

Haringey Council

Agenda item:

CABINET

21 December 2010

Report Title. **The Council's Performance: October 2010 (Period 7)**

Report of **The Chief Executive and the Director of Corporate Resources**

Signed :

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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 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 am pleased to see that we are continuing to meet our targets on cleanliness and recycling. Although still below target I am encouraged by the improvements in processing benefit claims, it is important that this trend continues in the coming weeks. The further improvements in adult social care clients receiving self directed support and on delayed transfers of care are both excellent news which I am sure all Cabinet members will join me in welcoming. Clearly the dip in performance in core assessments being completed on time is worrying and performance in this areas must improve. Given the wider housing pressures in the borough it is critical that we see improvements to average re-let times for local authority dwellings in the coming months – this performance must be addressed.

2.2. Introduction by Cabinet Member for Finance & Sustainability (Cllr Joe Goldberg)

2.3. I draw attention to section 16 and to Appendix 2 of the report and in particular to note the decrease to the forecast revenue over spend this period. Although the pressures from high service demand within safeguarding and homelessness continue, it is positive that this month the main reduction in the forecast overspend has been against direct service expenditure.

2.4. There must be no let up in the efforts to restrict spending over the last few periods of this year to ensure that we do not add the pressure of a significant over spend to the challenges facing us in setting a balanced budget for 2011/12 and beyond.

2.5. I ask that colleagues continue to support Directors both with in-year restrictions but also in formulating strategies for 2011/12.

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, where possible, to take necessary action to bring current year spending to within their approved budget.

4.4 To re-classify the risk reserve as a transition reserve and utilize for redundancy costs as set out in paragraphs 16.25 – 16.27.

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 24 have improved since 09/10, 3 are roughly the same, 6 are worse with no comparison possible for 4 indicators.

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

6.2 Provisional attainment results for 2010 at Key stage 2 continue to show progress and a closing of the gap with the national average. GCSE results have also improved with 47.5% achieving 5 or more A*-C grades including English and Maths.

6.3 At the end of September 24.65% of homes were classed as non-decent, an improvement from the 09/10 outturn of 27.5% and well on track to achieve the 21% target by the end of the financial year.

6.4 Improved performance on the timely completion of children's social care initial assessment, exceeding the 70% target for the second time this year.

6.5 Performance on processing benefit claims improved to 22 days in October, just 5 days short of the 17 day target. On-going improvement is due to increased productivity and further streamlining to working practices.

6.6 The number of most serious violent crimes has reduced by 29.6% compared with the same period last year although improvement has slowed in some types of crime.

6.7 Recycling and cleanliness targets continue to be exceeded.

6.8 Continued good performance on adult social care clients receiving self directed support and further improvement on delayed transfers of care, both exceeding targets set and Haringey's performance on delayed discharges is now amongst the best in London.

Areas where targets are not being met include:

6.9 Children's core assessments completed on time fell to 52.9% in October, below the 70% target.

6.10 The proportion of looked after children who have had 3 or more placements is rising at 16.47%.

6.11 Average re-let times for local authority dwellings reduced again in October to 32.5 days but remain above the target of 25 days.

6.12 A reduction of 20 households in temporary accommodation since last month but

327 more than the profiled target.

7 Chief Financial Officer Comments

7.1 The overall general fund revenue budget, based on the October position, stands at a projected £4.0m above budget, a decrease of £2.0m since last period. The actions to restrict expenditure in place since July continue and Directors are now reviewing uncommitted grant funding to see whether further savings can be identified. The underlying causes of the forecast over spend remain, namely 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 highlighted in previous reports, although there has been some positive reduction in the forecast service outturn position, given that the council is currently planning for very significant reductions in funding from government as confirmed in the Spending Review announced on 20th October, it remains 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 reported this period, all relates to either reductions in service expenditure or improvements in forecast income against budget specifically in relation to parking. These are certainly positive however there must 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 is maintaining a forecast year end underspend of £3.0m. This is made up of a £1.0m uncommitted general contingency plus the additional £2.0m under spend reported last period as a result of the use of internal cash balances instead of external borrowing which will reduce debt repayments this year.

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 outturn for the Housing Revenue Account (HRA) has improved significantly this period and now forecasts a net under spend of £0.3m, a movement of £0.6m compared to the £0.3m over spend reported in P6. Section 16 provides further detail.

7.6 The projected capital year end variance, based on the October position, is an underspend of £9.4m compared to the £1.8m 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. October 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 October report for 2010/11, covering the period April 2010 to the end of October, 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 7.

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:

| | |
|---|--------------------------------|
| ☑ | Green: On target |
| △ | Amber: Just below target |
| ● | Red: Target not achieved |
| ? | Missing data or target not set |

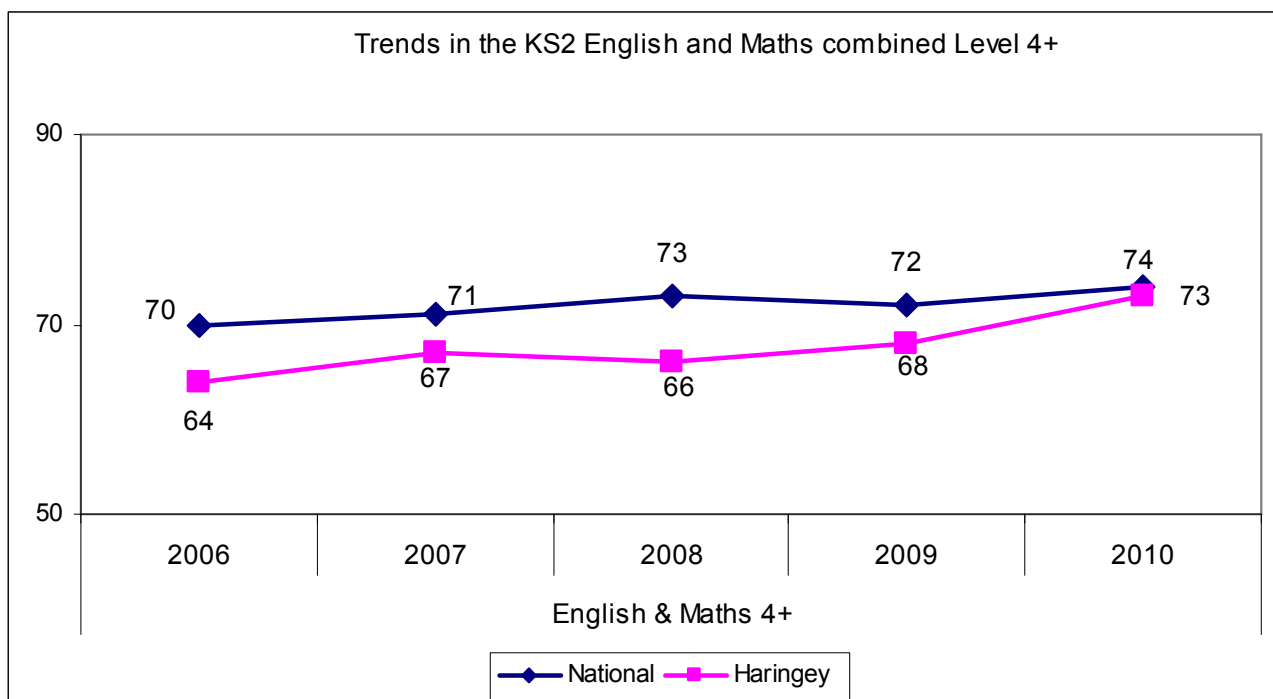
- 14.3 A direction of travel is also shown which compares the current year to date performance with the 2009/10 outturn. This enables the reader to make judgements about whether performance is improving over time as well as assessing performance against the target set.

15. Performance Highlights

Performance highlights in terms of service outcomes for October are as follows:

- 15.1 24.6% of adult social care clients are receiving self directed support – this is higher than the target of 17.5% for this period. In 2009/10 we had over 200 clients receiving self directed support.
- 15.2 Continued improved performance on delayed transfers of care with an average 6.3 delays per week per 100,000 population exceeding the target of 11. Whilst performance now is amongst the best in London as delayed discharges have significantly reduced in Haringey, such strong performance could be impacted upon following the proposed budget reductions announced by NHS Haringey on 18th November 2010.

- 15.3 There has been a significant improvement in call centre telephone calls answered in 30 seconds, 87% in October, the best performance of the year so far and exceeding the 70% target for the third time this year.
- 15.4 2010 Key Stage 2 assessment in Haringey was affected by the national test boycott. The DFE has published the overall Haringey test results (based on the 20 schools, out of 57, that did the tests). DFE test analysis gives a combined English and maths level 4+ result of 73% (up from 68% in 2009), national results improved by 2% to 74. Since 2006 results in Haringey have improved by 9% compared to a national improvement of 4%.



- 15.5 GCSE results in Haringey have also improved by 1.8% to 47.5% of students achieving 5 or more GCSEs A*- C including English and maths. National results improved by 3.3% to 53.1%. Since 2005 results in Haringey have improved by 15.7% compared to a national improvement of 8.8%.
- 15.6 6.8% of children ceasing to be the subject of a child protection plan in the year to October have been the subject of a child protection plan lasting 2 years or more. This has reduced significantly from 16.9% in 2009/10 and is currently within the target range and in line with the average for London.
- 15.7 In October 73.8% of children's social care initial assessments were carried out in 10 working days exceeding the target for the second time this year, the year to date position is 67.2%.
- 15.8 The Decent Homes Programme has moved into its third year and the level of non-decency continues to reduce. At the end of September 24.65% of homes were classed as non-decent and in quarter 2 there was a rise in the decent home units

completed against the number programmed. Homes for Haringey have targeted non-decent homes to reduce to 21% by March 2011.

- 15.9 In addition to the continuing reduction in households in temporary accommodation, since April the service has helped prevent nearly 500 households from becoming homeless.
- 15.10 Reuse, recycling and composting of household waste was 28.21% in the year to October exceeding the 27% local target set for 2010/11.
- 15.11 In October 3% of streets were recorded as having unacceptable levels of litter, better than the 10% target.
- 15.12 There have been an average 8.97 days sickness absence in the rolling year and whilst the trend is reducing, the level remains slightly above the target. Management actions to control sickness absence have been identified and are being monitored and realistic targets have been set for each business unit to achieve the overall stretching 8.5 days target.
- 15.13 Improvement in dealing with acquisitive crime has continued into 2010/11. There have been 4,057 offences of this nature in the year to the end of October, a 9.8% reduction when compared with the same period last year.
- 15.14 There have been 207 serious violent crimes in the period April to October, 29.6% fewer when compared with the same period last year and exceeding the 4% reduction target.
- 15.15 Whilst still on target the trend suggests that robbery and thefts of motor vehicles could show an increase in future months. The worsening trend is likely to be caused by reduced operational capacity of the police force and partners. Funding for seasonal crime prevention campaigns has been withdrawn. The police and partners are monitoring the situation and responding through the Tactical Tasking and Coordination group and the Haringey Officers Tasking Group. Each Safer Neighbourhood Team has been given a ward profile showing which crimes are an issue in the ward and where/when, giving them the ability to prioritise and tackle specific issues.
- 15.16 In the year April to October 1130 public complaints (stage 1) have been received across the council and 91% of these have been dealt with in the 10 day timescale, slightly short of the 93% target. In the same period 641 Wows/ compliments have been received with 346 in Corporate Resources and 202 in Adults, Culture and Community Services.

Areas where targets are not currently being met include:

- 15.17 Of council tax due in the year to October 64.18% was collected falling short of the profiled target of 66% although still up 1.33% on this time last year. A council tax collection plan is in place that will target large debts where the taxpayer is a homeowner, continue to promote direct debit, increase the use of attachment of earnings

and benefits and working with customer services to ensure customer handling is effective and monies are secured quickly.

- 15.18 At the end of October, the average time taken to process new claims and change events is 27 days for the year to date (22 days in October) against a 17 day target. An improved level of performance has been sustained for the past few months and the backlog of claims awaiting information from claimants has been cleared. Latest statistics published by the DWP show that Haringey have experienced the fourth highest caseload increase in London over the last year (6.55%). Despite this increased demand on the service and a reduction in temporary staff, the improvements in performance against the indicator are expected to continue. Work that has contributed to this improved performance includes; a new streamlined claims verification policy, a review of letters sent to claimants that has reduced contact to Customer Services, increased productivity and in partnership with the DWP a review of processes.
- 15.19 The proportion of looked after children who have had 3 or more placements is rising at 16.47% in the twelve months to the end of October, above the target 10%. This equates to 54 children who have had 3 or more moves (8.8%) in the period April to October 2010.
- 15.20 The number of households in temporary accommodation stands at 3,321, a reduction of 20 since last month but short of the profiled target of 2,994. The situation with securing alternative supply in the Private Sector has not improved as Landlords continue to look at alternative markets and options. Further work is being done with suppliers to establish what will prompt them to increase supply.
- 15.21 The average re-let time for local authority dwellings reduced again in October to 32.5 days, for the year to date it is 39.9 days. Homes for Haringey are primarily responsible for the repairs part of the process and this has seen a significant improvement in performance over the last twelve months. The trend continues to improve on voids overall (54.4 days in October 2009) but the 25 day target has not been achieved in any month this year or last.

16. Finance

- 16.1 The overall general fund revenue budget monitoring, based on the October data, shows an over spend of £4.0m; a decrease of £2.0m since last period. During this period there has been some positive changes in the forecast year-end outturn position notably within Urban Environment (UE) and Adults, Culture and Community (ACCS). The background to the reductions is set out in the following paragraphs. However, pressures remain in CYPS, caused by higher than budgeted for client numbers and in UE due to the impact of the changes to Housing Benefit Subsidy; neither of which have significantly reduced this period. The recent directive to cease all un-committed expenditure on grant, particularly ABG, may yield some further savings before year-end however some of this has already been

assumed in the figures currently reported and the time required to exit contracts may not produce any further significant savings this 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. During the year a number of contract renegotiations and re-tendering exercises have taken place in order to respond to the ever decreasing funding available to the Supporting People Programme. The result of this is an underspend of approximately £500k which has contributed to the overall ACCS position and enabled a breakeven to be reported.
- 16.3 The estimated outturn for the Children and Young People's Service has remained at an over spend of £7.2m. As described last month, a detailed review of spending in key areas was undertaken by the Director and the Lead Finance Officer which led to some areas where spending could be reduced. The underlying pressure remains significant at around £12m although action has been taken to maximise grant income and make in-year savings in order to reduce the net position to £7.2m.
- 16.4 The factors causing the overspend can be attributed to the high numbers of Looked After Children (LAC) and their associated costs. The overall number of LAC has fallen slightly this month (from 568 to 566) and there is now some evidence that numbers are stabilising.
- 16.5 Additional staffing costs in the key areas supporting children's safeguarding work (First Response, Safeguarding and Support, Children-in-Care, Leaving Care and the Contact Service) are continuing with the costs of both additional staff and the additional cost of agency staff resulting in a total overspend in the above areas of around £3m. The costs of providing legal advice to Social Workers and in support of court work are currently reporting an overspend of £1.4m.
- 16.6 In addition to the above, families with No Recourse to Public Funds and Asylum Seekers for which grant support from the government is not available, are leading to budget pressures amounting in total to £1.5m.
- 16.7 In addition to the Council wide measures to reduce spending the Director has, as detailed above, reviewed spending patterns in a number of key areas and, together with specific actions to maximise the use of existing grants, has instigated action to offset some £4.9m of the underlying overspend. There is a potential new in year pressure arising from the final settlement of the Unaccompanied Asylum Seeking Children (USAC) 2009/10 grant claim, however at this stage no adjustment to the

year end figure is being made as the claim is being re-visited. A clearer position should be available for next month.

- 16.8 The Urban Environment directorate has shown a significant improvement in the year-end forecast this month. Although an overspend is still being forecast, it now stands at £1.0m; a reduction of £1.3m over last month. The improvement relates to three main areas: an improved forecast of parking income based on the revised charges considered by Cabinet, which should take effect from January but has been subject to call in; a significant uncommitted sum of ABG within Economic Regeneration has been confirmed; and, finally, the receipt of one off transitional grant funding from CLG in relation to Housing.
- 16.9 Pressure remains, particularly within Housing, as although numbers in temporary accommodation continue to decrease, market rents in Haringey are beginning to rise and the impact of legislative changes on housing benefit continue to create uncertainty.
- 16.10 The year-end position for the HRA budget has improved significantly this period and now forecasts a net under spend of £0.3m, a movement of £0.6m compared to the £0.3m over spend reported last month. The pressure arising from continued high demand for boiler replacement remains but the overall building services overspend has improved, which along with savings within the managed accounts, particularly in relation to service charge costs, are enabling the revised reduced outturn forecast.
- 16.11 The Corporate Resources year end forecast under spend has increased to £0.45m this period. Benefits and Local Taxation continue to forecast pressure arising from the requirement to provide sufficient resource to manage on-going high levels of service demand along with the need to provide sufficient resource to ensure income recovery is maintained. Property Services are also forecasting a small over spend mainly due to continuing low occupancy at Technopark which has been reported previously. However, the Directorate overall is continuing to work within the restrictions on discretionary spend and recruitment which along with other interim savings are forecast to offset the pressures and deliver the reported £0.45m underspend.
- 16.12 The three Chief Executive directorates (Policy, Performance, Partnerships & Communications (PPP&C), People & Organisational Development (POD) and the Chief Executives (CE)) have further increased the projected combined year end under spend to £0.8m for P7. The change is largely due to savings confirmed following the recent line by line budget analysis.
- 16.13 The year end forecast for Non-service revenue (NSR), which largely consists of budgets for capital financing costs, levies and contingencies, is being maintained at an under spend of £3.0m. This is made up of the uncommitted £1.0m general contingency built into the 2010/11 budget plus an under spend of £2.0m against the debt interest repayment budgets due to the use of internal cash balances in

lieu of borrowing. The Alexandra Palace and Park Trust continues to work to maximise the profit generated by APTL and keep discretionary expenditure to a minimum however, as suggested last period, shortfalls against budgeted income at Alexandra Palace largely arising from delays to the re-opening of the ice rink have led to the Trust Board advising that the amount of additional deficit funding is likely to increase. Accordingly the year end forecast is likely to exceed the previously reported figure of £0.1m, however the Board have agreed to a range of spending reductions aimed at keeping any overspend to a minimum.

- 16.14 As highlighted in previous reports, the Haringey Forward planned 2010/11 savings have been discussed and reviewed in detail and although not all will be fully realised in 2010/11, largely due to the time required to deliver savings associated with restructures, base budgets for 2011/12 will be revised to ensure that from 1 April 2011 the full savings are captured.
- 16.15 The RAG status of agreed 2010/11 revenue savings and investments is shown in Appendix 2 and has not changed this period. Only 2% (£0.2m) of savings is currently flagged as red and is largely due to under achievement of planned external income; this is factored into the directorate year end forecasts.

Treasury Management

- 16.16 The Treasury Management activity in the first seven 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. The recommended extension of the use of money market funds was approved by full Council in October. The changes have increased the total funds that can be invested in money market funds to £100m with individual limits increased to £20m per fund. Both of these changes have increased capacity whilst ensuring the level of security of the portfolio is not compromised. The average balance invested during the period was £54m and the average long term credit rating of the portfolio at the end of October was AA.
- 16.17 £50m of Council debt has matured this year and £20m of new borrowing was taken on 31st August as a starting point to refinancing this. Due to the significant difference between short term investment interest rates and long term borrowing rates, the Council is continuing to make use of internal cash balances, rather than taking any further new borrowing until necessary. 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 time.

Capital

- 16.18 The aggregate capital programme position for 2010/11 is as shown in Appendix 2 and at Period 7 is now forecasting an underspend of £9.4m, an increase of £7.6m

from the £1.8m underspend reported in Period 6. The detail is set out by Directorate in the following paragraphs.

- 16.19 Within Adults, Culture and Community Services the projected position at period 7 is now an underspend of £0.526m. This relates to 2 items. £0.226m Playbuilder funding no longer to be received from DfE and expenditure reduced accordingly and £0.300m to be transferred to the BSF programme for Heartlands School.
- 16.20 The Urban Environment general fund capital programme continues to forecast 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 latter which is on hold until the options to fill the funding gap are reviewed and the integrated waste management contractor is appointed in December 2010. Within the HRA capital programme, the forecast against the revised budget for period 7 is a small over spend, however confirmation has now been received of a £0.755m grant from the North London sub regional pot to be used against void major works, which are currently forecast to over spend. Taking this additional grant into account will effectively bring the HRA outturn to an under spend of £0.533m which is mainly due to slippage in the mechanical and electrical works programme.
- 16.21 As reported last period, the revision to the scope of the current smart working programme has resulted in a forecast underspend of £2.4m within the Accommodation Strategy programme; the Hornsey Town Hall project is also now reporting a year end under spend of circa £0.85m pending the outcome of the review of the optimum delivery model. There is a report elsewhere on the agenda relating to a review of the Accommodation Strategy from 2011/12.
- 16.22 The BSF capital programme overall continues to forecast a balanced position, however some planned 2010/11 spend has been re-profiled into 2011/12. This is largely around the ICT MSP contract, mainly due to the fact that several schools have chosen to delay spending their "local choice" budgets until later in the contract, and a lower than forecast call against the programme contingency this year.
- 16.23 The general level of in year receipts from asset disposals is £2m. The current forecast for this year remains the same as last month at approximately £6m resulting from the identification of additional properties considered surplus to requirement and now recommended for disposal in this financial year and also actions to bring forward some disposals planned for 2011/12 to 2010/11. A degree of risk is still attached to some of the disposals in the programme which therefore continues to be kept under review and updated accordingly.

Virements

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

Provision for Redundancies

- 16.25 Over the next few months the Council needs to reduce its staffing costs significantly in order to bridge a significant projected budget gap for 2011/12. This will need to happen quickly.
- 16.26 It is estimated that around 1000 staff will need to be made redundant. Using experience to date and current modelling the costs could be of the order of £10m - £20m. These costs may in part be able to be capitalised if the Council receives a capitalisation approval from the Government. The extent to which that is not possible will require costs to be funded from Council reserves. The Council currently has a risk reserve of £10m and it is recommended that this is re-classified as a transition reserve and be used to fund redundancies or other costs associated with achieving significant budget reductions for 2011/12.
- 16.27 The extent to which this reserve is insufficient to fund the redundancy costs then other budget reductions and changes may be required. These will be assessed during the budget process.