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**COMBINED FINANCIAL AND SERVICE PERFORMANCE REPORT**  
**YEAR END 2006/07**

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**Responsible Cabinet Member - Councillor John Williams,**  
**Leader and all Cabinet Members**

**Responsible Director - Corporate Management Team**

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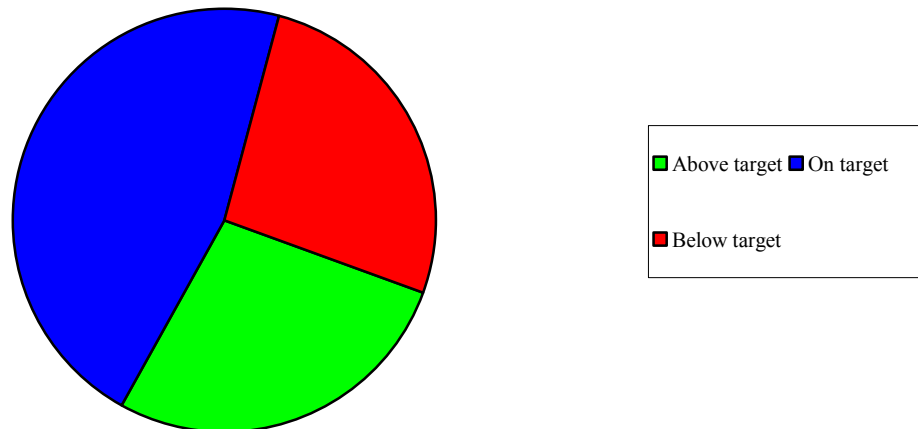
**Purpose of Report**

1. To report on the Council's financial and service performance for the period April 2006 to March 2007.

**Summary**

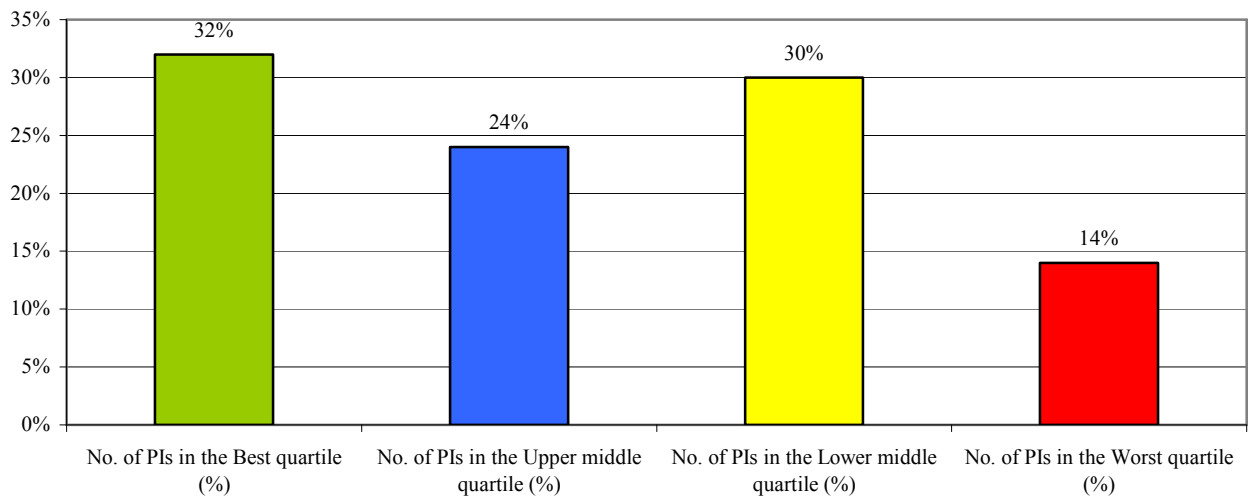
2. The authority continues to perform well. Against existing high standards, the Council continues to meet demanding targets for service improvement; with 76% of all targets met for both local and national indicators. This is comparable to 2005/06 figures. In financial terms, performance is better than outlined in the March 2007 Medium Term Financial Plan by £0.416m.
3. During the last twelve months the Council has overseen some key achievements and maintained a proven track record of delivery. Darlington looks different, with Pedestrian Heart nearing completion, the successful £5m refurbishment of the Dolphin Centre, work underway on the Darlington Eastern Transport Corridor, etc. Let's Get Cracking, the road and footway initiative based upon residents' priorities is continuing and is making improvements across Darlington, and increasing resident satisfaction levels.
4. In terms of performance, the authority has once again been externally assessed by the Audit Commission under Comprehensive Performance Assessment as 4-stars and 'improving well'. Housing were judged as the maximum '4', improving from '3' the previous year. Adult services demonstrated improvement and is now classed as the maximum 3 stars. Performance of Best Value Performance Indicators (BVPIs) improved for the seventh year in succession, with an improvement of 4.25% in 2006/07. Of the 170 BVPIs collected, 73% were either above or on target, i.e.:

### BVPI performance against target



5. The following graph shows that 56% of BVPIs are above the median performance for all English authorities with a third being best quartile performance. 14% of BVPIs were in the worst quartile.

### BVPI comparison against all English authorities



6. This report identifies areas required for improvement. In financial terms there is an underspend overall, although Members are aware of the ongoing pressure on Adult Services due to demographic change. In terms of service performance, some areas that have not met target include some areas of crime, planning, school attendance and some corporate health indicators including employee sickness.

## Information and Analysis

7. 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 summary;
  - (e) exception reporting;
  - (f) value for money and efficiency.

## Background

8. This report gives an overview of service and financial performance and provides commentary on the areas that show significant variances from budget or performance targets. The summary tables and the appendices provide more detailed information. Service performance indicators used in the budget heads analysis is an abbreviated version of the set reported in the Corporate Plan/Best Value Performance Plan and maintained on *PerformancePlus*.
9. Service performance information is backward looking, using data relating to performance in the 4th quarter or year-end in this report. The 2006/07 accounts are now close to completion, subject to audit. Changes from the 2007 March MTFP reported to Council include increases in the Local Authority Business Growth Initiative grant of £0.208M. The excess for provision of bad debt was brought into revenue balances, increasing reserves by £0.192M. The net receipt from Newcastle Airport dividend was £0.030M less than projected. The extensive consultation on the proposed Feethams development was not budgeted for and the cost of £0.093M was funded from revenue balances. Taking all the above changes into account, revenue reserves are £0.277M better than the 2007 March MTFP.

## Overview of financial and service performance

10. Table 1 shows the headline achievement against targets for financial and service performance. The 'N/A' in the service performance column relates to budget heads that have no service indicators against them. Primarily these relate to relatively small areas of expenditure.

Departments	No.	Financial Performance				Service Performance				
		★	●	σ	Total	★	●	σ	N/A	Total
Chief Executive's Office	5	0	5	0	●	1	0	3	1	σ
Corporate Services	5	0	5	0	●	0	3	1	1	●
Community Services	36*	0	36	0	●	11	6	3	16	★
Development & Environment	16	0	16	0	●	3	7	4	2	●
Children's Services	9	0	9	0	●	1	4	2	2	●
<b>Darlington BC</b>	<b>71</b>	<b>0</b>	<b>71</b>	<b>0</b>	●	<b>16</b>	<b>20</b>	<b>13</b>	<b>22</b>	●

**Table 1: Headline achievement against target for financial and service performance \*Includes DLO**

11. 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 national satisfaction indicators). **Appendix 2** shows the service performance detail for PIs that are above and below target by greater than tolerance

### Financial Information

12. **Appendices 3 to 5** contain detailed financial data in the format used previously in revenue budget management reports to Cabinet and Resources Scrutiny Committee.
13. Departmental and corporate budgets and projected outturns are summarised in **Appendix 3**. Departmental budgets are projected to underspend by £0.115m compared with the MTFP review report to Council on 8<sup>th</sup> March 2007. Further detail is given in **Appendices 3(a) to 3(f)** and in the *Exception Reporting* section. Corporate budgets are projected to underspend by £0.301m as a result of reduced financing costs, with increased interest received on capital investments and temporary cash-flow investments. The Council's projected General Fund Reserves reported to Cabinet on 5<sup>th</sup> June 2007 at 31st March 2007 are £13.207m and shown in **Appendix 4**. Housing Revenue Account financial information is shown in **Appendix 5**.

### Service Performance information

14. The council sets demanding targets for itself, against a backdrop of already high performance. Of 356 indicators with data, 270 (76%) are on target or better within *PerformancePlus* tolerance.
15. Table 2 summarises departmental and Council-wide service performance against the PIs that are placed against budget heads (should all targets be met the score would be exactly 100). The Council overall is above target for this basket of indicators:

<b>Departments</b>	<b>Year end 2005/06</b>	<b>Year end 2006/07</b>
Chief Executive's Office	116.13	89.54
Corporate Services	101.00	98.03
Community Services	153.41	142.51
Children's Services	92.39	95.82
Development & Environment	109.99	100.08
<b>Darlington BC</b>	<b>114.59</b>	<b>105.20</b>

**Table 2: Service performance against target for departments year-end 2005/06 and year end 2006/07**

16. Table 3 shows the number percentage of BVPI targets met by Council departments.




Department				Total	Variance from target
Chief Executive's	1 8.3%	6 50%	5 41.7%	12	-10.18
Corporate Services	0 0%	8 61.5%	5 38.5%	13	-11.40
Community Services	23 37.7%	26 42.6%	12 19.7%	61	12.92
Children's Services	9 30.0%	13 43.3%	8 26.7%	30	5.92
Development and Environment	14 25.5%	26 47.3%	15 27.3%	55	0.55
<b>TOTAL for DBC</b>	<b>47</b> <b>27.5%</b>	<b>79</b> <b>46.2%</b>	<b>45</b> <b>26.3%</b>	<b>171</b>	<b>4.25%</b>

Table 3: % BVPIs that are above, on or below target by department (limited to 100% variance)

### Exception Reporting

17. 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

18. Subject to audit, overall financial performance is on line with Out-turn reported to Cabinet on 5<sup>th</sup> June. However, a number of minor variances have reduced General Fund reserves by £0.1m to £13.1m. Departmental balances remain at £0.517m.

### Service Performance

19. **Appendix 2** (a) shows those service areas where performance is well above target and **Appendix 2** (b) where performance is below target for the PIs included in the budget headings objectives. This is a key part of the report that requires particular attention by Cabinet.

20. Table 4 is a summary of the achievement with Community Strategy theme that includes BVPIs and local PIs with variances limited to 100%. It should be noted that this is a more extensive basket of indicators than are included within the budget headings objectives. This table is included within the 2007-2010 Corporate Plan. The best performance is for Stimulating Leisure Activities, which is 24.9% above target. The lowest performing theme is Corporate Health at 12.6% below target. Overall, the Council's contribution to the top objective *where quality comes to life* is favourable at 5.85% above target. There is a need to improve performance (against target) in two themes: Improving the Local Economy and

Corporate Health, although there remain other areas within other themes where attention is required and where management action is focused in the current year. These are included as priorities for improvement in service plans.

Community Strategy theme	Overall status	Comment
Improving the local economy	●	More jobs were created through Council-funded assistance to companies and Darlington's share of the external funding awarded to Tees Valley boroughs increased to 19%. The gap in Darlington's rate of unemployment and the national rate rose slightly from 0.5% to 0.6%.
Promoting inclusive communities	★	Good performance has been maintained from the previous year for most Housing Benefits indicators. Additionally, there has been an improvement in homelessness indicators. The target for pedestrian crossings adapted for the disabled was not met.
Raising educational achievement	●	Performance again increased for the percentage of pupils achieving 5 or more GCSEs at grade A*-C, increasing to 57.9%. Key stage 2 results in English and Maths improved. Historically we have had disappointing results in improving school attendance. However, strategies now in place are already showing a positive effect on the rates of absence and exclusions with improvement in performance in absence rates in both primary and secondary schools in the autumn and spring terms.
Stimulating leisure activities	★	Overall performance in this theme remains high, even though there was major disruption caused by some major refurbishment to facilities. Satisfaction with libraries remains high, and museum visits increased. Satisfaction levels with sports/leisure facilities were slightly below target. Young people engaging in sports development was above target, as was the percentage of school children participating in a minimum of 2 hours of PE and school sports activity.
Promoting community safety	●	There have been slight increases in domestic burglaries, vehicle crime and violent crime that the Council and its partners remain committed to reducing. There were fewer robberies per 1,000 population and targets were met for indicators relating to dealing with the effects of drug misuse. Whilst we acknowledge that we need to review target setting in this area, these areas remain key priorities for improvement.
Improving health and well-being	★	Overall performance is good in this theme. Direct payments uptake is increasing, and adoptions of children looked after exceeded target. Targets were not achieved for the percentage of people receiving a statement of their needs and for the number of pupils permanently excluded in maintained schools.
Enhancing the local environment	●	Rent arrears as a percentage of total tenants reduced significantly. Recycling figures increased and percentage of household waste landfilled reduced. Satisfaction with cleanliness and recycling increased.

		Performance in planning did not reach target and fell from the previous year.
Developing an effective transport system	★	The number of people killed or seriously injured fell and met target. Local bus service passenger journeys rose slightly, and the number of trips made by Darlington people walking or cycling both rose. Satisfaction with the provision of public transport information and with local bus services fell and did not meet target.
Corporate Health - all themes	▲	In a year of the introduction of Single Status, performance in corporate health indicators is down on the previous year, although it is acknowledged that for a number of indicators' sample sizes are small. The percentages of top 5% earners that are women, from black and minority ethnic communities or have a disability all fell. The number of working days lost to sickness rose slightly on last year's figure. There was improved performance for the collection of non-domestic rates, the percentage of economically active disabled people employed and increasing performance for the percentage of employees from minority ethnic communities.
<b>DBC</b> 'Where quality comes to life'	●	<b>Overall a satisfactory achievement against the Community Strategy themes, although there remain areas for improvement</b>
<b>Note: Variance limited to +/- 100% of target</b>		

**Table 4: Summary of achievement by Community Strategy theme for 2006/07 (BVPIs and local performance indicators)**

### **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 and selected data is published in the MTFP. However, we also attempt to produce an in-year quarterly assessment using financial and service performance. This data is introduced on an experimental basis, and initially at a high level, to ascertain its utility. Table 5 shows quarterly results for 2006/07. A higher figure denotes better 'value for money' and so for finance a high figure represents a lower cost. The 'Combined' value is derived simply by adding the Service and Finance figures together and dividing by two so that there is expression against 100.00 that would represent on target performance for the budget and services. It should be noted that this could be due to lower financial costs or higher service performance (or a combination of both) and so to some extent it is an indication of cost per unit of service performance.

<b>Departments</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
	Finance	Finance	Finance	Finance
	Service	Service	Service	Service
	<b>Combined</b>	<b>Combined</b>	<b>Combined</b>	<b>Combined</b>
Chief Executive's Office	108.00	103.38	95.67	89.54
	100.00	100.00	100.00	97.22
	<b>104.00</b>	<b>101.69</b>	<b>97.84</b>	<b>93.88</b>
Corporate Services	99.34	97.49	98.06	98.03
	101.61	101.05	99.80	102.30
	<b>100.48</b>	<b>99.27</b>	<b>98.93</b>	<b>100.17</b>
Community Services	149.44	134.93	125.20	142.51
	97.11	97.20	96.62	100.62
	<b>123.28</b>	<b>116.07</b>	<b>110.91</b>	<b>121.57</b>
Development & Environment	101.68	105.05	85.96	95.82
	97.85	97.11	97.92	99.93
	<b>99.77</b>	<b>101.08</b>	<b>91.94</b>	<b>97.88</b>
Children's Services	103.27	98.51	98.07	100.08
	100.00	100.00	100.67	99.63
	<b>101.64</b>	<b>99.26</b>	<b>99.37</b>	<b>99.86</b>
<b>Darlington BC</b>	112.34	107.87	100.59	105.20
	108.33	99.19	99.99	100.35
	<b>110.34</b>	<b>103.53</b>	<b>100.29</b>	<b>102.78</b>

**Table 5: Ratio of Service Performance to Financial Performance (cumulative)**

18. Efficiency gains are identified through corporate and financial planning and continuing service review. They are reported to Government in Annual Efficiency Statements (AES).
19. The 2006/07 Backward-Look Efficiency Gain statement is due to be submitted by 6<sup>th</sup> July. Officers are still processing final information including the required audit trail. **Appendix 6** shows the latest position, including Capital efficiencies from the Dolphin Centre upgrade. 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.

### **Outcome of Consultation**

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



## **Legal Implications**

21. 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**

22. 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**

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

## **Decision deadline**

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

## **Conclusions**

25. Overall the Council is on target with regard to service performance and efficiency gains. The budget is projected to be underspent by £0.416m. Appropriate action is being taken to manage the Council's service and financial performance, including the areas of increased spending.
26. The 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**

27. It is recommended that Cabinet:
  - (a) note the overall satisfactory progress of service performance compared with targets;
  - (b) note the projected underspend of £0.416m compared with MTFP.

## **Reasons**

28. 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

*PerformancePlus* computer system

David Hall – Financial performance sections  
Extension 2303

David Goodchild – Service performance sections  
Extension 2015