

**MINUTES OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE**  
**Tuesday, 13<sup>th</sup> January 2004 at 7.30 pm**

PRESENT: Councillor Davies (Chair), Councillor H B Patel (Vice-Chair) and Councillors Bellia, Gillani, Gladbaum, Lorber and Moher.

Also present were Councillors Coughlin, Kagan and Thomas.

There were no apologies for absence.

**1. Order of Business**

RESOLVED:-

that the order of business be amended to that as set out below.

**2. Lines of Questioning**

Officers from the Policy Regeneration Unit (PRU) circulated summaries to Members of the Select Committee on each of the main items with suggested lines of questioning for those lead officers, lead Members and contractors in attendance at the meeting. After some discussion, Members commented on the importance of a pre-meeting before each meeting to consider and discuss issues of importance.

RESOLVED:-

that a pre-meeting be scheduled in advance of every future meeting proper of the Performance and Finance Select Committee.

**3. Declarations of Personal and Prejudicial Interests**

There were none at this meeting.

**4. Minutes of Previous Meeting – 19<sup>th</sup> November 2003**

RESOLVED:-

that the minutes of the previous meeting held on 19<sup>th</sup> November 2003 be received and approved as an accurate record.

**5. Matters Arising**

In response to a query from Councillor Bellia at the meeting on 19<sup>th</sup> November 2003, the Director of Finance confirmed that he would circulate the requested information concerning capital receipts.

6. **Update of the Current Performance within the Revenues and Benefits Service**

The Committee had before them a report containing a detailed update of Capita's performance, Housing Benefits in-house performance and outlining future plans and issues for the service. Margaret Read (Head of Service, Local Taxation) updated Members of the Select Committee about key performance issues, in particular Council Tax collection and Housing Benefits performance. Ms Read explained that at the end of December 2003 the collection rate for Council Tax stood at 72.98% which, despite a 0.5% increase in performance compared to the same month last year, meant that Capita were 2.3% down on last years collection rate. Concerning Housing Benefit performance, Ms Read explained that as a result of the Christmas period, seasonal leave and high levels of sickness absence the work queues had remained stable at 12,763 outstanding claims. However, it was anticipated that these could be reduced to 5,500 by 31<sup>st</sup> March 2004, as previously forecast. In response to a request from some Members of the Select Committee, Ms Read provided clarification about the various tables contained in the report and the implications for service performance.

Ms Read then responded to Members questions. For the purposes of benchmarking, future reports could contain additional performance indicators from other authorities to highlight Brent's performance. Regarding the eventual collection rate target for Capita and how write off is determined, Ms Read confirmed that Capita was contracted to collect 97% over 4 years. The Director of Finance explained that gross and net figures differed but the overall gross collection rate for the contracted period was 97.4%. Write off was based on the ability to prove that the debt was not collectable. Members were advised that Capita would accrue arrears for each year of under performance.

Concerning direct debit payments, the Chair enquired as to why the system was failing and why payments had taken so long to process. Sue King (Capita) explained that a new problem had been encountered regarding direct debit payments with a number of banks refusing to pay direct debits as a result of changes to the mandate system.

Councillor Bellia enquired about Capita's attempts to resolve the current performance problems. Mark Chapman (Capita) explained that a penalty of £160k could be incurred for failing to meet contractual obligations regarding performance and service delivery. A meeting was scheduled in the near future with Brent Financial Services and Equita to discuss the issues in detail. In addition, 5,000 letters threatening bankruptcy had been distributed and telephone contact had been initiated with some of the 11,000 account holders where debts were outstanding. Capita advised Members that the current problems had been inherited from the previous contract. They further advised that debts had not been passed to Equita until September 2003. Consequently, remedial work was the only effective course of action at

the current time. Some old debts had been moved to another bailiff so that Equita could focus on the collection of new debts.

With over 27,000 liabilities Councillor Bellia queried whether there were sufficient resources to turn recovery around and if the issues were sufficiently being addressed?

Mark Chapman explained that whilst bailiff work could be passed onto other companies, there was no guarantee of improved recovery rates and that Capita did not consider this to be the best option for improved performance. Sue King commented on the backlog of correspondence and explained that the plan was to reduce the backlog to 1,000 items by February 2004, with a decrease of 3,500 items in approximately 5 weeks. In order to achieve this target, an off-site team in Bromley had been fully trained and Capita was also working on site with officers in Brent with increased working hours to try and resolve the problem. Ms Read explained that improvements were necessary before the end of February 2004 in advance of the one week close down period.

Councillor Gillani referred to Best value indicator 78b and the speed of processing change in circumstances in days and queried why performance was so poor. Ms Read explained that there had been a number of problems at the start of the year causing backlogs and the need to prioritise new applications and renewals, in order to get claims into payment. Whilst this was a difficult strategy to implement it was anticipated that by March 2004, the entire workload should be under control. In 2004/05 as a result of incentives to improve change in circumstances-performance, local authority errors would have to be kept below a certain threshold in order to warrant payment of a £0.5m subsidy. A three-day target was set for processing each item but this could only be achieved if there was no backlog. The Lead Member for Corporate Resources confirmed that people who had previously been assigned to clear the backlog were now focussing on day-to-day work.

RESOLVED:-

- (i) that the progress in stabilising the Housing Benefit service and planning changes in 2004 be noted; and
- (ii) that Capita's progress in improving Council Tax collection levels for 2003/04 and their forecast collection to 31<sup>st</sup> March 2004 be noted.

### ***Call Handling – Call Centre Performance***

Following a request from the Select Committee at its meeting on 19<sup>th</sup> November 2003, Sandra Carson (Service Director, One-Stop Shops) gave a verbal update regarding call centre performance. Councillor Moher referred to the call handling statistics which raised some concerns, in particular the number of abandoned and unanswered calls

(16% and 1382 calls respectively). Sandra Carson advised the Select Committee that December had been a busy period within the call centre and it was acknowledged that there would be no immediate solution due to a number of problems that were affecting performance across the Revenues and Benefits Service as a whole. It was anticipated that improvements to IT and communications would enable a better delivery of service although a number of systems could not be introduced for at least 3 months.

Regarding the problem of abandoned calls and the length of time taken to answer a call, Sandra Carson explained that eight additional staff had been recruited to boost the telephone answering rates, although they would only provide this cover in the mornings. Likewise, temporary staff would be replaced by permanent staff. Whilst the call centre operated differently to facilities other organisations it was acknowledged that comparative data from other authorities might be useful to Members and could be circulated. The Lead Member for Corporate Resources explained that factors such as an IT virus and the postal strike had contributed to problems for the call centre and counter service resulting in considerable backlogs. However, a range of budgetary options was being considered to address some of the problems and reduce the backlogs.

RESOLVED:-

that call-centre performance indicators from other organisations be circulated to the Select Committee as a benchmarking tool.

**7. 2002/2003 Audit Letter from PricewaterhouseCoopers (PwC)**

The Committee received the Audit Letter and accompanying report in respect of the 2002/2003 Audit, issued by PricewaterhouseCoopers (PwC) in its role as external auditor to Brent Council. Simon Davies (PricewaterhouseCoopers) provided Members with a brief outline of the 2002/2003 Audit Letter and the final report that went to the Policy Co-ordination Group in November 2003. The Select Committee was advised that Social Services' spending had fallen below the predicted overspend target in 2002/03 and the level of forecasting had improved as a result of a number of departmental improvements within the Department. Likewise, in relation to performance management good progress had been made following the introduction of monitoring mechanisms such as the Performance and Finance Select Committee and the Vital Signs document. Mr Davies commented on the CPA pathway from a fair to excellent rating although the 2004/05 priority would be to achieve a good rating across the Council.

Councillor Gladbaum referred to Appendix 1 regarding data from schools and sought clarification about what was being done to encourage schools to provide the necessary data. Councillor Couglin responded that the Lead member for Education, Arts and Libraries and

the Director of Education were endeavouring to respond to the problem. In response to a query about the delivery of strategies to local people, Mr Davies explained that this was being achieved through improved service delivery throughout the Council as well as greater accountability and good performance in the last eight months. Regarding the CPA target of excellence, Mr Davies explained that a move from fair to excellent would be challenging given the number of issues that needed to be addressed in the coming year. Whilst there had been notable progress, further financial performance and service improvements were necessary.

Responding to a query about poor audit trails, particularly in Social Services, Mr Davies explained that action had commenced in summer 2003 to look at the quality of information on ethical ledgers but that poor audit trails had made the exercise difficult. The Director of Finance confirmed that funding would be made available and the procurement process firmed up so that audit trails could be followed.

At this point and on behalf of the Select Committee, Councillor Davies acknowledged the contribution made by the Director of Finance to the work of the Select Committee in recent months and wished him the best of luck in his new position with Birmingham City Council.

RESOLVED:

- (i) that the 2002/03 Audit Letter and contents of the report be noted; and
- (ii) that the follow up report to the 2002/03 Audit Letter be presented to a future meeting of the Performance and Finance Select Committee for consideration.

## **8. Empty Homes**

The Assistant Director of Housing Needs/Private Sector outlined a report providing information about work on empty homes and indicating how this had contributed to resolving some of the wider issues of homelessness, an area of financial risk to the Council. He explained that the majority of empty properties across the borough were as a result of absent landlords and that a considerable amount of funding was necessary to bring these properties back to use.

In response to questions from Members of the Select Committee, the Assistant Director explained that a grant of £15,000 had been paid to support the Empty Homes scheme as well as a fast track system to the Housing Benefit Service and various insurance schemes, to encourage landlord participation. Consequently, 135 units had been bought back into use in 2003/04. With a large number of landlords residing abroad the process was very slow. Members were advised that whilst the properties had to meet certain standards, these could not be viewed as

disincentives. It was also noted that empty homes was one of a number of schemes designed to tackle homelessness and that all schemes were widely promoted.

In response to an issue raised by Councillor Bellia concerning a particular Council owned property, the Assistant Director explained that there were currently 207 empty properties, 80 of which required minor repairs on a 6 week void turnaround. He advised that there were a number of factors that could slow down the turnaround time on properties such as cost implications and short-life usage constraints in areas such as South Kilburn. The Assistant Director confirmed that he would investigate the specific complaint and feedback to Councillor Bellia directly.

Concerning promotion of the scheme, Members noted that a number of active campaigns were undertaken throughout the year to promote the Empty Homes scheme such as poster sites across the borough and on public transport as well as the Empty Homes Hotline.

In response to a question about the implications of the South Kilburn Master Plan and the high number of empty homes in certain areas, the Assistant Director explained that once the Master Plan had been agreed by local people and the Executive a plan would be developed for dealing with empty homes and homelessness. It was acknowledged that this would be a massive venture and would require suitable funding and planning, subject to the final contents of the Master Plan.

The Assistant Director commented on the variety of schemes intended to stop people from becoming homeless such as Breaking the Chain, which was funded by the ODPM. He explained that this was the second year of such schemes, which had been undertaken by the Council due to additional resources. Members considered the cost of housing provision to the Council and in particular the implications of providing short term accommodation and were advised that a report was expected to go to the Executive later in the year regarding these issues.

**RESOLVED:**

- (i) that the contents of the report be noted; and
- (ii) that the figure of empty homes that have been frozen for usage as a result of the South Kilburn Master Plan be circulated to Members of the Select Committee; and
- (iii) that the Assistant Director of Housing Needs / Private Sector investigate and respond to Councillor Bellia's enquiry about enforcement action and a particular empty home in his ward.

## 9. **Sickness Absence Performance Indicators**

Val Jones (Director Human Resources and Diversity) outlined a report, which updated Members of the Select Committee about current sickness absence performance in each service area across the Council and the necessary action to reduce the statistics to an acceptable standard. Members of the Select Committee acknowledged that the best value performance indicators had to be achieved by 1<sup>st</sup> April 2004. It was noted that the Audit Commission's statistics applied to the organisation as a whole including schools but that since there had been notable difficulties in extracting data from schools, the ALG had provided statistics that excluded schools. The Select Committee noted that sickness absence had increased across the London area by one day.

Regarding the Council's sickness procedure, the Director of Human Resources and Equality explained that the emphasis was on ensuring that people did not report sickness when they were absent for other reasons. Members noted that the HR Management System would soon be implemented and that this would enable the Department to monitor the reasons for and implications of sickness absence. It was acknowledged that whilst there had been a reduction in sickness absence in 2002/03, the current target of 10 days set by CMT would not be achieved.

The Director referred to the current manual recording systems in some areas such as Social Services and suggested that there might be under-recording of absence on occasion but that it was unlikely to dramatically affect the statistics. It was noted that the levels would be no higher than 11.4 days per annum. It was noted that the new Management System would enable HR to capture data as it was collated, thereby minimising a miscalculation of data.

Some Members of the Select Committee enquired as to why the HR Department was not responsible for managing all aspects of sickness absence from the outset, as documented in the report. The Director explained that management of absence remained the responsibility of all managers and that effective training was given to ensure that absence was reported accurately and the reasons for absence documented. Core skills training as well as supplementary skills and knowledge were vital for all managers. It was stressed that a culture change was necessary and a good working practice of managing attendance sufficiently developed. The Director confirmed that good procedures had been devised and would be supported by HR but that good communication was vital with the Occupational Health Service.

Responding to questions about the Occupational Health Service, the Director explained that the introduction of case conferences had led to improved relations and that they were a good service provider, although this service was due to go out to tender next year. The

Director confirmed that it was hard to collate and analyse information about absence manually but that the new Management System should lead to good practice with linkage to Payroll. It was hoped that HR would then be able to monitor particular levels of absence and assess the reasons for this. Members queried the speed with which HR became involved in investigating sickness absence cases and were advised that this was a timely process which depended on good practice and effective dismissal procedures being in place.

Councillor Gillani commented on the implications of short-term sickness on service areas and queried what was being done to address the problem. Regarding the statistics on long-term sickness absence over a period of 3, 6 and 12 months and the costs to the Council in terms of employing temporary staff to cover staff sickness absence; the Director confirmed that once the Management System was operational this information could be circulated to Members for information. Members requested confirmation about the breakdown between long-term and intermittent sickness absence and clarification about what was being done to manage reasons for absence such as stress. In response to a query about the number of and reasons for appeals against dismissal for sickness absence, the Director again confirmed that this information could be made available to the Select Committee.

Commenting on the problem of extracting data from schools and HR's input the Director explained that officers from HR and the Education Department had met to discuss the matter and identify ways in which to resolve the problem. Whilst national guidance on how to collate data from schools had been anticipated the Director was unable to confirm if this had yet been received. At this point Members stressed the need to collect this information from schools due to the implications for the CPA and asked that an action plan be drawn up to highlight what action was being taken by the Council to address the problem.

RESOLVED:-

- (i) that the detail and findings in the report be noted;
- (ii) that the measures set out in the report to ensure that the Council achieves its aim to reduce average sickness levels to 10 days per annum, in line with the latest provisional lower quartile in London boroughs, be agreed.
- (iii) that an action plan be drawn up to identify how the schools data will be collated;
- (iv) that this issue be discussed at a future meeting of the Performance and Finance Select Committee at which time the Director of education and the Lead Member for Education, Arts and Libraries be invited to attend the meeting and respond to Members' questioning; and



- (v) that the Director of Human Resources and Diversity and the Director of Education, Arts and Libraries circulate information to Members on the following items, as requested during the discussion:
  - (a) Clarification regarding the number of people in receipt of full sick pay whilst on annual leave
  - (b) Clarification about the number of unfair dismissals for sickness absence claims
  - (c) Request for a report/ briefing note on the number of appeals against dismissal and the reasons for these appeals
  - (d) Clarification regarding the collation of information on school personnel and whether HR is able to access payroll data
  - (e) Clarification about the number of people on long term sickness absence over a 3, 6 and 12 week duration
  - (f) Breakdown of intermittent and long term sickness absence statistics and the reasons for this
  - (g) Clarification about what is being done to manage short term sickness absence as a result of other factors such as work related stress and child care difficulties
  - (h) Clarification about what is being done by both HR and the Director of Education in trying to extract data from schools and confirmation about who owns this data
  - (i) Clarification sought from the Director of Education as to whether national guidance had been circulated about the collation of school data.

#### 10. **Vital Signs – Quarter 2: July to September 2003**

The Director of Policy and Regeneration introduced the Vital Signs – Quarter 2 document for the period July to September 2003 and setting out the data on the Council's performance against the key priority indicators. He highlighted the areas where there remained incomplete data, the majority of which related to service area performance indicators (PIs) and stressed the need for service areas to produce the required quarterly best value performance indicators. A number of BVPIs were discussed and Members identified a number of performance indicators to be considered at a future meeting.

RESOLVED:-

- (i) that the accuracy of the BV183a statistics be clarified and an explanation as to how these are obtained be circulated to Members of the Select Committee for clarification;
- (ii) that the following best value performance indicators be considered at a future meeting of the Select Committee:

- (a) BV163 – Adoptions of Looked After Children
- (b) BV43a - % of SEN statements completed within 18 weeks with exception and BV43b - % of SEN statements completed without exception;
- (v) that Members of the Select Committee receive clarification about the average length of stay in B & B accommodation (BVPI 183a); and
- (iv) that the Chair of the Performance and Finance Select Committee write on behalf of Members to all relevant Lead Members for particular service areas where best value performance indicators (BVPIs) are not being circulated and encourage production and availability.

RESOLVED:-

that the summary table attached to the report, providing a clear and concise indication of where performance has improved or fallen against the previous quarter, be noted.

**11. Items requested by Members of the Panel to be placed on the Agenda**

***Library Museum and Archive Best Value Review***

This report now before members was considered by the Executive on 12<sup>th</sup> November 2003. Members were asked to determine when this matter would be considered in more detail, as requested by the Scrutiny Management Board at its meeting on 10<sup>th</sup> December 2003.

RESOLVED:-

- (i) that the report be noted;
- (ii) that the findings of the Best Value Review Panel be noted; and
- (iii) that the Action Plan set out in section 5 of Appendix 1 and summarised in paragraph 6.4 of the report, be approved.

**12. Recommendations from the Executive for Items to be considered by the Performance and Finance Select Committee**

The Committee noted the following recommendations that were made by the Executive at its meeting on 8<sup>th</sup> December 2003.

(a) **Corporate Governance Framework**

The purpose of the report was to seek approval from the Executive for the adoption of a Local Code of Corporate Governance and to recommend to Full Council that the code be included in the Constitution. The report also suggested a mechanism for monitoring a Corporate Governance action plan and sought approval for this mechanism.

The Executive endorsed the action plan items contained in appendix 1 to the report and suggested that the Performance and Finance Select Committee take responsibility for monitoring progress against the action plan.

RESOLVED:-

that the Executive be advised that following its request at the meeting on 8<sup>th</sup> December 2003, the Performance and Finance Select Committee will consider ways to monitor progress against the action plan, as contained in Appendix 1 of the report.

(b) **Housing Partnership Housing Inspection**

The report informed the Executive of the results of the recent external inspection of Brent Housing Partnership and detailed actions that are required by the Council as a result of the inspection.

The Executive referred the report to the Performance and Finance Select Committee for consideration.

RESOLVED:-

- (i) that the Performance and Finance Select Committee acknowledge the Executive's request at its meeting on 8<sup>th</sup> December 2003 that the Housing Partnership Housing Inspection report be referred to the Select Committee for consideration; and
- (ii) that this report be deferred to a future meeting of the Performance and Finance Select Committee for consideration, subject to a referral by the Scrutiny Management Board; and
- (iii) that the Director of Housing, the Lead Member for Housing and lead officers from the Brent Housing Partnership be requested to attend a future meeting and respond to members' questioning on this item.

13. **Any Other Urgent Business**

There was none at this meeting.

**Councillor Davies assumed the Chair at 7.45pm upon his arrival at the meeting. The Vice-Chair chaired the meeting in the Chair's absence.**

**The meeting was adjourned at 8.55pm for five minutes.**

**At 10.30pm it was RESOLVED that the guillotine be applied and the remainder of business be transacted.**

The meeting ended at 10.45pm

J DAVIES  
Chair

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