

## QUARTERLY MONITORING REPORT

**DIRECTORATE:** Corporate and Policy

**SERVICE:** Financial Services

**PERIOD:** Quarter 1 to period end 30<sup>th</sup> June 2009

### 1.0 INTRODUCTION

This monitoring report covers the Financial Services first quarter period up to period end 30<sup>th</sup> June 2009. It describes key developments and progress against key objectives and performance indicators for the service.

The way in which traffic light symbols have been used to reflect progress is explained within Appendix 3

### 2.0 KEY DEVELOPMENTS

The UK economy continues to be in recession with little sign of improvement. During the quarter the Monetary Policy Committee increased the programme of asset purchases from private sector institutions (quantitative easing), bringing it to £125bn in total. This is intended to boost the supply of money and credit, but has yet to provide the stimulus for the UK economy. The Council will continue to act prudently so as to minimise financial risk during this uncertain period.

The Monetary Policy Committee maintained the Bank of England Base Rate at 0.5% throughout the quarter.

Inflation, as defined by the Consumer Prices Index (CPI), continued to reduce with the slowdown in the UK economy and particularly reductions in food prices, falling from 2.9% in March 2009 to 1.8% in June 2009. It is therefore now below the Bank of England's 2.0% target rate and is predicted to fall below 1.0% during 2009. The Retail Price Index (RPI), which includes mortgage costs, also continued to reduce from -0.4% in March 2009 to -1.6% in June 2009, its lowest level since 1948.

The Council's 2008/09 final accounts have been completed and the draft Statement of Accounts is being prepared. The Audit Commission will undertake the audit of accounts and will report their findings to the Business Efficiency Board on 30th September 2009, following which the Statement of Accounts will be published.

The Audit Commission have undertaken the 2009 CAA Use of Resources assessment and will report the outcome to the Business Efficiency Board on 30<sup>th</sup> September 2009.

On 22<sup>nd</sup> April 2009 the Chancellor presented his Budget Report which included increasing the annual efficiency target to 4% from 2010/11 (£600m in total), continuing with the existing three year local government finance settlement to the end of 2010/11, significant reductions in capital spending, and tightening of public sector spending from 2011. The next Spending Review covering the period 2011/14 will be undertaken after the General Election.

The Treasury has published the final report of the Operational Efficiency Programme, which aims to achieve further efficiency savings through five workstrands of Back Office and IT, Collaborative Procurement, Asset Management and Sales, Use of Property, and Local Incentives and Empowerment.

The Department is involved in the development of the detailed delivery strategy, in respect of the efficiency themes identified by the Council's efficiency partner KPMG.

Support continues to be provided on the financial aspects of the Mersey Gateway development, the partnership with Merseyside Waste Disposal Authority for the procurement of waste treatment and disposal facilities, equal pay claims, and Building Schools for the Future.

In June, the Council submitted its National Indicator 179 (Value For Money) return. This reported that in 2008/9, the Council achieved £2.65M of ongoing cash-releasing value for money gains, which exceeded the target for the year.

### **3.0 EMERGING ISSUES**

Work is underway to address major changes in accounting and financial disclosure requirements from 2009/10, with the adoption of International Financial Reporting Standards (IFRS). A working group comprising representatives from across the Council has begun to assess the implications of IFRS for Halton and will prepare an action plan to implement the necessary changes.

#### 4.0 PROGRESS AGAINST KEY OBJECTIVES / MILESTONES

<b>Total</b>	<b>9</b>		<b>8</b>		<b>1</b>		<b>0</b>
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Achievement of milestone FS 03 in relation to the Draft Abstract of Accounts was delayed due to issues outside of the Councils control, however, it is now back on track and due to be reported in August. The remaining eight key milestones are on track to be achieved and details are provided within Appendix 1.

#### 5.0 SERVICE REVIEW

Once the Audit Commission report the outcome of their 2009 Use of Resources assessment, an action plan will be prepared which will be used as the basis for ensuring continued improvement across the Department.

The Internal Audit and Accountancy Divisions participate in benchmarking arrangements undertaken by the Chartered Institute of Public Finance (CIPFA) and other regional groups.

#### 6.0 PROGRESS AGAINST KEY PERFORMANCE INDICATORS

<b>Total</b>	<b>3</b>		<b>3</b>		<b>0</b>		<b>0</b>
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All of the key performance indicators for the Department are on track to be achieved and details are provided within Appendix 2.

#### 7.0 RISK CONTROL MEASURES

During the production of the 2009-10 Service Plan, the service was required to undertake a risk assessment of all Key Service Objectives.

No 'high' risk, treatment measures were deemed to be necessary

#### 8.0 PROGRESS AGAINST HIGH PRIORITY EQUALITY ACTIONS

As a result of undertaking a departmental Equality Impact Assessment no high priority actions were identified for the Department for the period 2009 – 2010.







## **9.0 DATA QUALITY**

The author provides assurance that the information contained within this report is accurate and valid and that every effort has been made to avoid the omission of data. Where data has been estimated, has been sourced directly from partner or other agencies, or where there are any concerns regarding the limitations of its use this has been clearly annotated.

## **10.0 APPENDICES**




Appendix 1- Progress against Key Objectives/ Milestones  
Appendix 2- Progress against Key Performance Indicators  
Appendix 3- Explanation of traffic light symbols  
Appendix 4- Financial Statement

Progress against 'Key' objective/milestones



Service Plan Ref.	Objective	Key Milestone	Progress Quarter 1	Commentary
<b><u>FS 01</u></b>	Set the Revenue Budget, Capital Programme and recommend Council Tax	Report Medium Term Financial Strategy (MTFS) to Executive Board <b>November 2009</b> .  Report to Council in <b>March 2010</b>		On track to report Strategy to Executive Board in November 2009.
<b><u>FS 02</u></b>	To effect financial prudence by assisting managers to control their budgets by monitoring spending and providing timely and accurate financial reports	Provide <b>monthly</b> financial reports to budget holders within 8 days of month end.  Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports.  Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.	  	Reports issued on schedule to date.  Quarter 1 reports provided on schedule to Operational Directors.  The 2008/09 outturn was reported to Executive Board Sub Committee on 18 <sup>th</sup> June 2009, showing an overall underspend against the revenue budget.
<b><u>FS 03</u></b>	Provide for public accountability by reporting the Councils stewardship of public funds and its financial performance in the use of resources by preparing the final accounts as required by statute and in accordance with the latest accounting standards.	Complete the Draft Abstract of Accounts and report to the Business Efficiency Board by <b>30<sup>th</sup> June 2009</b> .  Publish the Abstract of Accounts by <b>30<sup>th</sup> September 2009</b> .	 	Completion of the draft Abstract of Accounts was delayed pending a decision from Government regarding the bid for capital direction. This has now been received and the draft Abstract of Accounts will be presented to the Business Efficiency Board on 12 <sup>th</sup> August 2009.  On track to publish the Abstract of Accounts by 30 <sup>th</sup> September 2009.

**APPENDIX ONE – PROGRESS AGAINST OBJECTIVES/ MILESTONES  
(Financial Services)**

Progress against 'Key' objective/milestones




Service Plan Ref.	Objective	Key Milestone	Progress Quarter 1	Commentary
<b><u>FS 06</u></b>	Provide an independent and objective opinion of the Council's control environment by evaluating its effectiveness in achieving the Council's objectives.	<p>Obtain approval from the Business Efficiency Board for the Internal Audit Plan for 2009/10 <b>June 2009</b>.</p> <p>Carry out sufficient audit work across the whole of the organisation to ensure that a confident, evidence based audit opinion can be provided on the Council's control environment. A commentary on the audit work undertaken will be provided in <b>quarterly</b> progress reports to Business Efficiency Board.</p> <p>Provide an overall opinion on the Council's system of internal control in the Internal Audit Annual Report (2008/9) to the Business Efficiency Board <b>June 2009</b>.</p>	    	<p>The Internal Audit Plan for 2009/10 was approved by the Business Efficiency Board at its meeting on 25 February 2009.</p> <p>At the end of quarter 1 of 2009/10, 24 per cent of the planned audit days for the year had been delivered. The first quarterly progress report will be presented to the Business Efficiency Board at its September meeting.</p> <p>An overall opinion on the Council's system of internal control was provided in the Internal Audit Annual Report (2008/9), which was presented to the Business Efficiency Board on 3 June 2009.</p>

## Progress against key performance indicators

Ref	Description	Actual 2008/9	Target 09/10	Quarter 1	Progress	Commentary
<b>Corporate Health</b>						
<b><u>FSLI 1</u></b>	Receive an unqualified audit opinion on the accounts.	Yes	Yes	Yes		The external audit of the 2008/09 final accounts is currently underway and an unqualified audit opinion is anticipated by 30 September 2009.
<b>Cost &amp; Efficiency</b>						
<b><u>NI 179</u></b>	Value of (organisational) cashable efficiency gains.	£2.65m	TBA	-	-	The Council's forecast of cumulative efficiency gains for 2009/10 must be submitted by 23 October 2009.
<b>Quality</b>						
<b><u>FSLI 6</u></b>	Undertake the external assessment for 75% of the Council's schools undergoing the Financial Management Standard in Schools (FMSiS) accreditation process.	100%	100%	100%		All schools undergoing the FMSiS accreditation process in 2009/10 have requested Internal Audit to undertake the external assessment.

## Explanation of Traffic Light Symbols

The traffic light symbols are used in the following manner:

	<b><u>Objective</u></b>	<b><u>Performance Indicator</u></b>
<b><u>Green</u></b>	 <p>Indicates that the <u>milestone/objective is on course to be achieved</u> within the appropriate timeframe.</p>	Indicates that the <u>target is on course to be achieved</u> .
<b><u>Amber</u></b>	 <p>Indicates that it is <u>unclear</u> at this stage, <u>whether the milestone/objective will be achieved</u> within the appropriate timeframe.</p>	Indicates that it is either <u>unclear</u> at this stage or too early to state whether the target is on course to be achieved.
<b><u>Red</u></b>	 <p>Indicates that it is <u>highly likely or certain that the milestone/objective will not be achieved</u> within the appropriate timeframe.</p>	Indicates that the <u>target will not be achieved</u> unless there is an intervention or remedial action taken.



## FINANCIAL SERVICES

### Revenue Budget as at 30<sup>th</sup> June 2009

	Annual Budget	Budget To Date	Actual To Date	Variance To Date (overspend)	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	1,527	382	372	10	375
Premises	117	29	29	0	29
Supplies & Services	98	24	11	13	13
Transport	44	11	12	(1)	12
Support Services	307	77	77	0	77
<b>Total Expenditure</b>	<b>2,093</b>	<b>523</b>	<b>501</b>	<b>22</b>	<b>506</b>
<b>Income</b>					
Schools SLA	-158	-58	-61	3	-61
Support Service Recharges	-1,935	-484	-484	0	-484
<b>Total Income</b>	<b>-2,093</b>	<b>-542</b>	<b>-545</b>	<b>3</b>	<b>-545</b>
<b>Net Expenditure</b>	<b>0</b>	<b>-19</b>	<b>-44</b>	<b>25</b>	<b>-39</b>

#### Comments on the above figures:

In overall terms the Department's spending is below the budget profile at the end of the first quarter. This is mainly due to staff vacancies within the Internal Audit Division. Net expenditure is however expected to be in line with the overall budget at the end of the financial year.