
COMBINED SERVICE AND FINANCIAL PERFORMANCE REPORT
QUARTER 3 2009/10

Responsible Cabinet Member – Councillor John Williams, Leader and all Cabinet

Responsible Directors – Ada Burns, Chief Executive and all Directors

SUMMARY REPORT

Purpose of Report

1. To report the Council's service and financial performance at the end of the third quarter of 2009/10 and to provide an update on the financial information provided to Cabinet on 2 February 2010.

Summary

2. This report provides a combined quarterly overview of the position on service and financial performance and to show progress against the Sustainable Community Strategy (SCS) One Darlington : Perfectly Placed, the Local Area Agreement (LAA) and the Council's corporate plan. It also provides an update on financial information received since the production and presentation of the report to Cabinet on 2 February 2010.
3. Performance and delivery achievement headlines since the last report include:
 - (a) The results of the first year of the new inspection framework for public services, Comprehensive Area assessment (CAA) were published on 9th December 2009. The Council has been assessed as performing well for both its Managing Performance and Use of Resources assessments, resulting in a judgement of 'Performing Well' overall;
 - (b) The Council's Adult Social Care and Children's Services have been assessed as performing well by the Care Quality Commission and Ofsted respectively;
 - (c) In the Area Assessment Darlington received no red flags. Red flags are awarded if action taken to improve outcomes is unlikely to deliver improvements;
 - (d) The new Teesside University campus has received planning permission and work is scheduled to begin in summer 2010;
 - (e) The Darlington Credit Union has been launched, with further external funding secured to deliver a Financial Inclusion Roadshow to the community.
4. Service performance is above target for the Sustainable Community Strategy and on target for Local Area Agreement. The Corporate Plan is showing on-target performance. However, it should be noted that this assessment does not include all indicators because a number can only be reported at the end of the financial year.

5. The financial performance shows a projected improvement of £4,472,000 compared with the approved 2009-13 Medium Term Financial (MTFP), approved by Council in February 2009. The substantial improvement since the Combined Report for quarter 2 is due very largely to a refund of VAT received from HM Revenue and Customs. The projected financial results for 2009-10 in this report are now included in the MTFP for 2010-14, which was approved by Council on 25 February 2010.

Conclusions

6. Overall performance is generally on target. However, only ten indicators are being reported at quarter 3 out of 35 for the Local Area Agreement. Those indicators reporting below target performance are the same as reported at quarter 2; NI130 Social care clients receiving self directed support and NI154 Net additional homes provided, with the former contributing most to the overall underperformance.

Recommendations

7. It is recommended that Cabinet note:
 - (a) the areas where targets have not been met;
 - (b) the above target performance against the Sustainable Community Strategy, on target performance for the Corporate Plan and the Local Area Agreement;
 - (c) the latest projected financial outturn for 2009/10 compared with the approved 2009-13 Medium Term Financial Plan.

Reason

8. The recommendations are supported to maintain appropriate management arrangements for the Council's finances to make effective use of the Council's resources and to continue to effectively manage services and improve value for money.

Paul Wildsmith
Director of Corporate Services

Chris Sivers
Assistant Chief Executive

Background Papers

Financial reports and *Agresso* computer system

Performance management reports and *PerformancePlus* computer system

David Hall – Financial performance sections, Ext: 2303

David Goodchild – Service performance sections, Ext: 2015

S17 Crime and Disorder	Indicators reported here include those concerned with reducing crime and disorder and are showing generally on-target performance
Health and Well Being	Indicators reported here include those concerned with improving health and wellbeing and are showing generally on target performance
Sustainability	Indicators reported here include those concerned with sustainability and are showing generally on target performance
Diversity	There is no specific diversity impact other than that measured by the indicators.
Wards Affected	All wards are affected equally, although specific indicators measure the impact on 'One Darlington'.
Groups Affected	All groups are affected equally, although specific indicators measure the impact on 'One Darlington'.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	This is not classed as a key decision.
Efficiency	The corporate plan and service plans are integral to delivering services efficiently (and effectively) although this report does not identify specific efficiency savings.
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter.
One Darlington: Perfectly Placed	Data is reported here to assess progress against meeting the objectives in the SCS.

MAIN REPORT

Information and Analysis

9. The content of this report covers the following:
 - (a) Background information;
 - (b) Performance information and analysis:
 - (i) One Darlington : Perfectly Placed, the Sustainable Community Strategy (SCS);
 - (ii) Local Area Agreement (LAA);
 - (iii) Corporate Plan – both improvement actions and performance information.
 - (c) Update on the performance monitoring of the One Darlington and Perfectly Placed priorities;
 - (d) Comprehensive Area Assessment summary;
 - (e) Financial information;
 - (f) Overview of services' position on budgets and performance indicators;
 - (g) Overview of complaints.

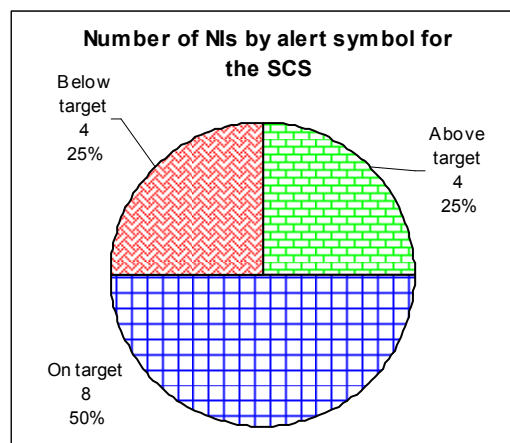
Background Information

10. This report covers the period April to December 2009. High-level summary financial information is included in this report. Detailed financial information was reported to Cabinet on 2 February 2010. This report provides both a financial and service performance assessment against service plan areas.
11. This report aims to give a high level view of performance, and report by exception any areas of contra performance. All service performance information is available for viewing via *PerformancePlus*, with more detailed information available from the Council's Corporate Policy Unit.

Performance Information and Analysis

(i)	One Darlington : Perfectly Placed – Sustainable Community Strategy	★
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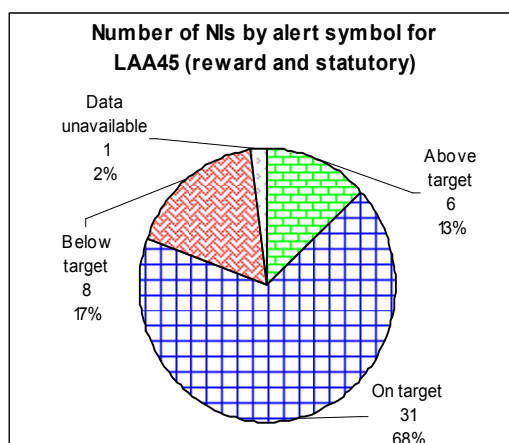
12. The SCS itself incorporates 15 performance indicators (three for each of the five delivery themes) and one of these indicators has two parts (hence 16 in the pie chart below). These indicators focus on long-term outcomes that are unlikely to shift significantly within the short-term but over the 13 year lifespan of the SCS they will provide a high level overview of progress in delivering the vision.



13. The overall status of the SCS is currently showing above target performance, although this is based on six indicators, including one which one has two parts. Within this NI075 Achievement of 5 or more GCSEs including English and mathematics reported below target, performance significantly improved from the previous year.

(ii)	One Darlington : Perfectly Placed – Local Area Agreement	●
	- Local Area Agreement – Negotiated Targets	●
	- Local Area Agreement – Statutory Education Targets	●

14. The LAA consists of a set of 35 (36 in the pie chart since one has two parts) performance indicators (selected from the national indicator (NIS) set) and associated targets, negotiated and agreed with government as the delivery plan for in the short term progressing One Darlington : Perfectly Placed over the period 2008-2011. The LAA also includes ten statutory indicators/targets.
15. The symbols above show that overall the LAA is currently ‘on target’. This overall position is calculated from the available data on both the negotiated and statutory indicators. The ‘negotiated’ reward part of the LAA is on target with data available for ten of the 36 indicators (one indicator has two parts). For the Children’s Services (education) part of the LAA data is available for all ten indicators.



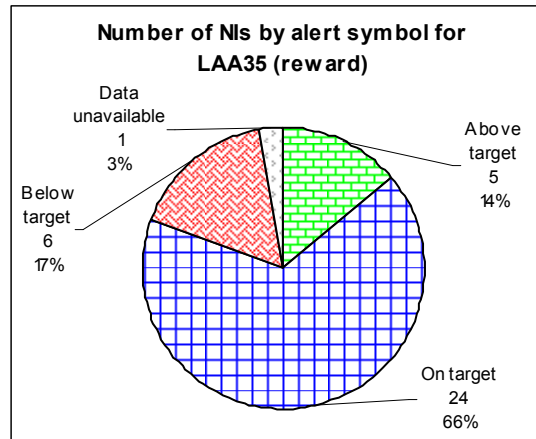
16. Of the ten negotiated indicators for which data is available in quarter 3, six show performance to be on target. Two indicators are showing below target performance: NI130 (Social care clients receiving self directed support) and NI154 (Net additional homes provided). Details are in the table below. These are the same indicators which reported below target performance in quarter 2.

Indicator	Target	Actual
NI 130 – Direct Payments/Individual Budgets	10.00	7.31
Reasons – Following a request to do so by Government Office North East, the target has been reviewed and amended from 16% to 10%. Whilst the number of people using a direct payment has increased substantially in this quarter, the denominator has also increased, which has resulted in decreased performance. There are still a significant number of people		

to be recorded onto the system as having a direct payment following the re-commissioning of older persons domiciliary care. These should be completed within the next month and should demonstrate improve performance.

NI 154 – Net additional homes provided	220	179
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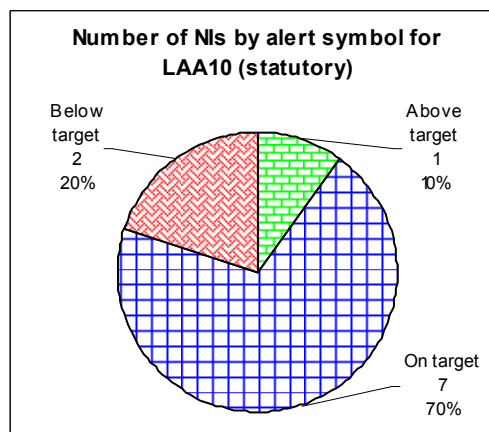
Reasons – Under performance has arisen as the stagnant housing market and consequently a lack of house building activity has been sustained for longer than most commentators originally forecast, primarily because of the continuing lack of mortgage finance being made available to prospective house buyers. The number of completions in the 4th quarter is expected to be bolstered by the completion of social housing schemes by the year end, which have benefited from a bigger pot of HCA funding.



17. The ten statutory education indicators are all reporting at quarter 3 and show an amalgamated position of on target performance.




18. Of the ten indicators:

- (a) seven indicators are within target tolerance;
- (b) one is above target, and;
- (c) two are below target tolerance:
 - (i) NI 075 – Achievement of 5 or more A*-C grades at GCSE (including English and maths), and;
 - (ii) NI 092 – Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest.

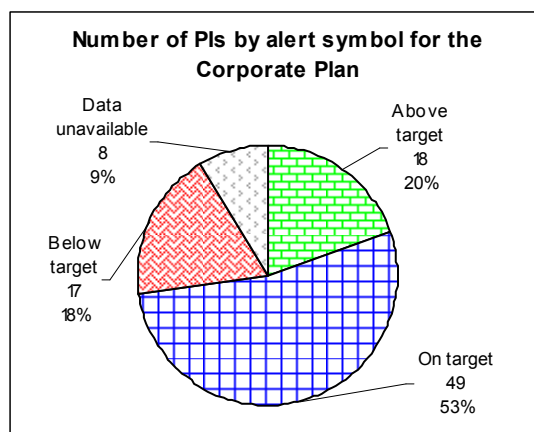


- (d) The two indicators ‘below target’ were previously reported at quarter 2 and the data remain the same, apart from a small change to the actual for NI075. The commentary has been updated as necessary:

Indicator	Target	Actual
NI 075 – Achievement of 5 or more A*-C grades at GCSE including English and maths	58.7	51.8
<p>Reasons – An actual increase of 4% on previous year's performance and is 2% higher than national averages in this benchmark. One school had a large drop in this area of 14.9% contributing to the authority missing the 58.7% target. This target also assumed that the rate of improvement of the National Challenge School would raise standards from 19% to at or above national averages. This was unlikely. Progress made by the National Challenge School was still very good. Rising from 19% to 42% in this benchmark, again contributing to Darlington averages being above national in this area. ACTION: Targeted work with the school that dropped in outcomes the most from 2008. Support planned for the mathematics department where the development is most needed.</p>		
NI 092 – Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage (EYFS) Profile and the rest	34.3	38.0
<p>Reasons – Many of the interventions have been targeted towards younger EYFS children and will impact in future years. Flying Start 2 nursery and reception data was delayed - with the result that the evidence base for targeted intervention was not available. ACTION: Flying Start 2 nursery and reception data to provide the evidence base for targeted intervention in individual schools/settings. The targeted programme is impacting on the score of the lowest 20% - this will increase as 10 more schools/settings have commenced the Every Child a Talker programme. 10 schools/settings have commenced the programme with a focus towards impact on the Linking Sounds and Letters strand of programme which will impact on the gap.</p>		

(iii)	Corporate Plan 2009-13	
	- Corporate Plan - Part A: Delivery of Community Priorities	
	- Corporate Plan – Part B: Delivery of Organisational Improvements	

19. The SCS and LAA do not cover everything that is important to the effective running of the council, and so additionally both actions and performance in the Council’s Corporate Plan are also presented. The Corporate Plan contains a prioritised basket of indicators and actions which are reported against SCS themes and also corporate objectives.
20. The Corporate Plan is on target overall at the end of the second quarter. A total of 92 performance indicators are attached to the improvement proposals set out in the plan to measure progress against delivery. Of these 92, including both national and local indicators, at quarter 3 data is available for 40 with nine of these showing below target performance. As for previous charts that below shows the latest position for the indicators including the position at year end 2008/09 if this is the latest available, which includes the national biennial Place Survey.



21. Improvement proposals are set out in the plan in two sections or parts – part A contains proposals for delivering outcomes that will contribute to the vision for Darlington; part B sets out proposals for the council’s organisational development. Of the indicators measuring progress against SCS themes, 34 currently have data available and show performance to be on target overall. Of the indicators measuring progress against the council’s corporate objectives, six have data available and show performance on target overall.
22. The ‘Part A: Delivery of Community Priorities’ basket includes nine indicators that are currently performing below target. Some of the indicators are repeated in the LAA and are described earlier:

Indicator	Target	Actual
NI 060 – Percentage of core assessments for children’s social care carried out in less than 35 days	88.0	71.9
Reasons – Issue with the recording of data, and lack of experienced/stable staff group. ACTION: Audit of outstanding Core assessments underway.		
NI 062 – Stability of placements of looked after children	11.0	12.5
Reasons – This outcome is linked to the number of referrals and admissions of looked after children and the current shortage of internal fostering provision. Recruitment of foster carers continues to be a priority for the Family Placement Service.		
NI 065 – Percentage of children becoming the subject of a Child Protection Plan for a second or subsequent time.	9.0	11.5
Reasons – Large variance due to one family with several members receiving a second Child Protection Plan.		
NI 075 – Achievement of 5 or more A*-C grades at GCSE including English and maths	58.7	51.8
Reasons – See LAA		
NI 089a – Number of schools requiring special measures	0	1
Reasons – In March 2009, following an Ofsted inspection, Mount Pleasant Primary School was deemed to require special measures as it was failing to give pupils an acceptable standard of education. ACTION: Following the publication of SAT results in July 2008, which revealed a rapid decline in an already downward trend, the school was placed in the LA’s ‘intensive support’ category. The school received weekly visits from its Lead Officer (LO) and a teaching and learning adviser was placed ‘in residence’ on a full time basis. It		

<p>was predicted in September 08 that when inspected the school would fall into an Ofsted category, particularly because of the very low performance at KS2. The school was inspected in March 2009 and went into the Ofsted category Special Measures. The LA continues to work with the headteacher (HT), staff and governors in formulating and delivering an improvement plan. The LO continues to visit weekly and will closely monitor progress against the plan. A consultant HT is supporting the process. In addition two very experienced serving governors have been appointed to the Governing Body by the LA to provide greater rigour and establish a greater degree of accountability. The results for 2008/09 show improved performance in all subjects but still fall short of statutory targets. The school was re-inspected by Ofsted in September 2009 and although some progress was acknowledged further measures have been taken.</p>		
NI 092 – Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	34.3	38.0
Reasons – See LAA		
NI 117 – 16 to 18 year olds who are Not in Education, Employment or Training (NEET)	6.3	7.1
Reasons – NEET numbers peak between June and September due to the turbulence caused by the final destinations of college leavers being unknown at this time. From October the figure begins to reduce. The target is based on the average figure for the three months November 2009 to January 2010 inclusive, and will be reported in the 4th Quarter.		
NI130 – Direct Payments/Individual Budgets	10.00	7.31
Reasons – See LAA.		
NI 195d – Improved street and environmental cleanliness levels (fly posting)	0	1
Reasons – There has been a marginal increase in fly posting incidents throughout the quarter which has resulted in performance being below target. However, there appears to be no overall problem with fly posting rather there are intermittent and sporadic events to which action is addressed as necessary.		

23. The Corporate Plan identifies 92 improvement actions:

Number of corporate plan improvement actions	92
Percentage of corporate plan improvement actions on or above target	99% (1)
Status of corporate plan delivery	●

24. Only one corporate plan action out of 92 (1%) is showing red triangle status, indicating that implementation is currently not achieving approved timescales or targets. This is the same as reported at quarter 2 and concerns a revision to the Cycling Demonstration Town capital programme which was agreed by Cabinet in October. An action plan with specific monitoring is in place which is scheduled to bring this activity back on-track by the end of the financial year.

Update on performance monitoring of One Darlington and Perfectly Placed Priorities

25. Work on establishing a good and long-term basis to assess performance for the SCS priorities One Darlington : Perfectly Placed is continuing, working within the auspices of Darlington Partnership. A working framework was outlined in the quarter 2 report. A total of 21 indicators have been identified for the One Darlington priority, working with the LSP Theme Groups, and data is now in the process of being collected for these indicators. Data has been collected where possible from 2006/07 in order to show trends. It is intended to provide a summary for year-end 2009/10 which will be reported to Cabinet and will include an assessment of the Perfectly Placed priority using indicators and a review of projects. This will provide a basis to enable the Council and its partners to evaluate the achievement of the priorities in the SCS.

Comprehensive Area Assessment

26. In December 2009 the first results of the Comprehensive Area Assessment (CAA) that replaced the Comprehensive Performance Assessment (CPA) were published on the Oneplace website. In each of the 152 LSP areas the councils are one of the four organisations that are given a score in CAA and Darlington Borough Council was categorised as overall performing well. The table below, from the Oneplace website, shows the Council's scores. A score of 2 out of 4 applies to an organisation that meets only minimum requirements, and performs adequately. A score of 3 out of 4 is given to an organisation that exceeds minimum requirements and performs well. The top score is 4 out of 4 with a description of 'significantly exceeds minimum requirements and performs excellently'.

Managing performance	3 out of 4
Use of resources	3 out of 4
Managing finances	3 out of 4
Governing the business	3 out of 4
Managing resources	2 out of 4

27. Managing resources includes the sub areas for 2010, natural resources, asset management and workforce planning. Action planning is ongoing to improve these areas.

Financial information

28. The latest projected financial outturn for 2009/10 compared with the approved MTFP is an improvement of £4,472,000.

Projected General Fund Reserves at 31 March 2010	
	£000
Planned closing balance 31/03/2010	7,088
Increase in opening balance from 2008/09 results	268
Collection Fund 2009/10 Projected Deficit	(208)
Projected corporate underspends / (overspends):	
Joint Bodies & Levies	(46)
Financing Costs	855
Leading Edge efficiencies	(340)
Pay Award	642
Local Authority Business Growth Incentive	(56)
Area Based Grants	55
HMRC VAT rebate	3,155
Projected Departmental Year-End underspends / (overspends)	
Children's Services	(897)
Community Services	1,225
Chief Executive's	126
Corporate Services	(307)
Total	11,560
Overall improvement	4,472

Changes since report to Cabinet on 2 February 2010

29. The projected outturn reported to Cabinet on 2 February 2010 was an improvement of £942,000 compared with the approved 2009-13 MTFP. The latest projected position is a further improvement of £3,530,000 to £4,472,000 which is now included in the 2010-14 MTFP, approved by Council on 25 February 2010.
30. The principal change since the last report is a refund of VAT of £2.814M received in January 2010 and an expected further refund of £340,000. The House of Lords ruled in 2008 that Her Majesty's Revenue and Customs (HMRC) could not apply a 3-year cap (as they had previously sought to do) on claims for refunds of VAT, which had been paid by councils prior to rule changes. The ruling enabled local authorities to make claims covering many years. In mid January, £44,000 plus £36,000 interest was received in respect of claims from 1985 to 1997. On 25th January £1.528M plus £1.206M interest was received in respect of claims from 1990 to 1996. Two further claims are currently outstanding. It is expected that around £240,000 plus £100,000 interest will be received from those claims. It is possible that further claims for more interest on backdated refunds could be made. This would, however, involve costs of making a legal challenge. Officers will assess the likely costs against potential income and probability of success and report the outcome to Members. At this time, no further income should be anticipated.

31. Financing costs have reduced by £195,000 as a result of interest rates remaining low and repayment of debt.
32. Departmental projected year-end balances show an improvement of £181,000 from the projection reported to Cabinet on 2 February 2010 primarily as a result of increased income and savings on staff vacancies, system costs and contract costs.

Overview of service position on budgets and performance indicators

33. The table below shows the position regarding delivery of service plans. For financial information the analysis is a projection as to whether the budget is likely to be achieved by the end of the year, within a tolerance dependent on the size of the budget. For services progress is assessed at the end of the 3rd quarter.

Department/Service Plan	(▲ below target , ● on target ★ above target)	
	Finance	Service
Chief Executive's		
Communications	●	●
Connecting with Communities	★	●
Health Improvement	●	●
Regeneration	●	●
Safer Communities	●	★
Policy, Planning & Performance	★	★
Children's Services		
Children and Families	▲	●
Partnerships	●	★
Planning and Resources	▲	●
School Improvement & Development	●	●
Community Services		
Adult Social Care	●	★
Building Services	●	▲
Cultural Services	●	●
Environmental Services	●	●
Highways	●	★
Housing Benefits	★	★
Housing Services	●	★
Supporting People	★	●
Finance & Performance	●	Not reported
Technical Services	●	Not reported
Corporate Services		
Corporate Assurance	●	●
Finance	●	●
Human Resource Management (HRM)	▲	●
Legal and Democratic	●	●

Public Protection
Darlington & Stockton Partnership
Resources



Finance indicators: ▲ below target - forecast expenditure is greater than budget (or forecast income is less than budget)
★ above target – forecast expenditure is less than budget (or forecast income is greater than budget)
● on target –forecast outturn within tolerance limits

34. There are two service plans showing below target service performance at 3rd quarter and seven showing above target performance. For three service plans service performance is not reported here. In particular, the Darlington & Stockton Partnership is subject to separate reporting procedures, although the overall performance against target is shown.
35. The Building Services plan is reporting under target service performance due to targets not being achieved for adaptations, repairs before lettings and non-urgent repairs. The under achievement of adaptations is principally due to jobs being held over from the previous year due to budget constraints. Performance on repairs has improved significantly each quarter with the monthly target now being achieved, however the poor first quarter is impacting on the cumulative total.
36. The Resources service plan is also under target overall due to some targets for a number of procurement indicators not being achieved and a shortfall on the percentage of property files with up-to-date risk assessments.
37. Significant variances between budget and projected outturn are:
- Chief Executive's
- (a) Policy, Planning and Performance – an underspend of £96,000 is projected from savings in staff turnover and vacancies and expected savings on supplies and services budgets
 - (b) Connecting with Communities – an underspend of £150,000 is projected from posts held pending service reviews and savings on supplies and services budgets.
- Children's Services
- (c) Planning & Resources – an overspend of £482,000 is projected due to a shortfall on expected income from Darlington PCT and an increase in transport costs.
 - (d) Children & Families – an overspend of £714,000 is projected due to increased external child placement costs.
- Community Services
- (e) Housing Benefits – an underspend of £175,000 is projected due to changes in exempt accommodation rules and receipt of a one-off additional grant.
 - (f) Supporting People – an underspend of £500,000 is projected due to the release of a former ring-fenced grant.

Corporate Services

- (g) Public Protection – car parking income of £2.50M is forecast against a budgeted income of £2.75M.
- (h) Resources – an overspend of £96,000 is projected due to a shortfall on valuation fee recharge income and rental income.
- (i) Human Resource Management – an overspend of £114,000 is projected due to a shortfall on expected income from Darlington PCT.

Overview of complaints

38. The following table shows the number of complaints for April to December 2009 proceeding through the 2 stages of the corporate complaints system broken down by department.

Department	Compliments	Comments	Complaints	Stage 1	Stage 2
Chief Executive's	13	4	81	81	7
Children's Services	14	8	17	17	0
Community Services	261	92	266	265	19
Corporate Services	81	12	37	37	5
Darlington BC	369	116	401	400	31

Consultation

39. Officers within the Council and partners have been consulted over the contents of this report and are supportive of the approach taken to reporting performance.