

	<p style="text-align: center;">Performance & Finance Select Committee 9th October 2007</p> <p style="text-align: center;">Report from the Directors of Finance and Corporate Resources and Policy and Regeneration</p>
For Action	Wards Affected: ALL
<p style="text-align: center;">Report Title: Performance and Finance Review - Quarter 1 (April – June 2007)</p>	

1. Summary

- 1.1 This report summarises Brent Council's spending, activity and performance in the first quarter of the 2007-08 financial year and highlights key issues and solutions to them. It takes a corporate overview of financial and service performance. It is set out in terms of the main budgets and provides a general overview and analysis of high risk areas. The report is accompanied by appendices providing budget, activity and performance data for each service area, ring fenced budgets and the capital programme. Supplementary documentation circulated to members includes a vital signs report providing detailed explanation of performance, an activity monitoring report, and the council's overall budget summary.

2.0 Recommendations

The Executive is asked to:

- 2.1 Note the council's spending, activity and performance in quarter one.
- 2.2 Require that all directors ensure that spending is kept within budget, underperformance is tackled and measures are taken, in consultation with relevant portfolio holders, to achieve this.
- 2.3 Note and approve the transfer of funds within the capital programme to meet costs of replacing roofs at Fryent and Mitchell Brook schools.
- 2.4 Agree to a further report on issues relating to the schools' capital programme being brought to a future meeting of the Executive.

3.0 Background

3.1 The council has in the past carried out financial, activity and performance monitoring separately. We have now brought together the monitoring information in a single report.

3.2 The success of the council is ultimately measured by the delivery of the priorities within the Corporate Strategy. That is principally determined by the council's overall strategic planning framework and reviewed through the annual report to Council in November on progress against the Corporate Strategy and the Annual Review published in late summer. Regular Performance and Finance Review reports allow members to ensure that council finances and performance remain on track to help achieve these priorities.

3.3 This new approach to monitoring reflects other changes in the council's approach in recent years, including strengthening the link between the Corporate Strategy and the Medium Term Financial Strategy, active performance monitoring and management, a greater focus on outcomes as part of capital programme monitoring, and bringing together financial and performance monitoring of partnership activity through the Local Area Agreement. It provides more clarity about the relationship between spending, performance and activity – for example the impact of rises in the number of children in different forms of care on the children's service provision and budget – and provides a basis for assessing the potential impact of future decisions. It also provides a more holistic view of the council's spending and activity by bringing together revenue and capital, the General Fund, Dedicated Schools Budget and Housing Revenue Account budgets, and council and partnership activity and performance in one report.

3.4 Appendices included in this report are as follows:

Appendix A General Fund services – Financial, activity and performance monitoring information for each of the council's main service areas:

- A1 - Children and Families
- A2 - Environment and Culture
- A3 - Housing and Community Care
- A4 - Corporate Centre

Appendix B Capital programme

Appendix C Housing Revenue Account

Appendix D Local Area Agreement

3.5 Supplementary documentation circulated to members includes a vital signs report providing detailed explanation of performance, an activity monitoring report, the council's overall budget summary, and the LAA quarterly review.

4.0 Corporate Context

- 4.1 The long term objectives for Brent were agreed by the council in the Corporate Strategy which sets out the main aims of making Brent a great place, a borough of opportunity and one community. The themes reflect the broad approach in our inter-agency Community Strategy for 2006-10 and also the results of local polling about residents' concerns. These aims need to be achieved within the context of a reduction in real terms in government grant, members' ambitions to keep council tax increases low, and significant budget pressures resulting from, amongst other things, demographic pressures, the increasing costs of waste disposal and cost transfers from the local Primary Care Trust (PCT). The council's 2006/07 outturn was better than forecast when the 2007/08 budget was set however, there remain significant budget pressures in children's and adults' care services and these are reported as potential overspends in this report. There are programmes in place to transform the way both children's and adults' care services are provided – with an emphasis on both preventative measures and more tailored solutions – but it will be a major challenge for these programmes to deliver the cost savings associated with them quickly enough to bring spending within budget in the current year.
- 4.2 Overall the council is making good progress towards delivering its key objectives. This quarter Brent saw Wembley Stadium open and successfully host the cup final, the old conference centre knocked down and work begun on new housing which will cater for a broad cross-section of people and income groups and a new sponsor for the City Academy school in Wembley. Internally there was a call to all staff from the chief executive and corporate management team to strive for four stars in CPA 2008 and focus on moving all areas of our performance into the top twenty five percent of local authorities, where this is not already being achieved. The continuing progress being made by Brent Council and its staff was confirmed in the report by an independent assessor from 'Investors in People' (IIP).
- 4.3 There are, however, some threats to achieving the council's objectives. Our aims to provide health and wellbeing, and help when you need it, are impacted on by the projected overspending in children's social care, with performance and costs improving but not at the rate needed. Health and wellbeing, and help when you need it are also being impeded by the continued cost shunting from the Primary Care Trust to adult social care. The drive to make the borough a lively place is being impacted on by poor visitor and active borrower numbers in libraries. Our aim to provide early excellence is impacted upon by our ability to provide school places quickly following registration. In some areas of the council we have poor response rates for complaints. The report sets out the measures that have been put in place to mitigate any negative impact issues raised this quarter might have on our progress.

4.5 The other main area of concern highlighted in this report is the schools capital programme where significant additional spending has needed to be agreed to fund urgent repairs to roofs of two schools - Fryent and Mitchell Brook primary schools. This additional spending can be funded within the resources available for the current year's capital programme but the need to fund these raises issues about the sustainability of the current schools' capital programme. It is planned to bring a separate report to the Executive on this issue.

5.0 Revenue budget - Key Risk Areas

5.1 The appendices outline the detailed information around finance, activity and performance across the council. A supplementary paper, Vital Signs, provides a more detailed explanation of performance including measures being taken to address under-performance. It has been circulated to members and is available on the council's web pages.

5.2 This is the first full cycle of budget monitoring for 2007/08. We are at an early stage of this budget year and an on-going review of all budget items will be undertaken to update and refine the figures at least monthly. Forecast overspends in both children and adult care services are a concern and action is required to bring the council's spend in line with budget.

5.4 Children's Social Care

5.4.1 The forecast overspend in children's care reported to the Executive in July remains an issue although the overall level of overspend forecast has fallen from £1.859m reported in July to £1.121m now. Spending has now stabilised.

5.4.2 The overall number of placements the council is providing has reduced compared to last year and we are performing well in preventing re-registrations of children on the child protection register. A critical indicator of improvement, the percentage of looked after children adopted, performed poorly last year. This quarter the improvement can be seen with performance just below target. Monthly monitoring of performance against critical indicators takes place within the department. A wider set of indicators are monitored regularly at the transformation board to ensure better outcomes for children through preventative measures, and savings as a result of investment in the service. These 'invest to save' initiatives, agreed as part of the 2007/08 budget are in the process of being fully implemented. It was always planned that most of the schemes would only deliver results after September 2007. Bringing spend within budget and performance on track depends on successful delivery of these initiatives.

5.5 Adult Social Care

- 5.5.1 The other main area of concern is adult care which is now projecting a potential £2.432m overspend in 2007/08. Budget growth for adult care in 2007/08 reflected additional pressures expected in 2007/08. However, demand and cost of services are difficult to estimate and the budget also included challenging savings targets some of which have yet to be fully delivered. As with Children's Services the extent to which these are achieved will have a crucial impact on balancing the budget. The overspend is across all care groups – older people, people with learning disabilities, people with physical disabilities, and people with mental health issues. This is offset to some extent by savings in central budgets and the central contingency.
- 5.5.2 Performance is close to target for helping older people, people with learning disabilities, people with physical disabilities and people with mental health problems to live at home. The targets remain challenging but are considered achievable. The adult care transformation programme which is being put in place has already delivered some savings and will deliver more as it is rolled out. But at the moment this remains the major risk area to the council's budget and a risk to future performance levels. Bringing spend within budget and performance on track also depends on successful delivery of this transformation programme.
- 5.5.3 The council is continuing to discuss with the PCT the treatment of continuing care cases and funding for learning disability clients who would previously have been accommodated in long stay hospitals. A joint meeting between the council, PCT and Department of Health and Communities and Local Government ministers moved the discussion forward but there are still significant areas of dispute between the council and the PCT. The council will need to fund the transfer of continuing care clients where the PCT has followed proper process and it is jointly accepted that the clients no longer qualify for continuing care but have been assessed as requiring social care. The provision made within the council budget for this (£4.347m) needs to be retained pending completion of the reviews and resolution of issues where the council is still in dispute with the PCT.

5.6 Temporary Accommodation

- 5.6.1 There continue to be pressures on the bed and breakfast budget within Housing and Community Care but numbers are reducing and the forecast overspend has reduced from that reported in the 2006/07 outturn report to the Executive in July. All other areas are currently broadly on budget.

5.6.2 The reduction of numbers of people in temporary accommodation is still to meet target and work is underway to continue the improvements already seen. Reasons for not reaching the target reduction include a decrease in the number of private rented sector lettings we were able to achieve for homeless prevention cases. The major obstacle relates to the difficulties in setting up a successful scheme to convert temporary accommodation leases into settled accommodation, which is crucial for us to achieve the target over the next 3 years. All boroughs across London are experiencing similar problems and there are on going discussions with the Department for Communities and Local Government homeless team as to how this can be made more effective. At present the length of stay in bed and breakfast is better than target. However the length of stay in hostels is below target this quarter. This is because a small sample of exceptional cases required detailed and complex casework. In addition there was some pre-allocation of new-build permanent supply, which contributed to the overall length of stay for some households.

6.0 Other Key Performance Issues

6.1 Complaints

6.1.1 Poor complaints performance continues, though this quarter poor response rates for complaints are not as wide spread as last year with either good or close to target performance in Finance and Corporate Resources, and Housing and Community Care. Poor response rates remain in both Environment and Culture and Children and Families. Escalation rates from stage 1 to stage 2 of the complaints process have now improved and are good or close to target for all areas of the council. The risk to corporate satisfaction ratings remains with poor response rates and this will become critical as we move to Comprehensive Area Assessments. Work continues to train staff in complaints handling.

6.2 Library visitors and active borrowers

6.2.1 Library visits per 1,000 population and active borrowers as a percentage of population continue to have poor performance. In 2007/08 the relocation of Kingsbury Library and a major marketing campaign should improve the number of visits and levels of active borrowers. The launch of the marketing campaign at the Respect festival resulted in 130 new active borrowers being recruited. These library performance indicators feature in the CPA culture block, important to the councils overall star rating. The culture block is being considered closely at high level monitoring meetings.

6.3 School Places

6.3.1 Our ability to provide school places quickly after registration still requires improvement. The underlying problem is a shortage of places in both primary and secondary schools and this is being addressed through the strategy already agreed by the executive, with expansion of existing provision and work to provide new school provision in the borough. In the interim close monitoring of vacancies at both primary and secondary level occurs. The teams are working closely with the Education Welfare Service and Social Care. Assessment centres run every six weeks to assess educational needs for secondary school places. Some new pupils need to attend English as an Additional Language (EAL) project to help with written and spoken English. Many children seeking school places arrive in the UK without any previous formal education. Projects have been set up to accommodate these pupils including one through the College of North West London.

7.0 Overall revenue budget and performance positions

7.1 Information on forecast spends against budget for individual services are included in the budget, activity and performance monitoring sheets at Appendix A. A summary of the overall position is included in the budget sheet circulated to members which is also available on the council's web pages. Overall, after taking account of the improvement in balances in the 2006/07 accounts, the current forecast outturn is an overspend of £2.761m. This would result in balances at 31st March 2008 of £4.739m, which is below the target level. This assumes a prudent position in delivery of Invest to Save schemes in Children's services, the Transformation Programme and the position with the PCT in Adult Social Care. A more certain updated position will be available for the September monitor. The position is summarised in the table below:

	Latest Budget £'000	Forecast £'000	Variance £'000
Children and Families	48,902	50,023	1,121
Environment and Culture	46,929	46,924	(5)
Housing & Community Care	92,950	95,617	2,667
Finance & Corporate Resources/Central Units	21,664	21,564	(100)
Service Area Total	210,445	214,128	3,683
Central items	34,069	34,009	(60)
Total council budget	244,514	248,137	3,623
Improvement in balances at 31 st March 2007	-	(862)	(862)
Total council budget after application of improved balances	244,514	247,275	2,761

- 7.2 Overall the council is making good progress towards delivering the key objectives in the Corporate Strategy with performance on the majority of vital signs indicators (supplementary paper) considered critical to council performance broadly in line with target. There is monitoring information for 48 of the 56 indicators this quarter. Some data is unavailable in time for reporting this quarter. This is because either data was unavailable in time from one of our partners or because measurement for some performance indicators does not occur quarterly. All data is expected to be available next quarter. Of the 48 indicators reported, 33 are currently on target or just below target and 15 are well below target.
- 7.3 Officers will be monitoring the effectiveness of measures to bring budgets and performance back into line and will report any further action required to members as appropriate. The Executive is asked to agree:
- that all directors ensure that spending is kept within budget, underperformance is tackled and measures are taken, in consultation with relevant portfolio holders, to achieve this.

8.0 Housing revenue account

- 8.1 Our overall performance and financial position has been good this quarter. However there are a few weaknesses around repairs and re-let times. 96.9% of repairs are completed within the government timescale compared to our 98% target. Performance on non urgent repairs is limiting our ability to reach this target. The fact that a large number of former short-life properties returned from other registered social landlords has impacted upon our average time to re-let property. It is expected that this performance will improve during the year.

9.0 Capital Programme

- 9.1 Financial monitoring information on the capital programme is included in Appendix B.
- 9.2 Key financial issues that have arisen on the capital programme are in relation to the schools programme. The capital outturn report to the Executive in July 2007 identified a number of pressures that had arisen since the 2007/08 capital programme was approved and members agreed an additional allocation of £561k to a number of schemes which was funded from re-phasing of amounts allocated to the expansion of Preston Manor School.

- 9.3 Since then, surveys carried out at Fryent and Mitchell Brook primary schools, following concerns about dislodged roof tiles, have resulted in the identification of urgent need for replacement of the roofs at both schools. Failure to carry out the work would have resulted in the need to close both schools. Tenders were therefore sought for the work and contracts were awarded so that the initial work required to make the roofs safe could be carried out over the summer holidays. The total cost of the work to the two schools is estimated at £1.079m, including fees, with a total of £548k for Mitchell Brook and £531k for Fryent. Funding for these costs in 2007/08 will be met from contingencies held within the capital programme for land costs associated with the Estate Access Corridor and Stadium Access Corridor schemes. Members are asked to approve this transfer of funding. However, alternative funding will need to be identified so that these contingencies can be restored in future years. Options being looked at include:
- allocation of the capital receipt from the proposed disposal of the school keeper's house at Fryent School;
 - allocating any unused devolved capital allocations at the two schools;
 - reviewing the level of school balances at the schools and using any balances above the 'bench-mark' of 5% of the schools' budget allocation;
 - reviewing options for charging some of the costs against the Dedicated Schools Budget.

Any shortfall that still has to be met, following these actions, will be addressed as part of the overall review of the capital programme for 2008/09 to 2011/12.

- 9.4 The further allocation for these new roofs, together with the additional allocation agreed at the July Executive, result from the pressure on spending on schools, including the need to provide additional school places, and the limited level of resources allocated by central government to address these. As a result the allocation of resources to schemes resulting from asset management reviews has had to be kept to a minimum with no contingency for additional needs identified during the year. The position has been exacerbated by the council being included in one of the later waves of the Building Schools for the Future programme. An urgent review is currently taking place to identify other areas where immediate need for funding might be required, and it is planned to provide a further report on the schools' capital; programme to the October Executive.
- 9.5 The remainder of the capital programme is on target to achieve both spend and outputs set out in the 2007/08 capital programme. Members should however note that the library strategy is due to be reported to the October Executive and that this may have implications for the resources that need to be allocated to libraries. Proposals for funding any capital implications within existing resources will be included within the strategy.

10.0 Partnership

- 10.1 The Local Area Agreement is now in its second year. Grant spend is on target, with all areas currently expecting to use their full allocation. There is, however, mixed success with the stretch targets for which there is the potential reward of £9m if met. The current financial problems of the PCT mean that resources in terms of the stop-smoking service have been scaled back. It is now unlikely that we will achieve this target. Not achieving the smoking cessation stretch target will result in a loss of performance reward grant amounting £765,071. The stretch targets relating to employment of people from a disadvantaged group (non-BME) and people from a non-socially excluded group volunteering are also looking unlikely to be met. As can be seen in Appendix D the stretch targets for BME people into work and those from socially excluded groups volunteering are over achieving their targets. This is partly as a result of Brent's demographics where over 50% of the population is BME and a greater number still come under the definition of socially excluded. Activity is being undertaken to increase the numbers of people from each group accessing the services, as the main problem is that not enough non-BME socially disadvantaged clients are accessing the services. Not achieving the disadvantaged groups (non-BME) employment stretch target, would result in a loss of £612,057.
- 10.2 Partners for Brent are beginning the process of negotiating new targets for the 2008/09 LAA. The new style LAA will be based on 35 improvement priorities, 12 of which will be the current stretch targets. There will be no new stretch targets or reward grant negotiated.

11.0 Financial Implications

11.1 These are set out in the body of the report

12.0 Legal Implications

12.1 The capital programme is agreed by Full Council as part of the annual budget process. Changes to, or departures from, the budget during the year other than by Full Council itself can only be agreed in accordance with the scheme of Transfers and Virements contained in the constitution. Any decisions the Executive wishes to take and any changes in policy which are not in accordance with the budget set out in March 2007 and are not covered by the Scheme of Transfers and Virements will therefore need to be referred to Full Council.

12.2 The Director of Finance and Corporate Resources is satisfied that the criteria in the scheme are satisfied in respect of virements and spending proposals in the report.

13.0 Diversity Implications

13.1 This report has been subject to screening by officers and there are no direct diversity implications.

14.0 Background Documents

14.1 Corporate Strategy 2006/10
Community Strategy 2006/10
Budget Report 2007/08
Revenue outturn report 2006/07
Capital outturn report 2006/07
Best Value Performance Plan 2007/08

15.0 Contact Officers

Peter Stachniewski (Deputy Director, Finance and Corporate Resources)
Brent Town Hall, Forty Lane, Wembley Middlesex, HA9 9HD 0208 9371290

Cathy Tyson (Assistant Director, Policy and Regeneration) Brent Town Hall,
Forty Lane, Wembley Middlesex, HA9 9HD 0208 937 1030

DUNCAN McLEOD
Director of Finance and Corporate Resources

PHIL NEWBY
Director of Policy and Regeneration

Variations identified on Capital Programme monitoring for report to September Executive

Children and Families

- July Executive decision to allocate an additional £561k to meet need for urgent repairs is now reflected in the monitoring figures.
- Adjustments have been made to reflect the costs of the roof repairs at Mitchell Brook and Fryent schools increasing expenditure on C&F by £1.079m.
- Additional amount of £2.5m to reflect Popular Schools Initiative grant for Preston Manor School. Resources have been increased accordingly resulting in a nil effect to the programme overall.
- The profiles for spend on Special Education Need schemes have been amended to reflect the position for required expenditure as reported to Executive in the previous award of tender reports. This has resulted in an increased level of expenditure in 2007/08 of £2.743m which is offset in 2008/09 and 2009/10 by the sums of £1.778m and £965k respectively. There is a nil overall impact on the programme.
- Additional sum of £263k for the schools share of the capital receipts derived from the sale of caretakers houses to date. This has been offset through increase to resources target for Corporate Property disposals target. There is nil overall impact on the programme.
- Slippage from 2007/08 to 2008/09 totalling £2.265m has been identified as follows: Wembley Manor Re-build £1.333m, Health & Safety works £107k and school places expansion schemes £825k. There is nil overall impact on the programme.

Environment and Culture

- Environment & Culture allocation for the Stadium Access Corridor has been reduced by £1.079m to offset additional costs at Mitchell Brook and Fryent primary schools.
- Additional TFL grant of £1.586m recorded in both expenditure and resource sections. There is nil overall impact on the programme.
- There have been transfers totalling £155k between Environment & Culture budget heads.

Housing and Customer Services

General Fund

- There is a £40k increase in spending and resources for the South Kilburn (Granville New Homes) scheme. There is nil overall impact on the programme.

HRA

- Adjustment to expenditure and revenue elements of £7.267m to reflect full value of Major Repairs Allowance works monies available in 2007/08. There is nil overall impact on the programme.
- Adjustment to expenditure and revenue elements of £2.762m to reflect value of Decent Homes Reserve monies available in 2007/08. There is nil overall impact on the programme.
- £11.9m allocation for South Kilburn to be funded by unsupported borrowing is no longer required, as per reports previously submitted to Executive. There is nil overall impact on the programme.