

## INTEGRATED PERFORMANCE AND FINANCE REPORT

**Report By: Director of Corporate and Customer Services and  
Director of Resources**

### Wards Affected

County-wide

### Purpose

1. To report
  - i the Council's provisional performance for the operating year 2007-08 against the Annual Operating Plan and national performance indicators used externally to measure the performance of the Council;
  - ii provisional partnership performance 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 for the period to February 29<sup>th</sup> 2008

### Financial Implications

2. None.

### Background

3. 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.
4. Many of the data, particularly in respect of the best value performance indicators at Appendix B, have yet to be reported. This is necessarily the case because they rely on the closure of accounts or the collation of information from external sources. This is acknowledged by the Audit Commission in their requirement that final results should be published by 30<sup>th</sup> June.

### HIGHLIGHTS OF PERFORMANCE

- 31 of 111 Council-led indicators from the AOP are currently marked **R**, compared to 25 at the end of January. The largest number remain in the Council priority of 'Maximising the health, safety, economic well-being,

<p>achievements and contribution of every child', including one new <b>R</b> in respect of 16-18 year-olds not in education, employment or training (not on target, but improved compared with last year). The five other new <b>R</b> are in adult social care (four in respect of helping vulnerable groups to live at home, of which, in the case of mental health and learning disabilities, there should nonetheless be improvement compared with last year).</p> <ul style="list-style-type: none"> <li>• 29 are marked <b>G</b>, compared to 27 at the end of January.</li> <li>• Of the 34 indicators currently marked <b>A</b>, the judgement in respect of 19 is based on the results of surveys that do not allow us to know, within the margins of statistical confidence, whether or not a target has been achieved; in the case of the remaining 15 there will be data to report by early June.</li> </ul>
<ul style="list-style-type: none"> <li>• The number of LPSA indicators marked <b>R</b> has risen to 12, compared with 6 at the end of January. The main areas of concern are in relation to the Council priority of 'Maximising the health, safety, economic well-being, achievements and contribution of every child'; the PCT-led indicators in respect of breastfeeding; and the West Mercia Constabulary-led indicators in respect of criminal damage, violent crimes and a range of perception indicators.</li> <li>• The number of current LAA indicators marked <b>R</b> has risen to 29, compared with 17 at the end of January. The main areas of concern are the same as those for the LPSA.</li> </ul>
<ul style="list-style-type: none"> <li>• Where data is available, 64% of indicators used in external judgements show improvement against last year's performance, compared to 62% at the end of January. At the end of 2006-07, 70% of indicators had improved on the previous year.</li> <li>• 27% of indicators, the same as at the end of January, are currently worse than last year. This compares to the 20% at the end of 2006-07 that had worsened compared with the previous year.</li> </ul>
<ul style="list-style-type: none"> <li>• The overall revenue budget forecast at the end of February is an overspend of £578k, compared with the overspend of £698k forecast at the end of January.</li> </ul>
<ul style="list-style-type: none"> <li>• The revised capital budget forecast is £52.821m, compared with the original forecast of £65.462m.</li> </ul>

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

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

<b>G</b>	Achieved target or on course to achieve target
<b>A</b>	Some progress, or data not yet available so not possible to determine
<b>R</b>	Missed or unlikely to achieve target

6. Analysis of performance against **target** by Council priority is detailed in the table

below:

Priority	No. of Indicators	Judgement			n/a <sup>1</sup>
		R	A	G	
Securing the essential infrastructure for a successful economy	3	0	0	2	1
Giving effective community leadership	1	0	0	0	1
Improving transport and the safety of roads	9	1	5	3	0
Maximising the health, safety, economic well-being, achievements and contribution of every child	30	15	5	7	3
Sustaining thriving communities	36	6	17	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	5	1	2	0
Protecting the environment	10	0	2	4	4
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	2	1	0

<sup>1</sup> n/a = indicators in respect of which it is not possible to make a judgement. In some cases this is because they are unlikely, as with climate change, to be affected by actions over a short period; in others it is because a baseline was being set during the year to provide the basis for setting future targets.

Priority	No. of Indicators	Judgement			n/a <sup>1</sup>
		R	A	G	
Promoting diversity and community harmony	4	1	1	2	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
<b>Total number of indicators</b>	<b>111</b>	<b>31</b>	<b>34</b>	<b>29</b>	<b>17</b>

7. Details of the indicators in the table above, as well as those in the LPSA, LAA and HCS, are at **Appendix A**.
8. It should be noted that the judgement of these indicators has been made on the basis of whether or not targets have been achieved; if they haven't they are marked **R**, but this does not necessarily mean that performance has deteriorated. In fact, of the 31 indicators marked **R**, 7 indicators have improved compared to last year, and 7 indicators, in respect of the Teenage Lifestyle Survey (HCS 22a-g), were marked **R** owing to an initial failure to establish baselines and set future targets. As reported to the Committee in the end of January report, pending the next Teenage Lifestyle Survey in 2009 this matter has now been addressed by putting in place a set of proxy indicators that will be used to measure performance during 2008-09.

#### ***Local Public Service Agreement (LPSA)***

9. Of the 31 LPSA indicators, the provisional year-end position is that 12 indicators are marked **G**, 7 marked **A**, and 12 marked **R**, compared to 9, 16 and 6 at the end of January.
10. Of these, judgement of the Council-led indicators is 6 indicators marked **G**, 7 marked **A**, and 4 marked **R**, compared with 4, 11 and 2 at the end of January.
11. The main areas of concern are within the Council priority of 'Maximising the health, safety, economic well-being, achievements and contribution of every child'; the PCT-led indicators in respect of breastfeeding; and the West Mercia Constabulary-led indicators in respect of criminal damage, violent crimes and a range of perception measures.

#### ***Local Area Agreement (LAA)***

12. Of the 89 indicators in the current LAA (which include the 31 in respect of the LPSA) the provisional year-end position is that 27 indicators are marked **G**, 30 marked **A**, and 29 marked **R**, compared to 25, 44 and 17 at the end of January. 3 indicators have not been judged, a baseline having only been established in the

last 12 months.

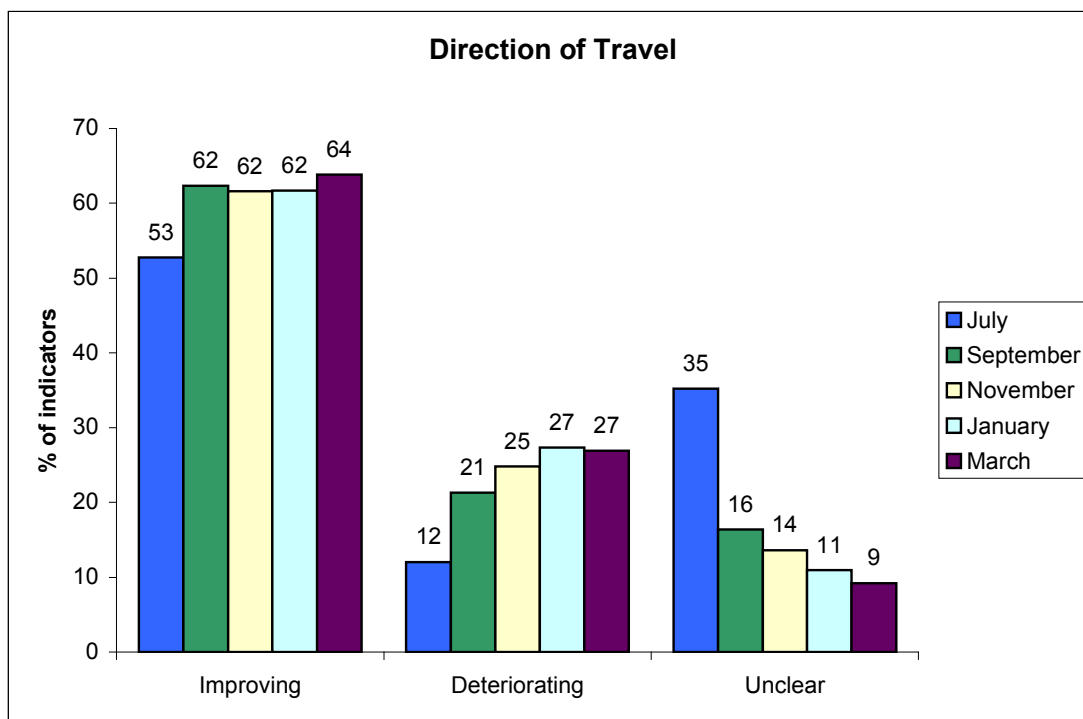
13. Judgement of the Council-led indicators is 15 marked **G**, 23 marked **A**, and 17 marked **R**, compared with 13, 30 and 12 at the end of January.
14. The main areas of concern are the same as in respect of the LPSA (see paragraph 11 above). The indicators marked **R**, over and above those for the LPSA, are related to the Teenage Lifestyle Survey (see paragraph 8 above) and to additional aspects of crime.

#### ***Herefordshire Community Strategy (HCS)***

15. In respect of the indicators use to measure progress towards achieving the outcomes of the HCS, the provisional year-end position is that 19 indicators are marked **G**, 17 marked **A**, and 27 marked **R**, compared with 18, 23 and 22 at the end of January. The main areas of concern are those identified in the sections on the LPSA and the LAA above.

#### ***Direction of Travel***

16. In addition to those indicators which the council measures itself against through its Annual Operating Plan, the council is judged externally on its performance against a number of national indicators, including Best Value Performance Indicators (BVPIs) and Performance Assessment Framework indicators (PAF). Performance against national indicators is shown in **Appendix B**. Primarily, the council is judged **on its performance against the previous year**, rather than against target. A proportion of these indicators will be used by the Audit Commission to inform the annual Direction of Travel Assessment of the Council in February 2009.
17. Of those indicators where data or a service forecast is available, 64% are on course to improve on last year, the highest proportion at any point this year.
18. 27% of indicators, the same as at the end of January, are predicted to be worse than last year.
19. There are still a number of indicators where final data is yet to be reported; these will be included in the full end-of-year report, in early June.



### ***Revenue Monitoring***

20. Details of the revenue budget position are at **Appendix C**, first in summary, then directorate-by-directorate.
21. The overall position shows a projected overspend of £578k, compared with the projected overspend of £698k at the end of January 2008. This total is 0.5% of the Council's £122.371m net revenue budget (excluding Dedicated Schools Grant). The projected position is after allowing for the use of the £1.3m Social Care contingency, an estimated £2.8m underspend on modernisation funding for social care services, additional Local Authority Business Growth Incentive (LABGI) grant of £600k and additional interest from cash transactions.
22. The key areas of concern are the Adult & Community Services Directorate, with a projected £3.866m overspend; the Children & Young People's Directorate, with a £832k projected overspend; and the Corporate & Customer Services Directorate, where a £1.100m overspend is projected. Underspends of £77k and £30k are projected for the Environment Directorate and Resources Directorate respectively. It should be noted that the Adult & Community Services Directorate and Children & Young People's Services Directorate overspends are before the application of the centrally held social care contingency and unused spend-to-save allocations.
23. Appendix C includes a section on the July floods, which caused significant damage to council assets. The Council has received £1.983m from central government towards the costs incurred to repair flood damage.

***Capital Monitoring***

24. Details of the capital programme are at **Appendix D**.
25. The overall position is forecast expenditure of £52.821m, compared with the original budget of £65.462m. This is a slight decrease of £597k on the previous capital programme forecast outturn for 2007/08 as at 31<sup>st</sup> January.

***Corporate Risk monitoring***

26. **Appendix E** contains the corporate risk log, which shows the current key risks facing the Council in terms of operations, reputation and external assessment.
27. The log sets out the actions that need to be taken to mitigate the risks, names the responsible officer for each action and gives the target date for completion or review.
28. The main issues arising from the register are as follows:
- a) The number of Corporate Risks has decreased to 15 (from 21). This is due to combining some risks and removing others. Where they have been removed, this is either because they are time-barred or because accountability has been delegated to directorate level.
  - b) There are six risks that continue to score 'high' even after the mitigating actions have been taken into account. These are:
    - i) CR2 – 'Corporate Spending pressures outweigh the level of resources available to meet them. There are particular pressures in Adult Social Care, Children's Social Care and ICT Services and Customer Services'.
    - ii) CR5 – 'The inability to provide critical services due to the failure of the ICT networks'.
    - iii) CR17 – 'Reduction in the Use of Resources overall assessment'.
    - iv) CR28 – 'Deliverable benefits from Herefordshire Connects not realised'.
    - v) CR29 – 'Both Data Centres are in leased accommodation, are near capacity, plus there are environmental 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'.
    - vi) 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 a larger capacity "pipe" as soon as possible, however feedback from the ICT Networks section is that this is already reaching capacity usage at peak times from School traffic which already uses this feed. Other factors will place additional demands on this bandwidth but the level of additional traffic is not known'.

- c) Additional points of note are:
- i) Risk CR2 - Review dates for end of March 2008 have been entered for actions 1 and 2. The remaining four actions require updating, removing or new review dates provided.
  - ii) Risk CR4 – ‘Failure to prepare adequately for CAA [*Comprehensive Area Assessment*] and raise our DoT [*Direction of travel*] score from improving adequately’ - a new risk description has been entered to replace the risk connected with maintaining a CPA 3 star rating. The new risk focuses attention on the Council’s ability to prepare adequately for the CAA.
  - iii) Risk CR5 – Although this is indeed a corporate risk, part of the mitigation actions lies in each directorate and service area ensuring that it has up-to-date and tested service continuity plans, and that ICT requirements have been communicated to ICT Services. The Audit Commission’s comments in the Use of Resources report for 2008, regarding the need for a consolidated continuity plan, have been added.

It should be noted that there are clear links between CR13 - ‘review of Accommodation Strategy’ - and CR29, which mean that close working between relevant management teams is necessary when considering the relevant mitigating actions.

In addition CR5, 29, 28 and 30 - ‘Legacy systems out of support with vendors, and on old hardware’ - together with 32, have the common theme of the provision or failure of ICT systems. This highlights the need for the Council to ensure that the mitigating strategies and projects are coalesced.

## RECOMMENDATION

### THAT

- i) **the report be noted; and**
- ii) **that SMC consider whether it wishes to make any comments to Cabinet**

## BACKGROUND PAPERS

- None