

MINUTES OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE
Tuesday, 12th September 2006 at 7.30 pm

PRESENT: Councillor Dunn (Chair) and Councillors Butt, Detre, Jones, Mendoza, Pagnamenta and Shah (alternate for Bessong).

Councillor Castle also attended the meeting.

Apologies for absence were received from Councillors Bessong and J Moher.

1. Declarations of Personal and Prejudicial Interests

None.

2. Deputations

None.

3. Minutes of the Previous Meeting – 21st March 2006

RESOLVED:-

that the minutes of the previous meeting held on Tuesday, 21st March 2006 be received and approved as an accurate record.

4. Matters Arising

None.

5. Overview of Performance Management in Brent

Cathy Tyson (Assistant Director, Policy and Regeneration Unit) provided a presentation on the performance management arrangements currently operating in Brent and outlined the regular performance data and information that would be presented to the Committee during the year. Phil Newby (Director of Policy and Regeneration) was also present to respond to members' questions.

Those present heard that Performance and Finance had been considered one of the more successful committees under the previous overview and scrutiny structure, and consequently had been retained within the new arrangements now in place. It was stressed that the Committee was crucial to accountability for performance, and enabled both a council-wide perspective, as well as a detailed understanding of the performance of individual service areas. It was also explained that the Select Committee could question officers, Executive members and contractors, and conduct detailed investigations of under-performance and regular reviews of priority contracts. Furthermore, it had responsibility for monitoring the financial position of the Council, as well as providing an overview of performance trends.

Members were informed that securing continuous improvement was regarded as a top priority for the Council, and the particular importance of delivering on statutory services such as education and child protection was noted. It was explained that the Council approached performance management through the use of robust targets, accurate data and sound service planning and that efficiency targets were also used in order to secure and monitor improvements.

Cathy Tyson advised that the Audit Commission had rated Brent Council with a score of three stars and “improving well” under the national Comprehensive Performance Assessment (CPA), and that this score had been achieved under the new, more rigorous framework recently implemented. She also highlighted that 79 % of all core service Best Value Performance Indicators (BVPIs) had improved over the past two years, indicating a good level of sustained improvement and placing Brent amongst one of the higher performing councils nationally.

The Committee was informed that in addition to the overall Council score, each service area was assessed on an annual basis and given an individual CPA score. Aside from Environment which currently had a score of two stars, each other area had scored three stars, with four stars being the highest possible score. The Council had also scored three stars in the special category for Use of Resources.

With reference to a number of documents circulated with the agenda, members were presented with various types of performance data that would be brought before the Committee in the coming year. They heard that the Local Area Agreement (LAA) involved an agreement with central government to meet a number of “stretch targets”, the details of which were outlined in Appendix C. Furthermore, a £9 million performance reward grant was dependant on 12 priority stretch targets being met. Some members questioned whether issues such as domestic violence and smoking cessation covered in the LAA were beyond the remit of the Council. Phil Newby (Director of Policy and Regeneration) responded that the LAA was a partnership document involving a number of other agencies with whom the Council worked on such issues. The Chair requested a briefing for members on the LAA at some point in the future, so that they might find out more about how the system worked with a view towards framing their questions accordingly. Officers from the Policy and Regeneration Unit also agreed to provide members with a glossary of terms used in the performance data and information which would be brought before the Committee.

With regard to data collection procedures, Committee members heard that new web-based procedures were currently being rolled out. In order to improve performance management, SMART (Simple, Measurable, Achievable, Realistic Time-limited) targets had been set for all corporate objectives and work was being carried in terms of

service planning to ensure that activities were focused on local priorities.

Attention was also drawn to the Vital Signs (Quarter One) report (Appendix B(i)), which provided an overview of the Council's performance on a quarterly basis. It was noted that "medium risk" performance indicators were regarded as those where performance was not met but was within 10 to 15 % of the target, whereas anything outside this figure was regarded as "high risk". More information was provided in the report on all performance indicators that had been identified as either medium or high risk. Members heard that the quarterly vital signs reports would alert the both the Corporate Management Team and the Executive to areas of concern and could be used by the Committee to assist in deciding which service areas might be asked to attend to report on their performance. It was finally noted that one of the key successes of the Select Committee to date had been the monitoring of priority Council contracts. Phil Newby (Director of Policy and Regeneration) also added that Performance and Finance was a key committee in terms of holding the Executive, officers, members and contractors to account.

In response to members' questions, Cathy Tyson advised that figures could be provided demonstrating the Council's CPA position in relation to other local authorities in London, and she confirmed that Brent had the highest score in West London. Only one London council was rated as four star, and Brent was placed in the top third of local authorities in the region. Councillor Detre queried why the Council had achieved a score of three instead of the highest four star rating. In response, it was noted that the new assessment framework introduced by the Audit Commission at the end of 2005 had made it more difficult for councils to achieve a four star rating. Phil Newby commented that Brent had been one of the first councils to have been assessed under the new system and had possibly been disadvantaged by the fact that the new criteria had not been finalised at this time. It was also stressed that if the Environment service area moved from two to three stars, the Council would overall be a four star local authority.

Councillor Pagnamenta asked a question regarding the possibility of data manipulation under the previous CPA system. In response, it was advised that in the past it had been possible to balance out a low score in one service area with a high score in another. It was felt that this had possibly encouraged councils to neglect some low scoring service areas in favour of others where they would find it easier to get a higher score in order to increase overall ratings. However, the new system encouraged good performance across the board, as a council could not be rated as four star unless it scored at least three stars in key areas, such as Children and Families, Education and Use of Resources. Nevertheless, it was acknowledged that the disadvantage of this system was that if one area achieved a poor score it would bring the overall council score down.

Duncan McLeod (Director of Finance and Corporate Resources) added that proposals were currently being considered by the Constitutional Working Group to move the audit function from the Performance and Finance Select Committee to a new Audit Committee, and it was hoped that this initiative would help the Council towards achieving a four star rating for the Use of Resources category. He also noted that revenue and benefits was an area of significant impact on every household in the borough, and it was therefore hoped that this issue would continue to be reported on to the Committee. It was also felt that asking contractors to report to the Select Committee did have a positive impact on their performance. In response to a request from Councillor Detre, he also agreed to provide members with a list of the current major contracts.

Councillor Mendoza queried why a high number of complaints performance indicators were regarded as high risk. Cathy Tyson responded that one of the key issues was that stage one and stage two complaints were dealt with within the service area, and it was therefore of critical importance that staff were able to provide a quality response at this level to ensure that cases were not unnecessarily escalated as a result of poor communication. However, it was also emphasised that most of the Council's complaints were not upheld, and that a great deal of work was currently being carried out to ensure that all those involved, including contractors such as Capita, were alert to the various issues involved. Cathy Tyson further advised that the annual report on complaints was due to be received at the next meeting of the Performance and Finance Committee, and that the Manager of the Corporate Complaints Team would report to the January meeting.

Finally, members discussed possible areas to be included in the Performance and Finance Select Committee work programme for the forthcoming year. It was suggested the issues around the impact Primary Care Trust (PCT) reduction in services might be included as an area of work, but Phil Newby advised that this issue would fall within the remit of the Health Select Committee instead. Councillor Jones also suggested the high value waste contract as an area that the Committee might wish to monitor. Members agreed that, subject to committee calendar considerations, the report on the award of a Waste Management Contract could be brought before the Performance and Finance Select Committee before final decisions on it were made.

RESOLVED:

- (i) that the report on Overview and Performance Management in Brent be noted;

- (ii) that the high value waste management contract be included as an area of work for the Performance and Finance Select Committee's work programme for the municipal year 2006/07 and that the date of the next scheduled meeting (currently 15th November 2006) be determined in light of the current contract status.

6. Revenue and Benefits Performance

Margaret Read (Head of Local Taxation and Benefits) introduced the report before the Select Committee, which outlined the performance of Council Tax collections and provided a summary of performance in relation to the Housing Benefit Service. Duncan McLeod (Director of Finance and Corporate Resources) also attended to respond to members' questions.

Members were advised that Capita was contractually required to achieve an in year collection of 94 % by 31st March 2007 for council tax. Attention was drawn to Table 2 (p26) of the report, which showed the cumulative percentage total of council tax collected from the year starting April 2006. It was noted that the company had slightly underperformed against its monthly profiled target of 44.91% for August 2006. However, members were reminded that increases in direct debits had made monthly comparisons difficult, since they were spread over twelve rather than ten months and had therefore altered collection patterns across the year. Appendix 1 to the report, detailing the steps Capita was taking to increase collection rates, was also circulated to those present.

The Committee were advised that Capita was also contracted to collect council tax arrears that it had inherited when taking over the contract in 2003, as well as those arrears that had developed since this time, with separate contractual arrangements in place for both. Post-contract arrears was an area on which the company had struggled to meet targets, and on current performance and projections it seemed unlikely they would be able to meet end of year targets for 2003/04 and 2004/05 collection rates. However, if they failed to collect the targeted amounts for these 2 years by the end of their contract, they had contractual obligations to pay any shortfall to the Council (subject to an overall cap of £1M). Performance for 2005/06 was encouraging and currently on course to achieve the end-of-year contractual target.

It was also noted that Capita had performed well on pre-contact arrears collection. Since commencement of the contract, they had collected £5,220,483 in pre-contract council tax arrears, with £273,946 collected this year to date, which was an increase on the figures for previous years. It was also stressed that collection rates for National Non-Domestic Rates (NDR) were strong. A figure of 98.29 % had been achieved for 2005/06, exceeding the target of 96.6 %, and the company was currently ahead of profile for its monthly targets for 2006/07.

Margaret Read then advised on the Council's performance in relation to Housing Benefits, including issues such as claim assessment times, levels of outstanding work and overpayments, customer service and the complaints procedures. It was pointed out that the section received 600 to 700 items of work a day. Members also heard that the Housing Benefit section had submitted a three star self assessment rating, and whilst awaiting formal confirmation, this score had been ratified by the Benefit Fraud Inspectorate. It was noted that following the return of the service to the Council's operational control, the 2003/04 score had only been one star, moving to three stars in 2004/05, where it had since remained. One of the reasons cited for not having achieved four stars in the most recent assessment, was that in order to achieve a £600k reward grant, it had been necessary to prioritise new applications over other areas of work.

Members were advised of the performance measure score for claims administration, security and user focus. It was noted that the average time to process a claim was 33.41 days but in order to reach four stars in 2006-07, this period would have to be reduced to 29 days. The Committee also heard that in August 2006, 9696 items of work were outstanding, however the age profile of this work was improving on a week-by-week basis. It was also noted that a strategy to rebalance priorities was currently in progress. With reference to Table 8 (p.35), Margaret Read highlighted that the section aimed to reduce the overall total of outstanding items to 6000 by the end of December 2006.

With regard to overpayments, it was stressed that a change in benefit regulations was impacting on the ability of the Council to collect its target of £4 million for 2006/07, and the current forecast was that £3.8 million would instead be collected by the end of the year. However, the Benefits Department would look at other measures to obtain payments, for example from bankruptcy and charge orders.

The Committee also heard that the Department had been working closely with the One Stop Shop Service (OSS) to reduce waiting times. Margaret Read confirmed that in August, 88 % of customers were seen within a waiting time of 21 minutes, which was a considerable improvement on the figures for July. The high turnover of staff at the call centre was cited as one reason for the fluctuation in call waiting times. Nevertheless, a number of new trainees had been recruited in August, and it was hoped that the benefits of added staff would soon be seen in future performance figures. It was also noted that during August 57 % of calls in relation to benefits and 52 % of calls in relation to council tax had been answered within 15 seconds.

In terms of complaints performance, the Committee was advised that in July 2006, 89 % of Stage 1 had been responded to within target and that had increased to 100 % of Stage 1 complaints were processed on time. Ms Read highlighted the fact that a significant amount of work

had recently been carried out around complaints performance, resulting in an increase from 33.3 % of Stage 2 complaints processed on time in July 2006 to 66 % in August 2006.

At this point members were invited to raise any questions they had regarding the revenue and benefits report. In response to one question about council tax collection, it was confirmed that charges on properties were a growing trend and that once a charge was put on a property, the person was not pursued by the Council.

A further question was asked about how Brent Council compared with other local authorities in London in terms of council tax collection rates. Margaret Read responded that the Council was currently ranked 31 out of 33 Councils in the league table. However, it was stressed that the last year had been the best to date in terms of council tax collection.

Duncan McLeod (Director of Finance and Corporate Resources) also commented that although the Council's performance in this area had improved, its overall position in the league table had dropped. It was suggested that one factor for this might be that other local authorities had also performed well, meaning that a small percentage difference could have a disproportionate affect on league table position. Furthermore, such differentials were also possibly attributed to the different reporting methods across the various councils.

Further to a question about the Council's tracking of Capita's performance in relation to its collection rates for other councils, members heard that the collection rates for Brent were only marginally lower than for a number of other Authorities. Again, some of these differences could be explained by differences in data collection, but the importance of asking that Capita explain such differences was noted. Members were also informed that the Council tracked the company's performance on a monthly basis and through information available in the public domain, such as the press.

The Chair asked how much of a shortfall was planned for in the budget process. Duncan McLeod advised that in order to calculate the shortfall in the budget two values need to be considered, the first being the percentage that would be collected for that year, and the second being the amount that it would not be possible to collect. He further noted that the target of 97.5 % was based on current debit levels, and the problem with this was that debit levels might change throughout the year.

Members were also advised that Capita had various incentives throughout the year to achieve their targets. For example, the company could receive 10 % of any amount they raised in excess of their target, but this was mirrored by similar penalties if targets were not met. For pre-contract tax collections, Capita received a higher percentage for older debts reflecting the increased cost of recovering older debts.

Members were informed that broadly speaking Capita had achieved incentives for NNDR and pre-contract collection rates but these had been balanced against penalties for collection rates for council tax.

The Chair queried whether other Councils had different processes for collection and was advised that Capita asserted that they were using the same methods in Brent as elsewhere. In terms of specific local issues, historical problems in obtaining committals to prison for non-payers were highlighted, though it was noted that there had been improvements in this area, including recent convictions. The difficulties in making comparisons with other boroughs were outlined, as those local authorities with a low base could make early gains in terms of collection rates. Duncan McLeod emphasised the difficulties in reducing a backlog once it had developed. The Committee also heard that the high level of privately rented accommodation in Brent made it more difficult to maintain the accuracy of the Council Tax data base and to recover historical debt, which in turn became more difficult to collect over time.

In terms of housing benefits overpayments, it was emphasised that a substantial degree of historical debt had been cleared within the past few years. However, this meant that the debt outstanding was the hardest to collect. The department had four permanent staff employed to work in this area, and a further 7 agency staff but resource implications meant that it was not possible to pursue all debtors. Margaret Read estimated that the recovery rate was approximately 50 % of overpayments created every year but agreed to produce exact figures for future reports.

Further to a question regarding competition in the area of debt collection, the Committee was advised that Capita and Liberata held the vast majority of the market share and that there could be a greater risk to the Council if it were to have a contract with one of the smaller companies operating in the field but that smaller companies also endeavoured to be more flexible and responsive in order to win new accounts and maintain them.

RESOLVED:-

that the Performance and Finance Select Committee note the following in relation to the Revenue and Benefits Performance report:

- (i) the Council Tax and NNDR collection performance for 2006/07 against Capita's contractual targets;
- (ii) the need for improvements in Council Tax and NNDR collection for arrears in the 2003/04, 2004/05 years to achieve contractual targets in 2006/07;

- (iii) the Benefit Service “3” score in the Comprehensive Performance Assessment (CPA), and the current performance towards the 2007 CPA.
- (iv) the reduction of backlogs in the Benefits Section since June and the development of plans for clearance of the remaining backlog and the movement of the service towards a generic assessments workforce.

7. Items Requested onto the Scrutiny Agenda

None.

8. Recommendations from the Executive for items to be considered by the Performance and Finance Select Committee

None.

9. Date of Next Meeting

RESOLVED:-

that the date of the next meeting of the Performance and Finance would be held on Wednesday, 15th November 2006.

10. Any Other Urgent Business

None

The meeting ended at 9.25 pm

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Chair