

# APPENDIX A

## EXECUTIVE

**DATE:** 26 NOVEMBER 2007

**SUBJECT:** PERFORMANCE AND FINANCE MONITORING,  
QUARTER 2

**JOINT REPORT BY:** HEAD OF CORPORATE FINANCE  
DIRECTOR OF SCRUTINY

**CONTACT OFFICER:** 01582 546087 DAVE KEMPSON  
01582 546073 GEOFF BOCUTT

### IMPLICATIONS:

LEGAL	✓	STAFFING	
EQUALITIES		COMMUNITY SAFETY	
FINANCIAL	✓	RISKS	✓

OTHER

### CONSULTATIONS:

COUNCILLORS CONSULTED	✓	SCRUTINY COMMITTEE CONSULTED
STAKEHOLDERS CONSULTED		OTHER

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**WARDS AFFECTED: NONE**

**LEAD EXECUTIVE MEMBER(S): COUNCILLOR HARRIS**

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### RECOMMENDATION(S)

1. Executive is recommended to:
  - (i) Note the results in the performance and financial monitoring reports, and consider whether any specific additional plans for performance improvement are required. Require that officers in consultation with their portfolio holders focus particularly on the indicators highlighted in paragraph 5 and ensure that action plans are robust, prioritised and will deliver the improvement required.

- (ii) **Require officers to continue to develop and monitor the budget recovery plans for Housing and Community Living and Children and Learning, reporting back if recovery is unlikely to be achieved.**
- (iii) **Approve the special estimates and give release and spend approval for the following items of capital expenditure as shown in the monitoring reports:**  
**Children and Learning**  
**ICT for mobile technology to support Children's Social Workers, £73.7k funded from Government Grant**  
**Environment and Regeneration**  
**Item 2, Town Centre Transport Scheme, £150k, and Item 3, Luton Dunstable Busway, £70k, funded by a reduction of £220k in the funding for Item 1, Inner Ring Road, Phase 1.**  
**Item 36, Skateboard Park, £2.5k, funded from Sport England grant.**
- (iv) **Approve the following:**
  - a) **The funding of £316k of Asylum Seeker costs (not reimbursed by Government) from the General Reserve (utilising the 2006/07 underspend).**
  - b) **A reduction of £675k in budgeted Airport Dividend income, funded by a reduction of £675k in the unallocated contingency (thus avoiding the need for the Airport Board to consider delaying gift aid payments to charities from 31 March to 1 April).**
  - c) **A contribution of £1.1million from the improvement in Interest and Capital to the Invest to Save reserve, to provide opportunities to fund invest to save projects in future.**
  - d) **The allocation of the additional £66k received in respect of local authority business growth incentive to the invest to save reserve.**
  - e) **The allocation of £100k to commission work on the development and marketing of sites that could be sold in the current year, to achieve capital receipts essential to funding the Council's existing capital programme.**

## **REPORT**

- 2. Appendix A is the Council's corporate performance and financial monitoring report for the second quarter of 2007/08. Appendices B to F comprise each department's detailed report and analysis including highlights and a financial monitoring statement. Appendix G builds on the departmental reports and provides more detail on action plan for failing indicators.

## **PERFORMANCE**

- 3. Of the 42 key performance indicators reported this quarter, significantly more are showing improvement against last quarter, last year's out-turn and set target than was the case in quarter 1. More than half (23) are better than last quarter (100% in Housing & Community Living), 40% (17) better than last years out-turn and 36% (15) better than target.

Particular successes include acceptable waiting times for assessments (HCL) and litter & detritus on land and highways (E&R)

- 4. Of our other corporate indicators, 81% of our key projects are on track and overall sickness across the Council has fallen by nearly a day on last quarter to 10.98 days lost.

5. Of the 19 performance indicators that are 10% or more below their target, 7 have improved on the last quarter and 4 have improved on last years out-turn.

The 19 indicators falling 10% or more below their target are:

Dept	Indicator	Q2 performance	target	Improving on Q1	Improving on last year
C&L	Assessments within 7 days	54.6%	65%	✓	✗
C&L	School leavers not in education, employment or training	10.2%	8.2%	✗	✗
C&L	Youth offenders in education, employment or training	80%	90%	✗	✗
C&L	Education attainment of care leavers (PAF A2)	47.4%	66%	✗	✗
C&L	Key Stage 2 Maths	69%	76%	n/a	✗
C&L	15 year olds with >5 GCSE at A* to C	40%	54%	n/a	✓
CCS	New benefits claim processing (BV78a)	61.9 days	36 days	✓	✗
CCS	Change of circumstances processing (BV78b)	40.1 days	18 days	✓	✗
CCS	Calls answered in time - Revenues	34%	60%	✗	✗
CCS	Calls answered in time – other services	56%	75%	✗	✗
CCS	Face-to-face queue wait time	25 minutes	20 minutes	✗	✗
E&R	Major planning applications < 13 weeks (BV109a)	50%	63%	✗	✗
E&R	Minor planning applications < 8 weeks (BV109b)	56.2%	65%	✗	✗
E&R	Other planning applications < 8 weeks	69.2%	85%	✗	✗
E&R	Land and highways with graffiti	16%	8%	✗	✗
HCL	Direct Payments (BVP1201)	131	172	✓	✓
HCL	Housing Re-let time (BV212)	34	30	✓	✓
HCL	Homeless in Temporary Accommodation	887	764	✓	✓
HCL	Carers receiving carers service	5.95	8	✓	✗

6. The 10 indicators highlighted by shading are particularly concerning as they have also deteriorated on last quarter and the out-turn for last year. These are priority areas for management with action plans are in place covering these services and any others identified previously as requiring improvement. Summarised action plans and information about progress can be found in the appropriate departmental report next to each designated indicator in section 2: Performance of each departmental report (Appendices B-F) and full action plans can be found in Appendix G. Progress is monitored closely by management, reviewed with portfolio holders to ensure remedial action where the action plan fails to deliver the improvement expected.

### Children & Learning

7. Reviews of child protection conferences to timescales remained strong at 100%. The number of children in out of borough residential placements reduced but is still higher than in 2006-07. An action plan is in place from September 2007 and will be monitored on a quarterly basis by C&L DMT. This is monitored as a critical budget (see the C&L budget report) where the unit cost per placement has increased by £330 per week from the base position, one of the pressures resulting in the increased spend predicted by the department, see Financial Implications section below.
8. The number of children in care (looked-after children, or LAC) remains unchanged. The target measure is the proportion of LAC in the under 18 population, and since the figure used for the under 18 population has reduced, performance appears to have declined. The budget pressure results from an increase in the supervised contact arrangement required, and the number of agency placements, rather than an increase in numbers overall. The proportion of school leavers not in education, employment or training

(NEET) has declined but Executive should note that the figure for October is 8.2% and we are therefore on target. Education attainment of care leavers (PAF A2) has declined but is based on a small cohort with complex needs some of whom have a complex disability. Educational attainment at Key Stage 2: level 4 Maths declined from 2006-07.

### **Corporate and Customer Services**

9. The proportion of council tax collected in-year (BV09) and from past years improved on quarter one and although down on the same period last year, again is just better than target. Management are confident that their action plan is on track to deliver best ever performance. This is leading management to review the appropriateness of increasing the cumulative tax collection assumption in our budget planning which will provide more money for front-line services including fire and police. Tax collection is a key volatile budget, shown in the financial part of the appendix.
10. Processing new benefits claims and change of circumstances (BV78a&b) remain below target and a key management and member focus. Our action plan has led to both improving on quarter 1 and (06-07) as predicted despite a 12% increase in caseload over two years. As predicted last quarter, Luton Way, our recovery action plan is on-track to achieve target performance before the year end with further significant progress already clear in quarter three.
11. Telephone and face-to-face service continues to be poor though with significantly increased demand (+10% on quarter 1 which is normally our peak quarter) due to the backlog still clearing in Revenues (+12% on quarter 1) and specific issues in other services (+36% on quarter 1) which are being addressed. 10% more non-revenue calls were answered although performance for both declined compared to Quarter 1.
12. All measures remain under continuous review within the CCS DMT and with the Portfolio Holder with a determination to finally resolve performance issues which have been outstanding for far too long. The new Luton Excellence programme will include an end-to-end benefits process review from customer services through to the back office fulfillment aiming to build on solid improvement towards targets already but provide sustained step-change which will win back trust with our customers and routinely perform to target and with greater efficiency.

### **Environment & Regeneration**

13. The amount of waste being recycled and composted has declined from quarter 1 and is below target but better than for 2006-07 but does not appear to have yet improved with the introduction of the new kitchen waste scheme.
14. BV199 (unnacceptable levels of dirt, graffiti and flyposting) shows improvement and better than target performance for litter, detritus and fly-posting but deterioration and worse than target for graffiti which has been a particular problem this quarter. This is therefore now a key management focus to improve.
15. The proportion of planning applications processed within target timescales (BVPI 109a,b,c) were lower than last quarter and last year. Reduced employee levels have not, as predicted been resolved and lack of experienced employees has had an adverse effect on other applications.
16. ER21 % food premises inspections carried out for high risk premises and ER80 Tonnage of biodegradable municipal waste against LATS Targets are both performing well.
17. The council appears to be on target to achieve performance reward grant for achieving parks with green flag status and for the weight of biodegradable waste recycled if

progress continues until April 2009. The year end prediction for non- biodegradable waste recycled is below the 60% reward threshold.

### **Housing and Community Living**

18. Volume of direct payments continues to improve well, Rent collected is predicted to achieve a year-end high marginally below target. Average Housing re-let time times in days (BV212) improved slightly again after the quarter 1 improvement over 2006-07.
19. There was an anticipated improvement in adult and older clients receiving a review although not to the level achieved in 2006-07 Acceptable Waiting times for Assessments [PAF D55 BVPI 195] improved significantly and is now just below target.
20. The number accepted as homeless went down compared to quarter 1 and is now within target. If performance for the first half of the year is repeated in the second the target will be achieved but the 2006-07 performance will not be matched. The number of homeless clients in temporary accommodation also improved and while still outside the target it is anticipated a new scheme will come on line in quarter 3 providing a further 20 units for Qualifying offers.
21. The number of people using Cultural Services increased slightly, but numbers are expected to decline for the second half of the year due to planned Museum Service and Stockwood closures to the public from October. However, we expect to reach the year end target for overall visits using cultural services.

### **LEGAL IMPLICATIONS**

22. There are no legal implications and this has been agreed with Mary Cormack in Legal Services on 21 November 2007.

### **FINANCIAL IMPLICATIONS**

23. The attached financial monitoring represents the predictions for the 2007/08 outturn, made by officers, based on the actual spend to the end of September 2007. The previous report made to Executive, based on spend to the end of June 2007, predicted a net revenue overspend of £25,000. The second quarter shows some major changes, with a significant overall improvement. After the changes reported below in paragraphs 21 to 25, the predicted improvement on the current budget is £452k.
24. The largest single change is a £2million improvement in capital and interest, compared with quarter 1, due to the sustained increase in interest rates improving investment returns, the impact of a major debt restructuring, and a reduction in the provision for debt repayments, in line with latest regulations. The outturn prediction in this area is now for an improvement of £2.65million compared with the original budget. The predicted underspend in Environment and Regeneration has also increased, by £150k, to £349k, as officers predictions have actively taken into account the extent of vacancies, and the improvements in income.
25. It is pleasing to note that over the past 18 months the Council undertook very substantial debt restructuring to improve its financial position, as with effect from 1 November, the Public Works Loans Board, who provide public sector loans to local government, suddenly changed the rates available for debt restructuring, making it much more expensive. It should be noted that this increases the budget risk to the Council should interest rates reduce significantly. The Council will be less able to offset the reduction in investment income by restructuring to reduce payments on borrowing.
26. Partially offsetting the improvements set out above, the predicted net overspend in Housing and Community Living has increased from £575k to £1.2million, principally due

to increases in demand for care packages for the elderly, and for those with physical and learning disabilities. The action plan produced to address the original overspend has been further developed, and it should be noted that the total cost pressures are some £2million, with £800k of savings having been identified to date. The deficit for Children and Learning has increased by £75k, to £275k, with underlying cost pressures of £1million, and savings of over £700k identified. In both departments, work is taking place to develop further savings ideas that will not impact on services.

27. A review of the Resourcing Transformation funding has been undertaken, and this shows that £136k of currently allocated funding is no longer required. However, it should be noted that additional pressures have also been identified.

28. In addition, the monitoring records the following:

- a) £316k of the costs of past asylum seekers, for which grant was sought from the Home Office. Following a detailed audit, the Home Office has taken the view that it will not reimburse this amount. This risk was recognised in the outturn report made to Executive, where it was proposed that if the grant was not received, the cost be funded from the remaining 2006/07 underspend, which was put into the General Reserve. Accordingly, this is recommended. It should be noted that this has happened to a number of authorities, including Brighton, and Southend, whose grant loss was nearer £2million.
- b) A virement between the Airport Dividend and the Contingency, of £675k, reducing the call on the Airport Dividend to fund the 2007/08 budget in the light of the monitoring position. Members may recall that the budget was based on the assumption that the Airport Board would delay gift aid payments to supported charities from 31 March to 1 April, enabling additional dividend to be declared for 2007/08. In view of the monitoring, this will not be necessary to balance the budget in 2007/08, and therefore it is suggested that the Airport Board not be asked to consider such an action.
- c) An additional £66k Local Authority Business Growth Initiative (LABGI) grant received from Government. This is not a ring-fenced grant, and, in accordance with the practice adopted in the 2006/07 accounts, this amount has been put into the Invest to Save Reserve.
- d) In order to ensure that the available balance from the improvement in interest and investment income is put to best long-term use for the town, it is recommended that £1.1million is put into the Invest to Save reserve, to facilitate the funding of Luton Excellence.

29. It is also recommended that £100k be allocated to commissioning work on the development and marketing of sites that could be sold in the current year, to achieve capital receipts essential to funding the Council's existing capital programme.

30. The projected deficit on the Housing Revenue Account has reduced from £722k at quarter 1, to £596k at quarter 2. Efforts continue to be made to find further savings that will not affect tenants.

31. There is some re-phasing of spend identified in the capital programme (£3.7million of a £70million programme for 2007-08). There are also some special estimates required where grants have been received, or spend needs to be refocused. Children's Services have received a capital grant of £73.7k, that has to be spent in the current year, on mobile technology to support Children's Social Workers. Street Services have received a grant from Sport England for the Skateboard Park, and a special estimate of £2.5k is requested to spend on this project. In Environment and Regeneration, £220k of Local Transport Plan funding was originally identified for potential claims in relation to the Inner Ring Road. No further claims are expected this financial year, and therefore it is

recommended that £150k of this funding is switched to the Town Centre Transport Scheme, and £70k to the Luton Dunstable Busway.

32. These financial implications were agreed by the Head of Corporate Finance on 15 November 2007.

### **RISK IMPLICATIONS**

33. The extent of risks relating to the budget does need to be emphasised. The risk of a budget overspend is one of the Council's key corporate risks on the risk register. There is a detailed (13 page) budget risk management strategy (Appendix B to the Budget Report approved by Council in February 2007), and overspends can arise at any time in statutory demand-driven services –e.g. if a new family with very complex needs comes to the area, requiring care. Budget monitoring, the development of action plans where the risk of overspends occurs, and the implementation and monitoring of those plans are the key actions in dealing with those risks in the year.
34. Similarly for performance, the effective management of the performance issues raised is key for service outcomes. Action plans are in place for all failing indicators and continued monitoring and management action is required to ensure the expected improvement is achieved.

### **COUNCILLORS CONSULTATIONS**

35. Councillors Simmons and Harris have been consulted on this report. The Report will be considered by the Performance, Resources & Assets Scrutiny at their meeting on 29<sup>th</sup> November 2007.

### **OPTIONS**

36. (i) To note the report and actions arising, and to continue to require active monitoring of the targets, budgets, and action plans and improvement action where needed.
- (ii) To instruct officers to take additional specific action now in respect of variations in performance, projects or expenditure reported to date.

### **APPENDIX**

- Appendix A: Corporate Performance and Finance Report July to September 2007 Summary. (enclosed separately for Members only)
- Appendices B-F: Departmental Reports - published on the Council's website. (enclosed separately for Members only)
- Appendix G: Failing indicator more detailed action plans (enclosed separately for Members only)

[http://www.luton.gov.uk/internet/council\\_government\\_and\\_democracy/councils/Council\\_performance](http://www.luton.gov.uk/internet/council_government_and_democracy/councils/Council_performance)

Select the option Quarterly Reports 2007-08

### **BACKGROUND PAPERS**

There are no background papers relating to this report.