

To: City Executive Board

Date: 9 March 2011

Item No: 4b

Report of: Scrutiny Finance and Performance Panel

Title of Report: Financial Reporting for Quarter 3

Summary and Recommendations

Purpose of report: To present the Panel comments on financial reporting for the third quarter

Key decision - No

Board Member: Councillor Turner

**Report approved by:
Scrutiny Lead Member: Councillor Coulter**

**Recommendation(s):
These are contained within the body of the report but are produced below for clarity**

Introduction and Background

1. The Finance and Performance Panel met on the 2nd. March to consider the budget position at the 3rd. quarter. They were supported in their debate by Nigel Kennedy Head of Finance

Conclusions and Recommendations

Service Spending

2. The Panel was pleased to see the improving picture in the General Fund but did note that when taken at service level there is still an overspend projected forward. It was recognised that some of this relates to structural income problems that have been addressed in the 11/12 budget but remarks around the achievement of savings and spending generally suggest that careful monitoring is required across the budget and in some particular services to ensure the financial performance required to deliver the forward budget
3. To demonstrate concerns in particular the Panel considered Customer Services, People and Equalities and Business Transformation.

Customer Services

- 90k of savings will not be achieved in 10/11
- 90k of savings were not achieved in 09/10
- A projected overspend of 225k in 10/11
- 241K of savings to be achieved in 11/12 (45k underachievement contingency)

People and Equalities

- 45k of savings will not be achieved in 10/11
- A projected overspend of 168k in 10/11
- 150k of service related savings to be achieved in 11/12

Business Transformation

- 100k of savings will not be achieved in 10/11
- 32k of savings were not achieved in 09/10
- A projected overspend of 66k in 10/11
- 102k of savings to be achieved in 11/12 (6k underachievement contingency)

These 3 examples give cause for concern moving forward and the Panel would hope that diligent and focused monitoring leading to timely intervention at both member and officer level will improve this picture going forward

4. The concept that a saving can appear in the budget, not be delivered and roll forward to produce structural problems within the budget is not sound. The Panel was very pleased to hear that the Head of Finance agreed with this position and had addressed some of these structural issues. The Panels view is that monitoring of savings would be much improved, in particular in the area of timely intervention, if savings targets were realistically profiled through the year

Recommendation 1

That the Finance and Performance Panel are given access to the monthly monitoring of the budget going forward to complement and better inform their view when considering quarterly reports

Recommendation 2

That the principle that agreed savings are delivered within the terms set or delayed only within finite considerations is accepted as a working principle by all

Recommendation 3

That all forward savings are realistically profiled to allow more accurate monitoring

Income

5. The catching up of income in commercial property rents to receive 200k of income is welcome but clearly signals inefficiency. The Panel would like a reassurance that income collection procedures, in all areas, are robust and effective maximising our income in a timely manner

Recommendation 4

To hear a reassurance from the Director of Finance and Efficiency that the management of all income streams is effective

Housing Revenue Account

6. The Panel discussed the changes within housing funding and heard from the Head of Finance the various proposals that were currently being consulted upon. The Panel have an interest in this area both as scrutineers but also as the “Responsible Body” for Treasury Management. Accepting that proposals are still too fluid for debate the Panel requests that they have early sight of scenarios and options and would like to be clear of the outline timetable for consideration, consultation and decision making in this area.

Recommendation 5

To see the outline plan for consideration, consultation and decision making within changes to housing finance and for the Finance and Performance Panel to have early access to development work

Comments from the responsible Board Member – Councillor Turner

Comments from the Director of Finance and Efficiency

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