

Report title: **The Council's Performance – August 2006**

Report of: **The Chief Executive and Acting Director of Finance**

Ward(s) affected: All

Report for: Key Decision

1. Purpose

1.1 To set out an exception report on the finance and performance monitoring for August 2006 using the balanced scorecard format.

2. Introduction by Executive Member for Finance (Cllr Toni Mallett)

2.1 Overall financial health is sound with 22/32 measures achieved at either green or amber

2.2 While welcoming the reduction in the overspend since last month I still have concerns. However, the reduction demonstrates that the remedial actions we are taking are beginning to make an impact.

2.3 In addition to the actions already agreed, a system is now in place whereby I and the Acting Director of Finance will meet with the Executive Member and Director of any overspending directorate to ensure that stringent actions are being taken to bring spending back in line.

Introduction by Executive Member for Organisational Development and Performance Management (Cllr Dhiren Basu)

2.4 69% of indicators are on target or close to the end of year target at the end of August.

2.5 I am concerned with performance in Children's service, Social Services and in the Chief executives service. In the Children's service we must improve response times for Children's act complaints and look to lower number of children not in Education, Employment and Training. Performance in Social Services must also improve, especially around rent collection and the time taken for assessment. In the Chief executive's service we must endeavour to improve service investigation complaints and performance in our call centres.

2.6 Work needs to be done to drive up performance, particularly in these areas, however I am confident that we will begin to see a gradual improvement in the months to come.

3. Recommendations

3.1 To note the report.

3.2 To agree virements set out in section 14.

3.3 To recommend that Council increase the external borrowing operational boundary for 2006/07 by £17m. The overall authorised limit will remain as previously approved.

Report authorised by: Dr Ita O Donovan – Chief Executive

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Head of Legal Services Comments

There are no legal implications

4. Executive Summary

4.1 This report sets out the routine financial and performance monitoring for August 2006 in the balanced scorecard format.

4.2 In summary the balanced scorecard shows that for the excellent service perspective 68% of indicators are on target or close to the end of year target at the end August. For 20 of the 31 (65%) customer focus measures, performance targets are being met or close to being met. For financial health 22 of the 32 measures achieved amber or green status meaning for 69% of indicators performance levels are achieving target or being maintained at an acceptable level. Our organisational development /capacity indicators including recent staff survey results show that for 13 of the 16 (81%) measures, performance is at or close to expected levels.

4.3 Overall 69% of indicators are achieving or close to achieving target. In addition 58% of indicators have maintained or improved performance since the end of last year.

4.4 In summary, based on the August position, the revenue budget shows a projected net overspend of £4.5m and this is 1.23% compared to the approved net budget. However, the latest position shows a reduction to £2.8m as management actions begin to take effect. The remaining overspend is due to pressures in Social Services budgets of £2.9m, Children and Young People's Service £1.5m (relating to asylum seekers), partially offset by a £1.6m under spend on homelessness.

4.5 Council are recommended to increase the 2006/07 external borrowing operational boundary in accordance with the prudential code. The overall authorised limit remains at the approved limit.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 None

6. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

- Budget management papers
- Service PI returns including unit cost data

Strategic Implications

This report monitors Haringey's position in relation to a number of indicators that will be used to assess the Council in the Comprehensive Performance Assessment (CPA). Performance against these measures will determine Haringey's rating in 2007. The report also gives an indication of the level and quality of services delivered on the ground.

Financial Implications

Based on the August position, the revenue budget shows a projected net overspend of £4.5m and this is 1.23% compared to the approved net budget. However, the latest position shows a reduction to £2.8m as management actions begin to take effect. The remaining overspend is due to pressures in Social Services budgets of £2.9m, Children and Young People's Service £1.5m (relating to asylum seekers), partially offset by a £1.6m under spend on homelessness.

The aggregate capital projected position in 2006/07 is currently projected to under spend by £2.1m. As previously reported the Children and Young People's Service is currently working on a revision to the three year programme which will need to deal with a number of issues including some individual scheme cost pressures and slippage. A revised three year programme taking account of this will be reported to the Executive in due course.

Legal Implications

There are no specific legal implications arising from this report, however the response rate for freedom of information requests needs to improve significantly to ensure we meet the statutory time limit.

Equalities Implications

Whist equalities is a central thread throughout out the council's performance, this report does highlight some areas with positive results around equalities issues but also some areas where performance needs improvement. For example the pressure on services in Physical and Learning Disabilities combined with the TPCT efficiencies is an area of concern, however as this report details the strategy of providing services to help people to stay living in the community will be of benefit to people from black and minority ethnic groups who are high users of community based services. On a positive note black and minority ethnic people are high service users of both parks and libraries where we are exceeding targets.

Consultation

The scorecard includes a number of resident and staff perception measures and shows how well the Council is performing in this area. The results show the level of satisfaction with the Council currently and should provide a baseline as well as informing action to improve satisfaction levels.

7. Background

- 7.1 This is the regular finance and performance monitoring report for August 2006. It is based on the financial monitoring reports prepared for the budget management meetings held on 28 September for period 5 and the service submission of the basket of performance indicators that have been agreed for 2006/07.
- 7.2 The reporting is in the form of a balanced scorecard. The scorecard looks at performance across four dimensions: service excellence, financial health, customer focus and organisational development. The scorecard consists of corporate and service performance measures.
- 7.3 The report includes routine monitoring of unit costs so that performance and costs reflect activity enabling us to make judgements around whether we deliver value for money services.
- 7.4 For 2006/07 the indicators contained within the balanced scorecard include key threshold indicators used in the Council's Comprehensive Performance Assessment (CPA) and those which reflect the Council's priorities including some key local indicators for the Council.
- 7.5 Performance data is shown in Appendix 1. Progress continues to be tracked on a monthly and year to date position against the target using a traffic light annotation where:
- green: = target achieved / performance better than planned
 - amber: = just below target
 - red: = target not achieved / below expectation

In addition, 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 had improved on the previous year's outturn. Between them, the lights and arrows indicate current progress and predict the likely annual position.

8 Service Positions on Delivering Service Excellence

8.1 For the excellent services arm of the scorecard 53% Indicators are shown as Green, 14% Amber and 33% Red, with 28 out of 50 showing an improvement or maintained performance compared with 2005/06 outturns.

8.2 Children and Young People

8.2.1 Based on the August position there is a pressure of £1.9m on the revenue budget, which is £0.4m lower than that projected at period 4. As previously reported, this is mainly due to additional asylum seekers costs (including the adults element) of £1.5m and £0.4m is on the Looked After Children (LAC) budget. It is now predicted that the £0.4m can be contained leaving a net projected overspend of £1.5m.

8.2.2 The SEN placements budget was overspent in 2005/06 due to higher numbers than provided for in the budget and the forecast this year is substantially due to the full year effect of this overspend although there is a small increase in the number of day placements (3 in number). There is also a rise in the amount of additional support provided to Special Schools from this budget due to the medical needs of the particular children.

8.2.3 In relation to the LAC shortfall of £0.4m, the Children and Young People's Service are striving to contain the inherent pressures carried over from last year while delivering the overall commissioning strategy. It is now expected that these pressures will be contained by under spending on non-commissioning areas and managers have been made aware of the need to restrict spending on other areas wherever possible. Currently client numbers are 391, which is marginally above the budgeted position.

8.2.4 The newly constituted resources panel, set up to monitor and review the LAC budget, met in August for the first time. As a result of reviews of the most expensive placements, actions were agreed to move 5 children into more appropriate placements, including one child who should return home. The estimated savings from these changes is £200,000 in 2006/07. It is anticipated that further reviews will yield more savings. The panel will also continue to review use of other resources such as foster carers, residential homes and block contracts.

8.2.5 The asylum position shows a gross shortfall of £3.4m. This is largely covered by a contingency and assumed special case grant claim for 2005/6 although this leaves a net overspend of £1.5m. This shortfall relates to both Children's Services and Social Services asylum seekers costs. It is expected that a special grant submission will be made for 2006/07 and if successful would reduce this forecast shortfall. The increase in costs is largely due to rising numbers in the care leaver 18+ cases and the recent increase in the referrals of UASC. The position remains a serious concern for the financial strategy. It is understood that the London Borough of Hillingdon are considering a judicial review in respect of their Asylum costs and funding for the 18+ cases. The Leader has communicated with the local MP's to assist in lobbying the government. We have also joined with a small number of worst affected authorities to jointly lobby directly and we will also be in contact with the LGA and London Councils.

- 8.2.6 There is additionally a possible issue in respect of national insurance contributions for peripatetic music teachers. This follows on from a review by the Inland Revenue service where incorrect treatment has been suggested that could need to be back-dating for 6 years, plus interest and a possible significant penalty. This potential backdated claim is being strongly opposed.
- 8.2.7 As reported last month the service is currently working on a revision to the three year capital programme which will take account of slippage and other factors. A revised three year programme taking account of this will be reported to the Executive. The capital budget is currently projected to be £0.6m below budget.

Performance highlights for the Children and Young People's Service are as follows.

- 8.2.8 All 50 statements of special educational need, excluding exceptions, issued in the year to August were prepared in the 18 week timescale. When exceptions are included 43 out of 55 (90.9%) statements were issued within 18 weeks, exceeding the 85% target. The good performance continues with both parts of the indicator exceeding target.
- 8.2.9 As at August the percentage of 16-19 year olds who were Not in Education, Employment or Training (NEETs) in Haringey rose sharply to 16.7% compared with 15.7% in July and 13% in April. The rise is in part due to the new classification system which now bases NEETs on their place of residence and an increasing trend of post 16 drop out from education and training. Actions are in place to comprehensively analyse the reasons for drop out with the post 16 cohort and to review support mechanisms to get them back on track. An alternative range of pathways 14-19 are also being put into place to aid retention, particularly for the more vulnerable young people.
- 8.2.10 12.1% of children have had three or more placements exceeding our 13% target. Although this figure has risen slightly it is expected to remain inside the best performance banding and in line with our 13% target.
- 8.2.11 All 39 reviews of children on the register due in August were completed in timescale. (BV162). Excellent performance (100%) has been sustained in this area in the year to date with robust systems in place to ensure this continues.
- 8.2.12 There were no adoptions in August (BV163) but with five in the year to date, we are on track to achieve a further thirteen, and expect to achieve the target of 23 by the year end.
- 8.2.13 The cost of service per child for both play, £3,463 and early years, £16,628 are both above the targets of £2,763 and £14,606 respectively. Both of these are due to lower 'take-up' than assumed in the original target (targets assumed too high figures and the capacity has been reduced as a result of building refurbishment work). The target for play schemes also included the cost of the summer scheme, which distorts the overall figure. Staffing levels and other costs are being reviewed and, taking into account the above factors, it is recommended that the targets for the rest of the year should be set at £3,450 per child per annum (Play) and £16,000 per child per annum (Early Years).

8.3 Environment Services

- 8.3.1 The projection based on the August position is a projected overspend of £0.5m. This projected shortfall is in parking income and is the estimated impact of the recent changes in the CPZ plan. The latest position is that this can be contained as a one-off item in the current year and therefore the budget is projected to be balanced. The impact on future years will be considered as part of the planning process.
- 8.3.2 Previously reported other pressures of £100k in Recreation and £200k in Streetscene will be managed within these Business Unit's currently approved budgets.
- 8.3.3 Capital is currently projected to spend on budget. However, there is a degree of risk associated with some of the projects achieving full spend this financial year, e.g. the CCTV control room, the parking plan schemes and London cycling network schemes funded from TfL grant. Some under spends may need to be carried forward. However, it is intended to monitor these very carefully to ensure that spend is maximised particularly on grant funded schemes by year end.
- 8.3.4 Parking income recovery target is 61% and actual performance to August was at this level.
- 8.3.5 The annual projected cost of household waste collection per tonne is now back on target at £72 for 2006/07. The previously reported overspend in this area, which was impacting adversely on this indicator, are now to be contained within the currently approved budgets.

Performance highlights and issues in Environment are:

- 8.3.6 21.99% of household waste was recycled or composted in the year to August '06 against a target of 22% for 2006/07. This has resulted from improved accuracy in tonnages measured by North London Waste which show that the recycling rate is improving both in percentage terms and tonnes recycled. The roll out of new commingled rounds, which is due to take place in September, and the new doorstep recycling scheme for estates, which is due to commence in October, will help to improve the recycling rate further for this year.
- 8.3.7 The waste tonnage collected for August reduced with an improving trend since May but continues to be higher than expected. This affects the recycling rate above. The investigation into tipping records continues and should be finalised in October.
- 8.3.8 Waste collections missed per 100,000 stands at 575 in the year to date and 2,295 in August making the target of 130 for the year unobtainable. The August figure was very high as a result of the strike.
- 8.3.9 August saw 36 out of 45 minor planning applications (80%) determined in 8 weeks however the year to date, 88% still exceeds our 83% target and beats the government target (65%).

- 8.3.10 48% of planning application appeals have been allowed against the authority's decision to refuse permission. This relates to 29 out of 61 cases from April to August and is outside our 30% target for 2006/07 as well as being higher than the 32% outturn for 2005/06. We continue to be concerned with this performance level. The service is currently undertaking a detailed analysis of appeal decisions allowed over the past couple of years to identify any common trends in these cases.
- 8.3.11 The number of seasonally adjusted visits to our sports and leisure centres at 1.12 million continues to be above the target of 1.08 million.
- 8.3.12 The parks cleanliness index of 85 in the year to August continues to exceed the target of 80.
- 8.3.13 The average number of days to repair streetlights was 1.4 days in August well inside target of 3.5 days with the year to date position at 1.9 days.
- 8.3.14 Faults relating to power supply handled by our District Network Operator (DNO) - currently EDF – August saw performance return to 4 days from an exceptional 48 days for July. The year to date position of 15 days is still inside the target 20 days.

8.4 Adults' & Older People's Social Care, Housing

- 8.4.1 The projected overspend in Social Services is £2.9m at period 5. The main elements of this overspend remains largely unchanged from those reported in previous months. These include, the loss of funding from the PCT of £0.6m in respect of jointly commissioned services and continuing pressures in the Adults commissioning budgets in respect of client care packages.
- 8.4.2 The national context for Social Services is a trend of growth in both the demand and complexity of services. In particular, the numbers of people with learning disabilities are predicted to increase in the next decade and in Haringey, we have a larger than usual population with mental health needs. This has been evidenced by the London Observatory. The Older People's Service has seen an increase in the numbers with dementia and there have been increasing pressures from Health around reducing waiting lists. The current projections for commissioning reflect these pressures. The Adults commissioning projections include an overspend of £1.8m of which £0.8m is in respect of mental health, £0.6m in respect of physical disabilities and £0.4m in respect of learning disabilities.
- 8.4.3 The main element of the overspend in mental health is in the residential placements budgets where there are some 31 clients supported in excess of the budget. There continue to be pressures in the mental health sector with reduced funding available in the PCT and performance targets to reduce in-patient beds. The long term management action for mental health is the reconfiguration of supporting people services for mental health service users in order to develop more high support services with a focus on active rehabilitation and recovery. The service is also working towards extra care supported housing schemes to support older clients. In physical disabilities there has been a growth in demand in terms of both client numbers and levels

of need. At period 5, there were 48 clients supported in excess of what the budget could pay for, mainly in domiciliary care. The projected overspend in learning disabilities relates to growth in client numbers and slippage in the opening of Whitehall Street following refurbishment.

8.4.4 The Social Services budgets continue to be under severe pressure because of both demand pressures and reductions in services in the Health sector. The PCT's strategic plans to achieve further efficiencies in 2006/07 will continue to have knock on effects for Social Services.

8.4.5 Management action is being taken to try to ensure that these pressures do not result in any additional overspend and include, reviews of jointly funded expenditure, a freeze on vacant posts and reducing agency staff where there would be minimal impact on front line services.

8.4.6 Social Services capital is projected to spend £0.9m below budget in this financial year. This is due to revised phasing of the budgets for the E-Care (£0.6m) and Osborne Grove Older People's Services (£0.3m) projects.

8.4.7 The performance appendix reports the latest performance figures on some key indicators in Adults' and Older People's services. This shows that:

- 87% of items of equipment were delivered in 7 working days in August slightly short of the 88% target although the year to date position of almost 90% exceeds target. (BV56/PAF D54).
- 117 adults and older people per 100,000 population were in receipt of a direct payment as of August, short of the 134 target for the month and a further decline on last months performance (BV201/ PAF C51). Performance on this indicator is cumulative with the target of 150 to be achieved by 31 March '07.
- In the year to August there were 75 admissions, when scaled up per 10,000 population of older people, to residential / nursing care (PAF C72). Current performance places Haringey in the top banding for this indicator, despite being outside our target of 70.

8.4.8 Some areas where we need to sustain focus and improve our performance in Adults' and Older People's services remain:

Acceptable waiting times for assessment- new older clients aged 65+ (BV195)

- This indicator is the average of the percentage of clients where time from initial contact to first contact with the client is less than or equal to 48 hours and the percentage where time from first contact to completion of assessment is less than or equal to 4 weeks. In August the average of these is 49.8% falling well below the new key threshold levels for this year of 60% and 70% respectively and our target of 71%

Carers receiving a carer's break or specific carer's service (PAF C62)

- Only 3.6% of Carers for Adults and Older People received a carer's break or specific carer's service in the year to August against a target of 12%. An issue of under counting has been identified and new practices are to be introduced to tackle this problem.

Adults and older clients receiving a review as a percentage of those receiving a service (BV55)

- 51.4% of adults and older clients were recorded as having received a review as at August '06, an improvement on the 43% in April but still falling well short of the 60% target for 2006/07. Most services now have individual action plans to tackle this problem and bring the performance level closer to target. Weekly monitoring at service level continues.

8.4.9 The projected improvement on the homelessness general fund budget is the same as reported for period 4 at £1.6m. This is a financial consequence of the successful programme of private sector lease procurement and movement of families from short-term bed and breakfast accommodation and the favourable grant position on these cases. The level and cost of repairs in the HRA are being carefully monitored following pressures in this area last year.

Performance issues in Housing are as follows:

8.4.10 The cost per nightly rated accommodation at £41.10 is slightly above the target of £40.20.

8.4.11 BV213 records households who have been prevented from becoming homeless. There were 37 in August and 168 in the year to date which scaled up to an annual equivalent exceeds the target of 400 set for 2006/07.

8.4.12 The average re-let time of local authority dwellings was 71 days in August bringing the year to date position to 56 days. It is now unlikely that the 2006/07 target (27 days) will be achieved although the service expect to be meeting the 27 day target by October with a projected position of 45 days at year end.

Rent Collection

8.4.13 Rent collected as at August (BV66a) is projected at 95.6% of rent due for the year against a target of 97.5%. A new performance management regime has been introduced following the creation of specialist income collection teams with focus on ensuring that all appropriate action has been taken where arrears are increasing.

8.4.14 The percentage of tenants with more than seven weeks rent arrears increased further to 15.1% in August remaining short of our target of 10% for 2006/07.

8.4.15 The proportion of local authority homes which were non 'decent' as at July '06 was 44.5% against a target of 42%.

Repairs

8.4.16 In August 96% of appointments were made and kept based on data taken from our IT scheduling system. New performance management systems are being introduced to optimise and ensure performance is closer to the 99% target of appointments made and kept.

8.4.17 The average time to complete non-urgent responsive repairs fell slightly to 12.4 days in August against a target of 14 days..

8.4.18 The percentage of urgent repairs completed within Government time limits reduced to 92% in August short of the 97% target.

8.5 Finance

8.5.1 As previously reported the revenue budget has some pressures and variations that the directorate are going to contain within the approved budget. The main budget pressure is in Property Services regarding a potential £400k under-achievement of commercial rent income. The shortfall is largely around vacancies at Technopark. Work is being done to market the vacancies as well as reviewing the demand for different types of workspace to attract further business. Management action to reduce spend is also being taken and therefore the Finance Department as a whole is projected to be on budget.

8.5.2 The capital budget is projected to spend £0.6m below budget due to some slippage in the accommodation strategy.

Council Tax and Business Rates

8.5.3 93.7% of Council tax was collected in August almost matching the 93.75% target, the year to date position is currently just slightly short of the target. At 93.4%. (BV9)

8.5.4 The collection of business rates in August at 99.9% continues to exceed the 99% target. (BV10)

Invoice payments (BV8)

8.5.5 There has been a decline in performance with 83.1% of invoices paid in 30 days in August with a year to date position of 85.1% against a 92% target set for the year. This is being monitored carefully with services to further improve performance.

Benefits

8.5.6 The performance for the number of days to process a benefit claim has improved from an average of 50 days in April to 42 days in August although still short of the 36 day target. Benefits and Local Taxation has concentrated on reducing the waiting time between the receipt of new claims and their allocation for processing by an Officer. During the first few months of the year a backlog occurred and there were between 350 and 400 benefit claims awaiting allocation with waiting times of over 20 days. It can now be reported that there are currently only 67 claims outstanding with a maximum waiting time of 7 days. This has been achieved by an increase in staff productivity and process improvements particularly around the holding of claims whilst awaiting additional information resulting in fewer claims being put on hold. The management of the New Claims Team has also been strengthened with the appointment of a new team manager and a redefining of team leader roles and responsibilities. Further planned improvements include introducing mobile

working so claims can be assessed with the customer present and tackling delayed processes such as setting up rent accounts.

8.6 Chief Executive's

- 8.6.1 As reported last month there are no revenue and capital budget variations reported at this stage.
- 8.6.2 Visits to our libraries in August equated to nearly 9.5 visits per head of population in the year exceeding our target for 2006/07 of 9 visits per head. The cost per visit/ interaction to our libraries in the year to date is £2.88 and reflects higher expenditure in the early part of the year and a lower number of visitors. It is expected to fall once the lower level of expenditure later in the year is taken into account.
- 8.6.3 There were 174 domestic burglaries in August which seasonally adjusted and scaled to an annual equivalent is well inside the target with burglaries in the year to date (1,010) when seasonally adjusted and scaled to an annual equivalent of 2,578 are inside the target of 2,711 for 06/07.

9 Customer Focus

- 9.1 The August balanced scorecard shows 65% of customer focus indicators on or near target, this contrasts with 11 out of 15 (73%) red lights shown in the August appendix, this is due to the inclusion in the scorecard of a number of perception measures which are reported on annually e.g. data from the resident survey.
- 9.2 Some additional service perception measures will be introduced to the scorecard in the coming months. Environment directorate has started to collect resident satisfaction data in all the areas currently included in the CPA service assessment and intends to report this information in the scorecard. The first set of data has just become available and will feature in the next report and be subsequently reported two to three times a year.
- 9.3 Performance on complaints handling timescales continues to disappoint with only stage 3 reviews hitting target. In August 205 (73%) complaints at stage 1 (local resolution) were responded to within the 10 working day timescale against a target of 80%. For the more complex service investigation (stage 2), 22 out of 39 (56%) of complaints were resolved within the 25 working day timescale in August, with the year to date position of 67% still falling short of the 80% target.
- 9.4 In the year to August all 4 stage 3 complaints (independent review) received were completed within the 20 working day timescale with 19 out of 20 in the year to date.
- 9.5 Of Members enquiries cases closed in August 254 (76%) were handled within the 10 working day timescale, 79% (1401) of cases in the year to date, both falling short of the 90% target.

- 9.6 64% of Freedom of Information (Fol) requests were actioned within the 20 day timescale in the year to August, although performance in August improved to 71% against a target of 70% as a result of Corporate and Directorate action.
- 9.7 77.5% of Council wide telephone calls were answered within 15 seconds in August, exceeding the target of 77%.
- 9.8 Customer Services performance is continuing to cause concern. 39% of call centre calls were answered within 15 seconds in August, up from 13% in May but a decline on last months performance of 49% and still well short of the 70% target for the year. In addition the average queuing time in August increased to over one Minute from 43 seconds in July. With a year to date figure of 1 minute 46 seconds the 40 second target is unlikely to be met. The Call Centre Recovery plan is being overhauled with targets and timescales added.
- 9.9 The cost per transaction for customer services is £4.43. This is the total cost of customer services not excluding corporate activities. The benchmark is the 05/06 outturn of £4.41.

10 Organisational Development/ Capacity

- 10.1 Some staff survey results were reported in the June report and it hoped to include a wider and more representative selection of results in the September/ 2nd quarter report.

Sickness

- 10.2 The average number of working days lost to sickness per full time equivalent employee in the year to August is 8.63 days per annum back inside our 8.8 day target and an improvement on last years outturn of 10.4 days. This will be closely monitored during the year to ensure the target is met for the year.

11 Performance Summary

- 11.1 In summary the balanced scorecard shows that for service delivery 68% of indicators are on target or close to the end of year target as at the end of August. For 20 of the 31 (65%) customer focus measures, performance targets are being met or close to being met. For financial health 22 of the 32 measures achieved green or amber status, meaning for 69% of indicators performance levels are achieving target or being maintained at an acceptable level. Our organisational development /capacity indicators including the recent staff survey results show that for 13 of the 16 (81%) measures, performance is meeting or close to expectation. Overall 69% of indicators are achieving or close to achieving target. In addition 58% of indicators have maintained or improved performance since the end of last year.

12 Summary - Budget Monitoring

- 12.1 Overall revenue budget monitoring, based on the August position, shows a projected net overspend of £4.5m and this is 1.23% compared to the approved net budget. However, the latest updated position reduces this to a net overspend of £2.8m as management actions start to take effect.

12.2 The aggregate revenue projected position in 2006/07 is as shown in the following table.

General Fund revenue	Approved Budget	August based projected variation	Latest projected variation
	£m	£m	£m
Children and Young People (including asylum seekers)	215.8	1.9	1.5
Social Services	54.2	2.9	2.9
Housing	(1.2)	(1.6)	(1.6)
Environment	51.7	0.5	0
Finance	9.8	0	0
Chief Executive's	25.6	0	0
Non-service revenue	10.6	0.8	0
Total	366.5	4.5	2.8

12.3 As previously reported the variation in the non-service revenue account is in relation to the delayed achievement of procurement savings. There is a likely shortfall of £0.8m in the £1m agreed procurement savings this year. Various new procurement projects have been initiated and in addition spend analysis reports are being completed by each service to review for other opportunities. Energy procurement has been reviewed and savings are possible from the 1st October contract renewal date although these will be influenced by market volatility and are only likely to mitigate against higher increases. Overall this account can be brought into balance through capital financing and improved treasury management.

13. Treasury Management and capital

13.1 Our external treasury advisers, Sector, recently alerted the Council to the opportunity to take up some long term borrowing at very advantageous rates (4.10%). The additional borrowing is part of approved plans of supported funding for next years capital programme and therefore fits in with the Treasury Management Strategy approved by Council on 6 February 2006. The Acting Director of Finance has delegated authority to approve treasury management decisions. A delegated decision was made on 26 September 2006 to take out long term loans for £17m to secure these advantageous rates. As this relates to financing for the capital programme in 2007/08 this goes above the operational boundary for borrowing in 2006/07 and therefore we require Council to approve an increase in this limit for this year. This additional early borrowing is still within the Council's authorised limit for 2006/07. These limits are part of the prudential indicators included in the approved Treasury Management Strategy.

13.2 The aggregate capital projected position in 2006/07 is as shown in the following table. As previously reported the Children's Service is currently

working on a revision to the three year programme which will take account of slippage and other factors. A revised three year programme taking account of this will be reported to the Executive in due course.

Capital	Approved Budget	Spend to date	Projected variation
	£m	£m	£m
Children and Young People	45.3	14.2	(0.6)
Social Services	7.4	0.8	(0.9)
Housing – General Fund	2.6	0.5	0
Housing – HRA	19.2	0.7	0
Environment	17.7	3.4	0
Finance	5.6	1.1	(0.6)
Chief Executive	14.5	2.2	0
Total	112.3	22.9	(2.1)

14. Financial administration

14.1 Financial regulations require proposed budget changes to be approved by Executive. These are shown in the table below. These changes fall into one of two categories:

- budget virements, where it is proposed that budget provision is to be transferred between one service budget and another. Explanations are provided where this is the case;
- Increases or decreases in budget, generally where notification has been received in-year of a change in the level of external funding such as grants or supplementary credit approval.

14.2 Under the Constitution, certain virements are key decisions. Key decisions are:

- for revenue, any virement which results in change in a directorate cash limit of more than £250,000; and
- for capital, any virement which results in the change of a programme area of more than £250,000.

Key decisions are highlighted by an asterisk in the table.

14.3 The following table sets out the proposed changes. Each entry in the table refers to a detailed entry in the appendices, which show the budgets that it is proposed to change. There are two figures shown in each line of the table and the detailed sheets. The first amount column relates to changes in the current year's budgets and the second to changes in future years' budgets (full year). Differences between the two occur when, for example, the budget variation required relates to an immediate but not ongoing need or where the variation takes effect for a part of the current year but will be in effect for the whole of future years.

14.4 Proposed virements are set out in the following table:

Period	Service	Key	Amount current year (£'000)	Full year Amount (£'000)	Description
5	All Services	Rev*	336	403	Agency administrative savings arising from agency contract.
5	Children, Housing	Rev	50		Contribution by Children and Families towards the Hearthstone project.
5	Finance	Rev*	4,744	4,744	Realignment of Benefits and Local Taxation expenditure and income budgets. Net nil impact.
5	Chief Executives	Cap	121		New project in CES Strategy budget funded from GOL SSCF Building Safer Communities grant.
5	Chief Executives	Cap*	421		New project in CES Strategy budget funded from GOL SSCF home office grant.
5	Chief Executives	Rev*	1,421		Home Office grant to implement the drug interventions programme in the CES Strategy budget.
5	Chief Executives	Rev	87		Carry forward of approved unspent 2005/06 Additional Workforce grant to CES Strategy budget.
5	Chief Executives	Rev*	586		Home Office Young People substance misuse partnership grant for CES Strategy budget.
5	Chief Executives	Rev	30		London Development Agency grant for Upper Lea Valley programme and research management project for CES Strategy budget.
5	Chief Executives	Rev	13		DWP funding for the job Centre plus scheme in CES Strategy budget.
5	Chief Executives	Rev	146		DAAT budget in CES Strategy reimbursed by PCT Pooled treatment budget.
5	Chief Executives	Rev	177		North London Strategic Alliance carry forward from 2005/06 (£89k) and 2006/07 contributions (£88k) to CES Strategy budget.
5	Chief Executives	Rev	102		North London Transport Forum carry forward from 2005/06 (£62k) and 2006/07 contributions (£40k) to CES Strategy budget.
5	Chief Executives	Rev	169		ODPM Capacity Building Support carried forward
5	Finance	Rev	192	192	Increased income recovery re court costs in the Benefits and Local Taxation budget.
5	Environment	Cap	-140		Reduction in Markfield GAF project in line with PID.

15. Recommendations

- 15.1 To note the report.
- 15.2 To agree the virements set out in section 14.
- 15.3 To recommend that Council increase the external borrowing operational boundary for 2006/07 by £17m. The overall authorised limit will remain as previously approved.

16. Use of Appendices

Appendix i. August balanced scorecard and Performance summary