
COMBINED FINANCIAL AND SERVICE PERFORMANCE REPORT
3RD QUARTER 2006/07

Responsible Cabinet Member - Councillor Don Bristow, Resource Management Portfolio
Responsible Directors - Paul Wildsmith, Director of Corporate Services; Lorraine O'Donnell, Assistant Chief Executive

Purpose of Report

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

Summary

2. The authority continues to perform well. Against existing high standards, the council continues to set demanding targets for improvement. Of the 210 indicators with data at the end of the 3rd quarter reporting period, 152 or over 72% are on target or better. Overall financial performance is a projected fractional overspend of £0.012m.
3. During the last quarter, the council has overseen some key achievements. Elements of Pedestrian Heart have been unveiled, whilst the Dolphin Centre refurbishment has been completed to timescale and to budget. Let's Get Cracking, the road and footway initiative based upon residents' priorities is continuing and is making improvements across Darlington. Other major public buildings such as the Arts Centre and the Railway Museum are benefiting from major refurbishment. The Council is investing £6.5m to create a new state of the art facility to replace the existing North Road Primary School, whilst the Government has given the Darlington Eastern Transport Corridor (DETC) scheme the green light by contributing over £12m. This will provide a link between Haughton road and the A66, reducing congestion and opening up land for development. Adult social care and health has been awarded three stars by the Commission for Social Care Inspection (CSCI), the highest possible rating, improving on last year's two stars.

Information and Analysis

4. The main issues addressed in this report are:
 - (a) background to the report;
 - (b) overview of financial and service performance;
 - (c) financial information;
 - (d) service performance information;
 - (e) exception reporting;
 - (f) value for money and efficiency.

Background

5. This report gives an overview of service and financial performance and provides commentary on the relatively small number of areas that show significant variances from budget or performance targets. The summary tables and the appendices provide more detailed information.
6. 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* symbols to give a highly visual summary.
7. Service performance information is backward looking, using data relating to performance in the third quarter. Financial information is forward looking, using budget holders' projections of income and expenditure to 31st March 2007.

Overview of financial and service performance

8. Overall the council is on target for service performance. Table 1 shows a summary of the headline achievement against targets for financial and service performance. The table summarises financial and service performance for each department and the Council overall, and includes the number of budget areas. Not all budget heads have corresponding service performance:

Table 1: Headline achievement against target for financial and service performance										
Departments	Financial Performance					Service Performance				
	No.				Total				N/A	Total
Chief Executive's Office	5	0	5	0		1	2	1	1	
Corporate Services	5	0	5	0		1	3	0	1	
Community Services	36*	0	33	3*		7	8	3	16 (+1?)	
Development & Environment	16	1	14	1		3	5	6	1 (+1?)	
Children's Services	9	0	9	0		0	5	1	2 (+1?)	
Darlington BC	71*	1	66	4*		12	23	11	21 (+3?)	

* Includes DLO

'?' - no data is available

9. 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 overall and 5% for any satisfaction indicators). As far as the financial performance is concerned a de-minimis level of £0.100m for red triangles has been used to enable Members to focus on the Council's key variances.

With credit variances, other factors also need to be taken into account when allocating the appropriate symbol, i.e. underlying reasons for the under-spend and/or magnitude of the under-spend.

Financial Information

10. **Appendices 2 to 4** contains detailed financial data in the format used previously in revenue budget management reports to Cabinet and Resources Scrutiny Committee.
11. Departmental and corporate budgets and projected outturns are summarised in **Appendix 2**. Departmental budgets are projected to overspend by £0.839m 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. Corporate budgets are projected to underspend by £0.827m 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**.
12. The projected corporate revenue balance at 31st March 2007 is £10.191m. The Revenue MTFP review report to Cabinet on 30th January 2007 recommended approval of additional resource allocations totalling £0.874m to meet departmental deficits in 2006-07. The MTFP review report also identified £0.220m of LPSA grant previously expected in 2006-07 that will not be received until 2007-08. The same report also identified additional income during 2006-07 from Newcastle Airport dividend (£1.9m) and LABGI (£1.7m). The overall effect of these changes is to increase the projected corporate balance at 31st March 2007 to £12.7m, which is the starting point for the draft 2007-08 to 2010-11 MTFP. These changes have not been included in Appendix 3 as the MTFP review is subject to Council approval in March 2007.

Service Performance Information

13. The council sets extremely demanding targets for itself, against a backdrop of already high performance. Of 210 indicators with data, 152 are on target or better. The next section of this report highlights areas of performance well above target, as well as showing the minority of areas for which progress is not on target and explains what action is being taken.
14. Table 2 summarises departmental and Council-wide service performance. If all targets were met the score would be 100, therefore the council is marginally below target in this period:

Table 2: Service performance against target for departments year end 2005/06 and 3rd quarter 2006/07		
Departments	Year end 2005/06	3rd Quarter 2006/07
Chief Executive's Office	108.37	97.99
Corporate Services	101.01	102.92
Community Services	154.11	115.65
Development & Environment	112.73	80.63
Children's Services	92.40	97.74
Darlington BC	113.72	99.73

Exception Reporting

15. Exception reporting is used to provide commentary on service areas that are performing well above or below target levels, and any budgets that show significant projected overspends.

Financial Performance

16. Overall, financial performance is a projected overspend of £0.012m. Children's Services is projecting a non-recurring underspend of £442k in 2006/07. This underspend is an amalgamation of a number of different issues, most of which offset each other, but is in the main due to the planned management of staff vacancies. These vacancies are gradually being filled or are being reconfigured through the reviews of support services and the third tier management structure. It is proposed that £400k of this one-off underspend is returned fully to corporate balances. The remaining £42k will be carried forward as unspent Standards Fund grant income, which has an 18 month spend cycle.
17. Development and Environment projected deficit balance at 31st March 2007 is now £0.286m, compared with £0.037m deficit in the MTFP approved in March 2006. The principal reason for the deficit is reductions in income from parking, highways, markets, cemeteries and crematorium. These are unavoidable and are expected to largely continue into future years. Other increases in net expenditure are more than off-set by reductions in Waste Management costs, which have been achieved by purchasing landfill permits at advantageous prices. The MTFP review report will recommend approval of additional resources for 2007-08 onwards and for the deficit in the current year.
18. Community Services projected deficit at 31st March 2007 is now £0.938m compared with £0.090m surplus in the MTFP approved in March 2006. The Adult Services budget is projected to overspend by £0.915m this financial year. As previously reported the overspend 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 fee increases in a residential home, along with the loss of supporting people income of £0.200m. Significant work is being carried out to ensure this overspend does not increase and an action plan has been drawn up to reduce the overspend in future years. The reduction in DLO profits is related to both catering and building maintenance. The Catering account has been affected due to the refurbishments of both the Dolphin Centre and the Arts Centre as the temporary closure of both has had a significant impact on trading. This does however need to be offset by the underspend in the Dolphin Centre as overheads have been reapportioned. Building Maintenance profits have reduced due to a reduction in turnover in a number of areas including public buildings, schools and housing. The MTFP review report will recommend approval of additional resources for 2007-08 onwards and for the deficit in the current year.

Service Performance

19. Table 3 shows those service areas where performance is well above target. Highways is included here due to the exceptional performance of one particular indicator:

Table 3: Service areas where performance is above target	
Department/Budget Head	Key contributing PIs
<i>Community Services</i>	
Dolphin Centre	Targets for swimming at the Dolphin Centre (CS17ci & CS17cii) were met despite refurbishment work.
Housing Benefit Administration	Targets were well exceeded for the 4 BVPIs dealing with housing benefit security that including visits to claimants, fraud investigations and prosecutions (BV76a-d). The trend from last year is improving and these PIs are also best quartile performance in 2005/06. This further improvement is a considerable achievement given the already high performance.
Physical Disability	Indicators for caring for people through intermediate care (SS24) and people receiving a statement of their needs (SS42) are showing good improvement.
<i>Development & Environment</i>	
Economic Regeneration	Visits to the museum (BV170a), the number of people using Information Darlington tourism service (DE4), the number of jobs created BV11b) and cost per job created (DE11b) are all performing well, with substantial forecasted job creation supported by the grant application by Infoserve Plc. for its new call centre at Morton Palms.
Waste Management	An increased focus on recycling and an increase in facilities has resulted in the target being achieved for the percentage change in the weight of household waste collected per head of population
Highways	The number of days of temporary traffic controls is reducing.

20. Overall, service performance is on target. Only 12 service areas out of 72 are not achieving targets. This is in some cases due to a single indicator not being on target as of this quarter.

Table 4: Service areas where performance is below target	
Department/Budget Head	Reasons and Proposed Action
<i>Chief Executive</i>	
Chief Executive's Office	<p>Under target performance is attributed to a single BVPI (BV3) measuring overall satisfaction with the Council, which is below the aspirational target. A range of activity across the authority impacts upon this area and action is being taken where necessary. The considerable amount of development work in the town such as Pedestrian Heart and the Tesco consultation may well have impacted on the result.</p> <p>Performance in comparison with all top tier authorities remains good and above average.</p>

<i>Corporate Services</i>	
Human Resource Management	The indicator for ill health retirements (BV15) is above target and the year-end target cannot now be achieved, although it should be noted that small numbers are involved.
<i>Community Services</i>	
Outdoor Events	The target for satisfaction with leisure and arts events has not been achieved (CS18b).
Street Scene	A number of indicators have shown improvement from 2003/04 such as BV89 satisfaction with litter/refuse (58% to 67%) and BV119e satisfaction with parks and open spaces (66% to 77%). However, some targets have not been met, affected by extensive work in the town centre. The target for missed refuse collections was not achieved by a large margin (target 8, actual 19.38) that has a large impact on this budget head. This was due to problems experienced at initial point of the Street Scene implementation and will drop as the problems are overcome.
Housing Renewal Team	The target for private sector dwellings brought back into use or demolished has not been met (CS118c).
<i>Development & Environment</i>	
Departmental Management & Support	The target for the percentage of complaint stage 3 findings being different from stage 2 (DE67) is 10% for the year. During the third quarter, two stage 3 complaints were completed with one differing from the stage 2 finding. The PI is thus 400% over target for the quarter (50% against a target of 10%). This significantly affects performance against the budget head. The position for the year to date is 25%, with a projection of 16% when the stage 3 complaints currently in progress are completed.
Planning and Building Control	The target for the percentage of planning appeals allowed (BV204) is 30%. The position at the end of the third quarter is 37.5% allowed (25% over target). This represents 6 appeals allowed out of a total of 16 appeal decisions during the year to date. As with DE67, above, small numbers have a significant impact on the position, and there is limited control over the outcomes measured by the PI. The results for BV219b/c are also impacting on the performance position under this budget head, measuring the percentage of conservation areas with up-to-date character appraisals, and the percentage with management plans. Planned consultancy work has been brought in-house, delaying the programme. Work is ongoing, and end of year performance is anticipated to be 1 under target, having a smaller impact on the performance against this budget head
Transport Policy Concessionary Fares Tendered Bus Services	Targets for satisfaction with public transport information (BV103) and bus services (BV104) were not achieved and have both declined slightly from 2003/04 when these PIs were last collected. Both PIs impact on performance under the Transport Policy budget head, whilst BV104 impacts on the

	Concessionary Fares and Tendered Bus Services heads. The decline in satisfaction was in spite of major improvements to timetable information at all bus stops and commencement of installation of real-time information displays along major bus routes. It is likely that the decline is linked to the relocation of town centre bus stops during the year before the PIs were collected.
Environmental Health	The indicators not meeting targets are for the percentage of food standard inspections done (DE54b-bi). DE54b/bi - inspections are not uniformly carried out throughout year. Targets should be reached by the end of the year.
<i>Children's Services</i>	
Pupil Support Services	Targets are not being achieved for absences from school PIs (BV45 and BV46).

Value for Money and Efficiency

21. 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.
22. 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).
23. 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.
24. **Appendix 2** 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.

Outcome of Consultation

25. The issues contained within this report do not require formal consultation.

Legal Implications

26. 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, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

27. 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

28. The issues contained within this report do not represent a change to Council policy of the Council's policy framework

Decision deadline

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

Conclusions

30. Overall the Council is on target with regard to service performance and efficiency gains. The budget is projected to be overspent by £0.012m. Appropriate action is being taken to manage the Council's service and financial performance, including the areas of increased spending.
31. The 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.

Recommendations

32. It is recommended that Cabinet:
- (a) note the satisfactory progress of service performance compared with targets;
 - (b) note the projected overspend of £0.012m compared with approved budget.

Reasons

14. The recommendations are supported 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

David Hall – Financial performance sections
Extension 2303

David Goodchild – Service performance sections
Extension 2015