



Haringey Council
Agenda item:

Cabinet

On

18/11/08

Report Title: **The Council's Performance –Quarter 2 (July – September) 2008**

Report of: **The Chief Executive and Chief Financial Officer**

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose

- 1.1 To report on an exception basis financial and performance information for the second quarter 2008 (July – September 2008).
- 1.2 To report on an exception basis the quarterly progress of the Council's Better Haringey and Regeneration Corporate Programmes and to provide an overview of their status (Appendix 4) as at the end of September 2008.
- 1.3 To agree the budget virements in accordance with financial regulations.

2. Introduction by Cabinet Member for Performance Management (Cllr George Meehan)

- 2.1 I am pleased again to see the improvements across the board in the Council's performance. I am particularly pleased to see the fantastic performance of the percentage of carers receiving an assessment remains high at 23% as above the target of 14.2%. I also welcome the news that work at Coldfall Primary school is now complete and that Tetherdown and Colderidge both opened on time for the new school year. It is encouraging to see both serious knife crime and robbery rates falling in the borough

3. Introduction by Cabinet Member for Resources (Cllr Charles Adje)

- 3.1 I refer members to paragraphs 9 and 17 of the report and would continue to encourage Cabinet Members in their efforts to ensure that every effort is made to contain the projected overspends within their areas. I hope the position will continue to improve.

4. Recommendations

4.1 To note the report and progress against council priorities.

4.2 To agree the virements set out in Appendix 3.

Report Authorised by: **Dr Ita O'Donovan – Chief Executive**

Contact Officers: **Eve Pelekanos – Head of Policy & Performance**
Tel: 0208 489 2508

Richard Hutton – Policy & Performance
Telephone 020 8489 2549

John Hardy – Corporate Finance
Telephone 020 8489 3726

Christel Kirk, Policy and Performance
Tel: 020 8489 3373

5. Head of Legal Services Comments

5.1 There are no specific legal implications in this report, but there is likely to be a need for legal advice in future on certain of the specific projects mentioned.

6. Local Government (Access to Information) Act 1985

- 6.1 Budget management papers
- 6.2 Service PI returns including unit cost data
- 6.3 Project Management Framework
- 6.4 Project Highlight Reports
- 6.5 Programme Board Reports

7. Performance Summary

7.1 Overall good progress has been made in the first six months of 2008/09. Out of the 90 indicators reported in this period, 81 (90%) are shown to be achieving green or amber status.

7.2 The majority of projects in the Better Haringey & Regeneration Corporate Programmes are on schedule to deliver the agreed benefits.

7.3 This report highlights areas for focussed monitoring and sets out the agreed actions to bring performance in line with targets.

8. Strategic Implications

- 8.1 This report gives an indication of the level and quality of services delivered on the ground. It monitors Haringey's position in relation to a number of indicators that will be used to assess the Council in the Comprehensive Area Assessment (CAA) and the Local Area Agreement (LAA).
- 8.2 The Corporate Programmes deliver the corporately significant projects. They underpin the Council's corporate planning process, ensuring that the projects we undertake reflect and help to deliver the Community Strategy and corporate priorities.
- 8.3 This report provides an opportunity to monitor, challenge and support the Council's key projects to ensure that they finish on time, to budget and deliver the outcomes for the community.

9. Financial Implications

- 9.1 The overall revenue budget monitoring, based on the September position, shows that the general fund is forecast to overspend by £1m as shown in Appendix 3. This projected overspend is within Adults, Culture & Community, Children & Young People and Corporate Resources. The reasons for this projected overspend are detailed in the report. There are also some budget pressures outlined in the report that services are seeking to contain within the budget.
- 9.2 The dedicated schools budget (DSB) element of the overall Children & Young People's budget is projected to spend £0.2m below budget. Any DSG underspend will need to be carried forward to next year.
- 9.3 In relation to the housing revenue account (HRA), the net revenue projection is to underspend by £0.2m. This is following estimated savings arising from the letting of the new gas boiler maintenance contracts although these savings are offset by a number of pressures as detailed in the report.
- 9.4 The aggregate capital projected position in 2008/09 is projected to underspend by £0.3m. The projected underspends are within Corporate Resources and Urban Environment. Reasons for this are detailed in the report.

10. Legal Implications

- 10.1 There are no specific legal implications in this report, but there is likely to be a need for legal advice in future on certain of the specific projects mentioned.

11. Equalities Implications

- 11.1 Equalities are a central thread throughout the council's performance.
- 11.2 This report deals with the way that we manage projects many of which have an impact on different sections of our community. Successful delivery of these projects will therefore improve the services we provide to all sections of our community.

12. Consultation

- 12.1 Throughout the year the report will show the results of consultation with residents, service users and staff.

13. Background

- 13.1 This is the second quarterly report of 2008/09 detailing the Council's performance against agreed targets, the business plans and the Better Haringey and Regeneration Corporate Programmes. Financial and Performance information is based on the financial monitoring reports prepared for the budget and performance management review meetings for periods 6. The financial information is shown in Appendix 3.
- 13.2 Appendix 1 details performance against 19 indicators reported quarterly and 70 monthly reported all linked to the Council's priorities:
- Making Haringey one of London's greenest boroughs
 - Creating a better Haringey: Cleaner, Greener and Safer
 - Encouraging lifetime well-being
 - Promoting independent living
 - Delivering excellent services
- 13.3 The Comprehensive Area Assessment (CAA) will take account of our performance against all National Indicators (NIs), however a significant number of the new national indicators lend themselves to quarterly or annual monitoring rather than monthly. Some others have timescales that are yet to be finalised. Appendix 2 lists those indicators for which performance information is not available at this time. They are shown to ensure that Members and senior officers are aware of the full list of indicators which will be used to judge the Council and the Strategic Partnership at the end of the year.
- 13.4 Appendix 4 shows the status of the Council's Better Haringey and Regeneration Corporate Programmes, with summary objectives for each project noted in Appendix 5. This report forms part of Haringey's Project Management Governance and Quality Assurance arrangements, which include monthly reporting to the Programme Boards.

14. Use of Traffic Lights

- 14.1 Progress on indicators continues to be tracked on a monthly and year to date position against the 2008/09 target using a traffic light annotation where:
- Green: Target achieved / performance better than planned
 - Amber: Just below target (typically a 5% tolerance)
 - Red: Target not achieved / below expectation
- 14.2 Trend arrows depict progress since the last financial year, so whilst an indicator may receive a red traffic light for not achieving target, it will show an upward trend arrow if performance has improved on the previous year's outturn. Between them, the lights and arrows indicate current progress and predict the likely annual position.
- 14.3 Where appropriate Appendix 1 shows the latest all England top quartile data (for 2006/07) with an indication of our quartile position in 2006/07. In some cases comparisons with nearest neighbours are shown as a more appropriate guide to top level performance.
- 14.4 The traffic light annotation for the projects (Appendix 4) is used as follows:
- Green Overall Status: The project is on schedule to deliver the agreed benefits in line with the Project Plan.
 - Amber Overall Status: The project has encountered some issues which could affect the delivery of overall benefits within agreed time, cost or resources. Recovery action is underway, but has either not yet been approved or tested.
 - Red Overall Status: Delivery of overall benefits within agreed time, cost or resources is not presently possible.

15. Achievements

Priority 1: Making Haringey one of London's greenest boroughs

- 15.1 The Greenest Borough Strategy was adopted by the Council on 14 July 2008. This sets out how the council and its partners will deliver against our green priorities.

Priority 2: Creating a better Haringey: Cleaner, Greener and Safer

- 15.2 First tranche results from independent inspectors ENCAMS confirm the improvement shown in our in house monitoring and show that the proportion of streets with unacceptable levels of litter has reduced from 21% in 2007/08 to below 9%. The target for this year is 12% (NI 195a and LAA target). The score for unacceptable levels of detritus has also improved from 34% in 2007/08 to 21%, against a target of 24%.
- 15.3 Levels of graffiti and flyposting have reduced in comparison to last year and are now on target.

- 15.4 Serious knife crime rate has reduced from 327 in the first 6 months of 2007/08 to 275 in 2008/09. Robbery rates also have decreased from 794 in April to September 2007 to 597 in the same period 2008.

Priority 3: Encouraging lifetime well-being

- 15.5 As at September, 9.5% of Haringey's young people, 16-18 year olds, were not in education, employment or training (NEETs), continuing the improving trend and exceeding the 10.4% stretch target for 2009.
- 15.6 The percentage of children in care cases that were reviewed within timescales remains above target at 99% for the last five months. This is an improvement on the 2007/08 performance (97%) and within the statistical neighbour top quartile performance.
- 15.7 The stability of placements of children in care remains on target for the third month running with only 12% with 3 or more placements.
- 15.8 The publicity contract signing ceremony for the ICT Procurement on the Building Schools for the Future project took place on 19 August 2008.
- 15.9 Work at Coldfall primary school as part of the Primary Capital Programme is now complete. In addition, both Tetherdown and Coleridge opened on time for the new school year.
- 15.10 The final Children's Centre due to be delivered by the Children's Centre project in Phase 2 (Bounds Green and its satellite Nightingale) opened in September 2008.

Priority 4: Promoting independent living

- 15.11 Self directed support (direct payments) continues to improve. The year to date performance shows that 218 people per thousand population received direct payments against a target of 213.
- 15.12 Timeliness of social care assessments for adults is exceeding target with year to date performance at 94% against a target of 80%.
- 15.13 The percentage of carers receiving an assessment or review remains high at 23% compared with a target of 14.2% (NI 135 and LAA target).
- 15.14 A site visit for students taking part in the Townscape Heritage Initiative training and education programme took place on 18 September as part of the Heritage Conservation project and a walking tour for the public, part of the Open House London weekend event, took place on 20 September. Both events were well received and helped raise the profile of Haringey's regeneration work and the value of heritage and architecture in the Tottenham area.

15.15 The Spine Road was opened during the second week in September 2008, following the installation of the traffic signals at the Hornsey Park Road / Clarendon Road junction by the Department of Traffic Signal.

Priority 5: Delivering excellent services

15.16 Special Educational Needs statements issued within 26 days (including and excluding exemptions) are at 76%(target 70%) and 83% (target 82%) respectively.

15.17 For the first six months of this year 78% of calls to the council's Customer Contact Centre were answered in 30 seconds against a target of 70% and 81% of visitors to Customer Service Centres were seen with in 15 minutes against a target of 70%.

15.18 The Community Cohesion Forum has been launched. A conference on intergenerational matters is planned for 28 October.

16. Areas for focus and actions taken to address these

Priority 1: Making Haringey one of London's greenest boroughs

16.1 Secured funding and associated committed spend will take the Marsh Lane Depot project to outline planning stage, March 2009. The Council has submitted a bid for Growth Area Funding (decision expected December 2008) and is developing a bid for European Regional Development funding (decision expected in January 2009) to maximise external funding and to continue project activities beyond March 2009. The receipt from the future sale of the Ashley Road depot will contribute towards the project cost, but this presents a cash flow risk as the Ashley Road depot cannot be vacated until the new depot is built. The project team are exploring strategies to manage this cash flow risk including Council capital resources, prudential borrowing, disposal receipts and selling and renting back the Ashley Road Depot.

16.2 Recycling some improvements planned for next year have been brought forward to help meet 2008/09 target of 28%, current performance 25%. These include:

- Rolling out extended collections on estates during October/November 08
- Piloting litter recycling bins
- Increasing participation in food waste recycling – trial free distribution of food waste bags and monitor whether this leads to increased participation.

Priority 2: Creating a better Haringey: Cleaner, Greener and Safer

16.3 Siltation of the Old Moselle Brook remains a key project risk for the Markfield Park project; as previously reported, the project team is working closely with the council's Enforcement team to identify appropriate risk mitigation. The budget concerns reported at the end of July has now been resolved, with outstanding tenders returned being within available budget.

Priority 3: Encouraging lifetime well-being

- 16.4 There is a risk that changes or additions to the building infrastructure replacement priorities for the Strategic Renewal of Leisure Centres project, as identified in the original asset condition survey, will result in a reduction of the overall programme. This risk will reduce over the life of the programme and any impacts will be assessed in the context of maintaining service delivery and in particular income performance. This will mitigate against a direct negative impact on the Council's revenue budget position.
- 16.5 The LAA target for Chlamydia is to screen 17% of the population aged 15 to 24 in 2010/11, this year's target is 15%. Over 600 people were screened in the first half of the year suggesting 2.1% coverage. This figure is cumulative and will increase as the year progresses. An action plan is in place to address performance in this area.

Priority 4: Promoting independent living

- 16.6 The Tottenham High Road and Myddleton Road Partnership Schemes in Conservation Areas schemes in the Heritage and Conservation project will be deferred to 2009/10 (subject to English Heritage grant funding), resulting in a projected underspend of £400k in 2008/09. This decision has been taken as English Heritage has not yet confirmed their grant allocation.
- 16.7 The projected final account for the Mortuary project has increased during the summer as many of the uncertainties with the original cost saving and value engineering exercise have been resolved. Additional construction costs have emerged associated with such a complex underground structure, which in turn are subject to additional professional fees in line with the conditions in the Council's Framework Agreement for construction. At the end of September, the project shows a projected net overspend of £516k. Continued savings will be sought and a bid has been submitted under Growth Area Fund III for £60k funding of the landscaping and 'bereavement garden'. The forensic facilities incorporated into the design of the mortuary and potential funding will be the subject of further discussion with the police.
- 16.8 Following negotiations with the main contractor, £194k in reductions were secured against the Spine Road project, resulting in a committed overspend of £400k. Interim budget provision has been identified from s.106 monies and negotiations with National Grid are currently underway in respect of costs incurred as a result of the onsite delays. The results of negotiations with National Grid will be reported to Members in due course and appropriate and necessary authorities will be sought.
- 16.9 The current economic climate has given rise to further discussions with the development partner for Hornsey Depot in respect of the Council Owned Land project. Discussions are continuing, therefore the Development Agreement is not yet in place. As previously announced by the Council the Woodside House project has been put on hold. Implications for the Accommodation Strategy are currently being assessed.

16.10 As previously reported, the GLA (Greater London Authority) stage 1 report received on 18 July in respect of the proposed Wards Corner development, strongly recommended the re-provision of the Seven Sisters Market within the new development, in addition to temporary provision for the duration of the redevelopment. The project team continues to work with the GLA to address their concerns and negotiations with the market traders to reach an agreement are also ongoing.

Priority 5: Delivering excellent services

16.11 Council-wide sickness absence in the rolling year to September is down to 9.1 days from 9.7 days in 2007/08. Further actions taken to improve sickness include lowering the threshold for sickness reviews to 6 from 8 days in a rolling year.

16.12 As of August the average re-let time for local authority housing is at 54.6 days above the 31 day target. Rent collection at 96.9% is below 97.6% target.

16.13 The number of households in temporary accommodation at 4.952 shows a reduction of 53 households between August and September. This remains an area for close monitoring. The trajectory for this indicator shows that the target is increasingly challenging (NI 156 and LAA target). A Temporary Accommodation Reduction Plan is in place and it focuses on three major objectives:

- controlling the gateway for households accessing temporary accommodation
- managing the temporary accommodation client base
- improving the supply of permanent accommodation to reduce numbers of households in temporary accommodation

Progress against all areas of this activity is monitored on a fortnightly basis by the Temporary Accommodation Service Improvement Group.

17. Finance

17.1 The overall revenue budget monitoring, based on the September position, shows that the general fund is forecast to overspend by £1m as shown in Appendix 3. There are also some budget pressures detailed below that services are seeking to contain within the approved budget limit.

17.2 In Adults, Culture and Community Services (ACC) the commissioning budget for adult social care has a budget pressure of £0.8m. There are significant upward pressures that relate to commissioning prices and volumes. The Directorate has commissioning strategies in place to mitigate these additional pressures and is seeking to contain costs within the overall budget. £0.5m of the £0.8m budget pressure is to be contained by tighter management of ACC supplies and services budgets; resulting in a net projected overspend at this time for the Directorate of £0.3m. In recreation a six month rescue package of £0.1m for Wolves Lane has been agreed and is to be funded from contingencies.

- 17.3 The Children and Young People's Service has a budget pressure of £0.8m overall in the general fund which mainly relates to the commissioning budget for children in care. This reflects significant increases in the number of children in care offset by the achievement of more favourable unit costs particularly in respect of lower rates arising from longer term contracts. Work is currently being undertaken by the Directorate to identify efficiencies elsewhere in the Children and Young People's Service to minimise any overspend by the year end.
- 17.4 The Dedicated Schools Budget (DSB) element of the overall Children & Young People's budget is projected to spend £0.2m below budget. This is largely due to £0.2m of planned DSG expenditure that is to be funded from Sure Start grant. Any DSG underspend will need to be carried forward to next year.
- 17.5 In Urban Environment the projected parking income shortfall is £0.8m. This revised projection takes account of improved performance for the last three months. Overall this is offset by other savings in the department.
- 17.6 A review of the parking service is in progress and will include an assessment of the financial and debt management aspects of the service. A draft report of the findings is imminent. The conclusions may be used to inform the next budget process.
- 17.7 In relation to the HRA, the net revenue projection is to underspend by £0.2m and this is £0.7m lower than that reported last month. The savings are mainly due to estimated savings that will accrue from the letting of the new gas boiler maintenance contracts that have been reduced this month largely due to an allowance being made for increased energy costs from October 2008.
- 17.8 Corporate Resources has budget pressures of £0.2m in respect of meeting commercial property rental income and £0.3m regarding Local Land Charges income due to current housing market conditions. These are being carefully monitored. The Directorate is considering how best to contain the property budget pressure and is currently projecting an overspend of £0.3m solely relating to Local Land Charges. There is some indication that property commercial income is improving but the forecast will not be amended until there is a clearer picture on the impact of rent reviews.
- 17.9 The council and Sainsbury jointly agreed to terminate negotiations with the developer Inner Circle for the Hornsey Depot Site. This decision follows a revised offer for the site that was not delivering best value. Options are now being explored on how the plans for the site can be taken forward with Sainsbury's. Despite intensive activity it has not been possible to complete the development agreement on Tottenham Town hall, outstanding matters have been escalated to the key decision makers and matters are close to resolution.
- 17.10 As reported last month there is a Council wide issue that has emerged arising from the renewal of energy contracts from October 2008 where a significant additional cost is forecast this year. Additional part year energy costs in 2008/09 will be funded from inflation/other contingencies and the full year effect dealt with as part of next years budget process.
- 17.11 Non Service Revenue is projecting to underspend by £0.3m due to one-off monies returned from the courts. Monies were lodged with the courts 12 years ago

regarding compulsory purchase of some properties where the owners were unknown and have not come forward. Therefore any claims are now time barred.

Treasury Management

- 17.12 Haringey Council, along with more than 100 other local authorities, have exposure to the Icelandic banks, which are now in receivership. A statement on the position was made to Full Council by the Leader on 13 October in respect of this matter. An immediate internal review of treasury management policy and strategy took place in light of the position with Icelandic banks and the turmoil in the financial sector across many other countries. One of the agreed actions with this review was restrict the placing of new deposits and to limit this to only UK financial institutions within the AA long term rating range and that have access to the UK government backed funding and liquidity assistance package. The Council will also utilise the UK government debt management office deposit scheme, which offers a lower return for lower risk.
- 17.13 Although this offers a higher level of protection for the Council's deposits, given the uncertainty that continues in the financial markets, one consequence is that the Council will have higher sums with individual institutions. The current counterparty limit within the approved policy for any one institution is £20m except for the Council's current banker, Royal Bank of Scotland (RBS), which is £10m. As the number of institutions is now restricted and some of the main clearing banks are currently not in the market for funds, the Council needs to increase the limit for RBS to £20m in line with the other institutions to allow sufficient flexibility in placing surplus cash.
- 17.14 The position with the Icelandic banks is that they are all in different stages of the receivership process. The process with the Heritable bank is being managed by Ernst and Young and as this is a UK registered company this is progressing fairly swiftly and an estimate for recovery of loss is expected later this month. The position with Landsbanki and Glitnir is a little more complex as the process for those is being managed by committees set up by the Icelandic authorities and Councils in this country are liaising through the LGA and Deloitte in respect of that. Definitive timescales are not yet available for these banks.
- 17.15 In terms of interest earnings this financial year, the Council has been projecting an increase above the budget target, however, in light of the Icelandic banks position this has been taken down, although clearly this will depend on the recovery of monies due through the various receivership processes. The impact of base interest rate reductions and how that flows through to actual bank rates may have an impact and this will kept under close review.
- 17.16 Other directorates are projected to spend at budget.
- 17.17 The RAG status of savings and investments is also shown in Appendix 3. Planned savings classified as red are in respect of the commissioning budget for looked after children; paragraph 17.3 refers.
- 17.18 The aggregate capital projected position in 2008/09 is as shown in Appendix 3 and is projected to underspend by £0.3m. This is mainly in respect of the following projects in Urban Environment.

- 17.19 In Urban Environment the Mortuary project has a budget pressure of £0.5m due to a number of factors including additional constructions costs associated with a complex underground structure, extra site security costs, some value engineering savings items having to be re-instated, various costs arising from architect instructions and increased fees due to increased total project costs and some redesign requirements. Funding was requested from the Home Office for the forensic unit which would have assisted the situation but the bid was unsuccessful as the Home Office funding programme finished in March 2006. A decision is awaited under the GAF III programme for £60k towards the landscaping at the mortuary site. A decision on this is expected in December 2008. It may be possible to identify part or all of the funding for the additional costs from the revenue budget of Urban Environment due to the improving financial position for parking as explained in paragraph 17.6 of the report.
- 17.20 In Urban Environment the Marsh Lane scheme is projected to underspend by £0.2m as it is unlikely that the contingency set aside will be utilised. This will need to be carried forward to next year to maintain the overall project budget.
- 17.21 Also in Urban Environment the THR and Myddleton Road PSICA schemes are projected to slip into next year and an underspend of £0.4m is projected. The schemes are funded from English Heritage grant and match funding from the Council. Funding for years 1 and 2 is confirmed but English Heritage have not yet confirmed the grant allocation for year 3. The service are awaiting English Heritage and match funding confirmation before proceeding with the scheme from 2009/10.

BSF

- 17.22 Cabinet agreed a virement of £22.3m for BSF capital spending from 2008/09 to future years at its meeting on 14 October 2008. This virement referred to securing additional funding of £12.056m in addition to the £199.6m published in the 2008/09 capital programme, creating a new funding total for the BSF programme of £211.656m . The majority of the additional funding is from DCSF – uplifted pupil numbers and inflation calculations (£8.225m) and from the C&YPS Capital Programme contingency utilisation (£1.16m).
- 17.23 Proposed budget changes (virements) are set out in Appendix 3 for approval in accordance with financial regulations.

18. Use of Appendices

- Appendix 1. Second quarter performance scorecard
- Appendix 2. National indicators not included in appendix 1
- Appendix 3. Financial tables
- Appendix 4. Programme Highlight Report
- Appendix 5. Summary Project Objectives