

PERFORMANCE OVERVIEW**AUDIT COMMITTEE
MEETING DATE 2016/17****20 April 2017****CLASSIFICATION:****Open****If exempt, the reason will be listed in the
main body of this report.****WARD(S) AFFECTED****All Wards****GROUP DIRECTOR****Ian Williams Group Director Finance & Corporate Resources**

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports introduces a draft set of performance indicators that are to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's "health". The report is intended to be encourage discussion at Committee regarding what will be brought forward in future, rather than a review of the indicators presented.
- 1.2. The report also sets out some initial thoughts regarding future monitoring of the Council's capital programme at Audit Committee, following on from discussions at previous meetings regarding the changing nature of the programme, specifically in terms of the risks presented by the financing of regeneration and other mixed use development schemes.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

- **Consider the draft list of performance indicators presented at 4.6.4 of this report and to agree arrangements for reporting on regular basis going forward**
- **To note the current capital monitoring arrangements and consider future enhancements to the reporting to Audit Committee**

3. REASONS FOR DECISION

- 3.1 The Audit Committee are "those charged with governance" in respect of the Council's annual statement of accounts, treasury management strategy and other financial matters. As such, the Committee have asked for more overview of the Council's performance in order they can be comfortable that value for money is being achieved and that they can fulfil their governance role in the widest sense.

4. BACKGROUND

4.1 Policy Context

The review of performance and the risks arising from the delivery of the capital programme are key areas for consideration of the Audit Committee in order for them to fulfil their overall governance role.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

The Chair of The Audit Committee has been consulted along with the Head of Governance and Business Intelligence, Cabinet Member for Finance and the Group Director of Finance & Corporate Resources.

4.5 Risk Assessment

Not applicable

4.6 PERFORMANCE INDICATORS

4.6.1 Audit Committee have over several meetings discussed their requirement to be able to consider the performance of the Council on an ongoing basis. This leads on from the role the Committee to approve the annual accounts of the authority, agree and monitor treasury management strategy and to keep under review risk management across the Council.

4.6.2 The Members have asked for a set of top level indicators to be developed and presented to the Committee for consideration, with a view to an agreed set being adopted for regular reporting and consideration at future meetings. This will help to strengthen the governance role of the Committee in its wider sense.

4.6.3 It is intended that the performance indicator set used provides a strategic overview of the performance of the Council, focusing on key areas of the Council's services and their delivery.

4.6.4 It is further intended that the indicators used should already be available within the performance management framework of the Council and to this end, the Head of Governance and business Intelligence has suggested a range of current indicators that are measured across the Council. These are set out below:

1. Adults
 - a. All delayed transfers of care from hospital per 100,000 population
 - b. % of clients receiving a review (Service standard)
2. Children
 - a. % of child protection cases reviewed within required timescales
 - b. Achievement of 5+ A*-C grades at GCSE or equivalent including English and Maths
 - c. Achievement of level 3 qualification by age of 19
 - d. % of children in year 6 with height and weight recorded who are obese
 - e. Stopping smoking – Number of smokers that quit for 4 weeks or more
 - f. Rate of proven re-offending by young offenders
3. Human Resources
 - a. Sickness 12 month rolling average
 - b. % of employees aged 50 or over
 - c. Top 5% of earners – ethnic minorities
 - d. Top 5% of earners – women

4. Policy & Performance
 - a. Number of residents registered with Ways into Work and receiving information, advice and guidance
 - b. Number of Ways into Work clients moving into jobs, apprenticeships, work placements
 - c. Number of Resolution Stage complaints received by the Council
5. Revenues and Benefits
 - a. Time taken to process Housing Benefits new claims and change events
 - b. Number of households living in temporary accommodation
 - c. % of current year Council Tax collected (QRC basis)
 - d. % of non-domestic rates collected
6. Housing
 - a. Gross turnaround for all voids – days
 - b. % of repair appointments kept
 - c. Re-lettable voids as % of stock
 - d. Rent arrears as % of total rent debit
 - e. Total value of rent arrears (YTD)
 - f. % of repairs completed on first visit (based on tenant satisfaction)
 - g. % of repairs completed on first visit (based on quantitative data – DLO only)
7. Public Realm
 - a. Number of PCNs issued – total
 - b. PCN recovery rate – including estates
 - c. % of major planning applications determined within 13 weeks
 - d. % of minor planning applications determined within 8 weeks
 - e. % of other planning applications determined within 8 weeks
 - f. % of open planning enforcement cases less than 4 years old
 - g. Improved street and environmental cleanliness: levels of litter
 - h. Improved street and environmental cleanliness: levels of detritus
 - i. Improved street and environmental cleanliness: levels of graffiti
 - j. Improved street and environmental cleanliness: levels of flyposting
 - k. Residual household waste per household
 - l. % of household waste sent for re-use, recycling and composting

4.6.5 Each of these indicators will be provided on a regular basis in table format along with trend analysis and comparison to previous year and against target. Examples of this will be presented at the meeting via presentation from the performance monitoring software, Covalent.

4.7 CAPITAL PROGRAMME MONITORING

4.7.1 As part of the regular review of treasury management activity and approval of the annual Treasury Management Strategy, Audit Committee have sight of the capital financing requirement (underlying requirement to borrow) of the authority on an ongoing basis.

- 4.7.2 It has been noted by Committee that the Council is expecting to move from a debt free position to a substantial external borrowing position over the coming year, mainly due to the delivery of an ambitious capital programme that requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes.
- 4.7.3 Such a change brings additional risk to the delivery of the programme as well as potential impact on the finances of the Council. This risk arises mainly from two issues – potential volatility of the housing market affecting sales volume and value going forward, and increasing building costs as a result of the weaker GBP against other major currencies.
- 4.7.4 Audit Committee already receive quarterly updates on treasury management activity, including an overview of the level of investments and borrowing that have been undertaken by the Council to manage its cash flow position and ensure sufficient resource is available to meet the capital expenditure plans.
- 4.7.5 This reporting will be enhanced in future to include an update on the main areas of the capital programme. In the first instance, the quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet will be included in future performance review reports to Audit Committee. This will be supplemented with the latest forecast capital financing summary, thus allowing further insight into capital resources available to the Council and more detailed review of actual borrowing required.
- 4.7.6 In addition it is intended, over time, to develop the capital monitoring reports to Cabinet and hence to Audit Committee, to include more discrete data regarding the actual delivery of the capital programme. This is in recognition that the current reporting focuses on the financial elements (i.e., actual outturn compared to budget expenditure) but does not give too much indication of progress of the scheme, although the RAG rating of individual schemes is intended to give a high level indication of this.
- 4.7.7 An extract from the latest OFP regarding the capital monitoring information to be provided to Cabinet in April is attached as an appendix to this report for information.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 5.1 The contents of this report are a result of a number of discussions with the Chair and members of the Audit Committee regarding future enhanced performance reporting in order to strengthen the governance role of the Committee.
- 5.2 It should be noted that the proposals within this report are still at relatively early stages of development, particularly in respect of enhanced capital monitoring and reporting, although are intended to offer a sound basis for reporting and discussion going forward.

- 5.3 Officers will continue to work with the Chair and members of the Audit Committee, in conjunction with the Cabinet Member for Finance and the Head of Governance and Business Intelligence, in order to enhance the reporting offer to ensure that it provides the strategic overview of Council performance and risk that the Committee require.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Council has a general duty as a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under the Local Government Act 1999, section 3.
- 6.2 The Audit Committee has the responsibility to consider the Council's arrangements to secure value for money and review the assurances and assessments on the effectiveness of these arrangements. This Report is part of those arrangements.

APPENDICES

Appendix 1 - Extract from February OFP re Capital Monitoring

BACKGROUND PAPERS

None

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|--|--|
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Capital Monitor Extract from February OFP Report

4.8 Capital

The February Capital Programme monitoring report for the financial year 2016/17 shows that the revised capital programme for 2016/17 as at 28 February 2017 is £214,265k, (non-Housing schemes totalling £110,007k and Housing schemes totalling £104,258k).

The actual year to date capital expenditure for the eleven months April 2016 to February 2017 is £139,242k. The full year projected outturn is currently £187,017k, £27,749k below the revised budget of £214,265k. In each financial year, two reprofiling exercises within the capital programme are carried out in order that the budgets and therefore monitoring reflect the anticipated progress of schemes. The first reprofiling exercise for 2016/17 was reported to Cabinet in November 2016 and the second reprofiling exercise for 2016/17 was reported to Cabinet in January 2017.

Explanations for the major variances are contained within the Directorate comments below and a full list of schemes, including variances and comments on progress, are available from the corporate Capital Team.

TABLE 1: Summary of Capital Projected Outturn

| | Revised Budget Position 28 Feb 2017 | Spend as at 28 Feb 2017 | Projected Outturn | Variance (Under/Over) |
|-------------------------------------|--|----------------------------|----------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Chief Executive | 256 | 54 | 577 | 321 |
| Children, Adults & Community Health | 46,486 | 27,271 | 32,583 | (13,903) |
| Finance and Corporate Resources | 34,699 | 26,903 | 36,282 | 1,582 |
| Neighbourhoods | 28,566 | 13,943 | 24,145 | (4,421) |
| Total Non-Housing | 110,007 | 68,172 | 93,587 | (16,421) |
| Housing AMP Capital Schemes HRA | 47,366 | 33,694 | 44,199 | (3,168) |
| Council Capital Schemes GF | 1,787 | 1,145 | 1,993 | 206 |
| Private Sector Housing Schemes | 1,159 | 1,119 | 1,272 | 113 |
| Estate Renewal Programme | 49,634 | 31,632 | 41,652 | (7,982) |

| | | | | |
|----------------------------------|----------------|----------------|----------------|-----------------|
| Other Regeneration Schemes | 4,312 | 3,480 | 4,314 | 2 |
| Total Housing | 104,258 | 71,070 | 93,430 | (10,828) |
| | | | | |
| Total Capital Expenditure | 214,265 | 139,242 | 187,017 | (27,249) |

Chief Executive Services

The current forecast is £577k, £321k above the revised budget of £256k. Of the 15 schemes, 7 have been coded with a traffic light of green and 8 amber.

The main variance between forecast expenditure and revised budget is the Hackney Wick Regeneration which has been re-profiled to 2017/18.

Children, Adults and Community Health

The current forecast is £32,583k, £13,903k below the revised budget of £46,486k. Of the 86 schemes, 68 have been coded with a traffic light of green and 18 amber. The main variance between forecast expenditure and revised budget is Nile Street and Tiger Way which are reporting underspends. The contract started in November 2016 therefore, as previously noted, both have been re-profiled to future years.

Finance and Corporate Resources

The current forecast is £36,281k, which is £1,582k above the revised budget of £34,699k. Of the 113 schemes, 62 have been coded with a traffic light of green and 51 amber. The variance is a result of a number of schemes where funding has been reprofiled and will be adjusted at outturn.

Neighbourhoods:

The current forecast is £24,145k, £4,421k below the revised budget of £28,566k. Of the 208 schemes, 108 have been coded with a traffic light of green and 100 amber. The main scheme which is forecasting a variance between forecast expenditure and revised budget is Hackney Marshes project. The project is due to be completed in 2017/18 and the underspend is fully committed against contract value.

Housing - AMP Capital Schemes Housing Revenue Account:

The current forecast is £44,199k, £3,168k below the revised budget of £47,366k. Of the 53 schemes, 21 have been coded with a traffic light of green and 32 amber.

The overall underspend in this area relates to delays in the procurement process of various contracts causing delays in the commencement of works.

Housing - Council Capital General Fund:

The current forecast is £1,993k, £206k above the revised budget of £1,787k. Of the 6 schemes 2 have been coded with a traffic light of green and 4 amber.

Housing – Private Sector Housing:

The current forecast is £1,272, £113k above the revised budget of £1,159k. Of the 7 schemes, 5 have been coded with a traffic light of green and 2 amber.

Housing - Estate Renewal:

The current forecast is £41,652k, £7,982k below the revised budget of £49,634k. Of the 37 schemes 33 have been coded with a traffic light of green and 4 amber.

The main variance between forecast expenditure and revised budget is Kings Crescent which is reporting a £5,000k underspend which is due to delays in project completion. The project is now scheduled for completion in 2017/18.

Housing – Other Regeneration:

The current forecast of £4,312k is £2k above the revised budget of £4,314k. Of the 12 schemes, all have been coded with a traffic light of green.