

## **Report for Corporate Services & Partnerships Policy Overview Committee**

**Date of Meeting:** 7<sup>th</sup> July 2009

**Performance Information Report, whole year 2008-09**

**Contact Officer:** Alan Buchanan

**Telephone:** ext 6788

### **Reason for item**

The Terms of Reference for Policy Overview Committees include:

“To monitor the performance of the Council services within their remit (including the management of finances and risk).”

The Quarterly Performance Information Report provides POC with an overview of the performance in **Finance & Resources**.

### **Options open to the Committee**

1. Consider, question officers and comment on the reports, as appropriate.
2. Agree to raise any concerns with the relevant Cabinet member, or
3. Note the content of the reports.

### **Information**

The Finance and Resources Group is made up of a number of operational services that, together, keep the council organisation running in a sound and efficient manner. They ensure that high financial standards are maintained when administering all the council's financial affairs, and maximise income from Council Tax and NNDR. All aspects of the council's portfolio of property assets are managed. ICT services provide high quality advice and professional services for the whole council, and the award winning Customer Contact Centre is the first point of contact for the public for most of the council's services.

An outcome of the Whole Service Review was that, at the start of February, Human Resources and Legal Services moved to the Deputy Chief Executive's Office. Major Construction Projects remained in F&R until the end of the year and then moved to DCEO on 1<sup>st</sup> April 2009.

The Quarterly Performance Information Report is intended to provide a review of the actions taken to meet the Council Plan targets, the Comprehensive Area Assessment (CAA) targets and key local performance indicators that the groups use to manage and monitor their performance. This report shows that performance management is actively taking place in Finance & Resources. As requested at the last meeting, further historical data has been provided so that the results can be seen in context.

### **Backing Documents**

None

### **Suggested Overview Activity.**

1. The Committee to question Officers about their Group's performance as set out in the QPRs.
2. Make recommendations to Cabinet or Cabinet Member as appropriate.

## **SECTION A – SERVING OUR COMMUNITITES AND CUSTOMERS**

### **Council Plan Targets**

Finance & Resources (F&R) has one objective in the Council Plan, namely "Freeze council tax for all Hillingdon residents for two years". The first milestone for this has been the issuing of council tax bills, with no increases, at the start of 2009-10.

### **Comprehensive Area Assessment (CAA) – New National Indicators**

As mentioned previously, new national indicators have been developed to reflect the government's national priorities. Within F&R, we have developed a range of Key Performance Indicators and Local Performance Indicators to help managers maximise team performance. Our regulators will examine each level of PIs, to enable a judgement to be made on the standard of performance management within the Group.

For Finance and Resources, the following relates to the theme of serving our community and customers:

#### **NI 14 Avoidable Contact**

This is a measurement of the proportion of times that we are contacted by our customers that we could have avoided by previously providing better information, providing a service on time rather than late, etc. Clearly, this measurement is one we wish to minimise in order to improve the service experienced by our customers and also allow staff to work more efficiently.

In view of the importance of this measure, it is now an important part of a major project aimed at improving and transforming the way the council works,

The first measurement exercise was carried out in March 2009 and concluded with a result of **30%** avoidable contact for the specified range of services from across the whole council. This is regarded as a starting point against which we can measure the results of future improvement work. In itself, it was neither a good nor a bad result.

### **Group Action Plan**

There were five tasks under the theme of serving our community and customers, for example, customer service standards, implementing council tax discount for older people, and achieving increasing compliance with the equalities standard for local government. All of the planned work was completed by the year-end.

### **Corporate critical performance data**

Although the Best Value regime came to an end in March 2008, the CAA has required the council to continue to monitor its performance. The following table

shows the three service critical targets which are reported to the Senior Management Team on a quarterly basis, with their results for Q2. All the out-turns are a small fraction under their targets and, for BV 9 and 10, this is regarded as a considerable achievement given the economic conditions that prevailed in the second half of the year. In fact the NNDR team has been praised for achieving the second best result of all London councils.

PI Code	Council Theme	Description	Target 2008-09	Out-turn at end of 2008-09	Out-turn at end of 2007-08	Out-turn at end of 2006-07
BV8	Serving Community & Customers	Percentage of undisputed invoices paid within 30 days	99%	98.7%	97.7%	94.0%
BV9	Achieving Value for Money	Proportion of Council Tax collected	96.5%	96.3%	96.3%	94.9%
BV10	Achieving Value for Money	Proportion of non-domestic rates collected	99.4%	99.3%	99.3%	99.2%

## **Customer Care Standards**

### **Customer Contact Centre**

The council's primary point of contact with the public, the customer contact centre, has made improvements throughout this year and has exceeded targets in end-to-end quality of service and customer satisfaction. Resolution at first point of contact just failed to reach its target, mainly due to the impact of newly-introduced services on this aspect of performance.

	<u>Target</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2008-09 average</u>	<u>2007-08 average</u>
End-to-end quality of service	85%	86%	85%	84%	89%	86%	Not available
Resolution at first point of contact	80%	80%	80%	78%	79%	79%	78%
Customer satisfaction	90%	96%	94%	98%	100%	97%	95%

### **ICT**

The table below shows the number of "fault" requests and the number of standard requests received by the ICT service desk. Overall, both just achieved their target standard, but both suffered in the third quarter due to a staff shortage which was covered by an interim. These are relatively new measures so historical data is, unfortunately, not available.

	<u>Targets</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2008-09 average</u>
No. of ICT service requests		3620	3665	3581	4189	

% completed by Service Desk	50%	50%	54%	44%	50%	50%
No. of standard changes		1878	2756	2248	2543	
% completed by Service Desk	50%	50%	52%	46%	53%	50%

### Members Enquiries and Customer Complaints

Performance on Member Enquiries and Customer Complaints dropped well below the target in the middle of 2008-09 due to a change of staff in the Business Support Unit and poor management controls. Both recovered strongly in the last few months when new systems had been put in place. However, further work is being done to ensure that performance increases up to the target level.

Numbers of:	<u>Targets</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2008-09 average</u>	<u>2007-08 average</u>
Members Enquiries	95%	82%	50%	74%	88%	74%	94%
Customer Complaints	95%	100%	63%	76%	93%	83%	86%

## **SECTION B – ACHIEVING VALUE FOR MONEY**

### **CAA – National Indicators**

The other National Indicator contributes to the theme of achieving value for money:

#### **NI 179 Value for Money**

The definition of the NI is “**the total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year**”. Councils are required to submit NI179 data twice in each calendar year. The first occasion (October 2008) we are reporting the best available forecast for the position at the end of the financial year.

We are currently reporting an estimate of annual VFM gains for 2008/09 of £5,132k, which is on target.

### **Group Action Plan**

F&R tasks for achieving value for money include the correct and prompt billing of council tax with effective recovery of debt, effectively managing assets and achieving planned sales, and improved delivery of the internal audit plan. At the end of the year, one task was completed and two showed some slippage: AVM002 ‘Effectively manage assets and planned sales’ - Assets continue to be soundly managed. However, council policy regarding sale of assets changed due to falling asset values in the second half of the year, so the gross receipts of £4.8m were well below the original budget. The council has taken a number of actions to mitigate the impact of this. AVM004 ‘Improved delivery of Internal Audit Plan’ - Audits progressed well throughout the year but ended with 83% completed of those planned. Of the 17% outstanding, 9% were in final draft form, awaiting client comments, and the remaining 8% were in progress to some degree.

### **Revenue Budget Monitoring**

This report sets out the 2008/09 final outturn position for the Finance & Resources Directorate, based on the old structure for consistency of reporting and excluding the impact of the economic downturn. The Group overspent by £592k, an adverse movement of £66k on the Quarter 3 projected figures.

An analysis of the individual variances per service area is provided in the following table, which also compares the Final Outturn (Qtr 4) figures with those predicted in Month 9 (Qtr 3). More detail is provided for each service area following this.

Service	Final Outturn £'000	Qtr 3 Month 9 Projection £'000	Change From Qtr 3 £000	Qtr 2 Month 6 Projection £000	Qtr 1 Month 3 Projection £000
Accounting and Revenue Services	+70	+70	0	+70	+50
Audit and Risk Management	0	0	0	0	0
Corporate Property Services	+238	+176	+62	+86	+225
ICT Services	0	+25	-25	+25	+20
Legal Services	0	0	0	0	0
Major Construction Projects	0	0	0	0	0
Personnel and Payroll Services	+284	+255	+29	+165	0
Procurement	0	0	0	0	0
<b>Total Finance &amp; Resources Directorate</b>	<b>+592</b>	<b>+526</b>	<b>+66</b>	<b>+346</b>	<b>+295</b>

### Finance & Resources Directorate Controllable Pressures

Accounting and Revenue Services: (**£70k overspend, no change**)

The overspend of £70k in the Accounting Service was due to the need for agency staff to cover 3 key vacant posts at the beginning of the year.

Corporate Property Services: (**£238k overspend, £62k adverse**)

The overspend within Corporate Property Services of £238k (an adverse movement of £62k) was due to the costs associated with the outsourcing of FM Services to Dalkia including the one off mobilisation, legal and pension fund advice costs that had to be incurred to ensure a smooth transfer of services, which resulted in an overspend of £198k, with the remaining balance of £40k relating to the cost of appointing an interim Energy Manager to assist the Council with identifying opportunities for better management of energy, which will deliver greater ongoing savings on energy costs in the future.

Personnel and Payroll: (**£284k overspend, £29k adverse**)

The overspend of £284k in the HR Service (an adverse movement of £29k), was due to the costs of implementing to required timescales the HIP HR Service Review, which includes the cost of interim appointments, as well as required process and control improvements in Payroll.

### 2008/2009 Revenue Budget Proposals

Out of a total of 27 proposals, 23 were green, 1 was red, with the remaining 3 relating to proposals that will impact on the 2009/10 budget. The 1 red proposal relates to the following:

- i) **Implementation of the New People Management System (£50k saving target):** This saving is reliant upon the roll out of the self service facility within the new system, which has been subject to a number of delays in its implementation.

## Capital Budget Monitoring

The Finance & Resources Directorate capital programme final outturn for 2008/09 was £3,102k, which when compared to the budget of £3,479k, resulted in an underspend of £377k. An analysis of the final outturn is summarised in the table below, which also includes the annual budget.

<b>Scheme</b>	<b>Revised Budget £000</b>	<b>Final Outturn £000</b>	<b>% of Programme Spent</b>	<b>Variance £000</b>
People Management System	116	141	121.6%	+25
DDA Programme	300	216	72.0%	-84
Property Enhancements Programme	765	674	88.1%	-91
Civic Centre Electrical Works	1,190	1,137	95.5%	-53
Photovoltaic Modules	69	34	49.3%	-35
YOT Consolidation Link 1A/Cashiers	50	9	18.0%	-41
Civic Centre Boilers	179	181	101.1%	+2
Storage Area Network	301	194	64.5%	-107
Server Refresh	328	328	100.0%	0
Computer Accommodation	6	6	100.0%	0
Desktop Refresh	175	182	104.0%	+7
<b>Total Finance &amp; Resources Capital Expenditure 2008/09</b>	<b>3,479</b>	<b>3,102</b>	<b>89.2%</b>	<b>-377</b>

The final outturn position is an underspend of £377k when compared to the revised capital programme budget of £3,479k. The main reasons for the underspend was due to a slippage in the Property Enhancements and DDA Programmes (£175k) and delays in the Civic Centre Electrical Works project (£53k), the Implementation of communications links and construction of a purpose-built ICT room inclusive of power and cooling infrastructure and racking for backup and disaster recovery purposes in the Breakspear Crematorium (£107k) and the YOT Consolidation Link 1a/Cashiers (£41k).

### **Reduce levels of sickness absence variance from target**

As with all Groups in the council, F&R pays close attention to attendance management and adherence to the policy and procedures. The Group had a poor start to the year with high long term absences that resulted in exceeding the target by 17% at the end of Quarter 2. However, considerable management input contributed to a much better second half of the year such that the overall absence for the year was 2.5% below the target.

Looking at the last three years together, it can be seen that F&R suffered a very high overall level of sickness absence in 2007-08 but, by the end of year, 2008-09 showed a big improvement. Long term absence was unusually high in 2006-07 but has returned to a more normal level in the last two years.

Please note that, since Facilities staff passed to the contractor Dalkia at the end of October, their absence results are not included in these figures. However, since HR and Legal staff were working for F&R for the majority of the year, their absence result have been included.

	<b>2008-09 Target</b>	<b>2008-09 Actual</b>	<b>2007-08 Actual</b>	<b>2006-07 Actual</b>
<b>F&amp;R</b> Average Absence Days	7.46	7.28	9.77	8.02
% of absence that is long term		54.2%	54.8%	63.9%

### **Electronic payment of invoices**

The procure-to-pay team routinely monitors the proportion of invoices processed electronically because this method saves time and cost throughout the organisation. Performance on this has improved during the last two years although the 2008-09 evidence shows it is difficult to eradicate the remaining small number of paper invoice processing.

	2007-08				2008-09				2008-09 total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
% of council invoices processed electronically	88%	92%	93%	94%	94%	96%	97%	96%	96%



## **SECTION C – STRENGTHENING PLANNING & PERFORMANCE**

### **Achievement of HIP deliverables against quality, time & cost**

All HIP workstreams led by F&R including Estates Management, Finance, Harlington Road Depot, Customer Experience and Accelerated Procurement remained on track throughout the year.

### **Group Action Plan**

The theme of strengthening planning and performance focuses strongly on the effective involvement with and implementation of, service reviews in the group, as well as active participation in relevant HIP workstreams. Providing a value for money service and improving the use of resources rating are also included. All planned work was completed for these objectives.

### **Corporate Critical Performance Data**

Work was initiated during Q1 2008-09 to identify key performance indicators at a group and local level and implement an effective monitoring and reporting process. There is a wealth of local performance data within the F&R group, including the previous Best Value indicators, and it is collated and analysed at service and team manager level. Historically, this information has not been formally monitored or centrally reported.

The following table shows the critical performance indicators which were agreed by the Senior Management Team with the aim of adding value to the effective management of the business. These are supplemented by a number of local performance indicators, a few of which are included in section A.

PI Code	National/Key/Local Indicator & Council Theme	Description	Target 2008/09	Outturn Q4
<b>National</b>				
NI14	National - SCC/AVM	Avoidable Contact; the proportion of customer contact that is of low or no value to the customer	New indicator, no target at start of year.	30%
NI179	National - AVM	Value for Money; total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year	3% by 2010/11	To be calculated in June 2009
<b>Council Plan</b>				
CP059	Prosperous Borough	Explore the possibility of Hillingdon becoming a wireless borough	Carry out feasibility study and POC to develop action plan	POC, as part of Business Friendly Borough project, are preparing a report to go to Cabinet in May 2009.
<b>Key - Group</b>				
FR001	Serving our community and customers	Satisfaction with F&R services improved.	Baseline to be established	Acceptable results from Service Review
FR002	Achieving value for money	F&R Group expenditure within budget	Break even	Budget exceeded
FR003	Achieving value for money	Service Review action plans on track	All on track	All on track
FR004	Achieving value for money	F&R Sickness absence	7.46 days	7.28 days
FR005	Strengthening planning and performance	Use of Resources action plan on track for improvement.	All on track	Achieved
<b>BVPI</b>				
BV8	Serving our community and customers	Percentage of undisputed invoices paid within 30 days	99.0%	98.7%
BV9	Achieving value for money	Proportion of council tax collected	96.5%	96.3%
BV10	Achieving value for money	Percentage of non-domestic rates collected	99.4%	99.3%

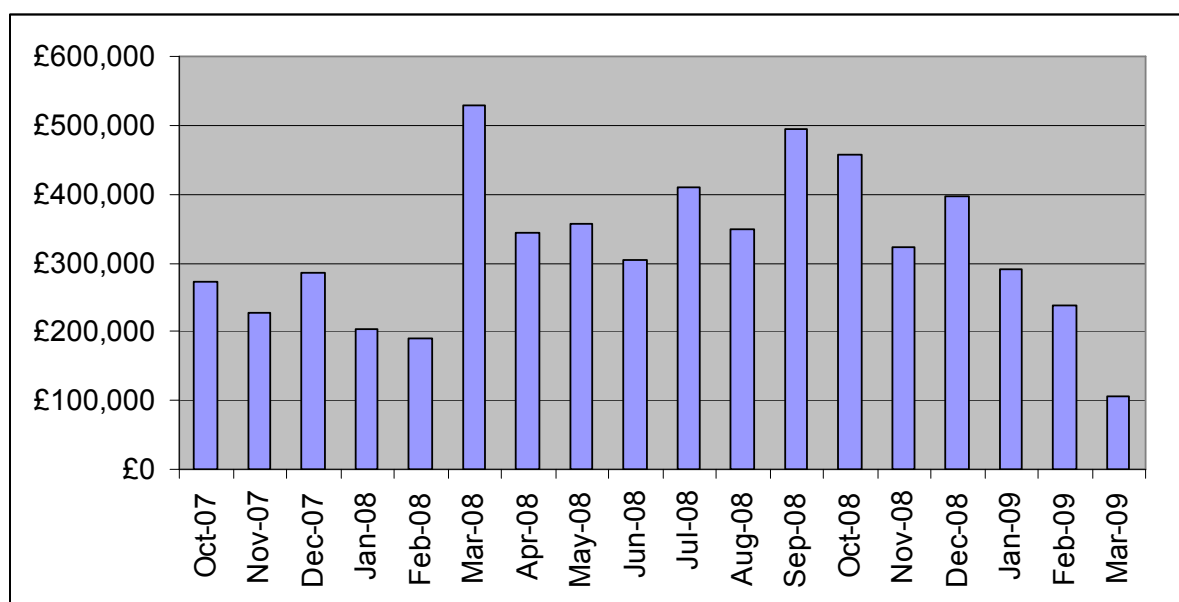


## SECTION D – BUILDING A CULTURE FOR SUCCESS

### Group Action Plan

In building a culture for success, the group aims to carry out a variety of staff related tasks, including writing service and team plans, ensuring staff have a PADA with inclusion of learning needs, and maintaining a positive working environment. By the end of the year, all objectives had been completed.

One of the objectives being closely monitored is the recruitment of permanent staff to reduce the need for temporary staff. The following graph shows expenditure per month on temporary staff in Finance & Resources. The staff included range from low cost administrative staff to high cost consultants. Costs peaked in late summer 2008 and have generally declined since then due to a concerted effort by management. Controls on recruitment have also been strengthened to ensure that the full authorisation process is always followed, in accordance with the Policy launched in August 2008.



### Service Review

Service reviews are fundamental and integrated reviews which are designed to improve services so they can:

- be provided to a level and quality designed to meet the needs of local residents and increase residents' satisfaction;
- be priced at a level that local residents are willing to pay (through charges and taxes);
- be competitive with other potential suppliers;
- be capable of securing continuous improvement over time;
- meet the needs of the council's MTFF and identify **cashable efficiency gains**; and,
- be organised and designed and their staff skilled-up to meet the corporate vision, aims and standards in a consistent way.

During the second half of 2008-09, F&R carried out their own service review in conjunction with the Deputy Chief Executive's Office. This was taken to Cabinet who agreed the recommendations on 22<sup>nd</sup> January 2009. Since then, an action plan has been formulated and several actions already completed, such as:

- The migration of HR, Legal Services and Major Construction projects to the DCEO.
- Restructuring the Finance function to bring it all under single management.
- Creating a link between Internal Audit and the Deputy Chief Executive for issues of strategic importance.
- Restructuring the Business Support Unit based on experience gained over the last two years of operation.

### **Team Bonus Targets**

HIP team bonus is a key tool for driving improvement through the council and is an important element of becoming a modern, well-managed council delivering excellent services.

In rewarding excellence and council staff's drive for improvement, HIP team bonus has the objective of boosting employee engagement with the work of the council, and creating a culture of achievement across the council. Furthermore, it will reinforce the connection between delivering services and raising residents' satisfaction.

All teams in F&R participated in the scheme and, by the year-end, two teams had fully achieved all targets and were forwarded to the judging panel. These were:

- ICT Operational Delivery
- Finance – Education and Children's Service

### **Achievements**

At the end of each quarter, achievements are collected from each of the service areas and the more significant ones identified and passed to the corporate performance team. The table below shows these for the whole year:

Achievements Q1	Contributing to			
	Council Plan	HIP	Good News	Value for Money
<b>Serving our Community and Customers</b>				
The Contact Centre won the award for Contact Centre of the Year at the 2008 Good Communications Award Ceremony, held at Arsenal's Emirates Stadium on 26th June 2008.		◆	◆	
Revenues Section successfully implemented Pensioner Discount Scheme for Council Tax for 2008/09, with all eligible persons receiving their discounted bills without the need to apply.			◆	
The Switchboard Team won "Frontline Team of the Year" Award.		◆	◆	
<b>Achieving Value for Money</b>				
The Council achieved the sale of 21 Copperfield Avenue, Hillingdon, which was sold by auction and completed on 17th June 2008.	◆	◆		◆
<b>Strengthening Planning &amp; Performance</b>				
Happy Healthy Here Programme launched on time ( Joint Project F&R and DCE )		◆	◆	
<b>Achievements Q2</b>				
<b>Contributing to</b>				
<b>Serving our Community and Customers</b>				
ICT supported the London Borough of Newham IT department, following defacement of their web site and attacks on their web database servers. Hillingdon assisted in regard to legal reporting and taking the servers off-line for analysis, as well as suggesting routes forward for securing the servers			◆	
<b>Achieving Value for Money</b>				
Income (Sundry Debtors) Team, implemented the mailing of an information leaflet encouraging payment by credit/debit card over the phone. This proved very successful and the team have seen an increase in the number of people paying by this method	◆			◆
<b>Strengthening Planning &amp; Performance</b>				
The Contact Centre successfully implemented a training plan which reduced the training time for multi-skilled staff from 10 months to 6 weeks.	◆		◆	◆
Corporate Accounting Team - obtained unqualified opinion of the 2007-08 yearly accounts to target date of 30th September 2008. The team were commended by the Audit Commission for the improvement of papers in processes which resulted in 75% less errors	◆		◆	◆
<b>Building a culture for success</b>				
Contact Centre - The Customer Service for London (Benchmarking) Group evaluated 15 London Boroughs on their contact centre housing benefit technical expertise - Hillingdon was 1st place			◆	

Q3 Achievement	Contributing to:			
	Council Plan	HIP	Good News	Value for Money
<b>ACHIEVING VALUE FOR MONEY</b>				
<b>ASCH&amp;H Finance:</b> LBH successfully re-engineered the process of financial assessments for Adult Social Care clients to achieve cashable efficiency savings in administration and to increase the amount of service user contributions collected. This was recognised and published by Department of Health, Care Services Efficiency Delivery.	♦		♦	♦
<b>Payroll:</b> Transfer of weekly paid casual employees to the monthly payroll, thus improving efficiency.				♦
<b>STRENGTHENING PLANNING AND PERFORMANCE</b>				
<b>Contact Centre:</b> Successful launch of Hillingdon Social Care Direct. This is where the Contact Centre is acting as first point of contact for all of Adult Social Care in line with the Customer Focus Strategy.	♦	♦	♦	♦
<b>Legal Services:</b> Have successfully developed and implemented the AXXIA case management and information system for the property team, which means that there will be an improvement in turnaround time for work and in consistency of information.	♦		♦	♦
<b>BUILDING A CULTURE FOR SUCCESS</b>				
<b>ICT:</b> Nominated for "Datacentre Leadership in the Public Sector" and "Innovation in the Micro Datacentre" awards, being runners up in both. Also a nomination for the "SNS Achievements in Technology Awards"	♦		♦	
Q4 Achievement	Contributing to:			
	Council Plan	HIP	Good News	Value for Money
<b>SERVING OUR COMMUNITY AND CUSTOMERS</b>				
The Contact Centre gathered a 120-strong team who took donations of more than 90,000 pounds from over 2,500 calls on Red Nose Day in March.			♦	
In response to the Credit Crunch and its effect on businesses in the Borough, 868 businesses who might qualify for small business rate relief but hadn't applied were written to advising them to apply, offering help and assistance. In addition any business that is suffering financial problems has been offered a facility to spread their instalments over 12 rather than 10 months.	♦		♦	
<b>ACHIEVING VALUE FOR MONEY</b>				
FM and ICT teams successfully moved two teams from the PCT headquarters in West Drayton into the Civic Centre from March 16th. This will assist close working between council and PCT teams and provide an income stream for the council.	♦	♦		♦
In Corporate Property, changing from an externally managed database provider to an electronic In house directory structure for the storage of asbestos records has resulted in a more efficient storage & retrieval system and a saving of £5,000 per year in costs	♦		♦	♦
<b>BUILDING A CULTURE FOR SUCCESS</b>				
The ICT ServiceDesk was recently formally accredited three star status, by the Service Desk Institute following an intensive audit of procedures and processes.			♦	