

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7 February 2008

CONTACT OFFICER: Andrew Blake Herbert, Director of Resources
(for all enquiries) 01753 875300;

WARD(S): All

PART I **FOR CONSIDERATION & COMMENT**

PERFORMANCE MONITORING 2007/08 – FINANCIAL, HR & BVPI INFORMATION

1 Purpose of Report

This report highlights the Council's overall performance from financial management to service and HR activity. This month the report focuses on revenue monitoring for the Council and HRA, BVPIs and HR statistics, IT performance and electronic access for members. The cabinet report will also pick up on the Council's fostering and child residential care home statement of purpose as going to scrutiny sub committee.

2 Recommendation(s) / Proposed Action

The Cabinet is requested to resolve that:

- a) The financial monitoring position be noted.
- b) The HRA budget position be noted.
- c) The BVPI information be noted.
- d) The HR statistics be noted.
- e) That the ability for Members to access the Council electronically be approved for those that wish to have access.
- f) That an audit/questionnaire of Members' IT provision be carried out to facilitate this.

3 Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

The budget is the financial plan of the Authority and as such will underpin the delivery of the Council's Key Policy Priorities throughout the forthcoming year, through the individual departmental and service plans. It therefore reflects the Council's assessment of service priorities, but within the financial constraints it finds itself.

Performance and budget monitoring throughout the financial year reflects on whether those priorities are being met and if not, the reasons why, so members

can make informed decisions to ensure the Council remains within its available resources.

4 Other Implications

(a) Financial

These are contained within the body of the report.

(b) Human Rights & Other Legal Implications

There are no other legal or Human Rights Act implications.

5 Supporting Information

5.1 As reported to Members earlier this year, the high level detail for Financial Performance, Performance Management and HR details are now contained in the one report to strengthen the golden thread between the corporate vision and priorities of the council and their budgets. Officers continue to review the reports currently produced across the departments and corporately and the process will continue to evolve as the year progresses.

A Budget Monitoring

5.2 The Council's 2007/08 net revenue budget is £92.7m. This excludes the schools budget of £82.7m which is funded through the Dedicated School Grant. To set a balanced budget, £0.6m has been drawn from balances. £100k being held in contingencies to fund the pressures in Community and Cultural Services, will be released as these pressures are now real.

5.3 The overall projected position at the 31st March 2008 shows a potential underspend, although there remain significant risks between now and the end of the financial year. Potential risks highlighted previously have been included in the figures from the departments but these have been offset by further savings reported from Treasury Management. The table below gives the breakdown across the budget heads.

TABLE 1

Directorate	Controllable Expenditure					Variance Over/(Under) Spend Cab (21.1.08)
	Actual 2006/07	Base Budget	Amended Budget	Projected Outturn	Variance Over/(Under) Spend D = C - B	
	£'M	A	B	C	£'M	
Education and Childrens Services	20.3	20.4	20.5	19.920	(0.563)	(0.493)
Community and Cultural Services	31.5	30.3	30.2	30.700	0.481	0.481
Green and Built Environment	18.9	20.5	20.8	20.832	0.041	0.054
Central Directorates	18.9	18.0	19.9	20.616	0.746	0.746
Total Cost of Services	89.6	89.2	91.4	92.067	0.705	0.788
Support Costs Charged to HRA	(0.4)	0.0	0.0	0.000	0.000	0.000
Treasury Management	(0.1)	0.8	0.8	(2.718)	(3.500)	(3.000)
Contingencies & earmarked reserves	1.0	3.3	1.1	3.590	2.470	1.480
Other pressures and savings- see below	0.0	0.0	0.0	0.325	0.325	0.325
Total	90.1	93.3	93.3	93.264	0.000	(0.407)
To/(From) Balances	(1.0)	(0.6)	(0.6)	(0.595)	(0.000)	0.407
Total Slough Borough Council	89.0	92.7	92.7	92.669	0.000	0.000

- 5.4 Education & Children's Services are, this month, now reporting a favourable variance of £563k. This is an improved position of approximately £70k net from the previous month. These are one-off savings which fall across all services, the largest area being in "Raising Achievement" and include additional income. A combination of various vacant posts being held longer and other minor savings make up the balance.
- 5.5 The Community & Cultural Services Department remains this month with a reported overspend of £481k. It is proposed to release a £100k from contingencies, which were being held for demand led pressures in this service area.
- 5.6 The Green & Built Environment Department, this month, sees a small net reduction in the projected overspend by £13k. This includes an increase of £87k from the cancellation of PCNs charges as a result of a national legal challenge. Street lighting energy savings have been offset from this, along with further vacant posts held and other minor savings.
- 5.7 Due to the Mosses v Barnet & Bury v Macarthur legal case which challenged the provisions of the Road Traffic Act 1991 in terms of penalty charge notices (PCN) issued without full mandatory details (date of issue/contravention) resulting in their being non-compliant and unenforceable. Slough received information from National Parking Adjudication to review the wording on the PCN, and immediately made these changes but obviously there is a concern regarding recovery on the tickets the tickets which had been issued prior to that date and have not yet been paid.
- 5.8 This has impacted nationally on virtually all authorities which operate Decriminalised Parking Enforcement. In the light of the court ruling it would not be appropriate to pursue tickets where we know a court has ruled they are not in

a valid format. It is proposed to write off the cost of the un recovered fines. The alternative would be to seek to pursue the tickets through the courts. This would present a risk to the Council on two fronts:-

- **Financial.** that if it pursued a ticket which was successfully challenged in the courts the Council could face claims from other persons who had paid fines on invalid tickets for their moneys to be refunded. This would result in even further losses to the Council.
- **Legal.** The Council could face multiple claims from those persons who had paid fines on what we now know to be invalid tickets.

5.9 The projected overspend from the Central department remains, this month, at £746k. Additional pressures have been reported in respect of land charge income and the childcare lawyers service but these pressures will be contained by management action across the departments before year end.

Other risks and Non departmental issues

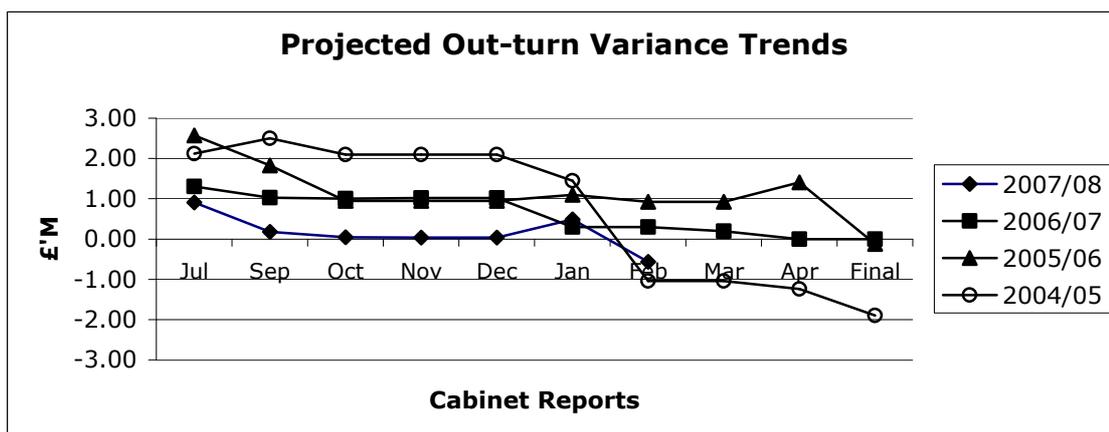
5.8 The Council faces some additional, potentially high pressures which it is prudent to include in the monitoring report at this stage:

- I. Contractors claims & additional lobbying costs £200k .
- II. Insurance claims £125k

5.9 Favourable results from Treasury management continue. Disposal of the commercial property portfolio was delivered much earlier than originally anticipated and, as a result, the Council's cashflow and investments have had the benefit for the full year. This together with more favourable overall cash flows has meant the Council does not need to carry out long term borrowing in 2007/08 to fund the capital programme and thus avoids additional long term borrowing costs. The current "credit crunch" as a result of the American sub-prime mortgages has resulted in the current money market exceeding the current base rates (5.75%) by as much as 60 basis points. As the Council is a "net lender", the higher money market rates are beneficial. The latest treasury forecast is to exceed the 2007/08 treasury management contribution to the General Fund account by £3.5m compared to £3m reported last month.

5.10 The position at this stage in the financial year, compared with the three previous years can be seen in the Table 2 below. Although departments are reporting a £705k overspend, the use of contingencies and the favourable position from Treasury Management should mean that the authority broadly breaks even by the end of the year.

TABLE 2



Main risks for 2007/08

- 5.11 A full review of all financial risks facing the Council has been undertaken as part of the budget strategy and the appendix to the budget report includes a calculation of the required levels of balances and reserves resulting from those risks. A new process for monitoring and reporting the risks is being developed for use in future reports.
- 5.12 For this month the data remains in the old format. Table 3, on the next page highlights the main risks the Council is facing in respect of its revenue budget for 2007/08.

TABLE 3

	Cabinet date				
	July	Sept	Oct	Feb	
Children in care	⊖	⊖	⊖	⊖	This service is subject to the volatility of demand. To date the number of clients requiring support overall has been relatively stable and thus the projected outturn has reflected this. However this position could change significantly at anytime as the
Asylum seekers	⊖	⊖	⊖	⊖	Both ECS in year issues + Claims going back to 2002/03 being negotiated with the Home Office.
Adult Care packages	⊖	⊖	⊖	⊖	Demand led budget. Net intake in most areas have exceeded budgeted levels. New plans in place to restrict and reduce but sustained budget pressure expected for rest of the year.
Delivery of Home Care Savings		⊖	⊖	⊖	£200k needs to be saved by changing from an internal to external providers. This has been slow to happen but has picked up recently. Very risky to say that full savings will be made.
Delivery of Day Centre Savings (LD)		⊖	⊖	⊖	£200k should be saved from the closure and reprovision of Langley Day Centre has also been delayed. New plans are in place for quick closure but full savings will not be achieved.
Waste / Refuse Disposal		⊖	⊖	⊖	Costs of disposal are permanently at risk due to potential of increase in waste volumes. Monitoring of trends suggests some increases. Is being continually assessed on monthly basis.
DAAT/DIP Services		⊖	⊖	⊖	Takeover of responsibilities from the PCT has been problematical. Initial budget gap has been managed downwards, but pressure of £160K remains. Negotiations continue.
Parking enforcement	⊖	⊖	⊖	⊖	Budget assumptions are now more realistic. However, further downturn in recovery rates of PCNs issued could have impact, and legal challenge on a national scale has resulted in the cancellation of pre 2006/07 tickets.
Planning Appeals		⊖	⊖	⊖	Castleview and other appeals still pending determination of final costs to council. Will definitely impact on SBC reserves. (£100k costs already incurred).
Housing benefits	⊖	⊖	⊖	⊖	Minor swing in Subsidy has big impact on budget. Model reviewed for monitoring subsidy & overpayments.
Customer service centre	⊖	⊖	⊖	⊖	Part year implementation of BPR has meant savings could not be achieved for a full year effect. A sum has been vired from Contingency to compensate.
Office accommodation	⊖	⊖	⊖	⊖	Pressures remain due to the delay in vacating Wellington House.
Property repairs	⊖	⊖	⊖	⊖	Based on data received to date, spend should be under budget.
Employee costs		⊖	⊖	⊖	Employee costs account for a significant amount of total budget. All departments undertake strict monitoring including for Agency costs. Vacant posts are being held across all departments to contain other pressures.
Treasury Management	⊖	⊖	⊖	⊖	As reported treasury management is currently expected to overachieve its budget forecast due to a combination of the slow level of physical capital payments in the first quarter of the financial year, and the additional capital receipts achieved at the end
Capital spend	⊖	⊖	⊖	⊖	Budget profiling of the capital budgets is now in place. Expenditure is now shown against a profile, thus making the monitoring more meaningful.
Harmonisation		⊖	⊖	⊖	Discussions continue with the unions. The issue is unlikely to be resolved before the end of the financial year. The vast majority of posts have been graded although not yet approved.
Land Charge Income		⊖	⊖	⊖	The impact of HIPS and the mortgage market has lead to a significant reduction in income.
Child Care Lawyers		⊖	⊖	⊖	Data received from Reading indicates a larger overspend than originally anticipated.
Debt collection	⊖	⊖	⊖	⊖	Recovery of Ctax & NNDR expected to be on target by end of year.

Balances

- 5.13 Balances in the pre audit Statement of Accounts as at 31st March 2007 were £5.68m. In the budget it was planned to take £595k from balances during 2007/08. This would leave balances at £5.08m as at 31st March 2008.
- 5.14 In the Budget Strategy report, The Strategic Director of Resources will be recommending to Members that £5m is a reasonable level for general balances providing there are sufficient earmarked reserves set aside to cover likely specific risks.
- 5.15 As the Council progresses through the last quarter of the financial year the outturn position becomes more certain. At this stage the indication is that there will be overall savings. Based on the high risks facing the Council for 2008/09 it is prudent to set aside such savings as earmarked reserves to meet any resulting pressures.
- 5.16 In previous reports it was highlighted the need to set aside reserves for the following:
- Contingency reserve £600k

- Emergency Planning £80k
- Feasibility & disposal costs (Office accommodation strategy) £500k
- Harmonisation £300k

5.17 The Strategic Director of Resources is, therefore, proposing to set aside a further sum of £990k for the loss of income from People 1st and the HRA withdrawing from SLA's with the Council as such short notice has been given and for the impact of part year effects of savings as reflected in the budget strategy on the robustness of estimates.

B HRA Monitoring

5.18 People 1st manage the entirety of the Housing Revenue Account (HRA) on behalf of the Council, while the Borough retains responsibility for the overall strategic direction of the account and Business Plan. Additionally People 1st monitors expenditure and manages the repairs contract with our partner organisation Interserve FM.

5.19 With regard to income, a dedicated Garage Officer has commenced work within the Council's Strategic Housing Team and having taken over responsibility for this function the Council has reported that 29 garages have been let in the first six weeks. the waiting list of potential garage tenants has been reviewed and updated and if this level of performance is maintained throughout the year the number of sign-ups will significantly increase beyond the 130 achieved in the last financial year.

5.20 As garage rents are outside the housing subsidy rules this represents 100% additional useable income. if more that 80 garages are let in the financial year this will have covered the cost of employing the dedicated officer which has also resulted in improved and more consistent service delivery in terms of new tenant enquiries and complaints about repairs or fly tipping of rubbish.

5.21 On expenditure, we have reached the half way mark in the year and are not currently experiencing or anticipating any unforeseen budget pressures. a further saving may be secured within J350 if revenue funded work to provide enhanced IT functionality to the Supported Housing Team is incorporated into the capital funded reprovision of the comprehensive Housing Management System.

Housing Revenue Account

Service Plan detail

As at December 2007					
Department Name	Realigned Base Budget A	Realigned Amended Budget B	Actual Spend to date C	Projected Outturn D	Variance Over/(Under) Spend E = D - B
	£	£	£	£	£
Housing Revenue account- Management					
HRA Supervision & Management General					
<i>HRA Retained Services</i>					
Allocations Team	546,100	546,100	278,178	534,120	(11,980)
Housing Management Environment	52,790	52,790	32,199	51,385	(1,405)
S&M General	7,900,290	7,900,290	4,486,288	7,897,060	(3,230)
Housing Client	44,060	44,060	26,462	44,060	0
Garages	0	24,510	2,648	16,510	(8,000)
HRA Supervision & Management Special					
<i>HRA Retained Services</i>					
Homeless Hostels	165,660	165,660	100,246	165,660	0
Utilities	359,180	359,180	138,473	359,180	0
<i>HRA Managed Services</i>					
HRA Managed Budgets	564,790	564,790	249,139	564,790	0
	9,632,870	9,657,380	5,313,633	9,632,765	(24,615)
Housing Revenue Account	(261,740)	(261,740)	(1,442,861)	(261,740)	0
Housing Repairs Fund	5,886,470	5,886,470	3,644,193	5,886,470	0

C BVPI Information

5.22 In order to discharge its responsibilities, Cabinet and the Overview & Scrutiny Committee require regular reports on performance management, including performance against statutory performance indicators.

5.23 Of the PIs reported this quarter 61% were registered as Green or in other words on course to meet targets set at the beginning of the financial year. There is uncertainty with regards to 22% of targets with a further 15% looking likely to miss the yearly target. 3% of PIs do not have recorded outcomes for the this quarter. Two of these (PI 14 and 15) are due to the timings of this report. The final PI (a local PI relating to the number of missed collections) was not available due to industrial action in November/December 2007.

5.24 It is important to note that the selection of PIs presented are partial in that these are the ones that we are able to measure and report on a quarterly basis. A full list of PIs monitored and reported on this quarter will be available from the Members room.

- 82a i & ii (waste to recycling) – remain below target for the second consecutive quarter, although performance has been improved further work will be required in the final quarter to meet the target set at the beginning of the financial year.

- Local PI – percentage of footways reconstructed or resurfaced last year remains below target. Further work is planned over the final quarter which should enable the service to meet 3% but this may still be below annual target set.
- 204 (percentage of planning appeal decisions allowed) – Current progress below expected target. This is primarily due to resources being devoted to redress shortfall in performance from previous financial year (2006/07). Further, scope to influence outturn is curtailed as this figure hinges on decisions made by Members in respect of planning applications.
- 212 (average time taken to re-let Local Authority housing) – Again not meeting target for second consecutive quarter, although important to note that performance for this quarter is within the upper quartile when compared to other ALMOs. Current performance is being adversely affected by poor performance earlier in the year which means that the yearly target set is unlikely to be met.
- Local PI – the number of households living in temporary accommodation currently below target. An action plan is in place detailing steps the department is taking to improve performance including incentivising people to move from temporary to permanent accommodation. However expectations are that yearly target will not be met.
- PI170b – Unlikely to meet target due to the cancellation of a major exhibition. New curator in place which should help provide stability and improve performance over the next quarter
- Local PI – Number of Library visits – Temporary arrangements in place at Langley have adversely affected this PI with footfall in Langley down by 67%. Although not at similar levels, visitor levels are also down at other Libraries. The opening of the new library as well as seasonal factors should help improve performance over the next quarter.
- Local PI – Average Queue times – not meeting target of 1.5 minutes. Staffing issues have been the primary contributory factor for this . New staff now recruited which should help improve performance over the next quarter.
- PI 11a – Improvement over the previous quarter but still below target. Unlikely to meet the target of 47% due primarily to the setting of an extremely ambitious and unrealistic target at the beginning of the financial year.
- PI 15 and 15 relating to early retirements and percentage of employees retiring due to ill-health not available at time of report.

5.25 Full details of the PIs for the 3rd quarter has been placed in the Members room

D HR Data

5.26 The HR Paper has presented to the Employment and Appeals Committee has been placed in the Members' room, areas to particularly note include:

- **Turnover** – This shows a gradual increase over quarter 1 and 2 (2.2% and 3.2% respectively), however, this is lower than for the same period last year. The projected annual turnover of 9.6% is below that for 2006/07 which was 10.5%. Whilst the number of starters for quarter 2 is similar to the same quarter last year, the number of leavers for the same period is down from 116 to 95.
- **Sickness Absence** – Sickness levels have risen from quarter 1 (2.7 days lost per FTE) to quarter 2 (3.1 days lost per FTE). However, days lost per FTE per month have dropped from a peak at the beginning of the quarter.

This downwards trend in line with improved management action and targeting of sickness absence.

- 5.27 The reason with the highest days lost in Quarter 2 was back related issues. This was up considerably on the previous quarter by a further 240.5 days. 45% of the back related sickness absence was linked to staff in Community and Cultural Services in social care settings. The manual handling training in this area is currently under review.
- 5.28 Stress has continued to drop, a trend seen over the last 3 quarters. Stress, however, continues to account for the second highest number of days lost (2494 days).
- 5.29 A more comprehensive review of sickness over the last 12 months is covered by another paper being presented to Employment and Appeals Committee on 31st January 2008.
- 5.30 The 'not stated' category continues to be challenged, however, the number of absences reported under the 'other' category has increased in quarter 2. These two categories account for 22.7% of the recorded absence levels.
- **Vacancy Levels** – Work continues with directorates to establish improved recording of vacancy levels. The number of vacancies currently indicated (excluding Education and Children's Services) is 438 posts. (Some of these vacancies range from a few hours through to full-time positions. An FTE figure is not available).
 - **Workforce Profile** – The number of staff from BME backgrounds has continued to rise from 38.4% at the end of quarter 1 to 39.2% at the end of quarter 2. There has been a 2.3% increase since the end of quarter 2 in 2006/07. Staff declaring a disability has remained stable since last quarter at 5.4%.

E IT Room Update

- 5.31 As members are aware On Thursday 1st November the computer room's fire system was triggered, resulted in all servers immediately shutting down as required and the nitrogen fire extinguishers engulfing the room. Many of the Council's services were not able to operate in their most efficient way as they have been IT dependent, and without a second computer room it took a week to get all services fully functioning again, due to the actions required to get the Computer room back up to required health and safety standards.
- 5.32 Over the last five years the significance of IT in the public sector has been transformational, and this will only continue in the future with the move to mobile and flexible working. Although this is the only time the fire system has triggered, the Council must ensure it learns the lessons from this situation.
- 5.33 Although options for a second computer room were already been examined as part of the accommodation strategy, it was agreed that these would be fast tracked and that options would be brought back in the new year, along with the costs of the down time.

Progress since

- 5.34 An infrastructure project is being planned to replace the older windows servers. This will not only provide increased processing capacity but it will do so with lower heat output.
- 5.35 The two new air conditioning units are proving to keep the room sufficiently cool, but a third new air-conditioning unit will be commissioned this quarter to provide greater resilience in the event of a failure in one unit occurring.
- 5.36 We are investigating the costs of providing a fully functioning disaster recovery site for all the council systems. The options currently being considered are:
- Building a back-up computer room in a council owned building ;
 - Having a 3rd party hosting the back-up computer room, either in terms of the room environment itself or the whole package of room and servers.
- 5.37 A more rigorous procedure for the conduct of works within the computer room has been introduced.
- 5.38 Total cost of the down time is currently recorded as £39,017 and is made up of the following:
- Housing Benefit - The costs in unproductive time and overtime to clear backlogs of work are, IOU £ 3,997; Benefits £24,990; Controls £ 5, 030; Total £34, 017 although an element of this is offset from not have contractors in the building during the week of down time.
 - Education & Children's Services required a temp to be taken on for 4 weeks to input admissions applications data, so that statutory deadlines could be met and information exchanged on time with other boroughs. The cost was £1,300.
 - The payment teams costs for employment of temporary staff working on clearing backlog of invoices equate to Approx £3,700.
- 5.39 All back logs have now been caught up with.

Members' IT availability

- 5.40 At the extraordinary council meeting in January a motion was tabled about the provision of IT for members.
- 5.41 As section 151 officer I had produced a memo for members about the potential financial implications of the decision, assuming as with all budget setting a prudent starting point of worst case scenario. This assumed the provision of all hardware i.e. lap top computers, desk, chairs etc for members, provision of the infrastructure i.e. broadband telephone line installation, rentals, secure connections etc, provision of software and training for members and provision of support within the IT team to manage the additional computers. Also included were the cost of depreciation and set up of new members following elections.
- 5.42 In discussion at the last Scrutiny meeting it was clear that in a large instance members actually already had IT links at home that they were more than happy to use for their Council business. The easiest approach to understanding these would be for an audit/questionnaire of members to be carried out.

- 5.43 There will also be efficiency savings from the use of IT, in terms of paper for reports, officer time in producing paper copies, although some hard copies will still need to be produced, and provision of the Courier going round the borough so frequently. The key issue here is the efficiency of the Council and the impact on the environment.
- 5.44 As part of the work with all members on the accommodation strategy, a meeting was held looking at member requirements for the future including, the future Council Chamber, provision in the new town hall for working space and IT. The cost of this is being factored into the overall accommodation strategy.
- 5.45 Looking forward, the use of IT for members is the right way to go and was supported by the accommodation strategy discussion with members. By the time the new town hall is available, it would be correct to have piloted IT options for members and to have learnt the relevant lessons. It is proposed at this point that following the audit, IT provision is made available to those members that have appropriate connections at home already and are prepared to use them for Council business, hence the keeping the costs down. Along with this, a proposal for a limited number of members, will be brought forward, to pilot alternative approaches to provision of IT, such as PC at home or mobile devices, on a voluntary basis.

6 **Comments of Other Committees**

N/A

7 **Conclusion**

Action plans continue across all departments over the forthcoming months to ensure a balanced budget by the end of the year which will include;

- A reduction in staffing where appropriate
- More cost effective placement decisions
- Keener price negotiation
- Increasing the level of income generation where possible
- Partnership work via the Children's Trust with Health Services and the Voluntary sector in order to achieve economies of scale by shared service delivery.
- Continue to develop effective working partnership with Health colleagues
- Implementation of Care Services Efficiency Delivery Programme
- Risk management approach to manage budgets

Any surplus overall for the Council will be set aside as reserves to meet anticipated risks in the 2008/09 budget.

The statutory PI results for the 3rd quarter of 2007/8 show improvement in performance in many service areas.

8 **Background Papers**

- 2007/2008 Revenue Budget and Council Tax Report.
- Budget papers held in Financial Services.
- Finance Detailed working papers are held in Central Finance and the relevant departments.
- Performance working papers are held in the Policy and Performance section

9 **Papers held in Members' room**

- Departmental One pagers
- BVPI for 3rd quarter
- HR report to Employment & Appeals Panel