social Care campaign but will be made available for all Council vacancies in the next few months.</p> <p>In times of change and significant challenges, staff members are being invited this month to apply for the Council's Leadership Programme, which starts in March and is an accredited and intensive programme. Those who attend the programme will be expected to take the business forward and make a real contribution to the Council and the city.</p> <p>A comprehensive staff survey was undertaken in November/December 2010, with an excellent response of 58%. Headline findings were shared with Team Plymouth and initial actions agreed. More detailed findings have just been circulated to Assistant Directors. These will be shared with staff and action plans out in place by the end of March 2011.</p> <p>Formal negotiations and consultation are taking place between Plymouth City Council (Management) and Trade Union (Staff side) over a wide range of issues relating to employment. The aim of the negotiations is to reach a collective agreement on options to help achieve the savings of more than £30 million over three years while minimising the impact on front line services.</p> <p>The percentage of appraisals undertaken to the end of December reached 93%. Whilst the target set is for 95% of appraisals complete it is not anticipated that performance will increase much beyond this point as there will always be a certain number of staff who are unavailable for their appraisals due to long term sick and maternity leave.</p>

Budget	Performance	Comment	2/2
		<p>Overall availability of the top 14 remains at 98% although there was a serious issue with access to the Revs and Bens system which affected 50% of users and took the availability down to 94% for the month. Changes have been implemented to ensure this does not reoccur. In December there was a major virus incident in Development affecting over 5000 files which had to be restored from backup. Investigations have shown that quick reactions from the user and Service desk avoided a much larger issue. An awareness campaign was launched to let staff know what to do in the event of a virus.</p> <p>Stronger contract management and the selling of spare Microsoft licences to neighbouring authorities is helping to address the budget shortfall.</p> <p>Freedom of Information service level compliance for 2010 figures are 1% below the national target of 90%, however are improving following awareness raising with staff. Data Protection requests by people for information held about them on file are below the target figure, as the number of requests for information exceeds current resourcing, but processes are being reconsidered in order to meet the demand .</p>	
		<p>Staffing costs have been kept at a minimum level through reduction in Pertemps staff in order to achieve the additional in-year savings target. Customer Services achieved an excellent performance on complaints, with 100% of Ombudsman and Stage 2 complaints dealt with within target timescales, with only Amey Highways missing our Stage 1 target response times due to a change in management and a programme of training has commenced to improve this situation. Our web-based map fault reporting tool 'Plymouth on a Map' has been launched without publicity to ensure the back office process is robust, and is now being used by customers - with lots of positive feedback for its ease of use.</p>	
		<p>There has been a substantial increase in legal costs recovery and legal fee income. Coroner fees are also below budget.</p>	
<p>Human Resources</p> 	<p>HR indicators have been introduced for establishment, sickness and agency spend and the RAG rating is the average of all three.</p> <p>At the end of the quarter there are;</p> <ul style="list-style-type: none"> ▪ 836.4 FTE employees against the budgeted establishment of 988.2 FTE positions as held on SAP ▪ Agency Spend was 0.30% of the monthly wage bill ▪ Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 8.37 working days per FTE for this financial year to date (April – December 2010) and 13.1 working days per FTE for the last rolling 12 months. 		

11.2 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 Council's change agenda and challenging financial targets

11.3 Departmental Medium Term Financial issues

- The Comprehensive Spending Review (CSR) for the whole council
- Accommodation Strategy
- SLA agreements with PCH due to end on 31 March 2011 are currently being reviewed
- Increasing demand for services




12. Chief Executive

12.1 Chief Executives Departmental – Forecast is an under spend of (£0.041m)

The latest forecast is spending of £2.119m against a revised budget of £2.160m, representing a forecast year end favourable variance of (£0.041m).

Further explanation is reported in the scorecard.

Assistant Chief Executive Quarterly Budget & Performance Report

Monthly Service Budget	Performance	Comments
		<p>Savings due to unfilled vacancies within Design Studio and Corporate Communications has been offset against a shortfall in design studio income. Corporate decision to reduce printing across the authority and utilise electronic media has resulted in large under spend against printing in Communications. This under spend has been offset against a proportion of the savings target set for the Chief Executive Department.</p> <p>Single branding Corporate Communications is implementing an updated visual identity that aims to reduce costs by streamlining different styles and identities used across the council. It is also introducing procedures to help reduce the spend on print and publicity across the council by £400,000 over the next year</p>
		<p>An adverse budget pressure due to a reduction in both the performance reward grant allocation and the voluntary sector contribution has been offset by a carry forward from previous years and a transfer from the reserve fund.</p> <p>These funds will not be available for future years so budget pressures remain from 11/12 onwards. Work is ongoing in the Civil Protection Unit to identify additional savings and costs to be recovered external service users.</p> <p>Single Data List Central Government has now released a draft 'Single Data List' for consultation. From April 2011, local authorities will only need to provide data from those listed indicators to central government which will then be open to regular review, scrutiny and challenge. This list does not replace the National Indicator Set as many of the data returns are volume data rather than performance indicators. However, included are a number of new departmental indicators which cover areas monitored by the National Indicators set which have been identified in Government departmental delivery plans. The consultation period for the Single Data List ends on the 4th February 2011.</p> <p>Plymouth 2020 priorities Three year targets are now being developed for Level 1 and 2 indicators. Any gaps identified at level 2 are now being addressed with definitions being agreed by 28 January.</p>
<p>Human Resources</p> 		<p>HR indicators have been introduced for establishment, sickness and agency spend and the RAG rating is the average of all three.</p> <p>At the end of the quarter there are;</p> <ul style="list-style-type: none"> ▪ 47.4 FTE employees against the budgeted establishment of 53.8 FTE positions as held on SAP ▪ Agency Spend was 0.36% of the monthly wage bill ▪ Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 2.98 working days per FTE for this financial year to date (April – December 2010) and 5.71 working days per FTE for the last rolling 12 months.

12.2 Key High Level Risks

The key financial risk facing Chief Executives during 20010/11 are summarised below;

- Review of Design Studio recharges to ensure that service is able to recover adequate costs in future years.
- Review of Charging to external organisations in respect of statutory duties for the Civil Protection Unit. The Civil Protection Unit needs to ensure that adequate costs are recovered to decrease reliance on services core budget.
- Completion of review of LSP and Performance & Policy. This forms part of the delivery plan actions for 2011/12.
- Completion of review of Civil Protection Unit. Proposal for Peninsula Civil Protection Unit under consideration, implications for Plymouth City Council currently unknown.

12.3 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Delivery of a challenging review of policy and performance as per the delivery plan for 2011/12.
- Review of arrangements to ensure maximum recovery of costs involved with staging short sermon exercise and services provided to external bodies for Civil Protection work.