

Agenda item:

<b>Cabinet</b>	<b>12 October 2010</b>
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Report Title. <b>The Council's Performance: August 2010 (Period 5)</b>	
Report of <b>The Chief Executive and the Director of Corporate Resources</b>	
Signed :	
Contact Officer : <b>Margaret Gallagher – Performance Manager</b> <b>Eve Pelekanos – Head of Policy &amp; Performance</b> <b>Telephone 020 8489 2971/2508</b> <b>Kevin Bartle – Lead Finance Officer</b> <b>Telephone 020 8489 5972</b>	
Wards(s) affected: <b>All</b>	Report for: <b>Key Decision</b>
<b>1. Purpose of the report (That is, the decision required)</b> 1.1.To report on an exception basis financial and performance information for the year to August 2010. 1.2.To agree the budget virements set out in this report in accordance with financial regulations. 1.3.To agree the recommendations set out in paragraph 4.	

## **2. Introduction by Cabinet Member for Performance Management (Cllr Claire Kober)**

2.1. I was pleased to further reductions in the number of NEETs in Haringey. Given the wider economic climate faced in Haringey it will be important to see this progress continue. Progress reported with regard to recycling and street cleanliness is also welcome given the investment we have made as a Council in these areas. It is disappointing to see though that although benefit claims are down to 28 days this remains significantly higher than the London average of around 12 days. I will be speaking with colleagues in the coming weeks to see what radical action can be taken to remedy this poor performance. It is also disappointing to see the average re-let time of local authority housing remaining so high and above target.

## **Introduction by Cabinet Member for Finance & Sustainability (Cllr Joe Goldberg)**

2.2. I draw attention to section 16 and to Appendix 2 of the report and in particular to note the decrease to the reported revenue over spend this period. Colleagues will be aware that work had already begun earlier in the year to take action to deal with the notified grant reductions and to mitigate against the existing pressures arising from higher demand for services within safeguarding and homelessness.

2.3.2.3 Last period I reported on the further actions put in place by the Chief Executive and Section 151 Officer to bring the overall budgets back in line, such as a council wide recruitment freeze; severe limitations on spend approvals and the creation of directorate level contingencies. Given the reduced forecast overspend it appears that this action is having some limited effect however, the pressure needs to be maintained to find further savings and challenge every item of expenditure.

2.4. I ask that colleagues support Directors both in the work they are undertaking to remain within budget this financial year as well as the budget preparations for 2011/12 and beyond.

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

3.1 This report sets out performance against a number of indicators that measure progress against the Council priorities and the Local Area Agreement targets.

## **4 Recommendations**

4.1 To consider the report and the progress being made against the Council's priorities.

4.2 To agree the budget changes (virements) set out in Appendix 2.

4.3 To require Directors to take necessary action to bring current year spending to

within their approved budget.

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

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

5.2 To ensure that Members are kept informed about service and financial performance against the priorities and targets set.

## **6 Summary (Performance)**

6.1 Paragraph 15 and Appendix 1 of this report provide a summary of performance for this reporting period. Of the 37 key service indicators monitored 25 have improved since 09/10, 3 are roughly the same, 5 are worse with no comparison possible for 4 indicators.

6.2 Some areas where targets are being met or where there has been an improvement are highlighted below:

- Continued good performance on adult social care clients receiving self directed support.
- Progress on children's social care assessments is being made whilst keeping the quality on an improvement trajectory. The recent Ofsted unannounced inspection found performance management arrangements and case auditing to be a strength.
- Call centre telephone answering indicators continue to show improvement over time and the target was exceeded in August.
- There has been a 13.6% reduction in acquisitive crime compared with the same period last year.
- Recycling and cleanliness targets continue to be exceeded.

6.3 Areas where targets are not being met include:

- Performance on the timely completion of core assessments for children's social care has reduced over the past few months and they remain below average. The recent Ofsted unannounced inspection found that assessments are undertaken in a timely and focused manner under clear management direction.
- 15.7% of looked after children have had 3 or more placements, higher than average although performance on placements lasting 2 years or more is slightly better than average for London.
- The average time for processing new benefit claims and change events remains comparatively high at 28 days. The service remains dedicated to ensure that demonstrable month on month improvement continues, through the implementation of the action plan.
- Average re-let times for local authority dwellings increased in August to 46 days

significantly higher than the target of 25 days.

- Households in temporary accommodation continue to reduce but not at the targeted level.

## **7 Chief Financial Officer Comments**

7.1 The overall general fund revenue budget, based on the August position stands at a projected £8.5m above budget, a decrease of £0.7m since last period. The actions to restrict expenditure put in place since July are beginning to take effect in particular a top slicing of supplies and services budgets. Section 16 provides more details of the actions that have been put in place to bring the forecast over spend down and also sets out the detail of where the pressures are and how this forecast has been derived. The underlying causes of the forecast over spend remain the high level of service demand particularly within Children and Young Peoples Services (CYPS) along with the increased financial liability due to changes in Housing Benefit Subsidy rules.

7.2 As stressed last period, the forecast level of overspend is extremely serious and if not addressed would utilise most of the council's general fund general reserve. The council is also expecting and preparing for significant reductions in funding from government grants in future years as well as in-year reductions in grant. It is imperative that there is no significant overspend in 2010/11 in advance of the tight budget position expected in years to come. The reduction in the forecast overspend is to be welcomed but there should be no let up in effort to bring the budget in on target by the year-end.

7.3 The Council's Non-Service Revenue (NSR) budget had a £1.0m general contingency built in for 2010/11 as part of the budget planning process. This is now being held uncommitted thus contributing a year end under spend of £1.0m to help offset the significant service pressures being experienced.

7.4 The dedicated schools budget (DSB) element of the overall Children & Young People's (CYP) Service budget is projected to spend at budget.

7.5 The forecast revenue over spend within the Housing Revenue Account (HRA) has reduced to £0.7m from an over spend of £0.8m reported last period and is due to budget pressures within the building services section of the company accounts.

7.6 The projected capital year end variance, based on the August position, is an underspend of £1.4m compared to the £1.0m underspend reported last period. The detail is set out in section 16.

## **8 Head of Legal Services Comments**

8.1 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.

## **9 Equalities & Community Cohesion Comments**

9.1 Equalities are a central thread throughout the Council's performance and many of the indicators have equalities implications. Equality impact is considered alongside performance by services.

9.2 This report deals with the way that we manage service outcomes and projects many of which have an impact on different sections of our community. Successful delivery of these projects will improve the services we provide to all sections of our community.

## **10 Consultation**

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

10.2 The Council consults widely on its budget proposals with residents, businesses, service users and other interested parties.

## **11 Use of appendices /Tables and photographs**

11.1 Appendix 1. August performance for top service outcomes

11.2 Appendix 2. Financial tables

## **12 Local Government (Access to Information) Act 1985**

12.1 Budget management papers and HR metrics

12.2 Service PI returns

12.3 Business Plans

## **13. Background**

13.1 This is the August report for 2010/11, covering the period April 2010 to the end of August, detailing the Council's performance against agreed targets for 2010/11. Financial and performance information is based on the financial monitoring reports prepared for the budget and performance review meetings for period 5.

13.2 Appendix 1 details performance against monthly reported indicators.

13.3 We have revised our approach to performance reporting so that we focus on a smaller number of indicators (37) that reflect the council's priorities. Twenty Seven

indicators measure service outcomes and the remaining ten are perception measures from the Residents' Survey.

- 13.4 In addition to progress against the 37 measures the following will be reported throughout the year:
- exceptional performance issues
  - financial performance
  - quarterly performance relating to projects and programmes
  - updated survey information or educational attainment results as they become available
- 13.5 Appendix 2 shows the aggregate projected positions for revenue and capital, proposed budget changes (virements) for approval in accordance with financial regulations, and the Red, Amber Green (RAG) status of planned savings and planned investments.

## **14. Use of Traffic Lights**

- 14.1 Progress on performance indicators continues to be tracked on a monthly and year to date position against the 2010/11 target using a traffic light annotation.
- 14.2 Appendix 1 is a summary of the top performance Indicators (PIs) showing performance for 2009/10 and the year to date position for 2010/11 including some comparative benchmarking information and the RAG status against target where:

<input checked="" type="checkbox"/>	Green: On target
<input type="checkbox"/>	Amber: Just below target
<input type="checkbox"/>	Red: Target not achieved
<input type="checkbox"/>	Missing data or target not set

- 14.3 A direction of travel is also shown which compares the current year to date performance with the 2009/10 outturn. This enables the reader to make judgements about whether performance is improving over time as well as assessing performance against the target set.

## **15. Performance Highlights**

### **Performance highlights in terms of service outcomes for August are as follows:**

- 15.1 18.8% of adult social care clients are receiving self directed support – this is higher than the target of 12.5% for this period and significantly higher than the 09/10 London average of 13.4%.
- 15.2 Continued improved performance on delayed transfers of care with an average 7.4 delays per week per 100,000 population exceeding the target of 11. The improvement in performance means that Haringey's delayed transfers of care are now in line with the average for London. This performance continues despite and increased demand i.e. a reduced average length of stay in hospitals and an increased number of older people requiring adult social care and significant pressure on the adult commissioning budget.
- 15.3 Parks cleanliness improved in August with only 3% of parks and open spaces with unacceptable levels of litter.
- 15.4 47.08% of council tax due in the year to August was collected exceeding the profiled target of 45.65% and up 1.4% on this time last year.
- 15.5 46,639 invoices have been processed in the year to August with 92.17% paid within 30 days exceeding the 90% target.
- 15.6 In August 96% of calls presented to the call centre were answered and 73% were answered within 30 seconds. This continues the improved levels of performance and remains ahead of the 70% target for the second month this year.
- 15.7 94% of Stage 1 complaints were dealt with in the target timescale in August, continued good performance, exceeding the target for the month.
- 15.8 There were 244 or 7.5% of young people Not in Education, Employment or Training (NEET) at August 2010 compared with 8.4% last August. This is comfortably below the 8.9% target set for 2010/11.
- 15.9 27.7% of household waste was sent for reuse, recycling and composting in the year to August exceeding the 27% local target set for 2010/11.
- 15.10 In August just 1% of streets were recorded as having unacceptable levels of litter, better than the 10% target.
- 15.11 Improvement in dealing with acquisitive crime has continued into 2010/11 and the second quarter of this year. There have been 2,978 offences of this nature in the year to the end of August, a 13.6% reduction when compared with the same period last year.

**Areas where targets are not currently being met include:**

- 15.12 8.6% of carers received a needs assessment or review and a service in the year to August but this has now fallen below the profiled target of 9.7% for this point in the year. The service feel that the position is recoverable and as this is a cumulative measure, the end of year target of 23.2% should still be met.
- 15.13 At the end of August, the average time taken to process new benefits claims and change events is 29 days against a target of 17 days. The performance is improving month on month against a backdrop of increased demand and the in-month performance in September is being projected at 25 days. This has been achieved by working with DWP as a partner to improve the current process and using technology to ensure claiming benefits is made easier for customers. The original backlog that contributed to the target not being achieved has now been cleared. In-month processing from October and thereafter will see improvements and it is expected that the annual target of 17 days will be achieved within the month of February. Although in-month processing improvements are being continuously made it is unlikely that the year to date target will be achieved for 2010/11, due to the original backlog.
- 15.14 At the end of August 65.7% of initial assessments were carried out in 10 working days against the target of 70%. The percentage of core assessments completed in timescale reduced to 48.4% in August, the year to date position is 56.1% against a 70% target. These performance levels are below average for London but progress is being made and there is an improving trajectory as well as a continued focus on the quality of assessments.
- 15.15 In the twelve months to the end of August 15.7% of looked after children have had 3 or more placements, 31 children in the period April to August 2010. This is higher than average and places Haringey's performance below that of statistical neighbours. It is important to look at this alongside the length of placements and Haringey's performance of looked after children in the same placement for at least 2 years (68.6%) is better than average.
- 15.16 The number of working days lost to sickness is 9.21 in the rolling year to August against a target of 8.5 days for 2010/11.
- 15.17 The number of households in temporary accommodation stands at 3,370 against a profiled target of 3,152. This is a reduction of 177 since the end of last financial year but short of the profiled target. Work continues to reduce the numbers in temporary accommodation but there have been particular problems in the last quarter in securing alternative supply in the private sector.
- 15.18 The average re-let time for local authority dwellings increased in August to 46.1 days, for the year to date it is 42.5 days remaining above the 25 day target. Homes for Haringey have been asked to provide a report detailing the work being done to improve re-let times in the autumn.

**16. Finance**



- 16.1 The overall general fund revenue budget monitoring, based on the August data, shows an over spend of £8.5m; a decrease of £0.7m over last period. In response to the significant over spend being reported, the Chief Executive and Section 151 Officer took action in July to mitigate against the forecast pressures. These included a council wide recruitment freeze; severe limitations on spend approvals; suspension of the use of purchase cards and the creation of directorate level contingencies created from top – slicing supplies and services budgets. The impact of these measures is now beginning to show as illustrated by the £0.7m reduction in the year-end forecast. Pressure must continue on cost containment as the underlying causes of the forecast over spend – high demand in CYPS and changes to Housing Benefit Subsidy – have not significantly reduced. A new schedule of fixed rates for agency staff has been introduced this period aiming to standardise rates paid for each job type. It is forecast that this should deliver real savings by the end of the financial year.
- 16.2 Adults are continuing to experience increasing client numbers, but are mitigating much of this pressure with a vacancy factor against all non-statutory positions resulting in a year end overspend forecast of £0.2m. Within Recreation the main pressure remains a declining income with projected shortfalls of £0.4m in the Bereavement Service and Finsbury Park concert income along with sponsorship income short by £0.3m. Actions have been taken to contain a number of other pressures within the service to date and this position may reduce further in coming months. The net position for ACCS this period is £0.5m.
- 16.3 It is concerning that, in the Children and Young People's Service, the current year end forecast overspend remains at £7.5m even after allowing for management action, including the maximisation of grant funding. A further detailed review of spending within the directorate will be undertaken in October with a view to identifying additional areas where spending can be reduced. The key areas of service pressure are outlined below.
- 16.4 The underlying cost pressure in Children's Services is around £11m which has been offset by management actions amounting to £3.5m. The main area of pressure continues to be the number of Looked after Children (LAC) and their associated costs.
- 16.5 There has been a small reduction in the number of Children in Care during the month from 576 (July) to 565, although in overall terms numbers remain high and significantly above levels even a year ago (467 in August 2009). The estimated overspend on placements budgets amounts to £3.7m. In addition to which out borough independent school placements are estimating a £0.6m overspend which has, however, been contained through the application of resources within the Dedicated Schools Grant.
- 16.6 Staffing costs in the key safeguarding areas within Children and Families (First Response and Safeguarding and Support) are projecting an overspend of £1.874m together with a further £1.027m in Children in Care, Leaving Care and the Contact

Service. Primarily this is due to additional Social Worker staff necessary to deal with the increased number of Children in Care, although this also reflects the fact that significant numbers of agency staff, whose costs are generally higher than permanent staff, have been used. In addition, the costs of providing legal advice and support to the service is resulting in a forecast overspend of £1.301m.

- 16.7 Families that have No Recourse to Public Funds (NRPF) are a major area of overspend for the Council. No government grant resources are available for this group and so the total estimated costs of providing housing and subsistence costs (estimated at £1.214m) represents an overspend.
- 16.8 In managing the above pressures in Children and Families, action has been taken to maximise grant income and generate savings in other parts of the Directorate for example the Participation service; these compensating actions reduce the net overspend position within the Directorate to £7.5m.
- 16.9 The Urban Environment directorate is showing an increased year end overspend of £0.5m this period to £2.3m. Pressures within the Frontline Services business unit, particularly around a shortfall in parking income, are being managed as far as possible through management action such as freezing vacant positions and strict control on non-essential spend. The significant budget pressure however, remains within Strategic and Community Housing which is forecasting an increased overspend compared to last period. Strategic and Community Housing have been working to an agreed action plan to address the known financial liability due to changes in Housing Benefit Subsidy rules. This is comprised of three broad areas, which are outlined in more detail below, however the original plans have been compromised by more recent rule changes announced by Government thus creating the on-going in year overspend.
- 16.10 The first area continues to reduce the cost of Private Sector Leasing (PSL) and Emergency Accommodation by negotiating with private landlords to reduce the rent on leased properties that were costing the Council more than it was receiving in housing subsidy. Some success has been achieved here, with around £0.3m of savings having been identified and further work is being carried out with the remaining PSL portfolio to reduce costs further.
- 16.11 The second area involves working with Registered Providers (Housing Associations) with a view to them taking on a proportion of the Council's portfolio of leased properties and acquiring new and cheaper units of leased accommodation as a replacement for the expensive PSL units that the Council needs to hand back. However, the feasibility of transfer has been adversely affected by the government's recent announcement that, from April 2011, housing associations will be subject to the same housing subsidy arrangements (for TA) as local authorities.
- 16.12 The third area was around continuing to work with customers in order to manage expectations and explore other housing options, including the private sector. To date some progress has been made in securing alternative accommodation in the

private sector to prevent households going into temporary accommodation, however prevailing market conditions have meant that the amount of expected supply has not been forthcoming as suppliers appear to be looking to alternative markets and avenues which in some cases includes working with other London Boroughs. The DWP has also announced that, with effect from April 2011, it will apply further 'caps' to the Local Housing Allowance rates, which is expected to make private sector lettings unsustainable for households that are in receipt of Housing Benefit in a significant number of Central London Boroughs, leading to further outward migration to Haringey.

- 16.13 The forecast overspend in the HRA budget has fallen by £0.1m since last period and now stands at £0.7m. The pressure relates to continued high demand for boiler replacement and a projected shortfall in the DLO account. A restructure of the DLO is in progress and Homes for Haringey have been asked to bring forward savings from later years in order to offset the budget pressure in 2010-11.
- 16.14 The Corporate Resources year end forecast is now an under spend of £0.4m. The change is directly in response to the agreed restrictions on non-essential spend, top-slicing supplies and services and holding staff vacancies. On-going high demand for services within Benefits and Local Taxation remains which is demanding additional resource. Work is underway to mitigate against this in the longer term through more efficient processes and increased integration with Customer services to ensure repeat interactions are minimised, however, in the interim savings from the rest of the Directorate are forecast to compensate.
- 16.15 The three Chief Executive directorates (Policy, Performance, Partnerships & Communications (PPP&C), People & Organisational Development (POD) and the Chief Executives (CE)) are now projecting a combined under spend of £0.4m at year end. Again this is in direct response to the directive from the Chief Executive and S151 officer on ceasing non-essential spend and it is hoped that further under spends can be found following further challenge to maximising the use of grant income.
- 16.16 The year end forecast for Non-service revenue (NSR), which largely consists of budgets for levies and contingencies, is maintaining an under spend of £1.0m. This is based on the assumption that the £1.0m general contingency built into the 2010/11 budget will remain uncommitted. The Council increased the base revenue contribution to the Alexandra Palace Park and Trust as part of the 2010/11 financial planning process, however given the over spend of £0.6m last financial year this needs to be closely monitored. Furthermore, as reported last period, there is also a risk of an increased shortfall in income due to the delays to the re-opening of the ice rink; this is currently forecast at £0.118m however, the position that will be reported to the Board meeting on the 14<sup>th</sup> October could amend this. The monitoring reports for the Haringey Forward planned 2010/11 savings continue to show an in-year shortfall. Discussions have taken place on potential action to address this and ensure delivery; however this will need to be carefully monitored.

- 16.17 The RAG status of agreed 2010/11 revenue savings and investments is shown in Appendix 2.

### **Treasury Management**

- 16.18 The Treasury Management activity in the first five months of 2010/11 was compliant with the Treasury Management Strategy Statement agreed in February 2010. The investments continued to be restricted to the Debt Management Office, UK institutions and AAA rated money market funds. Elsewhere on this agenda is a proposal to extend the use of money market funds which will increase capacity whilst ensuring the level of security of the portfolio is not compromised. The average balance invested during the period was £52.8m and the average long term credit rating of the portfolio remained at AA-.
- 16.19 £50m of long term borrowing matures during 2010/11 and £20m of new borrowing was taken on 31st August as a starting point to refinancing this. Rates have been rising since this new borrowing was taken. The Council's treasury management advisers continue to monitor interest rate movements closely, alongside officers' monitoring of the cash position, to ensure that further borrowing is taken at an optimal.

### **Capital**

- 16.20 The aggregate capital programme position for 2010/11 is as shown in Appendix 2 and at Period 5 is forecasting an underspend of £1.4m, an increase from the £1.0m underspend reported in Period 4. The detail is set out by Directorate in the following paragraphs.
- 16.21 The Adults, Culture and Community Services capital programme is currently projecting full spend with the exception of the Coombs Croft Library project which is currently projecting an over spend of £0.1m due to higher than forecast construction and professional fees. The current expectation is that the gap will be met from other parts of the ACCS capital programme. As reported last period, the outcome of the in year review of the ACCS capital programme has been to prioritise the planned work at Park Road Leisure centre by redirecting some in year funding from other recreation schemes.
- 16.22 The Urban Environment general fund capital programme is currently forecasting an under spend of £2.1m this financial year. This is largely in relation to 2 projects which are not expected to proceed significantly in 2010-11; the re-provision of the recycling centre at Cranford Way and the Marsh Lane project the later which is on hold until the options to fill the funding gap are reviewed and the integrated waste management contractor is appointed in Oct/Nov 2010. Within the HRA capital programme, the forecast in year over spend of £1.2m against the Decent Homes programme is now expected to be contained however a £0.3m over spend across the remaining HRA programme is now forecast mainly around the boiler

replacement programme as well as voids requiring structural works to bring them back into habitable condition.

- 16.23 There is currently no forecast variance within the Corporate Resources capital programme, however a review of the scope of the current smart working programme is being undertaken in response to the forecast challenging revenue funding position both in year and beyond; this is likely to lead to a reduction in the in year capital expenditure within the Accommodation Strategy programme. For Hornsey Town Hall there will be a need to review the spend profile of the project based on the latest project plan. this is likely to highlight slippage against the current cost profile. Revised forecasts of in year spend should be available for next period.
- 16.24 Within Children's Services the BSF programme as at period 5 of the 2010/11 financial year is forecast to spend to full budget in 2010/11.
- 16.25 As reported last period, the in year review of the non-BSF Children's Capital Programme aimed to protect as far as possible those programmes supporting Haringey's statutory obligation to make sufficient provision of additional primary school places particularly as forecast increases in new place requirements have not reduced. Key projects already significantly advanced will continue such as Rhodes Avenue, Coleridge and the Broadwater Farm Inclusive Learning Campus with reductions to contingency and delays to less developed projects. Budgets have been revised to reflect the revised position. At period 5 a small in year over spend against the Primary and pre-school projects is being forecast although no overall project variances are expected and the funding can be met by temporarily using grants as yet unapplied.
- 16.26 The general target level of in year receipts from asset disposals is £2m however, current forecasts are that this is likely to be exceeded due to identification of additional properties considered surplus to requirements and now recommended for disposal in this financial year and actions to bring forward some disposals planned for 2011/12 to 2010/11. The disposals programme continues to be reviewed both to update the position for 2010/11 and to produce forecasts for the next three years.

#### **Virements**

- 16.27 The virements proposed in this period are listed in Appendix 2 in accordance with financial regulations.