

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny **DATE:** 26th February 2009

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PART I **NON-KEY DECISION**

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 and the revenue monitoring position to January 2009.

2 Recommendation(s) / Proposed Action

The Cabinet is requested to resolve:

- a) That the following aspects of the report be noted:
 - i. Performance
 - ii. Debt Recovery
 - iii. Financial performance – revenue

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

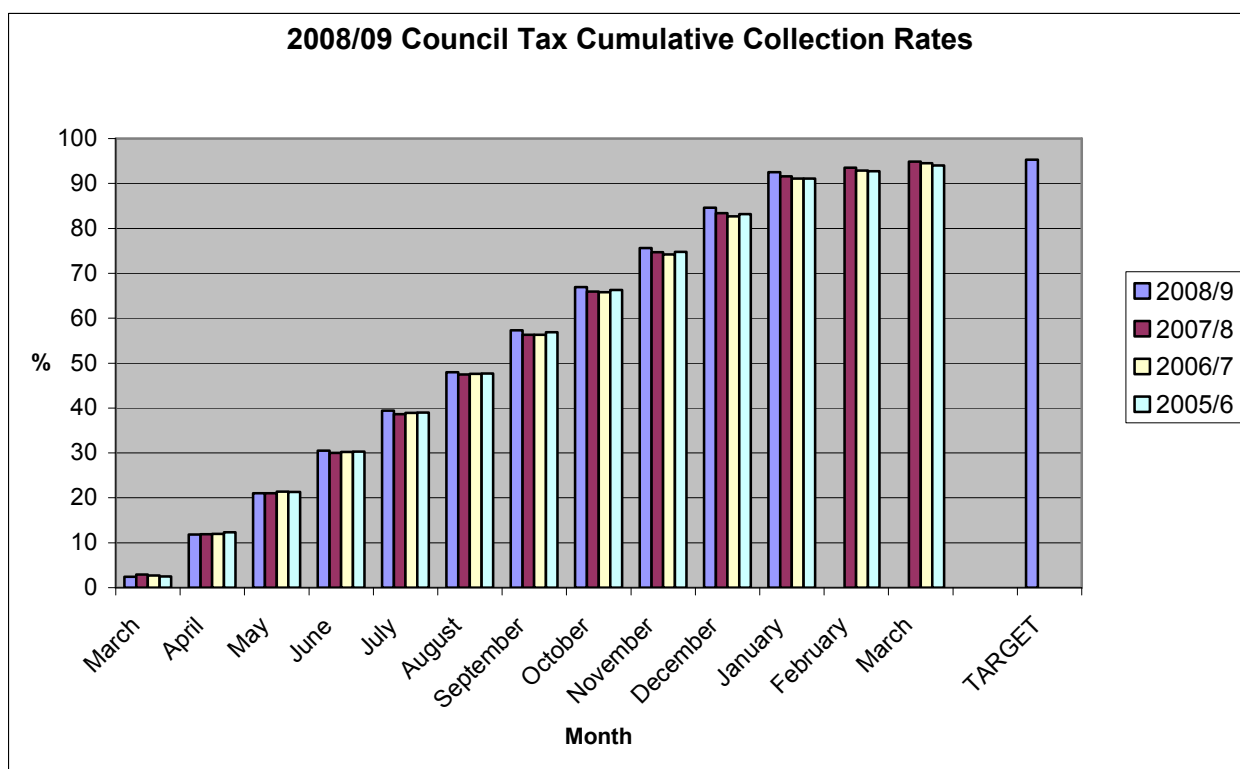
5 Supporting Information

Performance Management

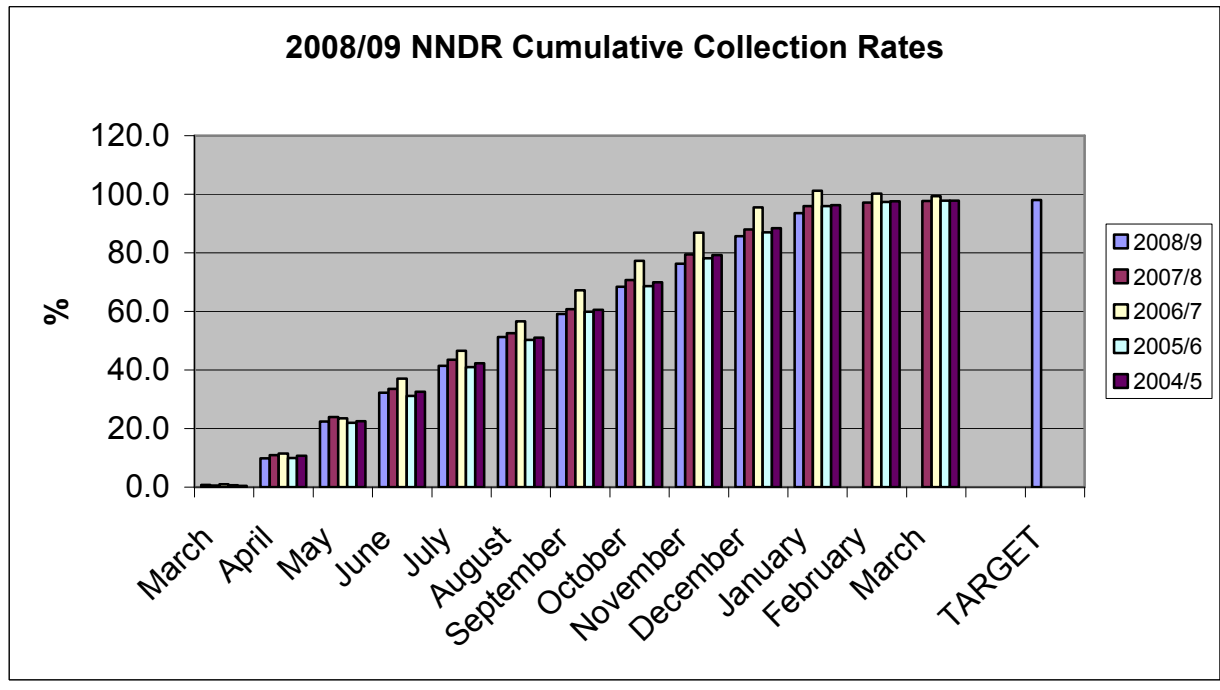
- 5.1 The new National Indicator Set (NI's) replaces the previous Best Value Performance Indicators. The LAA (Local Area Agreement) indicators have been selected from the National Indicator Set and agreed by GOSE. The agreed list was published at the end of May. The Council will be assessed against its 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 The Council wide Balanced Scorecard has been produced giving performance information relating to the third quarter of the financial year. The purpose of the report is to inform Members of the Councils overall performance in critical service areas. The latest version can be seen in Appendix A.
- 5.5 It is intended to use this report to highlight areas where performance may need improvement (red indicators) and the 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

- 5.6 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 NNDR (Business Rates) collection, and the Accounts Receivable Ledger.
- 5.7 Council tax collection is showing an improved position for this time of year compared with previous years, coming in at 92.5% by the end of January 2009. This year's performance is the highest single in year collection rate. If this trend continues it will result in an improved final position, although the current world economic situation may impact on individuals continuing ability to pay.

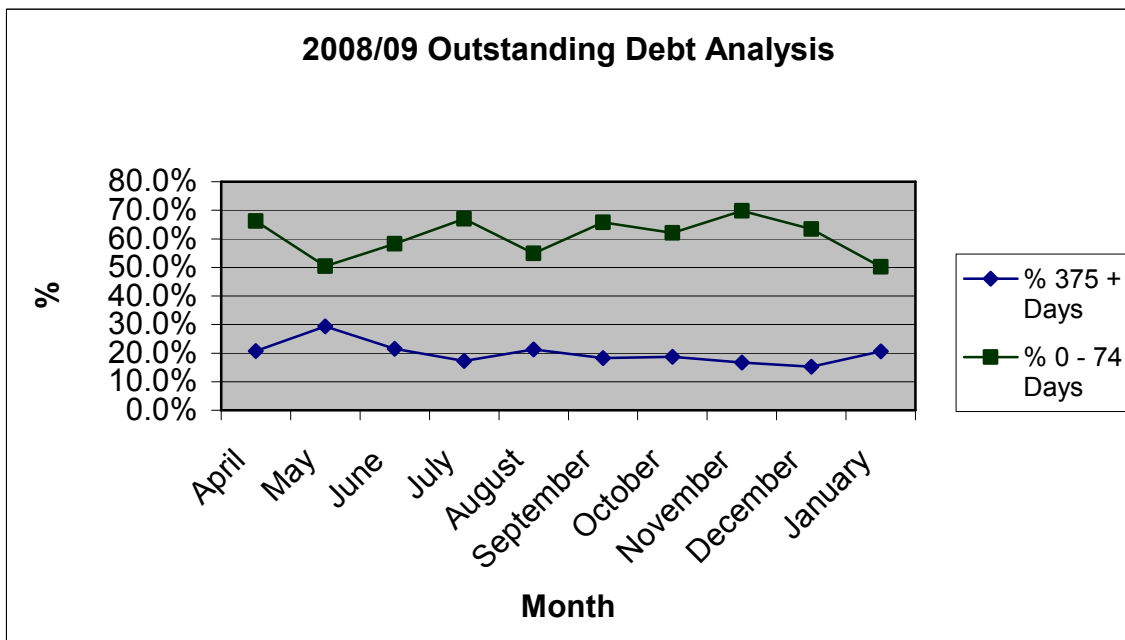


- 5.8 NNDR collections continue to slowdown this period, as compared with the previous two years. This may be due to resistance to the change in legislation for 2008/09 regarding the payment of full rates for empty premises.
- 5.9 This has resulted in the amount of net collectable debt increasing by £12.5m 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.



5.10 With respect to the Accounts Receivable system, the Council currently has outstanding debts of £4m at the end of January 2009

5.11 Of this, approximately £2m is less than 75 days overdue representing 50.2% of the total outstanding debt and approximately £831k is older than 375 days representing 20.6% of the total outstanding debt.



Financial reporting

5.12 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.

5.13 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. In addition, the acute hospitals are now at a 'critical' level and care services are experiencing an increasing demand from patient discharges. Although this is currently being contained it could jeopardise the departments agreed management action policy of '1 in 1 out'.

Projected Outturn Position at 31st January 2009

5.14 There is currently a projected overspend by Directorates of £200k, a reduction of £60k from that reported to Cabinet on 9th February 2009.

5.15 Corporate pressures stand at £700k making a total projected overspend of £900k. The Projected Outturn position is analysed in Table 1 below.

Table 1 - Projected as at 31st January 2009

Directorate	Current Budget B	Projected Outturn C	Variance Over/(Under) Spend D = C - B	Variance Over/(Under) Spend Cab (9.02.09)	Movement
	£'M	£'M	£'M	£'M	£'M
Education and Childrens Services	25.627	25.157	(0.470)	(0.530)	0.060
Community and Wellbeing	31.170	31.610	0.440	0.460	(0.020)
Green and Built Environment	26.107	26.187	0.080	0.180	(0.100)
Central Directorates	24.924	25.074	0.150	0.150	0.000
Corporate	(0.205)	(0.205)	0.000	0.000	0.000
Total Cost of Services	107.623	107.823	0.200	0.260	(0.060)
% of revenue budget over/(under) spent by Services			0.19%	0.24%	
Treasury Management	(1.625)	(4.625)	(3.000)	(3.000)	0.000
Contingencies & earmarked reserves	0.117	2.117	2.000	2.000	0.000
Corp pressures and savings	0.000	1.700	1.700	1.700	0.000
Area Based grant	(7.555)	(7.555)	0.000	0.000	0.000
Total	98.560	99.460	0.900	0.960	(0.060)
% of revenue budget over/(under) spent in total			0.91%	0.97%	

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

Movement in Variances Month on Month

5.17 **The Directorate of Education and Children Services** are reporting a decrease in their underspend of £60k to give a net underspend of £470k. There are movements in variances across all their services but the most significant are:

- Children & Families – Increased activity within Commissioning & Social and the Fostering Service has been partially offset by the early delivery of savings originally proposed for 2009-10 to give an increase in overspend by £160k;
- Youth Service – The AD for Children & Families who also leads on this service has indicated there will be an overall saving of £50k across the entire Youth Service
- Resources, Commissioning & Performance – Previous budget monitoring returns had forecast spend of £50k in relation to the unpaid liability for National Non Domestic Rates (NNDR) in respect of Manor Lodge following the departure of the Youth Offending Service from the premises at the end of the 2005-06 financial year. However recent confirmation received from the Property department that this property was re-classified as residential means that only a residual liability for Council Tax remains resulting in a saving of £50k;

5.18 **Community and Wellbeing's** overspend position has reduced overall by £20k, with an increase in pressures from Adult Social Care and Cultural & Community Engagement being offset by savings from Business Support, Commissioning & Contracts;

5.19 **Green and Built Environment** are showing a reduction in their overspend of £100k, resulting from savings in Transport & Planning schemes, a reduction in the projected demand for concessionary fares and delays in recruitment.

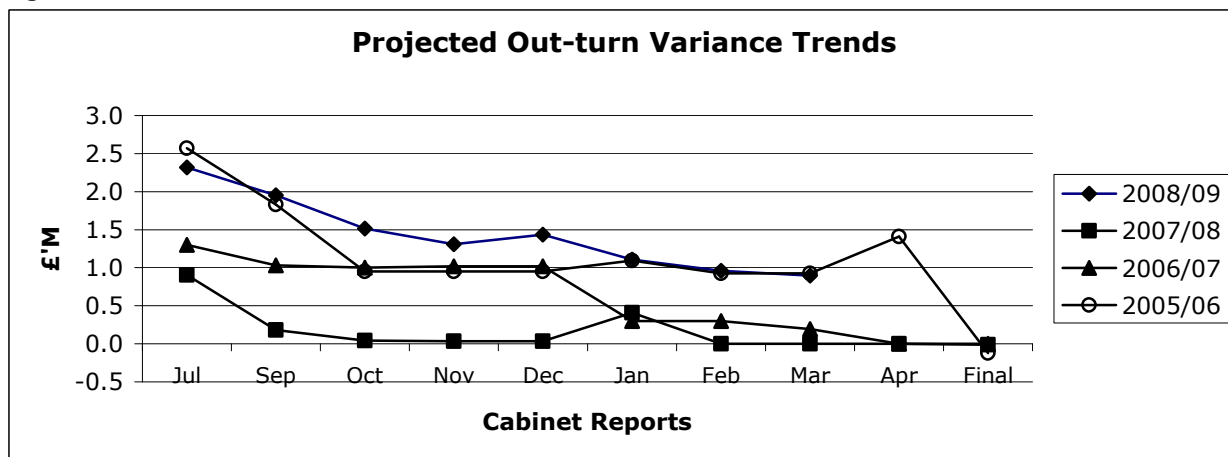
5.20 **LABGI:** GBE are also reporting reduced spend in relation to HMO surveys and the cost of Community Wardens. This will release approximately £30k (tbc) back to the LABGI reserve for use on other schemes as approved by Members;

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

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

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

Figure 1



5.24 Directorates continue to work on their action plans to contain pressures by the year end. Purchasing rules issued by the Strategic Director of Resources will be monitored with the aim of reducing, if not eliminating, any non-essential spend between now and the end of March 2009. A copy can be seen in Appendix C. Savings options for 2009/10, as agreed with Members, have been reviewed by Officers and any that can be implemented during the latter months of 2008/09 have been and / or will be.

Emerging Issues

5.25 The Unitary charge, agreed in April 2006, payable in respect of the Slough Schools PFI project includes £90k in respect of the consumption of utilities. However, since the last budget monitoring report the Facilities Management providers (Pinnacle FM) of the FM contract have submitted an unexpected invoice in respect of utilities consumption relating to the period March 2007 to August 2008 for approximately £400k. They claim that the existing charge of £90k is for utilities management and not consumption. There has been no explanation provided for the time elapsed in respect of submitting the invoice or any rationale in terms of the period covered. This charge is, to the best of knowledge of the current set of officers, outside the terms of the contract and we have made formal contact with Pinnacle to this effect. The payment mechanism within the contract states that in such circumstance the invoice should be paid and that we should then enter into a formal dispute.

5.26 On this basis it is likely that advice from Legal on how to proceed will be required as officers who monitor the contract were not part of the project board that agreed the contract at its inception in April 2006.

Virements

5.27 In accordance with the Financial Procedural rules, virements require the approval of officers and Members.

5.28 No virements were processed during January 2009.

5.29 The cumulative virement position by directorate as at the 31st January 2009 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

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. Various strategies have now been put in place, as detailed within this report, and the impact of these will be closely monitored as we approach the year end.

7. Appendices Attached

- A** Balanced Scorecard
- B** Schedule of Directorate Variances to Budget 2008/09
- C** Financial Management & Purchasing Rules Memo

8. Background Papers

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

Summary Variance Analysis

For the Period Ended: 31st January 2009

Education & Childrens Services

Pressures / Savings	Projected Variance £'000	Description
Children & Families	589	<p>This reflects 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 for one client resulting in a cost pressure of £130k. Also an adverse pressure exists as a result of legislative change in respect of increased liabilities for children in Foster care that want to pursue Further Education which extends the borough's financial commitment to their foster support beyond their 18th birthday until they are 21, together with an increase in the number of clients and extensions to placements within foster settings costs £100k.</p> <p>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 involved in care and supervision cases. A result of this is that there has been a dramatic increase in the demand placed upon the provision of Family Group Conferences which is expected to create a pressure of £50k.</p> <p>A continued trend of increases in demand led intervention to prevent children from becoming looked after evidenced from a previously raised issue regarding referral and assessment activity creates a pressure of £90k. Linked to this an increase in the number of foreign clients requiring support has produced a pressure in respect of the interpretation services being accessed at a cost of £40k.</p> <p>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 their circumstance thus resulting in a cost reduction to the borough. The cost of providing supported lodgings for children leaving care is also expected to reduce this year following expectation that a publicity campaign to recruit carers will not take place until later this financial year. Together these 2 save £100k.</p>
Youth	(50)	The AD for Children & Families, who also leads on the Youth Service, has indicated there will now be an overall saving of £50k across the entire Youth Service.
Inclusion	(212)	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 3 month placement saves in excess of £40k. Other savings of £60k have arisen following the utilisation of DSG funds for additional management support and an extended period of unpaid leave for an employee.
Raising Achievement	(381)	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 as a one-off in 2008-09.
Strategy, Information & Resources	(413)	Primarily as a result of successful negotiation to recover the costs of Capita EMS licences from schools saving £49k, the anticipated reduction in costs associated with both the Primary & Secondary Assessment centres, each of £50k, the expected under spend on the joint arrangement for Teachers Premature Retirement Costs of £23k and an under spend on the budget b/fwd to undertake school suitability surveys of £16k. Savings from the PFI c/fwd request following a reduction in services accessed and deliberate management action across several budget heads have contributed further savings of approximately £100k. Savings of £50k following removal of rates liability for Manor Lodge.
	(467)	

Community & Wellbeing

Pressures / Savings	Projected Variance £'000	Description
Care Packages	667	This is due to overspends of £243k on residential care; £175k on external home care and £192k on Direct Payments (all client groups), and £57k on Nursing, Day & Other Care.
Internal Residential Homes	177	These are mainly costs being incurred by the Internal Residential Homes (£370k) due to the reprovion programme as well as overspend of £116k relating to Langley Day Centre which has not been closed/changed in line with the 08-09 Star Chamber decision. They are offset by savings on Internal Home Care and Social Work teams.
Staffing and Other Budgets	(406)	This underspend is savings on staff and support costs across a range of services in C&CE and Business Support, Commissioning & Contracts.
	438	

Green & Built Environment

Pressures / Savings	Projected Variance £'000	Description
Waste Disposal	(75)	Contractual dispute - disposal of fridges offset by trade waste income maximisation; capitalisation of costs and early service impact of red bin recycling scheme.
Slough Enterprise/APCOA	40	Contracts - index linked inflation uplifts, partly offset by reduction in works programme.
Concessionary Fares	244	Increased demand/Shortfall of government grant
Housing	248	L & Q Housing - contractual settlement
Staffing	(330)	Potential savings from staff vacancies (net)
Other Variances under £50K (net)	(52)	Wexham Nursery rent income; Chalvey Depot business rates; Flood Defence Levy; Alcohol intervention; Joint Strategic Planning Unit; highways rents; traffic management; running costs savings (via procurement strategy)
	75	

Central Directorates

Pressures / Savings	Projected Variance £'000	Description
CSC	123	Targeted savings through BPR not likely to be achieved.
Fundamental Review	384	Anticipated savings not achievable due to delays in the implementation of the Fundamental Review.
Commercial Rents	171	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).
Slough Music Event	74	Loss on the Slough Music Event.
Targeted Salary Savings	476	Targeted savings from Vacancy Factors/Self Funding Harmonisation.
All Cost Centres	(866)	Gross savings from vacant posts.
Building Maintenance	(100)	Savings on the costs of the corporate building maintenance contract.
Income	7	Expected additional income generated over all cost centres.
Running Costs	70	Additional running costs at St. Martin's Place (Service charges + Building Cleaning).
Running Costs	(44)	Miscellaneous Savings on Running Costs
All Cost Centres	(861)	Possible funding from contingencies & earmarked reserves.
	146	

As you are all aware, the hiring of temporary staff takes up a substantial part of the Authority's budget. For the purposes of this section temporary staff includes staff on short-term contracts, agency staff and consultants.

There is to be no hiring of temporary staff before the end of the year unless the above business case has been produced. This will be closely monitored between now and the end of the financial year.

The use of temporary staff should not be seen as a long term solution to a vacancy or staff shortfall problem. Temporary staff should only be used as a matter of final resort, and any temporary staff that can be released should be with immediate effect. Depending on the length of time a temporary member of staff has been with the Council it may be worth a discussion with you relevant HR business partner.

If there are temporary staff who are in positions which are likely to remain in the structure after the review, who are very competent and whose employment currently costs significantly more than direct employment would, consideration should be given to securing them as permanent members of staff.

Procurement of Goods and Services:

These measures apply to all external supplies and services and those internal services which require external or part external resourcing. It is important first to draw a distinction between procurement of a general nature such as expenditure on stationery, training, subsistence, travel, IT equipment and software etc and procurement that is directly related to client services. Examples of this include expenditure on temporary accommodation, social care, special educational needs, highways etc.

This guidance relates particularly to expenditure of a general nature. However, each Director must ensure that they have appropriate controls in place to control the procurement of provision of client services.

All purchasing other than for client services must be made via either the i-procurement system or a purchasing card.

IT Purchasing

All IT procurement must be made via corporate IS & IT, and there are to be no new purchases before the year end, without their approval.

Printing

All design and printing must go through the Corporate Communications team (x 5558).

No design or printing work should be taken to outside companies without the prior approval from the Head of Communications (x5558)

Photocopying of 20 or more items by officers in the Town Hall must be taken to printing as this is significantly cheaper than copying on local machines.

Furniture

No furniture can be ordered without the prior approval of the Head of Facilities (x5945), and there is to be no spend before the end of the financial year.

Stationery

The procurement process for stationery requires all departments to order their stationery via i-procurement. Only essential expenditure should be incurred.

Training

Only essential external training should now be undertaken, if it supports needed continuing professional development, or is required formally to enable someone to undertake their duties.

Conferences

As with training, only free conferences or those that are needed to support continuing professional development can be undertaken.

Conclusions

Wherever possible expenditure should be deferred until after the end of March 2009.

Please note that these rules are Council policy and therefore subject to the usual disciplinary procedures if they are not followed. Analysis of these expenditures will be produced and presented to CMT monthly

Andrew Blake-Herbert
Strategic Director of Resources