
**COMBINED FINANCIAL AND SERVICE PERFORMANCE REPORT
2ND QUARTER 2006/07**

Responsible Cabinet Member(s) – Councillor Don Bristow

Responsible Director : Paul Wildsmith, Director of Corporate Services

Purpose of Report



















1. To report on the Council’s financial and service performance for the period April to September 2006.

Background

2. The report gives an overview of service and financial performance and provides commentary on particular areas where appropriate. The summary tables and the appendices provide more detailed information.
3. Service and financial performance have been reported separately to Members for several years. This report combines these two sets of information, with a combined overview that uses familiar *PerformancePlus* style symbols to give a highly visual summary of performance.
4. Service performance information is backward looking, using data relating to performance in the first half of the year. Financial information is forward looking, using budget holders’ projections of income and expenditure to 31st March 2007. Historic financial information for the first half of the year is used only to help to inform projections. These approaches to service and financial performance reporting are well established.

Information and Analysis

5. Overall the council is on target for service performance. The overall financial performance is a projected overspend of £0.344m.
6. Table 1 shows a summary of the ‘headline’ achievement against targets for financial and service performance. The number of budget heads is shown and it should be noted that not every budget head has a corresponding service performance indicator. The table also summarises financial and service performance for each department and the Council overall.

Table 1: Headline achievement against target for financial and service performance										
	Financial Performance					Service Performance				
Departments	No.				Total				N/A	Total
Chief Executive's Office	5	0	5	0		2	0	2	1	
Corporate Services	5	0	5	0		0	3	0	2	
Community Services	36	0	34	2		11	5	4	16	
Development & Environment	16	0	15	1		3	9	3	1	
Children's Services	9	0	9	0		1	5	0	3	
Darlington BC	71	1	69	1		17	21	10	23	

7. Further detail is given in **Appendix 1**, using *PerformancePlus* alert symbols to indicate performance against budget and service targets. This gives a visual overview of how individual services are performing against financial and service targets and highlights areas that potentially need attention. Red triangles denote where the budget is projected to be exceeded by more than pre-determined tolerances and services where performance targets are not being achieved (within a 10% tolerance).

Financial Information

8. **Appendices 2 to 4** contain detailed financial data in the format used previously in revenue budget management reports to Cabinet and Resources Scrutiny Committee.
9. Departmental and corporate budgets and projected outturns are summarised in **Appendix 2**. Departmental budgets are projected to be in deficit by £0.992m compared with £0.187m surplus in the MTFP. This is principally as a result of Adults Services and various D&E budgets. Further detail is given in **Appendices 2(a) to 2(f)** and in the ***Exception Reporting*** section below. Corporate budgets are projected to underspend by £0.831m as a result of reduced financing costs, with increased interest received on capital investments and temporary cash-flow investments. The Council's projected balances at 31st March 2007 are shown in **Appendix 3**. Housing Revenue Account financial information is shown in **Appendix 4**.

Service Performance Information

10. Table 2 summarises departmental and Council-wide service performance. If all targets were met the score would be 100. It is apparent that on average the Council is therefore exceeding its performance targets.

Table 2: Service performance against target for departments year end 2005/06 and to 2nd quarter 2006/07		
Departments	Year end 2005/06	To 2nd Quarter 2006/07
Chief Executive's Office	108.37	95.57
Corporate Services	100.89	99.34
Community Services	154.11	129.10
Development & Environment	112.73	105.56
Children's Services	92.40	105.95
Darlington BC	113.72	107.15

Exception Reporting

11. Exception reporting is adopted in this report to provide commentary on service areas that are performing below target levels and budgets that show any significant projected overspends.

Financial Performance

12. Overall financial performance is a projected overspend of £0.344m. The reasons and proposed actions are detailed below.
13. Community Services are showing a projected outturn of £0.848m deficit; mainly due to a projected overspend of £0.871m on Adult Services. Significant work is being carried out to reduce this figure as far as possible. The over spend relates to a number of areas, but mainly around the purchase of external care, where volumes of clients are higher than budgeted. There have also been unavoidable increases in fees in a residential home, along with loss of Supporting People income of £0.200m. The projected overspend on DLO profits relates to a reduction in profits on Catering, where the refurbishment of the Dolphin Centre and Arts Centre is having a significant impact. This overspend is partly offset by the under spend on the Dolphin Centre budget of £0.056m where income has been higher than anticipated during the refurbishment.
14. Development and Environment shows a projected deficit of £0.271m compared with MTFP £0.037m deficit. The principal reasons, previously reported to Cabinet in September, are reduced income from Parking, Markets, Highways and Crematorium. It is possible that some improvement in income levels may be achieved in the remainder of the year. The departmental management team is seeking savings to minimize the net effect of reduced income. Any net increase in the departmental deficit above the level approved in the current MTFP will be dealt with in the review of the MTFP.
15. The reduction in Financing Costs (**Appendix 3**) of £0.843m relates to a number of items:
- (a) Due to reduced levels of debt at the end of 2005/06 there is a reduction in principal and interest payments of £0.191m.

- (b) The provision for smoothing out repayments for money market debt made in previous years is no longer required giving a reduction of £0.151m.
- (c) Increased interest received from capital investment due to a higher rate of return than anticipated £0.185m and both increased volume of investments and a higher rate of return for temporary cashflow investments £0.403m. However internal funds will benefit from the increased interest rate returned which will reduce this figure by £0.087m.

Further details of revised estimates for Financing Costs will be reported to Cabinet with the Half Yearly update on Prudential Indicators and Treasury Management in December 2006

Service Performance

16. The information presented here is based on the targets set, which need to be challenging but achievable. To date our track record in performance improvement suggests that challenging targets are set but there is a need to ensure that this remains the case.
17. Overall service performance is on target. There are 9 service areas where the target is not being achieved shown in Table 3 together with reasons and proposed actions.

Table 3: Service areas where performance is below target	
Department/Budget Head	Reasons and Proposed Action
<i>Chief Executive</i>	
Chief Executive's Office	The service data relates to the BVPI survey carried out in 2003/04 for a single indicator, BV3 (satisfaction with the authority overall). Whilst performance did not meet the aspirational target set, performance remains in the top quartile. A range of activity across the authority impacts upon this area and action is being taken where necessary.
Anti Social Behaviour	Reported incidents of anti social behaviour are running above target. For some other crime indicators, targets are not being achieved, although a national crime reporting standard being introduced has had an impact on rising figures. A fundamental review of Community Safety is ongoing that seeks to address performance. This will be supplemented by the initiatives being carried out as part of the Local Area Agreement, including the development of neighbourhood policing with associated intelligence, which is expected to positively impact on levels of crime.
<i>Community Services</i>	
Arts Centre and Civic Theatre	The Civic Theatre was closed for 1 month, the Arts Centre was undergoing some building work and the World Cup had an impact on attendances.
Outdoor Events	The satisfaction levels obtained in the Community Survey were below the targets set. Potential reasons for this are being investigated.
Street Scene	Redevelopment to the town centre with Pedestrian Heart is

	having an effect on some areas of Street Scene performance, with some disruption to street cleaning affecting performance against cleanliness standards (BVPI 199) and therefore not meeting the challenging targets set. Initial challenges around implementing new street scene services are being managed out and measures are in place to improve performance.
Asylum Seekers	There is only 1 indicator (CS144 Achieve Level B grading for the Supporting People Quality Assessment Framework) used to measure this budget head and 2005/06 performance is being reported.
<i>Development & Environment</i>	
Land and Property	The target for BV156 local authority building suitable for the disabled is to be met at the end of the year and the target has not been profiled hence this needs correcting in <i>PerformancePlus</i> . Other indicators are annual.
Environmental Health	Most of the PIs are annual but there is particular underperformance in a quarterly PI BV218b Percentage of abandoned vehicles removed within 24 hours. There has been a change in responsibility within the department due to an officer leaving that may have impacted on performance and is a change to 2005/06 where performance was at 100% for 3 out of 4 quarters.
Trading Standards	Visits to high-risk premises are falling well short of target. However only a small number of inspections can result in large percentage variances and there is a need to better profile quarterly targets. It is expected that the overall target will be achieved by the end of the year.

Value for Money and Efficiency

18. The measurement of value for money involves making comparisons with other organisations. This relies on externally validated data, drawn principally from performance indicators and published financial data from local authorities' returns to Government that follow prescribed formats. This is principally an annual exercise that helps to inform service and financial planning decisions, including target-setting.
19. Following Sir Peter Gershon's report on public sector efficiency, a system of measuring improvements in value for money and efficiency was introduced in 2005. Efficiency gains are identified through corporate and financial planning and continuing service review. They are reported to Government in Annual Efficiency Statements (AES).
20. In 2005/6, 32% of the Council's reported outturn efficiency gains were met through the identification of £0.682m of in-year efficiencies. It is important that in-year efficiencies continue to be identified. This reflects the fact that improving efficiency is a continuous process, not an annual event. An efficiency-monitoring group has been established and one of its tasks is to monitor the identification and collation of in-year efficiencies. A corporate template has been introduced to capture the efficiency data. Sitting alongside efficiency gains planned at the start of the year, this information will give a complete picture of the savings accrued by the authority throughout the financial year.

21. **Appendix 5** contains the 2006-07 Annual Efficiency Statement (AES) forward look and additional efficiencies achieved in year. Service managers' projections of delivery of planned efficiencies do not indicate any significant problem in the first half of the year.

Legal Implications

22. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members.

Section 17

23. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

24. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

Outcome of Consultation

25. No formal consultation was undertaken in the production of this report.

Decision deadline

26. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Conclusions

27. This first integrated combined financial and service performance report to Members provides a sound basis for joined-up consideration of the Council's financial and service performance.
28. Overall the Council is on target with regard to service performance and efficiency gains. The budget is projected to be overspent by £0.344m.

Recommendations

29. It is recommended that Cabinet:
- a. Note the satisfactory progress of service performance compared with targets
 - b. Note the projected overspend of £0.344m compared with approved budget

- c. Receives combined service and financial performance reports quarterly in future.

Reasons

To continue effective management of service and financial performance and improvement of value for money.

Paul Wildsmith **Lorraine O'Donnell**
Director of Corporate Services **Assistant Chief Executive**

Background papers

Financial records

Performance management records

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