

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 9th October, 2008

CONTACT OFFICER: Andrew Blake-Herbert, Strategic Director of Resources
(For all enquiries) (01753) 875300
Roger Parkin, Strategic Director of Improvement & Development (01753) 875207

WARD(S): All

PART I **FOR INFORMATION**

PERFORMANCE, FINANCIAL & HR REPORTING FOR 2008/09

1 Purpose of Report

This report highlights the Council's overall performance from delivery of service to financial management. This month the report focuses on the new performance monitoring process, an update on the implementation of harmonisation, the latest revenue monitoring and central debt management for the Council.

2 Recommendation(s) / Proposed Action

The Committee is requested to resolve:

- a) That the report be noted
- b) The virements highlighted in the report be noted

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

The budget is the financial plan of the authority and as such underpins the delivery of the Council's key priorities through the financial year.

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

While there are no Human Rights Act implications arising directly from this report, the Authority is required to set and maintain an adequate level of balances. The Council operates within a legislative framework in the recruitment, employment and management of its workforce. The provision of workforce information ensures that our performance in areas can be monitored at a strategic level across the organisation.

5 Supporting Information

Performance Management Framework

- 5.1 During the 2008/09 financial year considerable work will be undertaken to improve Slough Borough Council's (SBC's) corporate planning capabilities to ensure the corporate and service plans drive resource allocation. From a financial perspective, resources need to follow priorities. This means having sufficient resources to direct into priorities as well as clarity about where the Council wants to invest and direct its resources.
- 5.2 The financial strategy has to work hand-in-hand with developing a robust and integrated business planning and performance management regime and there will be a strong overlap, with key actions in the business planning framework being mirrored in the financial strategy model. This will allow SBC to operate an integrated planning process.

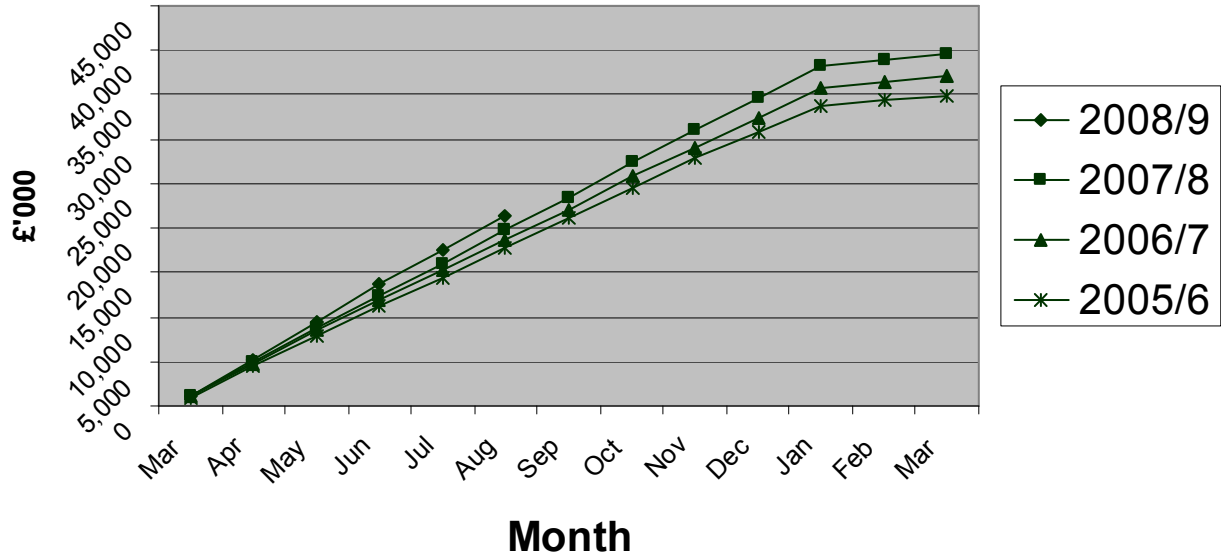
Performance Management

- 5.3 The 198 indicators in the new National Indicator Set will be collected and performance managed through PB Views Performance Management System which is being used by local authorities within Berkshire. The new National Indicator Set replaces the previous Best Value Performance Indicators. The LAA indicators have been selected from the National Indicator Set and agreed by GOSE. The agreed list was published at the end of May. The Council will be assessed against its performance against all 198 indicators through the Use of Resources Assessment.
- 5.4 Officers are currently collating data to establish first quarter performance against the National Indicator set (where possible) or establishing baseline targets for future reporting purposes. The first draft of this report is attached for Members information.
- 5.5 The Council wide Balanced Scorecard will be produced to inform Members of the Councils overall performance in critical service areas. It is intended to use this report to highlight areas where performance may need improvement and proposed corrective measures to address such issues.
- 5.6 Officers are currently aligning the budget setting and business planning process and a revised approach to Star Chamber and service planning will be introduced. This will include a corporate balance scorecard and strategic staircase at corporate and strategic levels.
- 5.7 A report detailing the Best Value Performance Indicator outturns for 2007/08 was published on June 30th and is available in the Members' Room. Alternatively a copy can be obtained from the Policy and Performance Team.

Debt Recovery

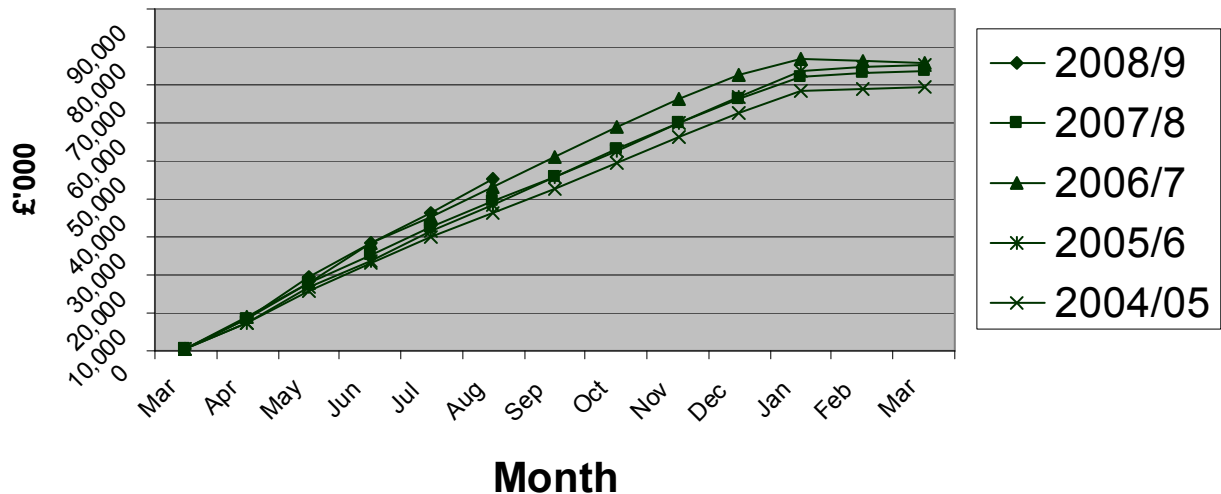
- 5.8 This report gives a quarterly updates on the Council's overall dept position, focusing on Council Tax and Business Rates collection, and the Accounts Receivable Ledger.

Council Tax - Collections



5.9 Council tax collection is showing an improved position for this time of year compared with previous years, coming in at 48.1% by the end of August 2008. Last years performance was the highest single in year collection rate, so if this trend continues will result in an improved final position, although the current world economic situation may impact on individuals ability to pay.

NNDR - Collections



5.10 There appears to have been a slight slow down in NNDR collections this period compared with the previous two years. This may be due to resistance to the change in legislation for 2008/09 regarding the payment of full rates for empty premises.

- 5.11 This has resulted in the amount of net collectable debit increasing by £16m from the previous year. This is placing a significant additional burden on the team and officers are reviewing the actions that can be taken to try and turn this situation round.
- 5.12 With respect the Accounts Receivable system, the Council currently has outstanding debts of £3.6m at the end of August.
- 5.13 Of the outstanding debt approximately £1.9m is less than 74 days overdue and approximately £760k is older than 365 days.

Human Resources - Job Evaluation/Pay Review/Harmonisation

- 5.14 The Council has worked closely with local and regional trade union representatives to reach agreement on a number of proposals in respect of these matters. These proposals formed the basis of the Council's submission to the national trade unions. Whilst indications of a favourable response has been received from two trade unions the third has advised that they are seeking further legal advice as to the implications of two recent court cases and that this has further delayed their consideration of the submission.
- 5.15 Currently work is been undertaken to continue to quality check the internal processes and in contacting staff to undertake a data check of their personal information to ensure that individual records are accurate.
- 5.16 Once the outstanding acceptance has been received the trade unions will be able to ballot their members on the proposals prior to implementation.

Financial reporting

- 5.17 The Council's 2008/09 net revenue budget is £98m. This excludes the schools' budget of £89m which is funded through the Dedicated Schools Grant.
- 5.18 A number of the Council's services are demand led services for which budgets for 2008-09 have been set on known placements and client activity at a point in time. Clearly these areas are subject to constant review as client levels change and thus subject to pressures that are not directly controllable.

Projected Outturn Position at 31st August 2008

- 5.19 Currently there is a projected overspend by Directorates of £620k. This is a reduction of some £660k from the £1.28m previously being reported to Cabinet in September 2008. The Corporate pressures have though increased by £230k to £910k making a total predicted overspend of £1.53m. The Projected Outturn position is analysed in Table 1 below.

Table 1 – Projected Outturn as at 31st August 2008

Directorate	Current Budget	Projected Outturn	Variance Over/(Under) Spend	Variance Over/(Under) Spend	Movement
	B	C	D = C - B	Cab (24.9.08)	
	£'M	£'M	£'M	£'M	£'M
Education and Childrens Services	26.26	26.00	-0.26	(0.05)	(0.21)
Community and Wellbeing	33.46	34.01	0.55	0.60	(0.05)
Green and Built Environment	25.13	25.31	0.18	0.58	(0.40)
Central Directorates	20.09	20.24	0.15	0.15	(0.00)
Total Cost of Services	104.94	105.56	0.62	1.28	(0.66)
% of revenue budget over/(under) spent by Services			0.59%	1.22%	
Treasury Management	(1.63)	(1.63)	0.00	0.00	0.00
Contingencies & earmarked reserves	2.80	2.80	0.00	0.00	0.00
Corp pressures and savings	0.00	0.91	0.91	0.68	0.23
Area Based grant	(7.56)	(7.56)	0.00	0.00	0.00
Total	98.55	100.08	1.53	1.96	-0.43
% of revenue budget over/(under) spent in total			1.55%	1.99%	

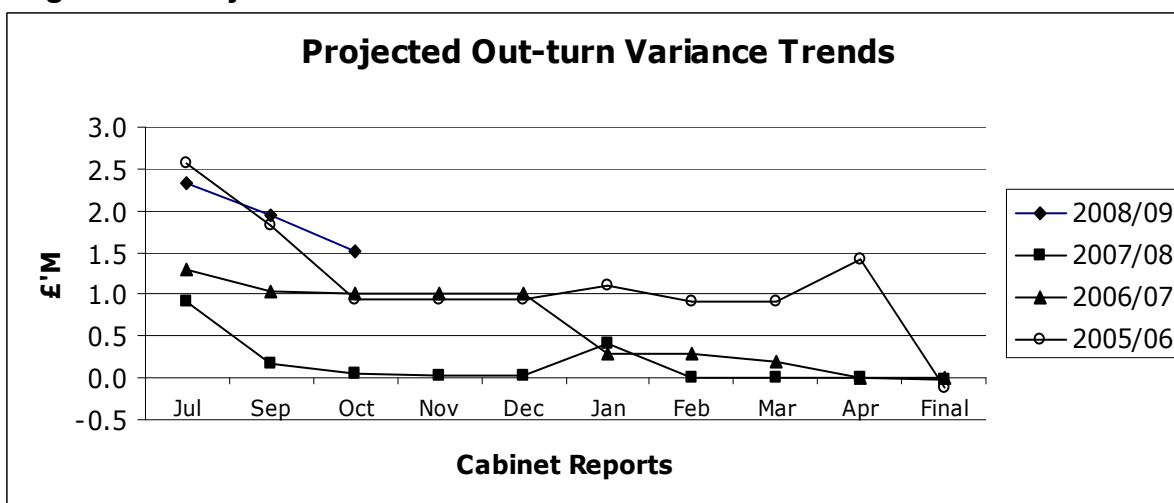
5.20 Full details of variances to budgets by Directorates are set out in Appendix A to this report.

5.21 The Directorate of Education and Children Services are reporting an increase in their underspend of £210k to give a net underspend of £264k. There are variances across all their services but the most significant are:

- Children & Families - savings in Commissioning & social work and children looked after offset by pressures of £36k from Family support services - £48k
- Inclusion - the most significant savings come from children with disabilities, mainly due to a child returning home from residential care - £99k
- Raising achievements savings include a SLA with Hillingdon, using grant funding for core budgets and the school's forum contribution to set up costs of 14-16 diploma's - £124k
- The management agreed savings were originally shown against Resources. This has now been allocated to each of the services - £60k

- 5.22 In Community and Well Being, the Directorate's overspend position has fallen slightly by £54k. This is due to savings on staffing costs and additional income, community halls/facilities lettings income in the Business Resources division.
- 5.23 There has been a reduction in the overspend previously reported from the Green and Built Environment of £400k. A virement of £200k was approved by Members last month to cover the cost of higher concessionary fares costs. The remaining £200k is made up of savings identified in the directorate's action plan, namely:
- Waste disposal, capitalising the costs of the new recycling scheme and maximising income from trade waste - £120k; and
 - Slough Enterpriser/APCOA reduction in works programme - £40k.
- 5.24 The position reported in respect of the Central budgets remains similar to last month with the reported fall of £200k in income from local land charges, due to the continuation of impact from the property market during the current economic climate still impacting. Since this will continue for the foreseeable future, Members are requested to approve the release of £200k from the set aside corporate contingency.
- 5.25 Corporate pressures have increased this month to £910k due to the inclusion of procurement savings yet to be achieved.
- 5.26 There are known savings to be delivered from Treasury Management (TM) during 2008/09. The actual figures depend on the finalisation of the capital program, in particular the focus on the areas where capital receipts may no longer be delivered in the short to medium term. Officers are reviewing the need for advanced borrowing in anticipation of capital receipts being delayed by at least 2 years.
- 5.27 Figure 1 below illustrates the trends in Projected Outturn reported to Cabinet since July 2005/06. The actual variance is high for this period as can be seen from the graph but the trend is similar to the position at this point in time in previous years.

Figure 1 – Projected Out-turn Variance



- 5.28 Directorates continue to work on their action plans to contain pressures by the year end. The Strategic Director of Resources is currently reviewing whether some tighter spending regimes are required to ensure this is the outcome.

Virements

- 5.29 In accordance with the Financial Procedural rules, approval to virement requires the consent of officers and Members.
- 5.30 Members will this month be asked to approve the following virements which mainly relate to the release of contingencies and earmarked reserves.

	£
Release of earmarked reserve to fund various projects in CWB	180,000
Release of contingency to cover reduction in local land charge income	200,000

- 5.31 Virements for £38k have been approved within the Central directorates. No other virements have been approved this month by other directorates.

6 Conclusion

Members will receive a joint summary report covering Resources and Performance Management at each meeting in 2008/09.

Directorates continue to work on their action plans to contain pressures by year end including ensuring officers respond to action in the monitor email recently circulated by the Strategic Director of Resources.

7 Appendices Attached

- A** Schedule of Directorate variances to budget 2008/09
- B** Council Wide Balanced Scorecard

8 Background Papers

- '1' Finance Detailed working papers are held in Corporate Finance and the relevant departments.
- '2' Performance working papers are held in the Policy and Performance section
- '3' HR data is held in the HR department

APPENDIX A**Summary Variance Analysis****As Reported: 20th October 2008****DECS**

Pressure/Savings	Projected Variance (£000)	Comment
Children & Families	£221	An increase in the number of external residential placements during the first part of this year together with the part year withdrawal of health funding one client has resulted in a cost pressure of £160k. An adverse pressure also exists as a result of le The Public Law Outline (PLO) will replace the existing Protocol for Judicial Case Management in Public Law Children Act Cases from 1 April 2008 which aims to reduce unnecessary delay and is designed to promote better co-operation between all the parties Clients leaving care qualify for financial allowance support for 3 years up until their 21st birthday (or 24th depending on whether they pursue FE). A detailed analysis of activity indicates that not all clients exercise this right following changes in th
Youth Service	(£50)	Reflects a delay in the recruitment of vacant posts
Inclusion	(£140)	The requirement to support clients via direct payments has seen a reduction in the rate of growth that was previously experienced due to parental capacity saving around £40k. A reduction of 1 client from within a residential setting from a full year to a
Raising Achievement	(£250)	An estimated under spend reflecting current school children take up linked to efficient procurement of contracts across Home to School, the successful sale of school crossing patrol services to schools and the application of grant funding to offset costs
Other	(£45)	
	(£264)	

GBE

Pressure/Savings	Projected Variance (£000)	Comment
Waste Disposal	£30	Contractual dispute - disposal of fridges offset by trade waste income maximisation.
Slough Enterprise/APCOA	£40	Contracts - index linked inflation uplifts, partly offset by reduction in works programme.
Concessionary Fares	£129	Increased demand/Shortfall of government grant
Housing	£60	L & Q Housing - old invoices
Staffing	(£160)	Potential savings from staff vacancies (net)
Other Variances under £50K (net)	£78	Wexham Nursery rent income; Chalvey Depot business rates; Flood Defence Levy; Alcohol intervention.
	£177	

APPENDIX A

CWB

Pressures/Savings	Variance (£'k)	Comment
Care Packages	£551	This is due to £271k overspend on residential care; £192k on nursing care and £160k on Direct Payments, offset by net underspend of £62k on Home & Other Care.
Internal Residential Homes	£486	These are additional costs being incurred by the Internal Residential Homes mainly due to the reprovision programme and includes and overspend of £134k relating to Langley Day Centre has not been close/changed in line with the Star Chamber decision althou
Staffing Budgets	(£75)	This has a net underspend due to vacancies and includes significant underspend of £195k relating to social work teams. This is offset by overspend relating to senior management but most of this is due to unbudgeted legal fees.
Other	(£414)	Awaiting explanation.
	£548	

Central Directorates

Pressure/Savings	Projected Variance (£000)	Comment
CSC	£123	Targeted savings through BPR not likely to be achieved.
Fundamental Review	£125	Anticipated savings not achievable due to delays in the implementation of the Fundamental Review.
Commercial Rents	£149	Reduction in Commercial rental income due to a number of vacant units, unachievable accruals from last financial year and loss of income from Accord (c£74k).
Accommodation Strategy	£287	Unachievable savings for Accommodation Strategy.
Capital Disposal & Feasibility costs	£425	Pressure from Capital Disposal and Feasibility costs (figure to be confirmed).
Local Land Charges	£259	Dramatically reduced income due to HIPS & lower demand.
Slough Music Event	£74	Loss on the Slough Music Event.
Targeted Salary Savings	£393	Targeted savings from Vacancy Factors/Self Funding Harmonisation.
All Cost Centres	(£617)	Gross savings from vacant posts
All Cost Centres	(£1,072)	Possible funding from contingencies & earmarked reserves.
	£146	

Total Variances

£607