



# **INTEGRATED PERFORMANCE & BUDGET CLINIC REPORT**

## **CENTRAL SERVICES**

**29 September 2004**

### **1. INTRODUCTION**

#### **1.1 Purpose of Report**

The purpose of this report is to consider:

- (a) Key issues identified at the Performance Clinic held on the 4<sup>th</sup> August 2004 and the Budget Clinic held on 13<sup>th</sup> August 2004.
- (b) To identify any other emerging performance or budget issues for example those arising from:
  - Government policy changes
  - Areas of underperformance
  - CPA process / issues
  - Development of local priorities identified by CPP, Scrutiny or LSP
  - Historic under-resourcing
  - Implications of recent service developments e.g. new maintenance liabilities.
- (c) To provide an evaluation of the links between performance and budget issues identified, together with a wider assessment of key performance issues affecting the Service Group.

#### **1.2 Background to the Integrated Performance and Budget Clinics**

1.2.1 Performance and budget clinics have been a routine feature of Middlesbrough's performance management arrangements since 2000. They have generally been held quarterly and dealt separately with

- (a) the routine monitoring of in-year expenditure against budget
- (b) performance against Corporate Performance Plan commitments and targets.

In February 2004 the first pilot integrated performance and budget clinics were held, these considered performance and budget issues together. It was felt that the pilot clinics could be further developed to include additional issues and used to inform the priority setting and resource allocation processes.

1.2.2 This report is a modified version of the report structure used in the pilot integrated performance and budget clinics. It has been widened to include additional relevant issues as outlined in paragraph 1.1c above. The structure of the report is:

- issues from previous integrated performance and budget clinics – update
- performance clinic overview – key issues and actions
- budget clinic overview – key issues and actions.
- evaluation and emerging issues

## **2. ISSUES / ACTIONS FROM PREVIOUS INTEGRATED PERFORMANCE AND BUDGET CLINIC**

2.1.1 **Action:** That the Central Services Business Plan be submitted to the Deputy Mayor for approval as part of the single executive member decision making process.

2.1.2 **Update:** The Central Services Business Plan, called the “Central Services Plan” was submitted to the Deputy Mayor for approval on the 20<sup>th</sup> May 2004.

2.2.1 **Action:** That further work be undertaken with HBS on improving the data collection methods in relation to sickness together with associated improvements in the procedures to be followed by managers in dealing with staff absence through sickness.

2.2.2 **Update:** See section 5 – evaluation and emerging issues

## **3. PERFORMANCE CLINIC OVERVIEW – KEY ISSUES AND ACTIONS**

### **3.1 Overview**

3.1.1 Central Services are responsible for 13 commitments in the Corporate Performance Plan. Of these, eight are currently meeting target and five are not meeting target. The five not meeting target are all progressing but to a slower timescale that originally envisaged these are:

- Roll out a staged implementation of job evaluation by September 2005
- Undertake a review of the HBS contract (to include clearly specified SLAs) by September 2004
- Agree and Implement de-scoping proposals as part of the HBS review by September 2004

It should be noted that a revised timetable has been agreed for the above three commitments.

- Each Member to publish an annual report for 2003/04 by August 2004
- Ensure that the Council is prepared for the Freedom of Information Act by October 2004

3.1.2 Central Services are responsible for 30 BVPIs of which data is available for 24. Of these 13 (54%) are meeting the target set and 11 (46%) are not meeting the target set.

3.1.3 BVPIs not meeting the target set include four CPA indicators:

- BV 9 – Percentage of council tax collected
- BV 156 – Percentage of council buildings accessible and suitable for disabled people
- BV 11b – Percentage of the top 5% of earners from black and minority ethnic communities
- BVPI 12 – Number of working days lost through sickness absence

3.1.4 The remaining indicators not meeting the target set are:-

- BVPI 76a Number of housing benefit claimants visited, per 1,000 caseload
- BVPI 78a Number of days for processing new housing/council tax benefits claims
- BVPI 78b Number of days for processing notification of changes of circumstances
- BVPI 79a Percentage of cases for which the calculation of the amount of benefit due was correct on the basis of information available
- BVPI 2a The Council will conform to level 2 of the Equality Standard for local government
- BVPI 2b Percentage score in relation to the Council's Race Equality Scheme (RES)
- BVPI 175 Percentage of racial incidents resulting in further action

### **3.2 Key Issues and Actions arising from the Clinic**

3.2.1 There were four main issues arising from the performance clinic these were:-

- BVPI 9 Council Tax Collection
- BVPI 12 Working days lost through sickness absence
- BVPI 16a Percentage of employees who are disabled
- BVPI 17a Percentage of employees from ethnic minorities

3.2.2 BV 9 Council Tax Collection – The data for this indicator needs to be reassessed to take account of the fact that the original results were skewed by a change in policy relating to the collection of arrears. It was also agreed that more aggressive methods for collection of council tax should be considered by HBS and raised with the Chief Executive for discussion.

3.2.3 BV 12 – Working days lost through sickness absence – the issues relating to this indicator have been reported in section two, above.

3.2.4 BV 16a – Percentage of employees who are disabled – the recent audit of staff has led to an improvement in the reported figure for this BVPI.

3.2.5 BV 17a – Percentage of employees who are from ethnic minorities – the recent audit of staff has led to an improvement in the reported figure for this BVPI.

## **4. BUDGET CLINIC OVERVIEW – KEY ISSUES AND ACTIONS**

### **4.1 Overview**

#### **Central Services Group**

4.1.1 Central Services Group have recorded an under spend of £83,700 (0.4% of its budget) which is made up as follows:

- Legal & Democratic Services + £28,000
- Strategic Resources (£104,800)
- Performance & Policy (£6,900)

#### **Legal & Democratic Services +£28,000**

4.1.2 There are no significant variances identified at this point in time regarding Legal Services and Members Office. The overspend of £28.0k is expected to occur against the Coroners budget due to costs having increased as a result of ongoing efforts to reduce the backlog of cases and the increasing occurrence of drug screening tests. There is no scope within the budget to identify savings to fund this issue.

#### **Strategic Resources (104,800)**

4.1.3 Internal Audit savings of 20.0k are attributed to staff turnover in three posts in the early part of the year; two of the posts are likely to be filled in August 2004.

- 4.1.4 The saving of £74.2k on Insurance and Risk Management is due to the inclusion of income generated from charging the costs of the Insurance Section to the Insurance Funds. This saving is offset by the cost of regarding a member of the support staff, amounting to £2.5k.
- 4.1.5 The anticipated Benefits saving of £4.6k is due to staff turnover
- 4.1.6 Asset Management Team is showing a saving of £14.1k due to continued staff vacancy, which is not expected to be filled before September 2004.
- 4.1.7 Strategic Commissioning and procurement unit has an ongoing pressure within running expenses, which is expected to be overspent by £7.8k in relation to the NEPO Portal. The Unit is incurring costs such as advertising, printing etc. in relation to the procurement of certain corporate contracts. These are currently being met from the unit's own budget but if the level of this work continues or increases then there is the potential for the unit to overspend.
- 4.1.8 Service Middlesbrough – this are is projected to under spend by £2.2k resulting from service performance penalties.

#### **Performance & Policy (£6,900)**

- 4.1.9 The Performance and Policy section was established last year and shows a number of savings resulting from staff turnover and management restructuring, amounting in total to £28.5k
- 4.1.10 However the savings are offset by a pressure of £21.6k on Miscellaneous HR items due to the anticipated level of expenditure on trade union duties.
- 4.1.11 Under his executive delegated decisions powers the Mayor has approved a donation of £1,000 towards the cost of a war hero statue at Teesside International Airport, to be funded from the Corporate Initiatives budget.

#### **4.2 Issues / Actions Arising from the Budget Clinic**

- 4.2.1 The main action arising from the budget clinic was in relation to the Coroner's ongoing costs. It was agreed that the Medium Term Financial Plan would be updated to reflect the Coroner's ongoing costs.

### **5. EVALUATION AND EMERGING ISSUES**

- 5.1 The service group has some very positive achievements to highlight these include:
  - extremely positive Audit Commission inspection of the Councils performance management systems
  - best ever inspection score (from the Audit Commission) 'good' / 'promising' in both the "Access to Services" inspection and also the "Cultural Services" inspection
  - improved data collection - no BVPIs qualified in the recent audit of BVPIs (7 qualified last year) and only 6 BVPIs changed (less than 5%) by external auditors compared to 42% of BVPIs changed last year.
- 5.2 There are a number of emerging issues that Central Services are leading or are involved in. The main ones are:-
  - **Job Evaluation and Single Status**  
The effective date for implementation of Job Evaluation was moved to 1<sup>st</sup> January 2005 in order to cope with the increase in the number of job groups. Progress is now on target for

that date. Additional resources were allocated by both the Council and HBS to implement Job Evaluation speedily.

Single Status meetings with the Trade Unions continue on a weekly basis. Agreement in principle has been reached on the type of protection scheme that will need to be used when the new pay and grading scheme is introduced. However until the full results of Job Evaluation are available this cannot be costed in detail.

Central provision has been included within the 2004/05 budget to meet the potential cost of Job Evaluation.

- **HBS renegotiation and partnership management**

Work on the review of the partnership is continuing. The completion date is currently being reviewed and revised proposals will be presented to members shortly. Work on redrafting the contract documentation including Service Level Agreements and Key Performance Indicators is continuing. Identification of functions and staff that may transfer back to the Council is also continuing and it is hoped that the scope of this will be clear shortly

- **Strategy development in key areas such as ICT**

A draft Electronic Access Strategy setting out key principles has been approved by Scrutiny after a comprehensive consultation process. The e-Government Management Board is now driving the development of the Council's comprehensive e-Government and ICT Strategy. A process has been agreed and the ICT Client Manager is in the process of rolling out the strategy development to all service areas with a view to having an agreed e-Government and ICT Strategy with an accompanying development programme in place by the end of the year.

- **Revision of the arrangements for managing ICT service delivery**

There have been a number of key developments in this area. An ICT Client Manager was appointed in November 2003 and this gave the Council an ICT capacity for the first time since the start of the HBS contract. Another ICT Client Officer was appointed in August 2004 to provide further support. The ICT Client Manager was then responsible for setting up an e-Government Management Board. This is a senior body which leads on all e-Government and ICT issues. The ICT SLA and KPRs have also been reviewed and amended to reflect the needs of the Council and ensure that the service being delivered is appropriate. All ICT and e-Government issues are captured in a Consolidate ICT Action Plan, which is regularly reviewed and updated.

- **Revision of the arrangements for managing the programme of projects**

A new process of approval has been agreed and this is now managed by the e-Government Management Board. This means that there is a greater clarity as to the activities that are going on. The approval of projects links directly to the e-Government Strategy to ensure that the best use of Council resources is being made. All projects must now have a properly scoped business case and once implemented carry out a full post-implementation review.

- **Update and approval of the Information Security policies**

This has been given a high priority and the newly appointed ICT Client Officer is now leading on this as one of his key tasks and is having weekly progress meetings with the Information Security Officer to ensure that this work is completed by November 2004.

- **Comprehensive Performance Assessment**

Work has been undertaken on the Council's likely score for CPA 2004 and also to identify any areas where the Council may be weak in the 2005 CPA assessment. Two areas of work have been identified; environment and housing.

Central Services are working with environment to ensure that the service area is shown in the best possible light in the inspection due in early 2005. It is believed that environment provide a good service and that the inspection score should reflect this.

It is less clear how the housing services block will perform in CPA 2005 this is due to the effect that transferring the housing stock to Erimus will have on the likely components of the CPA housing block e.g. the housing strategy will need to be re-written. In addition to this there will be a housing inspection in July 2005 and this will feed into the CPA 2005 methodology.

- **Sickness Absence**

Despite the improvement in data reliability some issues remain particularly in respect of the HR indicators and in particular sickness. This indicator has been qualified (Audit Commission expressed doubts about its validity) for several years. The results provided for 2003/04 were the first time that this indicator wasn't qualified.

It is very difficult to manage sickness effectively using the variety of tools available, if there is not an accurate, reliable record of either the overall position or detailed information as to the profile of sickness across the Council. Whilst we now have relatively accurate top-level information, analysis of sickness statistics still isn't available.

Action is being taken jointly between the Council and HBS to review fully the Council's sickness procedures from end to end, from reporting through to management. The objective of the exercise is to ensure that a system which is clear, logical and reliable is brought into operation.

**KAREN E. ROBINSON**  
**CORPORATE PERFORMANCE MANAGER**

Author : Karen Robinson  
Tel: 01642 729557  
Email : Karen\_robinson@middlesbrough.gov.uk

