

INTEGRATED PERFORMANCE AND FINANCE REPORT

PORTFOLIO RESPONSIBILITY: CORPORATE, CUSTOMER SERVICES AND HUMAN RESOURCES; AND RESOURCES

CABINET

24 JANUARY 2008

Wards Affected

County-wide

Purpose

To report

- i the Council's performance for the first eight months of 2007-08 against the Annual Operating Plan 2007-08 and national performance indicators used externally to measure the performance of the Council;
- ii partnership performance for the first six months in delivering the Local Public Service Agreement, Local Area Agreement and Herefordshire Community Strategy; and
- iii performance against revenue and capital budgets and corporate risks, and remedial action to address areas of under-performance.

Key Decision

This is not a Key Decision

Recommendations

THAT

- a. **performance to the end of November 2007, and the adequacy of the proposed remedial actions to address areas of under-performance, be considered; and**
- b. **Cabinet decides what, if any, advice it wishes to give the Herefordshire Partnership Performance Management Group on underperformance of any indicators led by partners.**

Reasons

The Council's current Corporate Plan sets out the Council's objectives, priorities and

targets for the three years 2007-10. The Annual Operating Plan (AOP) is the detailed action plan for the first of these years, 2007-08; it includes all the indicators in the Local Public Service Agreement (LPSA), the Local Area Agreement (LAA) and the Herefordshire Community Strategy (HCS), as well as the Council's own indicators.

Considerations

HIGHLIGHTS OF PERFORMANCE	
<ul style="list-style-type: none"> • 23 of 111 Council-led indicators from the AOP are currently marked R, compared to 17 at the end of September; • 24 are marked G compared to 21 at the end of September. 	<p>The greatest area of concern is within the priority area of 'maximising the health, safety, economic well-being, achievements and contribution of every child' where 14 indicators are marked R.</p> <p>Relevant data from the Annual Satisfaction Survey, conducted in September and October 2007, have been included in this report. These account for the increase in 3 of the 6 additional indicators marked R since the last report, and all 3 of the additional indicators marked G.</p>
<ul style="list-style-type: none"> • 62% of indicators used in external judgements, where data is available, show an improvement against last year's performance, the same as at the end of September, although a quarter of indicators are currently worse than last year. 	<p>These indicators will now be reported to CMB on a monthly basis for the remainder of the year. A similar exercise in 2006-07 led to an increase in the number of indicators improving during the last quarter of the year.</p>
<ul style="list-style-type: none"> • The overall revenue budget forecast is an overspend of £1.005m, compared with the overspend of £3.219m forecast at the end of September. 	
<ul style="list-style-type: none"> • The revised capital budget forecast is £53.2m, compared with the original forecast of £65.5m. 	
<ul style="list-style-type: none"> • As reported to the Partnership's Performance Management Group on 16th November, at the end of September: <ul style="list-style-type: none"> - 6 LPSA indicators and 17 LAA indicators were marked R, compared to 4 and 15 at the end of July. - 4 LPSA indicators and 14 LAA indicators were marked G, the same as at the end of July. 	

- The overall Comprehensive Performance Assessment judgement for the Council, to be announced by the Audit Commission on 7th February, is predicted to show a fall in star rating from 3* to 2*.

The announcement is expected to confirm improved scores of 3 for Benefits and 3 for Environment, the maintenance of the scores of 3 for Culture and 2 for the key areas of Adult Social Care and Children and Young People, but a drop to 2 for the Use of Resources and to 1 for Housing.

Although the score for Housing has fallen to 1, this is not the result of a deterioration in performance; instead this is the result of a one-year change in the selection of housing performance indicators used by the Audit Commission. As has previously been reported to Cabinet, the good work by Strategic Housing in moving families into permanent accommodation is not reflected in the indicators used in CPA.

Progress against the Council's AOP Priorities (Appendix A)

1. Performance has been monitored for each indicator using the following system.

		G	On target or met target
	A		Some progress, or data not yet available so not possible to determine trend
R			Not on target

2. Analysis of performance against **target** by Council priority is detailed in the following table:

Priority	No. of Indicators	Judgement			n/a ¹
		R	A	G	
Securing the essential infrastructure for a successful economy	3	0	2	0	1
Giving effective community leadership	1	0	0	0	1
Improving transport and the safety of roads	9	0	7	2	0

¹ 16 indicators have been considered as not suitable for awarding a judgement, essentially because they are either tracker indicators (indicators that are unlikely to be affected by actions over a short period, such as climate change) or indicators that require a baseline to be set during the year.

Priority	No. of Indicators	Judgement			n/a ¹
		R	A	G	
Maximising the health, safety, economic well-being, achievements and contribution of every child	30	14	9	4	3
Sustaining thriving communities	36	5	18	6	7
Reshaping adult social care to enable vulnerable adults to live independently and, in particular, to enable many more older people to continue to live in their own homes	8	0	2	6	0
Protecting the environment	10	0	4	3	3
Understanding the needs and preferences of service users and Council Tax-payers, and tailoring services accordingly	2	0	1	0	1
Recruiting, retaining and motivating high quality staff	4	2	0	2	0
Embedding corporate planning, performance management and project management systems	3	0	3	0	0
Promoting diversity and community harmony	4	1	2	1	0
Ensuring that essential assets are in the right condition for the long-term cost-effective delivery of services, and ensure business continuity in the face of emergencies	1	1	0	0	0
Total number of indicators (with last report's judgements in brackets)	111	23 (17)	33 (57)	24 (21)	16 (16)

3. Details of the indicators in the table in paragraph 2 above are in **Appendix A**.

Exceptions – indicators judged R at the end of November

4. There are 23 indicators marked **R** at the end of November. The 6 additional indicators marked **R** since the last IPR are:

60b HCS Net perceived improvement rating over the last 3 years for Quality of Life factors (adults) for affordable decent housing *fell*

60f HCS Net perceived improvement rating over the last 3 years for Quality of Life factors (adults) for wage levels and local cost of living *fell*

65b HCS % of adults who use libraries at least once a month *fell*

*Data for the above 3 indicators has come from the Annual Satisfaction Survey, which was conducted in September and October 2007. They will therefore remain **R** for the remainder of this year.*

73 HC Investors in people accreditation

Following an external assessment of our readiness, an action plan is being developed with the aim of gaining accreditation by the end of 2008. The Council will therefore not achieve accreditation before the target date of March 2008.

100a HC % of employees from black and ethnic minorities

Performance is currently below last year's outturn and is not on track to achieve this year's target. An action plan is in place as part of the Pay and Workforce Development Strategy to improve performance.

101 HC Use of Resources score

The Audit Commission will formally publish the Use of Resources judgement this month, using auditor assessments on 5 elements. The assessment is expected to show a fall from 3 to 2 (against a target of 3) based on the following auditor assessments:

<i>Financial Reporting</i>	<i>3</i>
<i>Financial Management</i>	<i>3</i>
<i>Financial Standing</i>	<i>2</i>
<i>Internal Control</i>	<i>1</i>
<i>Value for Money</i>	<i>2</i>

The remaining 17 indicators marked as **R** were previously reported as part of the IPR to the end of September. The judgement has not changed against those indicators, which are:

22a HCS Measure of healthy lifestyles for 11-15 year olds: Smoking rates

22b HCS Measure of healthy lifestyles for 11-15 year olds: participating in sport/physical activities

22c HCS Measure of healthy lifestyles for 11-15 year olds: eating 5-a-day

22d HCS Measure of healthy lifestyles for 11-15 year olds: obesity

22e HCS Measure of healthy lifestyles for 11-15 year olds: alcohol consumption

22f HCS Measure of healthy lifestyles for 11-15 year olds: drug use

22g HCS Measure of healthy lifestyles for 11-15 year olds: scores for mental health

There are currently no plans to undertake a follow-up survey this year. However, the importance of these indicators mean that a set of proxy indicators are being developed to act as a measure in respect of progress in-year against each of them. These will be presented to the next meeting of the Partnership's Performance Management Group and will be available for the next report to the end of January..

13 HCS Average length of stay in B&B accommodation for homeless households

26 HCS % of children on the child protection register that are re-registrations

29 HCS Expenditure on family support services per capita aged under 18

30 HCS % of pupils achieving 5 or more GCSEs at grades A* - G or equiv. including Maths and English (LEA schools)

35b HCS No. of half day sessions missed by looked after children as % of total number of sessions in primary schools

89a HC No. of referrals for children in need

89b HC Completion rate of initial assessments of children in need within 7 working days of referral

94 HC Grade for the year-on-year reduction in the total number of incidents and increase in total number of enforcement actions taken to deal with 'fly-tipping'

96 HC % of abandoned vehicles removed within 24 hours from the point where the Council is legally entitled to remove the vehicle

103 HC SRD completion rates

Commentary on the above indicators has not changed since the last IPR to the end of September and is contained in Appendix A.

Local Public Service Agreement (LPSA)

5. As reported to Cabinet in the IPR to the end of July, the full set of indicators used in the LPSA and LAA is now presented to Cabinet following consideration by the partnership’s performance management group (PMG), which is chaired by the Director of Environment. Information on partner lead indicators is included at the end of **Appendix A**.
6. As reported to the Partnership’s Performance Management Group on 16th November, the position at the **end of September** was:
 - 6 indicators were judged **R**; 21 **A**; and 4 **G**, compared to 4, 23 and 4 at the end of July.

Of these, judgement of the Council led indicators was

- 2 **R**; 11 **A**; and 4 **G**, which was reported to Cabinet in the end of September IPR, compared to 0, 13 and 4 at the end of July.
7. The 6 LPSA indicators judged **R** at the end of September, and considered by the PMG on 16th November, are listed below:

Council led
30 HCS % of pupils achieving 5 or more GCSEs at grades A* - G or equiv. including Maths and English (LEA schools) (covered in paragraph 4)
35b HCS No. of half day sessions missed by looked after children as % of total number of sessions in primary schools (covered in paragraph 4)
Primary Care Trust led
21a HCS % of babies born to teenage mothers who are breastfeeding at 6 weeks
21b HCS % of babies born to mothers in S.Wye area who are breastfeeding at 6 weeks
<i>Latest figures suggest that these indicators will not reach target, although the PCT are confident that the situation can be recovered.</i>
West Mercia Constabulary (WMC) led
42b HCS No. of criminal damage incidents
45 HCS No. of violent crimes

8. 2 further Council led indicators are now judged **R** and will be reported to the PMG at its next meeting on 14th February. The indicators are:

- 61a HCS ‘% of adult residents who feel that they can influence decisions affecting their local community’; and
- 64 HCS ‘% of adult residents who are satisfied with their local community as a place to live’

each of which were measured through the Annual Satisfaction Survey and are reported in the first table in paragraph 4 above.

Local Area Agreement (LAA)

9. For the LAA, the position at the **end of September** was that

- 17 indicators were judged **R**, 56 **A** and 14 **G**, compared to 15, 60 and 14 at the end of July. These include the LPSA indicators.

Of these, judgement of the Council led indicators was

- 11 **R**, 34 **A** and 10 **G**.

10. In addition to those LPSA indicators listed in the table in paragraph 7, the other 11 LAA indicators judged as **R** at the **end of September**, were:

West Mercia Constabulary (WMC) led
<p>42a HCS BCS Comparator crimes</p> <p><i>This indicator is a composite of all crimes, so increases in crime in respect of other areas, such as 42b HCS – criminal damage incidents, have a negative impact on performance against this indicator.</i></p>
<p>50 HCS No. of Class A drug supply offences brought to justice</p> <p><i>Latest figures suggest that these indicators will not reach target, although WMC are confident that the situation can be recovered.</i></p>

Council led

13 HCS Average length of stay in B&B accommodation for homeless households

22a HCS Measure of healthy lifestyles for 11-15 year olds: Smoking rates

22b HCS Measure of healthy lifestyles for 11-15 year olds: participating in sport/physical activities

22c HCS Measure of healthy lifestyles for 11-15 year olds: eating 5-a-day

22d HCS Measure of healthy lifestyles for 11-15 year olds: obesity

22e HCS Measure of healthy lifestyles for 11-15 year olds: alcohol consumption

22f HCS Measure of healthy lifestyles for 11-15 year olds: drug use

22g HCS Measure of healthy lifestyles for 11-15 year olds: scores for mental health

29 HCS Expenditure on family support services per capita aged under 18

** see the table in paragraph 4 for latest position on all of these indicators*

Herefordshire Community Strategy (HCS)

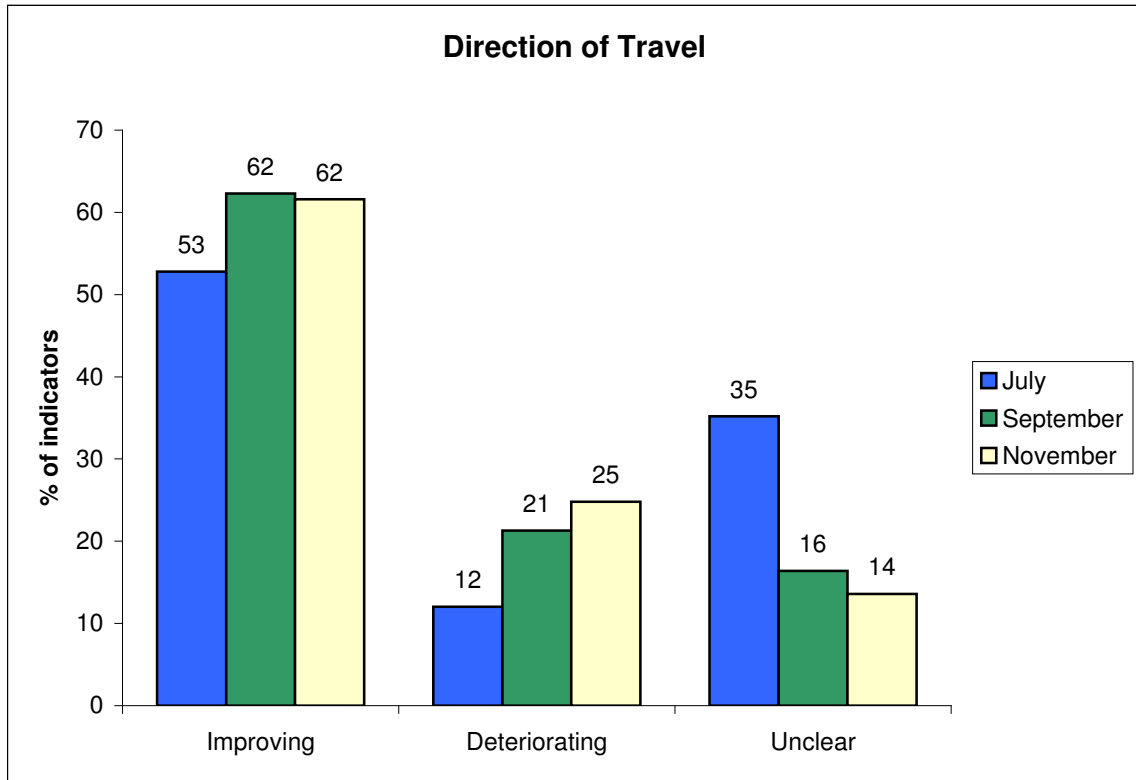
11. At the end of September, and as reported to the Partnership's Performance Management Group, there had been little change in the judgements given to indicators included in the HCS. The HCS indicators are included in Appendix A; a few are included in the LAA.

- 7 were judged **G** compared to 6 at the end of July.
- 13 were judged **R** compared to 12 at the end of July.

Direction of Travel

12. In addition to those indicators which the council measures itself against through its Annual Operating Plan, the council is externally judged on its performance against a number of national indicators, including Best Value Performance Indicators (BVPIs) and Performance Assessment Framework indicators (PAF). Performance against these indicators is shown in **Appendix B**. Primarily, the council is judged **on its performance against the previous year**, rather than against target. This comparison will be used by the Audit Commission to inform the annual Direction of Travel Assessment in February 2009.

13. Of those indicators where in-year data is currently available, 62% are on course to improve on last year, the same as at the end of September. However, 25% of indicators, compared to 21% at the end of September, are now predicted to be worse than last year. The focus of attention is now at least to maintain performance in those areas that are currently performing well against last year's outturn, and to address the current under-performance in those areas that are falling below last year's performance.



Comprehensive Performance Assessment (CPA)

14. The Audit Commission will publish the Council's overall 2007 CPA score, as well as the relevant service block scores, on 7th February 2008. The score will be based on the service assessment scores, using performance data primarily covering 2006-07, and the protected Corporate Assessment score from 2002. The overall score, when published, is expected to show a fall from 3* to 2*. This is derived from the following expected service assessment scores:

	2006	2007
Adult Social Care	2	2
Children & Young People	2	2
Use of Resources	3	2
Benefits	2	3
Culture	3	3
Environment	2	3
Housing	2	1
Corporate Assessment	3 (protected)	3 (protected)
Overall Star Rating	3*	2*

15. Details of the rules-based approach used by the Audit Commission to categorise councils according to their performance is contained in the document 'CPA – the harder test framework for 2007'. The key rule affecting the Council's overall score is that, with a Corporate Assessment score of 3*, if any service is scored below 2 the overall star rating is 2*.
16. It should be noted that although the score for Housing has fallen to 1, this does not represent a deterioration in performance; instead, this is the result of a one-year change in the selection of housing performance indicators used by the Audit Commission for the purpose of the assessment, which do not reflect the success that the service has had in moving families out of temporary accommodation
17. Further changes to the performance indicators used in the housing service assessment for 2008 are expected to return housing to a score of 2, again without this reflecting any change in overall performance. If all other service scores are maintained, the overall 2008 CPA score for the Council, which will be published by the Audit Commission in February 2009, is forecast to remain at 2*. This would come about as a result of the removal of protection of the 2002 Corporate Assessment score, which has been applied since 2005, and of its replacement by the 2005 Corporate Assessment score of 2.
18. The CPA system will end with the 2008 judgement, being replaced by the new system of the Corporate Area Assessment. A separate report about the preparation for the new system will be made to Cabinet at a subsequent meeting.

Revenue Monitoring

19. Details of the revenue budget position are at **Appendix C** in summary and then directorate-by-directorate.
20. The overall position shows a projected overspend of £1.005m compared with the projected overspend of £3.219m at the end of September. This total is just under 1% of the Council's £122.37m net revenue budget (excluding Direct Schools Grant). The projected position is after allowing for the use of the £1.3m Social Care contingency, an estimated £2.1m underspend on Spend to Save/Spend to Mitigate funding, additional Local Authority Business Growth Incentive (LABGI) grant of £600k and additional interest from cash transactions.
21. The key areas of concern are the Adult and Community Services, with a projected £3.66m overspend; Children and Young People's Directorate, with a £703K projected overspend; and Corporate & Customer Services where a £1.195m overspend is projected. Underspends of £407k and £60k are projected for the Environment Directorate and Resources Directorates respectively.
22. Appendix C includes a section on the July floods that caused significant damage to council assets. The estimated total cost of the damage is £3.55m.

Capital Monitoring

23. Details of the capital programme are at **Appendix D**.
24. As at the end of November, capital programme end of year out-turn forecast is £53.2m, compared with the original forecast of £65.5m. The change arises because of revisions to the programme, which are outlined in Appendix D. Actual expenditure as at end of November was £22.28m, representing 42% of the revised programme.

Corporate Risk monitoring

25. **Appendix E** contains the corporate risk log, which shows the current key risks facing the Council in terms of operations, reputation and external assessment.
26. The format of the Corporate Risk Register, which accompanies this report, has been revised, where possible, to include actions to be taken to mitigate the risks, the responsible officer for the action and a target date for completion or review.
27. The main issues arising from the register are as follows:
 - The number of Corporate Risks has increased to 21 (from 17) due to the inclusion of 4 new risks (CR29 – CR32). These relate to the risks identified in connection with data centre capacity, disaster recovery for ICT and unreliable internet feed. Action owners and target/review dates are to be added so these risks are managed appropriately.
 - There are seven risks that continue to score 'high' even after the mitigating actions have been taken into account. These risks are:

- a. CR2 – ‘Corporate Spending pressures outweigh the level of resources available to meet them.’ (See paragraph 20 above)
- b. CR4 – ‘Failure to maintain CPA 3* rating and move from improving adequately to improving strongly’. (See paragraphs 14-17 above).
- c. CR5 – ‘The inability to provide critical services due to the failure of the ICT networks’. This risk has been superseded by the new four risks described above and may well be removed so as reduce duplication.
- d. CR17 – ‘Reduction in the Use of Resources overall assessment’.
- e. CR28 – ‘Deliverable benefits from Herefordshire Connects not realised’.
- f. CR29 – ‘Both Data Centres are in leased accommodation, are near capacity, plus there are environment issues such as power and fire suppression that need to be addressed. Loss of data centres will affect delivery of all services. This is linked with accommodation strategy risk CR13.
- g. CR32 – ‘Currently the Council’s websites use the Star Internet feed which is becoming increasingly unreliable. The target is to move the Internet feed to the 16 Mbytes pipe as soon as possible, however this is already reaching capacity usage at peak times from school traffic that already uses this feed.’

Alternative Options

None.

Risk Management

Effective performance reports and their follow-up are an essential element in the management of risks and the delivery of the Council’s and Herefordshire Partnership’s priorities.

Consultees

Partners are involved in delivery of the Local Public Service Agreement, Local Area Agreement and Herefordshire Community Strategy.

Background Papers

None