



**Executive
10 December 2012**

**Report from the Director of Strategy,
Partnerships and Improvement and
Deputy Director of Finance**

Wards Affected:
ALL

Performance and Finance Review, Quarter 2, 2012-13

1.0 Introduction

Brent's Borough Plan 'Brent our Future' is a four year strategy document which sets out the Administration's priorities over the coming years. These priorities form the core of our Corporate Planning Framework, which is broadly based around three overarching strategic objectives:

1. To create a sustainable built environment that drives economic regeneration and reduces poverty, inequality and exclusion.
2. To provide excellent public services which enable people to achieve their full potential, promote community cohesion and improve our quality of life.
3. To improve services for residents by working with our partners to deliver local priorities more effectively and achieve greater value for money from public resources.

The planned reduction in central government funding over the remaining three years of the Government's current Spending Review and beyond continues to intensify pressure on Council services, and difficult economic conditions have directly affected levels of employment across the borough. The scale and pace of national policy changes, particularly in relation to Housing Benefits and the implementation of the new Universal Credit, is expected to fuel increased demand for services, which will have an enduring effect on the borough. However despite these challenges, the Council remains committed to preserving services and protecting the most vulnerable residents.

The purpose of this report is to provide Members with a corporate overview of Finance and Performance information to support informed decision-making and manage performance effectively.

2.0 Recommendations

The Executive is asked to:

- a. Note the Finance and Performance information contained in this report and agree remedial actions as necessary.
- b. Consider the current and future strategic risks associated with the information provided and agree remedial actions as appropriate.
- c. Challenge progress with responsible officers as necessary.
- d. Agree the budget virements contained within this report.
- e. Note the write off of bad debts contained within this report.

3.0 Executive Summary - Performance

Overall Council Performance					
					Total
	Low Risk	Med Risk	High Risk	Indicative Only	Total
Adult social care	4	0	1	7	12
Children and families	9	1	2	4	16
Environment & NS	3	1	7	2	13
Regeneration & MP	2	4	2	8	16
Central services	2	2	2	8	14
Total	20	8	14	29	71
Percentage	28	11	20	41	100

The performance section of the Performance and Finance Review report now includes a benchmarking column which will provide information from the London Council's benchmarking club. Benchmarking will only be available for those indicators that other councils also wish to benchmark against. To make the information relevant and meaningful it is drawn from the same quarter in the previous financial year. So for this quarter the information provided comes from Q2 2011/12.

3.1 **Adult Social Services**

Performance in relation to the timeliness of social care assessments for mental health clients is showing a slight improvement, though it remains below target. However once an assessment has taken place the packages of care are delivered within timescales. The percentage of carers receiving a needs assessments or review has marginally improved since last quarter and is now performing better than the year to date target. Data quality issues are still being addressed by the service. As part of this work a more robust data collection method for reporting the percentage of clients receiving self directed support (direct payment and individual budget) has been introduced and the service are now more confident in the figures they are reporting.

3.2 ***Children and Families***

The pressure for school places remains most acute at key stage 1 though this is expected to work through to secondary school places over the next 2 to 3 years. This is being address with the implementation of a medium and long term strategy for creating additional school places which was agreed by the Executive in August 2012. The snapshot measure of the number of looked after children in Brent shows a slight reduction for the second quarter in a row, though the sustained pressure in Children's Social Care looks likely to continue for the foreseeable future. A suite of four co-ordinated One Council projects that collectively deliver a 'Working with Families' initiative in Brent is currently at the delivery stage. The aim of the projects is to provide early help and ensure better coordination between departments and agencies reducing fragmentation and balancing demand with resources.

3.3 ***Environment and Neighbourhood Services***

The time lag in producing figures for the volume of residual waste and percentage of household waste sent for recycling means that data is provided one quarter in arrears. New local indicators have been developed to measure the number of small and large flytips in the borough. The number of small flytips reported is above target while the number of inspections and investigations is below target in Q2 and both are showing a high risk status.

3.4 ***Regeneration and Major Projects***

Unemployment rates in Brent remain high in comparison to the London average though the percentage of working age residents in employment increased slightly in Q2. The number of households in temporary accommodation has increased since Q1, though this is currently showing a low risk status. The pressure on employment and housing indicators, largely driven by a range of external factors, such as the overall economic conditions, look set to continue. Actions to mitigate the impact of welfare reform, to implement the council's new employment offer and to make effective use of the flexibility provided by the housing reform are central to the departments work programme. The percentage of major planning applications determined in 13 weeks is high risk and a cause of concern. While one or two difficult negotiations can have a huge impact on this indicator the department are proposing to undertake a fundamental review of the service during 2013/14. The current rent collection rate is slightly below target and is highlighted in the appendix as a medium risk. The average number of days taken to re-let a property is above target and a medium risk though this has improved since Q1.

3.5 ***Central Services***

New indicators on the number of personal robberies and the number of residential burglaries have now been included to better reflect local priorities.

The number of personal robberies (cumulative) is showing status Amber, while the number of burglaries has moved from amber to green. Council tax collection rate has moved from Green in Q1 to Amber in Q2

3.6 Complaints Summary

There was a marked reduction in the number of local resolution (13%) and final review complaints (65%) received in comparison with Q1. Much of the reduction was due to BHP who saw no complaints escalate during the quarter. With the exception of Adult Social Care and Children & Families response times were good. A project has been initiated in Adult Social Care aimed at building capacity within the department to respond to complaints. The complaints manager will also be working with Children & Families Departmental Management Team to improve response times in the department. The Council continued to enjoy a low level of adverse findings from the Ombudsman with just four cases so far this year.

4.0 Executive Summary - FINANCE

4.1 The Council's revenue budget position for quarter 2 is as follows:

Item	Budget £000	Forecast Outturn £000	Variance £000
Adult Social Services	87,832	88,370	538
Children & Families	48,943	48,955	12
Environment & Neighbourhood Services	33,782	33,934	152
Regeneration & Major Projects	33,670	33,170	(500)
Central Services	37,317	37,048	(269)
Service Area Total	241,544	241,477	(67)
Central Items	18,848	18,848	0
Total Council Budget	260,392	260,325	(67)

- For quarter 2 the Council is currently forecasting an underspend of £67k this is an improvement of more than £2m on the quarter 1 forecast of an overspend of £1.954m. This has broadly been achieved by a number of ongoing and one off savings across the main services areas. Children and Families has reduced its overspend by £1m, Regeneration & Major Projects is now projecting £500k underspend and Adult Social services has reduced its overspend by £400k. Further details are included below.
- Children & Families are currently forecasting an overspend of £12k which is £1m better than the quarter 1 forecast overspend of £1,014k. Savings of £500k from across early years, transport and business support together with £500k of one off monies received for academy schools funding which was originally deducted as part of the local government finance settlement have been used to balance the budget pressures within children's social care. The position on the schools budget has also improved with the forecast overspend down £384k since quarter 1 to £568k. The main pressures on the budget are

SEN expenditure on out of borough mainstream and independent day special pupils and the pupils without school places budget. A great deal is being done through the SEN One Council Project to control future commitments, however the financial impact of this will take some time to feed through into reduced expenditure due to a large element of expenditure being linked to historic statements. To meet these current pressures savings from the Alternative Education and the Schools Improvement Services and the headroom from the schools budget deficit recovery plan are being used. The current forecast is also subject to further review once the final Dedicated Schools Grant allocation for 2012/13 has been announced by the DfE and a firmer forecast should be available at that point.

- For Adult Social Services there has been a vast improvement in the forecasted overspend position as reported in the quarter 1 report. This reflects a movement from an overspending position of £950k to the current position of £538K. The £950k overspend was wholly due to shortfalls in growth for transitions over the last two financial years. The responsibility for paying the cost of care transfers each year on 1st August from Children and Families for all young people aged 19. The majority of the transfers relate to learning disabilities and can require residential, homecare respite and day care services Work has been going on to reduce this with compensating underspends including keeping posts vacant , the transfer of one of Brent's clients to another borough with a significant saving and the use of top-sliced voluntary sector monies. In total this has brought the forecast overspend down by £412k to £538k. Further savings in other areas are being sought and the department is confident that by year end it will come in within budget.
- Environment and Neighbourhood Services identified in quarter 1 significant risks around achieving the budgeted recycling and waste savings through the delivery of reduced tonnages. At present this is forecast to be £560k and negotiations are taking place with Veolia to achieve lower gate fees, a reduction in vehicle costs and a review of rounds. There are also staffing pressures following the wave 2 staffing and structure review and shortfalls in fee income. Overall action is being taken to review agency and freeze vacant posts and non essential spend. In addition £443k of balance sheet deposits no longer required are being written back. The forecast overspend is currently £152k for quarter 2.
- Regeneration and Major Projects is currently forecasting an underspend of £500k. As part of the budget process £1.134m of growth was provided in the 2012/13 budget to cover additional costs in the temporary accommodation budget from amendments to housing benefit resulting from the changes to Local Housing Allowance caps. To date the impact of those changes has not been as great as expected thus leading to the level of the underspend.
- Central Services are currently forecasting an underspend of £269k for quarter 2 after a breakeven position in quarter 1. This underspend relates to Strategy, Partnerships and Improvements and covers mainly vacant posts predominantly within the Policy areas.

- A significant overspend in the West London West Authority (WLWA) budget has arisen during 2012/13 as a result of poor budget monitoring in 2011/12 and weaknesses in the budget setting process for 2012/13. The expected budget surplus of £2.8m for 2011/12 did not materialise and an in year budget overspend for 2012/13 of £2.6m is currently forecast due to higher than expected tonnages and costs not identified in the budget process having to be met. To remedy this position the WLWA have proposed a supplementary levy for 2012/13 of £3.6m to cover the current year's overspend and replenish WLWA's reserves. This levy will be met by the six constituent boroughs and Brent's contribution will be £609k on top of the £1.713m we currently pay. There is likely to be a knock on impact for future years which will need to be considered as part of the 2013/14 budget process. This overspend will be met from savings in the capital finance budget in 2012/13 as a result of lower than budgeted borrowing costs.
- Following the completion of the 2011/12 audit at the end of September the Council's general fund balances carried forward from 2011/12 are £10.316m. This is a betterment of £236k when compared to the originally budgeted figure of £10.080m.

	£m
Balances Brought Forward 1 st April 2012	10.316
General Fund Contribution to Balances	1.000
2012/13 Underspend	0.067
Forecast Carried Forward 31 st March 2013	<u>11.383</u>

Overall Including the in year underspend of £67k and the budgeted contribution of £1m to balances in 2012/13 the forecast balances at 31st March are now forecast to be £11.383m which is an improvement of £303k on the budgeted figure of £11.080m.

4.2 The Council's capital budget position for Quarter 2 is as follows:

Item	Original Budget	Revised Budget	Forecast	Variance
	£000	£000	£000	£000
Adult Social Services	1,184	1,552	1,552	0
Children & Families	0	0	0	0
Environment & Neighbourhood Services	7,535	17,489	17,489	0
Regeneration & Major Projects	165,952	213,052	213,053	1
Housing – General Fund	6,969	8,357	5,637	(2,720)
Housing - HRA	13,846	19,271	16,647	(2,624)
Central Services	450	3,938	3,938	0
Total Capital Programme	195,936	263,659	258,316	(5,343)

The forecast is that Housing will underspend in 2012/13, and these monies will be rephased to 2013-14. Further underspend in other areas is likely to be identified in quarter 3. Regeneration & Major Projects is forecasting £1k overspend. Full details of the movements between the original budget and forecast are given in the attached Finance Appendix.

- 4.3 Under standing orders bad debt write offs of over £3,000 need to be reported to the Executive twice yearly. Details of National Non Domestic Rate write offs for the period April 2012 to September 2012 are included in a separate appendix to this report. There are no council tax and general write offs to report for this period.

5.0 Financial implications

These are set out in the attached Performance and Finance Review quarter 2 appendix.

6.0 Legal implications

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 those by Full Council) can only be agreed in accordance with the Scheme of Transfers and Virements contained in the Council's Constitution. Any decisions the Executive wishes to take and any changes in policy which are not in accordance with the budget and are not covered by the Scheme of Transfers and Virements will need to be referred to Full Council.

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

7.0 Diversity implications

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

8.0 Contact officers

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