

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee
2009

DATE: 5th February

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PART I **FOR CONSIDERATION**

PERFORMANCE AND FINANCIAL 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 performance management, debt recovery, Human Resources 2nd quarter information, the revenue monitoring position and the capital monitoring programme to December 2008.

2 Recommendation(s) / Proposed Action

That the following aspects of the report be noted:

- i. Performance
- ii. Debt Recovery
- iii. Human Resources
- iv. Financial performance – revenue
- v. Financial performance – capital

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.

Housing and Council Tax Benefit administration is governed by detailed statutory requirements.

All counter fraud enquiries and operations are carried out in compliance with the Human Rights Act, the Regulation of Investigatory Powers Act, Police and Criminal Evidence Act, and the Criminal Procedures and Investigations Act. The procedures developed from this legislation have been validated by the Council's Legal section

5 Supporting Information

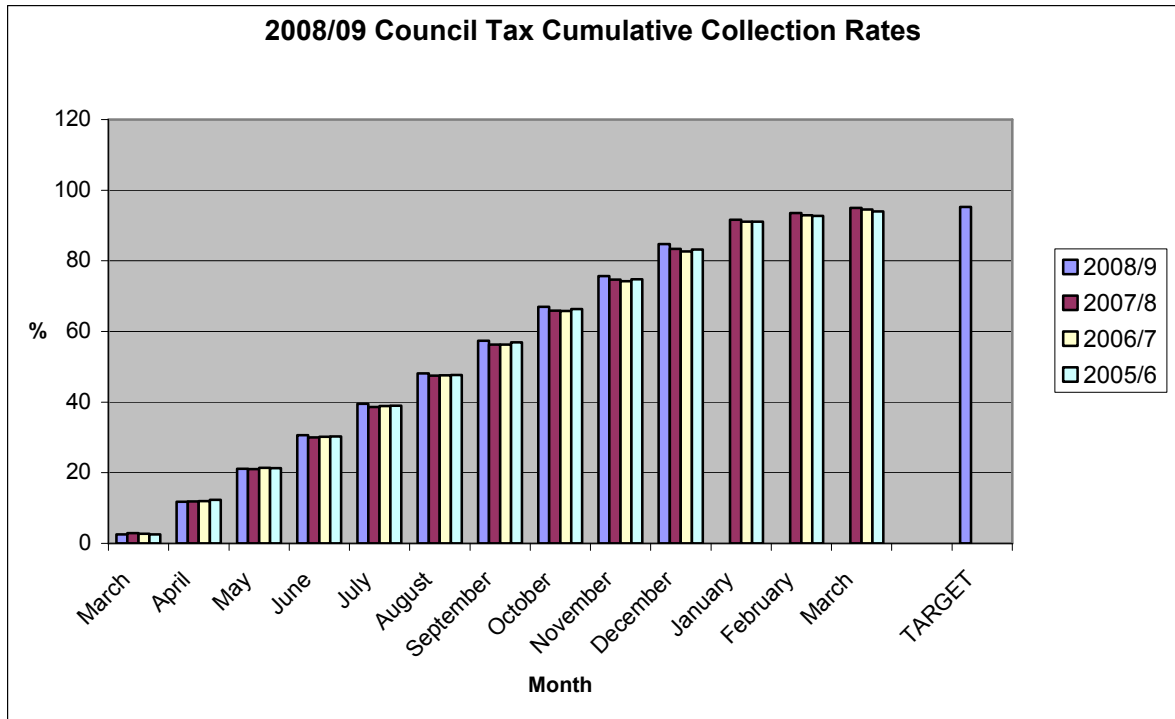
Performance Management

- 5.1 The new National Indicator Set (NIs) replaces the previous Best Value Performance Indicators. The LAA (Local Area Agreement) 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.
- 5.2 At the point of sign-off in June 2008, a number of LAA targets (12) remained incomplete. As such there were elements of individual targets (baselines and incremental targets over the three-years) which still had to be negotiated and agreed. This was due to a number of factors including insufficient information being available at that stage (including the absence of Place Survey data [available in February 2009], the absence of data stemming from the TellUs survey [released in December 2008] and the series of definition related updates for those indicators originally designated as place holders.
- 5.3 Based on discussions held at the LAA Refresh/Review Development Group the following 3 indicators have been identified as being particularly vulnerable to the recession and will be subject to renegotiation with GOSE, these indicators are:
1. NI 16 Serious acquisitive crime
 2. NI 20 Assault with injury crime rate
 3. NI 152 Working age population claiming out of work benefits

- 5.4 Officers are currently collating the data for the third quarter performance against the National Indicator set for future reporting purposes. Information will also to be provided regarding the performance against the LAA and local indicators targets.
- 5.5 The Council wide Balanced Scorecard will be produced quarterly to inform Members of the Councils overall performance in critical service areas.
- 5.6 It is intended to use this report to highlight areas where performance may need improvement and proposed corrective measures to address such issues. Officers are currently aligning the budget setting and business planning process and a revised approach to service planning is currently being introduced across the Authority.

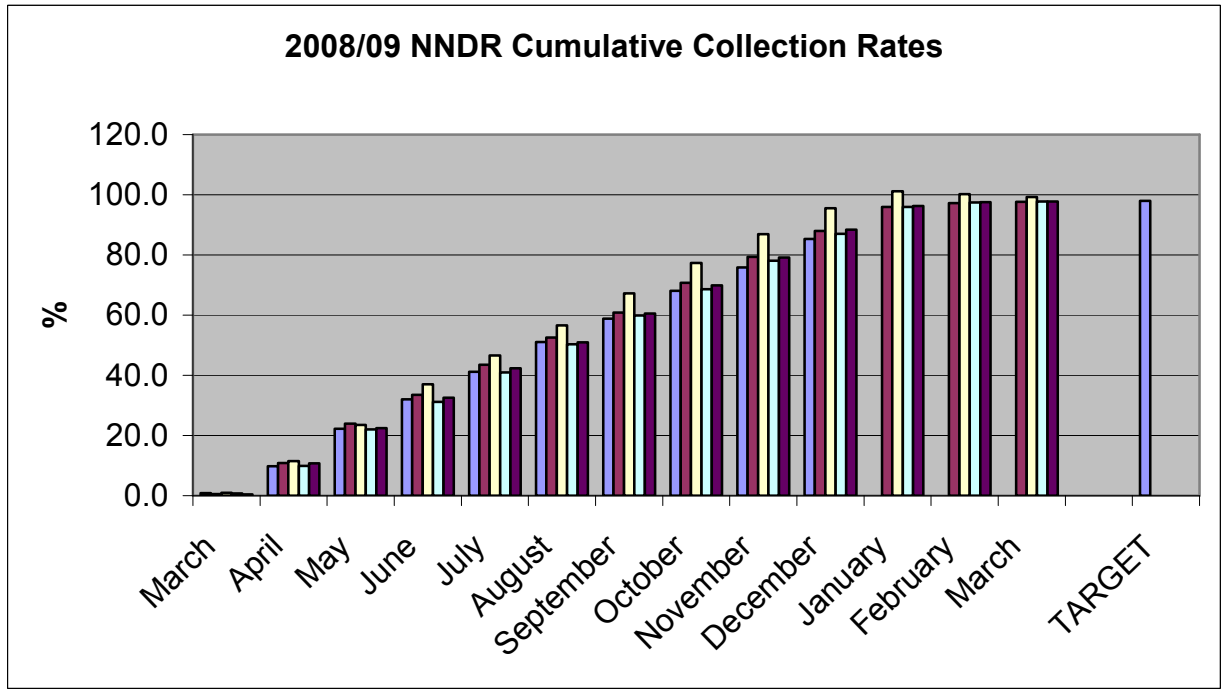
Debt Recovery

- 5.7 As we work through the second half of 2008/09, this report will give a monthly update of the Council's overall debt position, focusing on Council Tax and Business Rates collection, and the Accounts Receivable Ledger.
- 5.8 Council tax collection is showing an improved position for this time of year compared with previous years, coming in at 84.7% by the end of December 2008. This year's performance is 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



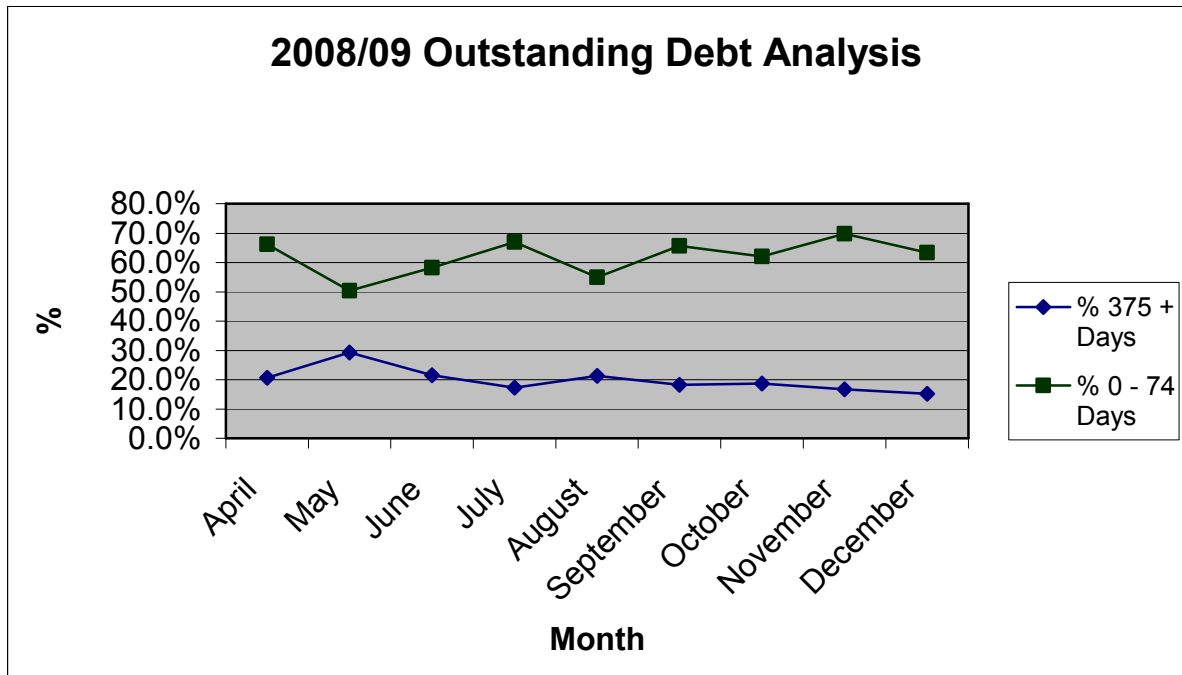
5.9 NNDR collections continue to slowdown this period, as compared with the previous two years. This may be due to resistance to the change in legislation for 2008/09 regarding the payment of full rates for empty premises.

5.10 This has resulted in the amount of net collectable debt increasing by £13m from the previous year. This continues to place a significantly increased burden on the team and officers are reviewing the actions that can be taken to try and turn this situation round.



5.11 With respect the Accounts Receivable system, the Council currently has outstanding debts of £5.4m at the end of December.

5.12 Of this, approximately £3.4m is less than 74 days overdue representing 63.4% of the total outstanding debt and approximately £824k is older than 375 days representing 15.2% of the total outstanding debt.



Human Resources

- 5.13 The Council collects vital HR information in support of the development of policies, practices, systems and approaches to: be an employer of choice; be a learning organisation; and ensure employee well-being and safety as well as influencing the development of management capability and capacity. In addition the results are used for external benchmarking and BVPI purposes.
- 5.14 Appendix B of this report sets out the HR quarterly statistics for quarter 2, 1st July – 30th September 2008. The figures are based on council employees only, and therefore exclude school employees.
- 5.15 It should be noted the establishment of the Resources and Improvement and Development Directorates has led to a number of services coming together under these new directorates and known changes have been built into the development of this quarter's statistics. This means that it is more difficult to make meaningful comparisons against previous years at directorate level as it is no longer possible to compare like with like. It is also recognised that staffing structures will be developed further over the coming months and that changes are likely to arise which will further distort staff groupings making comparison with previous years even more difficult.
- 5.16 On occasion it is necessary to make a retrospective adjustment to any particular quarter's statistics after preparation and reporting to ensure that delayed returns are incorporated to maintain accurate statistical information. This may lead to slight variation between figures reported at a particular point in time and subsequent references.
- 5.17 In relation to this quarter's statistics areas to particularly note include:
- 5.18 **Turnover** is 0.7% lower for quarter 2 (2.5%) compared with the same quarter last year (3.2%). This may be because of the continued restraint in making appointments, to non critical posts. If turnover trends continue unchanged throughout the year it is projected that there will be a 1% decrease in turnover compared to last year.
- 5.19 Further information is being provided in respect of leavers. Information regarding voluntary leavers (used to calculate turnover) is now being supplemented by further information on all leavers by showing terminations for reasons other than voluntary resignation.
- 5.20 **Sickness Absence** – Sickness levels per FTE are 0.6 days lower than for quarter 2 last year with a projection of 1.4 days less for the year subject to sickness levels remaining unchanged. Absences attributable to infection continue to be highest cost of sickness absence whilst stress absence remains under review. The HR Business Partners in conjunction with Managers have continued to target areas of high sickness absence through greater occupational health referral and also through formal reviews as part of the sickness absence procedure. The Council has sourced an Interim Occupational Health provider Health

Management Ltd (HML) with effect from 1st January 2009 to ensure a seamless transaction following the previous (Vitality) provider's withdrawal from the Occupational Health market. A tender process to select a new provider will follow.

- 5.21 **Workforce Profile** – The number of staff from BME backgrounds has continued to rise with this quarter showing a rise of 0.6% (to 39.7%) of those declaring ethnicity spread across the categories. The gender breakdown of the staff has remained relatively stable at 70:30 in favour of females which is typical of local government nationally. The number of staff declaring a disability has continued to rise to 5.9% from 5.7% last Quarter. Our staff age profile shows no significant changes to the age and services profiles, with 27.2% of staff in the 40-49 age category and 27.3% of staff having worked for the Council for between 6 and 10 years.
- 5.22 The workforce profile continues to show year on year improvements towards being representative of the community that the Council serves, however, in viewing these figures it is important to be mindful that in many categories small numbers are being recorded and one person starting or leaving can make a dramatic positive or negative change.

Financial reporting

- 5.23 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.
- 5.24 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. As we work through the winter quarter there is likely to be an impact in particular around Adult Social Care services.

Projected Outturn Position at 31st December 2008

- 5.25 There is currently a projected overspend by Directorates of £260k, a reduction of £150k from that reported to Cabinet on 19th January 2009
- 5.26 Corporate pressures stand at £1.7m making a total projected overspend of £1.11m. The Projected Outturn position is analysed in Table 1 below.

Table 1 - Projected as at 31st December 2008

Directorate	Current Budget B	Projected Outturn C	Variance Over/(Under) Spend D = C - B	Variance Over/(Under) Spend Cab (19.1.09)	Movement
	£'M	£'M	£'M	£'M	£'M
Education and Childrens Services	25.63	25.10	(0.53)	(0.56)	0.03
Community and Wellbeing	31.17	31.63	0.46	0.46	0.00
Green and Built Environment	26.39	26.57	0.18	0.36	(0.18)
Central Directorates	24.46	24.61	0.15	0.15	(0.00)
Total Cost of Services	107.65	107.91	0.26	0.41	(0.15)
% of revenue budget over/(under) spent by Services			0.24%	0.38%	
Treasury Management	(1.63)	(4.63)	(3.00)	(3.00)	0.00
Contingencies & earmarked reserves	0.09	2.09	2.00	2.00	0.00
Corp pressures and savings	0.00	1.70	1.70	1.70	0.00
Area Based grant	(7.56)	(7.56)	0.00	0.00	0.00
Total	98.55	99.51	0.96	1.11	(0.15)
% of revenue budget over/(under) spent in total			0.97%	1.13%	

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

Movement in Variances Month on Month

5.28 The Directorate of Education and Children Services are reporting an increase in their underspend of (£36k) to give a net under spend of (£530k). There are movements in variances across all their services but the most significant are:

- Children & Families – There has been an overall increase in expenditure of £108k, due to additional fostering and adoption placements made along with an emergency placement made this month;
- Raising achievements – Savings are expected due to the identification and reduction of discretionary spend along with the delay of non-critical office-type expenditure;
- Resources, Commissioning & Performance – Savings are projected in relation to a 2009/10 savings item being brought-forward and implemented during the current financial year;

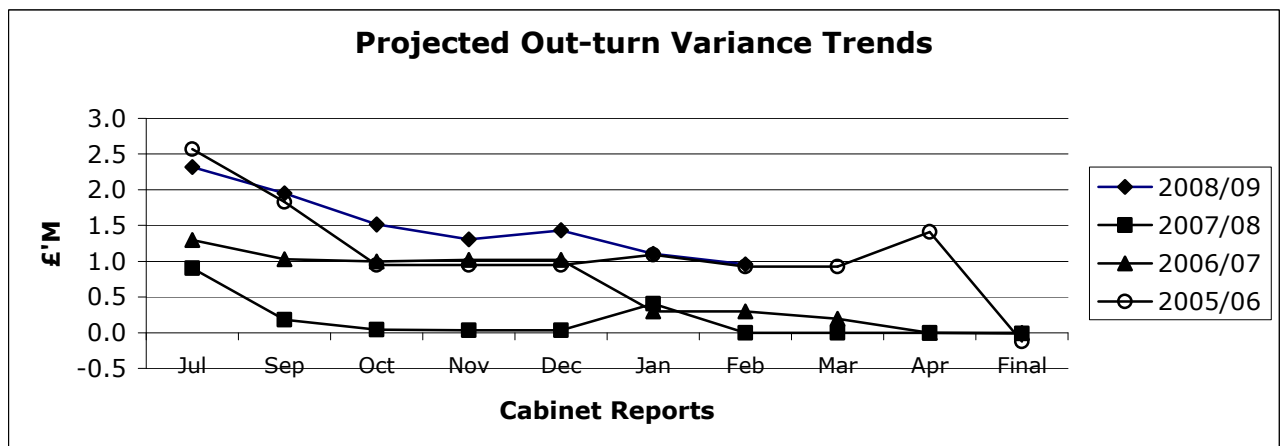
5.29 **Community and Well Being**, the Directorates overspend remains unchanged with pressures in the Adult Social Care area being partially offset by savings forecast in light of the moratorium on spending;

5.30 **Green and Built Environment** are showing a decrease in their overspend of £180k. This has been achieved by the reduction of staff costs and general running costs, the capitalisation of costs in relation to the new red bin scheme.

5.31 **Central Directorates** are reporting an overspend of £150k showing no change from the position reported last month.

5.32 **Treasury Management** is reporting an overall in-year saving of £3m. This is mainly due to the high money market rates to date. However, due to the reduction in base rates and expected further reductions in interest rates with result in a reduction of future investment income which will impact on the Council's ability to meet it's debt charges in forthcoming years. It would, therefore, be prudent to set aside at least £2m to help fund these costs so as not to impact on the overall revenue budgets. As previously reported £1m has been set aside as a contingency to meet any impairment costs of Heritable Bank.

5.33 Figure 1 below illustrates the trends in Projected Outturn reported to Cabinet since July 2005/06.



5.34 Directorates continue to work on their action plans to contain pressures by the year end. CMT has issued enhanced purchasing rules to reduce, if not eliminate, any non-essential spend between now and the end of March 2009. Savings options for 2009/10, as agreed with Members, have been re-issued for Officers to review and identify if any can be implemented in the latter months of 2008/09.

Virements

5.35 In accordance with the Financial Procedural rules, approval to virement requires the consent of officers and Members.

5.36 No virements were processed during December 2008.

5.37 The cumulative virement position by directorate as at the 31st December 2008 is given below:

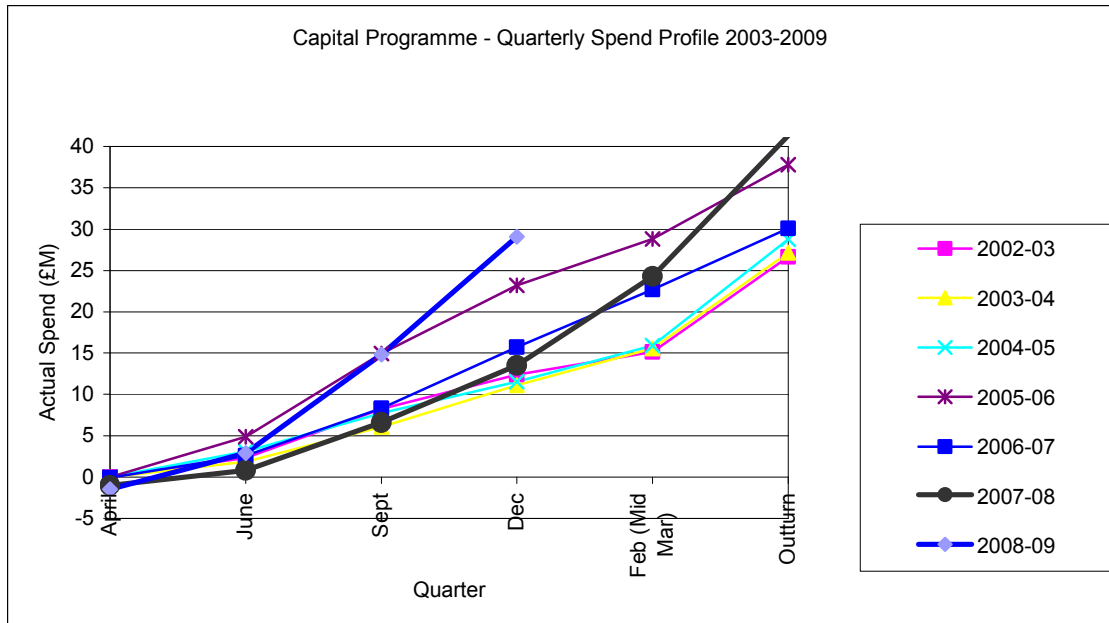
DIRECTORATE	VIREMENTS TO DATE (£)
Education & Childrens Services	(534,170)
Community & Wellbeing	(1,194,650)
Green & Built Environment	1,538,880
Central Directorates	5,135,970
Total Services	4,946,030
Contingencies, Reserves & Other	(4,946,030)
Total	0

2008-2009 Capital Programme Monitoring to December 2008

5.38 The actual capital spend to December 2008 is summarised below with details on the “High value/Priority” schemes shown in Appendix C.

These also show a profile of the budget and the level of capital budget committed to-date. The definition of committed budget is “where the contract has been let and the value of either goods or services will be delivered by 31st March 2009”. Prudential indicators as at December 2008 are set out in Appendix D.

5.39 The current level of committed budget for the General Fund account is 67% and for the HRA it is 83%. The actual spend to date is higher than average for this period in comparison to previous years as shown graphically below. The profiles of spend show that the majority of the expenditure will occur in the last half of the year. Usable capital receipts of £0.635 million for General Fund and £0.870 million for Housing have been received this year to date.



SUMMARY OF CAPITAL PROGRAMME 2008 /2009

Line	Summary	2008/2009	2008/2009				2008/2009	2008/2009	Variance	% Actual	
		March 2008	March 2009	Committed to Date	Budget	Variance to Provisional	% Committed To Budget	Budget Profile to Dec.			Spend per Oracle to Dec. 08
		£'000	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	%
	EXPENDITURE										
	GENERAL FUND PROGRAMME										
1	Community and Wellbeing	2,566	2,637	1,405	1,232	53.3%	1,022	550	-472	53.8%	
2	Education and Children's Services	14,542	19,279	15,654	3,625	81.2%	12,299	10,742	-1,557	87.3%	
3	Green and Built Environment	10,614	10,287	8,397	1,890	81.6%	5,713	4,344	-1,369	76.0%	
4	Green & Built Environment: Afford. Housing	2,223	2,207	1,230	977	55.7%	685	511	-174	74.6%	
5	Resources/Improve & Development/C. Executive	12,738	9,205	3,500	5,705	38.0%	2,075	2,227	152	107.3%	
6		42,683	43,615	30,186	13,429	69.2%	21,794	18,374	-3,420	84.3%	
	HOUSING REVENUE ACCOUNT										
7	Housing Revenue Account	12,822	21,309	17,729	3,580	83.2%	11,761	10,731	-1,030	91.2%	
8		12,822	21,309	17,729	3,580	83.2%	11,761	10,731	-1,030	91.2%	
9	TOTAL CAPITAL PROGRAMME	55,505	64,924	47,915	17,009	73.8%	33,555	29,105	-4,450	86.7%	
	SOURCE OF FINANCING										
	GENERAL FUND PROGRAMME										
10	Capital Grants & Contributions	10,052	14,175				8,565				
11	Capital Fund	0	2,574				0				
12	Prudential Borrowing	6,393	15,964				661				
13	Capital Receipts	26,238	10,902				9,148				
14		42,683	43,615				18,374				
	HOUSING REVENUE ACCOUNT										
15	Capital Grants & Contributions	0	91				0				
16	Revenue / Major Repairs Allowance	4,283	7,917				6,973				
17	Prudential Borrowing (Including ALMO)	8,539	10,385				3,758				
18	Capital Receipts	0	2,916				0				
19		12,822	21,309				10,731				
20	TOTAL FINANCING	55,505	64,924				29,105				

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** Human Resources 2nd quarter 2008/09 statistics
- B** Schedule of Directorate Variances to Budget 2008/09
- C** Capital – “High Value/ Priority” Schemes

8 Background Papers

- ‘1’ Finance Detailed working papers are held in Corporate Finance and the relevant departments.