

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 15th January 2009

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WARD(S): All

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, the revenue monitoring position, the capital monitoring programme to September 2008 and central debt management for the Council. It also reports the findings of the Annual Performance Assessment (APA) process for adult social care services for Slough Borough Council, and the star rating judgement for 2008

2 Recommendation(s) / Proposed Action

a) That the following aspects of the report be noted:

- i. Performance
- ii. Debt Recovery
- iii. Financial performance – revenue

b) That 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.

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 NIS 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 Officers are currently collating the data for the third quarter performance against the National Indicator set (where possible) establishing baseline targets for future reporting purposes. Information is also to be provided regarding the performance against the LAA targets.
- 5.3 The Council-wide Balanced Scorecard will be produced quarterly to inform Members of the Council's overall performance in critical service areas.
- 5.4 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 will be introduced.

Slough's Performance Judgement for 2008

- 5.5 For 2008 Slough achieved 3 star 'excellent' rating judgements for adult social care:
 - Delivering **Excellent** outcomes
 - **Excellent** Capacity for Improvement
- 5.6 This is the fourth year Slough has achieved 3 stars. However, it is the first year that a judgement of *excellent* for both 'Delivering Outcomes' and 'Capacity to Improve' has been achieved, and reflects an improvement on the previous year. This is the highest judgement rating.
- 5.7 Table 1 below details the composition of this judgement was by each of the 7 'Delivering Outcome' domains, and the 2 'Capacity to Improve' domains.
- 5.8 This achievement was confirmed by the Chief Inspector of the Commission of Social Care Inspection on 27th November 2008, and detailed in an earlier notification dated 27th October 2008.
- 5.9 The APA star rating and performance judgements for adult social care contributes to the Council's CPA rating, and will continue to do so under the new CAA performance

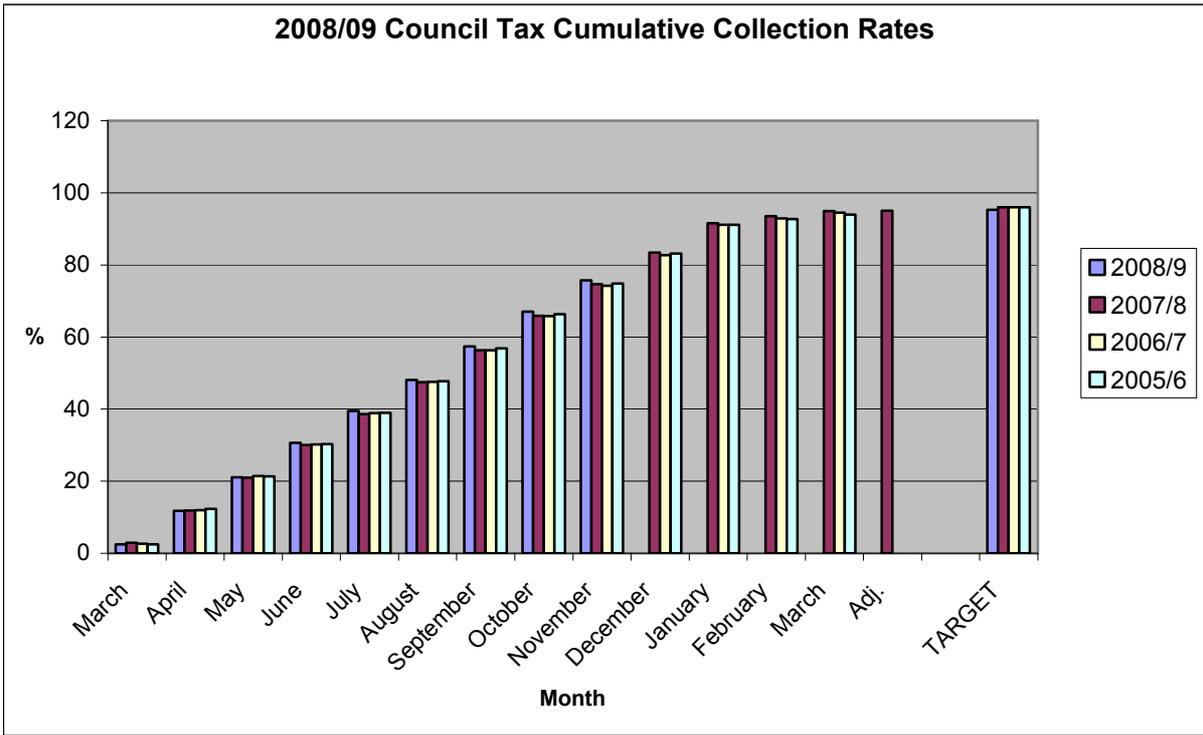
framework. However, from 2009 onwards, the adult social care 'Capacity to Improve' judgement will only be reflected in the Councils CAA rating and not the APA rating.

Table 1: ADULT SOCIAL CARE PERFORMANCE JUDGMENTS FOR 2007/08

Areas for judgment	Grade awarded
Delivering Outcomes	<u>EXCELLENT</u>
Improved health and emotional well-being	Good
Improved quality of life	Good
Making a positive contribution	Excellent
Increased choice and control	Good
Freedom from discrimination and harassment	Excellent
Economic well-being	Excellent
Maintaining personal dignity and respect	Excellent
Capacity to Improve (Combined judgment)	<u>EXCELLENT</u>
Leadership	Excellent
Commissioning and use of resources	Excellent
Performance Rating	<u>3 STARS</u>

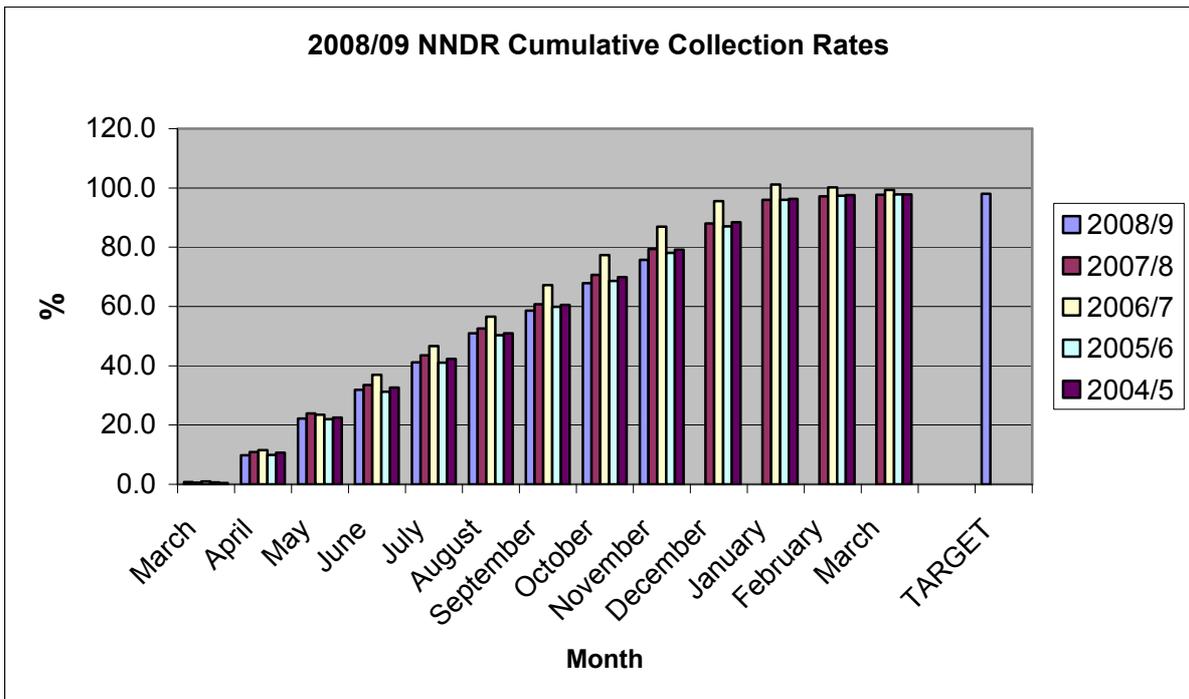
Debt Recovery

- 5.10 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.
- 5.11 Council Tax collection is showing an improved position for this time of year compared with previous years, coming in at 75.7% by the end of November 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 individual's ability to pay



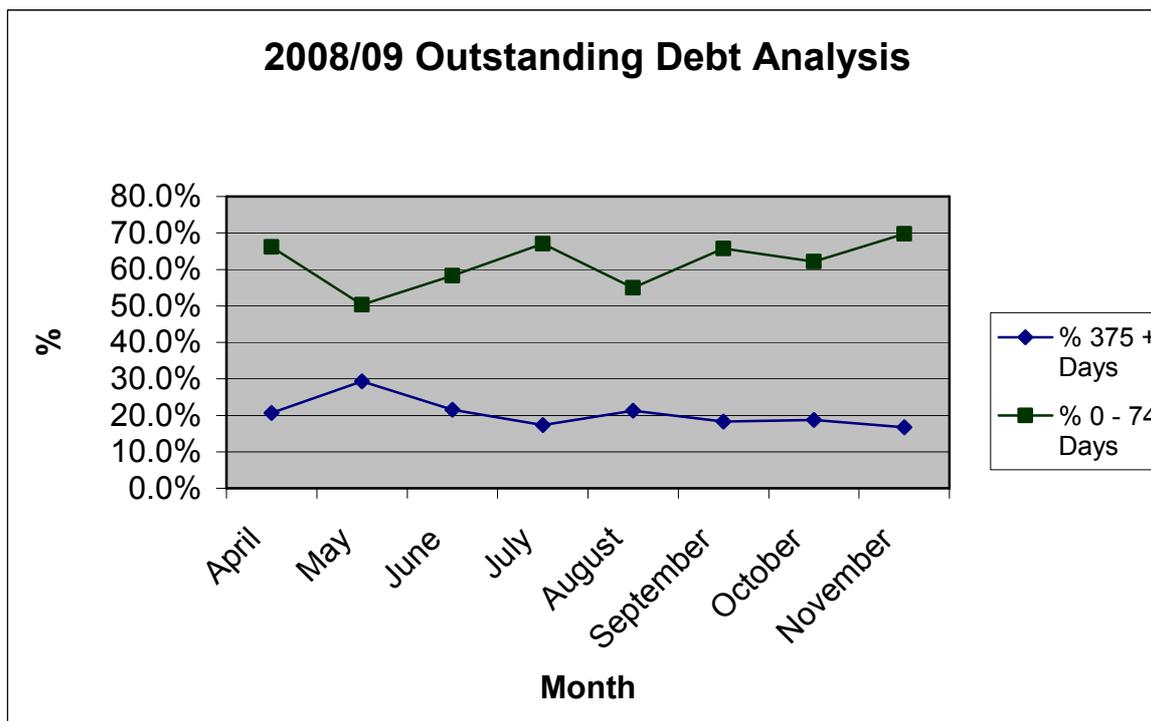
5.12 NNDR collections continue to slowdown this period, as compared with the previous two years. This may be due to resistance to the change in legislation for 2008/09 regarding the payment of full rates for empty premises.

5.13 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.



5.14 With respect the Accounts Receivable system, the Council currently has outstanding debts of £4.8m at the end of November.

5.15 Of this, approximately £3.4m is less than 74 days overdue representing 69.8% of the total outstanding debt and approximately £810k is older than 375 days representing 16.7% of the total outstanding debt.



Financial reporting

5.16 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.

5.17 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 head into the winter quarter there is likely to be an impact in particular around Adult Social Care services.

Projected Outturn Position at 31st November 2008

5.18 There is currently a projected overspend by Directorates of £404k, the same as was reported to Cabinet on 4th December 2008.

5.19 Corporate pressures stand at £703k making a total projected overspend of £1.11m. The Projected Outturn position is analysed in Table 2 below.

Table 2 - Projected as at 30th November 2008

Directorate	Current Budget	Projected Outturn	Variance Over/(Under) Spend	Variance Over/(Under) Spend CMT (3.12.08)	Movement
	B	C	D = C - B		
	£'M	£'M	£'M	£'M	£'M
Education and Childrens Services	25.63	25.07	(0.56)	(0.50)	(0.06)
Community and Wellbeing	31.17	31.63	0.46	0.46	0.00
Green and Built Environment	26.39	26.75	0.36	0.42	(0.06)
Central Directorates	24.46	24.61	0.15	0.15	(0.00)
Total Cost of Services	107.65	108.06	0.41	0.53	(0.12)
% of revenue budget over/(under) spent by Services			0.38%	0.49%	
Treasury Management	(1.63)	(4.63)	(3.00)	(1.00)	(2.00)
Contingencies & earmarked reserves	0.18	2.18	2.00	0.00	2.00
Corp pressures and savings	0.00	1.70	1.70	1.91	(0.21)
Area Based grant	(7.56)	(7.56)	0.00	0.00	0.00
Total	98.64	99.75	1.11	1.44	(0.33)

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

Movement in Variances Month on Month

5.21 **The Directorate of Education and Children Services** are reporting an increase in their underspend of (£33k) to give a net under spend of (£562k). 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 £39k, which fundamentally reflects the cost of the Berkshire wide Joint Arrangement for the Social Care legal Service. This reflects the increased activity arising from the increased number of clients on the Child Protection Register.
- Youth – A £75k variance reflecting full budget expenditure is now expected arising from Increased recruitment activity, delivery of youth project plans across the service and a damages claim at Orchard Youth Centre;
- Inclusion – (£38k) Savings have arisen due to management of vacancies and the reduction in care costs arising from a change in client placement timescale.;
- Raising achievements – Savings are expected due to the management of vacancies (£15k), the restructure of the Governor Training Service and a review of the discretionary areas of the Early Years Service (£36k);
- Resources, Commissioning & Performance – (£110k) of savings have arisen due to a review of all areas of discretionary spend, an estimation of reduced costs relating to the PFI scheme and the reconfiguration of the Multi Agency Locality Teams (MALTS). (£26k) of savings have arisen due to the costs for the completion of the Suitability Surveys for schools coming in at lower than expected and an estimated reduction in External Audit charges for the current year.

5.22 **Community and Well Being**, the Directorate's overspend position has increased by £17k, with pressures in the Adult Social Care area being partially offset by savings from the other service areas.

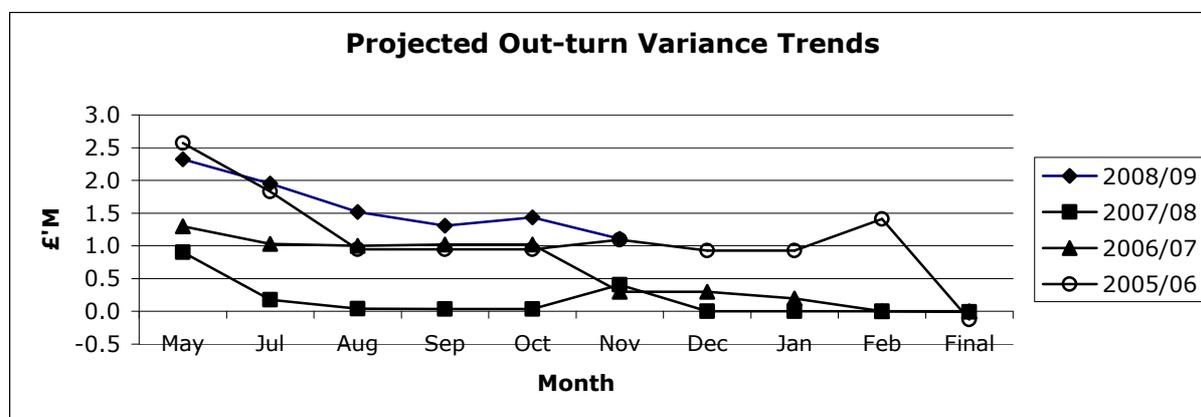
5.23 **Green and Built Environment** are showing an increase in their overspend of £22k, with pressures within the Environment Services & Quality and Housing Strategy & Renewal being partially offset by savings across the other service areas.

5.24 **Central Directorates** are reporting an overspend of £146k showing no change from the position reported last month.

5.25 **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.

5.26 Other corporate pressures now stand at £1.7m, a reduction of £200k from that last reported. This is due to the managing down of a pressure relating to unachievable savings within one of the frontline services.

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



5.28 Directorates continue to work on their action plans to contain pressures by the year end. CMT has now issued enhanced purchasing rules to reduce, if not eliminate, any non-essential spend between now and the end of March 2009. A copy can be seen in Appendix B. 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

5.29 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 unless otherwise stated.

Figure 2

Description	Value £
Release of LABGI Reserve to fund the introduction of free bulky waste collection for the elderly.	10,000
Transfer of Treasury Management Contingency in respect of the capital receipt adjustment.	50,000
Transfer from contingency to cover works carried out at Langley Pool	6,500
Release of contingency to fund standby payments to staff in relation to Emergency Planning, as agreed at CMT 19th Dec 2007.	17,500
Transfer of Corporate Consultation Officer from I & D to CE	33,850
Funding for I-Procurement Assistant from GBE to resources for period Jul08-Mar08	21,530
	139,380

5.31 The cumulative virement position by directorate as at the 30th November 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

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** Financial Management and Purchasing Rules 2008/09

8. Background Papers

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

Summary Variance Analysis

For the Period Ended: 30th November 2008

Education & Childrens Services

Pressures / Savings	Projected Variance £'000	Description
Children & Families	322	<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>
Inclusion	(212)	<p>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.</p>
Raising Achievement	(369)	<p>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.</p>
Resources, Commissioning & Performance	(303)	<p>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.</p>
	(562)	

Appendix A (Cont.)

Community & Wellbeing

Pressures / Savings	Projected Variance £'000	Description
Care Packages	665	This is due to overspends of £277k on residential care; £103k on nursing care and £197k on Direct Payments (all client groups), and offset by an underspend of £7k on Day, Home & Other Care.
Internal Residential Homes	278	These are additional costs being incurred by the Internal Residential Homes mainly due to the reprovision programme, and includes an overspend of £134k relating to Langley Day Centre which has not been closed/ changed in line with the 2008-09 Star Chamber decision.
Staffing and Other Budgets	(484)	This has a net underspend due to vacancies and includes a significant under spend of £160k relating to social work teams and other services in Business Resources & C&CE. This is partially offset by an over spend due to unbudgeted legal fees.
	459	

Green & Built Environment

Pressures / Savings	Projected Variance £'000	Description
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	274	Increased demand/Shortfall of government grant
Housing	248	L & Q Housing - contractual settlement
Staffing	(240)	Potential savings from staff vacancies (net)
Other Variances under £50K (net)	9	Wexham Nursery rent income; Chalvey Depot business rates; Flood Defence Levy; Alcohol intervention; Joint Strategic Planning Unit; highways rents; traffic management.
	361	

Appendix A (Cont.)

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	

Financial Management and Purchasing Rules 2008/09 Agreed by CMT

The Council's outturn projection has been falling month on month, but the size of the drops has begun to slow, leaving a current reported overspend of about £1.4m. In light of this it is necessary to take actions to ensure that we manage within our overall existing budgets. It is early enough within the financial year that these actions should have time to impact and reduce the overall budget position.

There are two elements to this firstly the early implementation of the some of the proposed savings from the budget strategy, which were agreed at Cabinet last night. Your directors and finance leads will be in touch to discuss these shortly. The second is around reducing levels of spend this year.

I have set out below some amendments to the current financial management policy that should be followed for the recruitment of staff, including agency staff, and the ordering of supplies and services. Some of these guidelines still remain in place from previous years and others are being reintroduced with the aim of improving the outturn position.

This isn't about preventing the day to day business of the organisation, but is about cutting out any unnecessary expenditure between now and the end of March 2009.

Recruitment to Vacant Posts:

As a measure to help control spend and contain the budget pressures, any post that now becomes vacant, unless it is in an area where there are minimum staffing levels for statutory purposes, must remain unfilled until the end of the financial year, before anyone, permanent or temporary, takes up the role.

If there are reasons why a post cannot be held vacant for this period of time, i.e. minimum staffing levels, then these must be clearly explained on the approval for hiring form, attached, which must be authorised by the Departments Director on the way up to the Chief Executive.

In light of the list of potential savings through restructures if posts can be held to the end of the financial year it may also help support the council's approach to redeployment.

Temporary Staff Recruitment:

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