

Agenda item:

**[No.]**

**Cabinet**

**On 16/12/08**

Report Title. **The Council's Performance –Period 7 April – October 2008**

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

Signed :

Contact Officer : **Richard Hutton – Policy & Performance**  
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Wards(s) affected: **All**

Report for: **Key Decision**

**1. Purpose of the report (That is, the decision required)**

- 1.1. To report on an exception basis financial and performance information for the year to October 2008.
- 1.2. To agree the budget virements in accordance with financial regulations.

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

- 2.1. I draw members attention to paragraph 20 of the report which provide details of the activities referred to at paragraph 8. I continue to urge Cabinet colleagues to ensure that every effort is made to contain the projected overspends in their portfolio area in terms of revenue. I draw particular attention to 20.13 to 20.17 on Treasury Management update and 20.23 on virements approval.

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. 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).

#### **4. Recommendations**

- 4.1. To note the report and progress against council priorities.
- 4.2. To agree the budget changes (virements) set out in Appendix 2.

#### **5. Reason for recommendation(s)**

- 5.1. Proposed budget changes (virements) are set out in Appendix 2 for approval in accordance with financial regulations.

#### **6. Other options considered**

- 6.1. N/A

#### **7. Summary (Performance)**

- 7.1. Overall good progress has been made on the indicators monitored in the first seven months of 2008/09.
- 7.2. Performance highlights include:
  - Thefts of motor vehicles have decreased since last year by 10%
  - Percentage of 16-18 year olds not in education, employment or training (NEETS) is low in September at 8%
  - Visits to the borough's sports centres, are ahead target with 800,000 visits so far this year
- 7.3. This report also highlights areas for focussed monitoring such as recycling and average relet times and sets out the agreed actions to bring performance in line with targets.

#### **8. Chief Financial Officer Comments**

The Chief Financial Officer comments as follows:

- 8.1. The overall revenue budget monitoring, based on the October position, shows that the general fund is forecast to overspend by £0.7m as shown in Appendix 2. This projected overspend is within 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.
- 8.2. 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.

8.3. In relation to the housing revenue account (HRA), the net revenue projection is to spend at budget. 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.

8.4. The aggregate capital projected position in 2008/09 is projected to underspend by £0.5m. The projected underspends are within Corporate Resources and Urban Environment. Reasons for this are detailed in the report.

## **9. Head of Legal Services Comments**

9.1. 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.

## **10. Head of Procurement Comments**

10.1. Not applicable

## **11. Equalities & Community Cohesion Comments**

11.1. Equalities are a central thread throughout the council's performance.

## **12. Consultation**

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

## **13. Service Financial Comments**

13.1. Not Applicable.

## **14. Use of appendices /Tables and photographs**

14.1. Appendix 1. October performance scorecard

14.2. Appendix 2. Financial tables

## **15. Local Government (Access to Information) Act 1985**

15.1. Budget management papers

15.2. Service PI returns including unit cost data

15.3. Council Plan

15.4. Business Plans

## **16. Background**

- 16.1 This is the regular monthly report covering Finance and Performance of the Council for the period April to October 2008, detailing the Council's performance against agreed targets. Financial and Performance information is based on the financial monitoring reports prepared for the budget and performance management review meetings for period 7.
- 16.2 Appendix 1 details performance against 72 monthly reported indicators 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
- 16.3 Appendix 2 shows the aggregate projected positions for revenue and capital, proposed budget changes (virements) for approval in accordance with financial regulations, and the RAG status of planned savings and planned investments.
- 16.4 The Comprehensive Area Assessment (CAA) will take account of our performance against all 198 National Indicators (NIs), however a significant number of the new national indicators lend themselves to quarterly or annual monitoring rather than monthly. These will be shown quarterly 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.

## **17. Use of Traffic Lights**

- 17.1 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
- 17.2 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.
- 17.3 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.

## **18. Achievements**

### **18.1 Priority 2. Creating a better Haringey: Cleaner, Greener and Safer**

18.1.1 Serious knife crime is down with 307 offences in the year to October compared with 369 offences in the same period last year.

18.1.2 Arson incidents are lower than target with 13 incidents in October and 168 in the year to date below the annual target of 478.

18.1.3 Unlike thefts from vehicles (see below paragraph 19.2.1) thefts of motor vehicles have decreased since last year by 10% to 682 in the year to date.

18.1.4 Serious road casualties are below target levels with 35 people seriously injured or killed on the roads of Haringey in the period January to May 2008 against a target of 102 for the calendar year.

18.1.5 Local street cleanliness is now reported 3 times a year using the independent Encams surveys rather than the monthly in house inspections. The first two results of the year give percentage of roads with unacceptable levels of litter as 9% and 10% against a target and 2007/08 outturn of 12%.

### **18.2 Priority 3. Encouraging lifetime well-being**

18.2.1 There is an on-going improvement in the percentage of 16-18 year olds not in education, employment or training (NEETS). In September the figure was 8% against the stretch target of 10.4%. The percentage of unknowns has risen to 32.4%.

18.2.2 Visits to the borough's sports centres, museums and libraries are all ahead of their respective targets with 800,000 visits to sports centres in the year to October, and equivalent to 9,612 and 227 visits per 1,000 population to libraries and the museum respectively. The targets are 767,000, 9,000 and 194.

### **18.3 Priority 4. Promoting independent living**

18.3.1 The number of older people admitted to residential or nursing care remains better than the target of 135 with the annual equivalent of 120 admissions in the year to date.

18.3.2 Direct payments continue to improve with the October position showing 225 per 1,000 head of population against a target of 190.

18.3.3 The percentage of carers' receiving an assessments is 22% against a target of 14%.

#### 18.4 Priority 5. **Delivering excellent services**

18.4.1 Member Enquiries responded to within timescale are meeting the 90% target for the year to October following a slow start to the year.

18.4.2 Complaints have also recovered with Stage twos showing 86% responded to within timescale, against an 85% target. 89% of Stage ones have been completed within timescale.. The 90% target will be met next month if the current monthly performance level of 93% is maintained.

18.4.3 Statements of special educational need issued within 26 weeks were 100% in October (82% target) with 85% of those including exemptions on time against a 70% target. The year to date figures show 83% and 79% respectively.

18.4.4 Invoice payments reached a year to date position of 91.45% paid within terms ahead of 91% target and up from 87% in 2007/08

### 19. **Areas for focus and actions taken to address these**

#### 19.1 Priority 1. **Making Haringey one of London's greenest boroughs**

19.1.1 Household waste recycling, performance remains below the 28% target following the new apportionment of waste categories by North London waste Authority (NLWA). New services to estates and improvements to bring-banks are being rolled out and an improvement in performance is expected.

#### 19.2 Priority 2. **Creating a better Haringey: Cleaner, Greener and Safer**

19.2.1 In the year to date thefts from motor vehicles have increased over the same period last year – 1,982 compared to 1,752. A poster campaign designed to encourage Haringey primary school pupils to help tackle this particular crime type is underway. The winning anti car crime poster will be placed on all parking meters in the borough. This poster will be shown in the local press and on-street advertising boards. This is a redesign of the previous DISPLAY AND PAY campaign and has the benefit of encouraging children to raise the topic with their parents, hoping to get to the message through of the risks of leaving valuables on display in vehicles.

#### 19.3 Priority 5. **Delivering excellent services**

19.3.1 Cost of recycling per tonne in the year to date is £185 against a target of £172. Performance for the year to date has been affected by two factors. Firstly, recycling tonnages have fallen, this fall is linked to reduced recycling apportionment from NLWA. Secondly, the method of apportioning household and non-household waste has changed and as a result of this change more waste is counted as household waste than was previously the case.

19.3.2 In October (P7) overall sundry debt increased by £8.2m to £21.26m compared to £13.07m at the end of Period 6, £5.5m of this increase is due to new invoices issued to Haringey PCT. Compared to period 6, aged debt has reduced by £268k to £5.53m, but is short of the monthly profiled target. In Urban Environment, the majority of the shortfall against the target relates to Homes for Haringey Leasehold debt, however it is predicted that the majority of this debt will be collected before the end of 2008/09.

## **20. Finance**

- 20.1 The overall revenue budget monitoring, based on the October position, shows that the general fund is forecast to overspend by £0.7m as shown in Appendix 2. There are also some budget pressures detailed below that services are seeking to contain within the approved budget limit.
- 20.2 In Adults, Culture and Community Services (ACC) the commissioning budget for adult social care has a budget pressure of £0.5m. The improved position compared to last month results from further scrutiny and tight monitoring of Learning Disabilities projections. There are 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. The pressure of £0.5m is to be contained by tighter management of ACC supplies and services budgets; resulting in a balanced position for the Directorate. In recreation a six month rescue package of £0.1m for Wolves Lane has been agreed and is to be funded from existing resources.
- 20.3 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.
- 20.4 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.
- 20.5 In Urban Environment the projected parking income shortfall is £0.6m compared to £0.8m last month. This revised projection takes account of improved performance for the last four months. Overall this is offset by other savings in the department.
- 20.6 A review of the parking service has recently been completed and includes 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.

- 20.7 In relation to the HRA, the net revenue projection is to spend at budget and this is £0.2m 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.
- 20.8 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. 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 however the overspend is seen as being off-set by the projected underspend in Non Service Revenue outlined in paragraph 2.11 below. 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. There is also a new budget pressure in Customer Services relating to the costs of implementing a restructure associated with achieving the savings target for this year. IT is forecast to underspend by year end which is planned to offset this cost, however further work is required to understand any potential impact on service delivery.
- 20.9 PPC is projected to underspend by £0.1m and other directorates are projected to spend at budget.
- 20.10 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.
- 20.11 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.
- 20.12 The RAG status of savings and investments is also shown in Appendix 2. Planned savings classified as red are in respect of the commissioning budget for looked after children; paragraph 20.3 refers.

### **Treasury Management**

- 20.13 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. In addition an external independent review of treasury management is in progress and the outcome will be reported once completed.

- 20.14 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.
- 20.15 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.
- 20.16 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.
- 20.17 The Local Government Finance Settlement for 2009/10 explains that the government will make a regulation which will, exceptionally, allow local authorities with funds invested in Icelandic banks to postpone the impact of the impairments required by accounting practice, from 2008/09 to 2010/11, by which time the position regarding 'frozen' funds should have been resolved. This means that there will be no charge to the Council's accounts for possible losses related to the Icelandic investments in the current financial year.

## **Capital**

- 20.18 The aggregate capital projected position in 2008/09 is as shown in Appendix 2 and is projected to underspend by £0.5m. This is in respect of the projects outlined in the following paragraphs.
- 20.19 In Urban Environment the Mortuary project has a budget pressure of £0.5m due to a number of factors including additional construction 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. The new mortuary is of a sufficient standard to undertake forensic post-mortems on behalf of the metropolitan police. The service is in discussion with the Forensic Branch to ascertain whether they can provide funding support to the project. A proposal is being considered to meet the budget pressure from the GAF III programme bid, a decision on which is expected in December 2008, a contribution from planned revenue underspends in view of the improving financial position for parking as indicated in paragraph 20.5 and any relevant underspends against this year's capital budget.

- 20.20 Additionally 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.
- 20.21 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.
- 20.22 In Corporate Resources the ICT capital programme is currently underspending by £0.4m mainly as a result of a re-evaluation of the likely investment in SAP for employee and managers' self service.
- 20.23 Proposed budget changes (virements) are set out in Appendix 2 for approval in accordance with financial regulations.